

**SECTION V
FUNDING DEED**

PROVIDENT FINANCIAL PLC
AND
PROVIDENT SPV LIMITED

FUNDING DEED

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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**").

RECITALS:

- (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.

