

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker or other independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your Ordinary Shares in PCF Group plc (the “**Company**”), please send this document (the “**Circular**”) together with any accompanying documents to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares in the Company, you should retain these documents and contact the stockbroker, bank or other agent through whom the sale was effected.

PCF GROUP PLC

(Incorporated and registered in England and Wales with company number 02863246)

Recommended proposals for creditors' voluntary liquidation of the Company and Notice of General Meeting

This Circular should be read as a whole.

Your attention is drawn to the letter from the Chair of the Company contained in this Circular, which contains the Directors' recommendation that you vote in favour of the Winding Up Resolutions to be proposed at the General Meeting.

Notice of the General Meeting of the Company to be held at 1 Cornhill, London EC3V 3ND at 11am on Wednesday, 19 June 2024 is set out at the end of this Circular. Shareholders will find enclosed with this Circular a Form of Proxy for use in connection with the General Meeting. Whether or not you intend to attend the General Meeting in person, you are requested to complete and return the enclosed Form of Proxy to the Company's registrars, Computershare Investor Services plc at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, and in any event not later than 11am on Monday, 17 June 2024.

Further details of the action you should take are set out in the paragraph headed “Action to be taken” in the letter from the Chair of the Company.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Circular	3 June 2024
Latest time and date for receipt of Forms of Proxy	11am 17 June 2024
General Meeting to approve the CVL	11am 19 June 2024
Creditors Decision to ratify the appointment of the Joint Liquidators	Following General Meeting on 19 June 2024
Appointment of the Joint Liquidators	Following General Meeting on 19 June 2024

Notes

1. The times and dates set out in the expected timetable of principal events above and mentioned throughout this Circular may be adjusted by the Company, in which event details of the new times and dates will be notified to Shareholders.
2. All references to times and dates in this Circular are to times and dates in London, United Kingdom.

DEFINITIONS

The following definitions apply throughout this Circular unless the context requires otherwise:

“Act”	Companies Act 2006;
“AIM”	Alternative Investment Market, a market operated by London Stock Exchange plc;
“Announcement”	the Company’s announcement made on 3 June 2024;
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which sterling deposits may be dealt in on the London inter-bank market and on which commercial banks are open for general business in London;
“Circular”	this document;
“Company”	PCF Group plc;
“CREST”	the UK paperless share settlement system of which Euroclear is the Operator (as defined in the Uncertificated Securities Regulations 2001);
“CREST Manual”	the manual, as amended from time to time, produced by Euroclear describing the CREST system and supplied by Euroclear to users and participants thereof;
“CREST member”	a person who has been admitted by Euroclear as a system member (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755));
“CVL”	a creditors’ voluntary liquidation;
“Directors” or “Board”	the board of directors of the Company;
“Euroclear”	Euroclear UK and International Limited;
“FCA”	the Financial Conduct Authority;
“Facility”	the Somers standby facility that was entered into between the Company and Somers (as detailed in the Company’s announcement of 20 June 2023);
“Form of Proxy”	the form of proxy enclosed with this Circular for use at the General Meeting;
“General Meeting”	the general meeting of the Company to be held at 1 Cornhill, London EC3V 3ND at 11am Wednesday 19 June 2024, notice of which is set out at the end of this Circular;
“Liquidators” or “Joint Liquidators”	Peter Dickens and Edward Macnamara both of PricewaterhouseCoopers LLP, of 1 Hardman Square, Manchester M3 3EB, United Kingdom and 7 More London Riverside, London, SE1 2RT, United Kingdom, respectively;
“MVL”	a members’ voluntary liquidation;
“Notice”	the notice of General Meeting set out at the end of this Circular;
“Ordinary Shares”	ordinary shares of £0.05 each in the issued share capital of the Company;
“PCF Bank”	PCF Bank Limited;
“PCF Group”	the Company and its subsidiaries;
“PRA”	the Prudential Regulation Authority;
“Regulators”	together the Bank of England, FCA and PRA;
“Shareholders”	the holders of Ordinary Shares;
“Somers”	Somers Limited;
“Wind Up” or “Winding Up”	the proposed liquidation of the Company by way of CVL; and
“Winding Up Resolutions”	the proposed special resolution and ordinary resolutions to Wind Up the Company which are set out in the Notice.

LETTER FROM THE CHAIR
PCF GROUP PLC

(Incorporated and registered in England and Wales with company number 02863246)

Directors
Simon Moore *(Chair)*
Garry Stran *(Chief Executive Officer)*
Mark Sismey-Durrant *(Non-Executive Director)*

Registered Office
Dashwood House
69 Old Broad Street
London
EC2M 1QS

3 June 2024

To the holders of Ordinary Shares

Dear Shareholder,

**Recommended proposals for creditors' voluntary liquidation of the Company and
Notice of General Meeting**

1 Introduction and background

As Shareholders will know from the Company's previous announcements and the Shareholder meeting on the 6 February 2024, the Board had previously reviewed the options for the future of the Company and in November 2022 concluded that an orderly run-off of its businesses was in the best interests of its stakeholders as a whole.

The Board has now prepared proposals to implement the final phase of that run-off by way of a creditors' voluntary liquidation ("**CVL**") of the Company which are set out in this Circular.

The purpose of this letter is to provide you with the background to, and the reasons for the Winding Up, and to explain why the Directors consider it to be in the best interests of the Company. The Company intends to convene a General Meeting at which Shareholders will be asked to approve the proposed CVL of the Company and the appointment of Peter Dickens and Edward Macnamara as the Joint Liquidators.

Details of the General Meeting can be found in the Notice at the end of this Circular.

2 Background

In May 2021, the Company's Ordinary Shares were suspended from trading on AIM, while a review into the financial controls and reporting processes took place. The underlying reasons for the suspensions were covered in an RNS in June 2021 and the 2021 annual report and accounts (specifically in the auditor's opinion to that report).

As that announcement and as the annual report outlined at the time, the focus of the Board and everyone in the business was to remediate the issues found following the independent investigation into the financial controls and reporting processes, and to put the bank onto solid foundations, from which point the aim was for the Ordinary Shares to be re-admitted to trading on AIM and a future strategy for the business to be developed and implemented.

Following significant work and expense on upgrading and improving the controls environment, and the publication of the 2020 annual report and accounts, the share suspension was lifted in January 2022. A further share suspension took place for technical reasons relating to the publication of the annual report and accounts for 2021 in April, before being lifted again in May 2022.

Following this costly, but essential exercise, the Company sought to raise growth capital or, alternatively, to execute a strategic transaction. The Board considered that these were the only two options that would make the PCF Group a viable entity in the medium- to long-term, given the increased cost base required to run a regulated bank (to prevent the risk of future issues associated with its finance, controls and governance operations) and the resultant need for a balance sheet that was significantly larger to support such a cost base. Failing this the Board believed that the only remaining option was the orderly run-off of the PCF Group.

Accordingly, work started on executing against these strategic aims. This was an exhaustive exercise, with 21 data rooms opened for interested parties, resulting in five non-binding offers for the PCF Group, or parts of the PCF Group, but no offers for growth capital were received. Unfortunately, all these discussions failed, primarily as a result of uncertainty surrounding a potential liability related to discretionary commissions on motor finance lending (a situation which has evolved further since the cessation of this process and is now an ongoing investigation by the FCA as announced in January 2024).

Throughout this process, PCF Bank remained fully operational, to preserve value in the fabric and franchise of the PCF Group, with additional capital being provided by the majority shareholder, Somers, to facilitate this. Once the Board had exhausted all options, it concluded that the most appropriate action was to exit the UK banking market.

PCF Group then exited the UK banking market in November 2022, and the Company de-listed from AIM in December 2022. Since November 2022, the Board has implemented cost reduction measures, whilst remaining cognisant of its regulatory obligations, both in respect of capital requirements and threshold conditions, as PCF Bank remained a regulated bank.

Alongside this, the Board also continued to pursue the sale of PCF Group (or parts of thereof) to give optionality, as well as the sale of the PCF Group's loan books in order to provide the liquidity to repay depositors as part of the orderly run-off process of PCF Bank.

Following a competitive process generating four separate bids for the loan books and/or PCF Group entities and, following the termination of discussions by potential counterparties over the sale of the PCF Group, or parts of the PCF Group, the PCF Group's primary loan portfolios were sold in July 2023.

From the proceeds of this sale PCF Bank was able to complete the repayment of depositors by early October 2023, which we understand was the fastest repayment of a retail deposit book ever executed in the UK, enabling the PCF Group to move onto the next stage of the wind down process. The speed of the repayment to depositors was a significant factor in being able to reduce the overall cost base of PCF Group as quickly as possible.

PCF Group continued to reduce its costs as the operational elements of PCF Bank were closed, including reducing the number of directors on the various boards within the PCF Group and making the vast majority of its colleagues redundant without any appeals or employment tribunal related issues. There are now fewer than 15 employees at the Company, including Directors, principally focussed on meeting regulatory requirements and compliance matters of PCF Bank in addition to the liquidation process.

The PCF Group applied to surrender its Part 4A permissions, including its deposit taking licence, in December 2023 to the FCA and PRA and sought an expedited affirmative decision in respect of this surrender from its regulators, following which the PCF Group planned to initiate a members' voluntary liquidation ("**MVL**") in relation to each of its group entities.

Despite the efforts of the PCF Group to expedite this regulatory process in line with its pre submission discussions with its Regulators it was made clear to PCF Bank in March 2024 that the FCA was not yet in a position where it felt able to give the PRA clearance to accept the surrender of PCF Bank's banking licence or the surrender of PCF Group's other regulatory permissions for holistic reasons (including the aforementioned ongoing FCA investigation into discretionary commissions in the motor finance sector, which is not due to report until September 2024 at the earliest).

With regard to funding implications of such delays, under the Somers standby facility that was entered into between the Company and Somers (as detailed in the Company's announcement of 20 June 2023 - the "**Facility**"), there is an uncertainty whether Somers would accept a request under that Facility at this time. In addition, the Shareholders should be aware that in accordance with its original terms, upon the Company and the PCF Bank going into liquidation, the Facility will, in any event, cease to be available to the Company.

In this regard, the Directors concluded that, given the PCF Group has reached the final phase of its operational run off and the uncertainty as to whether the Facility could be used to fund operations pending the approval of the surrender of its regulatory permissions, the interests of stakeholders and creditors of the Company are better served by placing the Company into liquidation sooner rather than later, thus avoiding the risk of the Company (and indirectly PCF Bank) becoming cashflow insolvent.

3 **Current position**

Following further discussions with its Regulators, in late March, the PRA and FCA indicated that they were content with the PCF Group going into a voluntary liquidation and confirmed verbally in a meeting on 8 April 2024 that they had no objection to them doing so, albeit whilst the existing regulated members of that group, and PCF Bank in particular, remained regulated entities.

As previously advised, PCF Group had planned to initiate MVLs. However, as a result of certain members of the PCF Group having to remain regulated, it has been concluded by the Directors that the optimum option available is to Wind Up the Company and other remaining members of the PCF Group by way of CVLs.

The Board is now looking to complete that liquidation process as quickly and cost effectively as possible.

As PCF Bank remains a regulated bank, PCF Group has had to adopt an additional process to its liquidation plans in relation to that entity. Specifically, it has had to make an application for a Court hearing at which it will seek the Court's approval prior to PCF Bank seeking shareholder approval for its voluntary winding up under section 84 of the Insolvency Act 1986. PCF Bank made such application following confirmations, on the 16 May 2024, from the Bank of England that it will not exercise its stabilisation powers and confirmation from the Bank of England, FCA and PRA that they do not intend to apply for a bank insolvency order. That Court hearing is set for 6 June 2024. Assuming such approval is granted by the Court, PCF Bank will then proceed with the necessary corporate steps to obtain its shareholder's approval, synchronising that process with the liquidation process of the Company.

At all times, the Board has acted to wind down the PCF Group quickly, efficiently and cost effectively with a view to seeking to preserve its limited cash resources as best it can in the interests of Shareholders and other stakeholders, in keeping with their fiduciary duties. However, the complexities of the regulated status of certain members of PCF Group have necessitated it to maintain a cost base in order to discharge its regulatory obligations and incur significant expense on legal and other professional advisers. As a result of being unable to go forward with our preferred option of an MVL, the Board now believes a CVL is the most appropriate mechanism to complete the liquidation process. To this end, this Circular contains a notice of General Meeting at which a resolution to pursue a CVL will be put to Shareholders.

It is expected that, if the Liquidators are appointed, they will distribute any net cash to Shareholders, after settlement of any agreed creditor claims and the costs of the CVL process.

The Board reiterates its previous guidance to Shareholders that its assessment of the outcome of the Winding Up is that it remains unlikely there will be a meaningful distribution by the Company to the Shareholders, if any. It will entirely be dependent upon the extent to which PCF Bank is able to make any distribution to the Company upon completion of its liquidation.

4 **Costs and expenses of the liquidation**

If appointed, the Liquidators will be entitled to receive remuneration for their services by reference to the time properly given by them and their staff, as well as raise and draw invoices in respect of disbursements.

The Board estimates that the costs and expenses of the liquidation will amount to not less than £270,000 which comprises the fees of the Liquidators (exclusive of VAT, to the extent applicable).

5 **Shareholders**

Following confirmation of their appointment, the Liquidators will take appropriate steps to manage queries and communicate with Shareholders as necessary.

6 **Irrevocable undertaking**

The Company has received an irrevocable undertaking from Somers to vote in favour of the Winding Up Resolutions in respect of 244,489,880 Ordinary Shares, representing approximately 73.24 per cent. of the votes capable of being cast at the General Meeting.

7 **General Meeting**

The implementation of the CVL will require Shareholders to vote in favour of the Winding Up Resolutions at the General Meeting. In summary, the Winding Up Resolutions are being proposed THAT:

- a) the Company be wound up voluntarily (by way of a creditors' voluntary liquidation) (the "**Special Resolution**"); and
- b) Peter Dickens of PricewaterhouseCoopers LLP, 1 Hardman Square, Manchester M3 3EB and Edward Macnamara of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT be appointed as the Joint Liquidators for the purpose of the CVL: and
- c) THAT any act required or authorised (whether under any enactment or otherwise) to be done by the Liquidators of the Company may be done by any one or more of the persons holding the office of Joint Liquidator from time to time (whether acting alone or jointly). (together paragraphs (b) and (c) being the "**Ordinary Resolutions**").

You will find at the end of this Circular the Notice convening the General Meeting to be held at 1 Cornhill, London EC3V 3ND at 11am on 19 June 2024. The purpose of the General Meeting is for the Shareholders to consider, and if thought fit, pass the Winding Up Resolutions.

The Notice includes the full text of the Winding Up Resolutions.

In accordance with section 84(1)(b) of the Insolvency Act 1986, the resolution placing the Company into a CVL will be proposed as a special resolution and, in order to be passed, will require the approval of 75 per cent. or more of the votes cast at the General Meeting, whether in person or by proxy.

The resolutions dealing with, amongst other things, the appointment of the Liquidators for the purposes of the CVL will be proposed as ordinary resolutions and, in order to be passed, will require the approval of 50 per cent. or more of the votes cast at the General Meeting, whether in person or by proxy.

At the General Meeting, the Winding Up Resolutions will be put to a vote on a poll, and each Shareholder present in person or by proxy shall have one vote in respect of each Ordinary Share held. The quorum for the General Meeting will be two Shareholders entitled to vote, present either in person or by proxy (or, if a corporation, by a representative), and arrangements will be made by the Company to ensure that the minimum of two Shareholders required to form a quorum will attend the General Meeting in order that it may proceed and the business be concluded. Further details on voting are set out in the notes to the Notice of General Meeting at the end of this Circular.

The Board is pleased to be able to give Shareholders the opportunity to attend the General Meeting in person at the address set out in the Notice convening the General Meeting at the end of this Circular.

If Shareholders would like to submit any questions in advance of the General Meeting they are invited to submit these via the Investor Meet Company dashboard at www.investormeetcompany.com/pcf-group-plc/register-investor

8 **Action to be taken**

You will find enclosed with this Circular a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are requested to complete the Form of Proxy and return it to the Company's registrars, Computershare Investor Services plc at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to arrive no later than 11am on 17 June 2024. The completion and return of the Form of Proxy will not affect your right to attend and vote in person at the General Meeting if you wish to do so.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service should refer to notes 6 to 9 inclusive of the Notice set out at the end of this Circular.

9 **Recommendation**

The Directors believe that the Winding Up is in the best interests of the Company and its Shareholders as a whole and unanimously recommend that you vote in favour of the Winding Up Resolutions as they intend to do in respect of their own beneficial shareholdings which total 87,305 Ordinary Shares and represent approximately 0.026 per cent. of the issued share capital of the Company.

Yours faithfully

Simon Moore
Chair

NOTICE OF GENERAL MEETING

PCF Group plc

(Incorporated and registered in England and Wales with company number 02863246)

Notice is hereby given that a general meeting of PCF Group plc (the "**Company**") will be held at 1 Cornhill, London EC3V 3ND at 11am on 19 June 2024 (the "**General Meeting**") to consider and, if thought fit, pass the following resolutions (the "**Resolutions**"), of which Resolution 1 will be proposed as a special resolution of the Company and Resolutions 2 and 3 will be proposed as ordinary resolutions of the Company.

Special Resolution

1. THAT it has been proved to the satisfaction of the undersigned that the Company cannot, by reason of its liabilities, continue its business and accordingly that the Company be wound up voluntarily (by way of a creditors' voluntary liquidation).

Ordinary Resolutions

2. THAT Peter Dickens of PricewaterhouseCoopers LLP, 1 Hardman Square, Manchester M3 3EB and Edward Macnamara of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT be appointed as Joint Liquidators of the Company for the purpose of its voluntary winding up.
3. THAT any act required or authorised (whether under any enactment or otherwise) to be done by the Liquidators of the Company may be done by any one or more of the persons holding the office of Joint Liquidator from time to time (whether acting alone or jointly).

By order of the Board

Duncan McDonald
Company Secretary

Registered Office
Dashwood House
69 Old Broad Street
London
EC2M 1QS

Notes

- 1 A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote on their behalf. Members may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares. A proxy need not be a member of the Company.
- 2 Shareholders can:
 - 2.1 appoint a proxy by returning the enclosed Form of Proxy by post; or
 - 2.2 if a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service.
- 3 A Form of Proxy is enclosed. To be valid, the Form of Proxy must be lodged with the Company's registrars, Computershare Investor Services plc, at The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours before the time appointed for the holding of the General Meeting.
- 4 Completion of a Form of Proxy will not prevent a member from attending and voting in person at the General Meeting if the member so wishes.
- 5 The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the Register of Members of the Company at close of business on 16 June 2024 shall be entitled to vote at the General Meeting in respect of the number of ordinary shares in the Company registered in their name at the relevant time. Changes to entries in the Register of Members after close of business on 16 June 2024 shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.

- 6 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members and those CREST members who have appointed (a) voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
- 7 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in this notice of General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 8 CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 9 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.