SCHEME DOCUMENT
in relation to

A SCHEME OF ARRANGEMENT

between

PROVIDENT SPV LIMITED
(the "Company")

and the

SCHEME CREDITORS
(as defined in the Scheme of Arrangement)

4 May 2021
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SECTION I: EXPLANATORY STATEMENT

EXPLANATORY STATEMENT
(Issued pursuant to section 897 of the Companies Act 2006)

in relation to

A SCHEME OF ARRANGEMENT

between

PROVIDENT SPV LIMITED (the "Company")

and the

SCHEME CREDITORS
(as defined in the Scheme of Arrangement)
## Section I: The Explanatory Statement

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PART A
SUMMARY

1. PURPOSE OF THIS DOCUMENT

1.1 This Section I (the "Explanatory Statement") explains the terms of the scheme of arrangement being proposed by Provident SPV Limited. Provident SPV Limited is referred to in this document as "we", "us", "our" and the "Company".

1.2 You will find the legal rules of the proposed scheme of arrangement (the "Scheme") at Section II of this document. If there are any differences between this Explanatory Statement and the Scheme, the terms of the Scheme will have priority over the terms of this Explanatory Statement.

1.3 The Scheme being proposed by us relates to loans issued by Provident, Glo, Satsuma and Greenwood between 6 April 2007 and 17 December 2020 (inclusive) (the "Loans"). In some cases, the Loans were issued in the form of vouchers rather than cash. Whilst the Company did not issue the Loans itself, under a document dated 14 March 2021 (the "Deed Poll"), we agreed to pay the valid redress claims owed to you in respect of those Loans in place of the Provident Personal Credit Limited and Greenwood Personal Credit Limited (the "Lenders").

2. THE LENDERS, THE COMPANY AND DEBT PURCHASERS

2.1 The Lenders are Provident Personal Credit Limited and Greenwood Personal Credit Limited.

2.2 Provident Personal Credit Limited ("PPC") is the registered name for the company that trades as Provident, Glo and Satsuma. You will have received a loan from PPC if you borrowed from Provident, Glo or Satsuma.

2.3 Greenwood Personal Credit Limited ("Greenwood") is the registered name for the company that traded as Greenwood. After Greenwood stopped trading in 2014, all of its business was transferred to PPC.

2.4 The Company is a company whose only activity will be the implementation of the Scheme, if it becomes effective.

2.5 A Lender may have sold your Loan to another company, called a "Debt Purchaser". If so, the Group will try to put in place arrangements to make sure that you are treated in the same way as a customer whose Loan has not been sold to a Debt Purchaser.

2.6 Go to Part B of this Explanatory Statement, at page 7 for further details about the Lenders, the Company and the Group. Go to Part B, paragraph 6 on page 11 for more details about the sale of the Loans to the Debt Purchasers.

3. BACKGROUND TO THE SCHEME

3.1 PPC (which is responsible for making compensation payments on behalf of both of the Lenders) has been suffering financial difficulties for a number of years, and has not made a profit since 2016. While there are a number of reasons for this, a key factor has been the increasing number of complaints made against it for Loans which it may have incorrectly issued. More information about this can be found in Part C of this Explanatory Statement, which begins at page 14 of this document.

3.2 The Lenders were required to perform checks on a borrower's ability to repay their Loans on the date that repayment was due (for example, without having to borrow additional money). Similar checks were required in respect of any guarantor that guaranteed a Loan (guarantor Loans were only issued by Glo). In certain cases, the Lenders failed to perform the checks required. These failures have led to a number of complaints being made against the Lenders and an obligation to pay compensation to the affected borrowers and their guarantors.

3.3 PPC cannot afford to continue to pay compensation in full without the support of its ultimate holding company, Provident Financial plc (the "Parent"). However, if compensation claims continue to rise, it is likely that the Parent will decide not to continue to provide the required
support. In that case the Lenders would need to enter into insolvency proceedings and borrowers and guarantors are not expected to receive any payment for their compensation claims.

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

4.1 In summary, a scheme of arrangement is a compromise or arrangement, between a company and its creditors (or some of them). Once a scheme has been approved by affected creditors and the Court, it will become effective and will bind the company and the affected creditors, including the minority of creditors who voted against it and those creditors who did not vote in respect of it at all.

5. **WHO WILL BE AFFECTED BY THIS SCHEME?**

5.1 The Scheme will affect you if you are a Scheme Creditor. A "Scheme Creditor" is:

5.1.1 a customer who took out a Loan from one of the Lenders (in each case, a "Borrower");

5.1.2 a person (in each case, a "Guarantor") who guaranteed a Loan given by a Borrower (a "Guarantee"); and

5.1.3 Financial Ombudsman Service Limited in respect of the fees it charges for considering certain complaints referred to it in respect of those Loans ("FOS Fees").

5.2 Scheme Creditors are not affected by the Scheme if:

5.2.1 their claim is made in respect of a Loan made by PPC's Irish branch, or was governed by Irish law, or was subject to the supervision of the Central Bank of Ireland. These creditors are excluded from the Scheme as the Loans made by PPC's Irish branch are not subject to the same regulatory rules as the Loans that are the subject of the Scheme;

5.2.2 their claim is made in respect of a loan made by PPC, or FOS Fees incurred in respect of loans made, on or after 18 December 2020; or

5.2.3 their claim against a Lender arises in respect of a matter other than a redress claim or a claim in respect of FOS Fees.

6. **WHAT DOES THIS SCHEME DO?**

6.1 In the event that this Scheme becomes effective, it will provide:

6.1.1 for the Parent to pay us £50,000,000 for the purpose of paying Scheme Creditors, proportionally, in respect of their valid claims in the Scheme (the "Compensation Fund");

6.1.2 for the Parent to pay the costs of implementing the Scheme; and

6.1.3 a mechanism for:

(a) assessing the claims of all Scheme Creditors consistently; and

(b) once such claims have been agreed or otherwise determined,

(i) paying the net claims of all Scheme Creditors; and

(ii) if applicable, reducing the amount payable under any relevant outstanding Loans and releasing any relevant outstanding Guarantee.

6.2 Pursuant to this mechanism, all Scheme Creditors will have to submit their claims within 6 months in order to be eligible to receive any payments.

6.3 It should be noted that payments to be made to Scheme Creditors are likely to be significantly less than the amount owed to them. However, such payments will be more than Scheme Creditors would receive if the Scheme is not implemented.
6.4 Please see Part D of this Explanatory Statement, on page 26 for more details as to how the Scheme will operate.

7. ADVANTAGES AND POSSIBLE DISADVANTAGES OF THIS SCHEME

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Possible disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The Parent will provide us with £50,000,000 of funding, which we will use to make payments to Scheme Creditors. This means that if you have a valid claim you will receive more in the Scheme than if the Scheme does not become effective.</td>
<td>- You will need to make a claim within 6 months (unless you have an outstanding claim which you made on or prior to 14 March 2021). If you do not, you will not be entitled to (i) receive any cash payment; (ii) reduce the amount of any loan that you have to repay; and/or (iii) stop making payments under any guarantee.</td>
</tr>
<tr>
<td>- The amount paid to you and other Scheme Creditors in relation to valid claims is expected to be higher in the Scheme compared to if the Scheme is not implemented.</td>
<td>- You will not be able to bring court action against the Lenders to pursue your claim. You will not be able to bring court action against us to pursue your claim, unless we have not acted in accordance with the Scheme.</td>
</tr>
<tr>
<td>- We have made the process for claiming as simple as possible. You will be able to simply submit your claim to us without a professional third party representative, such as a claims management company. Professional third party representatives will often receive a proportion of the compensation we would otherwise pay you (typically around 30%). If you submit your claim to us directly, you could receive more compensation than if you pursue your claim through a third party representative.</td>
<td>- Even though you will receive more money in the Scheme than you would receive for a valid claim if the Scheme does not become effective, you are still expected to receive significantly less money than you are owed.</td>
</tr>
<tr>
<td>- You can ask the independent Scheme Adjudicator to determine your claim, if you are unhappy with our decision in respect of your claim.</td>
<td>- You are unlikely to receive your payment until the second half of 2022. While this means that you may have to wait to receive any money, it means your claim will be assessed consistently, on the same basis as everyone else's claim, and you will receive the same percentage payment as everyone else with a valid claim.</td>
</tr>
<tr>
<td>- Your claim will be assessed at the same time as every other Scheme Creditors' claim using the same methodology. This means that your claim will be treated the same way as all other Scheme Creditors' claims.</td>
<td></td>
</tr>
</tbody>
</table>
9. **WHAT DO YOU NEED TO DO NOW?**

9.1 If you wish to vote for or against the Scheme at the virtual meeting to be held at 10.00 am on 19 July 2021 (the "Scheme Meeting") you are encouraged to register by filling in a Claim Form (including the voting section) by 5.00 p.m. on 14 July 2021. This can be done as follows:

9.1.1 online in the claims portal (the "Claims Portal") available at the following website [https://scheme.providentpersonalcredit.com](https://scheme.providentpersonalcredit.com) (the "Scheme Website"), by filling in the Claim Form (including the voting section), and submitting it online; or

9.1.2 by downloading a Claim Form (including the voting section) from the Website at [https://scheme.providentpersonalcredit.com](https://scheme.providentpersonalcredit.com), filling it in (including the voting section) and returning it by email to us at soa@provident.co.uk. You can also return it by post to us at Scheme of Arrangement Team, Provident SPV Limited, 1 Godwin Street, Bradford, West Yorkshire BD1 2SU. **If you do return your Claim Form by post, please post it by no later than 9 July 2021 to ensure it gets to us on time; or**

9.1.3 by calling us on 0800 056 8936 and requesting a Claim Form. Once the Claim Form (including the voting section) is completed, it can be returned by email or by post as explained above.

10. The Claim Form will be available from 17 May 2021.

11. If you have returned a Claim Form (including the voting section) by 5.00 p.m. on 14 July 2021 we will send you the details for joining the virtual Scheme Meeting. If you have not received the details for accessing the virtual Scheme Meeting by 16 July 2021, please contact us on 0800 056 8936.

11.1 On the Claim Form you can choose to:

11.1.1 attend the virtual Scheme Meeting yourself and vote on your own behalf. However, it is not necessary for you to attend the virtual Scheme Meeting, even if you wish to vote; or

11.1.2 appoint the chairman of the virtual Scheme Meeting (the "Chairman") to vote on your behalf, as your proxy. If you select this option the Chairman will vote for you, in accordance with your wishes, and you do not have to attend the Scheme Meeting; or

---

**Director | Interests in the Scheme | Other roles in the Group**

| Malcolm John Le May | No material interests in the Scheme being implemented. | CEO, director and employee of the Parent, director of PPC, the Company, Provident Financial Management Services Limited ("PFMSL"), Vanquis Bank, Moneybarn Limited ("Moneybarn"), Moneybarn No.1 Limited, Moneybarn No.4 Limited, and Moneybarn Group Limited and certain other Group subsidiaries |
| Neeraj Kapur | No material interests in the Scheme being implemented. | CFO, director and employee of the Parent, director of PPC, the Company, PFMSL, Vanquis Bank, Moneybarn and certain other Group subsidiaries |
| Hamish Stewart Paton | No material interests in the Scheme being implemented. | Director of PPC, Greenwood, the Company and PFMSL. |
11.1.3 You may appoint someone other than the Chairman to attend the virtual Scheme Meeting and vote on your behalf and in accordance with your wishes. You can also ask this person to decide how to vote for you. If you appoint someone other than the Chairman, the person you appoint will need to attend the Scheme Meeting.

11.2 You also have the right to choose not to vote in respect of the Scheme at all. You are entitled to make a claim in the Scheme regardless of how you vote at the virtual Scheme Meeting or if you do not vote at all.

11.3 The Scheme can only become effective if it is approved by the Scheme Creditors and the Court.

12. WHAT WILL HAPPEN AFTER THE SCHEME MEETING?

12.1 If Scheme Creditors approve the Scheme at the Scheme Meeting, we will go back to the Court as soon as reasonably practicable after the Scheme Meeting (our current expectation is that this second hearing will be held on 30 July 2021) and ask it to approve the Scheme. The date and time of that hearing will be published on https://scheme.providentpersonalcredit.com when it becomes available. If the Court approves the Scheme, we will let you know. The Scheme is expected to become effective on or shortly after 30 July 2021.

12.2 If you have any objections to the Scheme, you are entitled to make those objections known to the Court. However, we would request that you let us know in advance if you wish to do this.

13. WHAT WILL HAPPEN IF THE SCHEME IS NOT APPROVED BY SCHEME CREDITORS OR THE COURT?

13.1 With respect to the Company, if the Scheme is not approved, the Parent will not make the £50,000,000 Compensation Fund available to the Company to pay to Scheme Creditors. Accordingly, the Company will have no assets to pay any Scheme Creditor claims and will need to enter into insolvency proceedings. In an insolvency proceeding, Scheme Creditors are not expected to receive any payment from the Company.

13.2 With respect to the Lenders, if the Scheme is not approved, Scheme Creditors will continue to be able to bring their claims against the Lenders. However, without continued Parent support, the Lenders are unlikely to have sufficient assets to pay those claims in full as they fell due. Accordingly, it is likely that the Lenders will also enter into insolvency proceedings. In an insolvency proceeding, it is unlikely that Scheme Creditors will receive any payments from the Lenders.

13.3 In other words, if the Scheme is not approved, we expect that Scheme Creditors will receive no payments from the Company or the Lenders for any claims which they have. In contrast, if the Scheme is approved, we expect to be able to pay Scheme Creditors a proportion of their valid claims out of the proceeds of the Compensation Fund.

13.4 More details regarding what will happen if the Scheme is not approved is set out in Part C, paragraphs 3 (Estimated outcome for creditors of PPC in the event that the Scheme is not sanctioned) and 4 (Estimated outcome for creditors of Greenwood in the event that the Scheme is not sanctioned), on pages 22 to 25 of this Scheme Document.

14. HOW TO CONTACT US

14.1 You can contact us using the following methods:
### Section I: The Explanatory Statement
#### Part A: Summary

| Telephone number | 0800 056 8936  
| Lines are open between 8.00 a.m. and 6.00 p.m.  
| Monday to Friday (excluding bank holidays) |
|---|---|
| Email | soa@provident.co.uk |
| Address | Scheme of Arrangement Team  
| Provident SPV Limited  
| 1 Godwin Street, Bradford, West Yorkshire BD1 2SU |

14.2 If you require a paper copy of this Scheme Document, please contact us using the information above and we shall send you a copy free of charge.
PART B

THE GROUP, THE LENDERS AND THE COMPANY

1. THE GROUP

1.1 The Provident Financial group (the "Group") is made up of Provident Financial plc (the "Parent") and its subsidiaries. With roots back to 1880, the Group is one of the leading providers of personal credit products to the non-standard credit market in the UK and Republic of Ireland. The Group served 519,000 customers as at December 2019. The Group operates in the non-standard credit market, which the directors estimate consisted of 1 in 5 adults in the UK as of December 2019.

1.2 In 1962, the Parent was admitted to trading on the London Stock Exchange. The flotation was followed by a period of growth as product ranges expanded to reflect changing customer needs. In 2003, the Group founded Vanquis Bank. In 2013 the Group launched the Satsuma Loans brand ("Satsuma") to provide online weekly and monthly instalment loans for customers. In 1977, the Group purchased Greenwood and, in 2014, the Group further broadened its offering to the non-standard credit market through the acquisition of Moneybarn, a vehicle financing business.

1.3 The Group provides credit products tailored to those on low or moderate incomes, typically with poor or limited credit history and who are often unable to access credit from mainstream providers. The Group operates three business divisions which focus on different products in the non-standard credit market:

1.3.1 Vanquis Bank, which offers credit cards and unsecured loans to existing credit card customers;

1.3.2 the Consumer Credit Division ("CCD"), which comprises the Lenders and their immediate parent undertaking, PFMSL. PPC provides short term loans to the non-standard credit market through a range of delivery channels under the Provident, Satsuma and Glo trading names. Greenwood provided short term loans to the non-standard credit market in the name of Greenwood until it ceased issuing loans in March 2014, and

1.3.3 Moneybarn, which offers vehicle financing.

1.4 The Parent is the Group's holding company, and is listed on the London Stock Exchange. If the Scheme is approved by Scheme Creditors and the Court, the Parent has agreed to provide us with the £50,000,000 Compensation Fund within 30 days of the Scheme becoming effective (the "Effective Date") pursuant to a deed dated 14 March 2021 between the Parent and the Company (the "Funding Deed"). You will find a copy of the Funding Deed at Section V of this Scheme Document at page 89. Pursuant to the Funding Deed, the Parent has also agreed to pay the costs of the Scheme. We will share the Compensation Fund amongst all Scheme Creditors with valid claims proportionally.
Section I: The Explanatory Statement
Part B: The Group, the Lenders and the Company

1.5 A simplified structure chart showing the Lenders, the Company and their holding companies is set out below. A fuller Group structure chart is set out in Schedule 1 on page 41.

2. THE LENDERS

2.1 The Scheme relates to loans issued by Provident Personal Credit Limited (PPC) and Greenwood Personal Credit Limited (Greenwood) during the period from 6 April 2007 and 17 December 2020 (inclusive). In the case of Provident, certain of the Loans were in the form of vouchers. If you received a loan on or after 18 December 2020, you will not be affected by the Scheme in relation to that loan.

2.2 PPC traded under the names Provident, Glo and Satsuma. Greenwood traded under the name Greenwood. The Lenders are subsidiaries of the Parent.

3. PROVIDENT PERSONAL CREDIT LIMITED

3.1 You will have received a Loan from PPC if you borrowed from Provident, Glo or Satsuma. The Glo brand ceased operating in October 2016. The three brands have distinct characteristics and each serve different segments of the non-standard credit market as further described below in this Part B, paragraphs 3.5 to 3.13.

3.2 PPC is an English limited liability company incorporated on 20 February 1917. PPC is a fully owned subsidiary of the Parent (through PFMSL as an intermediate holding company). PPC is one of the leading providers of credit to consumers in the UK and Republic of Ireland and provided loans to borrowers who might otherwise find it difficult to obtain credit from traditional, high-street, banks.

3.3 PPC’s loans fall into two categories: "Home Credit" and "Online Lending". Home Credit is based on cash being lent (in the form of cash or vouchers) and repaid on the doorstep and was the traditional business of CCD. By contrast, Online Lending takes place via the internet, with loans being issued, managed and repaid online. The Group sought to expand into this market following the widespread adoption of the internet.

3.4 You can find further details of PPC’s regulatory status, on the financial services register, which is available at: https://register.fca.org.uk/s/.
Provident

3.5 Provident provides small sum, short-term unsecured loans to customers not traditionally served by mainstream finance providers. Provident is one of the leading providers of Home Credit. Typical features of Provident loans are that:

3.5.1 the lending primarily takes place face-to-face, including on the customer's doorstep, with loans being provided in cash and collected by employees of PPC called customer experience managers ("CEMs");
3.5.2 terms can be from 13 to 104 weeks;
3.5.3 repayments are typically weekly (although some customers might agree less frequent repayment schedules);
3.5.4 the amount of the loan typically ranges from £100 to £2,500; and
3.5.5 the repayment amounts are fixed: the total amount repayable by each customer is fixed at the outset, and consists of the amount borrowed plus a service charge and interest. This means there are no other charges, even for missed or late payments.

3.6 Provident customers are generally in the 35-65 age range, and less likely to be working full time than customers of other PPC brands. Provident customers typically have limited leeway in their household budget, little or no savings, and a limited support network to borrow from. They typically live in either rented accommodation or social housing.

3.7 Provident loans provide a valuable source of finance for customers who have limited access to credit. Those customers do not incur late payment fees and the Home Credit service provides support through weekly visits from CEMs. The provision of such loans is an important part of the UK's credit landscape, as was recognised by the FCA in their January 2018 Home Credit Review – Update report, where they noted "that there is value for consumers in having continuing access to home-collected credit" (albeit that these benefits may not be experienced by all consumers of home credit providers).

Satsuma

3.8 Satsuma was launched in 2013 by PPC to provide short term unsecured loans online to customers in the UK and Republic of Ireland. Satsuma operates in the growing Online Lending market. While Satsuma temporarily ceased issuing new loans on 22 March 2020, typical features of Satsuma loans are that:

3.8.1 the loans are obtained, managed and repaid online;
3.8.2 loan terms range from 1 to 12 months;
3.8.3 repayments are effected on a weekly or monthly basis; and
3.8.4 the amount of the loan ranges from £100 to £1,000 (although, certain existing customers can borrow up to £2,000).

3.9 Satsuma customers are typically in the 18 to 35 age range, and more likely to be in full-time employment. Satsuma customers typically have lower credit scores than would be accepted by mainstream lenders, with a preference for transacting online. Satsuma customers mainly live in rented accommodation and have limited financial flexibility to cope with an unexpected expense or changes to incomings and outgoings.

3.10 Satsuma provides customers with a means of applying for credit and making repayments, and offers loans with affordable regular repayment schedules and greater flexibility.
Section I: The Explanatory Statement
Part B: The Group, the Lenders and the Company

**Glo**

3.11 Glo operated in the Online Lending market between May 2014 and October 2016. As stated above, in contrast to loans provided by Provident and Satsuma, Glo loans were guaranteed. Typical features of Glo loans are that:

3.11.1 a friend or family member of the Borrower with a sound credit record acted as a Guarantor, assuming responsibility in the event that the Borrower fails to meet repayment obligations;

3.11.2 the loans were obtained online;

3.11.3 the term of the loan ranged from 1 to 5 years;

3.11.4 repayments were monthly; and

3.11.5 the amount of the loan ranged from £1,000 to £7,000.

3.12 Glo customers are typically in the 25 to 35 age range, in full time employment and with limited indebtedness. Glo customers typically have lower credit scores or an impaired credit history.

3.13 Glo loans allowed customers with weaker credit scores to access better credit terms than would otherwise be available, resulting in Glo's customers having more manageable monthly payments. Glo loans were often used for debt consolidation, car finance and larger value purchases.

4. **GREENWOOD**

4.1 Greenwood is an English limited liability company incorporated on 4 November 1912. It is a fully owned subsidiary of the Parent (through PFMSL as an intermediate holding company). Between the Group's acquisition of Greenwood in 1977 and 2014, Greenwood operated as part of CCD in the Home Credit market, offering short term loans to Borrowers in the UK.

4.2 In April 2014, PPC purchased the business and assets of Greenwood, including business contracts, business information, know-how and intellectual property, rights of the business and agency agreements. The loans that Greenwood had issued to borrowers were assigned to PPC. Notice of this assignment was provided to borrowers over several days between the end of March 2014 and the beginning of April 2014. Since its acquisition of Greenwood's business, PPC has assumed Greenwood's obligations towards its customers, including any liability to pay compensation to borrowers who were incorrectly issued Loans by Greenwood.

4.3 Greenwood issued short-term loans in the non-standard Home Credit market. Greenwood's loans were typically in the amount of £50 to £500 over terms ranging from 14 to 52 weeks. Repayments were generally made on a weekly basis.

5. **PROVIDENT SPV LIMITED**

5.1 The Company is an English limited liability company, established on 2 November 2020, which has its registered address at No.1 Godwin Street, Bradford, West Yorkshire, United Kingdom, BD1 2SU. It is a wholly owned subsidiary of the Parent.

5.2 The Company is not a trading company. The Company's sole purpose is proposing and, if the Scheme is approved by Scheme Creditors and the Court, implementing the Scheme.

5.3 On 14 March 2021, the Company issued a deed of contribution and indemnity in favour of the Scheme Creditors and each of the Lenders in order to enable the Company to propose the Scheme. This document is known as the "Deed Poll".

5.4 In summary, the Deed Poll made the Company legally responsible for (i) paying compensation to any Scheme Creditor with a Scheme Claim against the Lenders, and (ii) reimbursing the Lenders, if they make any compensation payments to Scheme Creditors in relation to the Scheme Claims. The only reason why the Company issued the Deed Poll was to ensure that the Scheme Creditors became creditors of the Company which, in turn, enables the Company to propose and implement a Scheme so as to allow the £50,000,000 Compensation Fund to be paid to the Company. The
Company can then process, and pay, the claims of Scheme Creditors from the Compensation Fund. A copy of the Deed Poll is available at Section VI on page 102 of this document.

5.5 Other than the £50,000,000 Compensation Fund (which the Company will receive only if the Scheme is approved), the Company has no assets. The Company also has no liabilities, other than its obligations to the Scheme Creditors and the Lenders under the Deed Poll. The costs of implementing the Scheme are to be paid by the Parent, as agreed by it under the Funding Deed (as mentioned above in paragraph 1.4 of this Part B).

6. **SALE OF LOANS BY PPC**

**Loan Sales and Debt Purchasers**

6.1 In connection with traditional lending in the non-standard credit market, PPC also engages from time to time in the practice of selling a portion of these loans to third-party debt purchasers (the "Debt Purchasers"). This is achieved by assigning the benefit of certain outstanding customer accounts. Having regard to the inherent risk in purchasing loans where future repayment is uncertain, a Debt Purchaser pays a discount on the face value of the outstanding loans when they are assigned.

6.2 The terms of these agreements provide that following the sale, the Debt Purchaser is entitled to receive repayment from the customers, but undertakes not to conduct itself in such a way as to damage the Lender's business activities. In some, but not all, agreements, the Debt Purchaser had a right (exercisable during the first 12 months of the agreement only) to either require the Lenders to re-acquire certain accounts which are non-complying or receive a refund in respect of the non-compliant account.

6.3 PPC has entered into debt purchase agreements with:

6.3.1 Arvato Financial Solutions Limited (trading as Buchanan Clark & Wells);
6.3.2 Cabot Credit Management Limited;
6.3.3 Grove Capital Management Limited;
6.3.4 Lowell Financial Limited;
6.3.5 Moorcroft Debt Recovery Limited;
6.3.6 PRA Group (UK) Limited ("PRA Group");
6.3.7 Vanquis Bank Limited ("Vanquis Bank"); and
6.3.8 Wescot Credit Services Limited.

6.4 While the precise terms differ, each of the debt purchase agreements provided for PPC to assign, and the Debt Purchaser to receive, the benefit of "Accounts". An "Account" comprises the benefit of a book of loans issued by the Lender to a particular Borrower of which the assigning Lender holds the benefit. Put another way, the debt purchase agreements provide for the Debt Purchasers to acquire the benefit of a Lender's customer relationship with specified Borrowers. Where a Borrower has a long borrowing history with the Lenders, it is possible that that Borrower may have been the subject of multiple debt purchase agreements, with early borrowings assigned to a Debt Purchaser under a debt purchase agreement, and subsequent borrowings incurred after the date of the initial debt purchase agreement being assigned under one or more separate debt purchase agreement.

6.5 Between 6 April 2007 and 14 October 2020, the Lenders assigned 2,759,038 Loans ("Assigned Loans") to Debt Purchasers, relating to 1,789,840 Borrowers. This represents 13.8% of the 19,989,963 Loans issued by the Lenders during that period. The Lenders have not assigned any Accounts or Loans after 14 October 2020.
Vanquis Bank was the Debt Purchaser who acquired the most Assigned Loans from the Lenders, acquiring 493,641 Loans in total. Vanquis Bank is a subsidiary of the Parent. The remaining Debt Purchasers are independent of the Group. As explained at paragraphs 6.11 to 6.15 below, the Company, and other members of the Group, are currently in discussions with the Debt Purchasers, with a view to entering into Balance Reduction Agreements (defined at paragraph 6.11 below), which will reduce a Scheme Creditor's outstanding balance (if any) under Accounts assigned to that Debt Purchaser by the amount of that Scheme Creditor's Redress Liability (as defined in Part D, paragraph 4.2.1 at page 27), once agreed or otherwise determined.

The total amounts outstanding or due to be paid to the Lenders in respect of an Assigned Loan (the "Outstanding Assigned Loan Balance") at the time of their assignment to a Debt Purchaser varied significantly. However, data is not available to show the current Outstanding Assigned Loan Balance of Assigned Loans, as this information is now held by Debt Purchasers (as opposed to the Lenders).

Loans Acquired Subject to Equitable Set-Off

The Scheme proposes to determine the amount owed to a Scheme Creditor in respect of a Redress Liability. A Redress Liability is a liability of a Lender arising in connection with, in summary, the assessment of:

6.8.1 the creditworthiness of a Borrower or Guarantor,
6.8.2 the sustainability, suitability or affordability of a Loan or Guarantee,

or the performance of any ancillary duty. Redress Liabilities do not include Loans issued out of PPC's Irish branch, governed by Irish law or otherwise subject to the supervision of the Central Bank of Ireland.

If you still have a balance to pay on your Loan and you are asked to make a repayment, you may challenge your obligation to repay by asserting a claim of "equitable set-off". Equitable Set-off is a technical legal term. Put simply, in this context, equitable set-off should entitle a customer to reduce the amount that they are required to repay on their Loan by the amount of their proven claim for compensation in the Scheme (see the Illustrative Examples in Part D, paragraphs 13.6 and 13.8 on pages 34 to 36 below).

As part of determining the overall amount owed to the Scheme Creditor, the Scheme will consider if the Scheme Creditor has any outstanding amounts still to pay under its Loans as at the Implementation Date (as defined in Part D, paragraph 5.2 on page 28). To the extent that the Scheme Creditor does continue to have outstanding Loans with the Lenders, the amount repayable by them will be reduced by the amount of the Redress Liability owed to them. If after applying such reduction, the customer still has amounts outstanding under their Loan, the customer will not receive any payment from the £50,000,000 Compensation Fund, and will be obliged to repay the balance of the Loan that remains outstanding after the deduction. If, after applying such deduction, the customer no longer has amounts outstanding under their Loan, but still has a Redress Liability payable to it, it will receive a payment from the Compensation Fund based on the remaining balance of the Redress Liability.

If the Scheme is implemented, customers would have their Redress Claims compromised under the terms of the Scheme but would still be liable for the debts arising out of the loan agreements now owned by the Debt Purchasers. The Group cannot change the legal position that follows from the Debt Purchasers now owning the loans, but has sought to ensure that the Scheme treats those customers whose Loans have not been sold and those customers whose Loans have been sold as fairly as possible by seeking (since the Scheme was announced on 15 March 2021) to engage with the Debt Purchasers and enter into "Balance Reduction Agreements" to ensure that Redress Claims upheld under the Scheme are subject to set-off even where the Loan is currently held by a Debt Purchaser. In common with a customer whose Loans have not been sold to a Debt Purchaser, a customer whose Loans have been sold will only be entitled to benefit from set-off under a Balance Reduction Agreement if that customer has made a claim by the Claims Submission Deadline.
Section I: The Explanatory Statement
Part B: The Group, the Lenders and the Company

6.12 As at the date of this Explanatory Statement, the Company has not entered into any Balance Reduction Agreements with any of the Debt Purchasers (including, for the avoidance of doubt, Vanquis Bank, which is a member of the Group). However, it has now entered a comfort letter (a "Debt Purchase Comfort Letter") with each of the PRA Group and Vanquis Bank.

6.13 Under the Debt Purchase Comfort Letter, PRA Group and Vanquis Bank each confirmed that:

6.13.1 they will work with the Company and the Lenders to ensure that, if the Scheme is approved and implemented, Scheme Creditors with claims in respect of Redress Liabilities ("Redress Creditors") whose Loans were assigned to the applicable Debt Purchaser will not be prejudiced or otherwise disadvantaged (relative to Redress Creditors whose Loans remain with the Lenders), as a result of our acquisition of their Loan; and

6.13.2 they intend to negotiate in good faith and enter into a balance reduction agreement with the Company and PPC which will include terms whereby the Redress Creditor's outstanding loan balance under the Loans that the applicable Debt Purchaser acquired by way of assignment, as at the date upon which the Scheme becomes fully effective and unconditional, (its "Outstanding Loan Balance") will be reduced by the lesser of the Redress Creditor's Outstanding Loan Balance and the Redress Creditor's claim for redress under the Scheme.

6.14 While the Debt Purchase Comfort Letter is not legally binding, it clearly demonstrates the willingness of PRA Group and Vanquis Bank to work with the Company and the Lenders to ensure that Redress Creditors whose Loans were assigned to it will not be prejudiced or disadvantaged under the Scheme, relative to those Redress Creditors whose Loans remain with the Lenders. The Group currently expects that other Debt Purchasers will enter into Debt Purchase Comfort Letters on the same, or substantially the same, terms as agreed with PRA Group and Vanquis Bank shortly.

6.15 The Company and the Parent also remain engaged in productive discussions with each of the Debt Purchasers who have not signed a Debt Purchase Comfort Letter regarding their entry into a Balance Reduction Agreement. The fact that these entities have not signed a Debt Purchase Comfort Letter does not suggest that these Debt Purchasers are unwilling to enter into a Balance Reduction Agreement with the Company. Instead, this position is simply reflective of the fact that there are a number of commercial considerations and factors that the Company and each of the Debt Purchasers need to work through, before individual Balance Reduction Agreements can be finalised. These commercial considerations and factors include, amongst other things:

6.15.1 the fact that some of the Debt Purchasers have assigned Loans which they acquired from PPC to another debt purchaser, so may require the consent of that debt purchaser before entering into a Balance Reduction Agreement with the Company (though, where this has happened, the Company is endeavouring to enter into negotiations with the ultimate owner of the Assigned Loans);

6.15.2 the Company and each of the Debt Purchasers will need to agree on the terms on which the Company will make compensation payments to the Debt Purchasers, in consideration of their agreeing to reduce Redress Creditor's Outstanding Loan balances; and

6.15.3 the means by which the Company will inform Debt Purchasers of which Redress Creditor's Loans should be the subject of a balance reduction (such as whether notifications should be made on a weekly, monthly or quarterly basis and the form in which such notifications are to be made).
PART C
BACKGROUND TO THE SCHEME

1. THE REDRESS CLAIMS

Overview

1.1 Consumer credit providers such as PPC must be authorised by the Financial Conduct Authority (the "FCA") and loans issued by them must meet certain minimum standards. If PPC breaches these requirements it is subject to a number of potential liabilities, including civil redress claims from affected customers and civil and criminal enforcement action from the FCA.

Regulatory Requirements

1.2 The rules relating to consumer credit lending are currently predominantly set out in the Consumer Credit Sourcebook of the FCA Handbook ("CONC"). CONC imposes a number of obligations on firms that provide consumer credit. These include, amongst other things, obligations on a consumer credit provider to:

1.2.1 conduct a reasonable assessment of the creditworthiness of a customer before entering into a loan agreement with the customer;

1.2.2 where relevant, carry out a reasonable assessment of the potential for a guarantor's commitments to have a significant adverse impact on the guarantor's financial situation;

1.2.3 establish, implement and maintain clear and effective policies and procedures to enable it to carry out the creditworthiness assessments or guarantor assessments; and

1.2.4 ensure that it does not carry on any unfair business practices in relation to creditworthiness assessment, or process any applications for credit when it knows, or has reasonable cause to suspect, that the customer may not have been truthful in completing its loan application.

1.3 There are two main components to the creditworthiness assessment:

1.3.1 the "credit risk" assessment, which is an assessment of the risk that the customer will not make repayments under the loan agreement by their due date; and

1.3.2 the "affordability risk" assessment, which is an assessment of the risk to the customer of it not being able to make repayments under the loan agreement.

1.4 Put another way, the credit risk assessment looks at the customer's expected ability to repay the loan at the time it is issued, while the affordability assessment considers the impact on the customer of making such repayments. In broad terms, the greater the likelihood of the customer not being able to make loan repayments as they fall due, or the greater the harm to the customer of making such loan repayments, the more care that should be taken before lending to the customer.

1.5 When conducting the affordability assessment, CONC makes clear that firms must consider, amongst other things, the customer's ability to make repayment under the loan agreement:

1.5.1 as they fall due over the life of the agreement and, where the agreement is an open-end agreement, within a reasonable period;

1.5.2 out of, or using, one or more of the following:

(a) the customer’s income;

(b) income from savings or assets jointly held by the customer with another person, income received by the customer jointly with another person, or income received by another person in so far as it is reasonable to expect such income to be available to the customer to make repayments under the agreement; and/or
1.5.3 without the customer having to borrow to meet the repayments;  
1.5.4 without failing to make any other payment the customer has a contractual or statutory obligation to make; and  
1.5.5 without the repayments having a significant adverse impact on the customer’s financial situation.

1.6 A loan that meets the requirements set out above will be "sustainable" for the customer (as per the definition of "sustainable" in the Glossary to the FCA Handbook).

1.7 When assessing the customer's "suitability" for the loan, the firm must consider the customer's circumstances, including whether the customer understands the commitments that he or she is incurring, and the customer's intended use of the credit. Where the firm understands, or reasonably suspects that the customer has or may have a mental capacity limitation it should:

1.7.1 apply a high level of scrutiny to the customer's application for credit, in order to mitigate the risk of the customer entering into unsustainable borrowing; and

1.7.2 take particular care that the customer is not provided with credit which the firm knows, or reasonably believes, to be unsuitable to the customer's needs, even where the credit would be affordable.

1.8 In addition, and of particular relevance to the Lenders, firms should not promote, suggest or advise taking out high-cost short-term credit which would be expensive as a means of longer-term borrowing, as being suitable for sustained borrowing over a longer period.

**Volume of Redress Claims received**

1.9 In certain cases, the Lenders failed to sufficiently perform the regulatory checks required before:

1.9.1 issuing a Loan to a Borrower; and/or

1.9.2 taking a Guarantee of a Loan from a Guarantor of a Borrower.

1.10 This has resulted in some Borrowers receiving one or more Loans from the Lenders in circumstances where those Loans should not have been provided. Similarly, some Guarantors should not have been asked to provide Guarantees.

1.11 Between 6 April 2007 and 15 March 2021, the Lenders received 116,859 Redress Claims in total, relating to 1,006,704 Loans issued by the Lenders. Of these, 102,064 Redress Claims related to Loans issued by PPC, and 14,123 related to Loans issued by Greenwood. A table showing the breakdown in number of claims received per year is set out below:

<table>
<thead>
<tr>
<th>Time period</th>
<th>Redress Claims in respect of loans issued by PPC</th>
<th>Redress Claims in respect of loans issued by Greenwood</th>
<th>Total Redress Claims received by the Lenders</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 April 2014 – 5 April 2015</td>
<td>386</td>
<td>9</td>
<td>395</td>
</tr>
<tr>
<td>6 April 2015 – 5 April 2016</td>
<td>1,030</td>
<td>8</td>
<td>1,038</td>
</tr>
<tr>
<td>6 April 2016 – 5 April 2017</td>
<td>1,550</td>
<td>6</td>
<td>1,556</td>
</tr>
</tbody>
</table>
As can be seen from the table above, claims volumes against the Lenders were relatively low between April 2014 to April 2018, averaging around 2,011 claims per year. Since April 2018, however, the number of Redress Claims received by the Lenders has increased dramatically, rising 165% in the year ended 5 April 2019 to 13,378 claims, rising a further 67% (as against the previous year) in the year ended 5 April 2020 to 22,380, before increasing again by 163% in the 11 months to 15 March 2021, to 58,933 claims (equivalent to an annualised increase of 180%).

One factor behind the increase in Redress Claims volumes has been the recent focus of claims management companies ("CMCs") on the high-cost short-term loan sector. In the three years between 6 April 2014 and 5 April 2017, CMCs submitted a total of 274 Redress Claims on behalf of underlying Borrowers. This increased significantly in the year ended 5 April 2018, when CMCs lodged 925 Redress Claims with the Lenders on behalf of underlying Borrowers. Claims volumes then increased dramatically in the years following, rising to 6,621 Redress Claims in the year ended 5 April 2019 and 10,246 Redress Claims for the year ended 5 April 2020, before ballooning to 52,014 Redress Claims in the 11 months between 6 April 2020 and 15 March 2021. Three CMCs are particularly active in this sector, as shown in the table below.
During the period from 6 April 2007 to 15 March 2021, PPC and Greenwood sent 93,423 final response letters ("FRL") to customers (or their authorised representatives) in respect of their Redress Claims which they had lodged with the Lenders. Of these, 30,922 or 33% upheld the customer's Redress Claim in full or in part, and 62,501 or 67% rejected the customer's Redress Claim in its entirety. Further details of the FRLs and uphold rates are set out in the table below:

<table>
<thead>
<tr>
<th>Time period</th>
<th>FRLs sent (total)</th>
<th>FRLs upholding Redress Claims in full or in part (%)</th>
<th>FRLs rejecting the Redress Claim (%)</th>
<th>Total redress compensation offered by the Lenders (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 April 2014 – 5 April 2015</td>
<td>338</td>
<td>9.8%</td>
<td>90.2%</td>
<td>£49,758</td>
</tr>
<tr>
<td>6 April 2015 – 5 April 2016</td>
<td>1,096</td>
<td>10.6%</td>
<td>89.4%</td>
<td>£120,851</td>
</tr>
<tr>
<td>6 April 2016 – 5 April 2017</td>
<td>1,700</td>
<td>15.4%</td>
<td>84.6%</td>
<td>£264,800</td>
</tr>
<tr>
<td>6 April 2017 – 5 April 2018</td>
<td>4,433</td>
<td>15.1%</td>
<td>84.9%</td>
<td>£539,613</td>
</tr>
<tr>
<td>6 April 2018 – 5 April 2019</td>
<td>13,539</td>
<td>9.8%</td>
<td>90.2%</td>
<td>£1,186,215</td>
</tr>
<tr>
<td>6 April 2019 – 5 April 2020</td>
<td>18,494</td>
<td>12.6%</td>
<td>87.4%</td>
<td>£2,395,478</td>
</tr>
<tr>
<td>6 April 2020 – 15 March 2021</td>
<td>53,823</td>
<td>48.7%</td>
<td>51.3%</td>
<td>£44,363,399</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>93,423</strong></td>
<td><strong>N/A</strong></td>
<td><strong>N/A</strong></td>
<td><strong>£48,920,114</strong></td>
</tr>
</tbody>
</table>

The table at paragraph 1.14 above also contains details of the total amount of redress offered by the Lenders during the period from 6 April 2014 to 15 March 2021. As can be seen from the table, the total amount of redress offered by the Lenders under the final response letters increased from £2,395,478 in the year ended 5 April 2020, to £44,363,399 in the year ended 15 March 2021. This represents a 1,752% increase in total redress offered by the Lenders and is reflective of the significantly increasing number of Redress Claims received as a result of increasing CMC involvement.

Of the 102,736 Redress Claims received by the Lenders during the period from 6 April 2007 to 15 March 2021, 28,403 were subsequently referred to the FOS. Applying its "fair and reasonable" standard, the FOS upheld 6,595 of the Redress Claims and rejected 2,982. As at 15 March 2021, there were 17,943 Redress Claims that had been referred to the FOS and which were yet to be the subject of a final decision.

Taking all of the Redress Claims that the Lenders had upheld as part of their internal claims management process and which were not subject to a subsequent review by the FOS, together with the Redress Claims which were the subject of a review by the FOS, 37,517 Redress Claims were upheld during the period between 6 April 2007 to 15 March 2021. This represents 32% of the total
number of Redress Claims submitted to the Lenders during that period (inclusive of Redress Claims which have not yet been resolved). The total amount paid by the Lenders to customers in relation to Loans issued from 6 April 2007 to 15 March 2021 was £80,600,321. This can be broken down per annum as follows:

<table>
<thead>
<tr>
<th>Time period</th>
<th>Number of Redress Claims upheld in full or in part by the Lenders or the FOS</th>
<th>Amount of compensation awarded in respect of upheld Redress Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 April 2014 – 5 April 2015</td>
<td>33</td>
<td>£49,758</td>
</tr>
<tr>
<td>6 April 2015 – 5 April 2016</td>
<td>134</td>
<td>£120,901</td>
</tr>
<tr>
<td>6 April 2016 – 5 April 2017</td>
<td>341</td>
<td>£421,266</td>
</tr>
<tr>
<td>6 April 2017 – 5 April 2018</td>
<td>791</td>
<td>£1,694,393</td>
</tr>
<tr>
<td>6 April 2018 – 5 April 2019</td>
<td>1,627</td>
<td>£7,445,318</td>
</tr>
<tr>
<td>6 April 2019 – 5 April 2020</td>
<td>4,046</td>
<td>£10,559,619</td>
</tr>
<tr>
<td>6 April 2020 – 15 March 2021</td>
<td>30,545</td>
<td>£60,309,066</td>
</tr>
<tr>
<td>TOTAL</td>
<td>37,517</td>
<td>£80,600,321</td>
</tr>
</tbody>
</table>

**FOS Fees**

1.18 Under and in accordance with the FEES Manual section of the FCA Handbook ("FEES"), a Lender must pay a standard case fee (as of 1 April, £750) to the FOS in respect of every complaint naming the Lender as a respondent and that is closed by the FOS (with an exception for the first 25 complaints in a financial year, where no standard case fee is levied). The Lenders are required to pay this fee in full, irrespective of whether the FOS rejects the customer's complaint in full or in part (and there is no cost to the customer).

1.19 In addition to effecting a compromise or arrangement of the Company's liabilities to customers in respect of their Redress Claims, the Scheme will also effect a compromise of the Company's liabilities to the FOS in respect of certain of the fees payable to it by the Lenders. For these purposes, the FOS fees proposed to be compromised in the Scheme (the "FOS Fees") are the liability of a Lender to the FOS, in respect of fees imposed by the FOS, in relation to the FOS' involvement in the resolution of a Redress Claim referred to it but excluding Non-Scheme FOS Fees. "Non-Scheme FOS Fees" are defined as FOS fees incurred in respect of any Redress Claim which has been the subject of a FOS adjudication or FOS decision on or prior to 14 March 2021 (the "Record Date") (being the day before the announcement of the proposal to implement the Scheme). Non-Scheme FOS Fees will be paid by Parent, if the Scheme is implemented.

1.20 Between 6 April 2014 to 5 April 2019, 4,693 complaints were referred to the FOS in respect of the Lenders. The FOS upheld 1,480 or 32% of these claims in full or in part (dismissing 3,213 or 68%), and the Lenders collectively were required to pay standard case fees to the FOS in the total amount of £2,581,150. While these standard case fees represented a substantial cost to the Lenders, they were considered to be sustainable and represented a cost of participating in the consumer credit industry.

1.21 This position shifted rapidly from 6 April 2019. Between 6 April 2019 and 15 March 2021, the Lenders were the subject of 25,558 complaints to the FOS. This is reflective of the substantial
The increase in the number of Redress Claims made against the Lenders during this period (as described at paragraphs 1.11 to 1.13 above). The concomitant increase in costs to the Lenders in resolving these complaints has been substantial. Between 6 April 2019 and 15 March 2021, the Lenders paid the FOS £16,269,100 in respect of its fees.

1.22 The increase in costs incurred by the Lenders as a result of Redress Claims being referred to the FOS can be clearly seen from the table below, which shows the total number of claims against the Lenders during the period from 6 April 2007 to 15 March 2021, and the rising cost of these claims:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>FOS' standard case fee for the financial year</th>
<th>Number of Redress Claims against the Lenders resolved by the FOS during the financial year</th>
<th>Total cost of standard case fees to the Lenders</th>
<th>Percentage increase in costs to the Lenders relative to the previous financial year</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 April 2014 – 5 April 2015</td>
<td>£550</td>
<td>0</td>
<td>£0</td>
<td>N/A</td>
</tr>
<tr>
<td>6 April 2015 – 5 April 2016</td>
<td>£550</td>
<td>57</td>
<td>£31,350</td>
<td>N/A</td>
</tr>
<tr>
<td>6 April 2016 – 5 April 2017</td>
<td>£550</td>
<td>282</td>
<td>£155,100</td>
<td>395%</td>
</tr>
<tr>
<td>6 April 2017 – 5 April 2018</td>
<td>£550</td>
<td>423</td>
<td>£232,650</td>
<td>50%</td>
</tr>
<tr>
<td>6 April 2018 – 5 April 2019</td>
<td>£550</td>
<td>718</td>
<td>£394,900</td>
<td>70%</td>
</tr>
<tr>
<td>6 April 2019 – 5 April 2020</td>
<td>£550</td>
<td>2,665</td>
<td>£1,465,750</td>
<td>271%</td>
</tr>
<tr>
<td>6 April 2020 – 15 March 2021</td>
<td>£650</td>
<td>5,842</td>
<td>£3,797,300</td>
<td>159%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>N/A</td>
<td>9,987</td>
<td>£6,077,050</td>
<td>N/A</td>
</tr>
</tbody>
</table>

1.23 PPC is aware of 17,088 Redress Claims that have been referred to the FOS, but which, as at the Record Date, have not been the subject of a FOS adjudication or FOS decision on or prior to the Record Date. If the FOS were to issue an invoice for its applicable standard case fee in respect of each of these Redress Claims, the total value of FOS Fees payable to FOS would be £12,816,000.

1.24 If the Scheme is approved, the FOS will be required to submit a claim with the Company for its FOS Fees on or before the Claims Submission Deadline. If the FOS submits a claim in respect of these fees, the Company will pay the FOS the Payment Percentage (as determined under the Scheme) of its FOS Fees. This payment will be made out of the proceeds of the Compensation Fund. The FOS will be required to submit its claim in respect of FOS Fees to the Company by email on or before the Claims Submission Deadline.
2. PPC'S FINANCIAL POSITION AND THE COUNTERFACTUAL

2.1 PPC's financial performance has been deteriorating for a number of years and it has not been profitable since 2016. A combination of factors has contributed to its current distress. The key reasons are its declining trading performance; regulatory changes; the increase in Redress Claims and the impact of Covid-19, in each case as further explained below:

2.1.1 Declining trading performance: PPC's business grew particularly rapidly in the years after the 2007 to 2009 financial crisis, as it benefited from the heightened caution around lending from mainstream banks. Against this context, PPC was able to successfully grow its business by lending to an increasing number of individuals who were unable to access credit from the more traditional high-street banks due to being considered too much of a credit risk. As a result, during this period PPC's short-term, high-interest business model was particularly profitable. However, in 2017, PPC sought to fundamentally update and modernise its operating model whereby it ceased to engage self-employed agents. Under the new operating model, brand new full-time employed CEM roles were created to take control of all aspects of the home credit customer relationship and shifting more of its business on-line. Unfortunately, the implementation of these changes proved more difficult than PPC had anticipated, resulting in significant disruption being caused to PPC's business, leading to a material decline in financial performance. In the first year of this reorganisation, PPC's customer receivables shrank to £390 million, £195 million less than at the same point in the previous year. The amount of credit issued by PPC also reduced in a similarly material way, shrinking from £790 million to £540 million. Although PPC attempted to arrest this decline by implementing a recovery plan in September 2017, stricter underwriting conditions and a general shift in market sentiment away from door-step loans saw PPC's active customer base (being persons whom PPC is currently collecting loans from or whom it considers to be part of the market for the provision of new loans) reduce from approximately 900,000 in December 2015 to 520,000 in December 2019, all of which severely impacted revenue.

2.1.2 Regulatory changes: As discussed at paragraphs 1.2 to 1.5 above, the non-standard finance sector and the broader consumer credit industry in the UK is (and has historically been) highly regulated. On 1 April 2014, the responsibility for the regulation of consumer credit activities was transferred from the Office of Fair Trading to the FCA. The transition in regulators resulted in consumer credit activities being regulated in a manner similar to other financial services, with many of the FCA's high level standards, including its Principles for Businesses, and high-level rules relating to organisational requirements applying equally to all regulated consumer credit firms, including firms operating in the non-standard finance sector. Compliance with the FCA's regulatory framework is time-consuming and labour intensive. This has caused, amongst other things: (i) a material increase in PPC's operational costs, and (ii) in the case of Satsuma, a reduction in lending due to, amongst other factors, the introduction of strict interest rate and cost caps on 2 January 2015 which capped the total cost to customers of interest, fees and charges on loans issued at 100 per cent. of the amount borrowed, thereby deflating PPC's profit margins and ability to lend to certain customers. These factors have had an adverse impact on PPC's profitability.

2.1.3 Redress Claims: In addition to the points raised above, a further key contributor to PPC's current distress is the increasing number of consumer complaints made against it for loans which it allegedly incorrectly issued. As explained at paragraphs 1.9 to 1.17 above and also at paragraphs 1.20 to 1.22, there has been a drastic increase in the number of (i) Redress Claims received by PPC and (ii) complaints made to and investigated by the FOS (for which, as stated earlier, PPC is charged a fee per claim) and together this has led to a severe deterioration in PPC's financial position.

2.1.4 Impact of Covid-19: In addition to the matters set out above, PPC's financial difficulties have been exacerbated by the Covid-19 pandemic. Following the outbreak, PPC's Online Lending division (Satsuma) temporarily ceased lending and its Home Credit, door-step division, saw a reduction in both the issuance and collection of loans.
2.2 The cumulative impact of the circumstances set out above and failure of PPC's recovery plan are such that:

2.2.1 PPC's losses have increased from approximately £44,200,000 for the year ended 31 December 2019 to approximately £123,200,000 for the year ended 31 December 2020; and

2.2.2 its solvency is now (and has for a while been) solely dependent on receipt of financial support from other companies in the Group, without which PPC would not be able to meet its liabilities as they fall due.

2.3 Until 29 December 2020, PPC's financial support from the Group came in the form of an intercompany loan from the Parent to PPC, which was documented in an intercompany loan agreement dated 29 December 2020 (the "Parent-PPC Intercompany Loan Agreement").

2.4 On 17 December 2020, and as part of a wider Group reorganisation, the Parent assigned PPC's net debt under the Parent-PPC Intercompany Loan Agreement to Provident Financial Holdings Limited ("PFHL"), a newly incorporated subsidiary of the Parent. Separately on 17 December 2020, PFHL and PPC entered into an intercompany loan agreement (the "PFHL-PPC Intercompany Loan Agreement" and, together with the Parent-PPC Intercompany Loan Agreement, the "Intercompany Loan Agreements") on substantially the same terms as the Parent-PPC Intercompany Loan Agreement. PPC's outstanding liability under the Intercompany Loan Agreements (as compared against its customer receivables asset which, as explained in paragraph 3.4 below, is expected to have a carrying value of £44.2 million as at 31 July 2021) highlights PPC's difficult financial situation, and its dependence on the Parent and the rest of the Group for its ongoing viability.

2.5 Reflecting the substantial intra-Group obligations described above, PPC's annual report for the year ended 31 December 2019 includes the following going concern statement:

**Going concern**

"The company is fully funded through intercompany loan facilities made available by the ultimate parent company, Provident Financial plc. As a result, the ability of the entity to continue as a going concern is dependent on the ability and intent of its ultimate parent to continue to make funds available to enable the company to meet its liabilities as they fall due."

2.6 On 27 August 2020, the Parent issued a letter of comfort (the "Comfort Letter") to the directors of PPC and certain other Group companies, pursuant to which it confirmed that it would continue to provide the necessary financial support to enable those companies to continue on a going concern basis. The Comfort Letter confirmed that:

2.6.1 the Parent intended to provide PPC with financial support for the 12 months from 27 August 2020 to enable it to meet its liabilities as they fall due (the "Financial Support Provision"); and

2.6.2 during the same 12 month period, the Parent would not demand payment of the presently outstanding inter-company loans owing to it by PPC (the "Non-Acceleration Provision").

2.7 The purpose of the Comfort Letter was to allow PPC's directors to prepare, and its auditors to report upon, PPC's accounts for the year ended 31 December 2019, on a going concern basis. The Non-Acceleration Provision in particular evidences both PPC's and the Parent's then commitment to preserving PPC's liquidity position.

2.8 On 29 December 2020, as part of a wider Group reorganisation, the Parent transferred its shares in PFMSL (which is the CCD holding company and the immediate parent undertaking of the
Lenders), together with the outstanding balance under the Parent-PPC Intercompany Loan Agreement to PFHL. As a result of that reorganisation:

2.8.1 the Parent issued an updated comfort letter to PPC and other members of the Group on the same terms as the Comfort Letter but which extended the term of the Financial Support Provision and Non-Acceleration Provision to 1 January 2022 (the “Updated Parent Comfort Letter”); and

2.8.2 PFHL issued a comfort letter to PPC and other members of the Group on substantially the same terms as the Updated Parent Comfort Letter (the “PFHL Comfort Letter” and, together with the Comfort Letter and the Updated Parent Comfort Letter, the “Comfort Letters”).

2.9 In relation to the Comfort Letters, we are advised that a court would find the Financial Support Provision to be non-binding and, therefore, the Parent would not be obliged contractually to provide PPC with any additional funding from 27 August 2020 to 1 January 2022 if it chose not to do so. Nor, for the same reasons, would PFHL. This is particularly relevant, as the Parent now considers that it is unable to continue to provide such open-ended financial support to PPC in the future.

2.10 In light of: (i) the advice received in respect of the non-binding nature of the Financial Support Provision; (ii) PPC's reliance on intra-Group loans in order to continue as a going concern; and (iii) the very large number of Redress Claims being filed against it, (as a result of which, the Parent is now unwilling to fund PPC (directly or via PFHL)), PPC will have no alternative but to file for insolvency proceedings if the Scheme is not sanctioned. Such a filing would be precipitated by PPC's inability to meet its payments as they fall due. In contrast, if the Scheme is sanctioned, the Parent (directly or via PFHL) intends to continue to fund PPC to enable it to meet its liabilities as they fall due.

2.11 Further, if the Scheme is not implemented, and PPC retained liability in full for Redress Claims against it, no lender would be prepared to advance funds to PPC on terms that would enable it to trade out of its financial difficulties.

2.12 The Parent has prepared a report (the “Estimated Outcome Statement” or the “EOS”) showing the reasonable range of estimated outcomes due to PPC's and Greenwood's creditors in an insolvency scenario. As explained further at paragraphs 3.1 to 4.3 below, no return is expected for Redress Creditors or the FOS in an insolvency proceeding.

2.13 The conclusions set out in the Estimated Outcome Statement for PPC and Greenwood have been assessed by PricewaterhouseCoopers LLP (“PwC”). PwC were engaged by the Company in December 2020 to act as its financial adviser in connection with the Scheme.

2.14 On 15 April 2021, PwC issued a letter (the "PwC Letter") setting out PwC’s views on the assumptions underpinning the EOS and confirmed that they were satisfied that the assumptions applied by management as referred to in their letter are reasonable and Estimated Outcome Statement scenarios demonstrate an appropriate range of outcomes given the potential strategies and number and range of variables impacting the insolvency outcome.

3. ESTIMATED OUTCOME FOR CREDITORS OF PPC IN THE EVENT THAT THE SCHEME IS NOT SANCTIONED AND PPC ENTERS INTO AN INSOLVENCY PROCESS

3.1 A copy of the EOS is at Section VII of the Scheme Document. The EOS is based on PPC's most recent set of management accounts dated 31 December 2020 and projections to 31 July 2021. 31 July 2021 is an appropriate date at which to assess the expected outcomes for PPC's creditors in an insolvency scenario (as set out in the EOS), as it is close to the date of the Scheme Meeting and therefore the point at which PPC and Greenwood would be likely to enter into insolvency proceedings, if the Scheme Creditors did not approve the Scheme by the required statutory majority. As at 31 July 2021, PPC's assets are estimated to have a book value of £219.4 million, comprising:
No

te: Once attributable costs are deducted from these estimated realisations, there is a lower value of assets available in Scenario 1 than in Scenario 2. This is in accordance with Scenario 2 being the most favourable of the two scenarios for unsecured non-preferential creditors.

3.2 PwC have reviewed the EOS, although they did not verify or audit any of the information and assumptions provided to them. PwC also advised us, in relation to the recovery prospects of booked assets and costs in an insolvency of PPC (either liquidation or administration) using their insolvency expertise and experiences across the financial services sector. The EOS demonstrates that in the two reasonable insolvency scenarios modelled, PPC's will have no assets available for distribution to PPC's non-preferential unsecured creditors, after insolvency costs including the costs of collection of PPC's customer receivables asset.

3.3 PPC has a material intercompany debt of £131.1 million due from its immediate parent, PFMSL. This debt is unlikely to have any material value in an insolvency of PPC, as PFMSL’s main asset is its shareholding in PPC which would have negligible value in a PPC insolvency.

3.4 As at 31 July 2021, PPC's customer receivables asset is expected to have a carrying value of £44.2 million, after taking into account provisions for bad debts and collectability. However, with advice from PwC regarding the recovery prospects of customer receivables asset in an insolvency, we have estimated that PPC's customer receivables asset could realise between £8 million and £17 million in the modelled EOS insolvency scenarios. This is because, amongst other reasons, PPC's business and its ability to collect on the customer receivables assets is partly dependent upon the relationships established between the CEM's and PPC's customers. PPC is currently implementing a mixed collection strategy involving transitioning some collections to an outsource service provider and this transition will largely have occurred by 31 July 2021. We consider that the remaining CEMs would invariably become demotivated on the announcement of an insolvency, not least because it would be evident that the workforce would be rationalised by the insolvency practitioner in due course, probably in the short to medium-term. CEM collections would therefore likely be halted by an insolvency practitioner and, in the past, a change in Borrowers’ CEMs has caused reductions in the value of collected assets. In addition, the publicity created by the Scheme (and the acknowledgment that many of PPC's Borrowers and Guarantors may have Redress Claims) is likely to give rise to significant numbers of Redress Claims from PPC's Borrowers and Guarantors in insolvency. We are advised by PwC that such Borrowers and Guarantors will benefit from set-off in an insolvency, in relation to their Redress Claim if those claims can be established. Customer behaviours are uncertain and it is also expected that an increased proportion of PPC's Borrowers and Guarantors would see an insolvency of PPC as reason to halt their scheduled loan

<table>
<thead>
<tr>
<th>£'m</th>
<th>Forecast booked value at 31 July</th>
<th>Estimated realisations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Scenario 1</td>
<td>Scenario 2</td>
</tr>
<tr>
<td>Intercompany debtor</td>
<td>131.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Customer receivables</td>
<td>44.2</td>
<td>16.7</td>
</tr>
<tr>
<td>Tax assets</td>
<td>41.9</td>
<td>6.5</td>
</tr>
<tr>
<td>Other</td>
<td>2.2</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>219.4</strong></td>
<td><strong>24.1</strong></td>
</tr>
</tbody>
</table>

Note: Once attributable costs are deducted from these estimated realisations, there is a lower value of assets available in Scenario 1 than in Scenario 2. This is in accordance with Scenario 2 being the most favourable of the two scenarios for unsecured non-preferential creditors.
repayments. An insolvency practitioner would find it difficult to pursue and secure these collections given the costs of such pursuit in relation to the average value of outstanding loan repayments. As a result, loan collections would be impacted by an insolvency of PPC in all likelihood to a very material extent.

3.5 Finally, the collection strategy deployed within an insolvency, and whether an insolvency would also impact the net recoveries from the customer receivables asset. In a case such as this, we are advised that PwC considers that an insolvency practitioner would likely continue with PPC's existing collections strategy, whilst it determined the cost-effectiveness of continuing this realisation route in the longer term. Maintaining the outsource contracts and paying for systems to support collections could be uneconomic over an extended period, especially as there are large numbers of small value repayments (often as little as £20 a week per Borrower) that require collection. Consequently we understand that an insolvency practitioner may adopt a blended strategy that focuses on a retained small core of PPC's CEMs and focuses collection efforts on the highest performing element of PPC's customer receivables asset for a short period before looking to realise some additional residual value from a sale of the remaining customer receivables.

3.6 PPC's tax assets are based on estimates of tax losses which may be surrendered to other Group companies pursuant to tax claims for group relief. In an insolvency, some of these losses may be incapable of surrender, as the insolvency is likely to break the Group for tax purposes. Furthermore, those losses which may still be capable of surrender will rely, for their realisation, on other Group companies requiring such tax losses to offset their own profits, and their willingness to pay PPC for such losses. Neither can be predicted with confidence. As a result, a discount has been applied to the book value of these tax assets.

3.7 PPC has preferential creditors which are payable in priority to its unsecured non-preferential creditors in an insolvency. The major part of the aggregate preferential claim against PPC is a claim from Her Majesty's Revenue & Customers ("HMRC") for payroll taxes in relation to self-employed agents in respect of the period April 2014 to July 2017 when PPC ceased to engage self-employed agents. The claim is complex, is disputed by PPC and whilst PPC considers that the agents were self-employed as a matter of law throughout their engagement by PPC, the outcome is uncertain. HMRC has raised protective assessments in respect of the payroll taxes arising on commission paid to agents during the period concerned. These are a procedural matter to ensure that, in the event the review concludes that taxes are payable, HMRC can recover amounts that would otherwise drop out of time due to the lapse of statutory time limits. All of the protective assessments have been, or will be, appealed by PPC. Excluding interest on overdue tax and any penalties, the protective assessments total £50 million, being the full amount of NIC and PAYE before any offset for tax or NIC paid by the agents through self-assessment. and is disputed by PPC. In order to defend HMRC's claim against PPC, an insolvency practitioner would likely have to expend significant sums on legal advice. Given the paucity of funds available to creditors, we are advised by PwC that an insolvency practitioner is unlikely to expend such sums. Whilst unsecured non-preferential creditors could fund the legal costs, the potential benefit to these creditors is small and remote, which means it is extremely unlikely such funding would be made. Assuming therefore that the insolvency practitioner does not defend the matter there still remains the question of quantum. The full preferential element of the claim is some £31 million. However the claim may be lower than this depending on the extent to which agents have paid tax and NIC on commissions through self-assessment which is available for offset. As a reflection of the uncertainty involved, we have assumed that the preferential HMRC claim would be between the total of the protective assessments of £31 million (noting that this does not include offset for tax and NIC paid by agents through self-assessment), and 50% of this value. This 50% is not recognition of any expected outcome of the claim but is included in the EOS to illustrate a potential range to this liability.

3.8 The EOS highlights that PPC's assets available for distribution could be £5 million to £6 million after insolvency costs. These assets would be used to pay PPC's preferential creditors included in the EOS as being between £16 million and £32 million. Consequently it is highly likely that PPC's unsecured non-preferential creditors would not receive any recoveries from an insolvency of PPC. This is in contrast to the expected position of Scheme Creditors if the Scheme is implemented. If the Scheme is sanctioned, the Parent will make available to the Company the £50 million Compensation Fund for the sole purpose of making cash payments to Scheme Creditors in respect
of their Ascertained Scheme Liabilities. The provision of the Compensation Fund (with the costs of implementing the Scheme being separately paid by the Parent) ensures that Scheme Creditors will receive at least a proportion of the value of their Ascertained Scheme Liabilities. While it is not possible to accurately estimate the Payment Percentage that Scheme Creditors may receive under the Scheme (noting that this remains subject to a number of contingencies including the total number of Scheme Creditors who submit claims in the Scheme by the Claims Submission Deadline, and the value of their Ascertained Scheme Liabilities), Scheme Creditors' recoveries under the Scheme will be greater than they would be if the Scheme is not implemented (i.e. in the counterfactual, being insolvency).

4. **ESTIMATED OUTCOME FOR CREDITORS OF GREENWOOD IN THE EVENT THAT THE SCHEME IS NOT SANCTIONED AND IT ENTERS INTO AN INSOLVENCY PROCESS**

4.1 Greenwood's most recent set of management accounts dated 31 December 2020, show that its realisable assets which consist solely of an intercompany receivable from PFHL to Greenwood) have a net book value of approximately £366,000. This reflects the transfer of Greenwood's business and most of its assets and liabilities to PPC on 1 April 2014 for their net book value. Greenwood's financial position is unlikely to change materially by 31 July 2021, the hypothetical insolvency date for the purposes of the EOS.

The Estimated Outcome Statement demonstrates that the likely costs of any insolvency process that Greenwood may enter into would be expected to exceed Greenwood's realised assets.

4.2 Consequently, if Greenwood were to enter into an insolvency process, it is not expected that there would be any remaining assets from which a distribution could be made to its creditors; therefore, creditor recovery is expected to be nil.

4.3 In light of this analysis, the Scheme being proposed offers the Scheme Creditors a better outcome than they would likely achieve if the Scheme did not become effective.

5. **FCA FEEDBACK ON THE SCHEME**

5.1 PPC, as an authorised firm, has been engaging with the FCA on an ongoing basis with a view to ensuring that the Scheme does not raise regulatory concerns. On 19 April 2021, the FCA informed PPC of its position in respect of the Scheme as follows:

5.1.1 given the alternative of insolvency, the FCA was not opposing the Company's application for leave to convene the meeting to vote on the Scheme. However, the FCA did not support the Scheme and did not believe that the Scheme was the fairest compromise that could have been offered to customers with valid redress claims by the Group. In particular, the FCA is concerned that (i) customers with valid redress claims stand to receive significantly less than the value of their claims; and (ii) the methodology for assessing claims does not produce outcomes with the same high standards of accuracy and fairness as would be available under the FCA's usual framework of complaint handling rules for firms or through recourse to the Financial Ombudsman Service;

5.1.2 on the basis of the information currently available to it, the FCA was not currently proposing to take any immediate regulatory action that might otherwise prevent the Scheme having substantial effect were it to be agreed by the requisite majority of creditors and sanctioned by the Court but was reserving its position to, if appropriate, take such action in the future; and

5.1.3 the FCA identified several other issues with the Scheme which the FCA considered relevant to customers.

5.2 The Company has shared the letter from the FCA setting out these concerns, together with its response, with the Court. The FCA also appointed Counsel to explain its position to the Court on 22 April 2021.
PART D
DETAILED EXPLANATION OF THE SCHEME

1. IMPORTANT NOTE: THE CLAIMS SUBMISSION DEADLINE

1.1 You must submit all Scheme Claims (as defined in paragraph 4.1.1 at page 27 below) by 5.00 p.m. on the date which is 6 months following the Implementation Date (the "Claims Submission Deadline"). The Implementation Date is the date when both of the following matters have occurred:

1.1.1 the Effective Date has occurred; and
1.1.2 the £50,000,000 Compensation Fund has been paid by the Parent to the Company.

1.2 You will be notified of the exact Claims Submission Deadline as soon as possible once it is known. It will also be advertised on the Website at https://scheme.providentpersonalcredit.com and in The Daily Mail, The Sun and the Metro (London and regional editions). The Claims Submission Deadline is expected to occur in February 2022.

1.3 You are encouraged to submit your Scheme Claim as soon as possible following the Implementation Date to ensure that your Scheme Claim is received on or prior to the Claims Submission Deadline. If you are submitting a Claim Form by post, please ensure that it is posted to the Company at least 5 days before the Claims Submission Deadline. If you are in any doubt about whether you have a Scheme Claim, you should submit a claim in any event to ensure that it is considered.

1.4 To make a claim in the Scheme you, or someone acting on your behalf, must submit details of your Scheme Claim to us either:

1.4.1 on a Claim Form (see page 81 of this Scheme Document); or
1.4.2 via the Claims Portal (see https://scheme.providentpersonalcredit.com),

unless you have an Outstanding Scheme Claim (as more specifically described in paragraph 8.4 below). If you complete the Claim Form (including the voting section) and return it to us by 5.00 p.m. on 14 July 2021, you do not need to make another claim if the Scheme goes ahead.

1.5 After the Claims Submission Deadline, you will not be entitled to submit further Scheme Claims to the Company (nor any other person). Furthermore, you will not be entitled to receive any payment in respect of any Scheme Claim and if you are:

1.5.1 a Borrower who has not fully repaid your Loan, you will not benefit from any reduction in the amount that is repayable under that Loan; and
1.5.2 a Guarantor, you may have a continuing obligation to make payments under the guarantee given by you.

2. WHEN WILL THE SCHEME BECOME EFFECTIVE?

2.1 The Scheme will become effective and bind the Company and all Scheme Creditors if:

2.1.1 it is approved by a majority in number (i.e. more than 50%), representing 75% or more in value, of the Scheme Creditors who attend and vote at the Scheme Meeting (whether they attend and vote in person or by proxy);
2.1.2 the Court approves the Scheme at the Court hearing for that purpose; and
2.1.3 a copy of the Court order approving the Scheme is lodged with the Registrar of Companies.
2.2 The Court will only approve the Scheme if it thinks that the legal requirements have been met and it is fair.

2.3 The day on which the Scheme becomes effective is called the "Effective Date" and at that time the Scheme will become binding on the Company, the Parent, the Scheme Creditors (including those that did not vote in favour of the Scheme or whom did not vote at all). The Effective Date will be announced on https://scheme.providentpersonalcredit.com.

3. **WHO WILL BE AFFECTED BY THIS SCHEME?**

3.1 The Scheme will affect you if you are a Scheme Creditor. A Scheme Creditor is:

3.1.1 a Borrower (i.e. a customer who took out a Loan from one of the Lenders);

3.1.2 a Guarantor (i.e. a person who guaranteed a Loan made by one of the Lenders); and

3.1.3 the FOS in respect of its FOS Fees.

3.2 The Loans compromised in the Scheme are loans issued on and between:

3.2.1 6 April 2007 (being the date on which the Consumer Credit Act 1974 was amended to allow consumers to bring claims against the Lenders for compensation arising out of an unfair lending relationship); and

3.2.2 17 December 2020 (being the date on which the Parent's board of directors, undertook a preliminary review of the feasibility of the Scheme and decided to engage further with the FCA regarding the Scheme),

by PPC (acting through the trading names Provident, Satsuma and Glo) or Greenwood.

3.3 A Borrower or Guarantor is not affected by the Scheme if the Loan was made by PPC's Irish branch, or was governed by Irish law, or was subject to the supervision of the Central Bank of Ireland. These creditors are excluded from the Scheme as the Loans made by PPC's Irish branch are not subject to the same regulatory rules as those Loans that are the subject of the Scheme. Customers of PPC's Irish branch will not be compromised in the Scheme.

3.4 We will not be able to confirm whether you have a valid claim for compensation, until after the Scheme is effective and your claim has been submitted in accordance with the Scheme (see page 81 of this document) or through the Claims Portal (see https://scheme.providentpersonalcredit.com).

4. **WHICH CLAIMS ARE AFFECTED BY THIS SCHEME?**

4.1 **Scheme Claims**

4.1.1 The Scheme will compromise Scheme Claims. "Scheme Claims" are:

(a) Redress Claims; and

(b) FOS Fee Claims.

4.2 **Redress Claims**

4.2.1 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. An "Excluded Liability" is a liability of a Lender which arises by virtue of a Loan which was:

(a) made by PPC's Irish branch;
(b) governed by Irish law; or
(c) subject to the supervision of the Central Bank of Ireland.

4.2.2 A claim in respect of a loan made by PPC, or FOS Fees incurred in respect of loans made, on or after 18 December 2020 are also to be excluded from the Scheme.

4.3 **FOS Fee Claims**

A FOS Fee Claim is a claim of the Financial Ombudsman Service for FOS Fees in relation to the FOS' involvement in the resolution of Redress Claims referred to it but excluding Non-Scheme FOS Fees. Non-Scheme FOS Fees are FOS Fees incurred in respect of any Redress Claim which has been the subject of a FOS adjudication or FOS decision on or prior to 14 March 2021. If the FOS were to issue an invoice for its FOS Fee Claim, the total value of FOS Fees payable to FOS would be £12,816,000.

5. **THE COMPENSATION FUND**

5.1 The Parent must provide the Company with £50,000,000 within 30 days of the Effective Date. This funding is called the Compensation Fund. The Compensation Fund will be used to pay the Scheme Claims of Scheme Creditors (once those Scheme Claims have been agreed or determined in accordance with the Scheme). Scheme Claims, once agreed or determined in accordance with the Scheme, are referred to as "Ascertained Scheme Liabilities".

5.2 The date on which the Parent pays the £50,000,000 Compensation Fund after the Effective Date is called the "Implementation Date". The Scheme provides that if the Parent does not provide the Compensation Fund to the Company within 60 days of the Effective Date (or any relevant grace period up to 5 Business Days), the Scheme will terminate and all parties will be restored to the position they were in immediately before the Effective Date. In the event that the Parent fails to fund the Compensation Fund within 30 days, it will be in breach of the terms of the Funding Deed and its undertaking to the Court.

6. **RELEASE OF THE LENDERS**

6.1 The Scheme provides that, on the Implementation Date you automatically fully and finally release each of the Lenders from any Redress Claims you may have against them. In addition, pursuant to the Scheme, you and other Scheme Creditors will authorise the Scheme Supervisors to enter into a Release Deed, which document confirms the releases given by you to the Lenders. A copy of the Release Deed is available at Schedule 2 to the Scheme at page 78 of this document. In the event that a Borrower or Guarantor has a claim against the Lenders that is not a Redress Claim, the Scheme will not affect that other claim, and such other claims can continue to be made in the ordinary course of business. For the avoidance of doubt, claims for misrepresentation, undue influence or distress are not compromised in the Scheme.

6.2 The release given by the Scheme Creditors means that they will not be allowed to start or continue any legal proceedings against the Lenders for payment of any Scheme Claims. Instead, if you believe you have a Scheme Claim, you must make a claim against the Company in the Scheme by the Claims Submission Deadline, if you wish to receive any payment in the Scheme. However, where your Loan has been sold to a Debt Purchaser, the releases given by you do not prevent you from asserting any rights of set-off, or similar rights, that you may have as against the Debt Purchaser, provided that you submit your claim by the Claims Submission Deadline.

7. **RELEASE OF THE COMPANY**

7.1 You will also be forbidden from starting or continuing any legal proceedings against the Company for payment of your Scheme Claims. Instead, you must make a claim against the Company in the Scheme by the Claims Submission Deadline, if you wish to receive any payment in the Scheme. However, where your Loan has been sold to a Debt Purchaser, the releases given by you do not prevent you from asserting any rights of set-off, or similar rights, that you may have as against the Debt Purchaser, provided that you submit your claim by the Claims Submission Deadline.

7.2 If you have a Scheme Claim, but you do not make a claim (or you are not deemed to have made a claim) against the Company in the Scheme by the Claims Submission Deadline, you will have no
further right to pursue that claim against the Company and you will not receive any payment in respect of it.

7.3 If your Scheme Claim against the Company has been finally rejected following determination in accordance with the Scheme you will have no further right to pursue that claim against the Company and you will not receive any payment in respect of it.

7.4 If your Scheme Claim gives rise to a liability of the Company (a "Scheme Liability"), and that liability is reduced to zero after the deduction of any Cross Liability (as defined in paragraph 9.2.2) that you owe to a Lender or Transferred Loan Liability (as defined in paragraph 9.2.3) that you owe a Debt Purchaser that has entered into a Balance Reduction Agreement, your Scheme Claim against the Company will be discharged; you will have no further rights to pursue that Scheme Claim against the Company and you will not receive any payment in respect of it. However, in these circumstances, your liability under the Cross Liability or Transferred Loan Liability, will also be discharged, up to the amount of your Scheme Liability (once agreed or otherwise determined).

7.5 If you have an Ascertained Scheme Liability in the Scheme and you are paid the Payment Percentage of it, you will have no further rights to pursue that claim against the Company and you will forever release and discharge the Company in respect of that Ascertained Scheme Liability.

8. MAKING A CLAIM

8.1 You will have until 5.00 p.m. on the date that is 6 months after the Implementation Date to tell the Company if you have a Scheme Claim (the "Claims Submission Deadline"). You are encouraged to submit your Scheme Claim as soon as possible to ensure that your Scheme Claim is received on or prior to the Claims Submission Deadline. If you are submitting a Claim Form by post, please ensure that it is posted to the Company at least 5 days before the Claims Submission Deadline.

8.2 As soon as reasonably practicable after the Implementation Date, we will let you know the Claims Submission Deadline. We will send you a notice by email (if we have an email address for you) or by post (if we have a postal address for you). We will also post a notice on our website at https://scheme.providentpersonalcredit.com and in The Daily Mail, The Sun and the Metro (London and regional editions). We will post reminders of the Claims Submission Deadline approximately two months and then again approximately one month before the Claims Submission Date by posting such reminders to the Website.

8.3 To make a claim under the Scheme you, or someone acting on your behalf, must submit details of your claim to us either:

8.3.1 on a Claim Form (see page 81 of this Scheme Document); or

8.3.2 via the Claims Portal (see https://scheme.providentpersonalcredit.com),

unless you have an Outstanding Scheme Claim (as further described in paragraph 8.4 below) or you submitted a Claim Form (including the voting section) by 5.00 p.m. on 14 July 2021 for voting in the Scheme Meeting. If you require assistance with making your claim, you can contact us 0800 056 8936 (between 8.00 a.m. and 6.00 p.m. Monday to Friday (excluding bank holidays)).

8.4 You are not required to submit a Scheme Claim in accordance with paragraph 8.3 above, if you have already made a claim against a Lender on or before 14 March 2021, and you have received written acknowledgment of receipt of such claim, but:

8.4.1 no decision has been made by PPC to accept or reject such Scheme Claim; or

8.4.2 such Scheme Claim has been referred to the FOS and no decision has been made by the FOS to accept or reject such claim;

(ann "Outstanding Scheme Claim"). Each Outstanding Scheme Claim will automatically be deemed to have been submitted prior to the Claims Submission Deadline and shall be determined in accordance with the Scheme.
8.5 You must tell us about your Scheme Claim on or before the Claims Submission Deadline, unless you have an Outstanding Scheme Claim or you submitted a Claim Form (including the voting section) by 5.00 p.m. on 14 July 2021 for voting in the Scheme Meeting. We will not consider any Scheme Claim made after the Claims Submission Deadline or which is not submitted as described at paragraphs 8.3 or 8.4 above, and you will not receive any payment in respect of such claims. You are encouraged to submit your Scheme Claim as soon as possible after the Implementation Date to ensure that your Scheme Claim is received on or prior to the Claims Submission Deadline. If you are submitting a Claim Form by post, please ensure that it is posted to the Company at least 5 days before the Claims Submission Deadline.

9. THE PROCEDURE FOR ASSESSING YOUR SCHEME CLAIM

9.1 Once you have submitted your Scheme Claim as described at paragraph 8.3 above, we will examine it, and may request that you provide further information or evidence to help us agree your Scheme Claim. You must provide the information or evidence requested within 30 days of receiving a request from us. If you do not provide the information or evidence requested within 30 days, we will make a determination of your Scheme Claim based on the information we have available to us.

9.2 Using the Claims Methodology provided at Schedule 1 to the Scheme (see page 75 of this Scheme Document), we will let you know if we agree or disagree that you have a Scheme Claim. If we agree that you have a Scheme Claim we will tell you:

9.2.1 how much we consider we owe you for your Scheme Claim together with compensatory interest of 8% per annum up to the Implementation Date (the "Gross Scheme Liability");

9.2.2 if you have an outstanding Loan balance which you owe to a Lender as at the Implementation Date, we will let you know how much we consider that you owe in respect of that outstanding Loan balance (the "Cross Liability"); and

9.2.3 if we sold your Loan to a Debt Purchaser that has entered into a Balance Reduction Agreement, and you have an outstanding Loan balance under that Loan, we will let you know how much the Debt Purchaser has told us is outstanding under that Loan as at the Implementation Date (the "Transferred Loan Liability").

9.3 We will deduct your Cross Liability or Transferred Loan Liability from your Gross Scheme Liability. If after making that deduction:

9.3.1 we owe you any money, the amount we owe you is your "Ascertained Scheme Liability". We will pay you a percentage of your Ascertained Scheme Liability (as described in paragraph 14 (Payment of Ascertained Scheme Liabilities) on page 36 below and you will not have to make any more payments to the Lenders or the Debt Purchaser in respect of your outstanding Loan; or

9.3.2 you continue to owe a Lender or a Debt Purchaser that has entered into a Balance Reduction Agreement any money in respect of your Loan, you will only have to repay that part of your Loan that remains outstanding after that deduction.

9.4 If you agree with our assessment of your Gross Scheme Liability, Cross Liability, Transferred Loan Liability and Ascertained Scheme Liability once we notify it to you, you do not need to do anything.

9.5 If you do not agree with our assessment of your Gross Scheme Liability and/or Cross Liability and/or Ascertained Scheme Liability, you will have 30 days to tell us that you do not agree with our decision and the reasons why (using the notice details set out in Clause 9 of the Scheme). If you do not tell us that you disagree with our assessment within that time, our assessment of the existence and value of your Gross Scheme Liability, Cross Liability and Ascertained Scheme Liability will be final and binding on us and you. If you do not agree with the assessment of your Transferred Loan Liability, we will rely on the information provided to us by the Debt Purchaser and you will need to separately agree your outstanding liability to the Debt Purchaser with the Debt Purchaser.
9.6 Once you have told us that you do not agree with our assessment of your Gross Scheme Liability and/or your Cross Liability and or Ascertained Scheme Liability, we will then have 30 days to contact you, and try to reach an agreement with you in respect of those matters. If we cannot reach an agreement with you within those 30 days (and you expressly confirm that no agreement has been reached), your claim will automatically be referred to the independent adjudicator appointed in the Scheme (the "Scheme Adjudicator") who will look at your Scheme Claim and make a decision as to the amount of your Gross Scheme Liability, Cross Liability and Ascertained Scheme Liability.

10. HOW WILL YOUR SCHEME CLAIM BE ASSESSED?

10.1 If you are a Borrower or Guarantor, we will carry out a number of checks and tests on your loan history, using information already held by us or by credit reference agencies (such as Experian) and information given by you in a Claim Form or through the Claims Portal. We will use this information to work out if we owe you any money in respect of your Redress Claim.

10.2 The claims methodology assessment is split into four tiers, with the criteria in the early tiers including higher indicators of unaffordable lending compared to the criteria in the later tiers.

10.2.1 Tier 1: A tier 1 assessment ("Tier 1") focuses on (i) significant, repeat lending over a short period of time; (ii) the status of a Redress Creditor's County Court judgments at the issue date of a Loan and (iii) discrepancies between a Redress Creditor's declared credit commitments and the credit referencing agency. Indicative factors that will fall into Tier 1 include:

(a) if you had 8 Loans or more in a 2 year period;
(b) if you had had an uncleared County Court judgment; and
(c) if we did not carry out the right checks on your Loan application.

10.2.2 Tier 2: A tier 2 assessment ("Tier 2") focuses on those Redress Creditors who had five to seven Loans issued within a 24 month period with more focus on the Redress Creditor's financial position at the issue date of the Loans and the purpose of the Loans. Indicative factors that will fall into Tier 2 include:

(a) there was less than a 3 month gap between Loans;
(b) if your total Loan balance doubled in one year;
(c) if your Loan was used to refinance a previous Loan.

10.2.3 Tier 3: a tier 3 assessment ("Tier 3") relates to a customer financial position at the time of issue. Indicative factors that will fall into Tier 3 are:

(a) if you had an active and recent default on file;
(b) if you had an unusual pattern of borrowing;
(c) if you had a declining payment performance;
(d) if you had increasing Loan amounts; and/or
(e) if you had high arrears.

10.2.4 Tier 4: a tier 4 assessment ("Tier 4") focuses solely on the issuing of multiple Loans on the same date to the same customer. However, the practice of issuing multiple Loans on the same date may be down to Lenders incentivising sales agents based on the number of distinct Loans issued as well a customer's purchasing preferences and does not necessarily indicate unaffordable lending.
10.3 No one check will be used to decide whether your Loan or Loans were unaffordable and each Redress Claim will be looked at using the information above. Customers are also able to supply additional information by completing the Claim Form which may assist in the assessment of their claim.

10.4 If these checks show that a Loan should not have been made to you, we will let you know what we think your total Scheme Liability will be (this is your Gross Scheme Liability). Where you are a Borrower, we will work this out by taking the amount of interest you paid above the value of your Loan, and applying simple interest of 8% per annum (the "Compensatory Interest") from the time you took out that Loan to the Implementation Date. Where you are a Guarantor, we will work this out by taking the amount that you have paid in respect of the Guarantee and applying the Compensatory Interest from the date on which you paid the Guarantee to the Implementation Date.

10.5 If you are a Borrower and still owe any amounts under one or more Loans to a Lender, including any Loans that have been written off, we will deduct the amounts that remain outstanding under those Loans (this being the Cross-Liability) from the amount we owe to you (the Gross Scheme Liability). The amount remaining after making this deduction, if any, is your Ascertained Scheme Liability.

10.6 If you are a Borrower and still owe any amounts under one or more Loans that were transferred to a Debt Purchaser that entered into a Balance Reduction Agreement, including any Loans that have been written off, we will deduct the amounts that remain outstanding under those Transferred Loans (this being the Transferred Loan Liability) from the amount we owe to you (the Gross Scheme Liability). The amount remaining after making this deduction, if any, is your Ascertained Scheme Liability.

10.7 The Claims Methodology provides that the Company will automatically uphold in full a Redress Claim of a Guarantor who (i) made a payment to PPC in respect of its Guarantee, and (ii) submits a Redress Claim to the Company on or before the Claims Submission Deadline. These Guarantors will also have any ongoing obligations under their Guarantee terminated. These Guarantors represent less than 0.024% of the approximately 4.2 million Scheme Creditors whose claims will be assessed in the Scheme, their treatment under the Scheme is likely to have an immaterial impact on the treatment of other Scheme Creditors. Guarantors who made no payments but who nevertheless submit a Scheme Claim in the Scheme on or before the Claims Submission Deadline will have any ongoing obligations under their Guarantee terminated.

11. REFERRING A SCHEME CLAIM TO THE SCHEME ADJUDICATOR

11.1 As noted above, if you disagree with the Company's decision on whether to accept or reject your Scheme Claim, or the value that the Company has placed on your Gross Scheme Liability or the value that the Company has put on your Cross Liability (a "Disputed Scheme Claim"), your Disputed Scheme Claim will be referred to the Scheme Adjudicator. This will occur automatically if you inform the Company that you do not agree with the decision that the Company has made and you have not reached agreement with the Company within a further 30 days (and you expressly confirm to the Company that no agreement has been reached). The Company is entitled to request that the Scheme Adjudicator consider a Disputed Scheme Claim on a group basis, as further described in paragraph 11.7 below.

11.2 The Company has appointed Jonathan Herbst as the Scheme Adjudicator, a partner and the Global Head of Financial Services at the international law firm Norton Rose Fulbright. Jonathan Herbst is an independent professional, and does not have any connection with the Company, the Lenders, the Scheme Supervisors or the rest of the Group. You will find Jonathan Herbst's CV at Schedule 3 of this Explanatory Statement at page 43.

11.3 Save as described in in paragraph 11.7, within 60 days of your claim being referred to the Scheme Adjudicator, the Scheme Adjudicator will consider all of the information and documents you provided to us, together with all other information which the Company or the Lenders have about you and your Loan. He will try to reach a decision on your Scheme Claim in this time.
The Scheme Adjudicator may request further information or documents from you or us, or may request that you, your representatives or representatives of the Company answer his questions. The Scheme Adjudicator will let you know how to do this if it becomes relevant. If you or we do not respond to a request by the Scheme Adjudicator to provide further information within 14 days of his request (or such later time period as the Scheme Adjudicator otherwise states), or do not answer his questions, the Scheme Adjudicator will decide whether your claim should be allowed using the information that he already has.

The Scheme Adjudicator will aim to tell you and us whether he has decided to allow your Scheme Claim (and if so how much we owe you, that amount being your Ascertained Scheme Liability) within 60 days of the further information being provided. If the Scheme Adjudicator decides that you have an Ascertained Scheme Liability, you will be paid a percentage of your Ascertained Scheme Liability, as described in paragraph 12 (Payment Percentage). We will make a payment to you as described in paragraph 14 (Payment of Ascertained Scheme Liabilities) below.

Decisions by the Scheme Adjudicator about your Disputed Scheme Claim are binding on us, and we will not be able to dispute or appeal the decision of the Scheme Adjudicator. However, if you do not agree with the Scheme Adjudicator's decision, you can refer your claim to the FOS. If you want to refer your claim to the FOS, you must do this within 6 months of receiving the Scheme Adjudicator's decision. If you do refer your claim to the FOS, and it makes an award in your favour, this award will be an Ascertained Scheme Liability, and will be paid in accordance with the procedure set out at paragraph 14 (Payment of Ascertained Scheme Liabilities) below. That said, it should be noted that the FOS has indicated that it is unlikely to progress complaints because of the Scheme.

Where complaints are, in the reasonable opinion of the Company, sufficiently similar, for example in relation to quantum calculations, then these will be grouped together with a description of the reason for the complaint and a log of each complaint so that the Scheme Adjudicator may carry out sample checks in order to reach a decision that may be applied to the whole group of complaints. The Scheme Adjudicator would be provided with access to the Claims Methodology model in order to test the calculations and if necessary its application to a sample of customers.

The Scheme Adjudicator will also be provided with details of specific complaints that are not able to be grouped together - for example whether a certain relevant piece of information had been provided but was overlooked by the Company, for example, a medical report. It is expected that these types of specific issues will be capable of being dealt with to a significant extent between the customer and the Company as they will be based on facts and evidence but if there are questions of interpretation which result in the claim being referred to the Scheme Adjudicator then the Scheme Adjudicator's experience and discretion will be applied. If the Scheme Adjudicator requires expert assistance in adjudicating a claim then he is able to do so under the Scheme.

The costs of an appeal to the Scheme Adjudicator will typically be a Scheme Cost and therefore paid by the Parent. However, the Scheme Adjudicator will have a discretion to direct that a Scheme Creditor should be responsible for certain costs if the Scheme Adjudicator determines that the Scheme Creditor has behaved unreasonably. In other words, if a genuine complaint is raised, the Company would not expect this provision to be invoked.

12. **PAYMENT PERCENTAGE**

12.1 If the Scheme is approved, we will use the proceeds of the Compensation Fund to pay Scheme Creditors a percentage of their Ascertained Scheme Liabilities. The percentage that Scheme Creditors will receive is known as the "Payment Percentage".

12.2 At this stage, we are unable to estimate what the Payment Percentage will be, as this will depend on a number of factors, including:

12.2.1 the number of Scheme Creditors who submit Scheme Claims by the Claims Submission Deadline: the more Scheme Creditors who submit a Scheme Claim by the Claims Submission Deadline, the lower the Payment Percentage is likely to be; and
12.2.2 the number of claims that are upheld under the Scheme, and the amount of compensation payable in respect of each upheld claim: the higher the number of Scheme Claims that are upheld under the Scheme, and the greater their value (the gross value being the Gross Scheme Liabilities), the lower the Payment Percentage is likely to be; and

12.2.3 the extent to which there are outstanding Loans payable by the Scheme Creditors who submit Scheme Claims by the Claims Submission Deadline (i.e. the greater the amount of the Cross Liabilities or Transferred Loan Liabilities to be applied in debt-reduction against the Gross Scheme Liability the higher the Payment Percentage is likely to be).

12.3 We are unlikely to set the Payment Percentage until after all Scheme Claims made by the Claims Submission Deadline (and all Cross Liabilities and Transferred Loan Liabilities) have been agreed or otherwise determined so that we know what the Ascertained Scheme Liabilities are. Once we are in a position to determine the total Ascertained Scheme Liabilities, we will set the Payment Percentage by dividing the £50,000,000 by the total Ascertained Scheme Liabilities. The Company notes that payments to be made by Scheme Creditors are likely to be significantly less than the amount owed to them. However, such payments will be more than Scheme Creditors would receive if the Scheme is not implemented.

12.4 Further details of how the Payment Percentage will be calculated, together with an example of how a Scheme Claim will be dealt with under the Scheme can be found at paragraph 13 (Illustrative Examples) below.

13. ILLUSTRATIVE EXAMPLES

13.1 Diagrams illustrating the process for determining and calculating claims in the Scheme are set out at Schedule 4 and Schedule 5 of this Explanatory Statement at pages 44 and 45.

13.2 Based on information currently available, our best reasonable estimate is that valid claims will receive a cash payment of somewhere between 5% and 10% of the full amount of the net claim (namely the Ascertained Scheme Liability). Whilst indicative, you should be aware that this estimate could however be significantly different given that much of the required information will not be available until all claims have been submitted and assessed in the Scheme. For example, a higher number of customers responding could result in a lower percentage dividend and a lower number of customers responding could result in a higher percentage dividend (albeit this will depend on the nature of the redress claim of those customers who do respond and whether or not these claims are upheld).

13.3 The Compensation Fund to be paid in the Scheme will be £50,000,000. If the total Ascertained Scheme Liabilities are greater than £50,000,000 (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.

13.4 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:

\[
\frac{\text{Compensation Fund (£50,000,000)}}{\text{Total Ascertained Scheme Liabilities (£500,000,000)}} \times 100 = 10\%
\]

13.5 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.

13.6 We set out below how the Payment Percentage would be applied in respect of certain Borrowers who each have an outstanding Loan with one of the Lenders. These examples will also apply to
Borrowers whose Loans have been transferred to a Debt Purchaser who enters into a Balance Reduction Agreement.

13.6.1 **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 an outstanding Loan balance of £500 to repay with one of the Lenders.

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.

13.6.2 **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 an outstanding Loan balance of £1,500 to repay with one of the Lenders.

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).

13.6.3 **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.

13.7 In the event that a Borrower continues to make repayments a Lender on its Outstanding Loan Balances due to a Lender after the Implementation Date, and such repayments are more than the Borrower owes under its Loan (after the application of the debt reduction described in Part B, paragraph 6.10 on page 12 above), the Borrower will be repaid the amount it has overpaid in cash. The Company will use reasonable endeavours to enter into a Balance Reduction Agreement which provides that, in the event that a Borrower continues to make repayments to a Debt Purchaser on its Outstanding Loan Balance after the Implementation Date, and such repayments are more than the Borrower owes under its Loan to that Debt Purchaser (after the debt reduction described in Part B, paragraph 6.11 on page 12 above), the Borrower will be repaid the amount it has overpaid in cash.

13.8 We next set out below how the Payment Percentage would be applied in respect of certain Borrowers who each have an outstanding Loan which has been transferred to a Debt Purchaser and that Debt Purchaser has not entered into a Balance Reduction Agreement:

13.8.1 **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 that has been sold to a Debt Purchaser who has not entered into a Balance Reduction Agreement.

In this case Borrower 1's Ascertained Scheme Liability is £1000 and it will receive £100, being the 10% Payment Percentage on its Ascertained Scheme Liability of £1000. In the event that the Debt Purchaser asks Borrower 1 to repay the balance of the Loan Borrower 1 can challenge its obligation to repay the balance of the £500 Loan by asserting a claim of equitable set-off.

13.8.2 **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 that has been sold to a Debt Purchaser who has not entered into a Balance Reduction Agreement.

In this case Borrower 2's Ascertained Scheme Liability is £1000 and it will receive £100, being the 10% Payment Percentage on its Ascertained Scheme Liability of £1000.
event that the Debt Purchaser asks Borrower 2 to repay the balance of the Loan Borrower 2 can challenge its obligation to repay up to £900 of the outstanding £1500 Loan by asserting a claim of equitable set-off.

13.8.3 **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 the Debt Purchaser. Accordingly, Borrower 3 has no continuing liability to the Debt Purchaser.

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.

13.9 We next set out below how the Payment Percentage would be applied in respect of certain Guarantors:

13.9.1 **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. Any remaining obligations under the Guarantee will be released and 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.

13.9.2 **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).

14. **PAYMENT OF ASCERTAINED SCHEME LIABILITIES**

14.1 Payments in the Scheme are expected to be made in the second half of 2022.

14.2 Payments to you as a Scheme Creditor will be made by electronic transfer to your UK bank account unless you do not provide the details of your UK bank account or otherwise request that we pay you by cheque. The bank account which we will make payments to will be the account which you specify in a Claim Form or in the Claims Portal.

14.3 If, for some reason, the electronic transfer of money to your bank account is unsuccessful, we will make reasonable efforts to let you know that this has happened, and take action to make the payment again within 14 days and, if this is unsuccessful, a further 14 days after that. If these second and third attempts to transfer money to your bank account are unsuccessful, and this is not due to the Company's fault, the Company will, if it has a postal address, post a cheque to you and the Company will have no further obligation to you.

15. **EXPLANATION OF OTHER SCHEME PROVISIONS**

15.1 The main terms of the Scheme are summarised above. In this section we draw your attention to some other terms of the Scheme that may affect you:

15.1.1 **Representatives:** You will be entitled to appoint a representative (for example, a claims management company) to make a claim on your behalf by a Claim Form or through the Claims Portal. We note, however, that if you appoint a representative to make your claim for you, the terms of your agreement with that representative may mean that you will not receive all of the compensation that we pay you in the Scheme.

15.1.2 **Time limits:** The Company will be able to vary any of the time limits set out in the Scheme, in particular those relating to administration and payment of claims if it is in the interests of Scheme Creditors or the efficient operation of the Scheme. The Company can
also extend a deadline for you where, due to exceptional circumstances beyond your control, you have been unable to meet that deadline. However, you should be aware that such extensions will be rare and you should meet all deadlines set in the Scheme whenever you can. It is also important to note that the Company is not allowed to change the Claims Submission Deadline.

15.1.3 **Completion of the Scheme**: The Scheme will come to an end if:

(a) all Scheme Claims have been agreed or otherwise determined;

(b) the Scheme Costs have been paid; and

(c) all accepted Scheme Claims have been paid (up to the Payment Percentage).

We will publish a notice on [https://scheme.providentpersonalcredit.com](https://scheme.providentpersonalcredit.com), once these steps have happened.

15.1.4 **Termination of the Scheme**: The Scheme will terminate in the unlikely event that the Parent does not pay the £50,000,000 Compensation Fund to the Company within 60 days of the Effective Date. The Scheme also provides for a 5 Business Day grace period in the event that payment fails due to an administrative or technical error or similar disruption. If the Parent fails to do this, it will be in breach of its obligations under the Funding Deed and in breach of its undertaking to the Court.

15.1.5 The Scheme will not terminate in the event the Lenders or the Company enter into an insolvency proceeding. In these circumstances, the Scheme will continue to operate in accordance with its terms until it is completed as described in paragraph 15.1.3 above.

15.1.6 **Notices**: Clause 9 of the Scheme sets out how any notices are to be given.

15.1.7 **Governing law and jurisdiction**: The Scheme is governed by English law and the English Court will have jurisdiction to resolve any dispute arising in relation to the Scheme.
PART E
VOTING ON THE SCHEME

1. THE SCHEME MEETING

1.1 For the Scheme to go ahead, at least half of the Scheme Creditors who vote at the Scheme Meeting must approve it and those Scheme Creditors must have at least 75% of the value of all Scheme Claims of those Scheme Creditors.

1.2 On 22 April 2021 the Court ordered that the Scheme Meeting be held for the purpose of Scheme Creditors voting on the Scheme. The Scheme Meeting will take place virtually at 10:00 am on 19 July 2021. If you consider that you have a Scheme Claim against the Lenders, you should vote at the Scheme Meeting.

2. If you wish to vote for or against the Scheme at the virtual Scheme Meeting to be held at 10.00 am on 19 July 2021 you are encouraged to register by filling in a Claim Form (including the voting section) so that we receive it by no later than 5.00 p.m. on 14 July 2021. This can be done as follows:

2.1.1 online in the Claims Portal available at the following website https://scheme.providentpersonalcredit.com, by filling in the Claim Form (including the voting section), and submitting it online; or

2.1.2 by downloading a Claim Form (including the voting section) from the Website at https://scheme.providentpersonalcredit.com, filling it in (including the voting section) and returning it by email to us at soa@provident.co.uk. You can also return it by post to the Scheme of Arrangement Team, Provident SPV Limited, 1 Godwin Street, Bradford, West Yorkshire BD1 2SU. If you do return your Claim Form by post, please post it by no later than 9 July 2021 to ensure it gets to us on time; or

2.1.3 by calling us on 0800 056 8936 and requesting a Claim Form. Once the Claim Form (including the voting section) is completed, it can be returned by email or by post as explained above.

3. The Claim Form will be available from 17 May 2021.

4. If you have returned a Claim Form (including the voting section) by 5.00 p.m. on 14 July 2021 we will send you the details for joining the virtual Scheme Meeting. If you have not received the details for accessing the virtual Scheme Meeting by 16 July 2021, please contact us on 0800 056 8936.

5. If you need any help in completing a Claim Form or voting on the Scheme please read the Frequently Asked Questions available on the Website or contact us on 0800 056 8936.

6. If you complete the Claim Form (including the voting section) and return it to us by 5.00 p.m. on 14 July 2021, you won't need to make another claim if the Scheme goes ahead.

7. ATTENDANCE AT THE SCHEME MEETING

7.1 In the Claim Form you can choose to:

7.1.1 attend the virtual Scheme Meeting yourself and vote on your own behalf (but this is not necessary, even if you wish to vote); or

7.1.2 appoint the chairman of the virtual Scheme Meeting (the "Chairman") to vote on your behalf, as your proxy. If you select this option the Chairman will vote for you in accordance with your wishes and you do not have to attend the virtual Scheme Meeting; or

7.1.3 appoint someone other than the Chairman to attend the virtual Scheme Meeting and vote on your behalf and in accordance with your wishes. You can also ask this person to decide how to vote for you. If you appoint someone other than the Chairman, this person will need to attend the virtual Scheme Meeting.
Section I: The Explanatory Statement
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7.2 You also have the right to not vote at all. You are entitled to make a claim in the Scheme regardless of how you vote at the virtual Scheme Meeting or if you do not vote at all.

8. VOTING VALUATION

8.1 In order to determine if you have a claim for voting purposes, and if so, the value of your claim, the Company will consider:

8.1.1 if you are a Borrower, a Guarantor or the FOS;

8.1.2 if you are a Borrower, the total amount of interest paid by you in the respect any Loan made to you as a Borrower and the outstanding balance, if any, of your Loan;

8.1.3 if you are a Guarantor, the total amount paid by you as Guarantor in respect of a Guarantee; and

8.1.4 if you are the FOS, the total amount owed by you in respect of the FOS Fees.

8.2 Customers' votes on the Scheme will be valued based on the Claims Methodology which takes account of a number of indicators of unaffordable lending; provides an estimate of the redress a customer would be owed if their claim is upheld and then applies a weighting to identify the likely potential of that Scheme Creditor having a claim for irresponsible lending as follows:

8.2.1 a customer with a Loan within Tier 1 will receive 90% of their anticipated net compensation as their vote weighting. Tier 1 criteria are highly probable indicators of unaffordable lending;

8.2.2 a customer with a Loan within Tier 2 will receive 80% of their anticipated net compensation as their vote weighting. In Tier 2, there is a strong indicator of unaffordable lending but not as extreme as Tier 1;

8.2.3 a customer with a Loan with Tier 3 will receive 70% of their anticipated net compensation as their vote weighting. As external variables have a greater chance of impacting the Tier 3 criteria, they were deemed to be weaker indicators of unaffordable lending when compared to Tiers 1 and 2. In addition, a customer that does not satisfy Tier 3 but has 1 of the Tier 3 filters will receive 10% of their net compensation as their vote weighting.

8.2.4 a customer within Tier 4 will receive 50% of their anticipated net compensation as their vote weighting. Tier 4 focuses solely on the issuing of multiple Loans on the same date to the same customer. The practice of issuing multiple Loans on the same date may be down to the Lenders incentivising sales agents based on the number of distinct Loans they issued as well a customer's purchasing preferences and does not necessarily indicate unaffordable lending.

A claim valued for voting purposes in the Scheme shall not automatically give rise to a claim for payment in the Scheme.

9. ONE CLASS OF SCHEME CREDITOR

9.1 As explained in our letter dated 15 March 2021, Scheme Creditors must be allocated into classes for the purpose of voting on the Scheme. When determining whether Scheme Creditors should be separated into different classes, the Court will look at each Scheme Creditor's legal rights going into the Scheme, and their legal rights coming out of the Scheme. Scheme Creditors with the same, or substantially the same, legal rights going into, and coming out of, the Scheme will be placed into the same class for voting on the Scheme.

9.2 We are of the view that all Scheme Creditors should be placed into one class for the purpose of voting at the Scheme Meeting.

9.3 The Company has considered the differences between:

9.3.1 customers who are Borrowers compared with customers who are Guarantors;

9.3.2 customers whose Loans were made by PPC compared with customers whose Loans were made by Greenwood;
9.3.3 customers whose Loan obligations have been fully repaid compared with those whose Loans remain outstanding in whole or in part;

9.3.4 customers whose Loans are still owed to the Lenders compared with those customers whose Loans have been sold to Debt Purchasers; and

9.3.5 customers compared with the FOS.

9.4 The Company has also considered the fact that it entered into the Deed Poll for the purpose of helping it to propose the Scheme.

9.5 Taking into account the matters in paragraph 9.3 and 9.4, the Company considers that all Scheme Creditors should vote in one meeting as it considers that all Scheme Creditors have sufficiently similar rights. The principal reasons for the Scheme Creditors constituting one class are that:

9.5.1 all of the Scheme Creditors have the same rights against both the Company and the Lenders: an unsecured claim for damages;

9.5.2 the Scheme Creditors will each receive a pro rata share of the Compensation Fund by way of dividend if the Scheme is approved;

9.5.3 this right to a pro rata share of the Compensation Fund will be granted to all Scheme Creditors, irrespective of whether they are Borrowers, Guarantors or the FOS and irrespective of whether Greenwood or PPC issued the relevant Loan (and the likely difference in the quantum of claims of Borrowers compared to Guarantors is not a difference in rights as regards the proposed Scheme, but simply reflects the different quantum of unsecured claims, with Borrowers having a likely claim for the repayment of interest, and Guarantors having a likely claim for interest and principal, that would be provable in any insolvency);

9.5.4 whilst the Claims Methodology will uphold in full a Redress Claim of a Guarantor who (i) made a payment to PPC in respect of its Guarantee, and (ii) submits a Redress Claim to the Company on or before the Claims Submission Deadline, there are only approximately 1,000 Guarantors who fall into this category. As these Guarantors represent less than 0.024% of the approximately 4.2 million Scheme Creditors whose claims will be subject to the Scheme, their treatment under the Scheme is likely to have an immaterial impact on the treatment of other Scheme Creditors; and

9.5.5 in the event that the Scheme does not proceed, the Scheme Creditors' rights will comprise an equally ranking, unsecured claim in any insolvency proceedings commenced in respect of the Lenders, regardless of which category a Scheme Creditor falls into at paragraph 9.3 above.

9.6 The claims of some Scheme Creditors will be reduced by the application of set-off in respect of sums owed under existing Loans. However, the Company has been advised that this issue goes to quantum of relevant Scheme Claims and would not create a class issue provided Scheme Claims are valued properly and consistently. Similarly, the Company has been advised that the difference in the rights held by those Scheme Creditors who have claims against PPC and those who have claims against Greenwood ought not to be sufficiently material to fracture the proposed single class, as the estimated outcomes for the Lenders' respective creditors in the event of the Lenders' entering insolvency proceedings are expected to be nil, and thus such rights are essentially worthless.

9.7 Therefore, and for the reasons set out above, the Company proposes the Scheme Creditors fall into one class. Accordingly, it is proposed that one meeting be convened for the purposes of considering and, if the Scheme Creditors think fit, approving the Scheme.
SCHEDULE 2
THE SCHEME SUPERVISORS

Dan Schwarzmann

Dan has been involved in company restructurings and insolvency work since 1990. During this time he has particularly focused on the Financial Services sector and has acted as Scheme Administrator on over 100 companies. Dan has also acted as the insolvency practitioner, including as Administrator or Liquidator on many insolvencies including various Lehman entities in the UK and overseas as well as Independent Insurance Group plc. Dan is a member of the Association of Business Recovery Professionals and the Institute of Chartered Accountants in England and Wales.

Andrew Ward

Andrew is a Fellow of The Association of Chartered Certified Accountants and a Director in PwC’s Business Recovery Services practice. Andrew has 27 years of experience in Financial Services restructuring and insolvency including involvements with numerous solvent and insolvent Schemes of Arrangement. Andrew’s experience includes the management and oversight of Lehman Brothers residential mortgage servicing operations in UK and overseas.
Schedule 3: The Scheme Adjudicator

SCHEDULE 3
THE SCHEME ADJUDICATOR

NORTON ROSE FULBRIGHT

Jonathan Herbst, Partner – Global Head of Financial Services

Partner – Global Head of Financial Services
Address: Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ
Email: jonathan.herbst@nortonrosefulbright.com

Jonathan Herbst is the Global Head of Financial Services and joined Norton Rose Fulbright LLP as a partner in October 2002. Jonathan is a leading practitioner in the field of UK and EU financial services law and regulation.

Jonathan has worked across various engagements in the retail conduct arena, including specifically leading engagements in consumer credit that include customer fairness and complaint handling. Our Risk Consulting team also sits within Jonathan’s practice, which has extensive experience of working with consumer credit businesses across the product lifecycle – product design, marketing and sales processes, lending, forbearance and arrears handling, complaint handling frameworks, and remediation and redress schemes.

Jonathan also has specialist skills in regulatory advice relating to markets, commodity derivatives, bank structuring, custody and clearing and the regulatory aspects of acquisitions and disposals. Much of his work now involves strategic advice to senior management and legal teams on the implications of regulatory reform and relationships. Jonathan is a member of the Law Society Financial Services sub-committee and the FCA Lawyers Consultative Group.

Jonathan is ranked Band 1 and "held in very high esteem" by clients (Chambers) and described as 'superb' (Legal 500). In 2014 he won the Legal Week Client Partner of the Year (Global firm category) award. General Counsel who took part in the Legal Week survey described Jonathan variously as "brilliant", "flexible and interactive", having "excellent kudos" and being "incredibly bright and knowledgeable".

Professional experience

Jonathan is a highly experienced engagement leader and has led engagements across the following areas in the consumer credit market:

- Complaint handling;
- Vulnerable customer treatment;
- Governance and oversight;
- Conduct reporting and management information;
- Risk and compliance frameworks;
- Conduct risk management; and
- Financial promotions.

Jonathan has also acted as a “Skilled Person” leading Section 166 reviews across matters including governance, oversight and systems and controls.

Admissions

Solicitor, qualified in England & Wales

Publications

Jonathan is the co-author of the commodity derivatives chapter in A Practitioners Guide to MiFID and the e-commerce volume of the Butterworths’ Financial Regulation Service. He is a frequent speaker at financial services conferences. He is quoted frequently in the Financial Times. He is also listed as an expert in financial services regulation in Legal 500 and Chambers & Partners.
**Schedule 4: Scheme Process Flow Chart**

**SCHEDULE 4**
**SCHEME PROCESS FLOW CHART**

**Scheme Meeting 10.00am 19 July 2021**
You can choose to vote in favour of, or against, the Scheme

**Scheme is not implemented**
Company and Lenders are likely to enter into insolvency and Scheme Creditors will receive nothing

**Sanction Hearing 30 July 2021**
Court hearing where the Court can choose to approve or reject the Scheme

**Scheme Effective**
If the Scheme becomes effective the Parent will pay £50,000,000 Compensation Fund to the Company. You then have 6 months to submit your Scheme Claims. We will notify of you the deadline.

**Scheme Creditors vote for the Scheme**

**Scheme Creditors vote against the Scheme**

**Court does not approve the Scheme**

**Court approves the Scheme**

**Scheme Claim dismissed**
Any Scheme Claims which you may have against the Lenders will be rejected and you will receive no compensation

**No Scheme Claim submitted within 6 months**

**Scheme Claim submitted within 6 months**

**Further evidence**
We may ask you to provide further information to assess your Scheme Claim which you must provide within 30 days

**Scheme Claim accepted or rejected**
We will assess your Scheme Claim (see the following page). We will let you know if your Scheme Claim has been accepted, and what compensation we think you should receive.

**You accept our assessment**

**You disagree with our assessment within 30 days**

**We reach agreement**

**We do not reach agreement**

**Compensation paid**
Once all Scheme Claims have been assessed, we will pay you the Payment Percentage of your Ascertained Scheme Liability

**Scheme Adjudicator’s decision**
The Scheme Adjudicator will assess your claim, and try to determine if compensation is payable within 60 days

**The Scheme Adjudicator rejects your claim**

**No compensation paid**
We will assess your claim by carrying out a number of checks and tests on your loan history. We will use information held by us and information given by you on your Claim Form that may show if the loan was affordable or not.

Some of the things we will check to see if your loan was unaffordable or not include:

- The number of loans you were given in a 2-year period
- If you had an outstanding CCJ
- If we did not carry out the right checks on your loan application

Other factors we will look at if you had fewer loans in 2 year period and one of the following:

- There was less than a 3-month gap between your loans
- Your loan balance doubled from the start to the end of the year
- You had other loans with other loan providers
- Your loan was used to refinance a previous loan

Other factors that we will consider include:

- An active and recent default on file
- An unusual pattern of borrowing
- A declining payment performance
- Increasing loan amounts
- High arrears

We may also take into account any other factors or circumstances. These include your ability to understand if you could afford the loan or not and the loan terms. This could be a result of, for example, Alzheimer’s or Dementia. Medical evidence would be needed to support your claim.
If your claim is upheld...

If your claim is upheld, we will work out your compensation by:

- Taking the amount of **interest you paid** above your loan value
- Adding 8% **simple interest** from the time you paid the interest

**Example:**
You took out a **£200** loan and paid **£100** interest on top of the loan. You paid the interest **5 years ago**.
Your compensation will be **£100** for the interest you paid plus simple interest at **£8 per annum** for **5 years** (**£40**).
**Total Compensation = £140**

We will then set off any amounts that you owe to us from any other outstanding loans you have with us

We will then contact you to let you know if your claim has been accepted and the compensation value

We will then look at all the claims agreed with customers. We will then work out what share we can pay to each customer out of the funds that we have
IN THE MATTER OF PROVIDENT SPV LIMITED

and

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT
pursuant to Part 26 of the Companies Act 2006 between

PROVIDENT SPV LIMITED

and

SCHEME CREDITORS
(as hereinafter defined)
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1. PART 1 – PRELIMINARY

1.1 Definitions

In this document, the following expressions mean the following things:

- **Account**
  Has the meaning given to that term in Clause 2.3.1.

- **Act**
  The Companies Act 2006.

- **Ascertained Scheme Liability**
  The positive balance remaining (if any) after the deduction of any Cross-Liability from a Gross Scheme Liability, provided that both the Gross Scheme Liability and Cross-Liability (if any) have been agreed in accordance with Clause 4.7.7 or 4.7.9(a) or determined by the Scheme Adjudicator in accordance with Clause 4.8 or determined by the FOS following an appeal made in accordance with Clause 4.9.

- **Balance Reduction Agreement**
  An agreement between a Debt Purchaser, a Lender and the Company pursuant to which a Debt Purchaser agrees to reduce a Redress Creditor's Outstanding Loan Balance under a Transferred Loan held by that Debt Purchaser, by the amount of that Redress Creditor's Redress Liability (to the extent that such Redress Liability has been agreed or otherwise determined in accordance with this Scheme).

- **Board**
  The board of directors of the Company and/or the Lenders (as the context shall admit) from time to time or any duly constituted committee thereof.

- **Borrower**
  A borrower in respect of a Loan.

- **BRA Debt Purchaser**
  Has the meaning given to that term in Clause 2.7.2.

- **Business Day**
  A day, other than a Saturday or a Sunday, on which banks are open for general business in London.

- **Claim Form**
  The claim form in substantially the form provided on the Website.

- **Claims Methodology**
  The methodology set out in Schedule 1.

- **Claims Portal**
  The portal provided on the Website for the purpose of submitting Scheme Claims.

- **Claims Submission Deadline**
  5.00 p.m. on the date which is six months after the Implementation Date.

- **Company**
  Provident SPV Limited, a company registered in England and Wales with company number 12988335, with its registered office at No.1 Godwin Street, Bradford, West Yorkshire, United Kingdom, BD1 2SU.

- **Company Administrative Costs**
  The professional and administrative costs of operating and managing the affairs of the Company and of winding-up the Company or applying for it to be struck off the register following termination of the Scheme, as well as the cost of meeting any Liabilities required to achieve this (other than, for the avoidance of doubt, Scheme Claims).

- **Compensation Fund**
  The £50,000,000 which, pursuant to the Funding Deed, is to be paid by the Parent to the Company for the purpose of defraying Ascertained Scheme Liabilities.

- **Compensatory Interest**
  Interest at rate of 8% per annum to be applied to a Gross Scheme Liability (that is agreed or otherwise determined, in accordance with this Scheme, to be owed by the Company to a Scheme Creditor), from the date of Loan
or the payment of the Guarantee (as applicable) to the Implementation Date.

Court
The High Court of Justice of England and Wales.

Cross-Claim
A claim in respect of a Cross-Liability.

Cross-Liability
Any Liability owed by a Scheme Creditor to a Lender in respect of an Outstanding Loan Balance as at the Implementation Date.

Debt Purchaser
A party (other than a Lender) to whom the rights under certain Loan Agreements have been transferred by a Lender.

Deed Poll
means the deed poll dated 14 March 2021 and made by the Company in favour of the Scheme Creditors, a copy of which is scheduled to the Explanatory Statement;

Designated Bank Account
The bank account specified by the Scheme Claimant upon request by the Company.

Disputed Scheme Claim
Has the meaning given to that term in Clause 4.7.8.

Effective Date
The date on which the Order is delivered to the Registrar of Companies in England and Wales for registration.

Excluded Claim
A claim in respect of an Excluded Liability.

Excluded Liability
A Liability of a Lender which arises by virtue of a Loan which was:

(a) made by PPC's Irish branch;
(b) governed by Irish law; or
(c) subject to the supervision of the Central Bank of Ireland.

Explanatory Statement
The statement explaining the Scheme required to be provided to Scheme Creditors pursuant to section 897 of the Act.

FOS
The Financial Ombudsman Service Limited, a private company limited by guarantee, with company number 03725015 and with its registered address at Exchange Tower, Harbour Exchange Square, London, E14 9SR.

FOS Fees
Fees imposed by the FOS, or incurred by a credit provider under, and in accordance with, the Fees Manual section of the FCA Handbook.

FOS Fee Claim
A claim of the FOS in respect of the FOS Fee Liabilities.

FOS Fees Liability
A Liability of a Lender to pay the FOS Fees in relation to the FOS's consideration of a Redress Claim referred to it but excluding Non-Scheme FOS Fees.

Funding Deed
The agreement between the Parent and the Company dated 14 March 2021, a copy of which is available upon request by a Scheme Creditor to the Company.

Greenwood
Greenwood Personal Credit Limited, a private limited company incorporated in England and Wales on 4 November 1912 with registered number 125150 and its registered office at No. 1 Godwin Street, Bradford, West Yorkshire, BD1 2SU.
Section II: The Scheme

Greenwood Transfer: The transfer of Greenwood's business and assets to PPC in accordance with a transfer agreement made between PPC and Greenwood dated 31 March 2014.

Gross Scheme Liability: A Scheme Liability (including Compensatory Interest) prior to the deduction of a Cross-Liability or a Transferred Loan Liability, as applicable.

Guarantee: A guarantee given in respect of a Loan.

Guarantor: A person who has given a Guarantee.

Implementation Date: The date on which the Compensation Fund is paid into the Account.


Insolvency Event: Any of the following events:

(a) the making of an order by the Court to wind up the Company pursuant to the Insolvency Act;

(b) the passing of a resolution under s.84 Insolvency Act to wind up the Company; or

(c) the appointment of an administrator of the Company.

Lender: PPC or Greenwood (as the context shall admit) and "Lenders" shall mean both of them.

Liability: Any liability of a person, whether it is present, future, prospective or contingent, whether its amount is fixed or undetermined, whether or not it involves the payment of money and whether it arises at common law, in equity or by statute, in England or in any other jurisdiction, or in any other manner whatsoever.

Loan: A loan issued by a Lender under, and in accordance with, a Loan Agreement.

Loan Agreement: A consumer credit agreement dated between 6 April 2007 and 17 December 2020 (inclusive).

Non-Scheme FOS Fees: FOS Fees incurred in respect of any Redress Claim which has been the subject of a FOS adjudication or FOS decision on or prior to the Record Date.

Order: The order of the Court sanctioning the Scheme.

Outstanding Loan Balance: The total amount (including all past, present and future principal and interest) owed, but unpaid and whether or not currently due, by a Scheme Claimant to a Lender or a BRA Debt Purchaser in respect of a Loan (including a Transferred Loan).

Outstanding Scheme Claim: A Redress Claim made against a Lender on or prior to the Record Date (and in respect of which the Company has acknowledged receipt, in writing) where:

(a) no decision has been made by PPC to accept or reject such claim; or

(b) such claim has been referred to the FOS but no FOS adjudication or FOS decision has been made by the FOS in respect of such claim.
Section II: The Scheme

Parent

Provident Financial plc, a public limited company incorporated in England and Wales on 31 August 1960 with registered number 00668987 and its registered office at No. 1 Godwin Street Bradford, West Yorkshire BD1 2SU.

Payment Percentage

The total Compensation Fund divided by the aggregate amount of all Ascertained Scheme Liabilities.

Post Implementation Date Payments

The payments made after the Implementation Date by a Scheme Claimant to a Lender or a BRA Debt Purchaser in respect of that Scheme Claimant's Outstanding Loan Balances to such Lender or BRA Debt Purchaser.

PPC

Provident Personal Credit Limited, a private limited company incorporated in England and Wales on 20 February 1917 with registered number 146091 and its registered office at No. 1 Godwin Street Bradford, West Yorkshire, BD1 2SU.

Practice Statement Letter

The letter issued on 15 March 2021 with respect to the Scheme in accordance with the Practice Statement (Companies: Schemes of Arrangement under Part 26 and Part 26A of the Act) published on 30 June 2020.

Proceedings

Any process, action, step, or other legal proceeding including, without limitation, any demand, arbitration, alternative dispute resolution, judicial review, adjudication, execution, seizure, distraint, forfeiture, re-entry, lien, enforcement of judgment or enforcement of any security interest, but excluding any referral to the FOS in accordance with the Scheme.

Record Date

14 March 2021, being the date immediately before the date of the issue of the Practice Statement Letter.

Redress Creditor

Any Borrower or Guarantor with a Redress Claim.

Redress Claim

Any claim in respect of a Redress Liability.

Redress Liability

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 not including an Excluded Liability.

Remaining Outstanding Loan Balance

The negative balance remaining (if any) after the deduction of any Cross-Liability or Transferred Loan Liability from a Gross Scheme Liability, provided that the Gross Scheme Liability, Cross-Liability and the Transferred Loan Liability (if any) have been agreed or otherwise determined in accordance with this Scheme.

Release Deed

The deed in the form set out in Schedule 2.

Representative

Has the meaning given to that term in Clause 2.10.

Scheme

This scheme of arrangement, made in accordance with Part 26 of the Act, in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed by the Company in accordance with Clause 9.1.

Scheme Adjudication Costs

The remuneration, costs, charges and expenses, incurred by the Scheme Adjudicator, Company, Lenders and/or the Scheme Claimant in respect of the Scheme Adjudication Procedure.
### Section II: The Scheme

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheme Adjudication Procedure</td>
<td>The adjudication procedure for determining an Ascertained Scheme Liability as set out in Clause 4.8.</td>
</tr>
<tr>
<td>Scheme Adjudicator</td>
<td>The person appointed under Part 6 and any person who is employed by that person (or by the same firm employing that person) and to whom the functions of the Scheme Adjudicator in the Scheme are delegated.</td>
</tr>
<tr>
<td>Scheme Claim</td>
<td>A Redress Claim or a FOS Fee Claim.</td>
</tr>
<tr>
<td>Scheme Claimant</td>
<td>A Scheme Creditor who has submitted a Scheme Claim through the Claims Portal or a Claim Form in accordance with Clauses 4.3 or 4.4 or who has an Outstanding Scheme Claim in accordance with Clause 4.5.</td>
</tr>
<tr>
<td>Scheme Costs</td>
<td>Those costs which, in the Parent's reasonable opinion represent:</td>
</tr>
<tr>
<td></td>
<td>(a) the costs of designing, implementing and administering the Scheme, including the remuneration and expenses of the Scheme Adjudicator and the Scheme Supervisors agreed with the Company in accordance with the terms of the Scheme;</td>
</tr>
<tr>
<td></td>
<td>(b) Non-Scheme FOS Fees;</td>
</tr>
<tr>
<td></td>
<td>(c) Company Administrative Costs; and</td>
</tr>
<tr>
<td></td>
<td>(d) any amounts payable by or on behalf of the Company under a Balance Reduction Agreement.</td>
</tr>
<tr>
<td>Scheme Creditor</td>
<td>(a) a Redress Creditor in respect of a Redress Claim; and/or (b) FOS, in respect of the FOS Fees Claim.</td>
</tr>
<tr>
<td>Scheme Liability</td>
<td>A Redress Liability and/or a FOS Fee Liability.</td>
</tr>
<tr>
<td>Scheme Meeting</td>
<td>The meeting of the Scheme Creditors to consider the Scheme convened in accordance with the order of the Court dated 22 April 2021 and pursuant to Section 896 of the Act.</td>
</tr>
<tr>
<td>Scheme Supervisor</td>
<td>Any person appointed under Part 7 and any person who is employed by that person (or by the same firm employing that person) and to whom the functions of the Scheme Supervisor under the Scheme are delegated.</td>
</tr>
<tr>
<td>Transferred Loan</td>
<td>A Loan which was transferred by a Lender to a third party (where that third party is not another Lender).</td>
</tr>
<tr>
<td>Transferred Loan Liability</td>
<td>A Liability owed by a Scheme Claimant to a BRA Debt Purchaser in respect of an Outstanding Loan Balance as at the Implementation Date as notified by the BRA Debt Purchaser to the Company.</td>
</tr>
<tr>
<td>Website</td>
<td><a href="https://scheme.providentpersonalcredit.com">https://scheme.providentpersonalcredit.com</a></td>
</tr>
</tbody>
</table>

#### 1.2 Interpretation

1.2.1 Clause and schedule headings in this document are included for convenience only and shall be ignored in its interpretation.

1.2.2 In this document, unless the context otherwise requires:

(a) references to Parts, Clauses and Schedules are references to the parts, clauses and schedules respectively of the Scheme;
Section II: The Scheme

(b) references to a period of months starting on one day in a calendar month shall end on the numerically corresponding day in the relevant month thereafter, except that:

(i) if the numerically corresponding day in the relevant month is not a Business Day, the period shall end on the next Business Day in that calendar month, if there is one, or if there is not, on the immediately preceding Business Day; and

(ii) if there is no numerically corresponding day in that relevant month, the period shall end on the last Business Day in that same calendar month;

(c) references to a ‘person’ include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;

(d) references to a statute or a statutory provision include the same as subsequently modified, amended or re-enacted from time to time;

(e) the singular includes the plural and vice versa and words importing one gender shall include all genders;

(f) headings to parts and clauses are for ease of reference only and shall not affect the interpretation of the Scheme;

(g) references to a period of calendar days shall include Saturdays, Sundays and public holidays but where the final day falls on a Saturday, Sunday or public holiday, the final day of such period shall be postponed to the next Business Day after such date; and

(h) references to time shall be to London time.

1.3 The Lenders

1.3.1 Provident Personal Credit Limited was incorporated in England and Wales as a private limited company on 20 February 1917. PPC traded as Provident, Glo and Satsuma. PPC is a subsidiary of the Parent.

1.3.2 Greenwood Personal Credit Limited was incorporated in England and Wales as a private limited company on 4 November 1912. Greenwood traded as Greenwood and is a subsidiary of the Parent. Pursuant to the Greenwood Transfer, Greenwood's business was transferred to PPC.

1.4 The Company

1.4.1 The Company was incorporated in England and Wales as a private limited company on 2 November 2020.

1.4.2 The entire issued share capital of the Company is held indirectly by the Parent. The Company’s immediate shareholder is Provident Financial Holdings Limited. The Company does not trade and, in the event that the Scheme becomes effective, its sole purpose will be to implement the terms of the Scheme.

1.4.3 The Company entered into the Deed Poll on 14 March 2021 pursuant to which, amongst other things, it agreed, as a primary obligation:

(a) in favour of each Redress Creditor, to pay to that Redress Creditor all sums from time to time due and payable to it by a Lender in respect of any Redress Liability owing by that Lender to the Redress Creditor; and
(b) in favour of the FOS, to pay to the FOS all sums from time to time due and payable to it by a Lender in respect of FOS Fees (as defined in the Deed Poll).

1.5 The purpose of the Scheme

1.5.1 The purpose of the Scheme is to provide a mechanism for assessing the Scheme Claims of Scheme Creditors and to secure a better return for Scheme Creditors in respect of their Ascertained Scheme Liabilities than they would receive if the Scheme did not become effective.

1.5.2 The Scheme will achieve this by putting in place a simple and cost effective method for determining the Ascertained Scheme Liabilities owed to Scheme Creditors and distributing the Compensation Fund to those Scheme Creditors in accordance with Part 5.

1.6 The Effective Date

1.6.1 The Scheme shall become effective, and bind the Company and the Scheme Creditors, from the Effective Date.

1.6.2 Within 30 calendar days of the Effective Date, the Parent shall pay the Compensation Fund into the Company’s Account.

1.7 Undertaking to be bound

The Parent has given and not withdrawn, an undertaking to be bound by the obligations conferred upon them in the Scheme with effect from the Effective Date.
2. **PART 2 – THE SCHEME**

2.1 Application of the Scheme

2.1.1 The Scheme shall apply to all Scheme Claims and bind all Scheme Creditors.

2.1.2 The Scheme shall not affect the rights of creditors in relation to any Excluded Liability.

2.2 Proceedings relating to Scheme Liabilities

2.2.1 Scheme Creditors are not permitted to commence or continue any Proceedings against the Company or any Lender, in any jurisdiction, in respect of a Scheme Claim nor to otherwise establish the existence or amount, or procure the payment, of a Scheme Liability.

2.2.2 No order, judgment, decision or award obtained by a Scheme Creditor in breach of Clause 2.2.1 shall give rise to an Ascertained Scheme Liability and may be disregarded when determining the Scheme Liability of the Company in respect of the relevant Scheme Claim or any Liability of a Scheme Creditor to the Company. The Scheme Creditor shall not seek to rely on such an order, judgment, decision or award to evidence a Scheme Claim and shall have no right to enforce the order, judgment, decision or award.

2.2.3 If any Scheme Creditor takes any action in breach of Clause 2.2.1, it shall, without prejudice to any other rights of the Company, be treated as having received an advance distribution on account of its Scheme Liability equal to the amount or gross value of any money or benefit obtained by it at the expense of the Company as the result of such action, and the extent to which it is entitled to participate in any distribution from the Compensation Fund shall be determined accordingly.

2.3 Compensation Fund to be applied in accordance with the Scheme

2.3.1 The Company shall establish and maintain a bank account (the "Account") for the purposes of the Scheme and the holding of the Compensation Fund.

2.3.2 The Compensation Fund shall:

- **(a)** only be used for the purposes set out in the Scheme in accordance with Clause 2.3.3; and

- **(b)** not be subject to any set-off or netting arrangements with any party, including the Company’s bankers.

2.3.3 The Compensation Fund is to be applied in making payments in respect of the Ascertained Scheme Liabilities in accordance with Part 4.

2.4 Enforcement of Scheme Claims

Scheme Creditors are not permitted to commence any Proceedings against the Company, any member of the Company's Board, the Lenders, any member of the Board of either Lender, the Scheme Adjudicator or the Scheme Supervisors in any jurisdiction to enforce payment of a Scheme Claim (including but not limited to any Ascertained Scheme Liability) or any part of it, except that a Scheme Claimant may commence Proceedings against the Company where the Company has failed to pay an Ascertained Scheme Liability in breach of Part 4 or otherwise to enforce compliance with the terms of the Scheme.

2.5 Debt Reduction

2.5.1 Where there are mutual credits, mutual debts or other mutual dealings between any Lender and a Scheme Claimant such that there is a Cross-Liability as at the Implementation Date, the amount of such Cross-Liability owed by the Claimant shall be deducted from the amount of the
Gross Scheme Liability owed to the Scheme Claimant (if any) in order to determine such Scheme Claimant's Ascertained Scheme Liability. Only the balance (if any) of any Gross Scheme Liability following the deduction of any such Cross-Liability shall constitute that Scheme Claimant’s Ascertained Scheme Liability (once the same has been agreed or otherwise determined in accordance with Clause 4.7.7, 4.7.9, 4.8.6 or 4.9).

2.5.2 Where the amount owed in respect of a Cross Liability is deducted from the amount owed in respect of a Gross Scheme Liability, the Company shall procure that the Lender to whom such Cross Liability is owed shall fully and finally release and discharge the Scheme Creditor from the amount of such Cross Liability applied in such deduction.

2.6 Post Implementation Date Payments to a Lender

To the extent that any Post Implementation Date Payments are made by a Scheme Claimant to a Lender and such Post Implementation Date Payments are greater than the Remaining Outstanding Loan Balance owed by that Scheme Claimant to such Lender, (such excess being the "Refund Amount" for the purpose of this Clause 2.6.2), the Parent shall repay the Refund Amount to the Scheme Claimant in accordance with Clause 5.1.2.

2.7 Debt Reduction in respect of Transferred Loans

2.7.1 The Company shall use reasonable endeavours to enter into a Balance Reduction Agreement with each Debt Purchaser in respect of the Transferred Loans.

2.7.2 In the event that a Debt Purchaser enters into a Balance Reduction Agreement by the Claims Submission Deadline (such Debt Purchaser being a "BRA Debt Purchaser"), any Transferred Loan Liability owed by the Scheme Claimant to the BRA Debt Purchaser shall be deducted from the amount of any Gross Scheme Liability owed by the Company to that Scheme Claimant in order to determine such Scheme Claimant's Ascertained Scheme Liability, if any. Only the balance (if any) due from the Company to the Scheme Claimant, following the deduction of such Transferred Loan Liability from such Gross Scheme Liability shall constitute that Scheme Claimant's Ascertained Liability (once each of the same has been agreed or otherwise determined in accordance with Clause 4.7.7, 4.7.9, 4.8.6 or 4.9).

2.7.3 Where the amount owed in respect of a Transferred Loan Liability is deducted from the amount owed in respect of a Gross Scheme Liability, the Company shall procure that the relevant BRA Debt Purchaser to whom such Transferred Loan Liability is owed shall fully and finally release the Scheme Creditor from the amount of such Transferred Loan Liability applied in such deduction.

2.7.4 In the event that a Debt Purchaser does not enter into a Balance Reduction Agreement by the Claims Submission Deadline, any Liability owed by a Scheme Claimant to a Debt Purchaser under a Transferred Loan will not be deducted from any Gross Scheme Liability owed by the Company to that Scheme Claimant in order to determine that Scheme Claimant's Ascertained Scheme Liability.

2.8 Post Implementation Date Payments to a BRA Debt Purchaser

To the extent that any Post Implementation Date Payments are made by a Scheme Claimant to a BRA Debt Purchaser and such Post Implementation Date Payments are greater than the Remaining Outstanding Loan Balance owed by that Scheme Claimant to such BRA Debt Purchaser, (the excess being the "Refund Amount" for the purpose of this Clause 2.8), the Company shall use reasonable endeavours to procure that each Balance Reduction Agreement provides that Refund Amounts shall be paid by or on behalf of the BRA Debt Purchaser to the Scheme Claimant in accordance with Clause 5.1.2.

2.9 Scheme Costs

The Parent shall pay the Scheme Costs in accordance with the terms of the Funding Deed.
2.10 Representatives of Scheme Creditors

2.10.1 Where a Scheme Creditor has notified the Company in writing that it has appointed a representative to act on its behalf, or the representative has notified the Company that it is duly authorised to act on behalf of a Scheme Creditor and supplied evidence satisfactory to the Company to support this (the "Representative"), the Scheme Creditor hereby agrees that the Company shall be entitled to treat the Representative as fully authorised to represent the relevant Scheme Creditor for all purposes in connection with the Scheme.

2.10.2 The Company shall be entitled to address any notifications or other communications under the Scheme to the Representative. The Company shall not have any liability to a Scheme Creditor arising from the operation of this clause.

2.11 The Company's Board

Save that the Scheme Supervisors and the Scheme Adjudicator shall have the powers, rights and duties conferred upon them by the Scheme, the powers of the Company's Board shall remain as before the Effective Date and the Company's Board shall exercise all their statutory and managerial powers, rights, duties and functions in relation to the Company (as the context shall admit).
3. PART 3 – RELEASE OF SCHEME CLAIMS BY THE SCHEME CREDITORS

3.1 Release of the Lenders

3.1.1 All Scheme Claims against the Lenders shall be forever released and discharged by the Scheme Creditors on the Implementation Date, save to the extent required to preserve any right of a Scheme Creditor to assert rights of equitable set-off or similar rights against a Debt Purchaser in respect of any Scheme Claim submitted by the Claims Submission Deadline.

3.1.2 All Scheme Claims against the Lenders preserved under Clause 3.1 shall be forever released and discharged by the Scheme Creditors on the Claims Submission Deadline to the extent that such Scheme Claims have not been submitted to the Company by the Claims Submission Deadline.

3.1.3 Each of the Scheme Creditors shall enter into the Release Deed on the Implementation Date. Each of the Scheme Creditors hereby irrevocably authorises and appoints the Scheme Supervisors to be their lawful agent for the purposes of entering into the Release Deed on the Implementation Date on their behalf and effecting the releases contemplated thereby.

3.2 Release of the Company

3.2.1 All Scheme Claims against the Company shall be forever released and discharged by the Scheme Creditors on the Claims Submission Deadline, and the Scheme Creditor shall have no further rights in respect thereof, to the extent that such Scheme Claims have not been submitted to the Company on the Claims Portal or in a Claim Form in accordance with the instructions relating to the same by the Claims Submission Deadline.

3.2.2 All Scheme Claims against the Company which are rejected following determination in accordance with Clauses 4.7.7, 4.7.9, 4.8.6 or 4.9 shall be forever released and discharged by the Scheme Creditors, and the Scheme Creditor shall have no further rights in respect thereof upon such determination.

3.2.3 All Scheme Claims of a Scheme Creditor against the Company in respect of a Gross Scheme Liability (once the same has been agreed or otherwise determined in accordance with Clauses 4.7.7, 4.7.9, 4.8.6 or 4.9) shall be forever released and discharged by the Scheme Creditor, and the Scheme Creditor shall have no further rights in respect thereof, if following the deduction of a Cross Liability or a Transferred Loan Liability (once each of the same have been agreed or otherwise determined in accordance with Clause 4.7.7, 4.7.9, 4.8.6 or 4.9), from such Gross Scheme Liability, such Gross Scheme Liability is reduced to zero.

3.2.4 The payment of the Payment Percentage in respect of an Ascertained Scheme Liability in accordance with Part 5 shall be in full and final settlement of any and all Ascertained Scheme Liabilities owed by the Company to that Scheme Creditor and the Scheme Creditor hereby forever releases and discharges the Company and the Lenders from any further claims in respect of such Ascertained Scheme Liabilities.

3.2.5 For the avoidance of doubt, no amount shall be due or payable by the Company in respect of any Scheme Claim that is not an Ascertained Scheme Liability.
4. **PART 4 – DETERMINATION OF SCHEME CLAIMS**

4.1 **Notice of the Effective Date**

As soon as reasonably practicable after the Effective Date, the Company shall give notice of the Effective Date by notice on the Website.

4.2 **Notice of Implementation Date and invitation to submit details of Scheme Claim**

4.2.1 As soon as reasonably practicable after the Implementation Date, the Company shall give notice of the Implementation Date to Scheme Creditors and invite Scheme Creditors to submit their Scheme Claims by the Claims Submission Deadline on a Claim Form or through the Claims Portal in the following ways:

(a) by email to each person whom the Company believes may be a Scheme Creditor and for whom it has an email address;

(b) where the Company does not have an email address for such Scheme Creditor, by post to each person whom the Company believes may be a Scheme Creditor and for whom it has a postal address;

(c) by notice on the Website; and

(d) by advertisement in Metro (London and regional editions), The Daily Mail and The Sun.

4.2.2 In or around two months before the Claims Submission Deadline, the Company shall remind Scheme Creditors who have not yet done so to submit their Scheme Claims by the Claims Submission Deadline on a Claim Form or through the Claims Portal by advertisement in Metro (London and regional editions), The Daily Mail and The Sun.

4.2.3 In or around one month before the Claims Submission Deadline the Company shall remind Scheme Creditors who have not yet done so to submit their Scheme Claims by the Claims Submission Deadline on a Claim Form or through the Claims Portal by advertisement in Metro (London and regional editions), The Daily Mail and The Sun.

4.3 **Submission of Scheme Claims**

4.3.1 Scheme Creditors must submit the details of their Scheme Claim on or before the Claims Submission Deadline in order to be eligible to receive a payment in accordance with the Scheme. Redress Creditors must submit their Scheme Claim through the Claims Portal or in a Claim Form, in accordance with the instructions relating to the same. The FOS may submit their Scheme Claim by email to soa@provident.co.uk.

4.3.2 A Scheme Creditor who has completed and submitted a Claim Form (including the voting section) by 5.00 p.m. on 14 July 2021 for voting in the Scheme Meeting shall be deemed to have submitted details of their Scheme Claim by the Claims Submission Deadline.

4.3.3 Scheme Creditors may submit to the Company a revised Scheme Claim or revised information in respect of a Scheme Claim (through the Claims Portal or a revised Claim Form or, in the case of the FOS, by email) at any time up to the Claims Submission Deadline.

4.3.4 After the Claims Submission Deadline, no Scheme Creditor is entitled to make or revise a Scheme Claim or provide further information in respect of a Scheme Claim (unless required to do so by the Company, the Scheme Supervisors, the Scheme Adjudicator or the FOS).
4.4 The requirement to submit a Scheme Claim

4.4.1 Subject to Clause 4.5, a Scheme Creditor must submit details of its Scheme Claim through the Claims Portal or in a Claim Form, in accordance with the relevant instructions relating to the same (or in the case of the FOS, by email) or:

(a) they will not be entitled to any payment in respect of a Scheme Liability; and

(b) in the case of a Borrower, they shall not be entitled to apply the amount of that Scheme Liability in reduction of the amount that it is otherwise obliged to pay in respect of a Loan; and

(c) in the case of a Guarantor, they may still have an obligation to make payments under the Guarantee given by it.

4.4.2 A Scheme Claim which has not been submitted to the Company through the Claims Portal or in a Claim Form in accordance with the relevant instructions (or in the case of the FOS, by email) by the Claims Submission Deadline shall be deemed to have been satisfied in full and released and the Scheme Creditor shall have no further rights in respect of the same.

4.4.3 The amount in respect of which a Scheme Creditor is admitted to vote at the Scheme Meeting shall not be binding on anyone other than for the purposes of voting at the Scheme Meeting (and, for the avoidance of doubt, shall not be considered to be an Ascertained Scheme Liability, unless agreed or otherwise determined in accordance with Clause 4.7).

4.5 Outstanding Scheme Claims

4.5.1 Nothing in Clauses 4.3 and 4.4 shall require a Scheme Creditor who has an Outstanding Scheme Claim to submit details of that Outstanding Scheme Claim through the Claims Portal or in a Claim Form.

4.5.2 Outstanding Scheme Claims shall automatically be deemed to have been submitted prior to the Claims Submission Deadline and shall be determined in accordance with Clause 4.7.

4.6 Excluded Claims

Nothing in Clauses 4.3 and 4.4 shall require a Scheme Creditor who has an Excluded Claim to submit details of that Excluded Claim in the Scheme. The Scheme shall not apply to Excluded Claims.

4.7 Determination of Scheme Claims

4.7.1 Promptly following receipt of a Scheme Claim submitted in accordance with Clause 4.3, the Company shall notify the Scheme Creditor in writing of receipt of its Scheme Claim.

4.7.2 The Company shall assess each Scheme Claim submitted to it in accordance with Clause 4.3 (and each Outstanding Scheme Claim) in accordance with the Claims Methodology.

4.7.3 The Company may give notice to a Scheme Claimant specifying such further information or evidence as it reasonably requires to assist it in determining the Scheme Claim.

4.7.4 The Scheme Claimant shall provide the further information or evidence requested by the Company in accordance with Clause 4.7.3 within 30 calendar days of the request being made by the Company (failing which the Company shall be entitled to determine the Scheme Claim on the basis of the information available to it).

4.7.5 The Company shall assess each Scheme Claim submitted through the Claims Portal or in a Claim Form by the Claims Submission Deadline as soon as reasonably practicable.
Section II: The Scheme

4.7.6 As soon as reasonably practicable following assessment, the Company shall notify the Scheme Claimant:

(a) if it agrees that their Scheme Claim is valid (in whole or in part) and, if so:

   (i) the amount of their Gross Scheme Liability;

   (ii) the amount of any Cross-Liability;

   (iii) the amount of any Transferred Loan Liability; or

(b) if it does not agree that the Scheme Claim is valid.

4.7.7 If the Company agrees that a Scheme Creditor's Scheme Claim is valid in whole or in part, the positive balance remaining (if any) after deducting the Cross-Liability or Transferred Loan Liability from the Gross Scheme Liability (in each case as notified to the Scheme Claimant in accordance with Clause 4.7.6) will become that Scheme Creditor's Ascertained Scheme Liability, save where Clause 4.7.8 applies.

4.7.8 If, within 30 days of the notice given in accordance with Clause 4.7.6, a Scheme Claimant gives written notice to the Company that it does not agree with the Company’s assessment of:

(a) the validity of its Scheme Claim; or

(b) the amount of the Gross Scheme Liability; or

(c) the amount of the Cross-Liability,

the Scheme Claimant's claim will become a "Disputed Scheme Claim".

4.7.9 The Company will attempt to reach an agreement with the Scheme Claimant in respect of a Disputed Scheme Claim within 30 days of notice being given by the Scheme Claimant in accordance with Clause 4.7.8. If, within such period:

(a) an agreement is reached between the Company and the Scheme Creditor as to:

   (i) the validity of its Scheme Claim; and

   (ii) the amount of the Gross Scheme Liability; and

   (iii) the amount of the Cross-Liability (if any),

   the positive balance remaining after the deduction of such agreed Cross-Liability or Transferred Loan Liability from such agreed Gross Scheme Liability (if any) will become such Scheme Creditor's Ascertained Scheme Liability; or

(b) no agreement is reached between the Company and Scheme Creditor as to all of the matters set out in sub-Clause 4.7.9(a), the Company shall refer the Disputed Scheme Claim to the Scheme Adjudicator as soon as reasonably practicable thereafter.

4.7.10 If a Disputed Scheme Claim is referred to the Scheme Adjudicator in accordance with Clause 4.7.9(b), the dispute between the Company and the Scheme Claimant regarding any of the matters set out in sub-Clause 4.7.9(a) will be determined by the Scheme Adjudicator in accordance with the adjudication procedure in Clause 4.8.

4.7.11 For the avoidance of doubt, the Company shall be entitled to request that the Scheme Adjudicator consider a Disputed Scheme Claim:
(a) on an individual basis; or

(b) on a group basis, together with other Disputed Scheme Claims where the issue is in dispute in respect of such Dispute Scheme Claims is the same or in the Company's reasonable opinion, sufficiently similar and where such group adjudication will be a fair, appropriate and efficient way of determining such Disputed Scheme Claims. In these circumstances, the Scheme Adjudicator shall be entitled to carry out sample checks in respect of the group of Disputed Scheme Claims referred to him in order to reach a decision that may be applied to all Disputed Scheme Claims in the same group.

4.7.12 For the avoidance of doubt, a Transferred Loan Liability shall be the amount notified by the Debt Purchaser to the Company under or in accordance with the terms of any Balance Reduction Agreement. In the event that a Scheme Creditor disagrees with the Debt Purchaser's determination of its Transferred Loan Liability, the Scheme Creditor shall resolve such disagreement directly with the Debt Purchaser, and such disagreement shall not be the subject of the Scheme Adjudication Procedure.

4.8 The Scheme Adjudication Procedure

4.8.1 A Disputed Scheme Claim is referred to the Scheme Adjudicator in accordance with Clause 4.7.9(b) where the Company gives notice of the Disputed Scheme Claim to the Scheme Adjudicator.

4.8.2 As soon as reasonably practicable after giving notice of the Disputed Scheme Claim to the Scheme Adjudicator in accordance with Clause 4.8.1, the Company shall provide to the Scheme Adjudicator:

(a) a copy of any notice, statement or correspondence, under this Part 4, sent or received by the Company in connection with the Scheme Claim;

(b) a copy of the Claim Form (as amended or revised and together with all attachments thereto and supporting evidence provided) or of the details provided by a Scheme Creditor through the Claims Portal; and

(c) details of any Cross-Claim.

4.8.3 The Scheme Adjudicator shall have access to all of the Company’s (and the Lenders') relevant records and information in the possession or under the control of the Company or the Lenders that the Scheme Adjudicator considers they need to determine the Disputed Scheme Claim.

4.8.4 Where a Disputed Scheme Claim is referred to the Scheme Adjudicator:

(a) the Scheme Adjudicator shall consider the information submitted in accordance with Clause 4.8.1 within 60 calendar days of receipt of such information and, use reasonable endeavours to make a determination in respect of the Disputed Scheme Claim before the end of that period;

(b) the Scheme Adjudicator shall, within that 60 day period, send a notice to the Company and/or the relevant Scheme Claimant if they require:

(i) further documents, data or information from the Scheme Claimant and/or the Company, in which case the recipient shall, within 14 days of receipt of the notice or other such period as may be specified in such notice, provide such further documents, data or information to the Scheme Adjudicator; and/or

(ii) the Scheme Claimant (or its Representative) and/or the Company to address them on any matter in respect of such Disputed Scheme Claim, in which case the Scheme Adjudicator shall be entitled to prescribe such procedures or
provisions as the Scheme Adjudicator deems appropriate to respect of such address;

(c) if the Scheme Adjudicator has sent a notice under sub-Clause (b), the Scheme Adjudicator shall use reasonable endeavours to determine the Disputed Scheme Claim within 60 days of receiving any further information pursuant to sub-Clause (b)(i) or having been addressed on particular matters pursuant to sub-Clause (b)(ii);

(d) if the Company or Scheme Claimant fails to comply with a notice under sub-Clause (b) within 14 days or such other period as specified in the notice, or fails to address the Scheme Adjudicator on the terms prescribed by the Scheme Adjudicator, the Scheme Adjudicator shall be entitled to make his determination of the Scheme Claim on the basis of the other information available to him;

(e) in determining a Disputed Scheme Claim, the Scheme Adjudicator may call for such evidence (including expert evidence), documents, data and information as he may require to assist them to reach their decision; and

(f) the Scheme Adjudicator shall act as an expert and not as an arbitrator.

4.8.5 The Scheme Adjudicator shall notify the Company and Scheme Claimant of his determination of the Disputed Scheme Claim by post, email or through the Claims Portal and the valuation of the amount of that Scheme Creditor's Ascertained Scheme Liability.

4.8.6 Save as set out in Clause 4.9, any notice given by the Scheme Adjudicator under Clause 4.8.5 shall be a final and binding determination of the Disputed Scheme Claim and as to the amount of the Ascertained Scheme Liability, including any Cross-Liability, (if any), to the extent the law permits, and the Scheme Claimant and the Company shall have no right of appeal or review, or any right to commence any Proceedings, in respect of either the Scheme Adjudicator’s determination or the procedure they employed.

4.8.7 The Scheme Adjudication Costs shall be paid as a Scheme Cost, save where the Scheme Adjudicator determines that the Scheme Claimant has not acted reasonably, in which case the Scheme Adjudicator may make such directions as he thinks just for the payment of the Scheme Adjudication Costs in full or in part by the Scheme Claimant (and such directions shall be notified to the Scheme Claimant at the time that the Scheme Adjudicator gives notice under Clause 4.8.5).

4.8.8 If, under Clause 4.8.7, the Scheme Adjudicator directs that a Scheme Claimant shall make any payment, the amount of that payment shall be deducted from that Scheme Claimant's Ascertained Scheme Liability (and such Scheme Creditor's Ascertained Scheme Liability shall be reduced accordingly).

4.9 Appeal to the FOS

Nothing in the Scheme shall prevent a Scheme Creditor from appealing the decision of the Scheme Adjudicator to the FOS. Thereafter, no further appeal may be made to the FOS. A final decision made by the FOS in respect of a Scheme Claim appealed to it in accordance with this Clause 4.9 shall be an Ascertained Scheme Liability. In the event that the FOS declines to issue a further decision or adjudication in respect of a Scheme Claim referred to it, the Scheme Claimant's Ascertained Scheme Liability (if any) in respect of that Scheme Claim shall be the amount determined by the Scheme Adjudicator.

4.10 Variation of time limits

4.10.1 Where it is in the interests of Scheme Creditors or the efficient operation of the Scheme, the Company may at its sole discretion, by publishing a notice on the Website, extend any of the time limits in this Part 4 other than the Claims Submission Deadline.
4.10.2 Where the Company is satisfied that, due to exceptional circumstances outside the control of a Scheme Creditor, that Scheme Creditor has failed to comply with any time limit, other than the Claims Submission Deadline, the Company may, in its absolute discretion, extend that time limit for that Scheme Creditor, without notice. In relation to Clause 4.8.4, the Scheme Adjudicator shall also have this discretion. The exercise of discretion under this Clause 4.10 in favour of any Scheme Creditor shall not give rise to an obligation to exercise such discretion in respect of any other Scheme Creditor.

4.11 Scheme Creditors to assist the Company

4.11.1 From the Implementation Date until the date on which the Scheme ends in accordance with Part 9, Scheme Creditors shall provide to the Company, the Scheme Supervisors and the Scheme Adjudicator all assistance he reasonably requires in connection with the Scheme.

4.11.2 In particular, the Company may request (if it reasonably requires such information for the purpose of determining a Scheme Claimant's claim in the Scheme) the following information from a Scheme Claimant:

(a) full details of how and when a Scheme Claim arose;

(b) legible copies of all contracts, orders, judgments, decisions and awards which are relevant to the Scheme Claim; and

(c) any other supporting information and documentation as the Company reasonably requires.

4.12 The Company and the Lenders to assist Scheme Creditors

4.12.1 From the Implementation Date until the date on which the Scheme ends in accordance with Part 9, the Company shall (and shall procure that the Lenders shall) provide Scheme Creditors with such assistance as is reasonably practicable in connection with the processing of Scheme Claims and use their reasonable endeavours to answer questions from Scheme Creditors relating to the Scheme process and that Scheme Creditor's Scheme Liabilities.

4.12.2 Such assistance shall include the provision of a dedicated telephone helpline and the Website until the Company publishes a notice on the Website in accordance with Clause 8.1.
5. PART 5 – PAYMENT TO SCHEME CREDITORS

5.1 Payment of Ascertained Scheme Liabilities

5.1.1 Following determination of all Scheme Claims made by the Claims Submission Deadline (whether by agreement, adjudication or determination in accordance with Clauses 4.7.7, 4.7.9, 4.8.6 or 4.9), the Company shall, as soon as reasonably practicable, calculate the Payment Percentage and procure that an amount equal to the Payment Percentage of each Ascertained Scheme Liability is paid in respect of each Ascertained Scheme Liability in accordance with Clause 5.1.2.

5.1.2 All payments to be made to a Scheme Claimant shall be made by electronic transfer to the Designated Bank Account or, in the event that the Scheme Creditor does not specify a Designated Bank Account or otherwise requests it, by cheque.

5.1.3 The Scheme Claimant shall bear all risk of payment under Clause 5.1.2.

5.1.4 An Ascertained Scheme Liability shall be deemed paid on the date that the Company gives its bank an instruction to pay an amount equal to the Payment Percentage of the Ascertained Scheme Liability in accordance with Clause 5.1.1 by electronic transfer to the Designated Bank Account (or upon issue of a cheque in favour of the Scheme Creditor for such amount). The credit of the relevant amount into the Designated Bank Account (or the issue of a cheque in favour of the Scheme Creditor for such amount), shall be good discharge and satisfaction of the Ascertained Scheme Liability and the Company will have no further Liability for such Ascertained Scheme Liability.

5.2 Unsuccessful payments

5.2.1 If an electronic transfer made pursuant to Clause 5.1.2 is unsuccessful through no fault of the Company or the Company’s bank, the Company shall give notice to the Scheme Claimant and will re-attempt the electronic transfer or payment within 14 days.

5.2.2 If, on a second attempt, the electronic transfer or payment is again unsuccessful, the Company shall again give notice to the Scheme Claimant and will re-attempt the electronic transfer or payment within a further 14 days.

5.2.3 If, on the third attempt, the electronic transfer or payment is unsuccessful, the Company shall, to the extent that it has a postal address for the Scheme Creditor, issue a cheque in favour of the Scheme Creditor for such payment. Following a third failed attempt for electronic payment (or, if applicable, the issue of a cheque) the Company will be deemed to have discharged its obligations to the Scheme Claimant in respect of that payment.

5.2.4 Unless the Scheme Supervisors decide otherwise, any amount which has not been successfully paid to a Scheme Creditor after the Company has complied with Clauses 5.2.1 to 5.2.3 shall not be used to make any further payment in respect of other Ascertained Scheme Liability and shall accrue to the Company.

5.3 Variation of time limits

Where it is in the interests of Scheme Creditors, the Company may, by publishing a notice on the Website, extend any of the time limits in this Part 5.

5.4 Application of Payments

Any payments received by you from us under the Scheme will be treated as being applied first towards: (i) in the case of a Borrower, interest paid by the Borrower under the Loan, before being applied towards Compensatory Interest on those amounts; and (ii) in the case of a Guarantor, all principal and interest paid by the Guarantor, before being applied towards Compensatory Interest on those amounts.
5.5 Payment of the Surplus

5.5.1 PFG shall contribute (or shall procure the contribution of) an amount equal to the Surplus to the Company.

5.5.2 As soon as reasonably practicable following the determination of the Surplus, the Company shall calculate the Surplus Payment Percentage.

5.5.3 Subject to Clause 5.5.4, as soon as reasonably practicable following the later of:

(a) the determination of the Surplus; and
(b) receipt of an amount equal to the Surplus from PFG or PPC,

the Company shall pay the Surplus Dividend to each Scheme Creditor with a Ascertained Scheme Liability in accordance with Clause 5.1.2.

5.5.4 The Company shall have no obligation to pay a Surplus Dividend to a Scheme Creditor where the amount of such Surplus Dividend is less than the lower of £3 and the direct cost which would be incurred in paying such Surplus Dividend. Surplus Dividends which are not paid to Scheme Creditors in accordance with this Clause shall be aggregated and paid to a charity chosen by the Scheme Supervisors.

5.5.5 The Surplus Dividend shall be deemed paid on the date that the Company gives its bank an instruction to pay the Surplus Dividend to the relevant Scheme Creditor in accordance with Clause 5.4.1 by electronic transfer to the Designated Bank Account (or upon issue of a cheque in favour of the Scheme Creditor for such amount). The credit of the Surplus Dividend into the Designated Bank Account (or the issue of a cheque in favour of the Scheme Creditor for the Surplus Dividend), shall be good discharge and satisfaction of the obligation to pay the Surplus Dividend and the Company will have no further Liability for such Surplus Dividend.

5.5.6 PFG shall provide the Company with an account of the total Cash Receipts and the total Managed Wind Down Expenses for the period starting on the Effective Date and ending on:

(a) 31 December in each calendar year during the Managed Wind Down Period; and
(b) the end of the Managed Wind Down Period.

Such account shall be provided within 60 days of the end of the relevant period.

5.5.7 The Scheme Supervisors shall:

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1 This Clause 5.5 was added to the Scheme by way of amendment on 21 June 2021.
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5.5.8 For the avoidance of doubt, the Scheme Supervisors shall not be permitted to issue a notice of Scheme Completion in accordance with Clause 8.1 until:

(a) the Company has received notice in accordance with Clause 5.5.6(b) and that notice confirms that there is no Surplus; or

(b) the Company has received notice in accordance with Clause 5.5.6(b) and:

(i) such notice confirms that there is a Surplus; and

(ii) the Surplus Dividend has been paid to Scheme Creditors, subject to Clause 5.5.4 but otherwise in accordance with Clause 5.5.5; or

(c) The Company and the Scheme Supervisors agree, following the collection of all Cash Receipts or substantially all anticipated Cash Receipts, that there will be no Surplus or that notwithstanding that there will be a Surplus, no Surplus Dividend will be payable to any Scheme Creditor due to Clause 5.5.4.

5.5.9 For the purpose of this Clause 5.5:

"Cash Receipts" means the cash received by PPC from non-Group parties in respect of the Managed Wind Down as determined by the Company or, if required by the Scheme Supervisors, an Independent Accountancy Firm;

"Independent Accountancy Firm" means an independent accountancy firm agreed between the Company and PFG;

"Managed Wind Down" means the process by which PPC shall wind down and close its business and settle all actual, contingent and prospective liabilities in an orderly manner including the collection of payments, when due, from those customers who continue to have outstanding loans payable to the Lenders (or the disposal of the same on an arms' length basis for value);

"Managed Wind Down Expenses" means the expenses paid by or on behalf of PPC for the purpose of implementing the Managed Wind Down (including expenses reasonably and properly recharged to PPC by PFMSL in relation to winding down of those parts of PFMSL's business which have been engaged in providing services supporting PPC's business) as determined by the Company or, if required by the Scheme Supervisors, by an Independent Accountancy Firm);
"Managed Wind Down Period" means the period starting with the Effective Date and ending with the first date on which each of PPC, Greenwood and PFMSL have been dissolved;

"PFMSL" means Provident Financial Management Services Limited, a company incorporated on 18 June 1937, with company number 00328933 and its registered address at No. 1 Godwin Street Bradford, West Yorkshire, BD1 2SU;

"Surplus" means the Cash Receipts during the Managed Wind Down Period less the Managed Wind Down Expenses during the Managed Wind Down Period, where the balance after such deduction is greater than nil;

"Surplus Dividend" means, in relation to a Scheme Creditor, an amount equal to the Surplus Payment Percentage of that Scheme Creditor's Ascertained Scheme Liability; and

"Surplus Payment Percentage" means the total Surplus divided by the aggregate amount of all Ascertained Scheme Liabilities.
6. **PART 6 – THE SCHEME ADJUDICATOR**

6.1 The Scheme Adjudicator

6.1.1 The Scheme Adjudicator shall have the powers, rights and duties conferred upon them in the Scheme and shall discharge the duties and responsibilities imposed upon them in the Scheme.

6.1.2 The Scheme Adjudicator shall initially be Jonathan Herbst whose CV is annexed to the Explanatory Statement. The Company shall have the power to appoint a similarly qualified successor Scheme Adjudicator or a similarly qualified additional Scheme Adjudicator.

6.1.3 The Company shall enter into an agreement with the Scheme Adjudicator with respect to their remuneration and expenses.

6.2 Powers, role and duties of Scheme Adjudicator

6.2.1 The Scheme Adjudicator shall be responsible for the adjudication and the final determination of all Disputed Scheme Claims referred to them in accordance with Clause 4.7.12.

6.2.2 The Scheme Adjudicator shall be entitled to appoint a legal advisor to advise them and any costs so incurred will be treated as Scheme Costs.

6.3 Responsibility of Scheme Adjudicator

The Scheme Adjudicator shall act in good faith with reasonable skill and care and shall exercise their powers, duties and functions under the Scheme with a view to ensuring that Disputed Scheme Claims are adjudicated as fairly and cost-effectively as possible, in the interests of all Scheme Claimants and in accordance with the Scheme.

6.4 Liability of Scheme Adjudicator

6.4.1 Subject to Clauses 6.4.2 and 6.4.3, Scheme Creditors shall not be entitled to challenge the validity of any act done or omitted to be done in good faith and with due care by the Scheme Adjudicator in pursuance of the provisions of the Scheme or the exercise or performance by them in good faith and with reasonable skill and care of any power, duty or function conferred upon them for the purpose of the Scheme.

6.4.2 The Scheme Adjudicator shall not be liable for any loss resulting from any act they do or omit to do, unless any such loss is attributable to their own wilful neglect, breach of statutory duty, breach of trust, fraud or dishonesty.

6.4.3 Nothing in this Clause 6.4 shall prevent the liability of the Scheme Adjudicator for negligence.

6.5 Vacation of office

6.5.1 The Scheme Adjudicator shall vacate office, if they:

(a) die or otherwise become unable to carry out their duties under the Scheme;

(b) become bankrupt;

(c) are disqualified from acting as a director under the Company Directors Disqualification Act 1986;

(d) resign by giving 30 days’ notice in writing to the Company or such shorter period of time as may be agreed by the Company; or
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(e) are removed by the Company because, in the reasonable opinion of the Company and the Scheme Supervisors, they are unable or have failed to carry out their duties under the Scheme.

6.5.2 Where a vacancy arises in the office of Scheme Adjudicator, the Company shall as soon as reasonably practicable thereafter fill the vacancy with a person who is duly qualified, in the reasonable opinion of the Company, to discharge the functions of the Scheme Adjudicator under the Scheme.
7. **PART 7 – THE SCHEME SUPERVISORS**

7.1 The Scheme Supervisors

7.1.1 Any Scheme Supervisor must be duly qualified in the reasonable opinion of the Company to discharge the function of a Scheme Supervisor under the Scheme. Where more than one person has been appointed as a Scheme Supervisor, they may exercise and perform the powers, rights, duties and functions of the Scheme Supervisors under the Scheme jointly or severally.

7.1.2 The Scheme Supervisors shall initially be Dan Schwarzmann and Andrew Ward, each of PricewaterhouseCoopers LLP of 7 More London Riverside, London SE1 2RT United Kingdom. The Company shall have the power to appoint any successor or additional Scheme Supervisor.

7.1.3 The Company shall enter into an agreement with the Scheme Supervisors with respect to their powers, rights, duties, functions, remuneration, expenses, resignation and removal from office.

7.1.4 In exercising their powers and carrying out its duties under the Scheme, the Scheme Supervisors shall act as agent of the Company.

7.2 Role of the Scheme Supervisors

7.2.1 The Scheme Supervisors shall discharge the duties and responsibilities imposed upon them by the Scheme.

7.2.2 Without prejudice to the generality of Clause 7.2.1, the Scheme Supervisors shall in addition:

(a) monitor, on a basis agreed with the Company, the Company’s compliance with the terms of the Scheme; and

(b) confirm the completion of the Scheme in accordance with Clause 8.1.

7.3 Powers of the Scheme Supervisors

7.3.1 The Scheme Supervisors shall have all of the powers necessary or desirable to enable them to discharge their duties and responsibilities under the Scheme (although it is acknowledged that the Scheme Supervisors cannot exercise any power that would result in them assuming control of the Company’s affairs so as to supplant the Company's Board).

7.3.2 Without prejudice to the generality of Clause 7.3.1, the Scheme Supervisors shall be entitled:

(a) to have access to, and the power to disclose to third parties, such Company or Lender information, books, documents or personnel as may from time to time be necessary for the operation of the Scheme;

(b) to delegate to or employ any person as they see fit for the carrying out of their powers, rights, duties and functions under the Scheme;

(c) to do all acts and to execute in the name and on behalf of the Company any deed, receipt or other document necessary for or incidental to their role under the Scheme;

(d) to apply to the Court for directions in relation to any particular matter arising in the course of the Scheme;

(e) to engage (or require the Company to engage) legal, financial or other professional advisers from time to time as reasonably required, in order to advise and assist the Scheme Supervisors in connection with the conduct of their functions and powers under the Scheme;
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(f) to instruct the Company to make payments pursuant to the terms of the Scheme, including payments that are necessary for or incidental to the performance of the Scheme Supervisors’ or the Company’s functions under the Scheme;

(g) to enforce, as the Company’s agent, the Parent's obligations under the terms of the Funding Deed and this Scheme; and

(h) to engage with the Financial Conduct Authority in regards to the operation and progress of the Scheme.

7.4 Responsibility of Scheme Supervisors

The Scheme Supervisors shall act in good faith with reasonable skill and care and shall exercise their powers, duties and functions under the Scheme with a view to ensuring that the Scheme is implemented in accordance with its terms.

7.5 Liability of Scheme Supervisors

7.5.1 Subject to Clauses 7.5.2 and 7.5.3, Scheme Creditors shall not be entitled to challenge the validity of any act done or omitted to be done in good faith and with due care by the Scheme Supervisors under the terms of the Scheme or the exercise or performance by them in good faith and with reasonable skill and care of any power, duty or function conferred upon them for the purpose of the Scheme.

7.5.2 The Scheme Supervisors shall not be liable for any loss resulting from any act they do or omit to do, unless any such loss is attributable to their own wilful neglect, breach of statutory duty, breach of trust, fraud or dishonesty.

7.5.3 Nothing in this Clause 7.5 shall prevent the liability of the Scheme Supervisors for negligence.

7.6 Vacation of office

7.6.1 Any person appointed as a Scheme Supervisor under this Part shall vacate office, if they:

(a) die or otherwise become unable to carry out their duties under the Scheme;

(b) become bankrupt;

(c) are disqualified from acting as a director under the Company Directors Disqualification Act 1986;

(d) resign by giving 30 days’ notice in writing to the Company or such shorter period of time as may be agreed by the Company; or

(e) are removed by the Company because, in the reasonable opinion of the Company and any other Scheme Supervisor (if there is more than one Scheme Supervisor), they are unable or have failed to carry out their duties under the Scheme.

7.6.2 Where a vacancy arises in the office of the Scheme Supervisor, the Company shall use reasonable endeavours to forthwith fill the vacancy with a person having the requisite qualifications, who is duly qualified, in the reasonable opinion of the Company, to discharge the functions of the Scheme Supervisor under the Scheme.

7.6.3 Where no Scheme Supervisor is in office, pending the appointment of a replacement Scheme Supervisor in accordance with Clause 7.6.2, the Company shall discharge the functions of the Scheme Supervisor under the Scheme.
8. **PART 8 – COMPLETION AND TERMINATION OF THE SCHEME**

8.1 Scheme Completion

8.1.1 If the Scheme Supervisors resolve that:

(a) they are satisfied that the Scheme has been properly implemented in accordance with its terms;

(b) all Scheme Claims have been determined in accordance with Clause 4.7.7, 4.7.9(a), 4.8.5 or 4.9; and

(c) all Ascertained Scheme Liabilities have been paid in accordance with Clause 5.1.4 or 5.2.3,

the Company shall cause to be published on the Website a notice confirming that the Scheme has been completed.

8.2 Scheme Termination

8.2.1 In the event that the Implementation Date does not occur on or before the date that is 60 calendar days after the Effective Date (unless failure to pay is caused by an administrative or technical error or by a material disruption to those payment systems or treasury operations or to those financial markets which are required to operate in order for payments to be made pursuant to the Funding Deed and in any such case payment is made within five Business Days of such error occurring or of such disruption being resolved), the Scheme shall terminate and in that event:

(a) the Scheme Creditors' and the Company's rights and obligations in this Scheme shall terminate; and

(b) each of Scheme Creditors and the Company shall be returned to the position to that they were in immediately prior to the Effective Date.

8.2.2 The Scheme shall not automatically terminate by reason of the occurrence of an Insolvency Event.
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9. PART 9 – GENERAL PROVISIONS RELATING TO THE SCHEME

9.1 Modification of the Scheme

The Company may, at any Court hearing to sanction the Scheme, consent on behalf of the Scheme Creditors to any modification of or addition to the Scheme or any terms or conditions that would not directly or indirectly have a materially adverse effect on the interests of Scheme Creditors as a whole under the Scheme.

9.2 Notices

9.2.1 Any notice or other written communication to be given under or in relation to the Scheme shall be given by, and shall be deemed to have been duly given if:

(a) in the case of the Company:
   (i) it is given through the Claims Portal;
   (ii) it is given by email sent to soa@provident.co.uk;
   (iii) it is given by hand or by sent by post and addressed to the attention of The Scheme of Arrangement Team at Provident SPV Limited, 1 Godwin Street, Bradford, West Yorkshire BD12SU, or such other addressee and/or email address and/or postal address as the Company may from time to time notify to the Scheme Creditors, the Scheme Adjudicator and the Scheme Supervisors for the purpose of this Clause 9.2;

(b) in the case of the Scheme Adjudicator:
   (i) it is given by email and sent to the attention of The Provident SPV Scheme Adjudicator at jonathan.herbst@nortonrosefulbright.com; or
   (ii) it is given by hand or sent by post and addressed to the attention of Jonathan Herbst at Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ, United Kingdom, or to such other addressee and/or email address and/or postal address as the Scheme Adjudicator may from time to time notify to the Scheme Creditors, the Company and the Scheme Supervisors for the purpose of this Clause 9.2;

(c) in the case of the Scheme Supervisors,
   (i) it is given by email and sent to the attention of The Provident SPV Scheme Supervisors at uk_Provident_SPVschemesupervisor@pwc.com; or
   (ii) it is given by hand or by sent by post and addressed to the attention of The Provident SPV Scheme Supervisors at PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH, or to such other addressee and/or email address and/or postal address as the Scheme Supervisors may notify to the Scheme Creditors, the Company and the Scheme Adjudicator for the purpose of this Clause 9.2;

(d) in the case of a Scheme Creditor, in respect of its Scheme Claim:
   (i) it is given by email and sent to the attention of that Scheme Creditor or that Scheme Creditor's Representative at such email as the Company and/or the
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Lenders may hold for such Scheme Creditor or such Scheme Creditor's Representative; or

(ii) it is given by hand or sent by post and addressed to the attention of the Scheme Creditor or Scheme Creditor's Representative at such address as the Company and/or the Lenders may hold for such Scheme Creditor or such Scheme Creditor's Representative.

(e) in the case of Scheme Creditors in respect of announcements which are in respect of the Scheme generally, by posting such notice to the Website.

9.2.2 Notwithstanding Clause 9.2.1(d), any notice to be given by or to a Scheme Creditor in respect of a Scheme Claim may also be given through the Claims Portal where such Scheme Creditor has submitted its Scheme Claim through the Claims Portal.

9.2.3 Any notice or other written communication to be given under the Scheme shall be deemed to have been served on the earliest of:

(a) if delivered by hand, the first Business Day following delivery;

(b) if sent by Post, the second Business Day after posting;

(c) if sent by email between 9.00 a.m. and 5.00 p.m on a Business Day, on that day and if not sent during that time, on the next immediately following Business Day;

(d) if sent through the Claims Portal, between 9.00 a.m. and 5.00 p.m on a Business Day, on that day and if not sent during that time, on the next immediately following Business Day; and

(e) if posted to the Website between 9.00 a.m. and 5.00 p.m. on a Business Day, on that date and if not posted during that time, on the next immediately following Business Day.

9.2.4 In proving receipt of a notice sent by hand or by post, it shall be sufficient proof that the envelope was properly stamped, addressed and placed in the post.

9.2.5 The accidental omission to send any notice, written communication or other document in accordance with this Clause 9.2 or the non-receipt of any such notice by any Scheme Creditor, shall not affect the provisions of those parts.

9.3 Silent Scheme Creditors

For the avoidance of doubt, the Company shall not be required to give any notice to any Scheme Creditor in accordance with 4.1 or 4.2 in the event that such Scheme Creditor has informed the Company that they do not wish to receive any notifications in respect of the Scheme.

9.4 Governing law and jurisdiction

9.4.1 This Scheme shall be governed by, construed and take effect in accordance with, English law.

9.4.2 The Company, the Parent and the Scheme Creditors hereby submit to the exclusive jurisdiction of the Court for the purposes of the Scheme and agree that the Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any claim, dispute or matter of difference which may arise out of the provisions of the Scheme, or out of any action taken or omitted to be taken under the Scheme or in connection with the administration of the Scheme.
1. The Company will carry out a number of checks and tests on a Redress Creditor's Loan history. It will use:
   
   (a) information already held by it, the Lenders and credit reference agencies; and
   
   (b) information given by the Redress Creditor in the Claims Portal or on the Claim Form.

   The Company will use this information to determine if a Redress Liability is owed to the Redress Creditor.

2. The claims methodology assessment is split into four tiers, with the criteria in the early tiers including higher indicators of unaffordable lending compared to the criteria in the later tiers.

3. Tier 1: In a tier 1 assessment ("Tier 1") the Company will consider (i) whether there has been significant, repeat lending over a short period of time, (ii) the status of a Redress Creditor's County Court Judgments at the issue date of a Loan and (iii) discrepancies between a Redress Creditor's declared credit commitments and the credit referencing agency information. Indicative factors that will fall into Tier 1 include:
   
   (a) if a Redress Creditor had 8 Loans in a 2 year period;
   
   (b) if a Redress Creditor had an uncleared County Court Judgment against them;
   
   (c) if the Lenders did not carry out the right checks on the Redress Creditor's Loan application.

4. Tier 2: In a tier 2 assessment ("Tier 2") the Company will focus on those Redress Creditors who have had five to seven Loans issued within a 24 month period with more focus on the Redress Creditor's financial position at the issue date of the Loan and the purpose of the Loan. Indicative factors that will fall into Tier 2 include:
   
   (a) there was less than a 3 month gap between the issue date of the Loans;
   
   (b) the total Loan balance doubled in a one year period;
   
   (c) the Loan was used to refinance a previous loan.

5. Tier 3: In a tier 3 assessment ("Tier 3") the Company will consider the Redress Creditors' financial position at the time of issue. Indicative factors that will fall into Tier 3 are:
   
   (a) if there was an active and recent default on file;
   
   (b) if there was an unusual pattern of borrowing;
   
   (c) declining payment performance;
   
   (d) increasing Loan amounts; and/or
   
   (e) high arrears.

6. Tier 4: In a tier 4 assessment ("Tier 4") the Company will focus solely on whether issuing of multiple Loans were issued on the same date to the same Redress Creditor.

7. No one check will be used to decide whether the Loan was unaffordable and each Redress Claim will be looked at using the information above.

8. If these checks show that the Loans should not have been made to a Redress Creditor, the Company will determine the Redress Liability by taking the amount of interest the Redress Creditor paid above the amount of the Loan received by the Redress Creditor and applying Compensatory Interest (being 8% per annum from the time the Redress Creditor took out that Loan to the Implementation Date).
9. The Company will then deduct the amount outstanding under any Loans that the Redress Creditor continues to owe to the Lenders. This will include any Loans that the Lenders have written off. To the extent that a Loan has been sold to a Debt Purchaser no deduction will be made to reflect the amount outstanding under that Loan, except where that Debt Purchaser has entered into a Balance Reduction Agreement, in which case the amount outstanding under that transferred Loan will also be deducted.
Section II: The Scheme
Schedule II: Release Deed

SCHEDULE 2
RELEASE DEED

This Release Deed is made
between

(1) Each Scheme Creditor, as defined in the Scheme described in Recital (B) below and each acting by its agents and attorneys as appointed in the Scheme;

(2) Provident Personal Credit Limited, a private limited company incorporated in England and Wales on 20 February 1917 with registered number 146091 and its registered office at No. 1 Godwin Street Bradford, West Yorkshire, BD1 2SU ("PPC"); and

(3) Greenwood Personal Credit Limited, a private limited company incorporated in England and Wales on 4 November 1912 with registered number 125150 and its registered office at No. 1 Godwin Street, Bradford, West Yorkshire, BD1 2SU ("Greenwood" and, together with PPC, the "Lenders").

WHEREAS:

(A) Provident SPV Limited (the "Company") has entered into a deed poll dated 14 March 2021 in favour of the Lenders and the Scheme Creditors creating liabilities to the Scheme Creditors in respect of certain liabilities owed to them by the Lenders;

(B) The Company has proposed a scheme of arrangement between it and the Scheme Creditors pursuant to Part 26 of the Companies Act 2006 dated [ ] 2021 (the "Scheme") which the Scheme Creditors approved at the Scheme Meeting;

(C) The Court subsequently approved the Scheme and the Scheme became effective on the Effective Date; and

(D) The Scheme Creditors are entitled to submit a claim under the Scheme in respect of Scheme Liabilities owed to them by the Lenders.

DEFINITIONS

A capitalised term used but not otherwise defined in this Release Deed has the same meaning given to it in the Scheme.

IT IS AGREED:

1. Releases and Waivers

1.1 In consideration of their right to submit a claim under the Scheme in respect of Scheme Liabilities, each Scheme Creditor (whether or not they submit a Scheme Claim or have an Ascertained Scheme Liability) hereby fully, irrevocably and unconditionally releases each of the Lenders and their directors and employees to the fullest extent permissible by applicable law from (and fully, irrevocably and unconditionally waive) any and all Scheme Claims (and all actions, debts, losses, liabilities, demands and proceedings in respect thereof), whether existing, prospective or contingent or known or unknown, which any of the Scheme Creditors has or, but for this Release Deed, may in the future have, in any capacity whatsoever against any and all of the Lenders and their respective directors and employees (the "Release").

1.2. The Release shall not include a release of any rights of equitable set-off or similar rights that the Scheme Creditor who submits a Scheme Claim by the Claims Submission Deadline has or may have, against the Lenders or any other person but only to the extent that such right has to be preserved for the purpose of asserting equitable set-off or similar rights as a defence to a debt enforcement claim being brought by a Debt Purchaser or any other person other than the Company or the Lenders in respect of that Scheme Creditor's outstanding Loan balances (if any).
Section II: The Scheme

Schedule II: Release Deed

1.3 All rights against the Lenders preserved under Clause 1.2 shall be forever released and discharged by the Scheme Creditors on the Claims Submission Deadline to the extent that such Scheme Claims have not been submitted to the Company by the Claims Submission Deadline.

1.3 The Release will take effect on the date of this Deed.

2. Execution, Counterparts and Amendment

2.1 This Release Deed may be executed in any number of counterparts, and by each of the Parties on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument.

2.2 This Release Deed may not be amended, varied or modified nor any provision waived except with prior written consent of each party to this Release Deed provided that any amendment which adversely affects the rights of a person who is a beneficiary of a release or waiver hereunder but is not a party hereto may not be made without that person’s prior written consent.

2.3 In the event that any release or waiver given by a party hereto (the Releasor) in favour of another party hereto or other beneficiary hereunder (the Releasee) is found by a court of competent jurisdiction to be unenforceable (an "Unenforceable Release"), the Releasor agrees that it shall not (and shall not instruct, encourage or support any other person to) bring or join any action, claim or suit or other proceedings of any kind against the Releasee in relation to or arising out of any matter or thing which was the subject of such Unenforceable Release.

3. Invalidity

Each of the provisions of this Release Deed is severable. If any such provision is held to be or becomes invalid or unenforceable in any respect under the law of any jurisdiction, it shall have no effect in that respect and the Parties shall use all reasonable efforts to replace it in that respect with a valid and enforceable substitute provision the effect of which is as close to its intended effect as possible.

4. Third party enforcement rights

4.1 The specified third-party beneficiaries of the Releasor shall, in each case, have the right to enforce the relevant terms by reason of the Contracts (Rights of Third Parties) Act 1999. The rights of any such third-party beneficiary are subject to the other terms and conditions of this Release Deed.

4.2 Except as provided in Clause 4.1, any person who is not a party to this Release Deed shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

5. Governing law and jurisdiction

5.1 This Release Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

5.2 The courts of England shall have exclusive jurisdiction to settle any dispute including a dispute relating to the non-contractual obligations arising out of or in connection with this Release Deed.

5.3 The English courts are the most appropriate and convenient courts to settle any dispute in connection with this Release Deed. Each of the Parties irrevocably waives any right that it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

5.4 References in Clauses 5.2 and 5.3 to a dispute in connection with this Release Deed include any dispute as to the existence, validity or termination of this Release Deed.
Section II: The Scheme
Schedule II: Release Deed

The Scheme Creditors
Signed as a deed by
as attorney for the Scheme Creditors
in the presence of:

______________________________
as attorney for the Scheme Creditors

______________________________ Signature of witness

______________________________ Name of witness

______________________________ Address of witness

______________________________
______________________________
Provident Personal Credit Limited

Executed as a deed by Provident Personal Credit Limited acting by [a director and its secretary] [two directors]

__________________________ Signature of director
__________________________ Name of director

__________________________ Signature of director/secretary
__________________________ Name of director/secretary

Greenwood Personal Credit Limited

Executed as a deed by Greenwood Personal Credit Limited acting by [a director and its secretary] [two directors]

__________________________ Signature of director
__________________________ Name of director

__________________________ Signature of director/secretary
__________________________ Name of director/secretary
SECTION III
CLAIM FORM
PROVIDENT, GLO, SATSUAMA, GREENWOOD

CLAIM FORM

Please complete this form to vote on the Scheme and/or submit a claim in the Scheme. You can find more information about the Scheme, including Frequently Asked Questions, at the Website (https://scheme.providentpersonalcredit.com). In this form, a reference to a “Customer” includes both a borrower and a guarantor of a loan made by Provident, Glo, Satsuma or Greenwood.

An online version of this Claim Form is included in the Claims Portal which can be found on the Website at https://scheme.providentpersonalcredit.com. If you have internet access then this will be the most straightforward way for you to vote on the Scheme and/or submit a claim in the Scheme.

1. To vote on the Scheme, complete both Sections A and B
2. To make a claim in the Scheme (and not vote), complete Section A only
3. If you are not using the Claims Portal, then sign the Claim Form and return it to us:
   a. by email to: soa@provident.co.uk; or
   b. by post to: The Scheme of Arrangement Team, Provident SPV Limited, 1 Godwin Street, Bradford, West Yorkshire BD12SU.

Important notes about voting:
- If you wish to attend and/or vote on the Scheme at the Scheme Meeting, please return this Claim Form (with Sections A and B completed) by 5.00 pm on 14 July 2021 (the Registration Deadline). If you return your Claim Form by post, please post it by no later than 9 July 2021 to ensure it gets to us on time.
- If you have returned a Claim Form (with Sections A and B completed) by 5.00 p.m. on 14 July 2021, we will send you the details for joining the virtual Scheme Meeting. If you have not received the details for joining the virtual Scheme Meeting by 16 July 2021, please contact us on 0800 056 8936.
- Any Claim Forms returned after the Registration Deadline will not enable you or a proxy to attend and vote at the Scheme Meeting, unless the Chairman of the Scheme Meeting otherwise agrees.

Important notes about claims:
- If we receive this Claim Form before the Claims Submission Deadline, we will consider the Customer's claim for compensation as part of the Scheme. If you are making a claim in the Scheme (but do not wish to attend or vote at the Scheme Meeting), complete Section A only of this Claim Form and return it to us before the Claims Submission Deadline. The Claims Submission Deadline is expected to occur in the middle of February 2022. The exact date will be published on the Website https://scheme.providentpersonalcredit.com once known.
- If we receive this Claim Form after the Claims Submission Deadline, you will lose any right to make a claim for unaffordable lending. This includes any right to (i) receive cash compensation; (ii) reduce the amount of any loan that you have to repay or (iii) stop making payments under any guarantee. If you are in any doubt about whether you have a Scheme claim, you should submit a claim to ensure that it is considered.

We strongly recommend that you read the Data Privacy Notice available on the Website to understand how your data will be used as part of this claim process.
SECTION A CLAIM FORM - SCHEME CREDITOR DETAILS

PART 1
Everyone should fill in the information requested in this Part 1

<table>
<thead>
<tr>
<th>Customer's Scheme ID</th>
<th>123456-789012-3456</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer's first name</td>
<td></td>
</tr>
<tr>
<td>Customer's surname</td>
<td></td>
</tr>
<tr>
<td>Customer's full address</td>
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</tr>
</tbody>
</table>

Customer's date of birth (Day / Month / Year) 12/03/1983

Customer's phone number

Customer's email address

The questions in Parts 2 to 5 below are optional and may be answered if they apply to the Customer. Providing additional information may help us in assessing the Customer's claim. If these questions do not apply, you can move to Section B if you wish to vote on the Scheme.

PART 2

Representatives

If you are completing this Form for a Customer you are a "Representative".

If you are a Representative, please state your full name, address, phone number and email address in the space provided. Please also send evidence of your authority to act for the Customer with this Form. By signing this Form you confirm that you have been given express authority to submit this Form on behalf of the Customer.

<table>
<thead>
<tr>
<th>Representative's full name:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Representative's full address:</td>
</tr>
<tr>
<td>Representative's phone number:</td>
</tr>
</tbody>
</table>
### PART 3

**County Court Judgments ("CCJ")**

Has the Customer ever had a CCJ? Please tick yes or no.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Yes</td>
<td>☐</td>
</tr>
<tr>
<td>No</td>
<td>☐</td>
</tr>
</tbody>
</table>

If yes, in which year? If there is more than one CCJ, please state the year of each CCJ

<table>
<thead>
<tr>
<th>Year</th>
<th></th>
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</table>

Please state the year of that each CCJ was discharged, in the same order as the CCJs listed above. If this is left blank we will assume that each CCJ was discharged 6 years from the date given above.

<table>
<thead>
<tr>
<th>Year</th>
<th></th>
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</table>

### PART 4

**Recorded defaults on the Customer's credit file**

This means that the Customer has failed to pay back a loan given by another lender, and does not mean that the Customer has missed payments on that loan.

Has the Customer ever had a genuine recorded default on their credit file because they failed to pay back a loan taken out from any lender (other than Provident, Glo, Satsuma or Greenwood)? Please tick yes or no.

<p>| | |</p>
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<tr>
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<th></th>
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<tbody>
<tr>
<td>Yes</td>
<td>☐</td>
</tr>
<tr>
<td>No</td>
<td>☐</td>
</tr>
</tbody>
</table>

If yes, in which year? Please include the year of each default if there is more than one recorded default.

<table>
<thead>
<tr>
<th>Year</th>
<th></th>
<th></th>
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<th></th>
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</table>

### Part 5

**Other information**

We may also take into account other factors when looking at the claim, such as the Customer's ability to afford the loan and the Customer's ability to understand whether they could afford the loan at the time it was issued. Customers may not have been able to understand whether they could afford the loan if the Customer suffered from certain medical conditions, such as Alzheimer's, Dementia or a brain injury.

Did the Customer have a medical condition at the time the loan was issued? Please tick yes or no

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

Please state the nature of the medical condition

State medical condition: ____________________________

State medical condition: ____________________________

Please state when the Customer had this medical condition

Year ☐ to ☐

Year ☐ to ☐

I attach medical evidence or other evidence that may have limited my ability to afford a loan or to understand if I could afford a loan.

Please tick this box to allow us to use the medical information provided above to assess the Customer's claim. Without this permission, this information will not be taken into consideration when assessing the Customer's claim.

☐

☐
**SECTION B - VOTE DETAILS**

Please complete this Section B to vote on the Scheme (with or without changes) at the virtual Scheme Meeting on 19 July 2021 at 10:00 am or at any adjournment of it. **Please select and complete only one row.** If you want to appoint the Chairman or a proxy to vote on the Scheme at the Scheme Meeting but still want to join the Scheme Meeting, please contact the call centre on 0800 056 8936.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>I wish to appoint the Chairman to vote on the Scheme and I instruct him to:</td>
<td>If you want the Chairman to vote on the Scheme at the Scheme Meeting, please tick this row and tell us how you want the Chairman to vote. If you pick this option, you do not have to attend the Scheme Meeting.</td>
</tr>
<tr>
<td></td>
<td>vote for the Scheme</td>
<td>(tick one box above)</td>
</tr>
<tr>
<td></td>
<td>vote against the Scheme</td>
<td></td>
</tr>
<tr>
<td></td>
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<tr>
<td>2.</td>
<td>I wish to appoint someone else to vote on the Scheme and I instruct them to:</td>
<td>If you want someone other than the Chairman (a &quot;proxy&quot;) to vote on the Scheme at the Scheme Meeting, please tick this row and tell us who you want to appoint as proxy by completing their name, e-mail and telephone number in the space below. Please also tell us how you want the proxy to vote. If you tick the &quot;at discretion&quot; box, the proxy can decide whether to vote for or against the Scheme.</td>
</tr>
<tr>
<td></td>
<td>vote for the Scheme</td>
<td>(tick one box above)</td>
</tr>
<tr>
<td></td>
<td>vote against the Scheme</td>
<td></td>
</tr>
<tr>
<td></td>
<td>at discretion</td>
<td></td>
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<tr>
<td>3.</td>
<td>I will attend the Scheme Meeting. I intend to vote:</td>
<td>If you want to join the Scheme Meeting and vote on the Scheme at the Scheme Meeting, please tick this row and indicate how you intend to vote. You do not have to vote in accordance with your intention at the Scheme Meeting.</td>
</tr>
<tr>
<td></td>
<td>vote for the Scheme</td>
<td>(tick one box above)</td>
</tr>
<tr>
<td></td>
<td>vote against the Scheme</td>
<td></td>
</tr>
</tbody>
</table>

If you are returning this Claim Form by email or post, please sign here after completing it.

<table>
<thead>
<tr>
<th>Name:</th>
<th>Signature:</th>
<th>Date:</th>
</tr>
</thead>
</table>
SECTION IV
NOTICE OF THE SCHEME MEETING

CR-2021-00675

NOTICE OF THE SCHEME MEETING IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES INSOLVENCY AND COMPANIES LIST (ChD)

PROVIDENT SPV LIMITED

And

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order dated 22 April 2021 made in the High Court of Justice, Business and Property Courts of England and Wales in the matter of Provident SPV Limited (the "Company") and the Companies Act 2006, a meeting of the Scheme Creditors described below was ordered to be summoned. The purpose of the meeting is to consider and, if thought fit, approve, a scheme of arrangement proposed to be made between the Company and the Scheme Creditors pursuant to Part 26 of the Companies Act 2006 (the "Scheme").

The "Scheme Creditors" are:

(1) customers (in each case, a "Borrower") who took out a loan between 6 April 2007 and 17 December 2020 (inclusive) from Provident, Glo, Satsuma or Greenwood (a "Loan");

(2) a person (in each case, a "Guarantor") who guaranteed a Loan given by a Glo to a Borrower; and

(3) Financial Ombudsman Service Limited in respect of the fees it charges for considering certain complaints referred to it in respect of those Loans ("FOS Fees").

Loans issued by Provident, Glo or Satsuma were issued through Provident Personal Credit Limited ("PPC"). Loans issued by Greenwood were issued through Greenwood Personal Credit Limited.

Creditors with claims arising from Loans made by PPC’s Irish branch or which were otherwise governed by Irish law or subject to the supervision of the Central Bank of Ireland are not subject to the Scheme and are not Scheme Creditors.

A copy of the Scheme and a copy of the statement required to be provided pursuant to section 897 of the Companies Act 2006 (the "Explanatory Statement") are incorporated in Sections I and II of the Scheme Document. Claim Forms for voting at the Scheme meeting are at Section III of the Scheme Document. The Scheme Document is available at https://scheme.providentpersonalcredit.com.

The Court has ordered that the Company should convene one meeting of all Scheme Creditors to vote on the Scheme (the "Scheme Meeting"). The Scheme Meeting will be held via an electronic system (including webinar-based technology) with teleconference facilities at 10.00 a.m. on 19 July 2021 or as soon as reasonably practicable thereafter. Scheme Creditors may attend the virtual Scheme Meeting, but do not have to do so, even if they wish to vote. Each Scheme Creditor wishing to attend and/or vote at the virtual Scheme Meeting is requested to register by completing the Claim Form (including the voting section) at Section III of the Scheme Document (the "Claim Form"). The Claim Form will be available from 17 May 2021. The Claim Form (including voting section) and should be completed and returned to us by no later than 5.00 p.m. (London time) on 14 July 2021 ("Registration Deadline"). Those persons who register will be provided with the joining details for the virtual Scheme Meeting. An attendee who has not registered by the Registration Deadline may not be permitted entry to the meeting.

By the order, the High Court of Justice has appointed Robin Spencer, or, if he is unable to so act, any other person appointed by the Company of similar standing, to act as an independent chairman of the Scheme Meeting and has directed the independent chairman to report the result of the Scheme Meeting to the Court. The chairman of the Scheme Meeting will address Scheme Creditors generally on the Scheme and on the issues relevant to voting at the commencement of the Scheme Meeting. The Scheme will then be subject to the subsequent sanction of the Court.
If you have any questions regarding the Scheme, you can contact us using the following methods:

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Telephone number</strong></td>
<td>0800 056 8936</td>
</tr>
<tr>
<td></td>
<td>Lines are open between 8.00 a.m. and 6.00 p.m.</td>
</tr>
<tr>
<td></td>
<td>Monday to Friday (excluding bank holidays)</td>
</tr>
<tr>
<td><strong>Email</strong></td>
<td><a href="mailto:soa@provident.co.uk">soa@provident.co.uk</a></td>
</tr>
<tr>
<td><strong>Address</strong></td>
<td>Scheme of Arrangement Team</td>
</tr>
<tr>
<td></td>
<td>Provident SPV Limited</td>
</tr>
<tr>
<td></td>
<td>1 Godwin Street, Bradford, West Yorkshire BD1 2SU</td>
</tr>
</tbody>
</table>

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
Solicitors to the Company
SECTION V
FUNDING DEED
PROVIDENT FINANCIAL PLC

AND

PROVIDENT SPV LIMITED

FUNDING DEED
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</thead>
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<td>8. Miscellaneous</td>
<td>8</td>
</tr>
<tr>
<td>9. Governing Law and Jurisdiction</td>
<td>9</td>
</tr>
</tbody>
</table>
THIS DEED is made on 14 March 2021

BY

(1) PROVIDENT FINANCIAL PLC, a company incorporated in England and Wales with registered number 00668987 and whose registered address is at No.1 Godwin Street, Bradford, West Yorkshire, BD1 2SU ("PFG"); and

(2) PROVIDENT SPV LIMITED, a limited liability company incorporated in England and Wales with registered number 12988335 and whose registered address is at No.1 Godwin Street, Bradford, West Yorkshire, BD1 2SU ("SchemeCo"),(each a "Party", and together, the "Parties").

RECIPIENTS:

(A) Provident Personal Credit Limited ("PPC") is a regulated provider of home credit and online lending products in the United Kingdom and Republic of Ireland. PPC is regulated by the Financial Conduct Authority and the Central Bank of Ireland.

(B) Greenwood Personal Credit Limited ("Greenwood") provided home credit products in the United Kingdom from its incorporation in 1912 until 1 April 2014. On 1 April 2014, all of Greenwood's business and assets were transferred to PPC, and PPC also assumed liability for, amongst other things, all customer claims which have, or could be brought against, Greenwood.

(C) As regulated providers of consumer credit, PPC is, and Greenwood was, required to ensure that their lending met certain minimum standards (including as set out in FSMA and associated rulebooks and regulations, and the Consumer Credit Act 1974). PPC and Greenwood failed to comply with these minimum standards in a number of cases and PPC is now facing an increasing volume of customer redress claims.

(D) SchemeCo, PPC and Greenwood form part of the Provident Financial group, which comprises PFG and each of its subsidiaries. SchemeCo is a wholly owned subsidiary of Provident Financial Holdings Limited (the "Shareholder"). The Shareholder is an indirect shareholder of PPC and Greenwood.

(E) PFG will advance the PFG Contribution (as defined below) to SchemeCo, for the sole purpose of enabling SchemeCo to make payments to Scheme Creditors in respect of their Ascertained Scheme Liabilities (as defined below) under, and in accordance with, the terms of the Scheme (the "Purpose"). If the Scheme is terminated, SchemeCo is to return the PFG Fund (as defined below) to PFG forthwith.

(F) PFG is making the PFG Contribution to SchemeCo to provide funding such that SchemeCo can enter into the Scheme as set out in this document, and on the condition that SchemeCo agrees to use the PFG Contribution solely for the Purpose as outlined above. PFG is making the PFG Contribution in order to protect Provident Personal Credit Limited and Greenwood Personal Credit Limited from further ongoing costs and operational challenges in relation to prospective liabilities, to ensure customers are treated fairly and thereby protect the group's brand and reputation. This is considered beneficial to PFG in its role as ultimate shareholder in the group's...
various operating subsidiaries, noting the broader risks to PFG's interests as shareholder if the Scheme were not able to proceed.

**THIS DEED WITNESSES** as follows:

1. **DEFINITIONS AND CONSTRUCTION**

1.1 **Definitions**

In this Deed:

"**Account**" has the meaning given to that term in Clause 2.2 (*Funding*);

"**Ascertained Scheme Liability**" has the meaning given to that term in the Practice Statement Letter;

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

"**Court**" means the High Court of Justice of England and Wales;

"**Court Order**" means an office copy of the order of the Court sanctioning the Scheme pursuant to section 899 of the Companies Act 2006;

"**Deed Poll**" means the deed of contribution and indemnity issued by SchemeCo on or about the date of this deed in favour of the Beneficiaries (as defined therein);

"**FOS**" means Financial Ombudsman Service Limited, a company limited by guarantee, with registered number 03725015 and whose registered address is at Exchange Tower, Harbour Exchange Square, London, E14 9SR;

"**FOS Fees**" has the meaning given to that term in the Deed Poll;

"**Non-Scheme FOS Fees**" has the meaning given to that term in the Deed Poll;

"**Payment Date**" means the date on which payments are made to Scheme Creditors by the Company under the Scheme in respect of Ascertained Scheme Liability;

"**PFG Contribution**" has the meaning given to that term in Clause 2.1 (*Funding*);

"**PFG Fund**" means the PFG Contribution paid into the Account, plus any interest which from time to time has been paid to the credit of the Account and in each case any book debts represented thereby;

"**Practice Statement Letter**" means the letter to be issued by the Company pursuant to the Practice Statement (*Companies: Schemes of Arrangement under Part 26 and Part 26A of the Companies Act 2006*) [2020] 6 WLUK 547 in relation to the Scheme;

"**Purpose**" has the meaning given to that term in Recital (E);

"**Registrar of Companies**" means the registrar of companies of England and Wales;
"**Scheme**" means the compromise or arrangement to be proposed by SchemeCo pursuant to Part 26 of the Companies Act 2006 for the purpose of, amongst other things, assessing, agreeing, determining, settling and releasing Redress Creditors' Redress Claims against SchemeCo and the Lenders;

"**Scheme Adjudicator**" means the person appointed under the terms of the Scheme for this purpose and any person who is employed by that person and to whom functions under the Scheme are delegated;

"**SchemeCo Administrative Costs**" means the professional and administrative costs of operating and managing the affairs of SchemeCo and of winding-up SchemeCo or applying for it to be struck off the register following termination of the Scheme, as well as the cost of meeting any Liabilities required to achieve this (other than, for the avoidance of doubt, Redress Claims);

"**Scheme Costs**" means those costs which, in PFG's reasonable opinion represent:

(a) the costs of designing, implementing and administering the Scheme, including the remuneration and expenses of the Scheme Adjudicator and the Scheme Supervisors agreed with SchemeCo in accordance with the terms of the Scheme;

(b) Non-Scheme FOS Fees; and

(c) SchemeCo Administrative Costs.

"**Scheme Creditor**" has the meaning given to that term in the Scheme;

"**Scheme Effective Date**" means the "Effective Date" under, and as defined in the Scheme; and

"**Scheme Supervisor**" means any person appointed under the terms of the Scheme for this purpose and any person who is employed by that person and to whom functions under the Scheme are delegated; and

"**Termination Date**" shall have the same meaning as in the Deed Poll.

1.2 **Incorporation of defined terms**

Save as where otherwise defined in this Agreement, capitalised terms have the meaning given to them in the Deed Poll.

1.3 **Construction**

Unless a contrary indication appears any reference in this Deed to:

1.3.1 "**assets**" includes present and future properties, revenues and rights of every description;

1.3.2 a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);
1.3.3 a "regulation" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;

1.3.4 a reference to a document is a reference to that document as amended and / or amended and restated from time to time;

1.3.5 a provision of law is a reference to that provision as amended or re-enacted from time to time,

1.3.6 a time of day is a reference to the time in London, United Kingdom; and

1.3.7 Clause headings are for ease of reference only.

2. **FUNDING**

2.1 Within thirty (30) days of the date on which the Court Order has been registered with the Registrar of Companies, PFG will pay to SchemeCo, for no consideration, the sum of £50,000,000.00 (fifty million pounds sterling) in free and clear funds (the "PFG Contribution") for the purposes specified herein.

2.2 Payment of the PFG Fund shall be made by PFG to SchemeCo to a bank account (the "Account") in the name of SchemeCo notified to PFG in writing by SchemeCo on or prior to the date on which the Court Order is registered with the Registrar of Companies.

3. **SCHEMECO UNDERTAKINGS**

3.1 **PFG Fund to be held in a segregated account**

SchemeCo shall take reasonable steps to ensure that the Account is legally and operationally segregated from any bank accounts or other banking arrangements that SchemeCo has or may in the future have including, but not limited to notifying the bank in which the Account is held in writing that no payments (other than the PFG Contribution and any interest paid to the credit of the Account) are to be made into the Account without SchemeCo's consent in writing.

3.2 **PFG Fund to be used for the Purpose only**

SchemeCo irrevocably and unconditionally undertakes and confirms that:

3.2.1 subject to the terms of this Deed, it will use the PFG Fund for the Purpose only;

3.2.2 it will take only such actions or steps in relation to the PFG Fund that are explicitly authorised under the Scheme or the terms of this Deed to be taken in respect of the PFG Fund;

3.2.3 it will not withdraw any funds from the PFG Fund, other than as expressly authorised under the Scheme, or the terms of this Deed; and

3.2.4 it will not invest or otherwise intermeddle with the PFG Fund.
3.3 Payments out of the PFG Fund

Subject to Clause 3.4 (Termination of the Scheme) below, on the Payment Date SchemeCo shall pay to:

3.3.1 each Scheme Creditor out of the PFG Fund, the Payment Percentage of their Ascertained Scheme Liability in accordance with the Scheme; and

3.3.2 PFG out of the PFG Fund, any surplus monies standing to the credit of the PFG Fund ("Surplus Funds") after payment of the amounts set out at Clause 3.3.1.

3.4 Termination of the Scheme

If the Scheme is terminated prior to the Payment Date, SchemeCo shall pay to PFG, as soon as possible, all amounts standing to the credit of the PFG Fund.

4. COSTS

4.1 PFG undertakes that it will:

4.1.1 incur and discharge Scheme Costs in its own name and on its own behalf; and/or

4.1.2 discharge, unconditionally and irrevocably, for no consideration, for and on behalf of, and in the name of, SchemeCo, all Scheme Costs incurred by SchemeCo; and/or

4.1.3 unconditionally and irrevocably pay to SchemeCo, amounts sufficient to enable SchemeCo to discharge all Scheme Costs incurred by SchemeCo (to the extent not paid by PFG for and on behalf of, and in the name of, SchemeCo pursuant to Clause 4.1.2).

4.2 SchemeCo undertakes that it:

4.2.1 shall not participate in or undertake any activities other those reasonably required in connection with this Deed, the Deed Poll or the Scheme; and

4.2.2 shall not incur any Liabilities or costs and expenses other than the Scheme Costs.

4.3 Each of the Parties agree that PPC and Greenwood may enforce each of the undertakings set out at Clauses 4.2 and 4.3 above, as if they were a party to this Deed.

5. FURTHER ASSURANCE

PFG undertakes to provide to SchemeCo and/or to the Court, whether by appearing by counsel or in writing (or other acceptable method according to SchemeCo), such customary undertaking to be bound by its obligations under this Deed as may be reasonably required by SchemeCo prior to SchemeCo applying for sanction of the Scheme at the sanction hearing.
6. **TERMINATION**

6.1 **Termination Date**

This Deed shall terminate on the Termination Date.

6.2 **Effect of Termination**

This Agreement will cease to have any further effect on the date on which it is terminated under Clause 6.1 (*Termination Date*), save:

6.2.1 for the provisions of Clauses 3.1 (*PFG Fund to be held in a segregated account*), 3.4 (*Termination of the Scheme*), 7 (*Notices*), 9 (*Miscellaneous*) and 10 (*Governing Law and Jurisdiction*) which shall remain in full force and effect; and

6.2.2 in respect of breaches of this Deed which occurred prior to such termination.

7. **NOTICES**

7.1 **PFG address for notices**

All notices, demands and other communications to PFG hereunder shall be made in writing (by email) and shall be sent to PFG at:

**Attention:** The Company Secretary, Provident Financial PLC

**Address:** No.1 Godwin Street, Bradford, West Yorkshire, United Kingdom, BD1 2SU

**E-mail:** LegalFinancialServices@provident.com

or to such other email address or for the attention of such other person or department as PFG shall notify to SchemeCo.

7.2 **SchemeCo address for notices**

All notices, demands and other communications to SchemeCo hereunder shall be made in writing (by email) and shall be sent to SchemeCo at:

**Attention:** The Company Secretary, Provident SPV Limited

**Address:** No.1 Godwin Street, Bradford, West Yorkshire, United Kingdom, BD1 2SU

**E-mail:** LegalFinancialServices@provident.com

or to such other email address or for the attention of such other person or department as SchemeCo shall notify to PFG.
7.3 **Effectiveness**

Every notice, demand or other communication sent in accordance with Clauses 7.1 *(PFG address for notices)* and 7.2 *(SchemeCo address for notices)* shall be effective upon receipt by the relevant party, provided that any such notice, demand or other communication which would otherwise take effect:

7.3.1 on a day which is not a Business Day; or

7.3.2 before 9.00 a.m. or after 4.00 p.m. (London time) on a Business Day,

shall not take effect until 9.00 a.m. (London time) on the immediately succeeding Business Day.

8. **AMENDMENTS**

8.1 Prior to the Scheme Effective Date, the Parties may, by agreement in writing, amend or waive any term of this Deed, provided that any such amendment or waiver shall not:

8.1.1 reduce the amount of the PFG Contribution below £50,000,000.00 (fifty million pounds sterling);

8.1.2 result in PFG paying the PFG Contribution to a bank account that is not in the name of SchemeCo;

8.1.3 amend or waive the definition of "PFG Fund" or any of Clauses 3.1 *(PFG Fund to be held in a segregated account)*, 3.2 *(PFG Fund to be used for the Purpose only)*, 3.3.1 *(Payments out of the PFG Fund)* or 3.4 *(Termination of the Scheme)*, unless such amendment or waiver does not cause detriment to the Scheme Creditors; and

8.1.4 amend or waive the definition of "Scheme Costs", "FOS Fees", "Non-Scheme FOS Fees" or clause 4 *(Costs)*, unless such amendment or waiver does not cause detriment to the FOS.

8.2 Following the Scheme Effective Date, no amendments may be made to this Deed without the prior written consent of the Scheme Supervisor and each of the Parties.

9. **MISCELLANEOUS**

9.1 This Deed constitutes the entire agreement, and supersedes any previous agreements between the Parties relating to the subject matter of this deed.

9.2 Any waiver provided by a Party in relation to a right or remedy as provided by this Deed or by law does not constitute a waiver of all rights or remedies provided by this Deed or by law.

9.3 A failure to exercise or delay in exercising a right or remedy as provided by this Deed or by law does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Deed or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.
10. GOVERNING LAW AND JURISDICTION

10.1 Governing law

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

10.2 English courts

The courts of England and Wales shall have exclusive jurisdiction to settle any dispute (a "Dispute"), arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed or any non-contractual obligation arising out of or in connection with this Deed) or the consequences of its nullity.

10.3 Service of process

The Parties agree that the documents which start any Dispute and any other documents required to be served in relation to those Dispute may be served on it by being delivered to either Party at its registered office.

IN WITNESS whereof this Deed has been executed by PFG and SchemeCo and is intended to be, and is hereby, delivered on the date first before written.
Executed as a deed by PROVIDENT FINANCIAL PLC:

Signature of Director: _______________________
Name of Director: Neeraj Kapur

Signature of Director: _______________________
Name of Director: Malcolm Le May

Executed as a deed by PROVIDENT SPV LIMITED:

Signature of Director: _______________________
Name of Director: Hamish Paton

Signature of Director: _______________________
Name of Director: Malcolm Le May
SECTION VI
DEED POLL
PROVIDENT SPV LIMITED

IN FAVOUR OF

PROVIDENT PERSONAL CREDIT LIMITED

AND

GREENWOOD PERSONAL CREDIT LIMITED

AND

OTHERS

____________________________________

DEED OF CONTRIBUTION AND INDEMNITY

____________________________________
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THIS DEED OF INDEMNITY AND CONTRIBUTION is made on 14 March 2021

BY

(1) PROVIDENT SPV LIMITED, a limited liability company incorporated in England and Wales with registered number 12988335 and whose registered address is at No.1 Godwin Street, Bradford, West Yorkshire, BD1 2SU (the "Company"),

IN FAVOUR OF:

(2) PROVIDENT PERSONAL CREDIT LIMITED, a limited liability company incorporated in England and Wales with registered number 00146091 and whose registered address is at No. 1 Godwin Street, Bradford, West Yorkshire, BD1 2SU ("PPC");

(3) GREENWOOD PERSONAL CREDIT LIMITED, a limited liability company incorporated in England and Wales with registered number 00125150 and whose registered address is at No. 1 Godwin Street, Bradford, West Yorkshire, BD1 2SU ("Greenwood");

(4) the REDRESS CREDITORS (as defined below); and

(5) FINANCIAL OMBUDSMAN SERVICE LIMITED, a private company limited by guarantee, with company number 03725015 and with its registered address at Exchange Tower, Harbour Exchange Square, London, E14 9SR (the "FOS").

RECITALS:

(A) PPC is a regulated provider of home credit and online lending products in the United Kingdom and Republic of Ireland. PPC is regulated by the Financial Conduct Authority and the Central Bank of Ireland.

(B) Greenwood provided home credit products in the United Kingdom from its incorporation in 1912 until 1 April 2014. On 1 April 2014, all of Greenwood's business and assets were transferred to PPC, and PPC also assumed liability for, amongst other things, all customer claims which have been, or could be brought against, Greenwood.

(C) As regulated providers of consumer credit, PPC is, and Greenwood was, required ensure that their lending met certain minimum standards (including as set out in Financial Services and Markets Act 2000 and associated rulebooks and regulations, and the Consumer Credit Act 1974). PPC and Greenwood failed to comply with these minimum standards in a number of cases.

(D) Due to the increasing volume of customer redress claims against PPC for loans issued by it and Greenwood in breach of the regulatory standards applying to it, and PPC's financial position, it is proposed that a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 be implemented to, amongst other things, assess, settle and release such redress claims in a manner which best serves the interests of each of PPC, Greenwood and the Redress Creditors.

(E) The Company, PPC and Greenwood form part of the Provident Financial group, which comprises Provident Financial Plc and each of its subsidiaries. The Company is a
wholly-owned subsidiary of Provident Financial Holdings Limited (the "Shareholder"). The Shareholder is an indirect shareholder of PPC and Greenwood. The Company's sole purpose is proposing and implementing the Scheme (as defined below). The Company is issuing this Deed to enable it to propose the Scheme (as defined below).

THIS DEED WITNESSES as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions

In this Deed:

"Ascertained Deed Liability" means the value of any Redress Liability which is:

(a) agreed between the Company and the Redress Creditor;
(b) determined under, and in accordance with, the Scheme; or
(c) finally determined by FOS in accordance with the DISP rules;

"Beneficiaries" means:

(a) each Redress Creditor;
(b) the FOS; and
(c) the Lenders;

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

"Claimant" has the meaning given to that term in Clause 4.1.1 (Payment Instruction);

"Contribution Payment" means a payment that the Company is obliged to make to a Lender pursuant to a Demand issued in accordance with Clause 3 (Contribution);

"Designated Bank Account" has the meaning given to that term in Clause 4.1.1(b) (Payment Instruction);

"Demand" has the meaning given to that term in Clause 3.1 (Contribution);

"DISP" means the Dispute Resolution: Complaints section of the FCA Handbook;

"Excluded Claim" means a claim in respect of a Liability of a Lender:

(a) made by PPC's Irish branch;
(b) governed by Irish law; or
(c) subject to the supervision of the Central Bank of Ireland;
"FCA" means the Financial Conduct Authority;

"FCA Handbook" means the handbook issued by the FCA pursuant to section 138G of FMSA;

"FEES" means the Fees Manual section of the FCA Handbook;

"FOS Fees" means a Liability of a Lender to the FOS, in respect of fees imposed by the FOS, or incurred by the Lenders under, and in accordance with, FEES, in relation to the FOS' involvement in the resolution of a Redress Claim but excluding Non-Scheme FOS Fees;

"Indemnity" means the obligations of the Company pursuant to sub-Clause 2.1 (Indemnity);

"Lender" means PPC or Greenwood (as the context shall admit) and "Lenders" shall mean both of them;

"Liability" means any liability of a person, whether it is present, future, prospective or contingent, whether its amount is fixed or undetermined, whether or not it involves the payment of money and whether it arises at common law, in equity or by statute, in England or in any other jurisdiction, or in any other manner whatsoever;

"Loan" means a loan issued by a Lender to a Redress Creditor under, and in accordance with, a Loan Agreement;

"Loan Agreement" means a consumer credit agreement dated between 1 April 2007 and 17 December 2021 (inclusive) between a Lender and a Redress Creditor;

"Non-Scheme FOS Fees" means FOS Fees incurred in respect of any Redress Claim which has been the subject of a FOS adjudication or FOS decision prior to the date of the Practice Statement Letter;

"Payment Instruction" means an instruction in the form set out at Schedule 1 (Form of Payment Instruction);

"Payment Deadline" has the meaning given to that term in Clause 4.1.1(b) (Payment Instruction);

"Practice Statement Letter" means the letter to be issued by the Company pursuant to the Practice Statement (Companies: Schemes of Arrangement under Part 26 and Part 26A of the Companies Act 2006) [2020] 6 WLUK 547 in relation to the Scheme;

"Redress Claim" means a claim in respect of a Redress Liability;

"Redress Creditor" means any person with a Redress Claim;

"Redress Liability" means 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.
"Relevant Obligations" means:

(a) the Redress Liabilities; and
(b) the FOS Fees;

"Scheme" means the compromise or arrangement to be proposed by the Company pursuant to Part 26 of the Companies Act 2006 for the purpose of, amongst other things, assessing, agreeing, determining, settling and releasing Scheme Creditors' Scheme Claims against the against the Company and the Lenders;

"Scheme Claim" has the meaning given to that term in the Scheme which, as at the date of this Deed, is expected to include:

(a) Redress Claims; and
(b) FOS's claims for FOS Fees;

"Scheme Creditors" has the meaning given to that term in the Scheme which, as at the date of this Deed, is expected to include:

(a) Redress Creditors' in respect of their Redress Claims; and
(b) FOS in respect of their claims for FOS Fees;

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

"Termination Date" means the later of:

(a) the date falling two years after the date of this Deed Poll; and
(b) the date on which all Redress Claims and FOS Fees have been finally determined, settled and / or released against the Lenders and the Company under, and in accordance with, the Scheme;


1.2 Construction

Unless a contrary indication appears any reference in this Deed to:

1.2.1 the "Company", a "Lender", a "Redress Creditor", the "FOS", a "Beneficiary" and any other person shall be construed so as to include its or their (and any subsequent) successors in title, permitted assigns and permitted transferees in accordance with their respective interests;

1.2.2 "assets" includes present and future properties, revenues and rights of every description;
1.2.3 a "person" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);

1.2.4 a "regulation" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;

1.2.5 a provision of law is a reference to that provision as amended or re-enacted from time to time,

1.2.6 a time of day is a reference to the time in London, United Kingdom; and

1.2.7 Clause headings are for ease of reference only.

2. INDEMNITY

2.1 Indemnity

2.1.1 Subject always to sub-Clauses 2.1.2 and 2.6 (Application of Proceeds) and Clause 5 (Limits on Indemnity), the Company irrevocably and unconditionally agrees as a primary obligation:

(a) in favour of each Redress Creditor, to pay to that Redress Creditor all sums from time to time due and payable to it by a Lender in respect of any Redress Liability owing by that Lender to the Redress Creditor. Where any Redress Liability that the Company would otherwise be required to pay under this Deed is instead paid by any Lender after the date of this Deed, then the equivalent obligation of the Company under this clause 2.1.1(a) will be discharged, pro tanto, to the extent of such payment; and

(b) in favour of the FOS, to pay to the FOS all sums from time to time due and payable to it by a Lender in respect of FOS Fees. Where any FOS Fees that the Company would otherwise be required to pay under this Deed is instead paid by any Lender after the date of this Deed, then the equivalent obligation of the Company under this clause 2.1.1(b) will be discharged, pro tanto, to the extent of such payment; and

2.1.2 The undertaking by the Company pursuant to sub-Clause 2.1.1 is given on the condition that the payment by the Company of:

(a) any Redress Liability to a Redress Creditor will, pro tanto, to the extent of such payment, discharge the equivalent obligation of the relevant Lender to pay such Redress Liability to the relevant Redress Creditor; and

(b) any FOS Fees to the FOS will, pro tanto, to the extent of such payment, discharge the equivalent obligation of the relevant Lender to pay such FOS Fees to the FOS.
2.2 Continuing obligations

The obligations of the Company under the Indemnity are continuing and will extend, subject to Clause 5 (Limits on Indemnity), to the ultimate balance of the applicable Relevant Obligations, regardless of any intermediate payment or discharge in whole or in part (save any payment made, or discharge given to the Company, in accordance with the Scheme).

2.3 Reinstatement

2.3.1 Save as provided by Clause 2.3.2, if any discharge, release or arrangement of any Relevant Obligation is made by any Redress Creditor or the FOS (as applicable) in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Company under this Deed will (subject always to Clause 5 (Limits on Indemnity)) continue or be reinstated in respect of those Relevant Obligations as if the discharge, release or arrangement had not occurred.

2.3.2 Clause 2.3.1 shall not apply in respect of any discharge, release or arrangement of a Relevant Obligation by a Scheme Creditor in accordance with the Scheme.

2.4 Company Intent

The Company expressly confirms that it intends that the Indemnity shall extend from time to time to any (however fundamental and of whatsoever nature and whether or not more onerous) variation, increase, extension or addition of any Relevant Obligation.

2.5 Immediate recourse

The Company waives any right it may have of first requiring the FOS or any Redress Creditor (as applicable) (or any trustee or agent on their behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Company under the Indemnity. This waiver applies irrespective of any law or any provision of any document to the contrary.

2.6 Application of Proceeds – Redress Creditors

2.6.1 All monies received or recovered by a Redress Creditor pursuant to the Indemnity must be applied in discharge of that Redress Creditor's Ascertained Deed Liability as if such monies had been received from the relevant Lender in payment of the Ascertained Deed Liability that such Indemnity claim was attributable to.

2.6.2 In accordance with sub-Clause 2.6.1 above, a Redress Creditor who accepts monies from the Company pursuant to the Indemnity irrevocably and unconditionally agrees to apply such monies in discharge of its Ascertained Deed Liability of the relevant Lender, as if such monies had been received from the relevant Lender in payment of the Ascertained Deed Liability that such Indemnity claim was attributable to.
2.7 Application of Proceeds - FOS

2.7.1 All monies received or recovered by the FOS pursuant to the Indemnity must be applied in discharge of the FOS Fees as if such monies had been received from the relevant Lender in payment of the FOS Fees that such Indemnity claim was attributable to.

2.7.2 In accordance with sub-Clause 2.7.1 above, where the FOS accepts monies from the Company pursuant to the Indemnity, it irrevocably and unconditionally agrees to apply such monies in discharge of the FOS Fees of the relevant Lender, as if such monies had been received from the relevant Lender in payment of the FOS Fees that such Indemnity claim was attributable to.

3. CONTRIBUTION

3.1 If any Lender makes payment of any Relevant Obligation, then the Company irrevocably and unconditionally agrees to pay to that Lender by way of contribution the amount set out in Clause 3.2 below, upon receipt of a written demand (the "Demand") from the Lender.

3.2 The amount which the Company is obliged to pay to the relevant Lender under Clause 3.1 is a sum equal to 50% or more (as shall be determined by the Lender) of the amount which the Lender is obliged to pay in respect of the applicable Relevant Obligation to a Redress Creditor or the FOS (as applicable).

3.3 Payments made by the Company pursuant to this Clause 3 shall be made in good time and in accordance with the Payment Instruction accompanying the Demand.

3.4 This Clause 3 is subject to Clause 5 (Limits on Indemnity).

4. PAYMENT INSTRUCTION

4.1 Lender to provide a Payment Instruction to the Company

4.1.1 Any Lender who serves a Demand on the Company for a Contribution Payment (a "Claimant") shall, at the time of serving such Demand, also provide the Company with a Payment Instruction specifying:

(a) the Recipient of such Contribution Payment;

(b) whether the payment is to be made by cheque or electronic bank transfer and, where payments are to be made by way of:

(i) electronic bank transfer, the bank account details of the Recipient (the "Designated Bank Account"); or

(ii) cheque, the address to which the cheque should be sent to (the "Specified Postal Address")

(c) the date by which the Recipient is entitled to receive the Contribution Payment (the "Payment Deadline").
4.1.2 The Recipient specified in the Payment Instruction shall be:

(a) the Claimant; or

(b) in the case of:

(i) a Redress Liability, the Redress Creditor to whom such Redress Liability is owed to; or

(ii) a FOS Fee, the FOS.

4.1.3 Subject to Clause 4.1.2 above, the Recipient specified in the Payment Instruction shall be nominated by the Claimant at the Claimant's sole discretion.

4.1.4 Where the Payment Instruction specifies a Recipient other than the Claimant:

(a) the Company and the Claimant shall take reasonable steps to inform the Recipient that it has been named as a Recipient; but

(b) neither the Company nor the Claimant shall be under any obligation either to seek or to obtain the Recipient's agreement to (i) be named as the Recipient and / or (ii) to receive a Contribution Payment in accordance with this Deed.

4.2 Company to pay Contribution Payment

4.2.1 Upon receipt by the Company of:

(a) a valid Demand; and

(b) a Payment Instruction in respect of such Demand in compliance with Clause 4.1 (Lender to provide a Payment Instruction to the Company) above,

the Company shall pay the Contribution Payment to the Recipient in accordance with the manner of payment specified in the Payment Instruction in good time and, in any event, in sufficient time to ensure that, where the Contribution Payment is to be made by:

(c) cheque, a cheque for the Contribution Payment is posted to the Specified Postal Address on or before the Payment Deadline; or

(d) electronic bank transfer, the Contribution Payment is paid to the Designated Bank Account on or before the Payment Deadline.

4.2.2 The Company shall bear:

(a) all risk of payment under Clause 4.1.1 above; and

(b) any costs incurred respect of such payment.

4.2.3 Where the Company pays a Contribution Payment to a Recipient who is not the Claimant:
(a) the Company shall pay such Contribution Payment to the Recipient on behalf of and as the agent of the Claimant; and

(b) the Claimant shall treat the Company as having made the Contribution Payment as its agent and on its behalf with the purpose and intention of *pro tanto* discharging the Claimant's liability in respect of the Relevant Obligation that was the subject of the Claimant's Demand.

4.3 **Payment and discharge of liability**

4.3.1 Subject to Clause 4.3.2 below, (i) the payment by the Company of the Contribution Payment to the Designated Bank Account or (ii) the posting of a cheque in the amount of the Contribution Payment from, a bank account which is in credit in an amount equal to or greater than such Contribution Payment shall constitute good discharge and satisfaction of the Company's liability under clause 3 (*Contribution*) of the Deed Poll to make the Contribution Payment to the Claimant, and the Company will have no further liability to the Claimant for such Contribution Payment.

4.3.2 The:

(a) credit of the Designated Bank Account with the full amount of the Contribution Payment in freely disposable funds (in the case of payments to be made by way of electronic bank transfer); or

(b) receipt by the Recipient of a cheque in the full amount of the Contribution Payment at the Specified Postal Address,

shall be good discharge and satisfaction of the Company's obligation under Clause 4.2.1 (*Company to pay Contribution Payment*) above, and the Company will have no further liability to the Recipient for such Contribution Payment.

5. **LIMITS ON INDEMNITY**

5.1 **General**

The liability of the Company under any Indemnity claim by:

5.1.1 a Redress Creditor will be capped at an amount that is equal to the Redress Creditor's Ascertained Deed Liability; and

5.1.2 the FOS will be capped at an amount that is equal to the total FOS Fees.

5.2 **Time limitation**

With effect from the Termination Date and without the requirement for any further action from the Company or any other person:

5.2.1 all unvested liabilities and obligations of the Company under this Deed will be irrevocably and unconditionally cancelled and released; and
5.2.2 This Deed shall be of no further force or effect, and the rights, claims, entitlements or interests of the Beneficiaries under this Deed shall cease with immediate effect.

6. **BENEFIT OF DEED**

6.1 **Deed poll**

This Deed is executed as, and shall and is intended to take effect as, a deed poll on the part of the Company for the benefit of the Beneficiaries from time to time.

6.2 **Benefit**

This Deed shall enure to the benefit of each Beneficiary and its successors, each of which shall be entitled severally to enforce this Deed against the Company.

6.3 **Right to enforce Contribution Payment**

Any person named, in a Payment Instruction, as the Recipient of a particular Contribution Payment may enforce the Company's obligation to make such Contribution Payment under, and in accordance with, Clause 4.2 *(Company to pay Contribution Payment)* above.

6.4 **No Assignment**

6.4.1 The Company shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder.

6.4.2 The rights, interests, benefits and entitlements of each Beneficiary (other than the FOS) under this Deed Poll are irrevocably and unconditionally linked to that Beneficiary's rights, interests, benefits, entitlements and obligations in respect of the Loan Agreements.

6.4.3 Where a Beneficiary (other than the FOS) (the "Transferor") assigns, novates or otherwise transfers some or all of its rights, interests, benefits or entitlements (the "Transferred Interests") under, and in accordance with, a Loan Agreement (including any associated Redress Claim) to another person (the "Transferee"), the Transferor shall cease to be a Beneficiary in respect of the Transferred Interests, and the Transferee shall become a Beneficiary in respect of the Transferred Interests.

6.4.4 The rights, interests, benefits and entitlements of the FOS under this Deed Poll are irrevocably and unconditionally linked to the FOS' right to receive payment in respect of the FOS Fees from the Lenders under, and in accordance with DISP and FEES.

6.4.5 Where the FOS assigns, novates or otherwise transfers some or all of its rights to receive payment in respect of the FOS Fees (the "FOS Transferred Interests") to another person (the "FOS Transferee"), the FOS shall cease to be a Beneficiary in respect of the FOS Transferred Interests, and the FOS Transferee shall become a Beneficiary in respect of the FOS Transferred Interests.
6.4.6 Subject to sub-Clauses 6.4.3 and 6.4.5 above, no Beneficiary shall be entitled to assign, transfer, declare a trust over, or create any Security in favour of any other person over, all or any of its rights and benefits hereunder.

6.5 Purported disclaimer

For the avoidance of doubt, the Lender's rights of contribution under Clauses 3 (Contribution) and 4 (Payment Instruction) of this Deed shall survive any purported disclaimer of any provision of this Deed by a Beneficiary.

7. PARTIAL INVALIDITY

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

8. NOTICES

8.1 Address for notices

All notices, demands and other communications to the Company hereunder shall be made in writing (by letter or email) and shall be sent to the Company at:

Attention: The Company Secretary, Provident SPV Limited
Address: No.1 Godwin Street, Bradford, West Yorkshire, United Kingdom, BD1 2SU
E-mail: LegalFinancialServices@provident.com

or to such other address, email address or for the attention of such other person or department as the Company shall notify to the Beneficiaries by publication on the Website.

8.2 Effectiveness

Every notice, demand or other communication sent in accordance with Clause 8.1 (Address for notices) shall be effective upon receipt by the Company, provided that any such notice, demand or other communication which would otherwise take effect:

8.2.1 on a day which is not a Business Day; or

8.2.2 before 9.00 a.m. or after 4.00 p.m. (London time) on a Business Day,

shall not take effect until 9.00 a.m. (London time) on the immediately succeeding Business Day.
9. **ACCOUNTS AND CERTIFICATES**

9.1 **Accounts**

In any litigation or arbitration proceedings arising out of or in connection with this Deed, the entries made in the accounts maintained by any Lender are *prima facie* evidence of the matters to which they relate.

9.2 **Certificates and determination**

Any certification or determination by any Lender of a rate or amount under this Deed, is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

10. **GOVERNING LAW AND JURISDICTION**

10.1 **Governing law**

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

10.2 **English courts**

The courts of England and Wales shall have exclusive jurisdiction to settle any dispute (a "Dispute") arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed or any non-contractual obligation arising out of or in connection with this Deed) or the consequences of its nullity.

10.3 **Service of process**

The Company agrees that the documents which start any Dispute and any other documents required to be served in relation to those Dispute may be served on it by being delivered to the Company at its registered office. Nothing in this Clause 10.3 will affect the right of any Beneficiary to serve process in any other manner permitted by law.

**IN WITNESS** whereof this Deed has been executed by the Company and is intended to be, and is hereby, delivered on the date first before written.
SCHEDULE 1
FORM OF PAYMENT INSTRUCTION

To: Provident SPV Limited (the "Company")

Copy: [●] (the "Recipient")

From: [Insert Lender here] (the "Claimant" or "we").

Date: [●]

Dear Sir / Madam

Deed poll dated March 2021 (the "Deed Poll") issued by Provident SPV Limited in favour of, amongst others, Provident Personal Credit Limited, Greenwood Personal Credit Limited and each of the Redress Creditors

1. We refer to the Deed Poll

2. Unless otherwise defined, capitalised terms used in this payment instruction have the meaning given to them in the Deed Poll.

3. This is a Payment Instruction.

4. We are required to pay an amount of [●] to [●]. In accordance with clauses 3 (Contribution) of the Deed Poll and 4 (Payment Instruction) of the Agreement, we hereby demand that you pay [●] (the "Contribution Payment") to the Recipient [by way of electronic bank transfer to the Designated Bank Account / by way of cheque to be sent to the Specified Postal Address] set out at paragraph 5 below, such payment to [be received in freely disposable funds / posted] by no later than the Payment Deadline.

5. [The Designated Bank Account is: [insert bank account details] / The Specified Postal Address is [insert postal address]]

6. The Payment Deadline is [●].

7. This Payment Instruction and any non-contractual obligations arising out of or in connection with it are governed by English law.

Yours sincerely

[______________________________]

[Lender's name]
SIGNATURE TO THE DEED POLL

Executed as a deed by Provident SPV Limited:

Signature of Director: _______________________
Name of Director:                _______________________
               Malcolm Le May

Signature of Director: _______________________
Name of Director:                _______________________
               Hamish Paton
SECTION VII
ESTIMATED OUTCOME STATEMENT
1. Scope and approach

- We have considered the likely alternative should the proposed Scheme of Arrangement (Scheme) not be approved by either the creditors’ vote or the Court. In this case Provident Personal Credit Limited (PPC) and Greenwood Personal Credit Limited (Greenwood), entities within Provident Financial plc (the Group) will be placed into insolvency, likely to be either an administration or liquidation, with an insolvency practitioner (“IP”) being appointed.
- This document summarises the PPC and Greenwood Estimated Outcome Statements (EOS). The focus of the document is on PPC as Greenwood is a dormant entity with few assets. An EOS is an analysis of the outcome for creditors, including customers due redress, in an insolvency. Full details of the Scheme are detailed in the Explanatory Statement and Scheme documents.
- The conclusion of the EOS is that in an insolvency there will be a shortfall of funds available to repay PPC’s preferential creditors. Accordingly there will be no funds available for distribution to PPC’s other unsecured non-preferential creditors, and no funds available for distribution to Greenwood’s creditors, including to customers with claims for redress.
- This document has been prepared by PPC and Greenwood, having received advice from our professional advisers on relevant areas. This advice has included consideration of legal and insolvency matters.
- A range of possible insolvency outcomes have been analysed, varying the input assumptions to each. This document presents two plausible scenarios which detail estimates of the outcome in alternative insolvency scenarios.
- The starting point for the PPC EOS is the financial position as at 31 December 2020. We have updated the balance sheet for movements since that date and utilised our projections to reach a forecast PPC balance sheet as at 31 July 2021. This date has been chosen for the EOS as the closest month-end to a hypothetical insolvency date at which an IP would be appointed to manage the PPC insolvency. This is assumed to be shortly following an unsuccessful vote at the Scheme meeting.
2. Asset position

PPC has some assets which are expected to deliver value in an insolvency and some which are not expected to be cost-efficient for an IP to collect or will not realise any value. As at the date of the EOS, we have forecast that PPC will have net assets with a booked value of £219m.

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<td>Intercompany debtor</td>
<td>131.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Customer receivables</td>
<td>44.2</td>
<td>16.7</td>
</tr>
<tr>
<td>Tax assets</td>
<td>41.9</td>
<td>6.5</td>
</tr>
<tr>
<td>Other</td>
<td>2.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Total</td>
<td><strong>219.4</strong></td>
<td><strong>24.1</strong></td>
</tr>
</tbody>
</table>

**Intercompany debtor**

- PPC has intercompany balances due from another Group company at the date of the insolvency:
  - There is a significant intercompany amount due from Provident Financial Management Services Ltd (PFMSL). This parent entity of PPC provides PPC with management and administrative functions. This asset is almost 60% of PPC’s total net booked assets at the date of the assumed insolvency;
Intercompany debtor (cont.)

○ As PFMSL’s major asset is its investment in PPC, it is expected that an insolvency of PPC would trigger a PFMSL insolvency. A separate outcome statement has been prepared for PFMSL in order to estimate the recovery for PPC. This separate statement estimates that, as PFMSL does not have significant realisable assets, the value able to be recovered by the PPC IP would be significantly less than 1% of the booked value at the date of the insolvency; and

○ It is expected that the realisation from PFMSL would be paid to PPC within the same timeframe as the expected PPC insolvency. Therefore additional costs will not be incurred by the IP extending the PPC insolvency in anticipation of a recovery from PFMSL.

Customer receivables

• PPC reports the value of its customer receivables according to whether each loan is performing or not. The gross carrying amount of the asset is significantly greater than the net booked value of the £44m included within the EOS. Broadly, the net receivable is lower as it excludes future interest due on loans and estimated recovery provisions reflecting the expected collections strategy and performance. Despite this lower value, the future interest due on loans is still repayable by customers.

• PPC has implemented a mixed collection strategy including: (i) collections through Customer Experience Managers (CEMs), both in person and by card; (ii) central collections into the contact centre; and (iii) Continual Payment Authority (CPA) and outsourcing to realise the customer receivables asset. PPC has forecast the pattern of future collections based on its historical experience of the performance of the receivable.

• In the scenarios, we have assumed that an IP would continue to retain the outsource provider and maintain the CPA to actively collect the remaining customer receivables for a short period. However, the expectation is that an IP would not find it cost effective to retain a CEM function which may not be motivated to operate efficiently in an insolvency and where the IP would not be involved in making any new loans.
Customer receivables (cont.)

- The forecast pattern of future collections has been used as the basis of the realised customer receivables in the EOS. It is expected that this pattern would experience a further amount of insolvency stress. It would also be reduced in value by set-off from customers with both outstanding loans and valid redress claims. The estimated value of this set-off varies in the modelled scenarios to reflect the uncertainty of the number of claims which would be received in an insolvency and uphold rates of these claims.

- Once the IP determines that the overall costs of operating the collections programme outweigh the potential recoveries for the benefits of all creditors, or that continued collections will be uneconomical, it is assumed that a debt sale of the remaining asset would be sought and negotiated. In Scenario 2 it is assumed that insolvency stress and set-off is greater and, as a result, this determination is made earlier in the assumed insolvency than in Scenario 1.

- In Scenario 1, due to the extended time associated with the IP collecting the remaining outstanding loans, it is not anticipated that such a sale would realise significant value for PPC. In Scenario 2 it is assumed that a debt sale would realise greater value for each £1 of loans sold. In both scenarios, the purchaser would face significant costs in making collections without the involvement of PPC e.g. establishing IT support systems. In Scenario 2, these broadly fixed costs are offset against a greater collectable customer receivables asset and therefore a purchaser is assumed to pay a greater proportion of the remaining receivable value.

- In either scenario, the total value realised from the customer receivables asset is expected to be much less than the value PPC might otherwise expect to collect in a solvent, unstressed environment. Customers would still be required to meet their loan repayments, whether collections are made by a CEM, the outsourcer, or whether their loan is eventually transferred to a purchaser. However, collections are more difficult in an environment where there is no future lending.
2. Asset position (continued)

Tax assets
- PPC expects to have current tax assets. These relate to amounts potentially due from other Group companies in exchange for tax losses arising in PPC in 2020 and 2021. This amount is uncertain as the extent to which the rest of Group will have a need for such losses in 2021 is unclear at present, as is the value which an IP would be able to negotiate for the losses. A discount has accordingly been made.
- Whilst PPC has additional potential tax losses, represented as deferred tax assets, an insolvency would likely break the tax group such that these losses would not be able to be utilised by the rest of the group.

<table>
<thead>
<tr>
<th>Tax asset</th>
<th>Forecast booked value at 31 July 2021 (£’m)</th>
<th>Estimated realisations (£’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax asset (2020)</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>Current tax asset (2021)</td>
<td>4.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>33.2</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41.9</strong></td>
<td><strong>6.5</strong></td>
</tr>
</tbody>
</table>

Other assets
- This item includes some physical assets and trade receivables. In addition, there is a cash balance within PPC, However, this is expected to be very small at the date of the insolvency.
3. Costs

Insolvency professional costs
- Professionals’ costs (covering both the IP and legal fees) are varied in the two scenarios modelled.
- An insolvency process is a complex procedure requiring the knowledge and experience of skilled professionals, including IPs and lawyers, who charge fees at their professional market rates. In the two scenarios, the different collections strategies are assumed to incur different IP and legal costs.
- There is an extensive PPC customer base and there will be significant costs associated with notifying customers and interacting with them during the insolvency as is required of an IP.

Other insolvency costs
- In addition to professionals’ costs, the IP would incur further costs to continue to secure loan repayments and run the insolvency. Whilst the costs incurred in Scenario 2 are expected to be less than in Scenario 1, costs in both scenarios are expected to include:
  - **Staff costs** - the IP would require the cooperation of existing staff to support PPC continuing to secure outsourcer collections of loan repayments. There will likely also be a structure of retention and incentive payments to key staff to ensure motivation is maintained during the insolvency process;
  - **IT** - material expenditure on the IT infrastructure will be required in order to maintain collections, despite the outsource arrangement in place;
  - **Outsource commission** - this is the amount due to the retained outsourcer charged with securing ongoing loan repayments. This is a fixed percentage of the amounts collected, however it is anticipated that this cost would be significantly less than the cost of the IP trying to bring collections back in-house. The IP would need to design a completely new collections process and hire, train and support the collections agents in order to undertake the work currently performed by the outsourcer. This cost is expected to be greater than the cost of continuing the current arrangement; and
  - **Property and other** - there are other cost categories which are each less material than those specified above. Whilst these costs would be rationalised by an IP where possible, a number are retained at reduced value as they are required to support the ongoing operation of PPC in securing collection of the customer receivables.
4. Secured and preferential creditors

Secured creditors
• PPC has a single secured creditor, the Senior Executive Defined Benefit Pension Scheme.
• This particular pension scheme has a charge against customer receivables. However whilst it is included in the PPC EOS, the maximum exposure of this secured claim is estimated to be negligible in an insolvency.

Preferential creditors
• PPC is forecast to have over 650 direct employees at the date of an insolvency. Any of these individuals not retained at the start of the insolvency would have a preferential claim. This consists of any arrears of pay and any unpaid accrued holiday pay, up to a statutory maximum of £800 per person.
• HMRC is expected to have a secondary preferential claim in respect of any outstanding payroll taxes at the date of the insolvency. This has been assumed to relate only to the month immediately prior to the insolvency with an estimate included for this value.
• Additionally, as disclosed in the notes to PPC’s latest filed statutory accounts, HMRC has a potential claim for some historic National Insurance Contributions (NIC) and Pay As You Earn (PAYE) balances. If this claim crystallises, a portion would rank as a secondary preferential claim in the insolvency. This matter is the subject of an ongoing HMRC review, which commenced in 2019, into the employment status of agents engaged by PPC’s home credit business in the period from April 2014 to July 2017. Whilst the Group remains confident, based on legal advice received, that agents were self-employed as a matter of law throughout their engagement by the home credit business, it is recognised that the outcome of this review is uncertain. It is also expected that the review could continue for at least another year. As disclosed in PPC’s latest filed accounts, if the outcome of the review is unfavourable to PPC, it would be required to pay additional taxes. These will include, employer’s NIC, as well as PAYE and employees’ NIC, on the c.£80m per annum commission PPC paid to agents in the UK for the years concerned.
Preferential creditors (cont.)

• Discussions with HMRC remain in the preliminary stages. The Group does not know the amounts of tax and NIC paid by agents through self-assessment which are available for offset against any PAYE and employees’ NIC liability. It is therefore difficult to calculate an accurate liability should the Group be unsuccessful in defending its position.

• HMRC has raised, or will shortly raise, protective assessments. These are a procedural matter to ensure that, in the event the review concludes that taxes are payable, HMRC can recover amounts that would otherwise drop out of time due to the lapse of statutory time limits. All of the protective assessments have been, or will be, appealed by PPC. Excluding interest on overdue tax and any penalties, the protective assessments are expected to total £50m, being the full amount of NIC and PAYE before any offset for tax or NIC paid by the agents through self-assessment. The preferential element of this amount is £31m.

• In an insolvency the IP would need to be put in funds by the unsecured non-preferential creditors in order to potentially defend this claim. Apart from legal advice and potentially legal support in proceedings, costs may be required for the factual research required to obtain a resolution. As creditors are facing a low value of realised assets, and the HMRC claim would need to be almost eliminated for there to be any return to the unsecured non-preferential creditors, it is highly unlikely that they would fund the IP to defend the HMRC claim.

• With the uncertainty surrounding the outcome of the review and the likelihood of an IP not being in a position to defend the claim, PPC has estimated a possible value for this element of the HMRC preferential claim. This is reflected in the two scenarios presented in this document. Scenario 1 assumes that the claim is valued at the expected total of the preferential element of the protective assessments, noting that this does not include offset for tax and NIC paid by agents through self-assessment. Scenario 2 assumes that there is an outcome to the claim which is 50% less than in Scenario 1. This 50% is not a recognition of any expected outcome of the claim and is only included to illustrate a potential range to this preferential liability. In reality the IP only needs to acknowledge a claim in excess of the assets available for the outcome to be the same.
In an insolvency of PPC, there is expected to be a significant value of submitted unsecured non-preferential creditor claims. The EOS groups these claims into a number of cohorts:

- **Redress claims** - this is the most material cohort by estimated value. These claims are expected to be received from customers seeking redress for alleged unaffordable lending claims. Any customers with a valid redress claim and who also have an outstanding loan balance will first receive insolvency set-off of their claim against their outstanding balance. Thereafter, any additional valid claim value will rank alongside all other unsecured non-preferential creditor claims, including those from customers who do not have an outstanding loan balance. To reflect the uncertainty in the value of received claims from this cohort in an insolvency, different assumptions have been made in each scenario;
- **Intercompany** - PPC is expected to receive a significant unsecured non-preferential creditor claim from Provident Financial Holdings Ltd, another Group entity, in relation to intra-group lending arrangements;
- **Pension scheme** - this is a claim from a different pension scheme to that with a secured claim referred to earlier. This claim would be against PPC as an employer, triggered by PPC’s insolvency and would be made under section 75 of the Pensions Act 1995. The claim represents PPC’s share of the shortfall in the pension scheme; and
- **Other** - this cohort includes trade creditors, HMRC’s non-preferential creditor claim for employer’s NIC, and landlord positions. The aggregate claim for this cohort is significantly less than the value of the claims in each of the other cohorts.

An estimate for the aggregate value of unsecured non-preferential claims has been included within the EOS. However, particularly in relation to the aggregate value of unsecured redress claims where there are multiple factors which will influence the number of claims which will be received, producing an accurate estimate is difficult. The values presented in the EOS for the aggregate value of unsecured non-preferential claims may differ markedly from those which may be actually received in an insolvency of PPC. Further work has not been undertaken as it is clear that there is no return to this class of creditor.
7. Summarised PPC EOS output

We have modelled two plausible and realistic EOS scenarios to estimate the outcome of the insolvency for the PPC creditors. These scenarios vary the assumptions underpinning (i) the possible realisations of assets by the IP; (ii) the value of secondary preferential claims; and (iii) the values of unsecured non-preferential claims received, primarily through claim response rates from customers in an insolvency. Each scenario also factors in a reduction in customer receivables asset value, via insolvency set-off, as a result of valid redress claims being received from customers with outstanding loan balances.

<table>
<thead>
<tr>
<th></th>
<th>Scenario 1</th>
<th>Scenario 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Booked asset value at insolvency</td>
<td>£219m</td>
<td>£219m</td>
</tr>
<tr>
<td>Active collections period</td>
<td>Long</td>
<td>Short</td>
</tr>
<tr>
<td>Realised asset total</td>
<td>£24m</td>
<td>£16m</td>
</tr>
<tr>
<td>Collections and insolvency costs</td>
<td>(£19m)</td>
<td>(£10m)</td>
</tr>
<tr>
<td><strong>Net funds available to secured and preferential creditors</strong></td>
<td><strong>£5m</strong></td>
<td><strong>£6m</strong></td>
</tr>
<tr>
<td>Secured and preferential creditor liabilities</td>
<td>(£32m)</td>
<td>(£16m)</td>
</tr>
<tr>
<td><strong>Shortfall for creditors payable in priority to unsecured non-preferential creditors</strong></td>
<td><strong>(£27m)</strong></td>
<td><strong>(£10m)</strong></td>
</tr>
<tr>
<td>Unsecured non-preferential creditor liabilities</td>
<td>(£831m)</td>
<td>(£1,562m)</td>
</tr>
<tr>
<td><strong>Recovery for unsecured non-preferential creditors</strong></td>
<td><strong>0%</strong></td>
<td><strong>0%</strong></td>
</tr>
</tbody>
</table>
Greenwood provided customer loans until it stopped trading in 2013. After Greenwood stopped trading, all of its business was transferred to PPC. This included Greenwood’s responsibility to pay compensation to customers who were incorrectly issued a loan, although the liability legally remained with Greenwood. Greenwood has subsequently been broadly dormant.

Currently, and as forecast at the insolvency date, Greenwood’s only asset of value relates to an intercompany debtor balance due from Group. Greenwood also has an immaterial tax asset which consists of potential group relief recoveries arising from tax losses. However, an insolvency would break the tax group and these losses would not be able to be sold within the Group.

The costs of an insolvency of Greenwood are expected to be significantly greater than the realisable value of the intercompany balance, even if that asset realises at full value from Group. This is because Greenwood has many tens of thousands of customers which would potentially be due redress.

Therefore, in all scenarios, all classes of creditors in the Greenwood insolvency would receive a nil recovery. This includes any unsecured claims received from customers in relation to unaffordable lending redress.
9. Conclusions

• If an insolvency event occurs for PPC, the full booked net asset values will not be able to be fully realised by an IP. The major driver for this is that PPC’s most significant asset is an intercompany debtor balance due from PFMSL. In turn, PFMSL’s major asset is its investment in PPC which would become worthless upon PPC’s insolvency. Therefore an insolvency of PPC would trigger an insolvency for PFMSL in which there would be no material return to any of PFMSL's creditors, including for PPC’s intercompany debt.
• There is uncertainty over the ultimate position of a key claim which may be made by preferential creditors. As a result, a range of this claim has been estimated in the two EOS scenarios with the estimated value which is most favourable to unsecured creditors being applied to Scenario 2.
• In both modelled scenarios, there is a shortfall to the PPC creditors payable in priority to unsecured non-preferential creditors.
• Greenwood has negligible assets in comparison to the costs of an insolvency process. This therefore means that there would be no recovery for any class of creditor.
• It is therefore estimated that insolvencies of both PPC and Greenwood would result in no recovery for unsecured non-preferential creditors, including those customers seeking redress for unaffordable lending claims.