

NON-STANDARD FINANCE / PROVIDENT FINANCIAL MERGER INQUIRY

Invitation to comment

Pursuant to an offer document dated 9 March 2019, Non-Standard Finance plc (**NSF**) has offered to acquire all of the issued shares in Provident Financial plc (**Provident**) pursuant to the City Code on Takeovers and Mergers (the **Merger**). NSF, through Loans at Home, and Provident (the **Parties**) primarily overlap in the provision of home credit in the UK. NSF also offers guarantor loans and branch-based unsecured lending. Provident also offers non-standard credit cards, non-standard vehicle finance and online loan products. NSF and Provident are both listed on the Main Market of the London Stock Exchange and have a number of common shareholders, including Woodford Investment Management Limited (**Woodford**), Invesco Asset Management Limited (**Invesco**) and Marathon Asset Management (**Marathon**).

The Competition and Markets Authority (**CMA**) is considering whether it is or may be the case that the Merger, if carried into effect, will result in the creation of a relevant merger situation under the merger provisions of the Enterprise Act 2002 and, if so, whether the creation of that situation may be expected to result in a substantial lessening of competition (**SLC**) within any market or markets in the UK for goods or services.

NSF has acknowledged that the Merger gives rise to a realistic prospect of an SLC in relation to the home credit overlap.

In order to address the SLC resulting from the Merger in relation to the home credit overlap, NSF has proposed an undertaking in lieu of reference consisting of a demerger of the operating company of Loans at Home (NSF's entire home credit business) to create a separate company that will be listed on the Main Market with a standard listing (the **Proposed Demerger**). The shares in the demerged Loans at Home would be allocated to the shareholders of NSF (which, post-Merger, will include any Provident shareholders that have accepted NSF's offer as the offer is made on an all-share basis). This means that, immediately after the Proposed Demerger, the shareholders in the enlarged NSF and Loans at Home would be the same. The CMA is inviting comments on whether the Proposed Demerger would remove the overlap in home credit and remedy the realistic prospect of an SLC that NSF has acknowledged.

The CMA also invites comments on whether the remainder of the Merger (i.e. those parts of NSF and Provident not relating to home credit) raises competition concerns such as to give rise to a realistic prospect of an SLC.

These comments should be provided by the deadline set out below to:

Case officer name: Andrew Hilland

Telephone: +44 20 3738 6610

Email: andrew.hilland@cma.gov.uk

Affected sector: Financial Services

Case number: ME/6797/19

Expected decision date: [●]

Deadline for comment: 12 June 2019