Information Booklet

11 March 2013

Provident Financial 6% Bonds 2021

Joint Lead Managers

Barclays

Lloyds Bank

The Royal Bank of Scotland

Authorised Offerors

Barclays Stockbrokers

Collins Stewart Wealth Management

Hargreaves Lansdown

Killik & Co.

Redmayne-Bentley LLP

Selftrade

Smith & Williamson Securities

Important Information

This Information Booklet is an advertisement for the purposes of Prospectus Rule 3.3 and Article 34 of Commission Regulation (EC) No 809/2004 and is not a prospectus for the purposes of EU Directive 2003/71/EC (as amended) (the "Directive") or Part VI of the Financial Services and Markets Act 2000 (the "FSMA").

Provident Financial plc ("Provident Financial") is the legal entity that will issue the Bonds (the meaning of that term is explained below). References to "Provident Financial" in this document are references to Provident Financial plc.

This is a financial promotion made by Provident Financial and approved by Barclays Bank PLC, Lloyds TSB Bank plc and The Royal Bank of Scotland plc solely for the purposes of section 21 of the FSMA. Each of Barclays Bank PLC (incorporated in England No. 01026167) whose registered office is 1 Churchill Place, London, E14 5HP, Lloyds TSB Bank plc (incorporated in England No. 2065), whose registered office is 25 Gresham Street, London, EC2V 7HN and The Royal Bank of Scotland plc (incorporated in Scotland No. 090312), whose registered office is 36 St Andrew Square, Edinburgh, EH2 2YB is authorised and regulated by the Financial Services Authority (Registration Numbers for Barclays Bank PLC: 122702, Lloyds TSB Bank plc: 119278 and The Royal Bank of Scotland plc: 121882).

This Information Booklet relates to the Provident Financial 6% Bond 2021 (referred to in this Information Booklet as the "Bonds"). An offering circular dated 7 March 2013 (the "Offering Circular"), which relates to Provident Financial plc's £2,000,000,000 Euro Medium Term Note Programme and which comprises a base prospectus for the purposes of Article 5.4 of the Directive, and final terms relating to the Bonds dated 11 March 2013 (the "Final Terms"), have been prepared and made available to the public in accordance with the Directive. Copies of the Offering Circular and the Final Terms are available from the website of Provident Financial (www.providentfinancial.com/retailbond), the website of the London Stock Exchange plc (www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) or in hard copy at the registered office of Provident Financial at No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU, United Kingdom. A copy is also available on request from the Authorised Offerors.

This document should not be relied on for making any investment decision in relation to the purchase of the Bonds. Any investment decision should be made solely on the basis of a careful review of the Offering Circular and the Final Terms. Please therefore read the Offering Circular and the Final Terms carefully before you invest. You should ensure that you understand and accept the risks relating to an investment in the Bonds before making such an investment, otherwise you should seek professional independent advice.

This Information Booklet is not for distribution in the United States of America or to U.S. persons. The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the **"Securities Act"**) and the Bonds, which are in bearer form, are subject to certain U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to U.S. persons. For additional information, see the "Subscription and Sale" section in the Offering Circular and item 8 in Part B of the Final Terms.

Provident Financial 6% Bonds 2021

The Provident Financial 6% sterling fixed rate Bonds due 2021 offer interest of 6% per annum on the face value of £100 per Bond.

Interest will be paid in two semi-annual instalments in arrear on 27 March and 27 September every year (starting from 27 September 2013) up to and including 27 September 2021 (the **"Maturity Date"**). Unless previously redeemed or purchased and cancelled, on the Maturity Date i.e. 27 September 2021, Provident Financial is required to repay an amount equal to the face value of the Bonds.

The only way to subscribe to these Bonds is through a stockbroker, which must be or become an Authorised Offeror. Contact your stockbroker today, or any of those listed in the **"Authorised Offerors"** section of this document. The minimum initial amount of Bonds you may buy is £2,000, thereafter the Bonds can be bought and sold in multiples of £100. Copies of the Offering Circular and Final Terms should also have been provided to you by your Authorised Offeror. You are referred to **"Important Information"** on page 2.

What is a bond?

A fixed rate bond is a form of borrowing by a company seeking to raise funds from investors. The bonds have a fixed life. The company promises to pay a fixed rate of interest to the investor until the date that the bond matures when it also promises to repay the amount borrowed.

You do not have to keep the bonds until the date that the bond matures. A bond is a tradable instrument whereas a traditional loan (including a normal bank deposit or bank account) is not. The market price of a bond will fluctuate between the beginning of a bond's lifetime (when it is "issued") and when it matures. Please see the **"How to trade the Bonds"** and **"Key Risks of Investing in the Bonds"** sections on pages 7 & 5.

Interest on the Bonds

The level of interest offered on the Bonds is fixed when the Bonds are issued.

For every £100 face value of Bond held, Provident Financial will pay interest of £3 twice a year in arrear until the Maturity Date.

You are referred to **"Key risks of investing in the Bonds"** on page 5.

Payment on the face value of the Bonds

Assuming Provident Financial does not go out of business or become insolvent, and assuming the Bonds have not been redeemed or purchased and cancelled early, the Bonds will be redeemed at 100 per cent. of their face value on the Maturity Date (i.e. 27 September 2021).

The Bonds may also be redeemed early at the option of Provident Financial at 100 per cent. of the face value in the event that Provident Financial (or if a guarantee were called, a Guarantor) has or will become obliged to pay additional amounts in respect of the Bonds pursuant to their terms following a change in United Kingdom tax law.

You are referred to **"Key risks of investing in the Bonds"** on page 5.

Key features of the Bonds

- **Issuer:** Provident Financial plc.
- **Guarantors:** Provident Financial Management Services Limited, Provident Personal Credit Limited, Greenwood Personal Credit Limited and Provident Investments plc. You are referred to **"Key risks of investing in the Bonds"** on page 5 for an explanation of the guarantee and its limitations.
- **Interest rate:** 6% per year. Your actual return will depend on the price at which you purchase the Bonds and, if you do not hold the Bonds until maturity, the price at which you sell your Bonds.

  Interest will be paid in two semi-annual instalments in arrear on 27 March and 27 September in each year, starting on 27 September 2013 up to and including the Maturity Date (27 September 2021).
- **Authorised Offerors and Offer Period:** A number of Authorised Offerors have been approved by Provident Financial to provide this document, the Offering Circular and the Final Terms to potential investors in the Bonds in the period from 11 March 2013 to 22 March 2013 (13:00 London time) or such earlier date as agreed between the Issuer and the Joint Lead Managers and announced via the Regulatory News Service of the London Stock Exchange (the **"Offer Period"**). Provident Financial may also grant its consent for Additional Authorised Offerors to use the Offering Circular for the purposes of making an offer of the Bonds during the Offer Period. Investors should check the issuer's website (www.providentfinancial.com/retailbond) to confirm whether or not the offeror is so approved.
- **Date on which the Bonds are issued:** 27 March 2013.
- **Term of the Bonds:** 8.5 years.
- **Maturity date (i.e. when the Bonds mature):** 27 September 2021.
- **Face value of each Bond:** £100. Although the face value of each Bond is £100, it is not possible to purchase less than £2,000 during the Offer Period. In the secondary market, it should be possible to purchase and sell the Bonds in multiples of £100.
- **Documentation:** The Offering Circular and the Final Terms containing the final Bond terms together with the contracts referred to in the Offering Circular. The amount of the Bonds to be issued will be published on the Regulatory News Service of the London Stock Exchange on or around 22 March 2013.
- **Issue price:** 100 per cent. of the face value of each Bond.
- **Redemption at Maturity Date:** Assuming Provident Financial does not go out of business or become insolvent, and assuming the Bonds have not been redeemed or purchased and cancelled early, the Bonds will be redeemed at 100 per cent. of their face value on the Maturity Date (i.e. 27 September 2021)
- **Early Redemption:** The Bonds may also be redeemed early at the option of Provident Financial at 100 per cent. of the face value in the event that it (or if a guarantee were called, a Guarantor) has or will become obliged to pay additional amounts in respect of the Bonds pursuant to their terms following a change in United Kingdom tax law.
- **Trading:** Investors will, subject to market conditions, be able to buy Bonds or sell their Bonds during the term of the Bonds. See the **"How to trade the Bonds"** and **"Key risks of investing in the Bonds"** on pages 7 and 5 for more details.
- **Bond ISIN:** XS0900863084.
- **Amount of the Bonds to be issued:** The total amount of the Bonds to be issued will depend on the number of applications to purchase the Bonds received before the end of the Offer Period. There is no minimum total amount of the Bonds that may be issued.

Key risks of investing in the Bonds

A number of particularly important risks relating to an investment in the Bonds are set out below. The risks set out below are not intended to be a comprehensive list of all the risks that may apply to an investment in the Bonds. You should seek your own professional legal and tax advice as to whether an investment in the Bonds is suitable for you. **You should be aware that you could get back less than you invest or lose your entire initial investment.**

Full risk factors relating to Provident Financial, the Guarantors and the Bonds are set out in the Offering Circular on pages 27 to 41. Please read them carefully.

- All obligations arising out of or in connection with the Bonds shall be the sole responsibility of Provident Financial and the Guarantors.
- If Provident Financial goes out of business or one of its operating subsidiaries becomes insolvent, you may lose some or, in the worst case scenario, all of your investment in the Bonds. In the event that Provident Financial or the Guarantors become insolvent, you may recover your investment in priority to subordinated bondholders (if any) and shareholders of Provident Financial. However, you could still lose some or all of the money you have invested.
- Each of the Guarantors is a subsidiary of the Issuer and investors should note that, as a result, in the event of Provident Financial going out of business or becoming insolvent, there is an increased likelihood that the Guarantors will also be facing financial difficulties and/or insolvency. In any such event, the guarantee may be of limited value in terms of continuing to receive interest under the Bonds or recovering the money you have invested.
- If you choose to sell your Bonds at any time prior to their maturity, the price you receive from a purchaser could mean that you get back less than your original investment when you sell them. Factors that will influence the market price of the Bonds include, but are not limited to, market appetite, inflation, the time of redemption, interest rates and the financial position of Provident Financial and the Guarantors. In particular, you should note that:
  - (i) if interest rates start to rise, then the income to be paid by the Bonds might become less attractive and the price you get if you sell could fall. However, the market price of the Bonds has no effect on the income you receive or what you get back on expiry of the Bonds if you hold on to the Bonds until they mature; and
  - (ii) inflation will reduce the real value of the Bonds over time which may affect what you could buy with the return on your investment in the future and which may make the fixed interest rate on the Bonds less attractive in the future.
- If you invest at a price other than the face value of the Bonds, the overall return or 'yield' on the investment will be different from the headline yield on the Bonds set out above. The headline indication of yield applies only to investments made at (as opposed to above or below) the face value of the Bonds.
- There is no guarantee of what the market price for selling or buying the Bonds will be at any time. If prevailing market conditions reduce market interest in the Bonds, the availability of a market price may be impaired. Moreover, notwithstanding that Barclays Bank PLC, Lloyds TSB Bank plc and The Royal Bank of Scotland plc will act as market makers (see **"How to trade the Bonds"** on page 7) for the Bonds, if trading activity levels are low, this may severely and adversely impact the price that an investor would receive if he/she wishes to sell his/her Bonds.
- Unlike a bank deposit, the Bonds are not covered by the Financial Services Compensation Scheme. (**"FSCS"**) or any other government savings or deposit protection scheme. As a result, the FSCS will not pay compensation to an investor in the Bonds upon Provident Financial and/or any Guarantor going out of business or becoming insolvent or if you get back less than you invest.

Provident Financial

Overview and strategy

Provident Financial is a public limited company whose ordinary shares are listed on the London Stock Exchange. As at 28 February 2013, Provident Financial had a market capitalisation of approximately £2.0 billion.

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

Business overview

Provident Financial operates two principal trading divisions; a Consumer Credit Division and Vanquis Bank.

Consumer Credit Division – Home Credit

The business has been in existence since 1880 and is a leading provider of home credit in the UK and Republic of Ireland, serving approximately 1.8 million customers as at 31 December 2012. The business offers simple, transparent financial products to customers on average or below-average incomes, many of whom find it difficult to obtain or manage other forms of credit. Typically, customers are fairly evenly split between the C2, D and E socio-economic groups (as originally developed by the National Readership Survey).

Home Credit operates under two brand names, Provident Personal Credit and Greenwood Personal Credit, and offers small unsecured cash loans, typically for sums of around £500 and typically repayable over a period of approximately one year. The Annual Percentage Rate (APR) on the most popular loans is currently 272 per cent. The business model requires a large agency force, currently made up of approximately 9,800 self-employed individuals of whom the vast majority is female. The agency force is supported by a large branch network comprising of more than 400 locations throughout England, Scotland, Wales, Northern Ireland and the Republic of Ireland. The loans are underwritten and delivered in cash to the customer's home by an agent who then typically calls every week to collect the repayments. Unlike other forms of lending, Home Credit's loans include all the costs up front and there are no extra fees or penalty charges when a customer misses a payment. Agents are paid commission predominantly on what they collect, not what they lend, in order to motivate them to lend only what the customer can afford to pay back.

Home Credit also offers pre-paid shopping vouchers which can be redeemed at certain high street retail outlets and a pre-paid card which can be used in retail stores and on the internet.

Home Credit regularly commissions independent customer satisfaction surveys to ensure that customers' needs are being met and that customers are satisfied with the service they are receiving. As at 31 December 2012, customer satisfaction in Home Credit was 92 per cent.

Vanquis Bank

Vanquis Bank was established as a pilot credit card operation in 2003 prior to advancing into full roll-out during 2004. The business operates in the non-standard sector of the UK credit market, offering credit cards to customers on average to below-average incomes, where the household income is typically between £15,000 and £30,000 per year with limited or impaired credit histories. Underwriting criteria have been tightened since mid-2007 and the acceptance rate for new applications is approximately 24 per cent.

Credit limits are lower than those generally offered by mainstream credit card companies, with over half of all new customers starting with a credit limit of £250. The maximum initial credit line is currently £1,000 and credit lines will be increased only when customers have established a sound payment history. Utilisation on card accounts during 2012 was high at 74 per cent. and is a key dynamic for the business ensuring high revenues, whilst maintaining a relatively low level of contingent undrawn exposure. The current average balance is approximately £790 against an average credit line of £1,060. Vanquis Bank cards have a higher minimum monthly repayment amount of around 5 per cent. compared with most other credit cards. The typical initial APR is currently 39.9 per cent.

Customer recruitment is primarily carried out through the internet, direct mailing campaigns and from decline agreements with other card providers. UK customer numbers as at 31 December 2012 were 899,000. Vanquis Bank regularly commissions independent customer satisfaction surveys to ensure that customers' needs are being met and that customers are satisfied with the service they are receiving. As at 31 December 2012, customer satisfaction in Vanquis Bank was 89 per cent.

Further Information

Holding the Bonds

The Bonds will be held in custody for you by your Authorised Offeror, or as may be arranged by your Authorised Offeror.

How to trade the Bonds

The Bonds are expected to be listed on the Official List of the UK Listing Authority and admitted to trading on the electronic Order Book for Retail Bonds (the **"ORB"**) of the regulated market of the London Stock Exchange plc.

The ORB was launched in response to private investor demand for easier access to trading bonds with the aim of providing a transparent and efficient mechanism for UK retail investors to access the bond markets. The Bonds are tradable instruments and prices will be quoted in the market during trading hours.

The Bonds are expected to be supported in a market-making capacity by Barclays Bank PLC, Lloyds TSB Bank plc and The Royal Bank of Scotland plc. Market-making means that a person will maintain prices for buying and selling the Bonds. Each of Barclays Bank PLC and The Royal Bank of Scotland plc will be appointed as a registered market maker through the ORB (www.londonstockexchange.com/exchange/prices-and-markets/retail-bonds/retail-bonds-search.html) when the Bonds are issued.

Investors should, in most normal circumstances, be able to sell their Bonds at any time, subject to market conditions, by contacting their stockbroker. As with any investment, there is a risk that an investor could get back less than his/her initial investment or lose his/her entire initial investment.

Pricing information for sales and purchases of the Bonds in the market will be available throughout trading hours (8.00am to 4.30pm London time) on the ORB.

As noted above, notwithstanding that Barclays Bank PLC, Lloyds TSB Bank plc and The Royal Bank of Scotland plc will act as market makers (as explained above), if trading activity levels are low, this may severely and adversely impact the price that an investor would receive if he/she wishes to sell his/her Bonds.

Fees

Provident Financial will pay certain fees and commissions in connection with the offer of the Bonds. The Joint Lead Managers will receive a fee of 1.00 per cent. of the aggregate nominal amount of the Bonds. From this fee, the Joint Lead Managers will pay:

(i) each Initial Authorised Offeror (as defined in the Final Terms) a fee of 0.50 per cent. of the aggregate nominal amount of the Bonds allotted to such Initial Authorised Offeror; and

(ii) each Additional Authorised Offeror (as defined in the Final Terms) a fee of 0.25 per cent. of the aggregate nominal amount of the Bonds allotted to such Additional Authorised Offerors.

Authorised Offerors (including Initial Authorised Offerors and Additional Authorised Offerors) may charge fees and/or commissions in respect of any Bonds purchased and/or held. Neither Provident Financial nor (unless acting as an Authorised Offeror) any Joint Lead Manager is responsible for the level or payment of any of these fees and/or commissions.

Taxation of the Bonds

Prospective Bondholders should consult their own tax advisers to obtain advice about their particular tax treatment in relation to the Bonds. If you make an investment in the Bonds, the tax treatment which will apply to you will depend on your individual circumstances and taxation law and practice at the relevant time (and so may be subject to change in the future).

Please also refer to the section of the Offering Circular entitled "United Kingdom Taxation" on page 103 for information regarding certain aspects of United Kingdom taxation of payments of interest on the Bonds.

All amounts, yields and returns described herein are shown before any tax impact.

It is the responsibility of every investor to comply with the tax obligations operative in their country of residence.

ISA and SIPP eligibility of the Bonds

At the time of issue the Bonds may be invested in a stocks and shares ISA or SIPP. However, investors should seek advice as to whether the specific terms of their arrangements permits investment of this type. The tax treatment of an investor will depend on his/her individual circumstances and taxation law and practice at the relevant time (and so may be subject to change in the future).

See also the **"Taxation of the Bonds"** section above.

Disclaimer

The contents of this document are indicative and are subject to change without notice. This document should not be solely relied on for making any investment decision in relation to the purchase of the Bonds. **Any decision to purchase or sell the Bonds should be made solely on the basis of a careful review of the Offering Circular and the Final Terms. Please therefore read the Offering Circular and Final Terms carefully before you invest.** Before buying or selling a Bond you should ensure that you fully understand and accept the risks relating to an investment in the Bonds, otherwise you should seek independent advice.

Each of Barclays Bank PLC, Lloyds TSB Bank plc and The Royal Bank of Scotland plc is acting for itself and will not act and has not acted as your legal, tax, accounting or investment adviser and will not owe you or your clients any fiduciary duties in connection with a purchase or sale of the Bonds, or any related transaction.

No reliance may be placed on any of Barclays Bank PLC, Lloyds TSB Bank plc or The Royal Bank of Scotland plc for advice or recommendations of any sort. Barclays Bank PLC, Lloyds TSB Bank plc and The Royal Bank of Scotland plc make no representation or warranty to you with regard to the information contained in the Offering Circular and/or the Final Terms. This Information Booklet contains information derived from the Offering Circular and Final Terms and is believed to be reliable but, in so far as each of them may do so under applicable law, Barclays Bank PLC, Lloyds TSB Bank plc and The Royal Bank of Scotland plc do not warrant its completeness or accuracy. None of Barclays Bank PLC, Lloyds TSB Bank plc, The Royal Bank of Scotland plc or Provident Financial are responsible for any advice or service you may receive from a third party in relation to the Bonds.

Barclays Bank PLC, Lloyds TSB Bank plc and The Royal Bank of Scotland plc and their affiliates, connected companies, employees and/or clients may have an interest in securities of the type described in this Information Booklet and/or in related securities. Such interest may include dealing, trading, holding, acting as market makers in such instruments and may include providing banking, credit and other financial services to any company or issuer of securities referred to herein.

This document does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase, any Bonds. Any purchase or sale of Bonds should only be made on the basis of the information contained in the Offering Circular together with the Final Terms, available as described above.

Authorised Offerors

Barclays Stockbrokers
www.barclaysstockbrokers.co.uk/Pages/provident.aspx

Collins Stewart Wealth Management
www.collinsstewartwealth.com

Hargreaves Lansdown
www.hl.co.uk/provident_bond

Killik & Co.
www.killik.com/bonds

Redmayne-Bentley LLP
www.redmayne.co.uk/provident

Selftrade
www.selftrade.co.uk/provfin

Smith & Williamson Securities
www.smith.williamson.co.uk/fixed-income-dealing-service