

Prospectus dated 4 May 2017



## **International Personal Finance plc**

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

**unconditionally and irrevocably guaranteed by:**

## **IPF Holdings Limited**

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

## **International Personal Finance Investments Limited**

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

## **IPF International Limited**

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

**EUR 1,000,000,000**

**Euro Medium Term Note Programme**

**Arranger for the Programme**

**CITIGROUP**

**Dealers**

**CITIGROUP, HSBC, UNICREDIT BANK, PEEL HUNT AND  
SANTANDER GLOBAL CORPORATE BANKING**

## IMPORTANT NOTICES

**AN INVESTMENT IN THE NOTES ISSUED UNDER THE PROGRAMME INVOLVES CERTAIN RISKS. PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE FACTORS DESCRIBED UNDER THE SECTION HEADED “RISK FACTORS” IN THIS PROSPECTUS.**

### About this document

This document (the “**Prospectus**”) constitutes a base prospectus prepared in accordance with the Prospectus Rules of the United Kingdom Financial Conduct Authority. Under the Euro Medium Term Note Programme described in this Prospectus (the “**Programme**”), International Personal Finance plc (the “**Issuer**” or “**IPF**”) may from time to time issue notes denominated in any currency (the “**Notes**”) which will be unconditionally and irrevocably guaranteed on a joint and several basis by each of IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited (each a “**Guarantor**”, together the “**Guarantors**” and their respective guarantee in respect of the Notes, the “**Guarantee**”). “unconditionally” means that, if the Issuer hasn’t paid the relevant amount due, there is no further condition to be fulfilled before the Guarantee can be called on, and “irrevocably” means that the Guarantors can’t revoke their Guarantee at a later date. The reference to “on a joint and several basis” means that any person owed money under the Guarantee may pursue the obligation against all the Guarantors together, or any one Guarantor as if that Guarantor were liable for the whole guaranteed amount. The Issuer and its subsidiaries (including the Guarantors) taken as a whole are referred to in this Prospectus as the “**Group**”. The aggregate nominal amount of Notes outstanding will not at any time exceed EUR1,000,000,000. Notes issued under the Programme may be issued with a denomination of either more or less than EUR 100,000. The Prospectus Directive requires the Issuer to give more disclosure in respect of Notes denominated in an amount of less than EUR 100,000 than it does in respect of Notes denominated in an amount of more than EUR 100,000, on the basis that lower denomination Notes are more likely to be bought by less sophisticated Investors who might benefit from additional information. There are therefore two different sets of Final Terms included in the document, one with slightly more disclosure items than the other, and which one will be used will depend on the denomination of

the Notes as made clear in the legend appearing in the very first paragraph of each set of Form of Final Terms.

This Prospectus is valid for one year and may be supplemented or replaced from time to time to reflect any significant new factor, material mistake or inaccuracy relating to the information included in it. This Prospectus contains important information about IPF, the Group and the terms of the Programme. This Prospectus also describes the risks relevant to IPF and its business and risks relating to an investment in the Notes generally. The specific terms of each series or tranche of Notes to be issued under the Programme will be specified in the final terms issued by the Issuer and published via a Regulatory Information Service (the “**Final Terms**”). An Investor should read and understand fully the contents of this Prospectus and any applicable Final Terms before making any investment decisions relating to any Notes issued under this Prospectus.

### Important – EEA Retail Investors

If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from this date, 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 (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No. 1286/2014 (the “**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 PRIIPS Regulation.

## **Responsibility for the information contained in this Prospectus**

The Issuer and the Guarantors accept responsibility for the information contained in this Prospectus and, in relation to each Tranche of Notes, for the information contained in the applicable Final Terms for such Tranche of Notes. To the best of the knowledge of the Issuer and the Guarantors (each having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

## **Use of defined terms in this Prospectus**

Certain terms, words or phrases in this Prospectus are defined in double quotation marks, and subsequent references to that term are designated with initial capital letters. See also the section "*Index of Defined Terms*" in this Prospectus.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to "sterling" and "£" are to the currency of the United Kingdom (and references to "£m" are to millions of pounds sterling), references to "dollars", "\$" and "USD" are to the currency of the United States of America (and references to "\$m" are to millions of US dollars) and references to "€", "EUR" and "euro" are to the single currency of those Member States participating in the third stage of European economic and monetary union from time to time.

## **Credit Rating Agency Regulation notice**

The Issuer has been given a long-term issuer default rating of BB+ (Negative Watch) and a short-term issuer default rating of B by Fitch Ratings Ltd. The Programme has been rated BB+ by Fitch Ratings Ltd. On 15 December 2016, Fitch Ratings Ltd placed the Issuer's long term issues default rating on "Ratings Watch Negative". Fitch Ratings Ltd is established in the EU and is registered as a credit rating agency under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**"). Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such

rating will not necessarily be the same as the rating assigned to the Programme and the applicable rating will be specified in the relevant Final Terms. Whether a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

"BB" ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments. The modifier "+" is appended to a rating to denote relative status within the major rating category.

## **Information incorporated by reference in this Prospectus**

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

## **The Notes to be issued under the Programme are not protected by the Financial Services Compensation Scheme**

The Notes to be issued under the Programme are not protected by the Financial Services Compensation Scheme (the "**FSCS**"). As a result, neither the FSCS nor anyone else will pay compensation to an Investor upon the failure of the Issuer, the Guarantors or the Group as a whole.

## **No offer of Notes**

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

## **Questions relating to this Prospectus and the Notes to be issued under the Programme**

See the section starting on the following page entitled "*How do I use this Prospectus?*" If an Investor has any questions regarding the content of this Prospectus, any Final Terms and/or any Notes or the actions they should take, they should seek advice from their independent financial adviser, tax adviser or other professional adviser before making any investment decision.

## HOW DO I USE THIS PROSPECTUS?

An Investor should read and understand fully the contents of this Prospectus and the relevant Final Terms before making any investment decisions relating to any Notes. This Prospectus contains important information about the Issuer, the Guarantors, the Group, the terms of the Notes and the terms of the Guarantee; as well as describing certain risks relevant to the Issuer, the Guarantors, the Group and their businesses and also other risks relating to an investment in the Notes generally. An overview of the various sections comprising this Prospectus is set out below:

The “**SUMMARY**” section sets out in tabular format standard information which is arranged under standard headings and which the Issuer is required, for regulatory reasons, to include in a prospectus summary for a base prospectus of this type. This section also provides the form of the “issue specific summary” information, which will be completed and attached to Final Terms relating to any Notes which are to be offered under the Programme.

The “**RISK FACTORS**” section describes the principal risks and uncertainties which may affect the Issuer’s and/or Guarantors’ respective abilities to fulfil their obligations under the Notes and/or the Guarantee, as the case may be.

The “**INFORMATION ABOUT THE PROGRAMME**” section provides an overview of the Programme in order to assist the reader. This is a good place to start for the most basic information about how the Programme works and how Notes are issued.

The “**HOW THE RETURN ON YOUR INVESTMENT IS CALCULATED**” section provides an explanation of how the return is calculated under the different types of Notes that can be issued under the Programme, and contains worked examples of these calculations.

The “**BUSINESS DESCRIPTION OF INTERNATIONAL PERSONAL FINANCE PLC AND THE GROUP**” section describes certain information relating to the Issuer and its group structure, as well as the business that the Group conducts.

The “**BUSINESS DESCRIPTION OF THE GUARANTORS**” section briefly sets out information relating to the Guarantors under the Programme.

The “**REGULATORY INFORMATION**” section contains information on the regulatory framework within which the Group currently operates, together with details of any regulatory investigations and proceedings and/or litigation in connection with the Group’s business.

The “**DOCUMENTS INCORPORATED BY REFERENCE**” section contains a description of the information that is deemed to be incorporated by reference into this Prospectus (rather than being set out in the body of the Prospectus).

The “**SUBSCRIPTION AND SALE**” section contains a description of the material provisions of the Dealer Agreement, which includes the selling restrictions applicable to any Notes that may be issued under the Programme.

The “**TAXATION**” section provides a brief outline of certain United Kingdom taxation implications regarding any Notes that may be issued under the Programme.

The “**IMPORTANT LEGAL INFORMATION**” section contains some important legal information regarding the basis on which this Prospectus may be used, forward-looking statements and other important matters.

The “**TERMS AND CONDITIONS OF THE NOTES**” section sets out the terms and conditions which apply to any Notes that may be issued under the Programme. The relevant Final Terms relating to any offer of Notes will complete the terms and conditions of the Notes.

The “**SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**” section briefly sets out certain information relating to the clearing systems and settlement of securities in CREST and is a summary of certain parts of those provisions of the Global Notes which apply to the Notes while they are held in global form by the clearing systems, some of which include minor and/or technical modifications to the terms and conditions of the Notes as set out in this Prospectus.

The “**FORM OF FINAL TERMS**” section sets out the respective forms of Final Terms that the Issuer will publish if it offers any Notes under the Programme. Any such completed Final Terms will detail the relevant information applicable to each respective offer, adjusted to be relevant only to the specific Notes being offered.

The “**GENERAL INFORMATION**” section sets out further information on the Issuer, the Guarantors and the Programme which the Issuer is required to include under applicable rules. These include the availability of certain relevant documents for inspection, confirmations from the Issuer and details relating to application for listing and application for admission to trading on the London Stock Exchange plc.

The “**INDEX OF DEFINED TERMS**” section provides an explanation of technical terms used in this Prospectus.

A “**TABLE OF CONTENTS**” section, with corresponding page references, is set out on the following page.

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## SUMMARY

Summaries are made up of disclosure requirements known as “**Elements**”. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities, Issuer and the Guarantors. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities, Issuer and the Guarantors, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

<b>Section A – Introduction and warning:</b>		
<b>Element</b>	<b>Disclosure Requirement:</b>	<b>Disclosure</b>
A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus (as supplemented at the relevant time, if applicable) as a whole by the Investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in such securities.
A.2		<p>[Not Applicable; the notes issued under this Programme (the “<b>Notes</b>”) may be offered only in circumstances in which an exemption from the obligation under the Prospectus Directive to publish a prospectus applies in respect of such offer.]</p> <p><i>Issue specific summary:</i></p> <p>[An offer of certain Tranches of Notes with a denomination of less than EUR 100,000 (or its equivalent in any other currency) may be made by the Dealers [and [●]] other than pursuant to Article 3(2) of the Prospectus Directive in [●] (“<b>Public Offer Jurisdictions</b>”) during the period from [●] until [●] (“<b>Offer Period</b>”).]</p> <p>[In respect of this Tranche of Notes, International Personal Finance plc (the “<b>Issuer</b>”) and each of IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited (each a “<b>Guarantor</b>” and together the “<b>Guarantors</b>”) consent to the use of this Prospectus in connection with a Public Offer of any relevant Notes during [●] (the “<b>Offer Period</b>”) [in [●] by [●],[●] and [●].]</p> <p>[In respect of this Tranche of Notes, the Issuer and each of the Guarantors consent to the use of this Prospectus in connection with a Public Offer of any relevant Notes during [●] (the “<b>Offer Period</b>”) [in [●] by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive and which satisfies the following conditions: [●]] [or] [by the financial intermediaries, in [●] and subject to [●] for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive.] The Issuer and each of the Guarantors may give consent to additional financial intermediaries after the date of these Final Terms.]</p> <p><b>Information on the relevant terms and conditions of an offer is to be provided at the time of that offer by an Authorised Offeror (as defined in the section entitled Important Legal Information), and cannot therefore be included in this Prospectus.</b></p> <p><b>ANY UNNAMED OFFEROR MUST STATE ON ITS WEBSITE THAT IT IS USING THE BASE PROSPECTUS IN ACCORDANCE WITH THIS CONSENT AND THE CONDITIONS ATTACHED HERETO.</b></p>
<b>Section B – Issuer and Guarantors:</b>		
B.1	Legal and commercial name:	The Issuer’s legal and commercial name is International Personal Finance plc.

B.2	Domicile, Legal Form, Country of Incorporation and Legislation under which the Issuer Operates:	The Issuer is a public limited company incorporated and registered in England and Wales on 5 December 2006 under the Companies Act 1985 as a company limited by shares with registered number 6018973.																																																
B.4b	Known Trends Affecting the Issuer and its Industry:	The companies in the Issuer's corporate Group operate in the international home credit market, which tends to be affected by various changes and fluctuations. These include fluctuations in the cost of obtaining capital, changes in political, economic and financial market conditions, fluctuations in interest and currency exchange rates and changes in governmental regulations, legislation and industry standards. However, there are no known and specific trends currently affecting the Issuer or the industry in which it operates.																																																
B.5	Group Position:	The Issuer is the ultimate parent in its corporate Group, which is composed of wholly owned subsidiaries of the Issuer. The Issuer's Group operates thirteen principal overseas subsidiaries in Europe, Mexico and Australia. The Group's Lithuanian business operates as a branch of the Group's Polish subsidiary. The Group has certain United Kingdom subsidiaries which provide business services, financial support or debt option facilities to fellow subsidiary undertakings.																																																
B.9	Profit Forecasts:	Not applicable. No profit forecast or estimate made.																																																
B.10	Description of any Qualifications in the Audit Report on the Historical Financial Information:	Not applicable. The audit reports on the Issuer's consolidated historical financial information are not qualified.																																																
B.12	Key Historical Financial Information: Issuer	<p><b>Issuer Consolidated income statement</b></p> <table> <tr> <th></th><th><i>Audited Year ended 31 December 2016 £m</i></th><th><i>Audited Year ended 31 December 2015 £m</i></th></tr> <tr> <td>Revenue</td><td><b>763.4</b></td><td>735.4</td></tr> <tr> <td>Impairment</td><td><b>(187.5)</b></td><td>(188.9)</td></tr> <tr> <td><b>Revenue less impairment</b></td><td><b>575.9</b></td><td>546.5</td></tr> <tr> <td>Finance costs</td><td><b>(47.1)</b></td><td>(41.6)</td></tr> <tr> <td>Other operating costs</td><td><b>(130.7)</b></td><td>(116.8)</td></tr> <tr> <td>Administrative expenses</td><td><b>(305.5)</b></td><td>(272.0)</td></tr> <tr> <td><b>Total costs</b></td><td><b>(483.3)</b></td><td>(430.4)</td></tr> <tr> <td><b>Profit before taxation, exceptional items and fair value adjustments</b></td><td><b>92.6</b></td><td>116.1</td></tr> <tr> <td>Exceptional items</td><td>—</td><td>(15.9)</td></tr> <tr> <td><b>Profit before taxation</b></td><td><b>92.6</b></td><td>100.2</td></tr> <tr> <td>Tax (expense)/income</td><td></td><td></td></tr> <tr> <td>– United Kingdom</td><td><b>(3.1)</b></td><td>(1.5)</td></tr> <tr> <td>– Overseas</td><td><b>(22.6)</b></td><td>(36.2)</td></tr> <tr> <td>Total tax expense</td><td><b>(25.7)</b></td><td>(37.7)</td></tr> <tr> <td><b>Profit after taxation attributable to owners of the parent</b></td><td><b>66.9</b></td><td>62.5</td></tr> </table>		<i>Audited Year ended 31 December 2016 £m</i>	<i>Audited Year ended 31 December 2015 £m</i>	Revenue	<b>763.4</b>	735.4	Impairment	<b>(187.5)</b>	(188.9)	<b>Revenue less impairment</b>	<b>575.9</b>	546.5	Finance costs	<b>(47.1)</b>	(41.6)	Other operating costs	<b>(130.7)</b>	(116.8)	Administrative expenses	<b>(305.5)</b>	(272.0)	<b>Total costs</b>	<b>(483.3)</b>	(430.4)	<b>Profit before taxation, exceptional items and fair value adjustments</b>	<b>92.6</b>	116.1	Exceptional items	—	(15.9)	<b>Profit before taxation</b>	<b>92.6</b>	100.2	Tax (expense)/income			– United Kingdom	<b>(3.1)</b>	(1.5)	– Overseas	<b>(22.6)</b>	(36.2)	Total tax expense	<b>(25.7)</b>	(37.7)	<b>Profit after taxation attributable to owners of the parent</b>	<b>66.9</b>	62.5
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Consolidated Balance Sheet		Audited 31 December 2016 £m	Audited 31 December 2015 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	23.3	20.1	
Intangible assets	32.6	25.6	
Property, plant and equipment	23.4	24.3	
Deferred tax assets	112.0	82.2	
	<u>191.3</u>	<u>152.2</u>	
<b>Current assets</b>			
Amounts receivable from customers			
– due within one year	808.3	718.9	
– due in more than one year	131.6	83.5	
	<u>939.9</u>	<u>802.4</u>	
Derivative financial instruments	15.4	11.5	
Cash and cash equivalents	43.4	39.9	
Other receivables	20.8	14.8	
Current tax assets	3.1	1.3	
	<u>1,022.6</u>	<u>869.9</u>	
<b>Total assets</b>	<u>1,213.9</u>	<u>1,022.1</u>	
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	(22.4)	(22.3)	
Derivative financial instruments	(4.7)	(2.8)	
Trade and other payables	(123.2)	(95.5)	
Current tax liabilities	(16.5)	(30.9)	
	<u>(166.8)</u>	<u>(151.5)</u>	
<b>Non-current liabilities</b>			
Retirement benefit obligation	(9.1)	(0.2)	
Deferred tax liabilities	(8.1)	(8.6)	
Borrowings	(600.4)	(543.4)	
	<u>(617.6)</u>	<u>(543.4)</u>	
<b>Total liabilities</b>	<u>(784.4)</u>	<u>(694.9)</u>	
<b>Net assets</b>	<u>429.5</u>	<u>327.2</u>	
<b>Equity attributable to owners of the parent</b>			
Called-up share capital	23.4	23.4	
Other reserve	(22.5)	(22.5)	
Foreign exchange reserve	8.7	(56.4)	
Hedging reserve	1.1	(0.3)	
Shares held by employee trust	(50.8)	(58.9)	
Capital redemption reserve	2.3	2.3	
Retained earnings	467.3	439.6	
<b>Total equity</b>	<u>429.5</u>	<u>327.2</u>	
<b>Consolidated statement of cash flows</b>			
	Audited Year ended 31 December 2016 £m	Audited Year ended 31 December 2015 £m	
<b>Net cash generated from operating activities</b>	<u>21.8</u>	<u>22.4</u>	
<b>Net cash used in investing activities</b>	<u>(24.1)</u>	<u>(47.7)</u>	
<b>Net cash used in financing activities</b>	<u>0.8</u>	<u>(1.4)</u>	
Net increase/(decrease) in cash and cash equivalents	(1.5)	(26.7)	
Cash and cash equivalents at the start of the period	39.9	68.8	
Exchange (losses)/gains on cash and cash equivalents	5.0	(2.2)	
<b>Cash and cash equivalents at the end of the period</b>	<u>43.4</u>	<u>39.9</u>	

		Since 31 December 2016, the last day of the financial period in respect of which the most recent published audited consolidated financial statements of the Issuer have been prepared, there has been no material adverse change in the prospects of the Issuer and its controlled entities taken as a whole.
B.13	Description of Recent Events Material to the Issuer's Solvency:	Not applicable. There have been no recent events material to the Issuer's solvency.
B.14	If the Issuer is Dependent upon other Entities Within the Group, this must be Clearly Stated:	As the Issuer is the ultimate holding company of the Group, and the Group's business is conducted through the members of the Group referenced in that Element, the Issuer is, accordingly, dependent upon those members of the Group.
B.15	Issuer's Principal Activities:	<p>The business of the companies in the Issuer's corporate Group is the international provision of home credit and the provision of digital online loans through the IPF Digital business. The Group's business involves the provision of small sum unsecured cash loans ranging from approximately £100 to approximately £2,000. The loans are in local currency and, typically, are delivered to the customer's home and the repayments are collected from the customer's home weekly by the Group's agents. The Group also offers a digital loan product in certain jurisdictions. Loans are short-term and generally range from six months to two years, with the average loan term during 2016 being 56 weeks.</p> <p>For the majority of home collected loans, the total amount repayable on the loan is fixed at the outset and no additional penalty charges or interest as a result of missed payments are subsequently added. This applies regardless of the number of missed payments or changes in interest rates.</p>
B.16	Control of the Issuer:	Not applicable. The Issuer is an entity whose ordinary shares are admitted to trading on the Main Market of the London Stock Exchange and, to the best of the Issuer's knowledge and belief, is not directly or indirectly owned or controlled by any person.
B.17	Credit Ratings Assigned to the Issuer or its Debt Securities at the Request of or in Co-operation with the Issuer:	<p><i>Programme summary:</i></p> <p>The Programme has been rated BB+ by Fitch Ratings Ltd.</p> <p>The Issuer has been given a long-term issuer default rating of BB+ (Negative Watch) and a short-term issuer default rating of B by Fitch Ratings Ltd.</p> <p>Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme and the applicable rating will be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p> <p><i>Issue specific summary:</i></p> <p>[[The Notes to be issued [are not/have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:</p> <p>Fitch Ratings Limited: [●]</p>
B.18	Guarantee:	<p>The Guarantors have, on a joint and several basis, unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under a Trust Deed dated on or about the date hereof (as amended or supplemented as at the date of issue of the Notes) (the "<b>Trust Deed</b>"), the Notes and the interest coupons relating to interest bearing Notes (the "<b>Coupons</b>"). "unconditionally" means that, if the Issuer hasn't paid the relevant amount due, there is no further condition to be fulfilled before the Guarantee can be called on, and "irrevocably" means that the Guarantors can't revoke their Guarantee at a later date. "on a joint and several basis" means that any person owed money under the Guarantee may pursue the obligation against all the Guarantors together,</p>

		or any one Guarantor as if that Guarantor were liable for the whole guaranteed amount. Their obligations in that regard are contained in the Trust Deed.
B.19/B.1	Legal and commercial name:	IPF Holdings Limited.
B.19/B.2	Domicile, Legal Form, Country of Incorporation and Legislation under which the Guarantor Operates:	IPF Holdings Limited is a private limited company incorporated and registered in England and Wales on 29 October 1980 under the Companies Act 1948 as a company limited by shares with registered number 01525242.
B.19/B.4b	Known Trends Affecting the Guarantor and its Industry:	The companies in the Issuer's corporate Group operate in the international home credit market, which tends to be affected by various changes and fluctuations. These include fluctuations in the cost of obtaining capital, changes in political, economic and financial market conditions, fluctuations in interest and currency exchange rates and changes in governmental regulations, legislation and industry standards. However, there are no known and specific trends currently affecting IPF Holdings Limited or the industry in which it operates.
B.19/B.5	Group Position:	IPF Holdings Limited is a wholly owned subsidiary of the Issuer and parent company to IPF Financial Services Limited and International Personal Finance Investments Limited.
B.19/B.9	Profit Forecasts:	No profit forecast or estimate is made in relation to IPF Holdings Limited and the audit reports thereon are without qualification.
B.19/B.10	Description of any Qualifications in the Audit Report on the Historical Financial Information:	See paragraph B.10 above. Not applicable. No qualifications were made in the audit reports on the historical financial information of the Issuer (on a consolidated basis).
B.19/B.12	Key Historical Financial Information:	See paragraph B.12 above. Financial data has been extracted without material adjustment from the Issuer's consolidated audited historical financial information for the financial years ended 31 December 2016 and 31 December 2015.
B.19/B.13	Description of Recent Events Material to the Guarantor's Solvency:	Not applicable. There have been no recent events material to IPF Holdings Limited's solvency.
B.19/B.14	If the Guarantor is Dependent upon other Entities Within the Group, this must be Clearly Stated:	As an intermediate holding company, IPF Holdings Limited is dependent on the Issuer for the provision of funding, and upon the business performance of operating subsidiaries.
B.19/B.15	Guarantor Principal Activities:	IPF Holdings Limited's principal business activity is to act as the intermediate holding company of International Personal Finance Investments Limited and IPF Financial Services Limited.
B.19/B.16	Control of the Guarantor:	IPF Holdings Limited is owned and controlled by the Issuer.

B.19/B.17	Credit Ratings:	IPF Holdings Limited is not independently rated. The Programme has been rated BB+ by Fitch Ratings Ltd.
B.19/B.18	Guarantee:	The Guarantors have, on a joint and several basis, unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and Coupons. Their obligations in that regard are contained in the Trust Deed.
B.19/B.1	Legal and commercial name:	International Personal Finance Investments Limited.
B.19/B.2	Domicile, Legal Form, Country of Incorporation and Legislation under which the Guarantor Operates:	International Personal Finance Investments Limited is a private limited company incorporated and registered in England and Wales on 28 August 1969 under the Companies Act 1948 as a company listed by shares with registered number 00961088.
B.19/B.4b	Known Trends Affecting the Guarantor and its Industry:	The companies in the Issuer's corporate Group operate in the international home credit market, which tends to be affected by various changes and fluctuations. These include fluctuations in the cost of obtaining capital, changes in political, economic and financial market conditions, fluctuations in interest and currency exchange rates and changes in governmental regulations, legislation and industry standards. However, there are no known and specific trends currently affecting International Personal Finance Investments Limited or the industry in which it operates.
B.19/B.5	Group Position:	International Personal Finance Investments Limited is a wholly owned subsidiary of IPF Holdings Limited and parent company to various operating subsidiaries including IPF International Limited, IPF Financing Limited and IPF Development (2003) Limited.
B.19/B.9	Profit Forecasts:	No profit forecast or estimate is made in relation to IPF Holdings Limited and the audit reports thereon are without qualification.
B.19/B.10	Description of any Qualifications in the Audit Report on the Historical Financial Information:	See paragraph B.10 above. Not applicable. No qualifications were made in the audit reports on the historical financial information of the Issuer (on a consolidated basis).
B.19/B.12	Key Historical Financial Information:	See paragraph B.12 above. Financial data has been extracted without material adjustment from the Issuer's consolidated audited historical financial information for the financial years ended 31 December 2016 and 31 December 2015.
B.19/B.13	Description of Recent Events Material to the Guarantor's Solvency:	Not applicable. There have been no recent events material to International Personal Finance Investments Limited's solvency.
B.19/B.14	If the Guarantor is Dependent upon other Entities Within the Group, this must be Clearly Stated:	As an intermediate holding company, International Personal Finance Investments Limited is dependent on the Issuer for the provision of funding, and upon the business performance of operating subsidiaries.

B.19/B.15	Guarantor Principal Activities:	International Personal Finance Investments Limited's principal business activity is to act as an intermediate holding company of certain of the Group's operating subsidiaries.
B.19/B.16	Control of the Guarantor:	International Personal Finance Investments Limited is owned and controlled by IPF Holdings Limited.
B.19/B.17	Credit Ratings:	International Personal Finance Investments Limited is not independently rated. The Programme has been rated BB+ by Fitch Ratings Ltd.
B.19/B.18	Guarantee:	The Guarantors have, on a joint and several basis, unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and Coupons. Their obligations in that regard are contained in the Trust Deed.
B.19/B.1	Legal and commercial name:	IPF International Limited.
B.19/B.2	Domicile, Legal Form, Country of Incorporation and Legislation under which the Guarantor Operates:	IPF International Limited is a private limited company incorporated and registered in England and Wales on 14 March 1963 under the Companies Act 1948 as a company limited by shares with registered number 00753518.
B.19/B.4b	Known Trends Affecting the Guarantor and its Industry:	The companies in the Issuer's corporate Group operate in the international home credit market, which tends to be affected by various changes and fluctuations. These include fluctuations in the cost of obtaining capital, changes in political, economic and financial market conditions, fluctuations in interest and currency exchange rates and changes in governmental regulations, legislation and industry standards. However, there are no known and specific trends currently affecting IPF International Limited or the industry in which it operates.
B.19/B.5	Group Position:	IPF International Limited is a wholly owned subsidiary of International Personal Finance Investments Limited.
B.19/B.9	Profit Forecasts:	No profit forecast or estimate is made in relation to IPF International Limited.
B.19/B.10	Description of any Qualifications in the Audit Report on the Historical Financial Information:	See paragraph B.10 above. Not applicable. No qualifications were made in the audit reports on the historical financial information of the Issuer (on a consolidated basis).
B.19/B.12	Key Historical Financial Information:	See paragraph B.12 above. Financial data has been extracted without material adjustment from the Issuer's consolidated audited historical financial information for the financial years ended 31 December 2016 and 31 December 2015.
B.19/B.13	Description of Recent Events Material to the Guarantor's Solvency:	Not applicable. There have been no recent events material to IPF International Limited's solvency.
B.19/B.14	If the Guarantor is Dependent upon other Entities Within the Group, this must be Clearly Stated:	IPF International Limited is dependent on the Issuer for the provision of funding.

B.19/B.15	Guarantor Principal Activities:	IPF International Limited's principal business activities are to provide services and business know-how to fellow subsidiary undertakings.
B.19/B.16	Control of the Guarantor:	IPF International Limited is owned and controlled by International Personal Finance Investments Limited.
B.19/B.17	Credit Ratings:	IPF International Limited is not independently rated. The Programme has been rated BB+ by Fitch Ratings Ltd.
B.19/B.18	Guarantee:	The Guarantors have, on a joint and several basis, unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and Coupons. Their obligations in that regard are contained in the Trust Deed.
<b>Section C – Notes:</b>		
C.1	Description of the Type and Class of Securities:	<p><i>Programme summary:</i></p> <p>Up to EUR 1,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of unsecured and unsubordinated debt securities, outstanding at any one time pursuant to the Programme.</p> <p>The Notes will be issued in series (each a “<b>Series</b>”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “<b>Tranche</b>”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the “<b>Final Terms</b>”).</p> <p>The Notes may be issued in bearer form (“<b>Bearer Notes</b>”) or in registered form (“<b>Registered Notes</b>”) only. Each Tranche of Bearer Notes will be represented on issue by a Temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the TEFRA D (as defined in Element C.5 below), otherwise such Tranche will be represented by a Permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “<b>Global Certificates</b>”.</p> <p><i>Issue specific summary:</i></p> <p>Type of Note: [Fixed Rate Note/Floating Rate Note/Zero Coupon Note]</p> <p>Series Number: [●]</p> <p>Tranche Number: [●]</p> <p>Aggregate Nominal Amount: [●]</p> <p>ISIN: [●]</p> <p>Common Code: [●]</p>
C.2	Currency:	<p><i>Programme summary:</i></p> <p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.</p> <p><i>Issue specific summary:</i></p> <p>The Specified Currency or Currencies of the Notes [is/are] [●].</p>



C.5	A Description of any Restriction on the Free Transferability of Securities:	<p><i>Programme summary:</i></p> <p>There are no restrictions on the free transferability of the Notes.</p> <p>The Issuer and the Dealers have agreed certain customary restrictions on offers, sale and delivery of Notes and of the distribution of offering material in the United States, the European Economic Area, the United Kingdom and Japan.</p> <p>The Issuer is Category 2 for the purposes of Regulation S under the Securities Act, as amended.</p> <p>The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “<b>Code</b>”)) (“<b>TEFRA D</b>”) unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (“<b>TEFRA C</b>”) or (ii) the Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“<b>TEFRA</b>”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.</p> <p><i>Issue specific summary:</i></p> <p>Regulation S Compliance Category [2]; [TEFRA C/TEFRA D/TEFRA/Not applicable.]</p>
C.8	A Description of the Rights Attaching to the Securities, Including Ranking and any Limitation on those Rights:	<p><b>Issue Price</b></p> <p>Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.</p> <p><i>Issue specific summary:</i></p> <p>[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]</p> <p><b>Withholding Tax</b></p> <p>All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the United Kingdom, unless such withholding is required by law (in which case the Noteholders will receive such amounts as they would have received under the Notes had no such withholding been required, subject to certain exceptions).</p> <p><b>Ranking</b></p> <p>The Notes and the Guarantee will constitute unsubordinated and unsecured obligations of the Issuer and the Guarantors, respectively. This means that, on the winding up of the Issuer and/or the Group, the Notes and the Guarantees would rank alongside the other unsecured obligations of the Issuer and/or the Guarantors (as applicable) (including the unsecured obligations in relation to the Group banking facilities and other financing). The Notes and Guarantees would rank behind any obligations that have the benefit of security granted by the Group (currently none), and any obligations mandatorily preferred by law.</p> <p><b>Negative pledge</b></p> <p>The Notes contain a negative pledge provision pursuant to which (subject to certain exceptions) none of the Issuer, the Guarantors or any of their subsidiaries may create or have outstanding any security interest upon the whole or (to the extent that the Issuer and the Guarantors can procure compliance through proper exercise of voting and other rights or powers of control) any part of its or their respective undertakings or assets (present or future) to secure any debt instruments or any guarantee or indemnity obligation in respect of debt instruments without granting such security to the holders of the Notes, or making arrangements not materially less beneficial.</p> <p><b>Optional redemption</b></p> <p>If so specified in the Final Terms in respect of an issue of Notes, if a Change of Control Put Event occurs, a holder of a Note will have the option to require the Issuer to redeem such Note at 101 per cent. of its nominal amount, together with any accrued interest thereon.</p>

		<p><b>Financial covenants</b></p> <p>The terms of the Notes will contain financial covenants in respect of the maintenance of a Consolidated EBITA to Consolidated Interest Payable Ratio and the Maintenance of Consolidated Total Borrowings to Consolidated Net Worth Ratio.</p> <p><b>Events of Default</b></p> <p>Events of Default under the Notes include non-payment of interest for 14 days, non-payment of principal for seven days, breach of other obligations under the Notes or Trust Deed (which breach is not remedied within 30 days after written notice has been given to the Issuer and the Guarantors by the Trustee), cross acceleration relating to indebtedness for borrowed money of the Issuer, the Guarantor or any material subsidiary subject to an aggregate threshold of £5,000,000, appointment of an insolvency officer, enforcement of security, insolvency-type events and cessation of business. The provisions include certain minimum thresholds, provisos and grace periods.</p> <p><b>Prescription</b></p> <p>Claims against the Issuer or any Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) and the Guarantee shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.</p> <p><b>Meetings of Noteholders</b></p> <p>Meetings of Noteholders may be convened to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Notes including Noteholders who did not vote on the relevant resolution and Noteholders who voted in a manner contrary to the majority.</p> <p><b>Governing law</b></p> <p>English law.</p>
C.9	Items in addition to those in C8:	<p><b>Maturity</b></p> <p>Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.</p> <p><i>Issue specific summary:</i></p> <p>Maturity date: [●]</p> <p><i>Issue specific summary:</i></p> <p><b>Final redemption</b></p> <p>[The Final Redemption Amount of the Note is [●] per Calculation Amount.]</p> <p><b>Early redemption</b></p> <p>Notes issued under the Programme may be subject to redemption by the Issuer prior to their stated maturity for reasons related to taxation or, if the relevant Final Terms so specify, at the option of the Issuer.</p> <p><b>Interest Periods and Interest Rates</b></p> <p>The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.</p> <p><b>Fixed Rate Notes</b></p> <p>Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.</p> <p><i>Issue specific summary:</i></p> <p>[Fixed Rate Notes are not being issued pursuant to these Final Terms.]</p> <p>[Rate[(s)] of Interest: [●] per cent. per annum payable [●] in arrear on each Interest Payment Date</p> <p>Interest Payment Date(s): [●] in each year</p>

		<p>Fixed Coupon Amount[(s)]: [●] per Calculation Amount]</p> <p>Indication of yield: [●]</p> <p><b>Floating Rate Notes</b></p> <p>Floating Rate Notes will bear interest determined separately for each Series by reference to LIBOR, USD LIBOR, LIBID, LIMEAN, WIBOR, PRIBOR, ROBOR, BUBOR, TIIE or EURIBOR as adjusted for any applicable margin.</p> <p>Interest periods will be specified in the relevant Final Terms.</p> <p><i>Issue specific summary:</i></p> <p>[Floating Rate Notes are not being issued pursuant to these Final Terms.]</p> <p>[Interest Period(s): [●]</p> <p>Specified Interest Payment Dates: [[●] in each year, subject to adjustment in accordance with the Business Day Convention set out below]</p> <p>First Interest Payment Date: [●]</p> <p>Interest Period Date: [●]</p> <p>Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]]</p> <p><b>Zero Coupon Notes</b></p> <p>Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.</p> <p><i>Issue specific summary:</i></p> <p>[Zero Coupon Notes are not being issued pursuant to these Final Terms.]</p> <p>[Amortisation Yield: [●] per cent. per annum]</p> <p><b>Trustee</b></p> <p>The Law Debenture Trust Corporation p.l.c.</p>
C.10	Derivative component in interest payments:	Not applicable. There is no derivative component in the interest payments made in respect of any Notes issued under the Programme.
C.11	Listing and admission to trading:	<p><i>Programme summary:</i></p> <p>Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the London Stock Exchange plc's Regulated Market.</p> <p><i>Issue specific summary:</i></p> <p>[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the electronic order book for retail bonds of the] London Stock Exchange plc's Regulated Market/[●], [a] regulated market[s] operated by [a] member[s] of the European Union] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the electronic order book for retail bonds of the] London Stock Exchange plc's Regulated Market with effect from [●].]</p>
C.21	Indication of the Market where the Securities will be Traded and for which Prospectus has been Published:	<p><i>Issue specific summary:</i></p> <p>This Prospectus is to be published in the United Kingdom [and [Poland]; [Slovakia]; [Czech Republic]; [Hungary]; [Spain]; [Romania]; [Bulgaria]; [Latvia]; [Estonia]; [in accordance with the Prospectus Directive] and application [has been/will be] made to admit the Notes to trading on the London Stock Exchange plc's Regulated Market [and [the Regulated Market operated by BondSpot S.A.]/[●], [a] regulated market[s] operated by [a] member state[s] of the European Union].</p>
<b>Section D – Risks:</b>		
D.2	Key Information on the Key Risks Specific to the Issuer:	<p>Summary of key risks that may affect the Issuer and the Group</p> <ul style="list-style-type: none"> <li>The Group is at risk from changes in political, economic, and financial market conditions, such as a global or local recession, inflation and fluctuations in interest and currency exchange rates. Change to the political landscape in one of the Group's geographic markets could</li> </ul>

		<p>undermine general demand for loans, lead to labour unrest, or, if capital controls are imposed, restrict the ability of a Group subsidiary to remit funds to the United Kingdom holding company. A recession could reduce demand for the Group's products and services. Rising inflation could erode Group profitability, as the rate of interest on loans made by the Group is generally fixed at the outset, whilst the Group's costs rise in line with inflation. Rising interest rates can lead to higher costs of Group borrowing, reducing profitability. The Group reports results in sterling, but the majority of its assets are denominated in foreign currencies, so exchange rate fluctuations may adversely affect the Group's income statement account, its reserves or future cash flows.</p> <ul style="list-style-type: none"> <li>• The performance of the Group is influenced by the economic conditions of the countries in which it operates around the world. The countries in which the Group currently operates are emerging economies and so are subject to greater volatility in economic, political and financial market conditions. Changes in the economic and political climate both globally and locally, as well as changes in market conditions generally could have a material adverse effect on the Group's business, results of operations and financial condition.</li> <li>• The proposed withdrawal of the United Kingdom from the European Union ("<b>Brexit</b>") may bring potential economic and political uncertainty for the United Kingdom and European Union member states. Initial market reaction to the decision of the United Kingdom to leave the European Union has resulted in volatility in currency and equity markets, and a reassessment of the United Kingdom Sovereign's credit worthiness by the major external rating agencies. The United Kingdom government served a notice under Article 50 of The European Union Lisbon Treaty on 29 March 2017. However, a prolonged lack of clarity on the details of the United Kingdom's exit from the European Union and uncertainty over trade arrangements, market access and legislative and regulatory frameworks, will likely result in continued market volatility which may include a deterioration in economic conditions in the United Kingdom with potential consequences in other markets.</li> <li>• The Group is at risk from regulation and litigation (including the effects of changes in law or interpretation of the law in the Group's operating markets) associated with the fact that the Group operates in a highly regulated industry. Any change such as the introduction of statutory caps on loans charges, could affect the Group's profitability, solvency and capital requirements and may give rise to increased costs of compliance. Litigation on the basis that the Group's charges are unfair or usurious could compel a change in the Group's business model.</li> <li>• There could be challenges to the tax treatment of certain transactions and arrangements between the companies in the Group. Although the Group is headed by a United Kingdom holding company, the Group does not have substantial operations in the United Kingdom. This exposes the Group to the United Kingdom's international tax regime. The treatment of such international groups under United Kingdom tax law may be subject to significant change. Changes in accounting rules could also significantly impact the Group's tax liabilities. Changes in tax or accounting rules could damage the Group's financial position.</li> <li>• The Group sees less clarity in tax legislation in its overseas markets than in the United Kingdom, and some uncertainty generally arising from the fact that court decisions are often not binding as precedents. In the overseas markets in which the Group operates, certainty of tax treatment may be obtained only once the operation has been subject to tax audit and these take place irregularly, typically once every four to six years. A home credit business has a number of unusual features which may make it unclear how overseas tax authorities will tax certain aspects of the operations. Adverse changes in, or conflicting interpretations of, tax legislation and practice in the different jurisdictions in which the Group operates may lead to an increase in the Group's taxation liabilities and effective tax rate.</li> </ul>
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		<ul style="list-style-type: none"> <li>• Risks arise from the implementation of the business strategy of the Group, both in respect of existing markets and new markets. In particular, the Group's focus on the provision of home credit increases the Group's exposure to competitive and regulatory threats. The Group may misjudge its entry into a new geographic market, potentially leading to a loss during its time in, and on withdrawal from, the market.</li> <li>• Loss may arise from the failure to ensure employee and agent safety, which could lead to agents or managers being harder to retain or being unwilling to make home visits, as well as personal injury claims and reputational damage, and the loss of key people, which could disrupt the Group's business.</li> <li>• The Group is at risk of losses or liabilities incurred as a result of the business failure of a counterparty (for example, major IT suppliers, funding banks and retail banking facilities). Failure of an IT services outsourcer could significantly disrupt the business operation, and failure of a bank with which the Group has a cash balance on account could lead to loss of the deposit or lack of sufficient cash to fund short-term business operations in the market where such bank is based.</li> <li>• There is a risk of damage to the Group's brands or reputation or a decline in customer confidence in the Group or its products. Adverse publicity could affect customer willingness to take Group products or make repayments, or make it more difficult for the Group to recruit. Unfavourable publicity could in turn lead to increased pressure for changes to regulation of the consumer credit industry in the relevant market.</li> </ul>
D.3	Key Information on the Key Risks which are specific to the Securities:	<p><i>Summary of general risks affecting the Notes:</i></p> <ul style="list-style-type: none"> <li>• The Notes are not protected by the Financial Services Compensation Scheme (the "FSCS") or any equivalent scheme in another jurisdiction. As a result, neither the FSCS nor anyone else will pay compensation to Investors upon the failure of the Issuer, the Guarantors or the Group as a whole.</li> <li>• The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an Investor generally would not be able to reinvest the redemption proceeds at an interest rate as high as that on the Notes being redeemed and may only be able to do so at a significantly lower rate.</li> <li>• Investors who hold through CREST through the issuance of CDIs ("CDI Holders") hold or have an interest in a separate legal instrument and will have only indirect interests in the underlying Notes. This could potentially lead to the CDI Holders having different rights and returns in respect of such underlying Notes as against those Investors who have a direct interest in their Notes.</li> <li>• Defined majorities may be permitted to bind all Noteholders with respect to modification and waivers of the Conditions of the Notes, even if some Noteholders did not attend or vote.</li> <li>• Notes may have no established trading market when issued, and one may never develop, or may develop and be illiquid. 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.</li> <li>• In respect of Notes tradable on the ORB, a market-maker may not continue to act as a market-maker for the life of the relevant Notes and a replacement market-maker may not be appointed, impacting the ability to sell the relevant Notes.</li> </ul> <p><i>Summary of issue specific risks affecting the Notes:</i></p> <ul style="list-style-type: none"> <li>• An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.</li> <li>• The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional</li> </ul>



		<p>interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.</p> <ul style="list-style-type: none"> <li>The indication of yield stated within the Final Terms of the Notes applies only to investments made at the issue price of the Notes. If an Investor invests in Notes issued under the Programme at a price other than the issue price of the Notes, the yield on that particular Investor's investment in the Notes will be different from the indication of yield on the Notes as set out in the Final Terms of the Notes.</li> </ul>
<b>Section E – Offer:</b>		
E.2b	Reasons for Offer and Use of Proceeds:	<p><i>Programme summary:</i></p> <p>The net proceeds from the issue of each Tranche of Notes will be applied by the Group for general corporate purposes unless otherwise specified below with respect to a specific Issue of Notes.</p> <p><i>Issue specific summary:</i></p> <p>Reasons for the offer: [●]</p> <p>The net proceeds of the issue of the Notes will be used by the Issuer for [general funding purposes]/[●].</p>
E.3	A Description of the Terms and Conditions of the Offer:	<p><i>Issue specific summary:</i></p> <p>Offer Price: [Issue Price]/[●]</p> <p>Conditions to which the offer is subject: [Not Applicable]/[●]</p> <p>Description of the application process: [Not Applicable]/[●]</p> <p>Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable]/[●]</p> <p>Details of the minimum and/or maximum amount of application: [Not Applicable]/[●]</p> <p>Details of the method and time limits for paying up and delivering the Notes: [Not Applicable]/[●]</p> <p>Manner in and date on which results of the offer are to be made public: [Not Applicable]/[●]</p> <p>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable]/[●]</p> <p>Whether tranche(s) have been reserved for certain countries: [Not Applicable]/[●]</p> <p>Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable]/[●]</p> <p>Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable]/[●]</p> <p>Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [None]/[●]</p>
E.4	A Description of any Interest that is Material to the Issue/Offer, Including Conflicting Interests:	<p><i>Programme summary:</i></p> <p>The relevant Dealer(s) may be paid fees in relation to any issue of Notes. 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 and its affiliates in the ordinary course of business.</p> <p><i>Issue specific summary:</i></p> <p>[Save for [●], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer, including conflicting interests.]</p> <p>[Not applicable. There is no such material interest or conflicting interest.]</p>



E.7	Expenses Charged to the Investor by the Issuer as Offeror:	<p><i>Programme summary:</i></p> <p>If an Investor intends to acquire or does acquire any Notes in a Non-exempt Offer from an offeror other than the Issuer or a Dealer in its capacity as an Authorised Offeror, that Investor will do so in accordance with any terms and other arrangements in place between such offeror and that Investor including as to price, allocations, expenses, payment and delivery arrangements. Neither the Issuer, the Guarantors nor any of the Dealers are party to such terms or other arrangements.</p> <p><i>Issue specific summary:</i></p> <p>[Not applicable; there are no expenses charged to the Investor by the [Issuer/offeror]]/[Expenses to be charged to the Investor by the [Issuer/offeror]: [●.] [[including commissions of [●]]/[and] management expenses of [●]]</p>
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## RISK FACTORS

The Issuer and the Guarantors believe that the following factors may affect their ability to fulfil their obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantors are in a position to express a view on the likelihood of any such contingency occurring.

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

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

### **FACTORS THAT MAY AFFECT THE ISSUER'S AND THE GUARANTORS' ABILITY TO FULFIL THEIR OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME**

#### ***Economic and political risks***

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

The Group has operations in Poland, the Czech Republic, Hungary, Slovakia (currently in the process of being liquidated), Romania, Bulgaria, Lithuania, Spain, Finland, Latvia, Estonia (all of which are members of the European Union), Mexico (which is a party to the North American Free Trade Agreement) and Australia. The majority of the aforementioned countries are developing markets undergoing rapid economic, political and social development.

The Group's operations are, and will continue to be, exposed to risks common to regions undergoing rapid political, economic and social change, including economic recession, currency fluctuations, exchange control restrictions, an evolving regulatory environment, inflation, tax regime changes, local market disruption and labour unrest. The prevailing political, economic and social conditions in a territory may significantly affect the general demand for loans, other credit services in that territory, the creditworthiness of the Group's customers and the regulatory and taxation regime in which the Group operates. Contagion from a neighbouring country (for example Ukraine, or destabilising actions from Russia) could also have an impact. Restrictions on the ability of the Group to freely move capital and dividends from subsidiaries to the holding company in the United Kingdom and the planned exit of the United Kingdom from the European Union may prevent the Group from meeting its financial obligations. The Group has significant exposure to economic conditions in a number of European Union countries. The exit of one or more countries from the Euro-zone or the European Union may impact consumer spending patterns. This may have an adverse effect on the revenue, profits, business, financial condition or results of the Group. Pursuant to a referendum held on 23 June 2016, the United Kingdom voted to leave the European Union and on 29 March 2017, the United Kingdom government served a notice under Article 50 of the European Union Lisbon Treaty. There are a number of uncertainties in connection with the future of the United Kingdom and its relationship with the European Union. The negotiation of the United Kingdom's exit terms is likely to take a number of years. Until the terms and timing of the United Kingdom's exit from the European Union are clearer, it is not possible to determine the impact that the referendum, the United Kingdom's departure from the European Union and/or any related matters may have on the business of the Group. As such, no assurance can be given that such matters would not adversely affect the ability of the Group to satisfy its obligations under the Notes and/or the market value of the Notes in the secondary market.

**The Group is exposed to funding and liquidity risk, credit rating risk, credit quality risk, counterparty risk, exchange rate fluctuation risk, interest rate fluctuation risk, and cost inflation risk.**

**Funding and liquidity risk:** Liquidity risk is the risk that the Group does not have sufficient financial liquid resources to meet its obligations when they fall due, or can only do so at excessive cost. The

ability of the Group to access debt funding sources on acceptable economic terms over the longer term is dependent on a variety of factors, such as general market conditions and confidence in the global banking system, which are outside the Group's control. Liquidity risk is particularly relevant due to the recent events in Poland concerning the Ministry of Justice's proposed new cap on non-interest costs and the Polish tax audit decisions (for 2008 and 2009). This may impact the ability of the Group to access new debt funding or secure funding on terms favourable to the Group.

The Group relies, in part, upon the effective management of its banking and other borrowing relationships and upon securing facilities across a number of lenders. As at 31 December 2016 facilities totalled £775.2 million, with Group borrowing at 31 December 2016 being £622.8 million, giving headroom of £152.4 million. These facilities have a range of maturities from 2017 through to 2021. There is, however, a risk that all or some of these facilities may not be refinanced in the future.

The capital markets in the countries in which the Group currently operates are less developed and subject to greater volatility than developed markets. There is also a risk that a market in which the Group operates may become illiquid or less liquid in cash, thereby limiting the Group's access to cash in that market. This could hinder the Group's ability to raise, renew and service its borrowings and affect its ability to extend credit to customers in that market. At the extreme, this could lead to a breach of banking covenants causing all outstanding facilities to fall due for repayment or the going concern status of the business being called into question.

Even with sufficient debt facilities at a Group level, local currency debt funding may not be available in each country, or may only be available at a prohibitively high cost, and it may not be possible to swap funding available to the Group in other currencies into local currency.

Failure to secure liquid funding and ensure covenant compliance could adversely impact the Group's business, results of operations and financial condition.

**Credit rating risk:** Credit ratings are opinions on the Issuer's creditworthiness. The Issuer's credit ratings affect the cost and availability of its funding from capital markets and other funding sources. If the Issuer fails to maintain its current credit ratings, this could adversely affect its cost of funds and its access to capital markets.

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

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

**Counterparty risk:** The Group has cash balances in the accounts of banks in all of its countries of operation and the United Kingdom to ensure sufficient cash availability to fund the short-term operation of the business. Although the Group has policies in place to mitigate counterparty risk, including policies with respect to the minimum acceptable credit rating of institutions with whom the Group places cash, there is nevertheless a risk that a bank holding Group cash becomes insolvent, and the Group loses all or substantially all of the cash deposited with that bank as a result.

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

Additionally, the existing operations of the Group have net assets which are denominated in foreign currencies. The Group's policy is to use local currency borrowings to the maximum possible level

to fund local currency assets to provide a natural hedge (either through direct borrowings or via currency transactions for funding raised in non-operational currencies). A hedge is a method of removal or mitigation of a particular risk. In this case, borrowing in a local currency to fund assets in the same currency mitigates against the risk of adverse movements in exchange rates between currencies to the Group's sterling net asset value. Any residual exposure remains unhedged. This residual unhedged exposure could adversely affect the sterling value of the Group's net assets if the value of sterling strengthens against the currency in which the residual unhedged exposure is denominated.

A significant proportion of the Group's borrowing is in euro and sterling and the Group swaps these proceeds into the Group's operational currencies. Exchange rate fluctuations may have the effect of reducing or removing the overall headroom on the Group's debt facilities. The majority of the Group's current bank facilities are denominated in foreign currencies, such that committed local currency funding is in place to partly fund local currency assets. A number of these facilities can be drawn in alternative currencies (such as sterling or euro) on a committed or uncommitted basis. In addition, the Group has issued bonds denominated in Czech crowns, Hungarian forint and Romanian lei under this Programme, which provides local currency funding. There can, however, be no assurance that the Group will be successful in negating the potential impact of risks associated with volatility in foreign currency exchange rates. Such rates or changes could have a material adverse effect on the ability of the Group to fund its growth strategy, on the value of the Group's future cash flows required to pay dividends and on its results of operations and financial condition.

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

In order to limit its net exposure to interest rate risk, the Group enters into hedging transactions. A hedging transaction is a transaction where a party buys protection in respect of a particular risk by entering into a derivative with a counterparty in respect of that risk. So for example if a company has exposure to a floating rate of interest for its own funding costs, but lends at a fixed rate of interest to its customers, that company's profitability is at risk if the floating rate of interest rises, because there is no equivalent rise in the fixed rate at which it has lent funds to customers. To mitigate this risk, the company may enter into a hedging contract with a counterparty where the company agrees to swap the cashflows on its floating interest rate debt with a counterparty for the cashflows on a fixed interest rate in respect of a similar amount of borrowings. The protection the company buys by doing this will depend on the counterparty's ability to make payments under the hedging contract when the floating rate of interest goes up. If the Group engages in hedging transactions, it will be exposed to the risk of default by its derivative counterparties.

There can be no assurance that the Group will be able to successfully manage the potential negative impact of risks associated with rapid interest rate changes. Such changes could have a material adverse effect on the Group's business, results of operations and financial position if, as a result of the Group's borrowings not being fixed or hedged, the costs of such borrowings rise whilst the fixed rate of interest on any loan to a customer which has been funded by such borrowings remains the same.

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

**The Group's businesses, earnings and financial condition could be affected by any future crisis in global financial markets and/or deterioration in the global economic outlook.**

The performance of the Group is influenced by the economic conditions of the countries in which it operates around the world. Further, the countries in which the Group currently operates are emerging economies and so are likely to be subject to greater volatility in economic, political and financial market conditions. The precise nature of all the risks and uncertainties the Group faces,

and will face, as a result of any future global financial crisis or deterioration in the global economic outlook cannot be predicted and many of these risks are outside the Group's control.

A deterioration in economic conditions globally and in the markets in which the Group operates, including, but not limited to, business and consumer confidence, unemployment, household disposable income, the state of the housing market, foreign exchange markets, counterparty risk, inflation, the availability and cost of credit, and the liquidity of global financial markets or market interest rates, may reduce the level of demand for the products and services of the Group, adversely affect the earnings the Group can achieve on its products and lead to reduced volumes of credit issued, reduced revenue and increased levels of impairment charge. Following maturity of the Group's existing sources of financing, this may affect the Group's ability to obtain sufficient liquid, local currency funds to meet the requirements of the business, to issue sufficient volumes of credit at appropriate levels of impairment and to maintain adequate cover on its financial covenants. A global recession may also result in the Group being unable to execute its growth strategy. The aforementioned factors may materially and adversely impact the Group's operating results, financial condition and prospects.

**The performance of the Group's Mexican businesses may be affected by President Trump's policies towards Mexico.**

The performance of the Mexican business is influenced by the economic conditions of the Mexican economy. The rhetoric from President Trump and his administration during both the US presidential election campaign and his election to office has had a negative impact on the Mexican Peso. Since President Trump became the US presidential nominee in November 2016, the Mexican Peso has depreciated against most major currencies. The precise nature of all risks and uncertainties arising from the new presidency (e.g. the withdrawal of the US NAFTA and imposition by the US of tariffs on Mexico) cannot be predicted. The Group's future trading performance in Mexico could be negatively impacted by policies adopted and pursued by the new administration.

***Legal, regulatory and tax risks***

**The Group may be affected by changes in financial services regulation, or other laws or regulations applicable to the Group, or their respective interpretations.**

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

Financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations currently affecting the Group may change and, although the Group monitors developments, it cannot predict future initiatives or changes and changes could take place at different stages of the legislative process without consultation.

Any such changes may materially and adversely affect, amongst other things, the Group's product range and activities, the sales and pricing of its products, the Group's profitability, solvency and capital requirements and costs of compliance. The total charges for the Group's loans are higher than for loans provided by mainstream banks, reflecting the higher lending risk and the high level of personal service provided by the agent. This can attract criticism and bring calls for statutory caps on charges. The Group's agent service is generally provided as a separate, optional service. The fee for the optional home collection service fee has historically fallen outside of interest rate, total cost of credit or APR caps in the markets in which the Group operates. However, if these charges were required to be included within the scope of the caps, the Group's profitability may be adversely affected. In March 2016, Polish legislation came into effect which introduced a cap on all non-interest costs of credit, as well as certain other restrictions on amongst other things, repeat lending. The Group had estimated in 2016 that applying the new pricing regime to its expected product structure (without other mitigating actions being taken) would reduce the profit of its Polish business by approximately £30 million. The Group has introduced a new product structure to help to offset the negative financial impact. In December 2016, the Polish Ministry of Justice published a draft bill which, amongst other things, proposes a significant reduction to the cap on non-interest



costs introduced in March 2016. The level of the current cap is: (i) a flat level of 25% of the loan value; and (ii) an additional cap of 30% per annum. The aggregate total of the aforementioned caps may not, under any circumstance, exceed 100% of the loan value. The existing draft bill proposes that each cap would be reduced to 10% and the aggregate total of the caps would not be able to exceed 75% of the loan value. During a 14-day public consultation in December 2016, various organisations operating in Poland evaluated and commented on the draft bill. The Group awaits an update from the Ministry of Justice following this consultation process. The Group is engaging with Polish government ministries and interested parties to try to achieve a more positive solution for consumers and businesses. The Group continues to assess appropriate mitigation strategies to try to partially offset the expected negative impacts on the profitability of the Group's Polish business.

The European markets in which the Group operates have all implemented the consumer credit directive, Directive 2008/48/EC (the “**CCD**”).

The European Commission published guidelines in May 2012 relating to the application of the CCD. Although the guidelines are non-binding, uncertainty remains in relation to how national regulators and courts will interpret them and, accordingly, there is a risk that the Group's business could be adversely affected. In particular, there is a risk that the Group may be compelled to make further changes to its product structure in some markets in order to comply with the provisions dealing with calculation of APR.

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

A requirement of the CCD is that, prior to conclusion of a credit agreement, the creditor must assess the consumer's creditworthiness on the basis of sufficient information. Whilst this is generally a non-prescriptive requirement, the Group's operations in Europe could be affected if and to the extent that local regulators adopt more specific requirements. Both the Group's Home Credit and Digital operations in Lithuania, as well as other market participants, were subject to inspections by the Bank of Lithuania specifically in relation to the assessment of credit worthiness and changes to the Group's practices were made as a result. Following the clarification of the debt-to-income ratios in Lithuania at the start of 2016, the Group decided to move to an exclusively digital business in this market operated by IPF Digital. The lower cost of distribution of the Group's digital channel means it is more capable of adapting to these requirements.

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

The Group's Romanian subsidiary, Provident Financial Romania Institutie Financiara Nebancara S.A. (“**Provident Romania**”), is registered in the General Register of Non-banking Financial Institutions (“**NBFIs**”) kept by the National Bank of Romania. If an NBFi meets certain criteria, being that the value of its own and borrowed funds exceeds 50 million Romania Leu and the value of credits granted exceeds 25 million Romanian Leu for three consecutive quarters), it must be registered in the Special Register held by the National Bank of Romania. To date, Provident Romania has not met these criteria and is not anticipated to do so for the foreseeable future. However, the Group may qualify for inclusion into the Special Register in the future if entry criteria are changed. If an NBFi is registered in the Special Register, it is obliged to observe stricter requirements, not least around documentation and a maximum loan-to-income ratio based on the consumer's taxable income. This may limit the size or volume of loans that the Group can make to its Romanian customers, thereby reducing profitability. In December 2016, there was a change to



the legislation on credit conditions which extended some of these more stringent and restrictive creditworthiness assessment criteria to NBFIs registered in the General Register. The changes required amendments to the processes and credit risk policies which have been implemented. These changes are expected to limit growth significantly in 2017.

The Group may have to respond to any material changes in legislation or regulation which could potentially affect its business by adapting its business model or products in the relevant market. There can be no assurance, however, that the Group will be able to effectively respond to any such changes and this may affect the Group's operations and the conduct and success of its business in the relevant market. In December 2015, an amendment to the Civil Code in Slovakia came into law which prohibits separate contracts for 'ancillary' services linked to the provision of consumer credit. The home collection service in Slovakia fell into this category. In addition, all costs associated with a loan, whether mandatory or not, must now fall within the existing remuneration cap which is currently approximately 26.5% per annum of issue value for loans greater than one year and 37% for shorter durations. As a result, the Group took the decision to suspend the issuing of new loans in Slovakia from 18 December 2015. The Group has since decided to run-off the agent-delivered home credit operations in Slovakia. In December 2016, the National Bank of Slovakia notified the Group's Slovak subsidiary of the commencement of official proceedings against it with respect to the exclusion of fees relating to its home collection service from the annual percentage rate of charge ("APR") and remuneration cap (as outlined above). The Group submitted a response on 29 February 2017 and is awaiting the National Bank of Slovakia's decision. In the event that the Group receives an unfavourable final decision from the National Bank of Slovakia, it intends to appeal such decision on the basis that previous court decisions have ruled in its favour on this particular point.

In December 2015, Consumer Protection Agency in Mexico ("**PROFECO**") provisions came into force which regulate collections practices affecting all commercial entities (including the Group's Mexican subsidiary). These provisions include a prohibition on collecting during weekends and statutory holidays. Provident Mexico, together with several other commercial entities, submitted an appeal to the constitutional court and the outcome is awaited. This may potentially adversely impact the Group's Mexican business.

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

The Group is subject to risks of regulatory investigations and proceedings and/or litigation in connection with its business. Such regulatory investigations, proceedings and/or litigation could be initiated, amongst other reasons, in response to an actual or suspected breach by the Group or a Group company of laws, regulations or rules, and could result in the loss of a licence, the removal from a register, or the retraction of any other authorisation to provide credit in a particular country.

On 24 December 2013, the Group announced that Provident Polska received a notice from the Polish Office of Competition and Consumer Protection (the "**Office**") stating that the Office believes that the way Provident Polska calculates the APR amounts to a collective infringement of consumer interests and subjected Provident Polska to a fine. The Group appealed the decision and is currently in further discussion with the Office following changes in its product structure to be compliant with the new legislation that came into force in March 2016 (referred to above). Following initial court hearings, the Group and the Office had aimed to reach a settlement. An instruction from the Ministry of Finance, however, means that the Office is unable to reduce the original fine as part of the settlement. The Group is contesting the level of the fine. The next scheduled court hearing is on 5 June 2017.

In January 2015, The National Bank of Hungary introduced a limit on the proportion of an individual's net income that may be spent servicing consumer credit (50% to 60% depending on income level). The Group has adapted its product offering to be compliant with the new regulations and it is monitoring the impact that this change will have on customer appetite for borrowing.

Information on the regulatory framework within which the Group currently operates, together with full details of any regulatory investigations and proceedings and/or litigation in connection with the Group's business, can be found in the "*Regulatory Information*" section of this Prospectus.

A number of customer court claims have been brought and are ongoing, challenging the validity of the Group's Slovak subsidiary's loans on the basis, inter alia, that the loans are unfair, misleading,

contrary to good morals and usurious and that the APR is incorrectly calculated. More recently, the claims have been brought challenging the amount and validity of certain fees included in the loan agreement. Whilst the Group has been mostly successful in defending the claims in the first instance, there have been some adverse first-instance rulings, on the basis that the administrative fee and home service fee are unfair because (i) there is insufficient detail specified in the agreement as to what they relate to and (ii) the fee is too high compared to the value received. The Group is appealing the decisions. A potential outcome of an unfavourable ruling is that the administrative fee and home service fee could be deemed unenforceable in Slovakia.

The Group may also be vulnerable to regulatory action by competition or fair trading authorities if it is found to be dominant in a particular market, or if the markets in which it operates are not functioning competitively.

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

#### **Legal challenges to contractual terms and collective redress.**

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

The Group may incur losses if it cannot recover all or part of the debt from its customers because its contracts with those customers are held to be partly or wholly unenforceable. For example, local or national courts may find a customer contract to be in breach of anti-usury or "good morals" laws and regulation and therefore unlawful, thereby also increasing the risk that the number of claims by customers seeking to avoid their loan repayment will increase. Failure by the Group to sustain effective debt recovery methods or a loss in confidence of the Group to recover debt under its contracts with customers, by recourse to the courts or otherwise, could severely impede the Group's business in the affected jurisdiction. In addition, collective redress mechanisms as a means of addressing mass consumer claims in several of the Group's territories may pose a risk of the relevant subsidiary being party to a collective dispute in the event that it commences litigation, or if litigation is commenced against it.

#### **Legal characterisation of status of agents.**

In most territories, the home credit agent is treated as being self-employed rather than being an employee or agent of the relevant entity of the Group. In certain countries, however, business entities must perform their usual business activities through employees. There is a risk that the interpretation of employee or agent could be challenged. A challenge, if successful, could result in increased costs of operation for the Group, or may require the Group to reassess its home credit business model and/or discontinue its operations in the affected locality. It may also render the relevant entity within the Group liable to, amongst other things, fines, or non-financial penalties or require changes to be made to its employee and/or agent remuneration and structure.

Agents have been employed in Hungary for a number of years. In Romania, due to changes in tax legislation in the second half of 2015, the relationship with Provident Romania's home credit agents has been amended so that they are employed with effect from January 2016. The Group expects there to be additional costs arising from any move to employed status.

#### **The Group operates in markets which include comparatively new legal and regulatory systems.**

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

Judicial and dispute resolution systems may be less developed and, in some circumstances, it may not be possible to obtain timely legal remedies provided for under these laws and regulations. If the

Group becomes party to legal proceedings in a market with an insufficiently developed judicial system, it may be difficult for the Group to make a reasonable qualification or quantification of any proceedings, or to make, or defend against, claims.

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

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

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

Tax legislation and interpretation in the jurisdictions in which the Group operates have been subject to significant change. In general, the Group sees less clarity in tax legislation in its overseas markets than in the United Kingdom, and some uncertainty generally arising from the fact that court decisions are often not binding as precedents. Coupled with this, a home credit business has a number of unusual features which may make it unclear as to how overseas tax authorities will tax certain aspects of the operations. For example, the rules which determine the extent to which tax relief for impairment is obtained are often very complex and in certain jurisdictions in which the Group operates have been, or are potentially, subject to significant change. A restriction in the availability of tax deductions for impairment could significantly increase the Group's tax liabilities and reduce post-tax returns.

Adverse changes in, or conflicting interpretations of, tax legislation and practice in the different jurisdictions in which the Group operates may lead to an increase in the Group's taxation liabilities and effective tax rate. As with other international groups, the Group is subject to the risk of future changes to the taxation treatment of cross-border transactions arising as a result of the implementation of the OECD's Action Plan on Base Erosion and Profit Shifting ("BEPS"). As with other financial services institutions, the Group is subject to the risk of additional taxation arising from new taxes levied on the financial sector, either at a local level or at an EU level, including a tax on financial transactions, if implemented.

In early 2017, the home credit company in Poland, Provident Polska, appealed decisions received from the Polish Tax Chamber (the upper tier of the Polish tax authority) with respect to its 2008 and 2009 financial years. The decisions for both years are identical and involve a transfer pricing challenge relating to an intra-group arrangement with a United Kingdom entity together with a challenge to the timing of taxation of home collection fee revenues. As stated in the announcement at the time of the 2008 decision, the Group disagrees with the interpretation of the tax authority and will defend its position robustly in court. In order to make the appeals, the Group paid the amounts assessed which total £38 million comprising tax and associated interest. The 2010 financial year is currently being audited by the tax authorities in Poland and a decision is expected in the coming months. In the event that the decision follows the same reasoning as the decisions for 2008 and 2009, a further payment of approximately £19 million would become payable. All subsequent financial years remain open to future audit.

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

In some instances the group benefits from a favourable position under EU law and the extent to which this may change following Brexit will depend on the Brexit negotiation position/double tax treaty provisions as at that time.

The Group is also currently subject to tax audits in Mexico (with respect to 2011) and Slovakia (with respect to 2014 and 2015). These audits are in the early fact finding stage and it is currently too early to assess any potential outcome.

Changes to taxation law, which includes rules governing indirect taxes, personal taxes and capital taxes, may also affect the attractiveness of certain products offered by the Group. This could result in a significant reduction in sales of those products which, in turn, could have a material adverse effect on the Group's business, results of operations and financial condition. As with other financial services institutions operating within the EU, changes to the VAT treatment of financial services may materially and adversely affect, among other things, the Group's sales and pricing of its products and the Group's profitability. Changes in the scope of VAT exempt financial services may have a material adverse impact on the Group's VAT position in terms of the VAT status of supplies to customers and of services received from suppliers including agents.

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

The Group companies in the United Kingdom provide various services and support to the overseas businesses. There are also a number of significant intra-Group cross-border transactions that take place between various of the Group's overseas subsidiaries, including derivative transactions, sales of debt and debt participations, provision of finance and guarantees and provision of services and know how. The provision of the know-how, services, loans and guarantees is priced, for transfer pricing purposes, on what is considered to be an arm's length basis. Where provision is made from the United Kingdom, the pricing has been discussed in advance with HM Revenue & Customs, and the pricing methodology in respect of intra-Group loans and the provision of guarantees of third party debt has been agreed with HM Revenue & Customs under an advanced pricing agreement for the accounting periods through to 2018. Nevertheless, the Group is exposed to the risk of a challenge by tax authorities in respect of intra-Group transactions, with an associated risk of an increased liability to tax.

***Business risks***

**Changes in the small sum credit markets in any of the Group's markets and, in particular, an increase in competition in any of the Group's markets.**

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

Competition from (principally digital) remote lenders for those customers at the higher socio-economic end of the home credit sector could intensify as the prime market matures and mainstream financial institutions seek to attract customers who are deemed to be of lower creditworthiness. Aspiring competitors may be prepared to offer loan products, where payments are made remotely by the customer, in the small sum credit sector at lower prices than the Group is able to offer.

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

**New markets and acquisitions.**

The Group may not be able to achieve success upon entry into a new geographic market, despite the research it undertakes beforehand or on an acquisition despite the due diligence it undertakes. The Group may not be able to successfully support its growth strategy in a newly entered geographic market and/or realise the expected accretive value of the acquired business if it cannot recruit and retain well-qualified staff for those businesses. The Group may not be able to take advantage of



market opportunities due to under-performance elsewhere in the Group's business. The Group may not be able to meet customer demand or requirements or it may not be able to respond to local economic and regulatory conditions or to competitive pressure, so that its operations in new geographic markets or acquired businesses do not perform as expected.

If the Group consequently disposes of the acquired business or withdraws from a market (as it did in Slovakia and Lithuania in 2016), the Group will incur costs of disposal or withdrawal and may have lost out on the opportunity of having instead entered another more appropriate market or acquired a more appropriate business. The losses will be of greater magnitude if the Group makes such an error in relation to a number of markets or acquisitions and this could materially and adversely affect the Group's business, results of operations and financial condition.

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

**The Group may not be able to successfully implement a new product group or strategy for the acquisition of new customers or of a new pricing or credit assessment method or analytical tools and data.**

The Group may seek to introduce new product groups, pricing and credit assessment analysis methods and uses of data in order to retain existing customers whose needs have evolved, and to attract new customers for whom the existing product offering or methods of acquisition are unattractive or ineffective and/or for whom more competitive pricing and more sophisticated underwriting processes are required. 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.

#### **Segmental business model strategy.**

The Group's current business model is concentrated through a home credit business model (the provision of small sum unsecured loans with optional home collection service) and a digital credit model. The Group's strategy includes the development of its product offerings and expansion through existing and new markets. In the shorter term this concentration toward the home credit business model increases exposure to adverse regulatory or competitive threats.

#### ***Operational risk***

##### **Possible risks to agent and employee safety.**

Possible risks of personal injury to the Group's agents or employees could affect the ability of the Group to retain and engage agents or employees to perform the home service, or the ability or willingness of its managers to visit customers and could give rise to an increase in personal injury claims against the Group and may damage the reputation, brands and profitability of the Group. There could be a change in legislation, regulations, rules, guidance, codes of conduct and government policies relating to the health and safety of agents and employees performing the home service, which may require the Group to review its agent delivery and collection model and which may be adverse to the business, results of operations and financial condition of the Group. The personal safety of agents and employees continues to be a priority of the Group, and to that end, the Group has implemented formal health and safety policies and procedures that are managed by designated safety managers in every market and overseen by a competent person at the Group's head office. Notwithstanding the aforementioned precautions taken by the Group, a small number of the Group's agents and employees have nevertheless sustained fatal or other personal injuries during the course of, or for reasons related to, their work for the Group over a number of years.

##### **Failure by a member of the Group to comply with privacy and data protection laws and regulation may lead to action being taken against that member and/or the Group.**

The Group relies on the collection and use of information from customers to conduct its business. It discloses its information collection and usage practices in a published privacy policy on the websites of its operating entities, which may be modified from time to time to meet operational needs, changes in the law or industry best practice. Companies within the Group may be subject to

investigative or enforcement actions by data protection authorities, legal claims and reputational damage if they act, or are perceived to be acting, inconsistently with the terms of the privacy policy, customer expectations or applicable law. In addition, concern among customers about the Group's privacy practices could deter them from using its services and require the alteration of its business practices with attendant costs and possible loss of revenue.

Concerns may be expressed about whether the Group's use of data compromises the privacy of customers. Concerns about the Group's collection, use or sharing of personal information or other privacy-related matters, even if unfounded, could damage its reputation and operating results.

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

**Failure to attract, engage, motivate and retain high calibre agents, management and personnel at all levels of the Group's business.**

The Group is dependent on its ability to attract, engage, motivate and retain high quality and highly skilled agents, management and key executives. There can be no assurances that these employees will remain with the Group.

As the Group expands into new products, processes and markets, it is recognised that such expansion can place a strain on existing management, employees, systems and resources. In particular, the success of the Group's strategy to grow the business will depend to a large degree on the depth and capability of the Group's leaders within the organisation. This covers all aspects of people management, from attracting, motivating, developing and retaining the right resource and capability to provide the depth of resource required and to bring new capabilities into the business. As the Group grows, it will need to recruit and retain additional suitable personnel and failure to do so could result in a reduction in the Group's growth and profitability.

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

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

The Group aims to have sufficient depth of personnel able to implement the strategy of the Group. 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 of, the expansion of, the Group's activities (as a result of, for example, increased employee competition at the local level, a lack of senior manager opportunities or failure to provide adequate rewards), could cause disruption to the Group's business and have a material adverse effect on its business, growth prospects, results of operations and financial condition.

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

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



**The success of the Group's business is dependent on the Group's brands and reputation.**

The Group's success and, in particular, sales and collections, are dependent, in part, upon the strength of the Group's brands and the reputation of its business. The Group does not operate in a bank sector which attracts media interest and regulatory oversight and, as a result, treating its customers fairly and providing financial products that meet their requirements is important for a sustainable performance. The Group could suffer damage to its reputation and brands as a result of negative publicity in connection with, for example, the perception of unreasonably high charges (when compared with prime market providers and non-home credit products) for its home credit products, and failure to check whether our digital loans are affordable. Negative publicity could also derive from the activities of legislators, consumer protection agencies and the media, in spite of high levels of customer satisfaction. Such adverse publicity could directly affect customer consideration for the Group's products and their contractual repayments. In addition, it could make it more difficult for the Group to recruit and retain high-calibre employees, including agents for its home credit operations and thereby directly affect profitability. Negative publicity could, in turn, lead to increased pressure for regulatory change of the consumer credit industry in the relevant market, with material and adverse consequences on the Group's business, results of operations and financial condition.

**Possible risk relating to the breakdown of operating processes, systems or controls that underpin the Group's business models.**

There is a risk that the Group's business model would not be scalable if there was a systematic breakdown of operating procedures, processes, systems or controls that underpin the model. The Group accepts that the growth of the business creates additional risk of operational underperformance. The Group only implements significant business change initiatives following approval of a business case and the implementation of on-going project management governance.

**System and technological failures or ineffectiveness, failure of business continuity planning, corruption of databases and service disruption.**

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

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

Although the Group has in place certain business continuity plans to guard against service disruptions, the Group's business continuity plans may prove to be unsuccessful against such disruptions.

If any of the above risks materialise, the interruption or failure of the Group's information technology and other systems (or the failure of those provided by third party service providers and software providers) could impair the Group's ability to provide its services effectively, causing direct financial loss and may compromise the Group's strategic initiatives. In addition, it could damage the Group's reputation if customers believe its systems are unreliable which, in turn, could have an adverse effect on the Group's ability to collect loan repayments from customers and to attract new and retain existing customers. Technology failure or underperformance could also result in a higher number of customer and agent disputes and may increase the Group's litigation and regulatory exposure or

require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any customer database would be expensive and time-consuming to endeavour to retrieve or recreate, would have a material adverse effect on the Group's operations and financial situation and may damage its reputation and brands.

**Possible risk relating to the integrity of the Group's accuracy of reporting and the ability to produce appropriate reporting.**

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 an approved business case and pilot. However, there is still 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. Notwithstanding the foregoing, nothing in this risk factor should be taken as implying that either IPF or the Group will be unable to comply with its continuing obligations under the United Kingdom Listing Authority's Listing Rules, Disclosure Rules or Transparency Rules (or equivalent obligations that may arise following the listing of notes on an alternative regulated market operated by an EU member state).

**Impairment of the value of intellectual property or failure to maintain database integrity could diminish the competitive position of the Group.**

If there is any unauthorised use or infringement of the Group's intellectual property rights and the Group fails to enforce such rights, or the Group fails to maintain its database rights and the database's integrity, the value of the Group's products and services could be diminished, its competitive position could be adversely affected and its business may suffer. Third party rights in respect of the "Provident" or any of the Group's other brand names may exist in some countries in which the Group does business or intends to do business in the future. If such third party right owners brought infringement proceedings, the Group's right to use such brand names in such countries may be restricted or impaired.

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

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

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

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

To minimise the potential impact of such unexpected events, the Group and subsidiary companies maintain and rehearse business continuity plans overseen by staff in Group Head Office and in the individual markets in which the company operates.

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

As with other retail financial services groups, disputes arising with, or failure of adequate provision of services by, third parties who provide ancillary services which are material to the Group's business

(for example, the provision of equipment, software and associated services in connection with operational management software) may cause disruption to the Group's operations, result in losses, may lead to incurred legal and court costs and also detract management's time from the Group's business, thereby affecting it, its results of operations and its financial condition.

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

Notwithstanding anything in the "*Operational Risk*" section of these risk factors, nothing in the "*Operational Risk*" section of these risk factors should be taken as implying that either IPF or the Group will be unable to comply with its continuing obligations under the United Kingdom Listing Authority's Listing Rules, Disclosure Rules or Transparency Rules (or any equivalent such rules required by a regulated market operated by an EU member state).

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

### ***Risks related to the structure of a particular issue of Notes***

#### **Notes subject to optional redemption by the Issuer.**

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

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

#### **Notes issued at a substantial discount or premium.**

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

Higher volatility can in turn depress the market value of such securities, as price volatility is an unattractive feature of an investment for an Investor seeking stable returns.

#### **Fixed Rate Notes – yield.**

The indication of yield stated within the Final Terms of the Notes applies only to investments made at (as opposed to above or below) the issue price of the Notes. If an Investor invests in Notes issued under the Programme at a price other than the issue price of the Notes, the yield on that particular Investor's investment in the Notes will be different from the indication of yield on the Notes as set out in the Final Terms of the Notes.

### ***Risks related to Notes generally***

#### **General.**

If an Investor chooses to sell its Notes issued under the Programme in the open market at any time prior to the maturity of the Notes, the price the Investor will receive from a purchaser may be less than its original investment, and may be less than the amount due to be repaid at the maturity of the Notes if an Investor were to hold onto the Notes until that time. Factors that will influence the price received by Investors who choose to sell their Notes in the open market may include, but are not limited to, market appetite, inflation, the period of time remaining to maturity of the Notes, prevailing

interest rates and the financial position of the Issuer. In addition, inflation may reduce the real value of the Notes over time which may affect what Investors can buy with their investments in the future (including on the maturity of the Notes).

**Instruments subject to redemption for tax reasons.**

In the event that the Issuer or any Guarantor (i) has or will become obliged to increase the amounts payable in respect of any Notes or Coupons due to any withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision or authority thereof or therein having power to tax, as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or authority thereof or therein having the power to tax, or any change in the application or interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first tranche of the relevant series of Notes, and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be) taking reasonable measures available to it, the Issuer may redeem all of the outstanding Notes of the relevant series in accordance with their Terms and Conditions.

**Modification, waivers and substitution.**

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

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes, (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such, (iii) the substitution of another company in place of the Issuer as principal debtor under the Notes in the circumstances described in Condition 11 of the Terms and Conditions of the Notes or (iv) the release of a Guarantor or the accession of a new Guarantor in certain circumstances.

**Change of law.**

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes. Any such change could adversely impact the value of the Notes by, for example, calling into doubt in some way any of the rights and remedies under English law available to Noteholders as at the date of issue of their Notes, and which were therefore an intrinsic element of the value ascribed to such Notes at the date of issue.

**Bearer Notes where denominations involve integral multiples.**

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

**The Notes are not protected by the Financial Services Compensation Scheme.**

Unlike a bank deposit, the Notes are not protected by the Financial Services Compensation Scheme (the “FSCS”) or any equivalent schemes in other jurisdictions. As a result, neither the FSCS, nor anyone else, will pay compensation to an Investor in the Notes upon the failure of the Issuer, the Guarantors or the Group as a whole.

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

### **Risk of absence of market-maker.**

In the case of Notes issued under the Programme which are tradable on the London Stock Exchange's electronic order book for retail bonds (the "**ORB**"), a market-maker will be appointed in respect of the relevant Notes from the date of admission of those Notes to trading. Market-making means that a person will quote prices for buying and selling securities during trading hours. However, the market-maker may not continue to act as a market-maker for the life of the relevant Notes. If a replacement market-maker is not appointed in such circumstances, this could have an adverse impact on an Investor's ability to sell the relevant Notes.

### **The secondary market generally.**

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies, or have been structured to meet the investment requirements of limited categories of Investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. Moreover, notwithstanding in the case of Notes issued under the programme to be traded on the ORB, the absence of at least one market-maker for the Notes may severely and adversely impact the price that an Investor would receive if it wishes to sell its Notes, but only where trading activity levels are low.

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

The Issuer will pay principal and interest on the Notes, and the Guarantors will make payments, in the Specified Currency (as defined in the "*Terms and Conditions of the Notes*" section of this Prospectus). 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 (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes, and (iii) the Investor's Currency equivalent market value of the Notes.

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

### **Interest rate risks.**

Fixed Rate Notes bear interest at a fixed rate. Investors should note that (i) if interest rates start to rise then the income to be paid by the Notes might become less attractive and the price the Investors get if they sell such Notes could fall, and (ii) inflation will reduce the real value of the Notes over time and may make the fixed interest rate on the Notes less attractive in the future. However, the market price of the Notes has no effect on the interest amounts due on the Notes or what Investors will be due to be repaid on the Maturity Date if the Notes are held by the Investors until they mature.

### **Credit ratings may not reflect all risks.**

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.



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

The investment activities of certain Investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential Investor should consult its legal advisers to determine whether and to what extent (i) 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.

**Foreign account tax compliance withholding.**

Under Sections 1471 through 1474 of the Code (“**FATCA**”), the Issuer or, as the case may be, any Guarantor (and other non-US financial institutions through which payments on the Notes are made) may be required to withhold US tax at a rate of up to 30% on payments made after 31 December 2018 (at the earliest) in respect of the Notes unless, in each case, the recipient of the payment complies with certain certification and identification requirements.

FATCA is particularly complex and the full extent of its application in general, and its potential application to the Issuer or the Notes, remains to a degree uncertain at this time.

If an amount were to be deducted or withheld from interest, principal or other payments on the Notes on account of FATCA, neither the Issuer (nor, as the case may be, any Guarantor) nor any paying agent, nor any other person would, pursuant to the Terms and Conditions, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, if payments in respect of the Notes are subject to FATCA withholding, Investors may receive less interest, principal or other payments (as the case may be) than expected.

The United Kingdom and most other major jurisdictions have entered into intergovernmental agreements with the United States which ensure that financial institutions in those jurisdictions should generally not be subject to FATCA withholding on payments they receive, nor have to withhold for FATCA on payments they make.

**The clearing systems.**

Because the Global Note relating to each Series may be held by or on behalf of Euroclear and Clearstream, Luxembourg, an Investor will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes in each Series will be represented by a temporary or permanent Global Note. Such Global Note may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Note, an Investor will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the interests in the relevant Global Note. While any Notes issued under the Programme are represented by a Global Note, an Investor will be able to trade their interests only through Euroclear or Clearstream, Luxembourg.

While Notes are represented by a Global Note, the Issuer will discharge its payment obligations under such Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of an interest in the Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in any Global Note.

Holders of interests in a Global Note will not have a direct right to vote in respect of the Notes represented by such Global Note. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg.

**Holding CREST Depository Interests.**

Investors may hold interests in the Notes through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (“**CREST**”) through the issuance of dematerialised depository interests (“**CDIs**”) issued, held, settled and transferred through CREST, representing interests in the Notes underlying the CDIs (the “**Underlying Notes**”). Holders of CDIs (the “**CDI Holders**”) will hold, or



have an interest in, a separate legal instrument and will not be the legal owners of the Underlying Notes. The rights of CDI Holders to the Underlying Notes are represented by the relevant entitlements against CREST Depository Limited (the “**CREST Depository**”) which (through CREST International Nominees Limited (the “**CREST Nominee**”)) holds interests in the Underlying Notes. Accordingly, rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians. The enforcement of rights under the Underlying Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

CDIs are constituted under English law and transferred through CREST and will be issued by the CREST Depository pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the “**CREST Deed Poll**”). The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the CREST Deed Poll. Potential Investors should note that the provisions of the CREST Deed Poll, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the “**CREST Manual**”) and the CREST Rules contained in the CREST Manual applicable to the CREST International Settlement Links Service (the “**CREST Rules**”) contain indemnities, warranties, representations and undertakings to be given by CDI Holders, and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of, and returns received by, CDI Holders, may differ from those of holders of Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service (the “**CREST International Settlement Links Service**”). These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service. Potential Investors should note that none of the Issuer, the Guarantors, the Arranger, the Dealers, the Trustee or the Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations. The CDIs are not the subject of this Prospectus.

## INFORMATION ABOUT THE PROGRAMME




		Refer to
<b>What is the Programme?</b>	<p>The Programme is a debt issuance programme under which International Personal Finance plc (“<b>IPF</b>” or the “<b>Issuer</b>”) as the issuer may, from time to time, issue debt instruments which are referred to in this Prospectus as the Notes. Notes are also commonly referred to as bonds. The payment of all amounts owing in respect of Notes issued by IPF will, in certain circumstances, be unconditionally and irrevocably guaranteed on a joint and several basis by each of IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited under their respective guarantees in respect of such Notes (the “<b>Guarantee</b>”) (in such capacity, each of IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited is referred to as a “<b>Guarantor</b>”, and together they are referred to as the “<b>Guarantors</b>”). “unconditionally” means that, if the Issuer hasn’t paid the relevant amount due, there is no further condition to be fulfilled before the guarantee can be called on, and “irrevocably” means that the Guarantors can’t revoke their guarantee at a later date. “on a joint and several basis” means that any person owed money under the Guarantee may pursue the obligation against all the Guarantors together, or any one Guarantor as if that Guarantor were liable for the whole guaranteed amount.</p> <p>The Programme is constituted by a set of master documents containing standard terms and conditions and other contractual provisions that can be used by IPF to undertake any number of issues of Notes from time to time in the future, subject to a maximum limit of EUR 1,000,000,000. The Terms and Conditions of the Notes are set out later in this Prospectus.</p> <p>The Programme was established on 19 April 2010.</p>	Terms and Conditions of the Notes beginning on page 106
<b>How are Notes issued under the Programme?</b>	<p>Whenever the Issuer decides to issue Notes, it undertakes what is commonly referred to as a “drawdown”. On a drawdown, documents which are supplementary to the Programme master documents are produced, indicating which provisions in the master documents are relevant to that particular drawdown and setting out the terms of the Notes to be issued under the drawdown. The key supplementary documents which Investors will need to be aware of when deciding whether to invest in Notes issued as part of a drawdown over the 12 month period from the date of this Prospectus are: (a) any supplement to this Prospectus and (b) the applicable Final Terms for such Notes.</p> <p>In the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion or removal from this Prospectus is necessary for the purpose of allowing an Investor to make an informed assessment of the assets and liabilities, financial</p>	Terms and Conditions of the Notes beginning on page 106, Supplementary Prospectus on page 87 and the Form of Final Terms beginning on pages 142 and 152

	<p>position, profits and losses and prospects of the Issuer, the Group and the Guarantors, and the rights attaching to the Notes, the Issuer will prepare and publish a supplement to this Prospectus or prepare and publish a new Prospectus, in each case, for use in connection with such Notes.</p> <p>Each Final Terms is a pricing supplement to this Prospectus (as supplemented or replaced from time to time) which sets out the specific terms of each issue of Notes under the Programme. Each Final Terms is intended to be read alongside the Terms and Conditions of the Notes, and the two together provide the specific terms of the Notes relevant to a specific drawdown.</p> <p>Each Final Terms may be submitted to the Financial Conduct Authority (the “FCA”) and the London Stock Exchange plc or to BondSpot S.A. or the Warsaw Stock Exchange or the Irish Stock Exchange or any regulated market operated by a member state of the European Union and published by the Issuer in accordance with the Prospectus Directive and in compliance with the requirements of the local law of the relevant European Union Member State, if applicable.</p>	
<p><b>What types of Notes may be issued under the Programme?</b></p>	<p>The following types of Notes, or a combination of them, may be issued under the Programme: Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes.</p> <p>Fixed Rate Notes are Notes where the interest rate payable by the Issuer on the Notes is fixed, for the life of the Notes, as a set percentage at the time of issue.</p> <p>Floating Rate Notes are Notes where the interest rate is calculated by reference to a fluctuating benchmark rate. Under the Programme, that benchmark rate will be one of the Euro Interbank Offered Rate (EURIBOR), the Paris Interbank Offered Rate (PIBOR), the London Interbank Bid Rate (LIBID), the London Interbank Offered Rate (LIBOR), the USD London Interbank Offered Rate (USD LIBOR), the London Interbank Mean Rate (LIMEAN), the Warsaw Interbank Offered Rate (WIBOR), the Prague Interbank Offered Rate (PRIBOR), the Romanian Interbank Offered Rate (ROBOR), the Budapest Interbank Offered Rate (BUBOR), the Interés Interbancaria de Equilibrio (TIIE), or the Sofia Interbank Offered Rate (SOFIBOR). The appropriate benchmark rate is likely to be dictated by, among other things, the currency in which the Notes are denominated. So for a Floating Rate Note denominated in Polish Zloty, the benchmark rate chosen by the Issuer might be WIBOR (though the Issuer would be free to choose one of the other rates listed above if for any reason it felt it was more appropriate to a particular issuance of Notes).</p> <p>The floating interest rate is calculated on or about the start of each new interest period and applies for the length of that interest period. Therefore, Floating Rate Notes in effect have a succession of fixed interest rates which are recalculated on or about the start of each new interest period. Although the floating interest rate will be based on the benchmark rate, it will typically also include a fixed percentage margin which is added to (or subtracted from) the benchmark rate.</p>	<p>Terms and Conditions of the Notes beginning on page 106 and the Form of Final Terms beginning on pages 142 and 152</p>

	<p>Zero Coupon Notes are Notes which do not carry any interest but are generally issued at a deep discount to their nominal amount. Zero Coupon Notes are repaid at their full amount. Therefore, if Investors purchase Zero Coupon Notes on their issue date and hold them to maturity, their return will be the difference between the issue price and the nominal amount of the Zero Coupon Notes paid on maturity. Alternatively, they might realise a return on Zero Coupon Notes through a sale prior to their maturity.</p> <p>The specific details of each Note issued will be specified in the applicable Final Terms.</p>	
<b>Why are there two sets of Final Terms and which one should I be looking at?</b>	Notes issued under the Programme may be issued with a denomination of either more or less than EUR 100,000. The Prospectus Directive requires the Issuer to give more disclosure in respect of Notes denominated in an amount of less than EUR 100,000 than it does in respect of Notes denominated in an amount of more than EUR 100,000, on the basis that lower denomination Notes are more likely to be bought by less sophisticated Investors who might benefit from additional information. There are therefore two different sets of Final Terms included in the document, one with slightly more disclosure items than the other, and which one will be used will depend on the denomination of the Notes as made clear in the legend appearing in the very first paragraph of each set of Final Terms.	Form of Final Terms beginning on pages 142 and 152
<b>What is the relationship between the Issuer and the Group?</b>	All references to the Group are to IPF, its subsidiaries (which include the Guarantors) and its subsidiary undertakings taken as a whole. IPF is the ultimate holding company of the Group. IPF's financial condition depends upon the receipt of funds provided by other members of the Group.	N/A
<b>Why has the Programme been established? What will the proceeds be used for?</b>	The Group established the Programme in order to diversify their sources of funding and the debt maturity profile of the Group. The net proceeds from each issue of Notes will be applied by the Group for their general corporate purposes. If, in respect of any particular issue of Notes under the Programme there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.	N/A
<b>Have any Notes been issued under the Programme to date?</b>	<p>As of the date of this Prospectus IPF has made fourteen drawings under the Programme.</p> <p>All fourteen of those Series of Notes have been admitted to trading on the regulated market of the London Stock Exchange or the Irish Stock Exchange (as applicable).</p>	N/A
<b>How will the price of the Notes be determined?</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer or Dealers at the time of "pricing" of the Notes in accordance with prevailing market conditions. The issue price for each tranche will be specified in the applicable Final Terms.	Form of Final Terms beginning on pages 142 and 152

<b>What is the yield on Fixed Rate Notes and Zero Coupon Notes?</b>	<p>The yield in respect of each issue of Fixed Rate Notes and Zero Coupon Notes will be calculated on the basis of the Issue Price and specified in the applicable Final Terms. Yield is not an indication of future price. Investors can find a sample calculation of yield set out on page 163.</p> <p>The Final Terms in respect of any Floating Rate Notes will not include any indication of yield.</p>	General Information – 15 beginning on page 162
<b>Will the Notes issued under the Programme be secured?</b>	<p>The Issuer's obligations to pay interest and principal on the Notes issued under the Programme will not be secured either by any of the Issuer's or any other member of the Group's assets, revenues or otherwise.</p> <p>The terms and conditions of the Notes do, however, contain a "negative pledge", which gives the Noteholders some protection from the Issuer or Guarantors creating security in favour of other creditors holding securities similar to the Notes.</p>	Terms and Conditions of the Notes beginning on page 106
<b>Will the Notes issued under the Programme be guaranteed?</b>	The payment of all amounts owing in respect of Notes issued by IPF will, for so long as IPF has any outstanding financial indebtedness, be unconditionally and irrevocably guaranteed by the Guarantors.	N/A
<b>Will the Notes issued under the Programme have a credit rating?</b>	A Series of Notes issued under the Programme may be rated by a credit rating agency or unrated. Such ratings will not necessarily be the same as the rating assigned to the Issuer or to any other Series of Notes. A credit 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. The Programme is currently rated, and further information can be found at the start of this Prospectus.	Important Notices – Credit Rating Agency Regulation Notice beginning on page 3 and Summary – B.17 on page 10
<b>Will the Notes issued under the Programme have voting rights?</b>	Holders of Notes issued under the Programme have certain rights to vote at meetings of Noteholders of the relevant Series, but are not entitled to vote at any meeting of shareholders of the Issuer or of any other member of the Group.	Terms and Conditions of the Notes – 11 Meetings of Noteholders, Modification, Waiver and Substitution beginning on page 130
<b>Will I be able to trade the Notes issued under the Programme?</b>	<p>Applications have been made (i) to the FCA in its capacity as competent authority for Notes issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the official list of the United Kingdom Listing Authority (ii) to the London Stock Exchange plc for such Notes to be admitted to trading on the London Stock Exchange's regulated market and through its electronic order book for retail bonds (the "ORB") and (iii) for such Notes to be admitted to trading on the Irish Stock Exchange.</p> <p>Once listed, Notes may be purchased or sold through a broker. The market price of Notes may be higher or</p>	General Information – 1 on page 160



	<p>lower than their issue price depending on, among other things, the level of supply and demand for such Notes, movements in interest rates and the financial performance of the relevant Issuer and the Group. (See Section 2 “<i>Risk Factors – Risks related to the market generally – The secondary market generally</i>”).</p>																		
<p><b>What will Noteholders receive in a winding up of the Issuer and the Group?</b></p>	<p>If the Issuer or a Guarantor becomes insolvent and is unable to pay its debts, an administrator or liquidator would be expected to make distributions to its creditors in accordance with a statutory order of priority. An Investor’s claim as a Noteholder would be expected to rank after the claims of any holders of the Issuer or Guarantor’s secured debt or other creditors that are given preferential treatment by applicable laws of mandatory application relating to creditors, but ahead of the Issuer’s, or Guarantor’s, shareholders, as applicable.</p> <p>A simplified diagram illustrating the expected ranking of the Notes compared to other creditors of the Issuer and the Guarantors, as the case may be, is set out below.</p> <table> <tr> <th></th><th>Type of obligation</th><th>Examples of obligations</th></tr> <tr> <td rowspan="5">  </td><td>Proceeds of fixed charge assets</td><td>Currently none</td></tr> <tr> <td>Expenses of liquidation/ administration</td><td>Currently none</td></tr> <tr> <td>Preferential creditors</td><td>Including remuneration due to employees</td></tr> <tr> <td>Proceeds of floating charge assets</td><td>Currently none</td></tr> <tr> <td>Unsecured obligations, including guarantees in respect of them</td><td><b>Including any Notes of the Issuer to be issued under the Programme and the Guarantee of the Guarantors. Also includes unsecured obligations (including guarantee obligations) in respect of various Group banking facilities and other financings</b></td></tr> <tr> <td>Lowest ranking</td><td>Shareholders</td><td>Ordinary shareholders</td></tr> </table> <p>However, as well as being aware of the ranking of the Notes issued under the Programme compared to the other categories of creditor and the shareholders of the Issuer, Investors should note that the Issuer holds a substantial majority of its</p>		Type of obligation	Examples of obligations		Proceeds of fixed charge assets	Currently none	Expenses of liquidation/ administration	Currently none	Preferential creditors	Including remuneration due to employees	Proceeds of floating charge assets	Currently none	Unsecured obligations, including guarantees in respect of them	<b>Including any Notes of the Issuer to be issued under the Programme and the Guarantee of the Guarantors. Also includes unsecured obligations (including guarantee obligations) in respect of various Group banking facilities and other financings</b>	Lowest ranking	Shareholders	Ordinary shareholders	N/A
	Type of obligation	Examples of obligations																	
	Proceeds of fixed charge assets	Currently none																	
	Expenses of liquidation/ administration	Currently none																	
	Preferential creditors	Including remuneration due to employees																	
	Proceeds of floating charge assets	Currently none																	
	Unsecured obligations, including guarantees in respect of them	<b>Including any Notes of the Issuer to be issued under the Programme and the Guarantee of the Guarantors. Also includes unsecured obligations (including guarantee obligations) in respect of various Group banking facilities and other financings</b>																	
Lowest ranking	Shareholders	Ordinary shareholders																	

**assets in its subsidiaries.** (See “*Business Description of International Personal Finance Plc and The Group – Organisational structure*” on page 51 for details of the Issuer’s principal subsidiaries.)

The Issuer’s right (and, where relevant, a Guarantor’s rights) to participate in a distribution of its subsidiaries’ assets upon their liquidation, re-organisation or insolvency is generally subject to any claims made against the subsidiaries, including secured creditors such as any lending bank and trade creditors. The obligations of the Issuer under any Notes issued by it and of any Guarantor are therefore structurally subordinated to any liabilities of that entity’s subsidiaries. Structural subordination in this context means that, in the event of a winding up or insolvency of the Issuer’s subsidiaries, any creditors of that subsidiary would have preferential claims to the assets of that subsidiary ahead of any creditors of the Issuer (i.e. including Noteholders).

A simplified diagram illustrating the structural subordination of the Issuer’s obligations under the Notes to any liabilities of the Issuer’s subsidiaries referred to above is set out below. By way of example, reference is made to an indirect subsidiary of the Issuer (and a Guarantor under the Programme), International Personal Finance Investments Limited (“**IPFIL**”), but Investors should note that this diagram applies equally to all Guarantors’ obligations:

	Type of obligation	Examples of obligations
Highest ranking	Proceeds of fixed charge assets	Currently none
	Expenses of liquidation/administration	Currently none
	Preferential creditors	Including remuneration due to IPFIL’s employees
	Proceeds of floating charge assets	Currently none
	Unsecured obligations, including guarantees in respect of them	E.g. trade creditors and unsecured obligations (including obligations as borrower or guarantor) in respect of various Group banking facilities and other financings. Also includes the Guarantee of the obligations under the Notes for so long as IPFIL is a Guarantor
Lowest ranking	Shareholders	<b>IPFIL’s sole shareholder, IPF Holdings Limited, which is a direct subsidiary of IPF</b>

<p><b>Who will represent the interests of the Noteholders?</b></p>	<p>The Law Debenture Trust Corporation p.l.c. (the “<b>Trustee</b>”) is appointed to act on behalf of the Noteholders as an intermediary between Noteholders and the Issuer and the Guarantors (if applicable) throughout the life of any Notes issued under the Programme. The main obligations of the Issuer and the Guarantors (if applicable) (such as the obligation to pay and observe the various covenants in the Terms and Conditions of the Notes) are owed to the Trustee. These obligations are, in the normal course, enforceable by the Trustee only, not the Noteholders themselves. Although the entity chosen to act as Trustee is chosen and appointed by the Issuer, the Trustee’s role is to protect the interests of the Noteholders as a class.</p>	<p>N/A</p>
<p><b>Can the Terms and Conditions of the Notes be amended?</b></p>	<p>The Terms and Conditions of the Notes provide that the Trustee may, without the consent of Noteholders or Couponholders, agree to: (a) waive, modify or authorise any breach or proposed breach of any provisions of the Trust Deed if, in the opinion of the Trustee, such modification is not prejudicial to the interests of the Noteholders; (b) any modification of any of the provisions of the Trust Deed that is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error; (c) the substitution of another company as principal debtor under the Notes in place of the Issuer, in certain circumstances, and subject to the satisfaction of certain conditions; and (d) the release of a Guarantor in certain circumstances. Noteholders may also sanction a modification of the Terms and Conditions of the Notes by passing an Extraordinary Resolution.</p>	<p>Terms and Conditions of the Notes – 11 Meetings of Noteholders, Modification, Waiver and Substitution beginning on page 131</p>
<p><b>How do I check whether the person offering me the Notes has been given the Issuer’s consent to do so?</b></p>	<p>If an Investor is unclear on whether or not the person offering him the Notes has the Issuer’s consent to do so (and therefore whether the Investor can rely on this Prospectus), the Investor should as a starting point check the Final Terms for the relevant Notes and see whether the Issuer has given either “<b>Specific Consent</b>” or “<b>General Consent</b>”. If “<b>Specific Consent</b>” has been given, then the people who are authorised are the ones named in the Final Terms and/or on the Issuer’s website as being authorised. No-one else is authorised to offer the Notes. If “<b>General Consent</b>” has been given, then the Investor should look on the website of the person offering them the Notes for what is called an “<b>Acceptance Statement</b>” confirming that that person has complied with the conditions attached to the consent. If no such “<b>Acceptance Statement</b>” appears, then the person is not authorised to offer the Investor the Notes. This is a good first step to checking that the person offering an Investor the Notes has been authorised to do so and the Investor can rely on the Prospectus, but unfortunately it is not conclusive – the person doing the offering still has to comply with various conditions (for example, they can only offer in specified jurisdictions, and within specified time limits). Details of these conditions are provided in the section “<i>Important Legal Information</i>”. Therefore if an Investor is in any doubt as to whether or not a person who offers him the Notes is authorised to do so, the Investor should seek independent legal advice.</p>	<p>Form of Final Terms beginning on pages 142 and 152</p> <p>Important Legal Information on page 99</p>

<b>What if I have further queries?</b>	If Investors are unclear in relation to any matter, or uncertain if the Notes issued under the Programme are a suitable investment, they should seek professional advice from their broker, solicitor, accountant or other independent financial adviser before deciding whether to invest.	N/A
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## HOW THE RETURN ON YOUR INVESTMENT IS CALCULATED

THE WORKED EXAMPLES PRESENTED BELOW ARE HYPOTHETICAL SCENARIOS WHICH ARE FOR ILLUSTRATIVE PURPOSES ONLY AND ARE IN NO WAY REPRESENTATIVE OF ACTUAL PRICING. THE WORKED EXAMPLES ARE INTENDED TO DEMONSTRATE HOW AMOUNTS PAYABLE UNDER THE NOTES ARE CALCULATED UNDER A VARIETY OF SCENARIOS. THE ACTUAL AMOUNTS PAYABLE (IF ANY) WILL BE CALCULATED IN ACCORDANCE WITH THE TERMS OF THE RELEVANT NOTES AS SET OUT IN THE TERMS AND CONDITIONS SECTION OF THIS PROSPECTUS. IN ADDITION, FOR SIMPLICITY CALCULATIONS MAY HAVE BEEN MADE USING ROUNDING OF FIGURES TO A LOWER NUMBER OF DECIMAL PLACES THAN PRESCRIBED BY THE TERMS AND CONDITIONS.

For the purposes of the scenarios below, the nominal amount per note (being a note denominated in any currency issued under the programme to which this document (the “**Prospectus**”) relates (a “**Note**”)) is assumed to be £1,000 and the issue price is 100 per cent. (100%) of the aggregate nominal amount.

Notes issued pursuant to this Prospectus will either (i) bear periodic fixed rate interest or floating rate interest; or (ii) be zero coupon notes (which do not bear interest). Upon maturity Notes will pay a fixed redemption amount. In addition, the Notes may provide for early redemption at the option of International Personal Finance plc as issuer (the “**Issuer**”) (a call option) or at the option of the investor in the Notes (the “**Investor**”) (a put option).

***Investors should look at the Final Terms to determine which type(s) of interest or what redemption provisions will be applicable to their Notes and refer to the corresponding worked examples set out below.***

The sections below are intended to demonstrate how the return on an investment will be calculated depending on the interest type, option type and redemption type specified to be applicable for an Investor’s particular Notes.

### **Fixed Rate Interest**

*Fixed rate products pay a periodic and predetermined fixed rate of interest over the life of the product.*

Unless the Notes are redeemed early or are adjusted in accordance with their Terms and Conditions, in respect of each Note and on each interest payment date the Noteholder will receive an amount calculated by applying the relevant fixed rate to the nominal amount, and then multiplying such amount by the applicable ‘day count’ fraction (which is a fraction used to reflect the number of days over which interest has accrued).

**WORKED EXAMPLE: Assuming, for the purpose of this worked example only, that:**

- the fixed rate is 6 per cent. (6%) per annum;
- the day count fraction is “Actual/365 (Fixed)” basis, being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and
- the actual number of calendar days in the interest period is 91, the interest amount payable on the interest payment date will be £14.96 (rounded to two decimal places). This figure is calculated as fixed interest of 6%, or  $0.06 \times £1,000 \times \text{day count fraction of } 91/365$  or 0.2493151.

### **Floating Rate Interest**

*Floating rate products pay a variable amount of interest that is tied to an interest rate benchmark, such as the London Interbank Offered Rate (“**LIBOR**”) or the Bank of England base rate, plus or minus a fixed percentage (fixed spread) and subject, in certain cases, to a maximum or minimum rate of interest.*



*Interest rate benchmarks reflect the rate at which banks are willing to lend funds to each other in a particular market (for LIBOR this is the London Interbank Market). The appropriate benchmark will generally be dependent on the currency in which the Notes are denominated and will be the rate at which banks are willing to lend to one another in the market of the principal financial centre for that currency. So, for example, floating rate Notes denominated in Hungarian Florints might take BUBOR (the Budapest Interbank Offered Rate) as their benchmark.*

Unless the Notes are redeemed early or are adjusted in accordance with their Terms and Conditions, in respect of each Note and on each interest payment date a Noteholder will receive an amount calculated by applying the rate of interest for that interest payment date to the nominal amount, and then multiplying such amount by a fraction reflecting the number of days for which interest has accrued (the 'day count' fraction). The rate of interest for any interest payment date will be determined by taking the level of the interest rate benchmark and then adding or subtracting a fixed percentage (fixed spread). The resulting rate of interest shall be subject to any maximum or minimum rate specified in the final terms for the relevant Notes. The floating rate is recalculated in the same manner for each interest calculation period.

**WORKED EXAMPLE: Assuming, for the purpose of this worked example only, that:**

- the reference rate is 6 month Sterling LIBOR;
  - the fixed spread (used to upsize or downsize the reference rate) is minus 1.00%;
  - the rate of interest is subject to a minimum rate of 0% and a maximum rate of 7% per annum;
  - the day count fraction is "Actual/365 (Fixed)" basis, being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and
  - the actual number of calendar days in the interest period is 181.
- (i) If the reference rate for a given interest calculation period is set at 3.1 per cent. (3.1%), the interest amount payable on the corresponding interest payment date will be equal to £10.41 (rounded to two decimal places). This figure is calculated as  $\text{£1,000} \times \text{rate of interest of } 2.1\% \text{ (reference rate of } 3.1\% + \text{fixed spread of } -1\%) \times \text{day count fraction of } 181/365$ . The rate of interest (2.1%) is not affected by the minimum or maximum rate of interest.
- (ii) If the reference rate for a given interest calculation period is set at 8.16 per cent. (8.16%), the interest amount payable on the corresponding interest payment date will be equal to £34.71 (rounded to two decimal places). This figure is calculated as  $\text{£1,000} \times \text{rate of interest of } 7\% \times \text{day count fraction of } 181/365$ . The rate of interest (7%) is set as the maximum rate of interest because the rate would otherwise exceed the maximum at 7.16% (reference rate of 8.16% + fixed spread of – 1%). In this scenario the rate of interest is capped at 7%.
- (iii) If the reference rate for a given interest calculation period is set at 0.5 per cent. (0.50%), the interest amount payable on the corresponding interest payment date will be equal to £0. This figure is calculated as  $\text{£1,000} \times \text{rate of interest of } 0\% \times \text{day count fraction of } 181/365$ . The rate of interest (0%) is set as the minimum rate of interest because the rate would otherwise be below the minimum at – 0.5% (reference rate of 0.5% + fixed spread of – 1%). In this scenario, Investors will receive no interest payment on their Notes for this interest calculation period.

### **Zero Coupon Notes**

No amount of interest will accrue or become payable on zero coupon Notes. Instead, Investors buy the Notes at a discount to their face value and are paid the full face value on redemption. So for example, a Note with a face value of £1,000 might be issued at £900 with a term of four years. At the expiry of the four year term, the Investor holding the Note will be repaid the full £1,000.

## Call Options

*A call option gives the Issuer the right to repurchase the Notes before the final maturity date at a predetermined price on a specified date(s). The specified date(s) will be set out in the Final Terms. If the Notes are repurchased, the Investor will be paid a pre-specified redemption value plus any accrued and unpaid interest.*

Following the exercise by the Issuer of a call option, in respect of each Note, as well as any accrued but unpaid interest, the Investor will receive an amount in £ equal to (x) the nominal amount, multiplied by (y) the amount per calculation amount specified in the relevant final terms. Both the calculation amount and the amount per calculation amount are set out in the Final Terms, and are used to determine what proportion of the nominal amount will be payable by the Issuer on the exercise of a call option.

### **WORKED EXAMPLE: Assuming, for the purpose of this worked example only, that:**

- the calculation amount is set at £100;
- the amount per calculation amount is set at 105%, or £105;
- the early redemption amount payable will be £1,050; or
- the amount per calculation amount is set at 90%, or £90, the early redemption amount payable will be £900. In this scenario the Investor will lose part of his or her investment (assuming the issue price was 100%).

## Put Option

*A put option gives the Investor the right to sell a Note back to the Issuer before the final maturity date at a predetermined price on a specified date(s). The specified date(s) will be set out in the Final Terms. If a Note is sold, the Investor will be paid a pre-specified redemption value plus any accrued and unpaid interest. Notes that are not sold shall continue until the final maturity date. The Notes will have a specified period during which a put option may be exercised.*

Following the exercise by the Investor of a put option, in respect of that Note, as well as any accrued but unpaid interest, the Investor will receive an amount in £ equal to (x) the nominal amount, multiplied by (y) the amount per calculation amount specified in the relevant final terms. Both the calculation amount and the amount per calculation amount are set out in the Final Terms, and are used to determine what proportion of the nominal amount will be payable by the Issuer on the exercise of a put option.

### **WORKED EXAMPLE: Assuming, for the purpose of this worked example only, that:**

- the calculation amount is set at £100;
- the amount per calculation amount is set at 105%, or £105;
- the early redemption amount payable will be £1,050; or
- the amount per calculation amount is set at 90%, or £90, the early redemption amount payable will be £900. In this scenario the Investor will lose part of his or her investment (assuming the issue price was 100%).

### **Bullet Redemption**

Unless Notes are terminated early, are purchased and cancelled, or are adjusted in accordance with their Terms and Conditions, the Investor will receive on the maturity date for each Note that he or she holds, an amount in GBP equal to (x) the nominal amount, multiplied by (y) the amount per calculation amount specified in the relevant final terms. Both the calculation amount and the amount per calculation amount are set out in the Final Terms, and are used to determine what proportion of the nominal amount will be payable by the Issuer on the maturity date.

**WORKED EXAMPLE: Assuming, for the purpose of this worked example only, that:**

- **the calculation amount is set at £100;**
- **the amount per calculation amount is set at 105%, or £105;**
- **the final redemption amount payable will be £1,050; or**
- **the amount per calculation amount is set at 90%, or GBP 90, the final redemption amount payable will be £900. In this scenario the Investor will lose part of his or her investment (assuming the issue price was 100%).**

## **BUSINESS DESCRIPTION OF INTERNATIONAL PERSONAL FINANCE PLC AND THE GROUP**

### **1. Company Information**

International Personal Finance plc ("**IPF**") is the holding company for an international provider of home credit to consumers with average to below average incomes. IPF and its subsidiaries (as defined in the Companies Act 2006) (the "**Group**") focus on the provision of small sum, primarily home collected, short-term unsecured loans in emerging markets. IPF also offers digital products through IPF Digital. The Group operates in Poland, the Czech Republic, Slovakia (in the process of being liquidated), Hungary, Bulgaria, Romania, Mexico, Lithuania, Spain, Finland, Estonia, Latvia and Australia and has approximately 11,000 employees and 25,600 agents. The Group's head office is in Leeds in the United Kingdom. The issued share capital of IPF comprises 234,244,437 ordinary shares of ten pence each, each of which is fully paid up. The Group is a member of the FTSE 350 index and has a secondary listing on the Warsaw Stock Exchange.

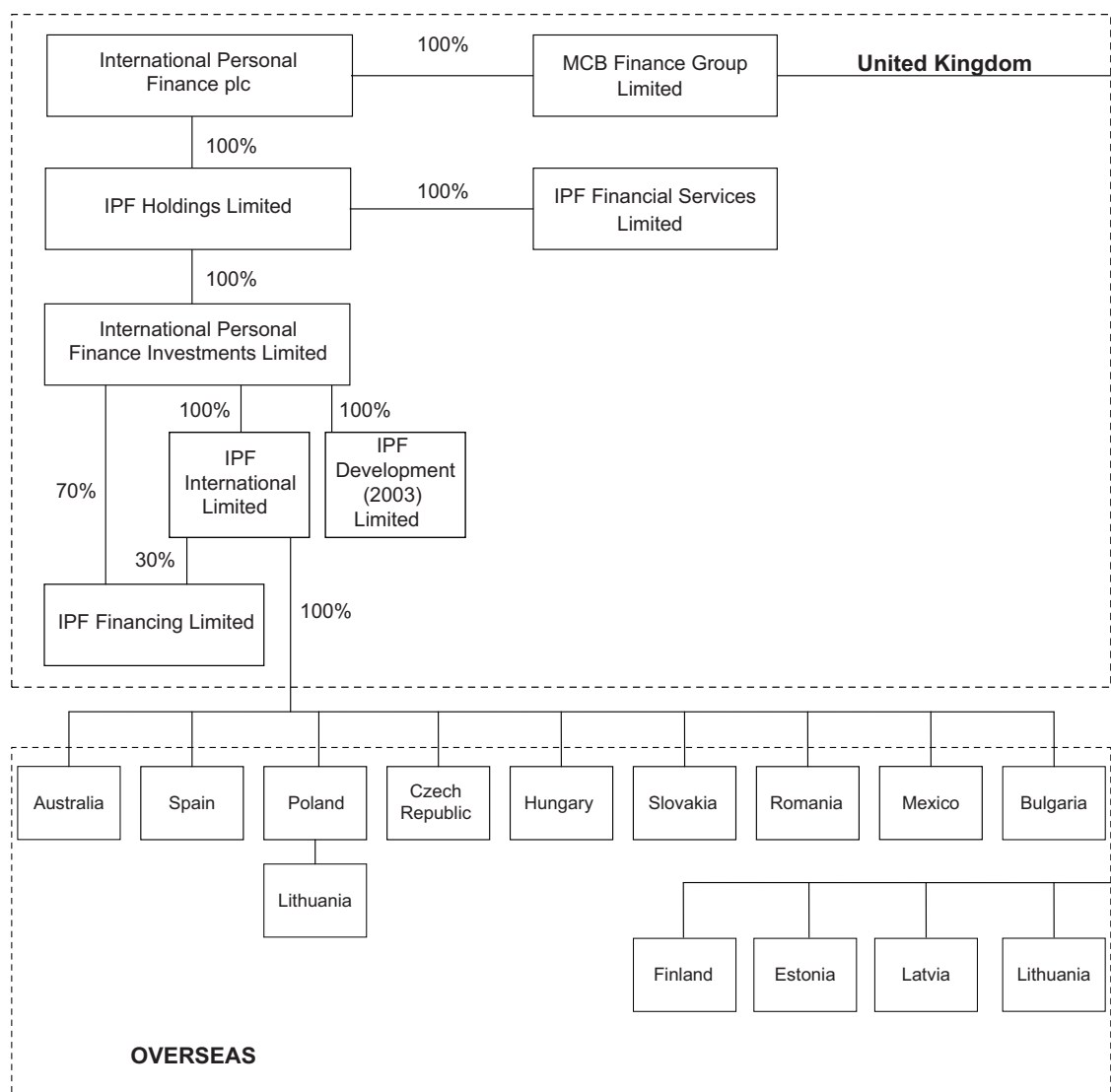
The memorandum and articles of association of the Issuer are incorporated by reference into this Prospectus and the objects of the Issuer are unrestricted.

IPF is a public limited company incorporated and registered in England and Wales on 5 December 2006 as a company limited by shares, with registered number 6018973. IPF's registered office is at Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD. The telephone number of IPF's registered office is +44 (0)113 285 6700.

## 2. Organisational structure

IPF is headquartered in the United Kingdom and operates twelve principal overseas subsidiaries in Europe, Mexico and Australia. The Group's Lithuanian business operates as a branch of Provident Polska. IPF also has certain United Kingdom subsidiaries which provide business services, financial support or debt option facilities to fellow subsidiary undertakings.

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



## 3. Industry overview

The Group operates in a sub-sector of the consumer credit market, offering small-sum, primarily home-collected, short-term unsecured cash loans in the developing credit markets of Europe and Mexico. The Group also offers digital loans through the IPF Digital division trading as hapi loans, Credit 24, Creditea and Sving.

## 4. Business overview

### 4.1 Introduction

#### *Home Credit*

The Group's home credit business involves loans ranging in value from approximately £100 to approximately £2,000. The loans are unsecured and the customer is not required to provide a guarantor. The loans are in local currency and, typically, are delivered to the customer's home and the repayments are collected from the customer's home weekly by the Group's agents.



Customers that opt for the agent service incur no extra charges for missed or late payments during the contractual term of the loan.

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

#### *IPF Digital*

The Group's digital business arm is made up of hapi loans, Credit 24, Creditea and Sving. The loans are installment loans or credit lines up to three years, with repayments collected monthly. The loans range in value up to £3,500. The loans are unsecured and the customer is not required to provide a guarantor. The loans are in local currency.

## **4.2 Customers**

The Group's customers typically borrow smaller amounts to pay for everyday items which they can repay in manageable, affordable instalments, either in their home to an agent or via their bank account through the Group's money transfer or digital offerings.

### **Home credit customers**

The home credit customers have low, often fluctuating incomes and have limited or no previous credit history. This means that many are far less likely to qualify for a remote digital loan. The agents visit customers in their home to arrange loans, to collect repayments and to plan for any future loans. Customers choosing to take the agent service value its convenience and repayment discipline, and the fact there are no extra charges for missed or late repayments during the contractual term of the loan. The Group's home credit lending model has operated successfully for more than 130 years. Whilst the vast majority of the home credit customers avail of the agent service, increasingly the Group is offering the option of remote repayments and, for some customers, a fully digital experience.

### **Digital customers**

The rapid increase in mobile device technology is enabling a growing number of consumers in the Group's target segment to borrow online. Digital customers have low to middle incomes and, compared to home credit customers, they are often younger, have a deeper credit history and higher smartphone adoption. They will also have a credit history which may allow them to qualify for a remote digital loan and some may have taken home credit loans previously. The Group's digital lending model has operated successfully for over 10 years.

## **4.3 Strategy for Growth update**

### **Multi-channel approach**

The Group's strategy is to deliver sustainable growth, enhance its profitability and make efficient use of capital. The Group operates in a dynamic environment and has evolved its strategy to maximise the opportunity in an increasingly digital world, and one in which regulation and competition have intensified.

The Group's strategy has been adapted to respond to the following market drivers:

#### **Strong demand for unsecured consumer lending**

- Growth in consumer credit
- Growth in digital lending
- Low single digit GDP growth

#### **Increased competition**

- Greater competition from digital lenders and banks in the Group's home credit business
- No new home credit operators
- Intense competition expected to continue

**Growing consumer preference for digital options**

- Increased smartphone and internet penetration
- Stronger preference with younger customer demographic
- Home credit remains very important in the Group's credit sector

**Increased regulatory oversight driving lower margins and restricting issue values**

- Regulators are increasingly active in consumer finance
- Regulators focusing on price and affordability
- Regulatory risk will continue

In response to these market drivers, the Group's operations are segmented, as set out below, into 'Growth' and 'Returns' focused businesses to reflect the fact that they are at different stages of maturity.

**Growth focus – IPF Digital**

The Group is focused on growing this business, particularly in the four new markets of Poland, Spain, Australia and Mexico.

**Growth focus – Mexico home credit**

Performance in the first half of 2016 was disappointing, however, the Group believes that Mexico offers significant growth potential for its home credit offering and will therefore continue to invest in geographical expansion and new product lines in that jurisdiction.

**Returns focus – European home credit**

The European home credit businesses are highly cash and capital generative. These businesses are managed to optimise returns to fund growth in IPF Digital and Mexico home credit businesses and provide progressive returns to the Group's shareholders.

To deliver this strategy, the Group is also modernising the business by investing in technology innovation and developing its people and capabilities.

**4.4. Business Model**

IPF is unique in so far as it is the only provider operating in its markets to offer both home credit and digital products. This business model has generated sustainable returns for shareholders and has delivered value for its customers, people and the communities in which it operates.

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

For both the home credit and digital business models, credit risk is managed carefully through robust application scoring systems, supported by a credit bureau, and, for existing customers powerful behavioural models are used. The Group has in place high standards of governance which is critical to its sustainability and the Group actively identifies, manages and aims to mitigate the risks facing its business. The Group implements a 'low and grow' strategy, whereby new customers are started on smaller and shorter term loans to establish their creditworthiness before they are eligible for larger and longer loans.

Profit is generated from lending responsibly while managing the business efficiently. The home credit businesses generate a very high proportion of Group revenue primarily through the agent service model. While the digital business currently delivers a smaller contribution, the Group has identified this area as a significant future growth opportunity driven by growing demand for online lending and the ability to operate within a regulatory environment where the trend is for lower cost products.

## 5. Markets and competitive position

### 5.1 IPF's markets

The Group has businesses in 13 countries, ranging from the Baltics through Central Eastern Europe to Mexico and Australia. The business lines are broadly distinguished by home credit (branded predominantly by Provident) businesses and IPF Digital online lending businesses, branded as Credit24, Hapi, Sving and Creditea.

#### *Home Credit*

The Group's home credit businesses specialise in the provision of small sum cash installment loans delivered directly to a customer's home, and operate in Poland, Mexico, Hungary, Romania, the Czech Republic and Bulgaria.

#### *IPF Digital*

To take advantage of the ongoing growth of digital borrowing the Group is increasingly investing in its digital businesses. Providing online installment loans and a credit line product the Group's digital arm operates in Lithuania, Finland, Latvia, Estonia, Poland, Spain, Mexico and Australia.

### 5.2 Competition

The ongoing growth in consumer adoption of digital devices is reflected in the continuing growth of digital lenders. Pay day lenders made the initial entrance into many of the Group's markets and such lenders are now evolving into offering installment loans (often under different brands).

In addition, more traditional lenders are also increasingly competing for customers in the Group's target segment as a result of a greater appetite to lend to higher credit risk customers.

## 6. Overview of performance for year ended 31 December 2016

### 6.1 Summary

Figures for all performance measures, except where noted, are quoted after removing (i) revenue of £7.5 million; (ii) impairment credit of £15.1 million; (iii) costs of £20.3 million; (iv) collecting commission of £3.3 million and (v) £0.6 million of finance costs, in each case generated in Slovakia.

Group profit before tax this year was £23.5 million lower than 2015 at £92.6 million. This reflects a combination of lower home credit profit and higher investment in IPF Digital partially offset by strengthening foreign exchange ("FX") rates as set out in the following table.

	2015 reported profit £m	Underlying profit movement £m	IPF Digital Investment £m	FX rates £m	2016 reported profit £m
Home Credit .....	134.9	(34.1)	—	16.0	<b>116.8</b>
Digital .....	(4.2)	—	(4.7)	(0.4)	<b>(9.3)</b>
Central costs .....	(14.6)	(0.3)	—	—	<b>(14.9)</b>
<b>Profit before taxation and exceptional items .....</b>	<b>116.1</b>	<b>(34.4)</b>	<b>(4.7)</b>	<b>15.6</b>	<b>92.6</b>

The reduction in underlying profit before tax in the home credit business was driven primarily by the introduction of new total cost of credit legislation in Poland, higher levels of impairment in Mexico and the Group's wind down of its Slovakian operation. These issues were offset partially by the Group's performance in Southern Europe. The digital business experienced increased growth and there was an underlying profit growth in the Group's established digital markets. Investment continued in new markets and head office functional capabilities. Central costs increased by £0.3 million which reflects the restructuring costs associated with the United

Kingdom head office reorganisation in the first half of the year. During the year the Group benefited from a strengthening of FX rates against sterling in most markets which resulted in a positive impact of £15.6 million.

Credit issued grew 8% driven by the Group's performance in the Southern Europe and IPF Digital businesses, together with a return to higher levels of growth in Mexico in the second half of the year. Customer numbers reduced year-on-year by 2% as a result, primarily, of competitive pressures in the Czech Republic and Poland which were offset by growth in the Mexico and IPF Digital businesses. Impairment as a percentage of revenue was 26.8% and therefore remains within the Group's target range of 25% to 30%.

#### *Home Credit*

The home credit business delivered a profit before tax and exceptional items of £116.8 million in 2016 which comprised £118.4 million from on-going businesses and a loss of £1.6 million in Slovakia. Underlying profit before tax (excluding Slovakia) was reduced by £28.7 million driven primarily by the introduction of new legislation in Poland, higher levels of impairment in Mexico and the contraction of the Czech business. The Group benefited from a strengthening of FX rates against sterling in the on-going businesses which had a positive impact of £14.9 million.

The results for the home credit business are shown in the table below:

	2015 reported profit £m	Underlying profit movement £m	FX rates £m	2016 reported profit £m
Poland – Lithuania .....	69.0	(20.8)	8.0	<b>56.2</b>
Czech Republic .....	14.7	(3.5)	2.4	<b>13.6</b>
Southern Europe .....	26.6	5.0	5.3	<b>36.9</b>
Mexico .....	21.9	(9.4)	(0.8)	<b>11.7</b>
<b>On-going home credit .....</b>	<b>132.2</b>	<b>(28.7)</b>	<b>14.9</b>	<b>118.4</b>
Slovakia .....	4.5	(7.2)	1.1	<b>(1.6)</b>
Spain .....	(1.8)	1.8	—	<b>—</b>
<b>Profit before taxation and exceptional items .....</b>	<b>134.9</b>	<b>(34.1)</b>	<b>16.0</b>	<b>116.8</b>

Excluding Slovakia, the results for the Group's home credit businesses are shown in the table below:

	2015 £m	2016 £m	Change £m	Change %	Change at CER %
Customer numbers (000s) .....	2,429	<b>2,329</b>	(100)	(4.1)	(4.1)
Credit Issued .....	906.6	<b>1007.4</b>	100.8	11.1	3.7
Average Net receivables .....	720.8				
Revenue .....	667.7	<b>697.8</b>	301	4.5	(1.9)
Impairment .....	(170.2)	<b>(185.1)</b>	(14.9)	(8.8)	(5.0)
Net revenue .....	497.5	<b>512.7</b>	15.2	3.1	(4.2)
Finance costs .....	(36.5)	<b>(42.4)</b>	(5.9)	(16.2)	(8.2)
Agents' commission .....	(81.0)	<b>(83.4)</b>	(2.4)	(3.0)	2.9
Other costs .....	(247.8)	<b>(268.5)</b>	(20.7)	(8.4)	(2.2)
<b>Profit before taxation and exceptional items .....</b>	<b>132.2</b>	<b>118.4</b>	<b>(13.8)</b>	<b>10.4</b>	

The home credit businesses delivered a 4% increase in credit issued with growth of 17% in Southern Europe and improved rates of growth in Mexico during the second half of the year. In

contrast, credit issued contracted in Poland and the Czech Republic, the former being driven by the legislative changes introduced in March 2016. Customer numbers contracted 4% year-on-year to 2,329,000.

Average net receivables increased by 6% driven by credit issued growth during the year. Revenue reduced by 2%, partially driven by the Group's customer retention strategy to serve more customers with longer-term and lower yielding products together with the impact of the lower price cap in Poland. Credit quality and collections remain positive overall with an annualised impairment as a percentage of revenue of 26.5%.

Other costs increased by £5.8 million at a consistent exchange rate ("**CER**") (Actual: £20.7 million) which comprised a £3.7 million reduction in costs in the European home credit businesses offset by a £9.5 million increase in Mexico where the Group is investing to grow the business through geographic and channel expansion. The Group continued to focus on improving efficiencies within its European home credit businesses and the cost optimisation programme resulted in underlying savings during the year of approximately £11 million and a 430 reduction in headcount. These were offset partially by regulatory- related cost increases in Poland and Romania, restructuring costs and investment in its Provident branded digital offering. The cost-income ratio increased year-on-year by 0.7 percentage points ("**ppts**") to 38.5%.

Following an internal review of collections processes with respect to delinquent customers, 120,000 customers were transferred from the field sales and service teams to the central debt recovery teams. This is expected to achieve further operating efficiencies and improve overall net cash inflows.

Finance costs increased by 8% reflecting higher average levels of borrowings in 2016 following the 2015 share buy-back programme.

## **6.2 Segmental results**

### **Slovakia**

The Group announced the wind down of its Slovakian operation in February 2016 following the introduction of new rate cap legislation in that market. Following this decision, a plan was implemented to maximise collections from the receivables book and progressively reduce the scope of operations during the year. At the end of 2016, 120% of the Group's original expectations had been collected. The Group had originally expected to complete the wind down in 2016 through the sale of the remaining portfolio. However, based on the success of its in house collections team, rather than wind down the remaining portfolio by sale as originally intended, the Group will continue to collect through a significantly reduced field operation and central debt recovery team during the first half of 2017. The Group has targeted to complete its collections activities and move into the liquidation phase of this process by the end of Q2 in 2017.

During 2016, the Group collected £53 million through a combination of field collections, central debt recovery activities and debt sales. This compared to a receivables carrying value of £30.8 million after booking an exceptional impairment charge of £10.3 million at the end of 2015, where the "receivables carrying value" means the value of future cashflow the Group expects to collect back from its customers (after adjusting for expected cash losses) discounted back to present value at the appropriate interest rate. This performance generated net revenue of £22.6 million against which the Group incurred £17.3 million in expenses, collecting commission and financing costs. Overall, this resulted in a profit before tax of £5.3 million. However, the Group incurred a further £6.9 million in closure costs which have been recorded in 2016 and therefore the overall result was a loss of £1.6 million. In 2017, the Group expects to incur further losses to collect out the portfolio and, therefore the combined closure losses in 2016 and 2017 are expected to be £3 million to £4 million compared to the original guidance of £5 million to £7 million.

### **Poland and Lithuania**

The Poland-Lithuania business delivered a profit before tax of £56.2 million in 2016 reflecting a £20.8 million decrease in underlying profit offset partially by a positive FX movement of £8.0 million. This performance reflects the expected impact of new Polish total cost of credit legislation introduced in March 2016 together with reduced profit from debt sales, the introduction of the new bank tax in Poland and restructuring costs. Clarification of debt-to-

income rules in Lithuania at the beginning of 2016 significantly impacted business volumes prompting the Group to move to a fully digital business in this market operated by IPF Digital. The lower cost distribution of the digital operation means the Group is more capable of adapting to the new rules and will therefore continue the Group's focus on serving the market solely through IPF Digital. Consequently, a charge of £3.2 million in respect of estimated exit costs has been included in the 2016 profit and loss account.

Competition from digital and payday lenders in Poland remained intense over the course of 2016. Following the introduction of new total cost of credit legislation, no major competitors departed the market and the on-going trend towards longer-term instalment lending continued. The Group introduced a new product structure to comply with the new rate cap regulations, but the competitive environment together with the legislative changes meant credit issued growth contracted by 2% and customer numbers year-on-year reduced by 11%.

Revenue decreased by 6% reflecting contracting yields driven by the total cost of credit cap and the impact of more customers being offered longer-term and larger loans as part of the Group's mitigation strategy. Impairment as a percentage of revenue increased by 3.0ppts to 25.9% due to a combination of reduced profits from sales of non-performing receivables and lower revenues arising from the lower total cost of credit cap.

There was continued focus on improving the Group's efficiencies in this market and the cost optimisation programme resulted in the underlying savings of £6.9 million and a reduction in headcount of 260. Other costs were broadly flat year-on-year at CER with the underlying savings being offset by the new bank tax, restructuring costs and investment in the new Provident-branded digital platform. The cost income ratio increased year-on-year by 2.1ppts to 36.3% due to the combination of higher costs and the contraction of revenue yield.

The Group remains focused on maximising returns in Poland and improving its product offering. The Group plans to grow its Provident branded digital offering which had approximately 8,000 customers at the 2016 year end. As noted in the Regulatory Information section, the Ministry of Justice in Poland published a draft bill in December 2016 proposing a further tightening to existing non-interest cost of credit legislation introduced in March 2016. This is dealt with more fully in the risk factors at page 25, but the Group's plans in Poland are subject to the possible implementation without amendment of the draft bill as published in December 2016.

	2015 £m	2016 £m	Change £m	Change %	Change at CER %
Customer numbers (000s).....	804	<b>713</b>	(91)	(11.3)	(11.3)
Credit Issued .....	353.5	<b>375.1</b>	21.6	6.1	(2.0)
Average Net receivables .....	287.5	<b>321.4</b>	33.9	11.8	3.2
Revenue .....	267.4	<b>270.7</b>	3.3	1.2	(6.4)
Impairment .....	(61.3)	<b>(70.0)</b>	(8.7)	(14.2)	(9.0)
Net revenue .....	206.1	<b>200.7</b>	(5.4)	(2.6)	(10.8)
Finance costs .....	(15.8)	<b>(17.8)</b>	(2.0)	(12.7)	(4.1)
Agents' commission.....	(29.8)	<b>(28.4)</b>	1.4	4.7	11.8
Other costs .....	(91.5)	<b>(98.3)</b>	(6.8)	(7.4)	0.3
<b>Profit before taxation and exceptional items .....</b>	<b>69.0</b>	<b>56.2</b>	<b>(12.8)</b>	<b>(18.6)</b>	



## Czech Republic

Intense competition from digital and home credit lenders in the Czech Republic continued to impact the size of the Group's market share and resulted in a reduction in profit before tax of 8% to £13.6 million which reflects a £3.5 million reduction in underlying profit and a £2.4 million positive impact from stronger FX rates.

This challenging landscape resulted in a 15% contraction in credit issued and 18% reduction in customer numbers year-on-year. A new product offering was introduced in Q3 with a broader range of pricing points and product features to appeal more strongly to a wider range of customers and their need for higher value and lower-priced loans. It was also adjusted to meet more stringent income proof requirements implemented as part of the new licencing regime. As expected, the new offering has supported an increase in loan values to higher quality customers and there has been positive demand for this product. The Group intends to adapt its credit scoring and price points and to broaden its product range (including introduction of a digital offering) to attract new and retain more customers.

Average net receivables declined by 13% due to continued lower levels of credit issued which resulted in a reduction in revenue of 20%. Credit quality and collections were positive, which together with profits on the sale of non-performing receivables, resulted in a significant improvement in impairment as a percentage of revenue to 14.7%.

The Group's cost optimisation programme resulted in a full year saving of £1.5 million and a reduction in headcount of around 60. Overall other costs were £0.9 million lower than 2015 at CER (Actual: £2.3 million higher) which is stated after restructuring costs and initial investment in developing the Provident-branded digital channel for this market.

The key priorities for the Czech business in 2017 are to embed changes to business processes required under the new licencing regime as noted in the Regulatory Information section and, in particular, manage agent certification requirements. In addition, there is a plan to broaden the product offer and distribution channel through the introduction of the Provident-branded digital offering in this market and the Group will continue to target further cost efficiencies.

	2015 £m	2016 £m	Change £m	Change %	Change at CER %
Customer numbers (000s).....	177	<b>145</b>	(32)	(18.1)	(18.1)
Credit Issued .....	100.7	<b>97.3</b>	(3.4)	(3.4)	(14.9)
Average Net receivables .....	87.1	85.7	(1.4)	(1.6)	(13.4)
Revenue .....	69.9	<b>63.2</b>	(6.7)	(9.6)	(20.3)
Impairment .....	(17.9)	<b>(9.3)</b>	8.6	48.0	54.0
Net revenue .....	52.0	<b>53.9</b>	1.9	3.7	(8.8)
Finance costs .....	(4.1)	<b>(4.2)</b>	(0.1)	(2.4)	10.6
Agents' commission.....	(7.1)	<b>(7.7)</b>	(0.6)	(8.5)	3.8
Other costs .....	(26.1)	<b>(28.4)</b>	(2.3)	(8.8)	3.1
<b>Profit before taxation and exceptional items .....</b>	<b>14.7</b>	<b>13.6</b>	<b>(1.1)</b>	<b>(7.5)</b>	

## Southern Europe

The Group's credit issued growth, collections performance and tight management of costs in the Southern Europe business resulted in profit growth in 2016, up 39% to £36.9 million. This reflects underlying profit growth of £5.0 million and a £5.3 million positive impact on FX rates.

The Group's strategy of increasing sales of longer term and higher value loans continued and helped to achieve a 17% increase in credit issued. Customer numbers grew marginally to 630,000. Average net receivables increased by 16% and the yield on the portfolio reduced due

to a shift in the mix of products towards longer-term lending, resulting in slower revenue growth of 2%. Credit quality and the collections performance together with the benefit of profit from debt sales resulted in impairment as a percentage of revenue at 21.3%.

Other costs reduced by £2.5 million at CER (Actual: increase of £4.5 million) reflecting the results of the cost-optimisation programme which was driven by the introduction of a new sales and service organisational structure in Hungary and Romania. Headcount was reduced by around 110 during the year. Savings delivered in the year totaled £2.6 million although these were offset partially by higher costs associated with employing the Group's agents in Romania to comply with new legislation and restructuring costs. These actions resulted in a 2.6ppt improvement in the cost-income ratio to 38.3%.

New creditworthiness assessments for non-banking financial institutions in Romania are expected to significantly impact the rate of growth in this market. As in the Group's other European home credit markets, the Group will look to attain further cost-efficiencies particularly through the rollout of handheld technology for its agents.

	2015 £m	2016 £m	Change £m	Change %	Change at CER %
Customer numbers (000s).....	629	<b>630</b>	1	0.2	0.2
Credit Issued .....	227.8	<b>301.6</b>	73.8	32.4	16.9
Average Net receivables .....	163.4	<b>212.2</b>	48.8	29.9	15.6
Revenue .....	155.1	<b>177.4</b>	22.3	14.4	2.2
Impairment .....	(35.0)	<b>(37.8)</b>	(2.8)	(8.0)	0.3
Net revenue .....	120.1	<b>139.6</b>	19.5	16.2	2.7
Finance costs .....	(9.5)	<b>(11.8)</b>	(2.3)	(24.2)	(12.4)
Agents' commission.....	(20.6)	<b>(23.0)</b>	(2.3)	(11.7)	0.4
Other costs .....	(63.4)	<b>(67.9)</b>	(4.5)	(7.1)	3.6
<b>Profit before taxation and exceptional items .....</b>	<b>26.6</b>	<b>36.9</b>	<b>10.3</b>	<b>38.7</b>	

## Mexico

Growth momentum together with an improving collections performance in the second half of the year contrasted with a first half performance in Mexico which was materially below expectations. For the year as a whole, there was a profit before tax of £11.7 million which reflects a £6.9 million reduction in underlying profit, investment of £2.5 million in geographic expansion and the Group's micro-business loan offering and £0.8 million adverse impact from FX movements.

A number of operational actions were implemented to improve the performance of the business in Mexico. These actions, together with growth resulting from the six new branches and the introduction of a micro-business loan product, helped deliver progressive improvements in growth and a reduction in impairment during the second half of the year as set out in the following table.

	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Credit issued growth YOY .....	3%	0%	10%	16%
Impairment % revenue YOY variance ....	11ppts	4ppts	1ppts	2ppts

In 2016 the Group delivered an 8% year on year increase in credit issued and grew customer numbers by 3% to 841,000. Average net receivables increased by 11% and revenue increased by 10%. The Group is focused on balancing growth with maintaining credit quality and its arrears management activities have resulted in an improving collections performance. Annualised impairment as a percentage of revenue, however, remains at an elevated level and at the close of 2016 was at 36.5%.

Other costs increased by £9.5 million at CER (Actual £7.1 million) as a result of investment in geographical expansion (£4.2 million) and the Group's micro business loans offering. As a result, the cost-income ratio for Mexico increased 1.5ppts to 39.6%.

The Group intends to maintain the growth momentum achieved in the second half of 2016 balanced with further improved collections to reduce impairment as a percentage of revenue closer to the Group's target range (23-30%) in Mexico. The Group continues to see significant growth potential in this market and will invest in further geographical expansion with the opening of a small number of new branches together with continued expansion of the micro-business loan product.

	2015 £m	2016 £m	Change £m	Change %	Change at CER %
Customer numbers (000s).....	819	<b>841</b>	22	2.7	2.7
Credit Issued .....	224.6	<b>233.4</b>	8.8	3.9	7.9
Average Net receivables .....	139.4	149.7	10.3	7.4	11.4
Revenue .....	175.3	<b>186.5</b>	11.2	6.4	10.4
Impairment .....	(56.0)	<b>(68.0)</b>	(12.0)	(21.4)	(25.9)
Net revenue .....	119.3	<b>118.5</b>	(0.8)	(0.7)	3.0
Finance costs .....	(7.1)	<b>(8.6)</b>	(1.5)	(21.1)	(24.6)
Agents commission .....	(23.5)	<b>(24.3)</b>	(0.8)	(3.4)	(7.5)
Other costs .....	(66.8)	<b>(73.9)</b>	(7.1)	(10.6)	(14.8)
<b>Profit before taxation and exceptional items .....</b>	<b>21.9</b>	<b>11.7</b>	<b>(10.2)</b>	<b>(46.6)</b>	

#### *IPF Digital*

IPF Digital represents a core strategic priority and significant growth opportunity for the Group driven by increasing demand from consumers in its target segment for digital loans. The digital business continued to grow. Following the expected increase in investment in the Group's new markets and head office functional capabilities, the Group incurred a loss before tax of £9.3 million. This reflects underlying profit growth in the Group's established markets offset by an increased investment in new markets and head office capabilities.

The business delivered customer growth of 45% to 194,000 and increased credit issued by 41% to £150.2 million. The growth in credit issued resulted in growth in average net receivables of 74% to £86.4 million which drove a 51% increase in revenue to £58.1 million. Credit quality is in-line with expectations and impairment as a percentage of revenue was 30.1% compared to 28.6% in 2015. This reflects an improved performance in the established markets driven by higher profits from the sale of non-performing receivables offset by a greater weighting of new market business where impairment levels are higher because the businesses are in their development phase.

The Group continued to develop its new markets and delivered its first digital loans to customers in Mexico in September 2016. It also invested £3.9 million in its head office functional capabilities to deliver future growth.

IPF Digital comprises digital lending operations in eight markets, all at various stages of development. The profitability of these businesses is best segmented as follows:

	2015 £m	2016 £m	Change £m	Change %
Established markets –				
Finland and the Baltics .....	4.0	<b>12.4</b>	8.4	210.0
New markets –				
Poland, Australia, Spain & Mexico.....	(5.8)	<b>(15.4)</b>	(9.6)	(165.5)
Head office costs .....	(2.4)	<b>(6.3)</b>	(3.9)	(162.5)
<b>IPF Digital</b> .....	(4.2)	<b>(9.3)</b>	(5.1)	(121.4)

	2015 £m	2016 £m	Change £m	Change %	Change at CER %
Customer numbers (000s).....	134	<b>194</b>	60	44.8	44.8
Credit Issued .....	86.7	<b>150.2</b>	63.5	73.2	51.1
Average Net receivables .....	43.2	<b>86.4</b>	43.2	100.0	74.2
Revenue .....	31.1	<b>58.1</b>	27.0	86.8	63.2
Impairment .....	(8.9)	<b>(17.5)</b>	(8.6)	(96.6)	(71.6)
Net revenue.....	22.2	<b>40.6</b>	18.4	82.9	59.8
Finance costs .....	(3.1)	<b>(4.0)</b>	(0.9)	(29.0)	(11.1)
Other costs .....	(23.3)	<b>(45.9)</b>	(22.6)	(97.0)	(73.9)
<b>Loss before taxation</b> .....	(4.2)	<b>(9.3)</b>	(5.1)	(121.4)	

#### ***Established markets***

The Group's established markets delivered increased growth, a stable impairment result and an increase in reported profit before tax to £12.4 million from £4.0 million in 2015.

Customer growth in 2016 increased 12% to 137,000 and there was an increase of 11% in credit issued. This increased average net receivables by 52% to £70.9 million. Revenue growth was lower at 28% principally reflecting tighter price caps in Estonia and Lithuania.

Impairment as a percentage of revenue improved by 7ppts to 16.7% as a result of the Group's underlying credit performance together with the benefit of profits generated on the sale of non-performing receivables in Finland and Lithuania. Costs increased by 28% to £22.1 million but cost leverage resulted in the cost income ratio improving by around 3 ppts.

### **New markets**

The Group's new markets grew rapidly in 2016 driven principally by financial performances in Poland and Spain. This growth was supported by significant investment in building the businesses through developing functional capabilities, investing in customer acquisition activities to drive volumes and incurring impairment as the Group develops various generations of credit scorecards. As a result profit and loss investment in these markets increased as expected to £15.4 million. "Profit and loss investment" refers to the net profit and loss account result for this market segment.

	2015 £m	2016 £m	Change £m	Change %	Change at CER %
Customer numbers (000s).....	12	<b>57</b>	45	375.0	375.0
Credit issued .....	8.0	<b>41.8</b>	33.8	422.5	369.7
Average net receivables .....	2.8	<b>15.5</b>	12.7	453.6	400.0
Revenue .....	2.4	<b>12.6</b>	10.2	425.0	366.7
Impairment .....	(2.0)	<b>(9.9)</b>	(7.9)	(395.0)	(350.0)
Net revenue .....	0.4	<b>2.7</b>	2.3	575.0	440.0
Finance costs .....	(0.2)	<b>(0.6)</b>	(0.4)	(200.0)	(200.0)
Other costs .....	(6.0)	<b>(17.5)</b>	(11.5)	(191.7)	(165.2)
<b>Loss before taxation .....</b>	<b>(5.8)</b>	<b>(15.4)</b>	<b>(9.6)</b>	<b>(165.5)</b>	

The new digital businesses in Poland, Australia, Spain and Mexico are growing with 57,000 customers now based in these markets. There was an increase in credit issued of 370% to £41.8 million which resulted in a similar rate of growth in revenue. Impairment as a percentage of revenue was 78.6% and therefore 4.7ppts lower than 2015 reflecting the positive growth in lending to new customers and is in line with the Group's expectations for the markets at their relative stage of development.

### **Head office**

The Group continued to invest in its IPF Digital head office and technology platform to ensure the right resource is in place to execute the expansion plan in a well-controlled and effective manner.

## **6.3 Taxation**

The taxation charge for the year on statutory pre-tax profit was £25.7 million (2015: £37.7 million), which equates to an effective rate of 27.8%. In 2015, the underlying tax charge was £31.2 million, which represents an effective tax rate of 26.9% (2015: 26.9%). The effective tax rate for 2017 is expected to be approximately 30%.

## **7. Financial Review**

### **IPF financial strategy**

The Group aims to run and develop high-return businesses to provide returns to its investors and maintain a healthy financial profile.

The Group's businesses are at different stages of development. The European home credit businesses are cash and capital generative. The Group is investing in its IPF Digital and Mexico home credit businesses with a view to building returns over the medium term. The increase in capital generation in the European home credit businesses provides significant capital for the Group's IPF Digital and Mexico home credit businesses, in addition to any capital generated by those growth businesses themselves.

The Group operates with a target equity to receivables capital ratio of 40%. To maintain the credit quality of lending, an impairment to revenue range of 25-30% is targeted and the Group has always operated within this range at a Group level. The Group has a diversified debt portfolio of bond and bank facilities including significant long-term funding.

## Returns

As the Group's business strategy has evolved to include home credit and digital businesses at different stages of development, it has developed a financial strategy to better measure the returns on its businesses and for the overall Group. The Group believes that the return on assets ("ROA") metric is a good measure of financial performance of its businesses, showing the ongoing return on the total equity and debt capital invested in the receivables book for those businesses, and for the Group. In addition, the Group believes that a return on equity ("ROE") metric is a good measure of overall returns for shareholders.

The table set out below shows the ROA for the Group's European home credit, IPF Digital and Mexico home credit businesses, and for the Group as a whole. ROA is measured as profit before exceptional items and interest, after tax, divided by the average receivables during the period.

2016 Group profit before tax reduced in line with expectations to £92.6 million, and the return metrics reflect this profile.

ROA for European home credit reduced modestly from 18.2% in 2015 to 15.8% in 2016, reflecting the tighter price control in Poland. ROA for Mexico home credit reduced from 15.2% in 2015 to 9.8% in 2016 reflecting higher impairment and investment in expansion and micro-business lending. The Digital negative return increased from 1.9% in 2015 to 4.4% in 2016 reflecting accelerating investment. Group ROA reduced from 15.1% in 2015 to 11.6% in 2016.

### Return on assets (ROA)

	2015 HC Europe	2015 HC Mexico	2015 Digital	2015 Group	2016 HC Europe	2016 HC Mexico	2016 Digital	2016 Group
Profit before tax <sup>1</sup> .....	113.0	21.9	(4.2)	116.1	105.1	11.7	(9.3)	92.6
Interest .....	31.7	7.1	3.1	41.6	34.4	8.6	4.0	47.1
Adjusted PBIT .....	144.7	29.0	(1.1)	157.7	139.5	20.3	(5.3)	139.7
Taxation .....	(38.9)	(7.8)	0.3	(42.4)	(39.1)	(5.7)	1.5	(39.1)
PBIAT .....	105.8	21.2	(0.8)	115.3	100.4	14.6	(3.8)	100.6
Average receivables .....	581.4	139.4	43.2	764.0	634.7	149.7	86.4	870.6
Return on assets .....	18.2%	15.2%	(1.9)%	15.1%	15.8%	9.8%	(4.4)%	11.6%

1. Adjusted for any exceptional items.

### Return on equity

Return on equity (ROE) for the Group is measured as profit after tax, prior to any exceptional items, divided by average equity.

ROE reduced from 23.3% in 2015 to 17.7% in 2016 reflecting the general ROA profile, and a higher level of equity within the Group.

### Capital generation, earnings per share, and dividends

Capital generation is a key feature of the Group's business, providing capital for the continuing growth of the business and dividends to shareholders while maintaining its robust financial profile.

The following table shows capital generated by the Group's home credit businesses, and the net capital investment in IPF Digital, along with dividends declared. The Group funds its receivables book with approximately 40% equity and 60% debt. Capital generated is calculated as profit after tax, after assuming that 60% of the growth in receivables is funded with debt and 40% with equity.

Capital generated before investing in receivables growth was £66.9 million in 2016 reducing from £62.5 million in 2015. £55.0 million of this was used to invest in receivables growth (at 40% equity funding for receivables).



### **Capital generation**

	2015 £m	2016 £m
Profit before tax .....	100.2	<b>92.6</b>
Tax charge .....	(37.7)	<b>(25.7)</b>
Profit after tax .....	62.5	<b>66.9</b>
Receivables growth funded by equity (40%) .....	(16.8)	<b>(55.0)</b>
Capital generated .....	45.7	<b>11.9</b>
Home Credit Europe .....	73.6	<b>51.1</b>
Home Credit Mexico .....	7.7	<b>6.2</b>
IPF Digital .....	(26.4)	<b>(33.9)</b>
Other .....	(9.1)	<b>(11.4)</b>
Dividends declared .....	(28.6)	<b>(27.4)</b>
Share buyback .....	(50.2)	<b>0.0</b>
Capital retained .....	(33.1)	<b>(15.5)</b>

Earnings per share was 30.2 pence in 2016 compared with 37.1 pence in 2015 reflecting the reduction in profit before tax.

### **Dividends**

Subject to shareholder approval, a final dividend of 7.8 pence per share will be payable which will bring the full year dividend to 12.4 pence per share (2015: 12.4 pence per share). The full year dividend of 12.4 pence per share represents a total payment equivalent to approximately 41% of pre-exceptional post tax earnings for the full year 2016 which is above the target pay-out rate of 35%. The final dividend will be paid on 12 May 2017 to shareholders on the register at the close of business on 18 April 2017. The shares were marked ex-dividend on 13 April 2017.

### **Financial profile**

The Group's target equity to receivables capital ratio is 40% balances having sufficient capital to withstand external shocks including macro-economic, regulatory, and tax factors, with providing returns on equity to shareholders. The Group may choose to hold equity higher than the target level to support future growth and its financial profile. As at December 2016, the equity to receivables ratio was 45.7% compared with the target level of 40%, meaning equity capital was £54 million above the target level. Gearing (being Borrowings divided by Total equity) was 1.5x at December 2016 (1.7x December 2015), well within the covenant level of 3.75x maximum in the Group's debt facilities.

The Group's target range of impairment to revenue of 25-30% means that it maintains credit quality throughout an economic cycle, and the Group has always operated within this range since the demerger of IPF in 2007, even during the global financial crisis of 2009. The Group's shorter-term lending provides significant flexibility to adjust credit parameters as macroeconomic conditions change. Impairment was 26.8% in 2016, at the bottom end of the target range. The average period of receivables outstanding at December 2016 was 7.8 months (2015: 6.3 months) with 86% of year-end receivables due within one year (2015: 89.6%). Closing receivables in 2016 were £939.9 million, which is £44.5 million (5%) higher than 2015 in constant currency terms reflecting the growth in the business.

The Group's centrally controlled impairment provisioning system in both its home credit and digital businesses has the following attributes:

<b>Assessment period</b>	<b>Home Credit – Weekly and Monthly</b>	<b>Digital – Monthly</b>
Impairment trigger	Missed payment or part of a missed payment, even if the agent fails to visit the customer.	Default point when the debt is passed to a third-party collection agency. This averages 60 days past due across IPF Digital. An incurred but not reported provision is held for receivables pre- default. This is calculated based on probability of default factors.
Segmentation of receivables	Any missed payment or portion of payment, even if the agent fails to visit a customer, with the exception of the first four weeks for a new customer to allow repayment patterns to be established.	Debt is segmented based on the number of days past due and provision is based on expected loss of each segment.
Provisioning	Provision percentages for each arrears stage have been derived using statistical modelling of past customer performance that estimates the amount and timing of cash flows.	The provision percentage is based on loss given default factors. This calculation is updated quarterly.

#### ***Current trading, trends and prospects***

The Group expects the competitive and regulatory environment to remain challenging and these factors will be a major focus for the Group in 2017. Recent regulatory changes, including the Polish Ministry of Justice's proposals to further reduce the current non-interest rate cap remain a major focus for the Group. Regulatory changes in Romania are expected to significantly impact growth rates in Romania in 2017.

Notwithstanding the above, the Group sees further opportunities to optimise the performance of its European home credit businesses and will focus on delivering efficiency and maximising returns. In Mexico, the Group will continue to focus on maintaining the growth momentum achieved during the second half of 2016 and deliver continued improvements in collection performance. The Group expects demand in its new digital markets to continue. The Group is committed to delivering sustainable returns to its shareholders and its strategy reflects the changing market environment in order to underpin this commitment.

#### **8. Treasury risk management and funding**

The Group approved policies address the key treasury risks that the business faces – funding and liquidity risk, financial market risk (including currency and interest rate risk) and counterparty risk. The policies are designed to provide robust risk management, even in more volatile financial markets and economic conditions within its planning horizon.

The Group's funding policy requires it to maintain a resilient funding position for the existing business and for future growth in each market. It aims to maintain a prudent level of headroom on undrawn bank facilities. Its currency policy addresses economic currency exposures and requires it to fund its currency receivables with local currency borrowings (directly or indirectly) to achieve a high level of balance sheet hedging. The Group chooses not to hedge accounting profits and losses. Its interest rate policy requires interest rate hedging in each currency to a relatively high level. The Group's counterparty policy requires exposures to financial counterparties to be limited to single A-rated entities, except as expressly approved by the

Board. In addition to these policies, its operational procedures and controls ensure that funds are available in the appropriate currency at the right time to serve its customers throughout the Group.

Debt funding is provided through a diversified debt portfolio. The Group has a range of bonds across a number of currencies, wholesale and retail, with varying maturities including significant long-term funding, together with facilities from a core group of banks with a good strategic and geographic fit with the Group's business model. The Group's debt is senior unsecured debt, with lenders substantially in the same structural position. It maintains this programme as the main platform for bond issuance across a range of currencies. In addition, a Polish Medium Term Note programme has been used for bond issuance in the Polish market. This achieves further diversification and reinforces the Group's corporate position in that market.

The Group's debt funding position is summarised in the table below. At December 2016, the Group had total debt facilities of £775.2 million, with total borrowings of £622.8 million, giving headroom of £152.4 million. Drawings on these bank facilities have been used for total Polish tax payments in respect of the tax years 2008 and 2009 of £38 million in January 2017.

62% of the Group's facilities mature in 2020/21, with only 7% maturing in 2017. About 73% of the total debt facilities come from the bond market, and about 27% from the bank market. The vast majority of bank facilities are extended on an annual rolling basis to ensure that the overall level of debt remains broadly consistent.

	<b>Maturity</b>	<b>£m</b>
<b>Bonds</b>		
Euro .....	April 2021	341.7
Euro .....	May 2018	34.2
Sterling .....	May 2020	101.5
Czech .....	November 2018	7.9
Czech .....	December 2018	6.3
Romanian .....	December 2018	12.3
Romanian .....	December 2019	15.0
Hungarian .....	January 2018	11.0
Polish .....	June 2020	38.8
<b>Total Bonds</b> .....		<b>568.7</b>
Bank Facilities .....	2017-2019	206.5
<b>Total Debt facilities</b> .....		<b>775.2</b>
Total Borrowings .....		622.8
<b>Headroom</b> .....		<b>152.4</b>

Although the Brexit vote has created some uncertainty in financial markets, the currency structure of the Group's debt facilities matches the asset and cash flow profile of its business. The Group has local currency bank facilities and bonds, and its main €400 million (£341.7 million) Eurobond provides direct funding to its markets using the Euro currency, and to markets using other currencies via foreign exchange transactions. Accordingly, the Group does not expect fluctuations in the value of sterling to have a major impact on its funding position. It will continue to monitor the development of Brexit negotiations, including the impact on financial markets and macro-economic conditions, and react as appropriate.

The Group's financial profile enables it to operate with significant headroom on the financial covenants in its debt facilities, as set out in the table below.

Covenant Compliance		2015	2016
Gearing*	Max 3.75	1.7	<b>1.5</b>
Interest Cover	Min 2 times	3.9	<b>3.2</b>
Net Worth*	Min £250m	318.7	<b>427.9</b>
Receivables: Borrowings	Min 1:1	1.4	<b>1.5</b>

\* Adjusted for derivative financial instruments and pension liabilities according to covenant definitions

The majority of the Group's net assets are denominated in its operating currencies and, therefore, the sterling value fluctuates with changes in currency exchange rates. In accordance with accounting standards, the Group has restated the opening foreign currency net assets at the year-end exchange rate and this resulted in a £65.1 million foreign exchange movement, which has been credited to the foreign exchange reserve.

## 9. Non-IFRS financial measures

The Group's Financial Statements are presented in accordance with international accounting standards within the meaning of Regulation 1606/2002 on the Application of International Accounting Standards ("IFRS"), and in addition the Group uses certain ratios and measures included herein that would be considered non-IFRS financial measures ("**Alternative Performance Measures**" or "**APM**"). An APM measures historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable IFRS measures. The APMs included herein are not in accordance with or an alternative to measures prepared in accordance with IFRS (for which Group management has responsibility).

On 3 July 2016 European Securities and Markets Authority (ESMA) Guidelines on APMs came into force. The Guidelines on APMs are focussed on the provision of financial information on a company's performance, its financial state of affairs and future expectations when that information has not been drawn directly from the financial statements

The Issuer's management believes that the APMs, along with comparable measures under IFRS, are useful to investors because they provide a basis for measuring the operating performance in the years presented. The APMs are used in internal management of the Group, along with the most directly comparable financial measures under IFRS, in evaluating the Group's operating performance. The Issuer's management believes that these APMs, when considered in conjunction with measures under IFRS, enhance investors' and management's overall understanding of the Group's current financial performance and underlying performance of the business and operations.

### Annualised impairment as a percentage of revenue

The annualised impairment as a percentage of revenue has been calculated by taking the figure for Impairment and expressing this as a percentage of Revenue. This has been calculated excluding the relevant figures from Slovakia (as that business is being wound down) and on an annualised basis.

Impairment is the reduction in assets recorded in the consolidated income statement as a result of customers defaulting on their contracted loan payments. This measure can be used to compare performance between different finance businesses or to compare different markets, with profitability maximised by balancing growth and credit quality.

### Average Net Receivables

Average net receivables is defined as the average over the calendar year beginning 1 January 2016 and ending 31 December 2016 of the net accounts receivables which are the relevant subsidiary's/subsidiaries' total receivables less uncollectable debts.

### Average Period of Receivables Outstanding

Average period of receivables outstanding is defined as the weighted average period of remaining contractual loan repayments during the calendar year beginning 1 January 2016 and ending 31 December 2016.

### Cost leverage

Cost leverage is (with respect to the digital business) the rate of revenue increase against the rate of increase in costs.

### PBIAT

Profit Before Interest after Tax is calculated by taking the profit before taxation for the calendar year beginning 1 January 2016 and ending 31 December 2016 and adding back interest costs for the calendar year beginning 1 January 2016 and ending 31 December 2016, then using the tax rate for 2016 and multiplying the Adjusted profit before interest and tax by 1-tax rate.

The figures used to calculate this are:

	2015 HC	2015 HC	2015	2015	2016 HC	2016 HC	2016	2016
£'M	Europe	Mexico	Digital	Group	Europe	Mexico	Digital	Group
Adjusted PBIT .....	144.7	29.0	(1.1)	157.7	139.5	20.3	(5.3)	139.7
Tax Rate .....	26.9%	26.9%	26.9%	26.9%	28.0%	28.0%	28.0%	28.0%
PBIAT .....	105.8	21.2	(0.8)	115.3	100.4	14.6	(3.8)	100.6

### ROE

Return on Equity is the amount of profit after tax for the for the calendar year beginning 1 January 2016 and ending 31 December 2016 attributable to ordinary equity holders in the Issuer divided by the shareholders' equity excluding non-controlling and other equity interests. This measure indicates the return generated by management based on shareholders' equity.

The figures used to calculate this are:

	2015	2016
Reported Opening Shareholders Equity.....	361.6	<b>327.2</b>
2014 Exceptional Items .....	18.4	<b>0</b>
Adjusted Opening Shareholders Equity .....	380.0	<b>327.2</b>
Reported Closing Shareholders Equity .....	327.2	<b>429.5</b>
2015 Exceptional Items .....	22.4	<b>0</b>
Adjusted Closing Shareholders Equity .....	349.6	<b>429.5</b>
Average Shareholders Equity.....	364.8	<b>378.4</b>
PAT .....	84.9	<b>66.9</b>
ROE.....	23.3%	<b>17.7%</b>

## 10. Directors

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

Name	Position	Other principal activities
Dan O'Connor	Chairman	Non Executive Director of: Activate Capital Ltd Glanbia plc Argentum Property HoldCo Ltd
Gerard Ryan	Chief Executive Officer	None
Justin Lockwood	Chief Financial Officer	None

<b>Name</b>	<b>Position</b>	<b>Other principal activities</b>
Tony Hales	Senior independent non-executive director	Chairman of: Greenwich Foundation  Non-executive Director: Capital & Regional plc  Director of: The Services Sound and Vision Corporation Welsh National Opera  Chair of Trustees: NAAFI Pension Fund Trustees
Richard Moat	Independent non-executive director	Chief Executive Officer of: Eircom Limited  Advisory Board member of: Tiara, Inc Chile  Trustee of: The Peter Jones Foundation
Jayne Almond	Independent non-executive director	Council of Oxford University Chairs: Audit and Scrutiny Committee
Cathryn Riley	Independent non-executive director	Non Executive Director of: The Equitable Life Assurance Society Chubb Europe Group Ltd Chubb Underwriting Agencies Ltd AA Insurance Services Limited
John Mangelaars	Independent Non-executive Director	Chief Executive Officer of: Travix International

Adrian Gardner resigned from the Board of IPF plc on 21 September 2016 and also resigned as a Director of IPF Investments Limited, IPF Holdings Limited and IPF International Limited on 28 September 2016.

Justin Lockwood was appointed to the Board of IPF plc on 23 February 2017.

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

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

The above paragraph details how future potential conflicts of interests not known as at the date of this Prospectus are to be addressed by IPF and the directors, should any such potential conflicts arise.

As to any potential conflicts of interest as at the date of this Prospectus, save for the fact that any of the directors of IPF may purchase and hold Notes issued under the Programme from time to time (which would make them creditors of IPF in their personal capacity for so long as



they hold the Notes), there are no potential conflicts of interest between the duties of the directors listed above to IPF and their private interests and/or other duties. As at the date of this Prospectus, no directors do in fact hold any Notes issued under the Programme except as disclosed below.

Cathryn Riley holds £28,800 of the Sterling retail bond issued under the Programme.

## **Director Profiles**

### ***Dan O'Connor***

*Chairman, age 57*

Length of service: 2 years and 2 months

Appointments and qualifications: Dan was previously a non-executive director of CRH plc and Chairman of Allied Irish Banks plc from July 2009 to October 2010. In addition, Dan spent 10 years as CEO of GE Consumer Finance Europe and was Senior Vice President of General Electric. He was also a non-executive director of one of Turkey's largest banks, Garanti Bank. Dan is a fellow of the Institute of Chartered Accountants in Ireland and has a Master's Degree in Accounting. He is a non-executive director of Glanbia plc and Activate Capital Ltd.

Key strengths and contributions: Dan has over 30 years' experience in large international and financial services businesses and provides strong strategic leadership in his role as Chairman.

### ***Gerard Ryan***

*Chief Executive Officer, age 52*

Length of service: 5 years and 1 month

Appointments and qualifications: Gerard was previously CEO for Citigroup's consumer finance businesses in the Western Europe, Middle East and Africa region. He was a director of Citi International plc, Egg plc and Morgan Stanley Smith Barney UK. Earlier in his career, Gerard was CFO of Garanti Bank, Turkey and CEO of GE Money Bank, Prague. He is a Fellow of the Institute of Chartered Accountants in Ireland.

Key strengths and contributions: Gerard has over 25 years' multi-country experience in consumer financial services and provides the Company with strong leadership.

### ***Justin Lockwood***

*Chief Financial Officer, age 47*

Length of service: appointed to the Board on 23 February 2017

Appointments and qualifications: Justin was the Company's Group Head of Finance for seven years before being appointed as a Chief Financial Officer. He previously held senior finance roles at Associated British Ports and Marshalls plc having spent the first 10 years of his career working for PwC in the United Kingdom and Australia. He is a member of the Institute of Chartered Accountants and graduated from the University of Cardiff with a degree in Business Administration.

Key strengths and contributions: Justin has over 15 years' experience in a variety of senior financial management roles and has a detailed understanding of the Group's businesses and its markets.

### ***Tony Hales CBE***

*Senior independent non-executive director, age 68*

Length of service: 9 years and 7 months

Appointments and qualifications: Tony was previously Chairman of Canal & River Trust, Chief Executive of Allied Domecq plc, Chairman of Workspace Group plc and NAAFI, and a non-executive director of Provident Financial plc, Welsh Water plc, Aston Villa plc, HSBC Bank plc and Reliance Security Group plc. He graduated in Chemistry from the University of Bristol

and is currently Chairman of the Greenwich Foundation, a non-executive director of Capital & Regional plc and a board member of The Services Sound and Vision Corporation. He is also a director of Welsh National Opera Limited and chairs NAAFI Pension Fund Trustees.

Key strengths and contributions: Tony has strong business expertise, having been a chairman and non-executive director in profit and non-profit sectors. He has extensive knowledge of the Group's business as well as having chaired and been a member of various committees since appointment.

**Jayne Almond**

*Independent non-executive director, age 59*

Length of service: 1 year and 8 months

Appointments and qualifications: Jayne set up equity release firm Stonehaven and was CEO and then Executive Chairman until 2014. She has previously been Managing Director of Barclays Home Finance business, Group Marketing Director and Strategy Director at Lloyds TSB, Managing Director of Lloyds TSB's European Internet banking business and a senior partner at LEK Consulting. Jayne graduated in Philosophy, Politics and Economics from the University of Oxford. She is currently on the Council of Oxford University and Chair of its Audit and Scrutiny Committee.

Key strengths and contributions: Jayne has over 20 years' experience in financial services and is an experienced non-executive director. She has a strong background in consumer finance, marketing and strategy.

**Richard Moat**

*Independent non-executive director, age 62*

Length of service: 4 years and 8 months

Appointments and qualifications: Richard was previously Deputy CEO and CFO of Everything Everywhere Limited, the United Kingdom's largest mobile telecoms company. He was Managing Director of T-Mobile UK Limited and Chief Executive of Orange Romania SA, Orange Denmark A/S and Orange Thailand Limited. He was previously Chair of the ACCA Accountants for Business Global Forum and Trustee of the Peter Jones Foundation. He holds a Diploma in Corporate Finance and Accounting from London Business School and has a Master's (Honours) Degree in Law from St Catharine's College, Cambridge. He is a Fellow of the Association of Chartered Certified Accountants. He is currently Chief Executive Officer of Eir Limited, and an advisory board member of Tiaxa, Inc. Chile.

Key strengths and contributions: Richard has more than 20 years' international telecoms experience in senior management roles and provides financial and operational expertise along with international experience.

**John Mangelaars**

*Independent non-executive director, age 52*

Length of service: 1 year and 7 months

Appointments and qualifications: John worked previously for Microsoft for over 20 years specialising, in more recent years, in the sales and marketing of online products, MSN Messenger, Hotmail and Bing. He graduated from the Higher School of Economics in The Hague with a Bachelor in Information and Communication Technology (B ICT) and is currently the CEO of online travel agency Travix International.

Key strengths and contributions: John has considerable experience in sales and e-commerce, which will support expansion of the Group's digital lending business and the Company's objective to increase penetration in online sales channels.

**Cathryn Riley**

*Independent non-executive director, age 55*

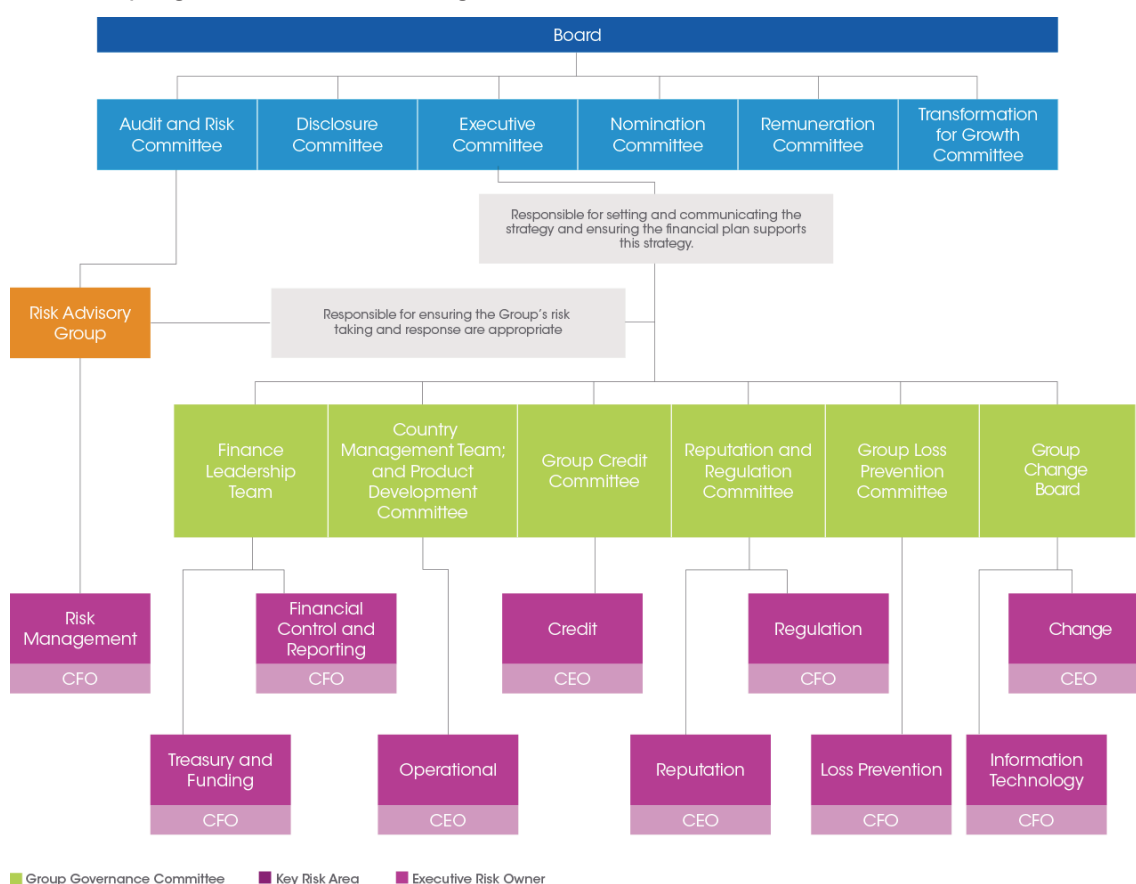
Length of service: 3 years

Appointments and qualifications: Previously Cathryn was Group Chief Operations Officer at Aviva plc. Other roles with Aviva included Group CIO, UK Commercial Director, COO and Customer Experience Director of UK Life plus she was chair of Aviva Healthcare UK Ltd, Aviva Global Services and Hill House Hammond. Her other roles included GM of Transformation at BUPA and a principal consultant in the financial services division at Coopers & Lybrand. She has an MA in Manpower Studies, completed CeDEP's General Management Programme, was a graduate of the Institute of Personnel/HR Management and is currently a non-executive director of ACE European Group Ltd, ACE Underwriting Agencies Ltd, The Equitable Life Assurance Society and Chubb Insurance Company of Europe SE as well as Chair of AA Insurance Services Ltd.

Key strengths and contributions: Cathryn has over 20 years' experience in insurance and financial services together with international roles. She is an experienced non-executive director, having sat on the board of The Equitable Life Assurance Society since 2009 and also chairs its Remuneration Committee. She brings a wealth of experience in major IT transformation programmes, implementing new distribution channels and customer service.

## 11. The Group's Governance Structure

The Group's governance and oversight structure is summarised below:



The IPF Board leads and provides strategic direction to the Group. There is a formal schedule of matters reserved specifically for the Board's decision. These include the approval of the Group's strategy and risk appetite; principal risks; results; budgets; dividends; major transactions; treasury policies; amendment of a prospectus; issuance of bonds and notes; Board appointments and appointments to Board committees; health and safety and environmental policy; corporate governance; annual review of the effectiveness of the Group's systems of internal control; directors' conflicts of interest; and certain credit policies, particularly write-offs and material changes to product structure and pricing.

Other matters are delegated specifically to six principal Board committees. The Chairman of each Committee briefs the whole Board at each Board meeting on the principal items that were discussed, decisions and issues.

The day-to-day running of the business is delegated to the Executive Committee, which comprises the Chief Executive Officer and the Chief Financial Officer.

The Disclosure Committee meets as required to consider whether an announcement to the London Stock Exchange and/or Warsaw Stock Exchange is required. It comprises the Chief Executive Officer the Chief Financial Officer and the Company Secretary.

The Audit and Risk Committee comprises three Non-Executive Directors: Richard Moat (Chairman of the Committee), Jayne Almond and Tony Hales. Richard Moat is a Fellow of the Association of Chartered Certified Accountants, and has relevant and recent experience for the purposes of the UK Corporate Governance Code as published by the Financial Reporting Council (the “**Governance Code**”). Meetings of the Audit and Risk Committee related to risk are typically attended by the three nominated Non-Executive Directors and the CEO of the Group. The external auditor, Deloitte LLP, attends all meetings by invitation. Periodically, senior management from across the Group are invited to present on specific aspects of the business.

The Audit and Risk Committee also meets from time to time with the external auditor, without an Executive Director or member of Group’s senior management being present to discuss the external audit process. The Head of Internal Audit reports directly to the Chairman of the Committee, which ensures his independence from the management and operation of the business.

The objective of the Committee is to oversee the Group’s financial reporting, internal controls and risk management procedures together with the work performed by the external auditor and internal audit function. The main responsibilities are as follows:

- monitor the Group’s system of internal control, including financial operational and compliance controls and risk management systems, and to perform an annual review of their effectiveness;
- monitor the integrity of the Financial Statements of the Company and the formal announcements relating to the Company’s financial performance, reviewing significant financial reporting judgements contained in them;
- provide advice to the Board on whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group’s position and performance, business model and strategy;
- make recommendations to the Board, for the Board to put to shareholders in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve its terms of appointment;
- review and monitor the objectivity and independence of the external auditor and the effectiveness of the external audit process, taking into consideration relevant United Kingdom professional and regulatory requirements;
- review and approve the internal audit programme for the year and monitor the effectiveness of the internal audit function in the delivery of their plan; and
- keep under review the Group Schedule of Key Risks and consider the principal risks facing the Group and their mitigation.

## 12. Corporate Governance

The Issuer complied, throughout the year ended 31 December 2016, with all the provisions of the Governance Code as published by the Financial Reporting Council.

## SELECTED FINANCIAL INFORMATION OF INTERNATIONAL PERSONAL FINANCE PLC

The financial summary set out below in relation to the years ended 31 December 2016 and 31 December 2015 has been extracted without material adjustment from the audited consolidated financial statements of the Issuer for the years ended 31 December 2016 and 31 December 2015. Such selected financial information should be read together with such consolidated financial statements. The audited consolidated financial statements of the Issuer for the years ended 31 December 2016 and 31 December 2015 are incorporated by reference into this Prospectus.

### Consolidated income statement

	Audited Year ended 31 December 2016 £m	Audited Year ended 31 December 2015 £m
Revenue .....	763.4	735.4
Impairment .....	(187.5)	(188.9)
<b>Revenue less impairment</b> .....	<b>575.9</b>	<b>546.5</b>
Finance costs .....	(47.1)	41.6
Other operating costs .....	(130.7)	116.8
Administrative expenses .....	(305.5)	(272.0)
<b>Total costs</b> .....	<b>(483.3)</b>	<b>(430.4)</b>
<b>Profit before taxation, exceptional items and fair value adjustments</b> .....	<b>92.6</b>	<b>116.1</b>
Exceptional items .....	—	15.9
<b>Profit before taxation</b> .....	<b>92.6</b>	<b>100.2</b>
Tax (expense)/income – United Kingdom .....	(3.1)	(1.5)
– Overseas .....	(22.6)	36.2
<b>Total tax expense</b> .....	<b>(25.7)</b>	<b>(37.7)</b>
<b>Profit after taxation attributable to owners of the parent</b> .....	<b>66.9</b>	<b>62.5</b>

## Consolidated balance sheet

	Audited 31 December 2016 £m	Audited 31 December 2015 £m
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill .....	23.3	20.1
Intangible assets .....	32.6	25.6
Property, plant and equipment .....	23.4	24.3
Deferred tax assets .....	112.0	82.2
	<u>191.3</u>	<u>152.2</u>
<b>Current assets</b>		
Amounts receivable from customers		
– due within one year .....	808.3	718.9
– due in more than one year .....	131.6	83.5
	<u>939.9</u>	<u>802.4</u>
Derivative financial instruments .....	15.4	11.5
Cash and cash equivalents .....	43.4	39.9
Other receivables .....	20.8	14.8
Current tax assets .....	3.1	1.3
	<u>1,022.6</u>	<u>869.9</u>
<b>Total assets</b> .....	<u>1,213.9</u>	<u>1022.1</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Borrowings .....	(22.4)	(22.3)
Derivative financial instruments .....	(4.7)	(2.8)
Trade and other payables .....	(123.2)	(95.5)
Current tax liabilities .....	(16.5)	(30.9)
	<u>(166.8)</u>	<u>(151.5)</u>
<b>Non-current liabilities</b>		
Retirement benefit obligation .....	(9.1)	(0.2)
Deferred tax liabilities .....	(8.1)	(8.6)
Borrowings .....	(600.4)	(543.4)
	<u>(617.6)</u>	<u>(543.4)</u>
<b>Total liabilities</b> .....	<u>(784.4)</u>	<u>(694.9)</u>
<b>Net assets</b> .....	<u>429.5</u>	<u>327.2</u>
<b>Equity attributable to owners of the parent</b>		
Called-up share capital .....	23.4	23.4
Other reserve .....	(22.5)	(22.5)
Foreign exchange reserve .....	8.7	(56.4)
Hedging reserve .....	1.1	(0.3)
Shares held by employee trust .....	(50.8)	(58.9)
Capital redemption reserve .....	2.3	2.3
Retained earnings .....	467.3	439.6
<b>Total equity</b> .....	<u>429.5</u>	<u>327.2</u>



# **Cash flow statement for the year ended 31 December**

	2016 £m	2015 £m
<b>Cash flows from operating activities</b>		
Cash generated from operating activities .....	<b>132.5</b>	100.3
Finance costs paid .....	<b>(44.6)</b>	(40.9)
Income tax paid .....	<b>(66.1)</b>	(37.0)
<b>Net cash (used in)/generated from operating activities ....</b>	<b>21.8</b>	22.4
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary, net of cash and cash equivalents ....	—	(21.1)
Purchases of property, plant and equipment .....	<b>(8.3)</b>	(8.2)
Proceeds from sale of property, plant and equipment .....	—	0.4
Purchases of intangible assets.....	<b>(15.8)</b>	(18.9)
<b>Net cash used in investing activities .....</b>	<b>(24.1)</b>	(47.7)
<b>Net cash from operating and investing activities .....</b>	<b>(2.3)</b>	(25.3)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings .....	<b>69.9</b>	214.9
Repayment of borrowings.....	<b>(41.7)</b>	(138.2)
Dividends paid to Company shareholders .....	<b>(27.4)</b>	(28.6)
Acquisition of own shares .....	—	(50.2)
Cash received on options exercised.....	—	0.7
<b>Net cash generated from/(used in) financing activities ....</b>	<b>0.8</b>	(1.4)
<b>Net increase in cash and cash equivalents .....</b>	<b>(1.5)</b>	(26.7)
Cash and cash equivalents at beginning of year .....	<b>39.9</b>	68.8
Exchange (losses)/gains on cash and cash equivalents .....	<b>5.0</b>	(2.2)
<b>Cash and cash equivalents at end of year .....</b>	<b>43.4</b>	39.9
<b>Net cash generated from operating activities .....</b>	<b>21.8</b>	22.4
<b>Net cash used in investing activities .....</b>	<b>(24.1)</b>	(47.7)
<b>Net cash used in financing activities .....</b>	<b>0.8</b>	(1.4)
<b>Net increase/(decrease) in cash and cash equivalents ....</b>	<b>(1.5)</b>	(26.7)
Cash and cash equivalents at the start of the period .....	<b>39.9</b>	68.8
Exchange (losses)/gains on cash and cash equivalents .....	<b>5.0</b>	(2.2)
<b>Cash and cash equivalents at the end of the period.....</b>	<b>43.4</b>	39.9

## BUSINESS DESCRIPTION OF THE GUARANTORS

### 1. IPF Holdings Limited

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

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

The principal objects of IPF Holdings Limited are set out in clause 3 of its memorandum of association.

### 2. International Personal Finance Investments Limited

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

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

The principal objects of International Personal Finance Investments Limited are set out in clause 3 of its memorandum of association.

### 3. IPF International Limited

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

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

The principal objects of IPF International Limited are set out in clause 3 of its memorandum of association.

### 4. Directors of the Guarantors

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

Name	Position	Other principal activities
Gerard Ryan	Director	None
John Williams	Director	None
Justin Lockwood	Director	None
Simon Quick	Director	None

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

As at the date of this Prospectus, save for the fact that any of the directors of any of the Guarantors may purchase and hold Notes issued under the Programme from time to time (which would make them creditors of the Guarantors in their personal capacity for so long as they held the Notes), there are no potential conflicts of interest between the duties of the directors of each of the Guarantors listed above to any of the Guarantors and their private interests and/or other duties. As at the date of this Prospectus, no directors of the Guarantors do in fact hold any Notes issued under the Programme.

## REGULATORY INFORMATION

### 1. Central Europe

#### 1.1 European Union (“EU”) Consumer Credit Legislation

The provision of credit to consumers in the EU, including consumer loans, is at present governed by national legislative provisions which implement the provisions of the consumer credit directive, Directive 2008/48/EC (the “**CCD**”).

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

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

The CCD seeks to provide a standard mechanism for calculating the Annual Percentage Rate of Charge (the “**APR**”) that must be included as part of the information to be provided to consumers entering into credit agreements. This means that the definition and formula for the calculation of APR is harmonised at EU level. The CCD requires that:

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

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

The Group’s consumer lending activities in Bulgaria, Estonia, Finland, Hungary, Latvia, Lithuania and Poland are currently subject to maximum rate provisions. Additional restrictions are currently under consideration in several of the markets in which the Group operates.

The Group’s home collection service is generally provided as a separate, optional service. Customers who choose to receive this service pay a service fee. Those who decide not to receive a separate home collection service instead make repayments via the bank or post office. The optional home collection service fee generally falls outside of interest rate, total cost of credit or APR caps in the markets in which the Group operates. However, if these charges were required to be included within the scope of such caps, the Group’s profitability may be adversely affected.

In December 2015, an amendment to the Civil Code in Slovakia came into law which prohibits separate contracts for ‘ancillary’ services linked to the provision of consumer credit. The home collection service in Slovakia fell into this category. In addition, all costs associated with a loan, whether mandatory or not, must now fall within the existing remuneration cap which is currently approximately 26.5% per annum of issue value for loans greater than one year and 37% for shorter durations. As a result, the Group took the decision to suspend the issuing of new loans in Slovakia from 18 December 2015 and to run off operations. In December 2016, the National Bank of Slovakia notified the Group’s Slovak subsidiary of the commencement

of official proceedings against it with respect to the exclusion of fees relating to its home collection service from the APR and remuneration cap (as outlined above). The Group submitted a response on 29 February 2017 and is awaiting the National Bank of Slovakia's decision. In the event that the Group receives an unfavourable final decision from the National Bank of Slovakia, it intends to appeal such decision on the basis that previous court decisions have ruled in its favour on this particular point.

Regulatory developments relating to lending restrictions and a range of other issues have continued in a number of the Group's European markets and resulted in a number of changes to the regulatory environment in which we operate. This is a reaction, in part, to the perceived excesses of the financial services industry that were identified in the recent global financial crisis and follows increased regulation of the banking sector. As a result, financial services companies, including consumer lenders, face increased legislation and challenges from consumer protection authorities. More recently the attention of the media, politicians and regulators has also shifted to the non-bank consumer credit sector, driven by a combination of market specific matters, such as the shadow banking (non-bank lending) issue in Poland, and the rise in payday lending.

In March 2016, Polish legislation came into effect which introduced a cap on all non-interest costs of credit, as well as certain other restrictions on, amongst other things, repeat lending. The Group had estimated in 2016 that applying the new pricing regime to its expected product structure (but without taking other mitigating actions) would reduce the profit of its Polish business by approximately £30 million. The Group has introduced a new product structure and, expects its mitigating strategies could offset up to half the negative financial impact of the new legislation. In December 2016, the Polish Ministry of Justice published a draft bill which, amongst other things, proposes a significant reduction to the cap on non-interest costs introduced in March 2016. The level of the current cap is: (i) a flat level of 25% of the loan value; and (ii) an additional cap of 30% per annum. The aggregate total of the aforementioned caps may not, under any circumstance, exceed 100% of the loan value. The current draft bill proposes that each cap would be reduced to 10% and the aggregate total of the caps would not be able to exceed 75% of the loan value. During a 14-day public consultation in December 2016, various organisations evaluated and commented on the draft bill. The Group awaits an update from the Ministry of Justice following this consultation process. The Group is engaging with Polish government ministries and interested parties to try to achieve a more positive solution for consumers and businesses. The Group continues to assess appropriate mitigation strategies to try to partially offset the expected negative impacts on the profitability of our Polish business.

On 24 December 2013 the Group announced that Provident Polska had received a notice from the Office, stating that the way Provident Polska calculates APR amounts to a collective infringement of consumer interests and subjected it to a fine of 12.4 million Polish Zloty (approximately £2.4 million). The Office believes that the fee for the optional home collection service and an associated preparatory fee should be included in the total cost of credit and, therefore, the APR figure. The Group disagrees with the Office's decision and has a legal opinion supporting the view that the way the fees are currently calculated is correct. The Group has submitted its appeal and is currently in further discussion with the Office following changes in its product structure to be compliant with the new legislation that came into force in March 2016 (referred to above). Following initial court hearings, the Group and the Office had aimed to reach a settlement. An instruction from the Ministry of Finance, however, means that the Office is unable to reduce the original fine as part of the settlement. The Group is contesting the level of the fine and the next scheduled court hearing is on 5 June 2017.

In January 2015, The National Bank of Hungary introduced a limit on the proportion of an individual's net income that may be spent servicing consumer credit (50% to 60% depending on income level). The Group has adapted its product offering to be compliant with the new regulations and it is monitoring the impact that this change will have on customer appetite for borrowing.

The CCD also includes harmonised provisions relating to reductions in the total cost of credit to consumers who choose to utilise their right to early settlement of their credit obligations.

Whilst similar provisions were included in the previous consumer credit directive, they were non-standardised and related only to full early settlement. The CCD extends this by providing an entitlement for consumers to a reduction on the total cost of credit on partial, as well as full, early settlement of their credit obligations.

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

The local implementing legislation differs slightly from the CCD in some cases and there is a possibility that local interpretation of the rules may vary. Both the Group's Home Credit and Digital operations in Lithuania, as well as the operations of other market participants, were subject to inspections by the Bank of Lithuania specifically in relation to the assessment of creditworthiness and changes to the Group's practices were made as a result. Following the imposition of new rules in Lithuania relating to debt-to-income ratios at the start of 2016, the Group decided to move to an exclusively digital business in this market operated by IPF Digital. The lower cost of distribution of the Group's digital channel means it is more capable of adapting to these requirements.

Provident Romania is registered in the NBFIs kept by the National Bank of Romania. If an NBFI meets certain criteria, being that the value of its own and borrowed funds exceeds 50 million Romania Leu and the value of credits granted exceeds 25 million Romanian Leu for three consecutive quarters), it must be registered in the Special Register held by the National Bank of Romania. To date, Provident Romania has not met these criteria and is not anticipated to do so for the foreseeable future. However, the Group may qualify for inclusion into the Special Register in the future if entry criteria are changed. If an NBFI is registered in the Special Register, it is obliged to observe stricter requirements, not least around documentation and a maximum loan-to-income ratio based on the consumer's taxable income. This may limit the size or volume of loans that the Group can make to its Romanian customers, thereby reducing profitability. In December 2016, there was a change to the legislation on credit conditions which extended some of these more stringent and restrictive creditworthiness assessment criteria to NBFIs registered in the General Register. The changes required amendments to the processes and credit risk policies which have been implemented. These changes are expected to impact growth significantly in 2017.

The Group's activities in Poland and Spain are subject to general trade licences only, as opposed to any licensing or supervision by a financial authority. A licensing regime was introduced in the Czech Republic during 2016 and the Group has submitted its application for a licence in Czech. In Romania and Lithuania, the business is included in a register of credit providers maintained by the respective National Banks and in Finland by the Regional State Administrative Agency of South Finland. The Group's operations in Bulgaria, Hungary and Slovakia are subject to an operating licence issued by the respective National Banks, in Estonia to a licence by the Financial Supervision Authority and in Latvia to a licence by the Consumer Rights Protection Centre.

## **1.2 Good Morals Laws**

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

Similarly, each of the EU member states in which the Group operates has criminal law provisions that relate to the principles of good morals in contracts. While the wording varies from country to country, the criminal codes in all relevant countries contain a general principle



that a criminal offence would be committed by, for example, a consumer credit provider, if it were to exploit a consumer's position or state of distress. There are also, in certain of the relevant countries, specific criminal provisions that relate to usury.

### **1.3 Anti-Money Laundering**

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

## **2. Regulatory Framework in Mexico**

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

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

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

In December 2015, Consumer Protection Agency in Mexico ("**PROFECO**") provisions came into force which regulate collections practices affecting all commercial entities (including the Group's Mexican subsidiary). These provisions include a prohibition on collecting during weekends and statutory holidays. Provident Mexico, together with several other commercial entities, submitted an appeal to the constitutional court and the outcome is awaited.

## **3. Regulatory Framework in Australia**

The Group's activities in Australia are subject to a credit licence from the Australian Securities and Investments Commission and are subject to maximum rate provisions.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

### ***International Personal Finance plc***

- (i) the following sections of the Annual Report and Financial Statements of the Issuer for the financial year ended 31 December 2016 published on the Issuer's website on 22 March 2017:
  - (a) Principal Risks and Uncertainties on pages 36 to 43;
  - (b) Operational Review on pages 24 to 31;
  - (c) Financial Review on pages 32 to 35;
  - (d) Independent auditor's report on pages 94 to 98;
  - (e) Consolidated Income Statement on page 99;
  - (f) Consolidated Statement of Comprehensive Income on page 99;
  - (g) Consolidated Balance Sheet on page 100;
  - (h) Consolidated Statement of Changes in Equity on pages 101 to 102;
  - (i) Consolidated Cash flow statement on page 103; and
  - (j) Notes to the Financial Statements on pages 110 to 135;
- (ii) the following sections of the Annual Report and Financial Statements of the Issuer for the financial year ended 31 December 2015 published on the Issuer's website on 16 March 2016:
  - (a) Principal Risks and Uncertainties on pages 38 to 43;
  - (b) Operational Review on pages 26 to 33;
  - (c) Financial Review on pages 34 to 37;
  - (d) Independent auditor's report on pages 90 to 94;
  - (e) Consolidated Income Statement on page 95;
  - (f) Consolidated Statement of Comprehensive Income on 95;
  - (g) Consolidated Balance Sheet on page 96;
  - (h) Consolidated Statement of Changes in Equity on pages 97 to 98;
  - (i) Consolidated Cash flow statement on page 99; and
  - (j) Notes to the Financial Statements on pages 106 to 132;
- (iii) the memorandum and articles of association of the Issuer;

### ***IPF Holdings Limited***

- (iv) the memorandum and articles of association of IPF Holdings Limited;

### ***International Personal Finance Investments Limited***

- (v) the memorandum and articles of association of International Personal Finance Investments Limited;

### ***IPF International Limited***

- (vi) the memorandum and articles of association of IPF International Limited;

### ***Previous Prospectuses***

- (vii) the Terms and Conditions set out on pages 40 to 78 of the Prospectus dated 19 April 2010 relating to the Programme;

- (viii) the Terms and Conditions set out on pages 40 to 78 of the Prospectus dated 13 September 2011 relating to the Programme;
- (ix) the Terms and Conditions set out on pages 44 to 71 of the Prospectus dated 7 December 2012 relating to the Programme;
- (x) the Terms and Conditions set out on pages 104 to 131 of the Prospectus dated 21 March 2014;
- (xi) the Terms and Conditions set out on pages 111 to 138 of the Prospectus dated 27 February 2015; and
- (xii) the Terms and Conditions set out on pages 112 to 139 of the Prospectus dated 22 March 2016,

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

Any information contained in any of the documents incorporated by reference which is not incorporated in and does not form part of this Prospectus is either not relevant for Investors or is covered elsewhere in the Prospectus.

If documents which are incorporated by reference into this Prospectus themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or attached to this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the website of the Regulatory News Service operated by the London Stock Exchange at: <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>. The other contents of the Issuer's website shall not form part of the Prospectus.

## SUPPLEMENTARY PROSPECTUS

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to Section 87G of the Financial Services and Markets Act 2000 (the “**FSMA**”), the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus or a further Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplementary prospectus as required by the United Kingdom Listing Authority and Section 87G of the FSMA.

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

## SUBSCRIPTION AND SALE

### **The Dealer Agreement**

Subject to the terms and on the conditions contained in a dealer agreement dated 4 May 2017 (the “**Dealer Agreement**”) between the Issuer, the Guarantors, the Permanent Dealers (as defined in the Dealer Agreement) and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

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

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

### **United States**

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (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.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 as amended and Treasury regulations thereunder. The relevant Final Terms will identify whether TEFRA C or TEFRA D apply, or whether TEFRA is not applicable.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Arranger, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

### ***Prohibition of Sales to EEA Retail Investors***

From 1 January 2018, unless the Final Terms in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, 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 Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”); and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prior to 1 January 2018, and from that date, if the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Public Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;
  - (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
  - (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
  - (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,
- provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

In this provision and in this Prospectus generally, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an Investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State; the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State; and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.



## United Kingdom

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

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

## Ireland

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

- (A) it has not, directly or indirectly, offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;
- (B) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Acts 1963 – 2013 (as amended) of Ireland, the Central Bank Acts 1942 - 2014 (as amended) and any code of conduct rules made under Section 117(1) of the Central Bank Act 1989 (as amended); and
- (C) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

## 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 “**Financial Instruments and Exchange Act**”). Accordingly, each of the Dealers has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## Poland

The Notes may not be offered in Poland through a public offer, as defined in Article 3 of the Polish Act on Public Offerings and Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies dated 29 July 2005 as amended (the “**Polish Act on Offerings**”), to sell the Notes, made in any form or by any means, if the offer of the Notes is

addressed to an unspecified addressee or to a number of persons exceeding the number specified in Article 3 of the Polish Act on Offerings ("**Public Offering**"), unless such offer is made pursuant to the provision of Article 7 and/or Article 37 of the Polish Act on Offerings.

The Issuer and/or the Dealers will only be authorised to carry out the Public Offering of Notes to the public in Poland (which does not fall within an exemption from the requirement to make a prospectus available to the public in Poland), once the FCA provides the Polish Financial Supervision Authority (the "**PFSA**") with:

- (i) a certificate of approval of the Prospectus by the FCA, including information required to be provided to the PFSA pursuant to the Polish Act on Offerings;
- (ii) a copy of the approved Prospectus, along with either its translation into Polish or a translation into Polish of its summary;
- (iii) the web address of the FCA, the London Stock Exchange or the Issuer, where the Prospectus is posted.

In addition to the requirements listed in (i) to (iii) above, an English language version of the Prospectus with a Polish language summary would be required to be made available to the public. Together such steps are equivalent to authorising the Offering to the public in Poland.

Save for the cases of a Public Offering in Poland in compliance with the requirements of the Polish Act on Offerings referred to in the paragraph above, each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree with the Issuer that it has not offered or sold, and will not offer or sell, any Notes in Poland through a Public Offering – subject to several exemptions set out in the Polish Act on Offerings, as part of their initial distribution or otherwise, to residents of Poland or within the territory of Poland.

Each Dealer acknowledges that the acquisition and holding of the Notes by residents of Poland may be subject to restrictions imposed by Polish law (including foreign exchange regulations) and that the offers and sales of the Notes to Polish residents or in Poland in secondary trading may also be subject to restrictions.

Any references to the Polish Act on Offerings are made with respect to the relevant provisions of this Act applicable as of the date of this Prospectus and, as may be amended, supplemented or replaced by new Polish legislation regulating the same which will become valid and effective after the date of this Prospectus.

## **Czech Republic**

No action has been taken in the Czech Republic (including obtaining approval of the prospectus from the Czech National Bank (the "**CNB**") and the admission to trading on a regulated market (as defined in Section 55 (1) of Czech Act No. 256/2004 Coll., on Conducting Business in the Capital Market, as amended (the "**Czech Capital Markets Act**")) for the purposes of any Notes to qualify as securities admitted to trading on the Czech regulated market (as defined in the Czech Capital Markets Act) or any other European regulated market within the meaning of the Czech Capital Markets Act.

The Issuer and/or the Dealers will only be authorised to carry out the offering of Notes in the Czech Republic (which are not exempt from the requirement to produce a prospectus pursuant to the provisions of the Czech Capital Markets Act implementing Article 3(2) of the Prospectus Directive (a "**Czech Public Offer**")), once:

- (i) the FCA has provided the CNB (being the competent authority in the Czech Republic) with a certificate of approval attesting that this Prospectus and the Final Terms related to the Czech Republic Public Offer have been drawn up in accordance with the Prospectus Directive;
- (ii) the issuance of the certificate by the FCA has been communicated to the European Supervisory Authority (European Securities and Markets Authority) established under the Regulation (EU) No. 1095/2010; and
- (iii) the Prospectus and the Final Terms related to the Czech Republic Public Offer in English and the summary of the Prospectus in Czech have been made available to the public, which is equivalent to authorising an offering to the public in the Czech Republic.

Save for the cases of a Czech Republic Public Offer in compliance with the requirements of the Czech Capital Markets Act referred to in the paragraph above, each Dealer represents and agrees with the Issuer that it has not offered or sold, and will not offer or sell, any Notes in the Czech Republic through a public offering, being subject to several exemptions set out in the Czech Capital Markets Act, any communication to a broader circle of persons containing information on the securities being offered and the terms under which they may acquire the securities and which are sufficient for the Investor to make a decision or to subscribe for, or purchase, such securities.

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree with the Issuer that it has complied with and will comply with all the requirements of the Czech Capital Markets Act and has not taken, and will not take, any action which would result in the issue of the Notes being classed as “accepting deposits from the public” by the Issuer in the Czech Republic under Section 2 (1) of Czech Act No. 21/1992 Coll., on Banks (as amended) (the “**Czech Act on Banks**”) or requiring a permit, registration, filing or notification to the CNB or other authorities in the Czech Republic in respect of the Notes in accordance with the Czech Capital Markets Act, the Czech Act on Banks or the practice of the CNB.

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree with the Issuer that it has complied with and will comply with all the laws of the Czech Republic applicable to the conduct of business in the Czech Republic (including the laws applicable to the provision of investment services (within the meaning of the Czech Capital Markets Act) in the Czech Republic) in respect of the Notes.

Any references to the Czech Capital Markets Act and the Czech Act on Banks are made with respect to the relevant provision of those laws applicable as of the date of this Prospectus and, as may be amended, supplemented or replaced by new Czech legislation regulating the same which will become valid and effective after the date of this Prospectus.

### **Slovak Republic**

No permit for the issue of the Notes has been obtained (including obtaining approval of the terms and conditions of the Notes) from the Slovak National Bank (the “**SNB**”) nor is any required under Slovak Act No. 530/1990 Zb. Coll., on Bonds (the “**Slovak Bonds Act**”). No action has been taken in the Slovak Republic (including (i) obtaining approval of the Prospectus or base prospectus from the SNB pursuant to Slovak Act No. 566/2001 Coll., on Securities and Investment Services and on Amendments of Other Acts, as amended (the “**Slovak Securities and Investment Act**”) and (ii) the admission to trading on a regulated market (as defined under the Slovak Act No. 429/2002 Coll., Stock Exchange Act, as amended (the “**Slovak Stock Exchange Act**”)) for the purposes of any Notes to qualify as securities admitted to trading on the Slovak regulated market (as defined in the Slovak Stock Exchange Act) or any other European regulated market within the meaning of the Slovak Stock Exchange Act.

The Issuer and/or the Dealers will only be authorised to carry out the offering of Notes in the Slovak Republic (which is not exempt from the requirement to make a prospectus pursuant to the provisions of the Slovak Securities and Investment Act implementing Article 3(2) of the Prospectus Directive (a “**Slovak Public Offer**”)), once:

- (i) the FCA has provided the SNB (being the competent authority in the Slovak Republic) with a certificate of approval attesting that this Prospectus and the Final Terms related to the Slovak Public Offer have been drawn up in accordance with the Prospectus Directive together with a copy of the Prospectus in English and the summary of the Prospectus in Slovak;
- (ii) the issuance of the certificate by the FCA has been communicated to the European Supervisory Authority (European Securities and Markets Authority) established under the Regulation (EU) No. 1095/2010; and
- (iii) the Prospectus and the Final Terms in English and the summary of the Prospectus in Slovak related to the Slovak Public Offer have been made available to the public.

Save for the cases of a Slovak Public Offer in compliance with the requirements of the Slovak Securities and Investment Act referred to in the paragraph above, each Dealer represents and agrees with the Issuer that it has not offered or sold, and will not offer or sell, any Notes in the Slovak Republic through a public offering, being subject to several exemptions set out in the Slovak

Securities and Investment Act, any communication to a broader circle of persons containing information on the securities being offered and the terms under which they may acquire the securities and which are sufficient for the Investor to make a decision or to subscribe for, or purchase, such securities.

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree with the Issuer that it has complied with and will comply with all the requirements of the Slovak Securities and Investment Act and the Slovak Bonds Act and has not taken, and will not take, any action which would result in the Notes being deemed to have been issued in the Slovak Republic, the issue of the Notes being classed as “accepting of deposits” by the Issuer in the Slovak Republic under Section 2 (2) and Section 5 letter a) of Slovak Act No. 483/2001 Coll., on Banks (as amended) (the “**Slovak Act on Banks**”) or requiring a permit, registration, filing or notification to the SNB or other authorities in the Slovak Republic in respect of the Notes in accordance with the Slovak Securities and Investment Act, the Slovak Bonds Act, the Slovak Act on Banks or the practice of the SNB.

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree with the Issuer that it has complied with and will comply with all the laws of the Slovak Republic applicable to the conduct of business in the Slovak Republic (including the laws applicable to the provision of investment services (within the meaning of the Slovak Securities and Investment Act) in the Slovak Republic) in respect of the Notes.

Any references to the Slovak Bonds Act, the Slovak Securities and Investment Act, the Slovak Stock Exchange Act and the Slovak Act on Banks are made with respect to the relevant provisions of those laws applicable as of the date of this Prospectus and, as may be amended, supplemented or replaced by new Slovak legislation regulating the same which will become valid and effective after the date of this Prospectus.

## Hungary

No permit for the issue of the Notes has been obtained (including obtaining approval of the terms and conditions of the Notes) from the National Bank of Hungary (the “**NBH**”) nor is required under Hungarian Act CXX of 2001 on Capital Markets (the “**Hungarian Capital Markets Act**”). No action has been taken in Hungary (including obtaining approval of the base prospectus from the NBH and the admission to trading on a regulated market (as defined in Chapter II, Section 5.(1)114, of the Hungarian Capital Markets Act)) for the purposes of any Notes to qualify as securities admitted to trading on the Hungarian regulated market (as defined in Chapter IV of the Hungarian Capital Markets Act) or any other European regulated market within the meaning of the Hungarian Capital Markets Act.

The Issuer and/or the Dealers will only be authorised to carry out the offering of Notes in Hungary (which is not exempt from the requirement to make a prospectus pursuant to the provisions of the Hungarian Capital Markets Act implementing Article 3(2) of the Prospectus Directive (a “**Hungarian Public Offer**”), once:

- (i) the FCA has provided the NBH (being the competent authority in Hungary) with a certificate of approval attesting that this Prospectus and the Final Terms related to the Hungarian Public Offer have been drawn up in accordance with the Prospectus Directive;
- (ii) the issuance of the certificate by the FCA has been communicated by the European Supervisory Authority (European Securities and Markets Authority) established under the Regulation (EU) No. 1095/2010; and
- (iii) the Prospectus and the Final Terms related to the Hungarian Public Offer in English and the summary of the Prospectus in Hungarian have been made available to the public.

Save for the cases of a Hungarian Public Offer in compliance with the requirements of the Capital Markets Act referred to in the paragraph above, each Dealer represents and agrees with the Issuer that it has not offered or sold, and will not offer or sell, any Notes in Hungary through a public offering, and has not provided and will not provide any communication to a broader circle of persons containing information on the securities being offered and the terms under which they may acquire the securities and which are sufficient for the Investor to make a decision or to subscribe for, or purchase, such securities.



Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree with the Issuer that it has complied with and will comply with all the requirements of the Hungarian Capital Markets Act and has not taken, and will not take, any action which would result in the Notes being deemed to have been issued in Hungary, the issue of the Notes being classed as “taking deposits and other repayable funds from the public” by the Issuer in Hungary under Section 3.(1)(a) of the Hungarian Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (the “**Hungarian Banking Act**”) or requiring a permit, registration, filing or notification to the NBH or other authorities in Hungary in respect of the Notes in accordance with the Hungarian Capital Markets Act or the practice of the NBH.

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree with the Issuer that it has complied with and will comply with all the laws of Hungary applicable to the conduct of business in Hungary (including the laws applicable to the provision of investment services – within the meaning of the Hungarian Act as of Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities – in Hungary) in respect of the Notes.

Any references to the Hungarian Capital Markets Act and the Hungarian Banking Act are made with respect to the relevant provisions of those laws applicable as of the date of this Prospectus and, as may be amended, supplemented or replaced by new Hungarian legislation regulating the same which will become valid and effective after the date of this Prospectus.

If the Notes are offered in a private placement in Hungary, the Issuer must report such private placement to the NBH within 15 days from the closing date of the private placement.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that if the Notes are offered in a private placement in Hungary, (i) all written documentation prepared in connection with a private placement in Hungary will clearly indicate that it is a private placement; (ii) it will ensure that all Investors receive the same information which is material or necessary to the evaluation of the Issuer’s current market, economic, financial or legal situation and its expected development, including that which was discussed in any personal consultation with an Investor, and (iii) the following standard wording will be included in such written communication:

“PURSUANT TO SECTION 18 OF ACT CXX OF 2001 ON THE CAPITAL MARKETS, THIS (NAME OF DOCUMENT) WAS PREPARED IN CONNECTION WITH A PRIVATE PLACEMENT IN HUNGARY.”

## **Romania**

No action has been taken in Romania (including obtaining approval of the prospectus or base prospectus from the Romanian Financial Supervisory Authority (the “**RFSA**”) and/or the admission to trading on a regulated market/ATS in Romania nor has any notification under Article 18 of the Prospectus Directive been made to the RFSA) for the purposes of any Notes to qualify as securities, as defined in Law no. 297/2004 on capital markets, as republished and further amended, including, without limitation, by Government Emergency Ordinance no. 32/2012 implementing into Romanian law some of the provisions of the Prospectus Amending Directive 2010/73/EC (the “**Romanian Capital Markets Law**”) or to be admitted to trading on a market in Romania, within the meaning of the Romanian Capital Markets Law and relevant secondary legislation.

The Issuer and/or the Dealers will only be authorised to carry out the offering of Notes in Romania (which is not within an exemption from the requirement to make and approve a prospectus pursuant to the provisions of the Romanian Capital Markets Law implementing Article 3 (2) of the Prospectus Directive) (a “**Romanian Public Offer**”), once:

- (i) the FCA has provided the RFSA (being the competent authority in Romania) with a certificate of approval attesting that this Prospectus and the Final Terms related to the Romanian Public Offer have been drawn up in accordance with the Prospectus Directive, together with a copy of this Prospectus and the Final Terms and the Romanian translation of the summary of the Prospectus produced in accordance with the Romanian Capital Markets Law;

- (ii) the issuance of the certificate by the FCA has been communicated to the European Supervisory Authority (European Securities and Markets Authority) established under the Regulation (EU) No. 1095/2010; and
- (iii) the Prospectus and the Final Terms related to the Romanian Public Offer in English and the summary of the Prospectus in Romanian have been made available to the public.

Save for the cases of a Romanian Public Offer in compliance with the requirements of the Romanian Capital Markets Law and related secondary legislation referred to in the paragraph above, each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree with the Issuer that:

- (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes in Romania through a public offering and has not provided and will not provide any communication to a broader circle of persons containing information on the securities being offered and the terms under which they may acquire the securities and which are sufficient for the Investor to make a decision or to subscribe for, or purchase, such securities;
- (ii) it has not communicated or caused to be communicated and will not communicate or cause to be communicated any invitation, inducement to engage in investment activity or any other type of advertising materials (within the meaning of the Romanian Capital Markets Law and the Prospectus Directive Regulation) received or issued by it in connection with the issue or sale of any Notes;
- (iii) it will not take any action which would result in the Notes being deemed to have been issued in Romania, or that the issue of the Notes being classed as “taking deposits and other repayable funds from the public” by the Issuer in Romania under the Romanian Government Emergency Ordinance No. 99/2006, as amended (the “**Romanian Banking Law**”), or requiring a permit, registration, filing or notification to the RFSA, the National Bank of Romania (“**NBR**”) or other authorities in Romania in respect of the Notes in accordance with the Romanian Capital Markets Law, the Romanian Banking Law or the practice of the RFSA and/or the NBR; and
- (iv) it has complied, and will comply with all the laws of Romania, including applicable provisions of the Romanian Capital Markets Law and the Romanian Banking Law and with all relevant regulations issued by the RFSA, NBR and the European Union legislation with respect to anything done by it in relation to the Notes (including any further resale of the Notes) in, from or otherwise involving Romania.

Any references to the Romanian Capital Markets Law and the Romanian Banking Law are made with respect to the relevant provisions of those laws applicable as of the date of this Prospectus and, as may be amended, supplemented or replaced by new Romanian legislation regulating the same which will become valid and effective after the date of this Prospectus.

## **Bulgaria**

The Issuer has not been registered as an issuer of securities subject to registration with the Bulgarian Financial Supervision Commission (the “**FSC**”) and the Notes have not been admitted to trading on the Bulgarian Stock Exchange in accordance with the provisions of the Bulgarian Act on the Public Offering of Securities dated 30 December 1999 (which entered into force on 31 January 2000) as amended (the “**Bulgarian POSA**”) and the Bulgarian Act on Markets in Financial Instruments dated 29 June 2007 (which entered into force on 1 November 2007) as amended.

Accordingly, the Notes may not be offered to the public in Bulgaria. An offer to the public is defined in Article 4, paragraph 1 of the Bulgarian POSA as any communication to 100 and more persons or to an unspecified circle of addressees in any form and by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an Investor to decide to purchase or subscribe to these securities (“**Bulgarian Public Offer**”).

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree with the Issuer that:



- (i) it has not offered or sold, and will not offer or sell, any Notes in Bulgaria through a Bulgarian Public Offer;
- (ii) it has complied and will comply with all applicable provisions of the Bulgarian POSA and the relevant secondary legislation with respect to anything done by it in relation to any Notes in, from or otherwise involving Bulgaria; and
- (iii) it has not taken, and will not take, any action which would result in the issue of the Notes being classed as “taking deposits and other repayable funds from the public” by the Issuer in Bulgaria under the Bulgarian Credit Institutions Act dated 21 July 2006 (entered into force on 1 January 2007) as amended or would otherwise require a permit, registration, filing or authorization from the Bulgarian National Bank (“**BNB**”) or any other authority in Bulgaria in respect of the Notes in accordance with the applicable Bulgarian legislation or the practice of the FSC, BNB or any other regulatory authority.

### **Mexico**

The Notes have not been and will not be registered in the Mexican National Registry of Securities (*Registro Nacional de Valores*). Therefore, the Notes may not be offered or sold in the United Mexican States (“**Mexico**”) by any mean, or otherwise be the subject of brokerage activities (*Intermediación*) in Mexico, except in circumstances which constitute a private offering (*oferta privada*) pursuant to Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*). The Mexican Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) has not issued any certificate as to the investment quality of the Notes or solvency, liquidity or credit quality of the Issuer. All applicable provisions of the Mexican Securities Market Law must be complied with respect to anything done in relation to the Notes in, from or otherwise involving Mexico.

### **Jersey**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that there has not been, and there will not be, any circulation in Jersey of any offer for subscription, sale or exchange of any Notes unless such offer is circulated in Jersey by a person or persons authorised to conduct investment business under the Financial Services (Jersey) Law 1998, as amended and (a) such offer does not for the purposes of Article 8 of the Control of Borrowing (Jersey) Order 1958, as amended, constitute an offer to the public; or (b) an identical offer is for the time being circulated in the United Kingdom without contravening the FSMA and is, *mutatis mutandis*, circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom.

### **Isle of Man**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Prospectus has not been, and will not be, registered or filed as a prospectus with any governmental or other authority in the Isle of Man, and this Prospectus and the issue of Notes have not been approved by the Isle of Man Financial Services Authority. Any offer for subscription, sale or exchange of the Notes within the Isle of Man shall be made by (i) an Isle of Man financial services licenceholder licensed under Section 7 of the Financial Services Act 2008 to do so or (ii) in accordance with any relevant exclusion contained within the Regulated Activities Order 2011 (as amended) or exemption contained in the Financial Services (Exemptions) Regulations 2011 (as amended).

### **Guernsey**

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

- (a) the Notes issued under the Programme cannot be marketed, offered or sold in or to persons resident in Guernsey other than in compliance with the licensing requirements of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the regulations enacted thereunder, or any exemption therefrom;

- (b) this Prospectus has not been approved or authorised by the Guernsey Financial Services Commission for circulation in Guernsey; and
- (c) this Prospectus may not be distributed or circulated, directly or indirectly, to any persons in the Bailiwick of Guernsey other than:
  - (i) by a person licensed to do so under the terms of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended; or
  - (ii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey) Law, 2000.

#### **General**

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

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

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

## **TAXATION**

The comments below are of a general nature based on United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which practice may not be binding on HM Revenue & Customs) at the date hereof and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer and do not address the consequences of any substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). The comments relate only to the position of persons who are absolute beneficial owners of Notes. Prospective Noteholders should be aware that the particular terms of any Series of Notes, as specified in the relevant Final Terms, may affect the tax treatment of that and other Series of Notes. Any Noteholders who are in doubt as to their own tax position (in particular those who may be liable to taxation in jurisdictions other than the United Kingdom) should consult their professional advisers.

### **Interest on the Notes**

The Notes issued will constitute “quoted Eurobonds” provided they are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List by the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange.

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

Interest payable on the Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax where the Notes have a maturity date less than one year from their date of issue, provided that the Notes are not issued with the intention that, or under arrangements the effect of which is that, such Notes form part of a borrowing with a total term of a year or more.

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

HM Revenue & Customs have powers to obtain information, including in relation to interest or payments treated as interest and payments derived from securities. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information in connection with transactions relating to the Notes. Information obtained by HM Revenue & Customs may be provided to tax authorities in other countries.

### **Payments by a Guarantor**

If a Guarantor makes any payments under the Guarantee in respect of the Notes, such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20%), subject to such relief as may be available under the provisions of any applicable double taxation treaty or other exemption which may apply. Such payments by a Guarantor may not be eligible for the exemption (in respect of securities listed on a recognised stock exchange) from United Kingdom withholding tax described above.

### **Gross-up for withholding tax**

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

## IMPORTANT LEGAL INFORMATION

If, in the context of a Public Offer (as defined below), you are offered Notes by any entity, you should check that the entity is authorised to use this Prospectus for the purposes of making such offer before agreeing to purchase any Notes. To be authorised to use this Prospectus in connection with a Public Offer (referred to below as an “Authorised Offeror”), an entity must either be:

- a Dealer specified in the relevant Final Terms, or an entity named as an initial “Authorised Offeror” in the relevant Final Terms; or
- named on the Issuer’s website as an Authorised Offeror in respect of the relevant Public Offer (if the entity has been appointed after the relevant Final Terms were published); or
- if the basis of consent in the relevant Final Terms is specified as, or includes “General Consent”, authorised to make such offers under the MiFID (as defined below) and have published on its website that it is using this Prospectus for the purposes of such Public Offer in accordance with the consent of the Issuer and the Guarantors.

Valid offers of Notes may only be made by an Authorised Offeror in the context of a Public Offer if the offer is made in the United Kingdom, Poland, Slovakia, Czech Republic, Hungary, Spain, Romania, Bulgaria, Latvia, Estonia, Finland or Lithuania, but only as any such country is identified in the relevant Final Terms for those Notes, and within the time period referred to in the Final Terms as the “Offer Period”. Other than as set out above (and as described in greater detail below), none of the Issuer, the Guarantors and any Dealer has authorised the making of any Non-exempt Offer by any person in any circumstances and such person is not permitted to use this Prospectus in connection with any offer of Notes.

Please see below for certain important legal information relating to Non-exempt Offers.

Only financial intermediaries that have been authorised by the Issuer may offer Notes to Investors. The Issuer authorises financial intermediaries to offer Notes to Investors by consenting to their use of this Prospectus. This section sets out information relating to that consent, including conditions attached to it. In order to ensure that you can rely on this Prospectus, you should read this section carefully and consider checking that the financial intermediary has been authorised by the Issuer to offer Notes. See *“How do I check whether the person offering me the Notes has been given the Issuer’s consent to do so?”* in the section entitled *“Information about the Programme”*.

This Prospectus has been prepared on a basis that permits offers that are not made within an exemption from the requirement to publish a prospectus under Article 3.2 of the Prospectus Directive (in this context meaning an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency)) (“**Public Offers**”) in the United Kingdom, Poland, Slovakia, Czech Republic, Hungary, Spain, Romania, Bulgaria, Latvia, Estonia, Finland or Lithuania, but only as any such country is identified in the relevant Final Terms for those Notes (each a “**Public Offer Jurisdiction**” and together, the “**Public Offer Jurisdictions**”). Any person making or intending to make a Public Offer of the Notes on the basis of this Prospectus must do so only with the consent of the Issuer and the Guarantors – see *“Consent given in accordance with Article 3.2 of the Prospectus Directive”* below.

### Consent given in accordance with Article 3.2 of the Prospectus Directive

In the context of any Public Offer of the Notes, the Issuer and each Guarantor accepts responsibility, in each of the Public Offer Jurisdictions, for the content of this Prospectus (as supplemented at the relevant time, if applicable) and the relevant Final Terms under Section 90 of the FSMA in relation to any person (an “**Investor**”) who purchases any Notes in a Public Offer made by an Authorised Offeror (as defined below), where that offer is made in compliance with all the conditions attached to the giving of consent to the Authorised Offeror. Such consent is described below under *“Consent”*.

Except in the circumstances described below, none of the Issuer, any Guarantor or any Dealer has authorised the making of any Public Offer by any offeror and neither the Issuer nor any Guarantor has consented to the use of this Prospectus or any Final Terms by any other person in connection

with any offer of the Notes in any jurisdiction. Any offer made without the consent of the Issuer and the Guarantors is unauthorised and neither the Issuer, the Guarantors nor, for the avoidance of doubt, any of the Dealers accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Prospectus for the purposes of Section 90 of the FSMA in the context of the relevant Non-exempt Offer and, if so, who that person is. If an Investor is in any doubt about whether it can rely on this Prospectus and/or who is responsible for its contents, the Investor should take legal advice.

## Consent

Where consent to use of the Prospectus is being given, the Final Terms for the relevant Notes will specify either “**Specific Consent**” or “**General Consent**”. The different requirements for each type of consent are set out below. Whichever one is used, Investors should remember that the consent only applies to that particular Tranche of Notes to which it relates, is only valid during the Offer Period (which must occur within 12 months after the date of this Prospectus), and is subject to any additional conditions set out in Part B of the relevant Final Terms.

Subject to the conditions set out below:

- (A) if the basis of consent is specified as being “**Specific Consent**” in the relevant Final Terms, the Issuer and the Guarantors consent to the use of this Prospectus (as supplemented at the relevant time, if applicable) and the relevant Final Terms in connection with any Non-exempt Offer of a Tranche of Notes in the Public Offer Jurisdictions specified in the relevant Final Terms during the Offer Period specified in the relevant Final Terms by:
  - (i) the Dealer(s) specified in the relevant Final Terms;
  - (ii) any financial intermediaries specified in the relevant Final Terms;
  - (iii) any other financial intermediary appointed after the date of the relevant Final Terms and whose name is published on the website of the Issuer ([www.ipfin.co.uk](http://www.ipfin.co.uk)) and identified as an Authorised Offeror in respect of the relevant Public Offer in respect of, and at the time such financial intermediary makes, the relevant Public Offer; and
- (B) if the basis of consent is specified as being “**General Consent**” in the relevant Final Terms, the Issuer and the Guarantors offer to grant their consent, to the use of this Prospectus (as supplemented at the relevant time, if applicable) and the relevant Final Terms, in connection with any Public Offer of a Tranche of Notes in the Public Offer Jurisdictions during the Offer Period specified in the relevant Final Terms by: (i) the relevant Dealer(s) and (ii) any financial intermediary which satisfies the Authorised Offeror Terms as set out below. The “**Authorised Offeror Terms**” are that the relevant financial intermediary represents and agrees throughout the relevant Offer Period that it:
  - (a) is authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, including under any applicable implementing measure in each relevant jurisdiction (“**MiFID**”) (in which regard, Investors should consult the register of authorised entities maintained by the FCA at [www.fca.org.uk/firms/systems-reporting/register](http://www.fca.org.uk/firms/systems-reporting/register)) (MiFID governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the European Economic Area in order to seek to promote cross-border business, market transparency and the protection of investors);
  - (b) acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the “**Rules**”), including the Rules published by the FCA (including its guidance for distributors in “The Responsibilities of Providers and Distributors for the Fair Treatment of Customers”) from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by an Investor and disclosure to any potential Investor;



- (c) complies with the restrictions set out under “*Subscription and Sale*” in this Prospectus which would apply as if it were a Dealer;
- (d) ensures that any fee, commission, benefits of any kind, rebate received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and is fully and clearly disclosed to Investors or potential Investors;
- (e) holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules, including authorisation under the FSMA and/or the Financial Services Act 2012;
- (f) complies with, and takes appropriate steps in relation to, applicable anti-money laundering, anti-bribery, prevention of corruption and “know your client” Rules, and does not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
- (g) retains Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the Dealers, the Issuer and/or any Guarantor or directly to the appropriate authorities with jurisdiction over the Issuer, the Guarantors and/or the Dealers in order to enable the Issuer, the Guarantors and/or the Dealers to comply with anti-money laundering, anti-bribery, anti-corruption and “know your client” Rules applying to the Issuer, the Guarantors and/or the Dealers;
- (h) does not, directly or indirectly, cause the Issuer, the Guarantors or any Dealer to breach any Rule or subject the Issuer, the Guarantors or the Dealers to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (i) agrees and undertakes to indemnify the Issuer, the Guarantors and each Dealer (in each case on behalf of such entity and its respective directors, officers, employers, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel’s fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer, the Guarantors or the Dealers;
- (j) immediately gives notice to the Issuer, the Guarantors and the relevant Dealers if at any time it becomes aware or suspects that it is or may be in violation of any Rules or the terms of these Authorised Offeror Terms, and takes all appropriate steps to remedy such violation and comply with such Rules and these Authorised Offeror Terms in all respects;
- (k) does not give any information other than that contained in this Prospectus (as may be amended or supplemented by the Issuer and/or the Guarantors from time to time) as completed by the relevant Final Terms or make any representation in connection with the offering or sale of, or the solicitation of interest in, the Notes;
- (l) agrees that any communication in which it attaches or otherwise includes any announcement published by the Issuer or any Guarantor via Regulatory News Service at the end of the Offer Period will be consistent with the Prospectus as completed by the relevant Final Terms, and (in any case) must be fair, clear and not misleading and in compliance with the Rules and must state that such Authorised Offeror has provided it independently from the Issuer and the Guarantors and must expressly confirm that neither the Issuer nor the Guarantors have accepted any responsibility for the content of any such communication;



- (m) does not use the legal or publicity names of any Dealer, the Issuer, any Guarantor or any other name, brand or logo registered by any entity within their respective groups or any material over which any such entity retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Notes;
- (n) agrees and accepts that:
  - (A) the contract between the Issuer, the Guarantors and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's and Guarantors' offer to use this Prospectus and the relevant Final Terms with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**") and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law; and
  - (B) the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) and accordingly submits to the exclusive jurisdiction of the courts of England; and
  - (C) each of the Dealers will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract between the Issuer, the Guarantors and the financial intermediary, formed upon acceptance by the financial intermediary of the Issuer's and the Guarantors' offer to use the Prospectus and relevant Final Terms with its consent in connection with the relevant Public Offer, which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms;

The financial intermediaries referred to in paragraphs (A)(ii), (iii) and (B)(ii) above are together referred to herein as the "**Authorised Offerors**".

Any financial intermediary falling within sub-paragraph (B) above who wishes to use this Prospectus in connection with a Public Offer as set out above is required, for the duration of the relevant Offer Period, to publish on its website that it is using this Prospectus for such Public Offer in accordance with the consent of the Issuer and the Guarantors and the conditions attached thereto in the following form (with the information in square brackets duly completed with the relevant information) (the "**Acceptance Statement**"):

*"We, [specify legal name of financial intermediary], refer to the offer of [specify title of the relevant Notes] (the "**Notes**") described in the Prospectus dated 4 May 2017 [,as supplemented] and the Final Terms dated [specify date] (together, the "**Prospectus**") published by International Personal Finance plc (the "**Issuer**"). In consideration of the Issuer and the Guarantors offering to grant their consent to our use of the Prospectus in connection with the offer of the Notes (the "**Public Offer**") in [specify Member State(s)] during the Offer Period in accordance with the Authorised Offeror Terms and subject to the other conditions to such consent (as specified in the Prospectus), we accept such offer by the Issuer. We confirm that we are authorised under MiFID to make, and are using the Prospectus in connection with, the Public Offer accordingly. Terms used herein and otherwise not defined shall have the same meaning as given to such terms in the Prospectus."*

**ANY UNNAMED OFFEROR MUST STATE ON ITS WEBSITE THAT IT IS USING THE BASE PROSPECTUS IN ACCORDANCE WITH THIS CONSENT AND THE CONDITIONS ATTACHED HERETO.**

## **Arrangements between the Investor and the financial intermediaries who will distribute the Notes under the Programme**

None of the Issuer, the Guarantors nor any Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer or sale.

**If an Investor intends to acquire or does acquire any Notes from an Authorised Offeror, an Investor will do so, and offers and sales of the Notes to that Investor by such an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and Investor including as to price, allocations and settlement arrangements. Neither the Issuer nor any Guarantor will be a party to any such arrangements with an Investor in connection with the offer or sale of any Notes and, accordingly, this Prospectus does not contain such information. The information relating to the procedure for making applications will be provided by the relevant Authorised Offeror to an Investor at the relevant time. None of the Issuer, the Guarantors nor any Dealer or other Authorised Offeror has any responsibility or liability for such information.**

## **Notice to potential Investors**

The Notes may not be a suitable investment for all Investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential Investor should consider, on its own or with the help of its financial or other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement or the relevant Final Terms;
- (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) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential Investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased by Investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential Investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential Investor's overall investment portfolio.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors or any of the Dealers or the Arranger.

Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantors since the date hereof or the date upon which this Prospectus has been most recently

amended or supplemented or that there has been no change in the financial position of the Issuer or the Guarantors since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Prospectus nor any other information supplied in connection with the offering of any Notes should be considered as a recommendation by the Issuer, any Guarantor, any Dealer or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and any purchase of Notes should be based upon such investigation as it deems necessary.

### **The Dealers, the Arranger and the Trustee**

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

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, or the Guarantors and their affiliates in the ordinary course of business.

### **No incorporation of websites**

The contents of the websites of the Group do not form part of this Prospectus, and an Investor should not rely on them.

### **Stabilisation**

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

### **Forward-looking statements**

This Prospectus includes statements that are, or may be deemed to be, ‘forward-looking statements’. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms ‘believes’, ‘estimates’, ‘anticipates’, ‘expects’, ‘intends’, ‘may’, ‘will’, or ‘should’ or, in each case, their negative or other variations or similar expressions, or by

discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Issuer, the Guarantors and the Group concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Prospectus. In addition, even if the results of operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. These and other factors are discussed in more detail under the section headed "*Risk Factors*". Many of these factors are beyond the control of the Issuer, the Guarantors and the Group. Should one or more of these risks or uncertainties materialise, or should underlying assumptions on which the forward-looking statements are based prove incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated or expected. Except to the extent required by laws and regulations, the Issuer and the Guarantors do not intend, and do not assume any obligation, to update any forward-looking statements set out in this Prospectus.

This Prospectus is based on English law in effect as of the date of issue of this Prospectus. Except to the extent required by laws and regulations, the Issuer and the Guarantors do not intend, and do not assume any obligation, to update the Prospectus in light of the impact of any judicial decision or change to English law or administrative practice after the date of this Prospectus.

### **CREST depository interests**

In certain circumstances, Investors may also hold interests in the Notes through CREST through the issue of CDIs representing interests in Underlying Notes. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). Neither the Notes nor any rights attached to the Notes will be issued, settled, held or transferred within the CREST system other than through the issue, settlement, holding or transfer of CDIs. CDI Holders will not be entitled to deal directly in the Notes and, accordingly, all dealings in the Notes will be effected through CREST in relation to the holding of CDIs. An Investor should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Prospectus.

## TERMS AND CONDITIONS OF THE NOTES

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

Any Notes issued under the Programme on or after the date of this Prospectus are issued subject to the provisions herein. This does not affect any Notes issued prior to the date of this Prospectus. The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Trust Deed**”) dated 4 May 2017 between the Issuer, IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited (as “**Guarantors**”) and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 21 March 2014 has been entered into in relation to the Notes between the Issuer, the Guarantors, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Fifth Floor, 100 Wood Street, London EC2V 7EX) and at the specified offices of the Paying Agents and the Transfer Agents.

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

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

### 1. Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon, provided that, in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €1,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

*All Registered Notes shall have the same Specified Denomination.*

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

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



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

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

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

## **2. No Exchange of Notes and Transfers of Registered Notes**

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer’s or Noteholder’s option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery



or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

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

### 3. Guarantees and status of Notes

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

### 4. Covenants

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

In this Condition 4(a):

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

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

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

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

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

(i) **Financial statements**

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

- A. 120 days after each Year-End Date, a copy of its annual report containing its audited consolidated and unconsolidated, as applicable, financial statements for that financial year; and
- B. 90 days after each Semi-Annual Date, a copy of its unaudited consolidated interim semi-annual financial statements for that financial half-year;

(ii) **Compliance certificate**

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

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

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

that it shall procure that each set of consolidated financial statements of the Issuer delivered pursuant to Condition 4(d)(i) is prepared using IFRS unless, in relation to any set of financial statements, it gives notice to the Trustee and to the

Noteholders in accordance with Condition 16 that there has been a change in generally accepted accounting principles in the United Kingdom and it delivers to the Trustee:

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

**(iv) Information: miscellaneous**

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

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

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

**“Consolidated Interest Payable”** means, in respect of any period, the aggregate of all amounts of interest and equivalent financial expenses of the Issuer or its Subsidiaries payable to persons who are not the Issuer or such a Subsidiary (calculated on a consolidated basis but after deducting any interest receivable from persons who are not the Issuer or such a Subsidiary) attributable to such period and shall include:

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

as determined in accordance with IFRS.

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

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

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

but after:

- (a) deducting all amounts attributable to minority interests;
- (b) excluding any amounts derived from writing up the book value of any fixed assets to the extent otherwise included in paragraph (ii) above (save for amounts arising from a formal revaluation carried out by an independent and duly qualified valuer);

- (c) excluding the effect under IAS 32 and IAS 39 of the fair valuation of derivative assets and liabilities;
- (d) excluding any defined benefit (or similar) pension scheme surplus or deficit and any other items relating to any defined benefit (or similar) pension scheme to the extent otherwise included in paragraph (ii) above; and
- (e) making any such adjustments as may be necessary to measure Moneys Borrowed in accordance with paragraphs (i) and (ii) of the definition of Consolidated Total Borrowings;

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

For the purposes of this definition:

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

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

**“Gross Tangible Assets”** has the meaning given to it in Condition 10;

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

**“IAS 32”** has the meaning given to it in Condition 10;

**“IAS 39”** has the meaning given to it in Condition 10;

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

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

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

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

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

**“Year-End Date”** means the last day of each financial year of the Issuer.

## 5. Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).
- (b) **Interest on Floating Rate Notes:**
  - (i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such

interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to Screen Rate Determination.

#### Screen Rate Determination for Floating Rate Notes

- (x) the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

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

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the Final Terms as being other than LIBOR, USD LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as above, with the reference to 11.00 a.m. being taken to be the Relevant Time specified in the Final Terms in the Relevant Financial Centre specified in the Final Terms.



- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR or USD LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, or if the Reference Rate is other than LIBOR, USD LIBOR or EURIBOR, the principal Relevant Financial Centre's office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR or USD LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is other than LIBOR, USD LIBOR or EURIBOR, at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR or USD LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or if the Reference Rate is other than LIBOR, USD LIBOR or EURIBOR, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or if the Reference Rate is other than LIBOR or EURIBOR, the Relevant Financial Centre's inter-bank market as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR or USD LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is other than LIBOR, USD LIBOR or EURIBOR, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR or USD LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or if the Reference Rate is other than LIBOR, USD LIBOR or EURIBOR, the Relevant Financial Centre's inter-bank market as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or



Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (e) **Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding:**
  - (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
  - (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.0000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any

determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (h) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee may do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The Trustee shall not be liable for any delay in so doing or any loss arising as a result thereof.
- (i) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**“Business Day”** means:

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

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

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

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

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D<sub>2</sub>** will be 30;

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

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

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D<sub>2</sub>** will be 30;

- (viii) if “**Actual/Actual-ICMA**” is specified hereon,

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

- (b) if the Calculation Period is longer than one Determination Period, the sum of:

- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

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

where:

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

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

“**Euro-zone**” means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Community, as amended.

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

**“Interest Amount”** means:

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

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

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

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

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

**“ISDA Definitions”** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.

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

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

**“Reference Rate”** means either LIBOR, USD LIBOR, LIBID, EURIBOR, WIBOR, PRIBOR, ROBOR, BUBOR, TIIE or LIMEAN, each for the relevant period, as specified hereon.

**“Relevant Financial Centre”** has the meaning specified hereon.

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

**“Relevant Time”** has the meaning specified hereon.

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



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

- (j) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## **6. Redemption, Purchase and Options**

(a) **Final Redemption:**

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount).

(b) **Early Redemption:**

(i) *Zero Coupon Notes:*

- (a) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (b) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (c) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

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



- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.
- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 or more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it (or, if the Guarantee was called, a Guarantor) has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or authority thereof or therein having power to tax, including any treaty to which the United Kingdom is a party, or any change in the application or interpretation of such laws or regulations, including a decision of any court or tribunal and any generally published pronouncements by any tax authority, which change, amendment or pronouncement becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the relevant Guarantor(s), as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.
- (d) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

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

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

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

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying

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

- (f) **Redemption Following Change of Control:** If Change of Control Put is specified hereon and a Change of Control Put Event occurs, the holder of any such Note will have the option (a “**Change of Control Put Option**”) (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(c) or 6(d) above) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Note on the Change of Control Put Date (as defined below) at 101% of its nominal amount together with interest accrued to (but excluding) the Change of Control Put Date.

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

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

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall, and the Trustee, if so requested by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a “**Change of Control Put Event Notice**”) to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

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

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

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

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

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

In this Condition 6(f):

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

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

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

**“Relevant Potential Change of Control Announcement”** means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

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

- (g) **Purchases:** The Issuer, the Guarantors and any of their respective Subsidiaries may at any time purchase the Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (h) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantors or any of their respective Subsidiaries may, at the option of the Issuer, be held or may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged. Notes held by or on behalf of the Issuer, the Guarantors or any of its or their respective Subsidiaries shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Noteholders or for the purposes of Condition 10.



## 7. Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “Bank” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Notes:**
  - (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
  - (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives; and (ii) any withholding or deduction imposed by Sections 1471 through 1474 of the US Internal Revenue Code of 1986, as amended (“**FATCA**”) or any agreement entered into pursuant to FATCA but, in each case, without prejudice to the provisions of Condition 8. No commission or expenses in each case shall be charged to the Noteholders or Couponholders in respect of such payments. Except to the extent that the Issuer or any Guarantor is required to pay any additional amounts under Condition 8 on account of a withholding or deduction, neither the Issuer nor any Guarantor will be required to pay any additional amounts on account of a withholding or deduction and, accordingly, the Issuer or the relevant Guarantor shall be acquitted and discharged of so much money as is represented by any such withholding or deduction as if such sum had actually been paid to the Noteholder or Couponholder.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantors and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantors and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantors reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation

Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer and the Guarantors shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least one major European city, and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

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

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

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

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
  - (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
  - (iv) Where any Bearer Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
  - (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following



business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business, in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## 8. Taxation

All payments of principal and interest by or on behalf of the Issuer or any Guarantor in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision or authority thereof or therein having power to tax unless such withholding or deduction is required by law. In that event, except to the extent that the withholding or deduction is made in respect of FATCA, or any agreement entered into pursuant to FATCA, the Issuer or, as the case may be, the Guarantors shall pay such additional amounts as shall result in the receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to anything done (including any withholding or deduction made) under or pursuant to FATCA or with respect to any Note or Coupon:

- (a) **Other connection:** presented for payment or held by, or by a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the last day of such period of 30 days; or
- (c) **Declaration of exemption:** presented for payment by, or on behalf of, a holder who would be able to avoid such withholding or deduction by satisfying any statutory requirements (including but not limited to obtaining and/or presenting any form of certificate) or by making a declaration or any other statement or claim for exemption (including, but not limited to, a declaration of non residence), but fails to do so.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in

addition to or in substitution for it under the Trust Deed. For the avoidance of doubt, any withholding or deduction made in respect of any agreement entered into pursuant to FATCA shall be treated as a withholding or deduction required by law.

## 9. Prescription

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

## 10. Events of Default

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

- (a) default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes;
- (b) the Issuer or any Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except where the Trustee considers such failure to be incapable of remedy) such failure continues for the period of 30 days after written notice of such failure shall have been given to the Issuer and the Guarantors by the Trustee requiring the same to be remedied;
- (c) any Moneys Borrowed owing by the Issuer or any Guarantor or any Material Subsidiary is validly declared to be due and payable prior to the date on which the same would otherwise become due and payable by reason of an event of default (howsoever described) in relation thereto or the Issuer or any Guarantor or Material Subsidiary defaults in the repayment of any Moneys Borrowed at the maturity thereof as extended by any applicable grace period (or in the case of any Moneys Borrowed payable on demand, within seven days of such demand) or if any guarantee or indemnity in respect of Moneys Borrowed of any party given by the Issuer or any Guarantor or any Material Subsidiary shall not be paid when due and called upon (as extended by any applicable grace period), provided that the aggregate amount of the relevant Moneys Borrowed, guarantees and indemnities in respect of which one of the events mentioned in this paragraph (c) has occurred exceeds £5,000,000 (or its equivalent in any other currency or currencies as at the date the same became due and payable or the relevant event of default occurs or such payment is not made) and, in any such case, the liability of the Issuer, Guarantor or Material Subsidiary is not being contested in good faith;
- (d) an administrator is appointed in relation to the Issuer or any Guarantor or any Material Subsidiary or a final order is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any Guarantor or any Material Subsidiary or other analogous bankruptcy or insolvency proceedings and, where possible, is not discharged or stayed within a period of 30 days (in each case except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, consolidation or voluntary winding-up either (i) on terms previously approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary (other than a Guarantor), the result of which will be that all or substantially all of the Material Subsidiary's assets and undertaking will be transferred to or otherwise be vested in another solvent entity within the Group which is or thereupon becomes a

Material Subsidiary. If any two directors of such transferee entity certify that, in their opinion, such entity is solvent, the Trustee shall be entitled to rely on such certification without further investigation or liability);

- (e) the Issuer or any Guarantor or Material Subsidiary becomes insolvent within the meaning of Section 123(1)(e) of the Insolvency Act 1986 or is determined by any competent court to be insolvent or bankrupt;
- (f) any kind of composition, scheme of arrangement, compromise or other similar arrangement involving the Issuer or any Guarantor or Material Subsidiary and its non-Group creditors generally is entered into or made or any moratorium is agreed or is declared or comes into effect in relation to all or substantially all of the debts of the Issuer or any Guarantor or Material Subsidiary owing to non-Group creditors (in each case except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, consolidation or voluntary winding-up either (i) on terms previously approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary (other than a Guarantor), the result of which will be that all or substantially all of the Material Subsidiary's assets and undertaking will be transferred to or otherwise be vested in another solvent entity within the Group which is or thereupon becomes a Material Subsidiary. If any two directors of such transferee entity certify that, in their opinion, such entity is solvent, the Trustee shall be entitled to rely on such certification without further investigation or liability);
- (g) an administrative or other receiver or other similar official is appointed in relation to the whole or substantially the whole of the undertaking, property and assets of the Issuer or any Guarantor or Material Subsidiary as a consequence of bankruptcy or insolvency;
- (h) a distress, execution or any similar proceedings is levied or enforced upon or sued out against or any involuntary public or private sale procedures are commenced in respect of the whole or substantially the whole of the chattels or property of the Issuer or any Guarantor or Material Subsidiary and in any such case is not removed, paid out or discharged within 60 days;
- (i) any present or future Security Interest created or assumed by the Issuer or any Guarantor or any Material Subsidiary becomes enforceable and is enforced in respect of all or a material part of the assets of the Issuer, or such Guarantor or any Material Subsidiary;
- (j) the Issuer or any Guarantor or any Material Subsidiary ceases or threatens (through an action of the board of directors) to cease to carry on business or stops or suspends or threatens (through an action of the board of directors) to stop or suspend payment of its debts generally (in each case except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, consolidation or voluntary winding-up either (i) on terms previously approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary (other than a Guarantor), the result of which will be that all or substantially all of the Material Subsidiary's assets and undertaking will be transferred to or otherwise be vested in another solvent entity within the Group); or
- (k) any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (e), (f), (g) or (h) above.

In this Condition 10:

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

- (i) after adding back (to the extent otherwise deducted) interest payable;
- (ii) before any deduction for or on account of taxation;
- (iii) after adding back (to the extent otherwise deducted) any amount attributable to the impairment of goodwill;

- (iv) after adding back (to the extent otherwise deducted) any amount attributable to the amortisation or impairment of intangible assets;
- (v) excluding any item of income or expense that is material (either individually or in aggregate) and either of an unusual or a non-recurring nature including, without limitation, any such item:
  - (a) in relation to:-
    - (a) the restructuring of the activities of an entity;
    - (b) disposals, revaluations or impairment of non-current assets; or
    - (c) disposals of assets associated with discontinued operations; or
  - (b) which is a reversal of any item falling within this paragraph (v); and
- (vi) excluding the effect under IAS 32 and IAS 39 of the fair valuation of derivative assets and liabilities,

all as determined in accordance with IFRS.

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

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

as determined in accordance with IFRS.

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

**“IAS 32”** means International Accounting Standard 32 (Financial Instruments: Disclosure and Presentation), as in force at 31 December 2016 and as applied by the Issuer in connection with the preparation of its annual audited financial statements for the financial years ended 31 December 2015 and 31 December 2016.

**“IAS 39”** means International Accounting Standard 39 (Financial Instruments: Recognition and Measurement), as in force at 31 December 2016 and as applied by the Issuer in connection with the preparation of its annual audited financial statements for the financial years ended 31 December 2015 and 31 December 2016.

**“IFRS”** means international accounting standards within the meaning of Regulation 1606/2002 on the Application of International Accounting Standards as applied by the Issuer in connection with the preparation of its annual audited financial statements for the financial years ended 31 December 2015 and 31 December 2016.

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

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

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

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

- (i) whose Gross Tangible Assets represents 5% or more of the Gross Tangible Assets of the Group, immediately before the relevant company becomes a Subsidiary of the Issuer in the case of an acquired Subsidiary of the Issuer; or
- (ii) whose profit for the financial period of the Issuer and its Subsidiaries then most recently ended (calculated with respect to such Subsidiary in the same manner as Consolidated EBITA is calculated) represents 5% or more of Consolidated EBITA, immediately before the relevant company becomes a Subsidiary of the Issuer in the case of an acquired Subsidiary of the Issuer.

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

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

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

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

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

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10% in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify or cancel the Guarantee (other than in circumstances described in Condition 11(c) below), or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than



75%, or at any adjourned meeting not less than 25%, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

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

*These Conditions may be completed in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.*

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

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

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

## 12. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or any Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or



prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

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

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

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

### **14. Replacement of Notes, Certificates, Coupons and Talons**

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

### **15. Further Issues**

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

### **16. Notices**

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

English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

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

**17. Contracts (Rights of Third Parties) Act 1999**

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

**18. Governing Law and Jurisdiction**

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

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### 1. Initial Issue of Notes

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

Where the Global Notes issued in respect of any Tranche are in NGN form, Euroclear and Clearstream, Luxembourg will be notified by or on behalf of the Issuer whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Neither depositing the Global Notes with the Common Safekeeper nor indicating that they are to be held in a manner which would allow Eurosystem eligibility necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

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

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

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

### 2. Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (“**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative

Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

In certain circumstances, Investors may also hold interests in the Notes through CREST through the issuance of CDIs, representing interests in the underlying Notes. CDIs are constituted under English law and transferred through CREST and will be issued by the CREST Depository pursuant to the CREST Deed Poll. Neither the Notes nor any rights attached thereto will be issued, settled, held or transferred within the CREST system other than through the issue, settlement holding or transfer of CDIs. CDI holders will not be entitled to deal directly in the Notes and, accordingly, all dealings in the Notes will be effected through CREST in relation to the holding of CDIs.

### **3. Exchange**

#### **3.1 Temporary Global Notes**

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

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see “*Summary – Element C.5*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

In relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for definitive notes, such Notes shall be issued only in a principal amount which is an integral multiple of the Specified Denomination.

#### **3.2 Permanent Global Notes**

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

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

#### **3.3 Permanent Global Certificates**

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

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

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

(ii) with the consent of the Issuer,

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

### **3.4 Delivery of Notes**

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

### **3.5 Exchange Date**

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

### **3.6 Crest Depository Interests**

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

The CDIs will represent indirect interests in the interest of the CREST Nominee in the Underlying Notes. Pursuant to the CREST Manual, Notes held in global form may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

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

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

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



The CDIs will have the same International Securities Identification Number (“**ISIN**”) as the ISIN of the Underlying Notes and will not require a separate listing on the Official List.

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

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

- (i) CDI Holders will not be the legal owners of the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.
- (ii) The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a clearing system. Rights in the Underlying Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of the clearing system in or through which the Underlying Notes are held.
- (iii) Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of a relevant intermediary, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.
- (iv) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to the CREST Manual and the CREST Rules and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (v) Potential Investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.
- (vi) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential Investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI).
- (vii) Potential Investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the



CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDI's through the CREST International Settlement Links Service.

- (viii) Potential Investors should note that none of the Issuer, the Guarantor, the Dealers, the Trustee, the Paying Agent or their respective advisers will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.
- (ix) Potential Investors should note that Notes issued in Temporary Global Note form exchangeable for a Permanent Global Note will not be eligible for CREST settlement as CDIs. As such, Investors investing in the Underlying Notes through CDIs will only receive the CDIs after such Temporary Global Note is exchanged for a Permanent Global Note, which could take up to 40 days after the issue of the Underlying Notes. It is anticipated that Notes eligible for CREST settlement as CDIs will be issued directly in permanent global form.

#### **4. Amendment to Conditions**

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

##### **4.1 Payments**

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

##### **4.2 Prescription**

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

##### **4.3 Meetings**

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

Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

#### **4.4 Cancellation**

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

#### **4.5 Purchase**

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

#### **4.6 Issuer's Option**

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

#### **4.7 Noteholders' Options**

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

#### **4.8 NGN nominal amount**

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

#### **4.9 Trustee's Powers**

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

entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

#### **4.10 Events of Default**

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

#### **4.11 Notices**

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

### **5. Record Date in respect of Registered Notes**

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

### **6. Electronic Consent and Written Resolution**

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer, the Guarantors or the Trustee (as the case may be) 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 75% in nominal amount of the Notes outstanding (an “**Electronic Consent**”) as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purposes of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer, the Guarantors and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer, the Guarantors and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer, the Guarantors and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “**commercially reasonable evidence**” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding

of interests in the Notes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer and/or the Guarantors shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## FORM OF FINAL TERMS

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

### Final Terms dated [●]

#### International Personal Finance plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
Guaranteed by IPF Holdings Limited, International Personal Finance  
Investments Limited and IPF International Limited  
under the EUR 1,000,000,000 Euro Medium Term Note Programme

### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [●] 2017 [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms. The Prospectus has been published on the website of the Regulatory News Service operated by the London Stock Exchange at: <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [original date] [and the supplement(s) to it dated [●]] [which are incorporated by reference in the Prospectus dated [current date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated [current date] [and the supplement(s) to it dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Prospectus**), save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the supplement(s) to it dated [●]]. 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 Prospectus [and the supplement(s) dated [●]]. However, a summary of the issue of the Notes is annexed to these Final Terms. The Prospectus has been published on the website of the Regulatory News Service operated by the London Stock Exchange at: <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.]

#### [Prohibition of Sales to EEA Retail Investors]

If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, 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 (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**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 PRIIPs Regulation.]

1. (i) Issuer: International Personal Finance plc  
(ii) Guarantor: IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited
2. [(i)] Series Number: [●]  
(ii) Tranche Number: [●]  
[(iii)] Date on which the Notes become fungible: [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [●/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below [which is expected to occur on or about [●]]].]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount: [●]  
[(i)] Series: [●]  
[(ii)] Tranche: [●]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6. (i) Specified Denominations: [●]  
  
[●] and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●].  
(ii) Calculation Amount: [●]
7. (i) Issue Date: [●]  
(ii) Interest Commencement Date: [●/Issue Date/Not Applicable]
8. Maturity Date: [●]
9. Interest Basis: [[●] per cent. Fixed Rate]  
[[LIBOR/ USD LIBOR/EURIBOR/●]  
+/- [●] per cent.  
Floating Rate]  
[Zero Coupon] (see paragraph [14][15][16] below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
11. Change of Interest Basis: [Applicable/Not Applicable]
12. Put/Call Options: [Investor Put]  
[Change of Control Put]  
[Issuer Call]  
[(further particulars specified below)]



13. 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]
- (i) Rate[(s)] of Interest: ☐ per cent. per annum payable in arrear on each Interest Payment Date
  - (ii) Interest Payment Date(s): ☐ in each year
  - (iii) Fixed Coupon Amount[(s)]: ☐ per Calculation Amount
  - (iv) Broken Amount(s): ☐ per Calculation Amount, payable on the Interest Payment Date falling [in/on] ☐
  - (v) Day Count Fraction: ☐ [Actual/Actual/Actual/Actual – ISDA]  
☐ [Actual/365 (Fixed)]  
☐ [Actual/365 (Sterling)]  
☐ [Actual/360]  
☐ [30/360/360/360/Bond Basis]  
☐ [30E/360/Eurobond Basis]  
☐ [30E/360 (ISDA)]  
☐ [Actual/Actual-ICMA]
  - (vi) [Determination Dates: ☐ in each year]
15. **Floating Rate Note Provisions** ☐ [Applicable/Not Applicable]
- (i) Interest Period(s): ☐
  - (ii) Specified Interest Payment Dates: ☐ [[☐] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below]
  - (iii) First Interest Payment Date: ☐
  - (iv) Interest Period Date: ☐
  - (v) Business Day Convention: ☐ [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
  - (vi) Business Centre(s): ☐
  - (vii) Manner in which the Rate(s) of Interest is/are to be determined: ☐ Screen Rate Determination
  - (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): ☐
  - (ix) Screen Rate Determination:
    - Reference Rate: ☐
    - Relevant Financial Centre: ☐
    - Relevant Time: ☐
    - Interest Determination Date(s): ☐
    - Relevant Screen Page: ☐

16.	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable]
(i)	Amortisation Yield:	[●] per cent. per annum
(ii)	[Reference Price:	[●]]
(iii)	[Day Count Fraction in relation to Early Redemption:	[[Actual/Actual/Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/360/360/Bond Basis] [30E/360/Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA]]]

#### PROVISIONS RELATING TO REDEMPTION

17.	<b>Call Option</b>	[Applicable/Not Applicable]
(i)	Optional Redemption Date(s):	[●]
(ii)	Optional Redemption Amount(s):	[●] per Calculation Amount
(iii)	If redeemable in part:	
	(a) Minimum Redemption Amount:	[●] per Calculation Amount
	(b) Maximum Redemption Amount:	[●] per Calculation Amount
(iv)	Notice period:	[●]
18.	<b>Put Option</b>	[Applicable/Not Applicable]
(i)	Investor Put:	[Applicable/Not Applicable]
	(a) Optional Redemption Date(s):	[●]
	(b) Optional Redemption Date method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(c) Notice period:	[●]
(ii)	Change of Control Put:	[Applicable/Not Applicable]
	(a) Optional Redemption Amount(s):	[101 per cent. per Calculation Amount]
	(b) Negative Rating Event Specified Rating (Condition 6(f)):	[●]
	[(c) Put Period:	[●]]
	[(d) Put Date:	[●]]
19.	<b>Final Redemption Amount of each Note:</b>	[●] per Calculation Amount
20.	<b>Early Redemption Amount</b> Early Redemption Amount(s) per Calculation Amount payable on	[[●] per Calculation Amount]

redemption for taxation reasons  
or on event of default or other  
early redemption:

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

### 21. Form of Notes:

### Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

### Registered Notes:

Global Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]

### 22. Name and address of Registrar:

[Not Applicable]/[●]

### 23. New Global Note:

[Yes] [No]

### 24. Financial Centre(s):

[Not Applicable/give details]

### 25. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):

[No/Yes.]

### 26. Prohibition of Sales to EEA Retail Investors

[Applicable/Not Applicable]

*(If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)*

## The Issuer

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

By: .....

Duly authorised

**The Guarantors**

Signed on behalf of **IPF Holdings Limited**

By: .....

Duly authorised

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

By: .....

Duly authorised

Signed on behalf of **IPF International Limited**

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Admission: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [[the electronic order book for retail bonds of the] London Stock Exchange's regulated market]/[the Regulated Market operated by BondSpot S.A.]/[the Regulated Market operated by the Warsaw Stock Exchange/Irish Stock Exchange]/[●], [a] regulated market[s] operated by [a] member state[s] of the European Union] with effect from [●].]
- (ii) Regulated or equivalent markets on which Notes of the same class are already admitted to trading: [Not Applicable]/[●]

### 2. RATINGS

- Ratings: [The Notes to be issued have been rated]/[Notes issued under the Programme are generally rated]:
- [Fitch: [●]]

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

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

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

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

### 5. Fixed Rate Notes only – YIELD

- Indication of yield: [●]

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 6. [Floating Rate Notes only – HISTORIC INTEREST RATES]

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

### 7. OPERATIONAL INFORMATION

- ISIN Code: [●]
- Common Code: [●]
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable]/[●]
- Names and addresses of additional Paying Agent(s) (if any): [●]

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

## 8. DISTRIBUTION

- (i) If syndicated:
  - (a) Names and addresses of Dealers and underwriting commitments: ☐
  - (b) Date of [Subscription] Agreement: ☐
  - (c) Names and addresses of Stabilising Manager(s) if any: [Not Applicable]/☐
- (ii) If non-syndicated, name and address of Dealer: [Not Applicable]/☐
- (iii) Indication of the overall amount of the underwriting commission and of the placing commission: ☐ per cent. of the Aggregate Nominal Amount
- (iv) US Selling Restrictions: [Reg. S Compliance Category [1/2/3]; TEFRA C/TEFRA D/TEFRA not applicable]]
- (v) Public Offer: [Applicable]/[Not Applicable]
  - (a) Name and address of financial intermediaries authorised to offer the Notes: ☐
  - (b) Country(ies) where the Public Offer ☐ (the “**Public Offer Jurisdictions**”) may take place: [United Kingdom]; [Poland]; [Slovakia]; [Czech Republic]; [Hungary]; [Spain]; [Romania]; [Bulgaria]; [Latvia]; [Estonia]; [Finland]; [Lithuania]
  - (c) Offer Period: From ☐ to ☐.
  - (d) Further conditions attached to the consent to use: [Not Applicable]/☐
  - (e) General consent: [Not Applicable]/[Applicable]

## 9. TERMS AND CONDITIONS OF THE OFFER

- Offer Price: [Issue Price] ☐
- Conditions to which the offer is subject: [Not Applicable]/☐
- Description of the application process (including the time period, including any possible amendments, for which the offer will be open): [Not Applicable]/☐
- Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable]/☐



Details of the minimum and/or maximum amount of application:	[Not Applicable]/[●]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable]/[●]
Manner in and date on which results of the offer are to be made public:	[Not Applicable]/[●]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable]/[●]
Whether tranche(s) have been reserved for certain countries and, if so, which tranche is so reserved:	[Not Applicable]/[●]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable]/[●]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable]/[●]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	[None]/[●]

**[ANNEX – FORM OF ISSUE SPECIFIC SUMMARY]**

**[●]**

## FORM OF FINAL TERMS

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

### Final Terms dated [●]

International Personal Finance plc  
Issue of **[Aggregate Nominal Amount of Tranche]** **[Title of Notes]**  
Guaranteed by IPF Holdings Limited, International Personal Finance Investments Limited  
and IPF International Limited  
under the EUR 1,000,000,000 Euro Medium Term Note Programme

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [●] 2017 [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the **Prospectus**) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus has been published on the website of the Regulatory News Service operated by the London Stock Exchange at: <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [original date] [and the supplement(s) to it dated [●]] [which are incorporated by reference in the Prospectus dated [current date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated [current date] [and the supplement(s) to it dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Prospectus**), save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the supplement(s) to it dated [●]].] 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 Prospectus [and the supplement(s) dated [●]].] The Prospectus has been published on the website of the Regulatory News Service operated by the London Stock Exchange at: <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.]

### [Prohibition of Sales to EEA Retail Investors]

If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, 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 (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**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 PRIIPs Regulation.]

- |    |            |            |  |
|----|------------|------------|--|
| 1. | [(i)]      | Issuer:    | International Personal Finance plc   |
|    | [[ (ii) ]] | Guarantor: | IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited |

2. [(i)] Series Number: [●]
- [(ii)] Tranche Number: [●]
- [(iii)] Date on which the Notes become fungible: [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [●/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [21] below [which is expected to occur on or about [●] ]].]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount of Notes: [●]
- [(i)] Series: [●]
- [(ii)] Tranche: [●]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6. (i) Specified Denominations: [●]
- [●] and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]
- (ii) Calculation Amount: [●]
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date [●/Issue Date/Not Applicable]
8. Maturity Date: [●]
9. Interest Basis: [[●] per cent. Fixed Rate] [[LIBOR/USD LIBOR/EURIBOR/●] +/- [●] per cent. Floating Rate] [Zero Coupon] (see paragraph [14][15][16] below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
11. Change of Interest Basis: [Applicable/Not Applicable]
12. Put/Call Options: [Investor Put] [Change of Control Put] [Issuer Call] [(further particulars specified below)]
13. Date [Board] approval for issuance of Notes [and Guarantee] respectively obtained: [●] [and [●]]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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

- (ii) Interest Payment Date(s): ☐ in each year
- (iii) Fixed Coupon Amount[(s)]: ☐ per Calculation Amount
- (iv) Broken Amount(s): ☐ per Calculation Amount payable on the Interest Payment Date falling [in/on] ☐
- (v) Day Count Fraction: ☐ [Actual/Actual/Actual/Actual – ISDA] ☐ [Actual/365 (Fixed)] ☐ [Actual/365 (Sterling)] ☐ [Actual/360] ☐ [30/360/360/360/Bond Basis] ☐ [30E/360/Eurobond Basis] ☐ [30E/360 (ISDA)] ☐ [Actual/Actual-ICMA]
- (vi) [Determination Dates: ☐ in each year]
15. **Floating Rate Note Provisions** ☐ [Applicable/Not Applicable]
- (i) Interest Period(s): ☐
- (ii) Specified Interest Payment Dates: ☐ in each year, subject to adjustment in accordance with the Business Day Convention set out in (iv) below]
- (iii) First Interest Payment Date: ☐
- (iv) Interest Period Date: ☐
- (v) Business Day Convention: ☐ [Floating Rate Convention/Following Business day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (vi) Business Centre(s): ☐
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: ☐ Screen Rate Determination
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): ☐
- (ix) Screen Rate Determination:
- Reference Rate: ☐
  - Relevant Financial Centre: ☐
  - Relevant time: ☐
  - Interest Determination Date(s): ☐
  - Relevant Screen Page: ☐
- (x) Margin(s): ☐ +/- ☐ per cent. per annum
- (xi) Minimum Rate of Interest: ☐ per cent. per annum
- (xii) Maximum Rate of Interest: ☐ per cent. per annum

- (xiii) Day Count Fraction: [●]
16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) [Reference Price: [●]]
- (iii) [Day Count Fraction in relation to Early Redemption Amounts: [[Actual/Actual/Actual/Actual – ISDA]  
[Actual/365 (Fixed)]  
[Actual/360]  
[Actual/365 (Sterling)]  
[30/360/360/360/Bond Basis]  
[30E/360/Eurobond Basis]  
[30E/360 (ISDA)]  
[Actual/Actual-ICMA]]]

#### PROVISIONS RELATING TO REDEMPTION

17. **Call Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s): [●] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount
- (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]
18. **Put Option [Applicable/Not Applicable]**
- (i) Investor Put: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Date method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (c) Notice period: [●]
- (ii) Change of Control Put: [Applicable/Not Applicable]
- (a) Optional Redemption Amount(s): 101 per cent. of the Calculation Amount
- (b) Negative Rating Event Specified Rating (Condition 6(f)): [●]
- [(c) Put Period: [●]]
- [(d) Put Date: [●]]
19. **Final Redemption Amount of each Note:** [●] per Calculation Amount



20. **Early Redemption Amount**

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:

[[●] per Calculation Amount]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

21. Form of Notes:

**Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

**Registered Notes:**

[Global Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]

22. Name and address of Registrar:

Not Applicable]/[●]

23. New Global Note:

[Yes] [No]

24. Financial Centre(s):

[Not Applicable/give details]

25. Talons for future Coupons or attached to Definitive Notes (and dates on which such Talons mature):

[No/Yes]

26. Prohibition of Sales to EEA Retail Investors

[Applicable/Not Applicable]

*(If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)*

**The Issuer**

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

By: .....

Duly authorised

**The Guarantors**

Signed on behalf of **IPF Holdings Limited**

By: .....

Duly authorised

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

By: .....

Duly authorised

Signed on behalf of **IPF International Limited**

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Admission to trading: [Application [has been/will be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market]/[the Regulated Market operated by BondSpot S.A.]/[the Regulated Market operated by the Warsaw Stock Exchange/Irish Stock Exchange] [[●], [a] regulated market[s] operated by [a] member state[s] of the European Union] with effect from [●].]
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:  
[[Fitch: [●]]]

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

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

### 5. [Fixed Rate Notes only – YIELD

- Indication of yield: [●]

### 6. OPERATIONAL INFORMATION

- ISIN Code: [●]
- Common Code: [●]
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable]/[●]
- Names and addresses of additional Paying Agent(s) (if any): [●]
- [Names and addresses of Calculation Agent(s) (if not Citibank, N.A., London Branch): [●]

### 7. DISTRIBUTION

- US Selling Restrictions: [Reg. S Compliance Category [1/2/3]; TEFRA C/TEFRA D/TEFRA not applicable]

**[ANNEX – FORM OF ISSUE SPECIFIC SUMMARY]**

**[●]**

## GENERAL INFORMATION

- (1) It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a temporary or Permanent Global Note (or one or more Certificates) in respect of each Tranche. The listing of the Programme in respect of the Notes is expected to be granted on or about 8 May 2017. Prior to official listing and admission to trading of any Tranche of Notes, however, dealings in such Notes will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. Notes may also be issued on the basis that they will be admitted to trading by the Regulated Market operated by BondSpot S.A. or the Regulated Market operated by the Warsaw Stock Exchange, the Irish Stock Exchange or any member state of the European Union in compliance with the requirements of the Polish Act on Offerings, or on the ORB.
- (2) The Issuer and the Guarantors have obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment of the Programme. The establishment and update of the Programme was authorised by resolutions of the Board of IPF passed on 12 March 2010 and 23 February 2017, respectively and by the Executive Committee of IPF on 19 April 2010 and 3 May 2017, respectively.
- (3) There has been no significant change in the financial or trading position of the Issuer, any of the Guarantors or of the Group and no material adverse change in the prospects of the Issuer, any of the Guarantors or of the Group since 31 December 2016.
- (4) Save as disclosed below, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Issuer is aware during the 12 months preceding the date of this Prospectus, which may have, or have had in the recent past, significant effects on the Issuer and/or the Guarantors and/or the Group's financial position or profitability.
  - (a) On 24 December 2013 the Group announced that Provident Polska had received a notice from the Office, subjecting it to a fine of approximately £2.4 million for a collective infringement of consumer interests relating to the way Provident Polska calculates APR. The Group appealed the decision and is currently in further discussion with the Office following changes in its product structure to be compliant with the new legislation coming into force in March 2016 (referred to above). Following initial court hearings, the Group and the Office had aimed to reach a settlement. An instruction from the Ministry of Finance, however, means that the Office is unable to reduce the original fine as part of the settlement. The Group is contesting the level of fine. The next scheduled Court hearing is on 5 June 2017.
  - (b) In early 2017, Provident Polska appealed decisions received from the Polish Tax Chamber (the upper tier of the Polish tax authority) with respect to its 2008 and 2009 financial years. The decisions for both years are identical and involve a transfer pricing challenge relating to an intra-group arrangement with a United Kingdom entity together with a challenge to the timing of taxation of home collection fee revenues. As stated in the announcement at the time of the 2008 decision, the Group disagrees with the interpretation of the tax authority and will defend its position robustly in court. In order to make the appeals, the Group paid the amounts assessed which total £38 million comprising tax and associated interest. The 2010 financial year is currently being audited by the tax authorities in Poland and a decision is expected in the coming months. In the event that the decision follows the same reasoning as the decisions for 2008 and 2009, a further payment of approximately £19 million would become payable. All subsequent financial years remain open to future audit.
  - (c) In December 2015, an amendment to the Civil Code in Slovakia came into law which prohibits separate contracts for 'ancillary' services linked to the provision of consumer credit. The home collection service in Slovakia fell into this category. In addition, all costs associated with a loan, whether mandatory or not, must now fall within the existing remuneration cap which is currently approximately 26.5% per annum of issue value for loans greater than one year and 37% for shorter durations. As a result, the Group took the decision to suspend the issuing of new loans in Slovakia from 18 December 2015.

The Group has since decided to run-off the agent-delivered home credit operations in Slovakia. In December 2016, the National Bank of Slovakia notified the Group's Slovak subsidiary of the commencement of official proceedings against it with respect to the exclusion of fees relating to its home collection service from the APR and remuneration cap (as outlined above). The Group submitted a response on 29 February 2017 and is awaiting the National Bank of Slovakia's decision. In the event that the Group receives an unfavourable final decision from the National Bank of Slovakia, it intends to appeal such decision on the basis that previous court decisions have ruled in its favour on this particular point.

- (5) IPF and Provident Financial plc ("**Provident Financial**") entered into a demerger agreement on 25 June 2007 to effect the demerger of IPF from the Provident Financial group and govern the relationship between their respective groups following the demerger. Pursuant to the demerger agreement, IPF became the owner of the entire issued share capital of Provident International Holdings Limited (which was the then holding company of Provident Financial's international division) and, thereby, its operating subsidiaries. The demerger agreement contains mutual indemnities under which IPF indemnifies the Provident Financial group against certain tax liabilities and liabilities arising in respect of the IPF business and Provident Financial similarly indemnifies the Group against certain tax liabilities and liabilities arising in respect of the businesses carried on by the Provident Financial group. These mutual indemnities are unlimited in terms of amount or duration and are customary for an agreement of this type.
- (6) Save as disclosed above, there are no material contracts entered into other than in the ordinary course of the Issuer's or any of the Guarantors' business, which could result in any member of the Issuer's Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.
- (7) Each Bearer Note having a maturity of more than one year and any Coupon and Talon with respect to such a Bearer Note will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (8) The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). Interests in the Notes may also be held through the issuance of CDIs representing the underlying Notes. The Common Code, the ISIN and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.  
  
The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB. The address of any alternative clearing system will be specified in the applicable Final Terms.
- (9) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
- (10) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer:
  - (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, and the Talons);
  - (ii) the Agency Agreement;
  - (iii) the Memorandum and Articles of Association of the Issuer;
  - (iv) the Issuer's Annual Report and Financial Statements 2015 containing the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2015 together with the audit report thereon and notes thereto;



- (v) the Issuer's Annual Report and Financial Statements 2016 containing the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2016 together with the audit report thereon and notes thereto;
- (vi) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity);
- (vii) a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus; and
- (viii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.

This Prospectus and the Final Terms for Notes that are listed on the Official List and admitted to trading on the Market will be published on the website of the Regulatory News Service operated by the London Stock Exchange at:

<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

- (11) The consolidated accounts of the Issuer for the years ended 31 December 2015 and 31 December 2016 contained in this Prospectus do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 (the "**Act**"). Statutory accounts for the financial years ended 31 December 2015 and 2016 have been delivered to the Registrar of Companies in England and Wales. The Issuer's auditors have made a report under Section 495 of the Act on the last statutory accounts that was not qualified within the meaning of Section 539 of the Act and did not contain a statement made under Section 498(2) or Section 498(3) of the Act. The report of the Issuer's auditors contained the following statement: "This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 to 497 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing."
- (12) Deloitte LLP of 1 City Square, Leeds, LS1 2AL (independent auditors and a member of the Institute of Chartered Accountants in England and Wales) have audited, and rendered unqualified audit reports on, the accounts of the Issuer for the years ended 31 December 2015 and 31 December 2016.
- (13) The yield for any particular Series of Notes will be specified in the applicable Final Terms and will be calculated on the basis of the compound annual rate of return if the relevant Notes were to be purchased at the Issue Price on the Issue Date and held to maturity. Set out below is an example formula for the purposes of calculating the yield of Fixed Rate Notes or Zero Coupon Notes. The Final Terms in respect of any Floating Rate Notes will not include any indication of yield.

$$\text{Issue Price} = \text{Rate of Interest} * \frac{1 - \left( \frac{1}{(1 + \text{Yield})^n} \right)}{\text{Yield}} + \left[ \text{Final Redemption Amount} * \frac{1}{(1 + \text{Yield})^n} \right]$$

Where:

**"Rate of Interest"** means the Rate of Interest expressed as a percentage as specified in the applicable Final Terms and adjusted according to the frequency (and in the case of Zero Coupon Notes, means "0") i.e. for a semi-annual paying Note, the rate of interest is half the stated annualised rate of interest in the Final Terms;

**"Yield"** means the yield to maturity calculated on a frequency commensurate with the frequency of interest payments as specified in the applicable Final Terms (and in the case of Zero Coupon Notes, means the Amortisation Yield as specified in the applicable Final Terms); and

“n” means the number of interest payments to maturity.

Set out below is a worked example illustrating how the yield on a Series of Fixed Rate Notes could be calculated on the basis of the above formula. It is provided for purposes of illustration only and should not be taken as an indication or prediction of the yield for any Series of Notes; it is intended merely to illustrate the way which the above formula could be applied.

Where:

N = 6

Rate of Interest = 3.875%

Issue Price = 99.392

Final Redemption Amount = 100

$$99.392 = 3.875\% \times \frac{1 - \left( \frac{1}{(1 + \text{Yield})^6} \right)}{\text{Yield}} = \left[ 100 \times \frac{1}{(1 + \text{Yield})^6} \right]$$

Yield = 3.99% (calculated by iteration)

The yield specified in the applicable Final Terms in respect of a Series of Notes will not be an indication of future yield.

## INDEX OF DEFINED TERMS

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**Registered Office of the Issuer**

**International Personal Finance plc**

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

**Registered Office of the Guarantors**

**IPF Holdings Limited**

Number Three  
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Meadow Lane  
Leeds LS11 5BD

**International Personal  
Finance Investments  
Limited**

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Leeds City Office Park  
Meadow Lane  
Leeds LS11 5BD

**IPF International Limited**

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Meadow Lane  
Leeds LS11 5BD

**Arranger**

**Citigroup Global Markets Limited**

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Canada Square  
Canary Wharf  
London E14 5LB

**Dealers**

**Citigroup Global Markets  
Limited**

Citigroup Centre  
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Canary Wharf  
London E14 5LB

**Peel Hunt LLP**

Moor House  
120 London Wall  
London EC2Y 5ET

**HSBC Bank plc**

8 Canada Square  
Canary Wharf  
London E14 5HQ

**Banco Santander, S.A.**

Ciudad Grupo Santander  
Avenida de Cantabria s/n  
Edificio Encinar, planta baja,  
28660, Boadilla del Monte,  
Madrid,  
Spain

**UniCredit Bank AG**

Arabellastrasse 12  
81925 Munich  
Germany



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

**Citibank, N.A., London Branch**

Citigroup Centre  
Canary Wharf  
Canada Square  
London E14 5LB

**Trustee**

**The Law Debenture Trust Corporation p.l.c.**

Fifth Floor  
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London EC2V 7EX

**Auditors to the Issuer and the Guarantors**

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