

THIS LETTER IS IMPORTANT.

**Please read this letter carefully if you have ever received or guaranteed a loan from
PROVIDENT, GLO, SATSUMA OR GREENWOOD**

**This letter relates to matters which affect your legal rights.
The information below does not affect your responsibility to carry on making
your normal payments in respect of outstanding loans.**

15 March 2021

- Our records show that you may have had a loan from Provident, Glo, Satsuma or Greenwood, or that you may have guaranteed a loan from Glo between 6 April 2007 and 17 December 2020 (inclusive). If you received a loan from Provident, Glo or Satsuma, the loan came from a company called Provident Personal Credit Limited ("**PPC**"). If you received a loan from Greenwood, the loan came from a company called Greenwood Personal Credit Limited ("**Greenwood**"). PPC and Greenwood are together the "**Lenders**".
- The loan or guarantee may have been unaffordable to you because the Lenders may not have carried out the right checks when they made the relevant loans or took the relevant guarantee.
- We are writing to all borrowers who received loans from the Lenders ("**Borrowers**") and to all persons that guaranteed a loan from Glo (the "**Guarantors**") to see if the Lenders may owe you compensation. If you are a Borrower with a valid claim, your compensation claim will be calculated based on the interest paid on the loan. If you are a Guarantor with a valid claim, your compensation claim will be calculated based on the amount actually paid by you. If you have a claim as both a Borrower and a Guarantor, you will need to submit each such claim separately.
- We are using a plan called a "Scheme of Arrangement" (the "**Scheme**") to deal with all Borrowers and Guarantors (together "**Consumers**").
- If the Scheme is approved, Provident Financial plc will make £50 million available to pay to Consumers for their valid compensation claims. In addition, some Borrowers with outstanding loans will have those loans reduced against successful claims.
- Consumers will be able to vote on the Scheme in July 2021. The Court will then consider whether to approve the Scheme.
- **If the Scheme is approved, you will then have 6 months to make a claim. If you don't make a claim within 6 months, you will lose any right to compensation and you will not receive any money. Also if you are a Borrower, you will lose the right to reduce any amount you owe on your loan and, if you are a Guarantor, you may have to make payments under your guarantee.**
- Once all claims have been agreed, we will calculate the compensation due to each Borrower or Guarantor with a valid claim. We would expect to start making payments in the first half of 2022.

Until we know how many valid claims have been made it is not possible to say how much Consumers will receive. We will also need to check if you have any loan outstanding to any Lender because that loan (regardless of whether it was made by Provident, Glo, Satsuma or Greenwood), will be reduced by the amount of any compensation claim you are owed. Borrowers should note, however, that in some cases their loan may have been sold by the Lender to a third party. In this case, the benefit of such debt-reduction may not be available.

It is expected that Consumers will receive significantly less than the full amount of compensation agreed or otherwise determined to be owed to them in the Scheme. However, in the absence of a Scheme, the Lenders are likely to enter into insolvency proceedings. Based on a reasonable range of estimated outcomes, no return is expected for Consumers in an insolvency process. An illustrative example of how compensation will be calculated is explained in paragraph 7 of the attached letter.

What will happen if the Scheme is not approved?

If the Scheme is not approved by Consumers and the Court it will not go ahead. As stated above, in the absence of a Scheme, the Lenders will likely enter into insolvency proceedings. Based on a reasonable range of estimated outcomes, no return is expected for Consumers in an insolvency proceeding.

We believe that Consumers will be better off if they vote to approve the Scheme because they will receive some compensation if they have valid claims.

What should you do now?

Please:

- (1) read the document provided with this letter which provides some further detail about the Scheme and what you should do if you have any questions, comments or concerns; and
- (2) if you are able to, go to the portal at <https://scheme.providentpersonalcredit.com> to provide the Company with your contact details.

If you do not have internet access you can contact us using the details in the following paragraph. Otherwise, you don't need to do anything in relation to your claim (if any) at this stage.

Further information and communications in respect of the Scheme

We encourage all Consumers to remain engaged in the Scheme process and check the website noted at the bottom of this page for updates from time to time. If you do not have internet access, you can get pre-recorded updates through our telephone helpline at 0800 056 8936. You can also write to us at Scheme of Arrangement Team, Provident SPV Limited, 1 Godwin Street, Bradford, West Yorkshire, BD12SU.

The next time we will be writing to you will be shortly after 22 April 2021 to confirm the date of the meeting to vote on the Scheme, how to vote at it and how to obtain the Scheme and further information explaining it.

Yours faithfully

Provident SPV Limited

<https://scheme.providentpersonalcredit.com>

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OUTSTANDING LOANS.**

15 March 2021

Dear Scheme Creditor

1. BACKGROUND TO THE LENDERS AND THE COMPANY

- 1.1 Provident Personal Credit Limited ("**PPC**") is the registered name for the company that trades as **Provident, Glo** and **Satsuma**. If you borrowed money from **Provident, Glo** or **Satsuma**, you will have received a loan from PPC (and you are a "**Borrower**"). If you guaranteed a loan given by Glo to a Borrower, you are a "**Guarantor**". The Borrowers and Guarantors are together referred to in this letter as the "**Consumers**".
- 1.2 PPC is one of the leading providers of credit to consumers in the UK and Republic of Ireland and provided loans to Borrowers who may otherwise find it difficult to obtain credit from traditional, high-street, banks. PPC's loans fall into two categories: Home Credit, and Online Lending – and you may be a Borrower in respect of one or both of these businesses.
- 1.2.1 *Home Credit:* Home Credit consists of short-term cash loans issued to Borrowers at their home. Home Credit loans are issued by PPC in the name of **Provident** and **Glo**.
- 1.2.2 *Online Lending:* Since 2013, PPC has offered online loans in the name of **Satsuma**.
- 1.3 Greenwood Personal Credit Limited ("**Greenwood**" and, together with PPC, the "**Lenders**") provided short-term loans in the UK until it stopped trading in April 2014. Greenwood stopped trading when it transferred all of its business to PPC and since that time PPC has administered Greenwood's former business, including any complaints or rights to compensation. If you borrowed money from Greenwood, you are also a "**Borrower**".
- 1.4 The Lenders are both subsidiaries of Provident Financial plc (the "**Parent**").
- 1.5 Provident SPV Limited (the "**Company**") is also a subsidiary of Parent. The purpose of the Company is to pay a proportion of the agreed or otherwise determined claims of the Consumers and the Financial Ombudsman Service (the "**FOS**") and to facilitate the

compromise of the Lenders' redress liabilities to Consumers in accordance with the Scheme further described at paragraph 3.3 below. It is able to do this as it entered into a document called a deed poll immediately prior to the issue of this letter (the "**Deed Poll**"). In the Deed Poll, the Company agreed that it would be responsible for paying these claims. It is the Deed Poll that allows the Company to propose the scheme of arrangement described in this letter.

2. **BACKGROUND TO THE SCHEME**

- 2.1 PPC has suffered financial difficulties for a number of years, and has not made a profit since 2016. While there are a number of reasons for PPC's poor financial performance, a key factor which has led to its recent decline, has been the increasing number of Consumer complaints made against it for loans which it may have incorrectly issued.
- 2.2 Legally, the Lenders were required to ensure that, amongst other things, loans given, and guarantees taken, met certain minimum creditworthiness requirements. These requirements included an obligation on each Lender to perform checks to ensure that Borrowers could afford to repay their loans on the date that repayment was due, without having to borrow additional sums from the Lenders or other persons to make those repayments, and that repeat borrowing, if any, was sustainable. Similar checks were required with respect to Guarantors.
- 2.3 Unfortunately, in certain cases, the Lenders may have failed to meet these requirements. This has led to a number of Consumer complaints against the Lenders for breach of the regulatory requirements applying to them.
- 2.4 Although the Lenders have made a number of compensation payments to Consumers in recent years, they cannot afford to continue to pay these claims in full. This is due to a combination of PPC's declining financial position and the rapidly increasing number of claims which have been received recently. Whilst compensation claims are carefully considered and only awarded where appropriate, if compensation claims continue to be brought against the Lenders at the current rate, it is likely that the Lenders will need to enter into insolvency proceedings if a solution cannot be found. Based on a reasonable range of estimated outcomes, no cash payment is expected for Consumers in an insolvency proceeding, however Consumers with outstanding loan balances would still be entitled to a debt-reduction, as described in paragraph 6.7 below.

3. **WHAT IS A SCHEME OF ARRANGEMENT?**

- 3.1 A scheme of arrangement is a compromise or arrangement, between a company and its creditors (or some of them). The scheme will bind the Company and each of the creditors affected by it, if:
 - 3.1.1 it is approved by a majority in number (i. e. more than 50 per cent), representing 75 per cent or more in value, of the creditors who attend and vote at the meeting to consider the scheme; and
 - 3.1.2 the Court approves the scheme at a Court hearing for that purpose; and

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- 3.1.3 a copy of the Court order approving the scheme is lodged with the Registrar of Companies.
- 3.2 The date on which the last of these steps occurs will be the "**Effective Date**". As set out in the table at section 8 (Key dates) below, we expect that the Effective Date will occur in or around July 2021.
- 3.3 The purpose of the scheme of arrangement being proposed by the Company (the "**Scheme**") is to put in place an arrangement by which the Company shall pay:
- 3.3.1 a proportion of the valid compensation claims made by Consumers; and
- 3.3.2 a proportion of the valid claim made by the FOS for fees owed to it by the Lenders in respect of the FOS's review of Redress Claims (as defined in paragraph 5.1 below) arising in respect of a Loan or Guarantee (each as defined in paragraph 4.1 below), but excluding any fee incurred in respect of any Redress Claim which has been the subject of a FOS adjudication or FOS decision prior to the date of this letter (the "**FOS Fees**").
- 3.4 We do not think that the Scheme will be able to satisfy all liabilities agreed or determined in the Scheme in full and, based on our calculations, any payments are likely to be significantly lower than the amount determined to be owed in the Scheme. However any amounts paid to Consumers in the Scheme will be greater than the amount Consumers are expected to receive in the alternative to the Scheme, being insolvency proceedings. As explained above, in insolvency proceedings, based on a reasonable range of estimated outcomes, no cash payment is expected for Consumers. If the Scheme is not implemented, the Lenders will likely enter into insolvency proceedings. If this happened, unsecured creditors, such as the Consumers and the FOS, are unlikely to receive any payment at all.
- 3.5 The Parent will provide £50 million to the Company (the "**Compensation Fund**") to enable a payment to be made to Consumers and the FOS (the "**Scheme Creditors**") by the Company in the Scheme. In addition to its obligation to pay the Compensation Fund to the Company, the Parent will also pay the costs of implementing the Scheme. The Compensation Fund will not be provided to Scheme Creditors unless the Scheme becomes effective.
- 3.6 PPC, as an authorised firm, has been engaging with the FCA with a view to ensuring that the Scheme does not raise regulatory concerns. The FCA has informed PPC of a number of concerns it has with the Scheme. However, at the time of writing this letter, the FCA has not fully completed its assessment of the Scheme and PPC proposes to use the time prior to the First Court Hearing (to be held on 22 April 2021) to work constructively with the FCA to resolve the FCA's concerns. In any event, the FCA has made it clear that it does not support the Scheme for a number of reasons including, in this specific case, because Consumers will receive less than the full value of their claims. The FCA also reserves its right to take further action in connection with the Scheme.
- 3.7 The Company believes it will be able to resolve the FCA's concerns (apart from their concern as regards Consumers receiving less than full value) prior to the First Court Hearing, but, if any concerns are not resolved, the Company expects the FCA to set out

those concerns to the court in writing. Nonetheless, the Company expects Consumers to be given the opportunity to decide for themselves whether to support the Scheme or to oppose it in favour of the alternative, an insolvency proceeding, notwithstanding any concerns which the FCA may have.

- 3.8 Separately the FCA recently opened an enforcement investigation into PPC's conduct in the period between February 2020 and February 2021. The appointment of investigators does not mean that the FCA has determined that rule breaches and/or other contraventions have occurred. The FCA also continues to assess whether PPC is complying, and is likely to comply, with the standards they are expected to meet and their proposed approach to future lending (as and when further details of such proposals are made available). PPC fully intends to work closely with the FCA in the coming months, including in relation to the investigation which is unlikely to conclude until 2022.

4. **WHO WILL BE AFFECTED BY THE SCHEME?**

- 4.1 The Scheme will affect all Consumers who have claims that fit the following criteria:

4.1.1 the Consumer either:

- (a) took out a loan with Provident, Glo, Satsuma or Greenwood between 6 April 2007 and 17 December 2020 (inclusive) (a "**Loan**"); or
- (b) guaranteed a Loan issued by Glo to a Borrower between 6 April 2007 and 17 December 2020 (inclusive) (a "**Guarantee**"); and

4.1.2 the Consumer has, or could have, a claim for compensation against any of the Lenders in respect of that Loan or Guarantee, as further described in section 5 below (a "**Redress Claim**"), provided that such Redress Claim is not made in respect of an Excluded Liability (as defined in paragraph 5.2 below).

- 4.2 The Scheme will also affect the FOS in respect of their claims for the FOS Fees.

5. **WHAT IS A REDRESS CLAIM?**

- 5.1 A Redress Claim is a claim in respect of a Redress Liability. A "**Redress Liability**" is a liability of a Lender arising in connection with the assessment of the creditworthiness of a Borrower or Guarantor, the sustainability, suitability or affordability of a Loan or Guarantee or the performance of any ancillary duty, but does not include an Excluded Liability.

- 5.2 An "**Excluded Liability**" is a liability that arises by virtue of a Loan that was:

5.2.1 made by PPC's Irish branch; or

5.2.2 governed by Irish law; or

5.2.3 subject to the supervision of the Central Bank of Ireland.

5.3 Redress Claims will be calculated using a model that has been developed with reference to the 2020 Court decision in the *Kerrigan* case in relation to the calculation of such claims (the "**Claims Methodology**"). The Claims Methodology has also been developed to take account of indicators of unaffordable lending such as the number and frequency of loans and other creditworthiness factors. The FCA asked an independent firm to formally review the methodology (the "**Skilled Person**"). The Skilled Person provided us with comments on the methodology, and we have incorporated these comments in the Claims Methodology that we will use to determine claims under the Scheme. However, the Skilled Person's review of the methodology has not been completed as at the date of this letter. The FCA has reserved its rights in relation to the Scheme including in relation to any further comments or recommendations the Skilled Person may make. A diagram illustrating the process for determining and calculating claims is available on <https://scheme.providentpersonalcredit.com> (the "**Website**") and you may also obtain a copy of it using the contact details set out in section 12 (Contact) below.

6. **WHAT WILL HAPPEN UNDER THE SCHEME?**

6.1 If the Scheme becomes effective, Scheme Creditors will be required to submit all Redress Claims and claims for FOS Fees ("**Scheme Claims**") which they may have against the Lenders to the Company. All Scheme Claims must be made before the deadline, which will be 6 months from the Effective Date (the "**Claims Submission Date**").

6.2 **After the Claims Submission Date, Scheme Creditors will not be entitled to submit further Scheme Claims to the Company or receive any compensation payment in respect of those claims. For Consumers, this also means that:**

6.2.1 **a Borrower who has not fully repaid their Loan, will not benefit from any reduction in the amount that is repayable; and**

6.2.2 **a Guarantor may still have an obligation to make payments under the Guarantee given by them.**

6.3 If you have already submitted a complaint to a Lender and it has not been agreed by PPC or determined by the FOS, you may have an outstanding claim. Outstanding claims will be automatically entered into the Scheme and you will not need to resubmit these claims. You can find further information as to whether you have an outstanding claim if you are registered at the Portal referred to in paragraph 11.3 below. You will also find further information on the Website. If you are in any doubt about whether you have an outstanding claim in the Scheme, you should submit your claim to ensure that it is considered.

6.4 The Company will assess all claims which are submitted to it by the Claims Submission Date and contact Scheme Creditors to let them know whether their claim has been accepted or not, and, if applicable, the amount of compensation which will be paid by way of dividend. If you are a Borrower with a valid claim, your compensation claim will be calculated based on the interest payable on the Loan. If you are a Guarantor with a valid claim, your compensation claim will be calculated based on the amount paid by

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you. Also, where the Guarantor has been compensated in this way, the Borrower whose Loan was guaranteed by the Guarantor will not be required to pay to the Company or the Lenders any part of the Loan originally paid by that Guarantor. If a Guarantor has a valid claim but has not made any payments under a Guarantee, its obligations under that Guarantee will be released and it will not have to make any payments under it.

- 6.5 Scheme Creditors whose claims have been rejected by the Company, or who are dissatisfied with the amount of compensation offered by the Company, can refer their claim to the independent person appointed in the Scheme to hear such appeals. That independent person is called the "**Scheme Adjudicator**".
- 6.6 The Scheme Adjudicator will examine the Scheme Creditor's claim and determine whether it should be accepted or not. If the claim is accepted, the Scheme Adjudicator will determine the amount of compensation due to that Scheme Creditor. Decisions by the Scheme Adjudicator are binding on the Company. However, Consumers who are dissatisfied with the Scheme Adjudicator's decision will have 6 months to make a claim to the FOS for a final determination, although it should be noted that the FOS has told us it is unlikely to be able to progress your complaint because of the Scheme.
- 6.7 In determining a claim made by a Borrower in the Scheme, both the Company (and if relevant the Scheme Adjudicator) will consider whether the Borrower has repaid its Loans in full. Where the Borrower has not repaid its Loans in full, and some or all of that Loan is repayable to one of the Lenders, the Company will automatically write off the amounts due under the relevant Loans, up to a maximum of the value of the Borrower's valid Redress Claim. This will leave the Borrower with either:
- 6.7.1 a net claim against the Company (if its valid Redress Claim exceeds its outstanding Loan balance). In this case the Borrower will receive a payment from the Company; or
- 6.7.2 a net liability (if its outstanding Loan balance exceeds its valid Redress Claim), which the Borrower will need to pay as normal.

This process is referred to as "**debt-reduction**".

- 6.8 Borrowers should note that, in certain cases, their Loan may have been sold by PPC to a third party (a "**Debt Purchaser**"). Where a Borrower's Loan was sold to a Debt Purchaser, they would have received a letter telling them of that sale at or around the time of that sale. A Borrower will also know if its Loan has been sold to a Debt Purchaser because any repayments they are currently making will be made to a person other than one of the Lenders.
- 6.9 While the sale of loans to Debt Purchasers is standard practice in the UK, if you are a Borrower whose Loan has been sold to a Debt Purchaser, it may mean that the Lenders no longer control your Loan. In these circumstances, the Lenders cannot automatically write off any outstanding balance that you may have under your Loan. The Company will work with each of the Debt Purchasers to try to obtain the benefit of a debt-reduction for each affected Borrower, but there is no guarantee that this will be possible.

- 6.10 Accordingly, if you are a Borrower whose Loan has been sold to a Debt Purchaser, you should proceed on the basis that you will receive a cash payment calculated as a percentage of the full amount of your valid claim without the debt-reduction, and that your outstanding Loan balance will not be taken into account.
- 6.11 You will not, however, be disadvantaged by the Scheme if you make a claim by the Claims Submission Date because, if the Debt Purchaser asks you to repay your outstanding Loan balance in the future, the Scheme does not prevent you from exercising any rights you may have to require the Debt Purchaser to:
- 6.11.1 take into account the total amount of your valid compensation claim; and
 - 6.11.2 reduce the amount you are required to pay in respect of your outstanding Loan balance accordingly.

If the Debt Purchaser agrees that your outstanding Loan balance can be applied in debt-reduction, you will receive a cash payment calculated as a percentage of your valid claim less your outstanding Loan balance.

- 6.12 Claims which are:
- 6.12.1 agreed between the Company and the Scheme Creditor; or
 - 6.12.2 determined by the Scheme Adjudicator; or
 - 6.12.3 determined by the FOS (in the event that, notwithstanding paragraph 6.6 above, an appeal to the FOS by a Consumer is made within 6 months and such appeal adjudicated by the FOS),

after the application of any debt-reduction, are referred to as "**Ascertained Scheme Liabilities**".

- 6.13 Once all claims have been agreed or determined, the Company will start paying Scheme Creditors on their Ascertained Scheme Liabilities, using the proceeds of the Compensation Fund.
- 6.14 The payment which Scheme Creditors will receive on their Ascertained Scheme Liabilities will depend on a number of factors, as illustrated in section 7 below. We believe that the Company will not be able to pay all Ascertained Scheme Liabilities in full and based on our calculations any payments are likely to be significantly lower than the amount agreed or determined in the Scheme. However we believe that any payment will be greater than in an insolvency proceeding (in which we believe Scheme Creditors are likely to receive nothing at all). If the Lenders enter into insolvency proceedings, the Company will not receive the Compensation Fund and this money will not be available to pay to Scheme Creditors.
- 6.15 If the Scheme becomes effective, in exchange for the Company agreeing to pay your claims using the proceeds of the Compensation Fund, Scheme Creditors will not be entitled to make any further Scheme Claims against the Lenders. Instead such claims may be made only against the Company. However, as noted above, based on our

estimates, we expect that the amount Scheme Creditors will receive from the Company in the Scheme will be higher than the amount that Scheme Creditors would receive from the Lenders without the Scheme. This is because, as explained in paragraph 2.4 above, if the Scheme is not implemented, the Lenders expect that Scheme Creditors will recover no compensation for their claim. The Scheme is designed to avoid this outcome and provides, in the Company's view, the fairest way to share the Compensation Fund.

- 6.16 If the Court gives the Company permission, you will receive a document (the "**Explanatory Statement**") which will explain in more detail how the Scheme will work, how to vote and if the Scheme becomes effective, how to submit your claim.

7. AN EXAMPLE OF HOW PAYMENTS WILL BE CALCULATED

- 7.1 A diagram illustrating the process for determining and calculating claims is set out at <https://scheme.providentpersonalcredit.com>.

- 7.2 It is not possible to state at this time the actual percentage payment which Scheme Creditors will be paid on their Ascertained Scheme Liabilities. This is because the percentage will be dependent on a number of future factors that are not possible to quantify with any certainty at this time. These factors include: how many Consumers submit claims by the Claims Submission Date and satisfy the necessary identity checks; how many claims are agreed or otherwise determined to be valid; the amounts of such claims; and the extent to which there are Loans outstanding which are to be applied in debt-reduction against those claims. However, the following is a highly simplified illustrative example of how payments will be calculated.

- 7.3 The Compensation Fund to be paid in the Scheme will be £50 million. If the total Ascertained Scheme Liabilities are greater than £50 million (as is expected), it will not be possible to pay Scheme Creditors the full amount of their Ascertained Scheme Liabilities. Subject to what we say above in relation to Loans which have been sold to Debt Purchasers, Borrowers who have outstanding Loans will receive the full benefit of the compensation (up to the amount of the outstanding Loan) because the amount they are required to pay back in respect of that Loan will be reduced by the amount of their valid claim.

- 7.4 In the illustrative scenarios that follow, the total Ascertained Scheme Liabilities established in the Scheme is £500,000,000. Accordingly, in this scenario, the payment percentage to be paid in the Scheme will be 10%, being:

Compensation Fund (£50,000,000)

Total Ascertained Scheme Liabilities (£500,000,000)

Please note that the above example is not a projection of the actual payment percentage to be paid in the Scheme and is provided purely for illustrative purposes. The actual payment percentage payable may ultimately be set at a higher or lower rate in the Scheme.

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7.5 We set out below how this payment percentage would be applied in respect of certain Borrowers or Guarantors.

7.5.1 **Borrower 1: The Company and Borrower 1 agree Borrower 1 has a right to compensation in the total amount of £1,000. Furthermore, Borrower 1 still has a balance of £500 to repay on a Loan with one of the Lenders (i.e. such Loan has not been sold to a Debt Purchaser).**

In this case Borrower 1's Ascertained Scheme Liability is £500 (being its £1,000 claim minus the £500 it owes on the Loan after the debt-reduction) and it will receive £50, being the 10% payment percentage on its Ascertained Scheme Liability of £500. Borrower 1 will also not be required to repay the £500 outstanding on its Loan.

7.5.2 **Borrower 2: The Company and Borrower 2 agree that Borrower 2 has a right to compensation in the total amount of £1,000. Furthermore, Borrower 2 still has a balance of £1,500 to repay on a Loan with one of the Lenders (i. e. such Loan has not been sold to a Debt Purchaser).**

In this case Borrower 2's Ascertained Scheme Liability is £0. However, instead of being required to repay £1,500 on its Loan, Borrower 2 will only have to repay £500 (being the £1,500 still to be repaid on the Loan minus the £1,000 agreed compensation claim).

7.5.3 **Borrower 3: The Company and Borrower 3 agree that Borrower 3 has a right to compensation in the total amount of £1,000. However, Borrower 3 has fully repaid its Loan with one of the Lenders. Accordingly, Borrower 3 has no continuing liability to the Lender.**

In this case Borrower 3's Ascertained Scheme Liability is £1,000 and it will receive £100, being the 10% payment percentage on its Ascertained Scheme Liability of £1,000.

7.5.4 **Guarantor 1: The Company and Guarantor 1 agree that Guarantor 1 has a claim. Guarantor 1 has paid a total of £1,000 in respect of a Guarantee.**

In this case, Guarantor 1's Ascertained Scheme Liability is £1,000 and it will receive £100, being the 10% payment percentage on its Ascertained Scheme Liability of £1,000. The Borrower whose Loan was guaranteed by Guarantor 1 will not be required to pay to the Company or the Lenders any part of the Loan paid by the Guarantor.

7.5.5 **Guarantor 2: The Company and Guarantor 2 agree that Guarantor 2 has a claim. However, Guarantor 2 has not made any payments under the Guarantee.**

In this case Guarantor 2's Ascertained Scheme Liability is £0. However, its obligations under the Guarantee it gave will be released and it will not be required to make any payments under it (even where the original Loan has not been repaid to the Lender by the Borrower).

7.6 Where a Loan has been sold to a Debt Purchaser, please refer to paragraphs 6.8 to 6.10 above for further explanation as to how such Loan will be treated in the Scheme for the purpose of calculating cash payments.

8. **KEY DATES**

8.1 The process for approving the Scheme is as follows:

First Court Hearing	The Company will ask the Court at the First Court Hearing for permission to call a meeting of the Scheme Creditors to consider, and vote on, the Scheme (the "Scheme Meeting"). The First Court Hearing is expected to be held virtually on 22 April 2021. We will advise Scheme Creditors of the exact time of the Court Hearing on the Website, as soon as possible following receipt of this information from the Court. Scheme Creditors will also be able to access this information through a pre-recorded message on our telephone helpline at 0800 056 8936. However, this information is unlikely to be available until the afternoon of 21 April 2021.
The Explanatory Statement	If the Court gives the Company permission at the First Court Hearing to call the Scheme Meeting, the Company will send Scheme Creditors more detailed information about the Scheme, and its impact on them. This information will be contained in the Explanatory Statement.
Scheme Meeting	The Scheme Meeting is expected to be held in early July 2021, and we will write to you with further details once it has been confirmed. The Scheme Meeting may be held virtually. If you cannot attend the meeting, you will be able to ask the Chairman of the Scheme Meeting to vote for you in accordance with your wishes. We will explain the voting process in the Explanatory Statement.

Second Court Hearing	If the required majorities of Scheme Creditors vote in favour of the Scheme at the Scheme Meeting, the Company will ask the Court to approve the Scheme at the Second Court Hearing. In deciding whether to approve the Scheme, the Court will consider whether it is fair to Scheme Creditors. This hearing is also expected to be held virtually, most likely in mid-July 2021. We will advise Scheme Creditors of the exact date and time of this Court Hearing on the Website, as soon as possible following receipt of this information from the Court. Scheme Creditors will also be able to access this information through a pre-recorded message on our telephone helpline at 0800 056 8936.
Effective Date	The Effective Date will occur once a copy of the Court order approving the Scheme is registered with the Registrar of Companies. We expect that the Effective Date will occur the day after the Second Court Hearing.

9. SCHEME CLASSES

- 9.1 One of the matters that the Court will consider at the First Court Hearing when determining if it should approve the Scheme is whether the vote on the Scheme at the Scheme Meeting has been conducted properly. In making this decision, the Court will consider if all Scheme Creditors should vote together, or if Scheme Creditors should vote in different meetings (also known as classes). In summary, where Scheme Creditors have sufficiently similar rights to each other, they must vote together in one meeting. Where Scheme Creditors do not have sufficiently similar rights to each other, they must vote in different meetings.
- 9.2 The Company has considered the differences between:
- 9.2.1 Consumers who are Borrowers compared with Consumers who are Guarantors;
 - 9.2.2 Consumers whose Loans were made by PPC compared with Consumers whose Loans were made by Greenwood;
 - 9.2.3 Consumers whose Loan obligations have been fully repaid compared with those whose Loans remain outstanding in whole or in part;
 - 9.2.4 Consumers whose Loans are still owed to the Lenders compared with those Consumers whose Loans have been sold to Debt Purchasers; and
 - 9.2.5 Consumers compared with the FOS.
- 9.3 The Company has also considered the fact that it entered into the Deed Poll for the purpose of helping it to propose the Scheme.

<https://scheme.providentpersonalcredit.com>

- 9.4 Taking into account the matters in paragraph 9.2 and 9.3, the Company considers that all Scheme Creditors should vote in one meeting as it considers that all Scheme Creditors have sufficiently similar rights against the Company. Those rights are:
- 9.4.1 at present, the unsecured right to be paid compensation by the Company and the Lenders in respect of their valid Redress Claims (in the case of the Consumers) or the right to be paid the FOS Fees (in the case of the FOS); and
 - 9.4.2 if the Scheme is implemented, the right of all Scheme Creditors to receive the same payment percentage from the Company in respect of its Ascertained Scheme Liabilities.
- 9.5 If the Scheme is not implemented, the Company and the Lenders are likely to enter into insolvency proceedings. The Consumers and the FOS would each have the unsecured right to be paid compensation in respect of valid claims, but based on a reasonable range of estimated outcomes, no cash payment is expected for Consumers or the FOS in insolvency proceedings.
- 9.6 **IMPORTANT: If any Scheme Creditor has comments or concerns as to the proposed class constitution of the Scheme Meeting, or any other legal issues which they consider should be raised with the Court, they are asked in the first instance to send details to the Company using the details given in section 12 (Contact) below and we will bring such matters to the Court's attention.**

10. NEXT STEPS

- 10.1 At the First Court Hearing, the Court will consider whether it agrees that all Scheme Creditors can vote on the Scheme in the one class meeting as described above. If the Court does agree, it will ask the Company to hold the Scheme Meeting, to allow the Scheme Creditors to vote on the Scheme. You will then be notified about the Scheme Meeting, and also receive instructions about how you can vote.
- 10.2 If you do not agree that Scheme Creditors should consider, and vote on, the Scheme in one class meeting or have any other legal objections, you can send details of your objection to the Company using the details given in section 12 (Contact) below and we will bring that objection to the Court's attention.
- 10.3 You may also attend the First Court Hearing and present any objection to the Court in person or simply observe. While you will still be able to object to the Scheme at the Second Court Hearing, the Court will expect you to show good reason why you did not do so before the First Court Hearing.

11. COMMUNICATIONS IN RESPECT OF THE SCHEME

- 11.1 We encourage all Consumers to remain engaged in the Scheme process and check <https://scheme.providentpersonalcredit.com> for updates from time to time. If you do not have internet access, you can get pre-recorded updates regarding the Scheme through our telephone helpline at 0800 056 8936.

<https://scheme.providentpersonalcredit.com>

- 11.2 The next time we will be writing to you will be shortly after 22 April 2021 to confirm the date of the Scheme Meeting, how to vote at it and how to obtain the Scheme and further information explaining it.
- 11.3 The Company has also created a secure online portal which you can access at <https://scheme.providentpersonalcredit.com> (the "**Portal**") for communications with Scheme Creditors in respect of their individual claims. You do not have to take any action now but you can provide the Company with your contact details on the Portal using your unique identification number, which you will find on the covering letter to this letter.
- 11.4 If you provide your details through the Portal, all correspondence with the Company in respect of your claim will be conducted through the Portal and you should not trust any other communication that relates to your claim and which comes from elsewhere.
- 11.5 If you do not have access to the Portal, you can contact us using the details provided in section 12 (*Contact*) below and we can provide you with further information regarding each of the matters above.
- 11.6 If you are concerned about the authenticity of any correspondence or you suspect that you may have received unauthorised or fraudulent correspondence which claims to be from the Company or the Lenders in relation to the Scheme, please do not hesitate to contact us using the details provided in section 12 (*Contact*) below.

12. CONTACT

Website:	https://scheme.providentpersonalcredit.com
Telephone number	0800 056 8936
Email:	soa@provident.co.uk
Address:	Scheme of Arrangement Team Provident SPV Limited 1 Godwin Street Bradford West Yorkshire BD12SU

Yours faithfully

Provident SPV Limited

<https://scheme.providentpersonalcredit.com>