

ALL Scheme Ltd

**Scheme Supervisors'
progress report for the period
1 September to 30 November 2022**

February 2023



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Abbreviations and definitions

The following table shows the abbreviations and terms that may be used in this report.

Abbreviation or definition	Meaning
Administration	Administration is an insolvency process by which a company is placed under the control of an insolvency practitioner to achieve objectives laid down by statute.
ALL	Amigo Loans Ltd.
AMSL	Amigo Management Services Ltd.
Effective Date	26 May 2022 being the date on which the Order sanctioning the Scheme was delivered to the Registrar of Companies in England and Wales for registration.
FCA	The Financial Conduct Authority, ALL's regulator.
First Funding Payment	A payment of £60 million.
FOS	The Financial Ombudsman Service.
Holdings PLC	Amigo Holdings PLC.
Loan	A loan made by ALL to any person whether resident in the United Kingdom or elsewhere after 28 January 2005 and before 21 December 2020, which was administered by ALL or AMSL.
Period	1 September 2022 to 30 November 2022
Preferred Solution	The method of implementing the Scheme which is the primary objective of the Scheme. It envisages ALL starting to lend again and raising new money. ALL believes the Preferred Solution will provide more compensation than the alternative outcomes.
Redress Liability	An amount owed by SchemeCo to a person whether resident in the United Kingdom or elsewhere (including borrowers, former borrowers, guarantors and former guarantors), arising out of or in relation to the provision or administration of a Loan, and excluding: (a) any amounts owed between any of ALL, AMSL, Holdings PLC and/or SchemeCo; and (b) certain excluded liabilities.
Scheme	The ALL scheme of arrangement, made in accordance with Part 26 of the Companies Act 2006.
SchemeCo	ALL Scheme Ltd.
Scheme Fund	The balance from time to time which stands to the credit of the Trust Account.
Scheme Creditor	A person who is or claims to be a creditor (this means somebody that is owed compensation) of SchemeCo in respect of a Scheme Liability.
Scheme Liability	A Redress Liability or an amount due to FOS in respect of outstanding fees.
Second Funding Payment	A payment of £37 million.
Trust Account	The account in the name of SchemeCo the balance of which is held on trust by SchemeCo for the Scheme Creditors.

Key messages

This is our second report as Scheme Supervisors since the Scheme was approved by the High Court on 23 May 2022. We are writing to update you on the progress of the Scheme for the Period.

The deadline of 26 November 2022 for submitting claims has now passed and it is no longer possible to submit claims in the Scheme.

What you need to do

If you have submitted a claim into the Scheme you will be sent a notification via the Amigo Scheme website: www.amigoscheme.co.uk when the assessment of the claim has been completed.

This report is for your information only.

This report has been prepared by Dan Schwarzmann and Nigel Rackham as Joint Scheme Supervisors of the ALL Scheme, solely to provide an update on the progress of the Scheme to Scheme Creditors and for no other purpose. It is not suitable to be relied upon by Scheme Creditors, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in Holdings PLC, ALL, AMSL or SchemeCo.

Any person choosing to rely on this report for any purpose or in any context other than for assessing the progress of the Scheme does so at their own risk. To the fullest extent permitted by law, the Scheme Supervisors do not assume any liability in respect of this report to any person.

Dan Schwarzmann and Nigel Rackham have been appointed as Scheme Supervisors and act as agents of SchemeCo without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Scheme Supervisors are bound by the Insolvency Code of Ethics which can be found at: www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics

Overview of progress to date

As Scheme Supervisors we are required to act in good faith with reasonable skill and care in the interests of the Scheme Creditors as a whole, and exercise our powers and functions under the Scheme with a view to ensuring that the Scheme is implemented in accordance with its terms.

During the Period we have continued to meet with ALL's and SchemeCo's representatives to discuss and assess the activities that have been undertaken in respect of the Scheme. We provide updates on the key developments below.

Funding Payments

It was previously reported that a Trust Account was set up to hold money on trust for the benefit of Scheme Creditors and that the First Funding Payment of £60m was paid by ALL into the Scheme Fund.

The Second Funding Payment, £37 million, was paid by ALL into the Scheme Fund on 21 February 2023.

Notice of the Claims Submission Deadline

During the Period SchemeCo issued reminder notices to Scheme Creditors three months and one month prior to the claims submission deadline in the following ways:

- by email and / or SMS to each person who SchemeCo believed may be a Scheme Creditor and for whom SchemeCo has an email address and / or mobile phone number;
- by notice on the Amigo website (www.amigoscheme.co.uk);
- by advertisement in the Daily Mirror and the Daily Mail (including the Northern Irish and Scottish equivalents); and
- posting on SchemeCo's social media.

Claims Submissions and outcome for Scheme Creditors

The deadline of 26 November 2022 for submitting claims has now passed. The total number of unique claims received from both borrowers and guarantors is c.210,000. The 41 pence in the pound compensation detailed in the Explanatory Statement was calculated with a forecast of c.125,000 claimants after removing any related borrower and guarantor overlap.

Given the higher than forecast claims and a preliminary view on likely uphold rates, ALL now estimates that Scheme Creditors will receive 20 pence in the pound compensation with the Preferred Solution and 17 pence in the pound if the Scheme reverts to the fallback solution (as detailed below). This compares to the 41 pence in the pound originally estimated for the Preferred Solution and 33-37 pence in the pound for the fallback solution. However, it is too early to be able to say what the actual pence in the pound compensation payable to Scheme Creditors will be because this depends on how many claims are upheld and at what level.

As detailed within the Scheme's Explanatory Statement, the timeframe for assessing submitted claims, prior to any period of adjudication, is expected to be approximately six months. It will not be possible to provide an updated estimated outcome statement until the claims assessment process has been substantially completed.

New Business Conditions

ALL believes that the Preferred Solution will provide the best outcome for Scheme Creditors. For the Scheme's Preferred Solution to be implemented there are two conditions which must be met. These are as follows:

- Within nine months of the Effective Date (i.e. before 26 February 2023), ALL starts lending again; and
- Within 12 months of the Effective Date (i.e. before 26 May 2023), Holdings PLC will issue at least 19 ordinary shares for every ordinary share in issue ("Share Issue") which will contribute a minimum £15m payment to the Scheme Fund.

If these conditions are not met the Scheme will revert to the fallback solution (the "Fallback Solution") which is an orderly wind-down of the ALL business and which is expected to provide a reduced level of compensation for Scheme Creditors. We provide an update on progress against each of these conditions below.

New Lending

During the Period the FCA confirmed that it was satisfied ALL had met its threshold conditions required to return to lending. On 13 October 2022, FCA approval was received for ALL to return to lending under certain agreed conditions, thereby meeting one of the two Preferred Solution conditions detailed above.

ALL commenced the operation of an initial pilot lending phase which limited the level of new loans issued for a period of at least two months. During this pilot phase, plus a period for assessment, ALL is required to undertake further process testing, led by an independent third party, to demonstrate that the new systems and controls meet regulatory expectations and that ALL will be able to continue to meet these requirements when lending volumes are increased.

The pilot has enabled ALL to test its proposed return to lending policies and procedures in a controlled environment. We understand from ALL management that while demand from both direct and indirect channels has been strong, volumes of loans issued have been very limited. This is due in part to an initial focus on testing and refining ALL's new technology platform and processes. It also reflects ALL's cautious approach to underwriting given the prevailing market conditions and, specifically, the impact on affordability for customers of loans given the increased cost of living.

Consequently, the pilot programme has been extended past the initial minimum two-month period. Depending on the outcome of the Share Issue, this pilot will continue for a further as yet undetermined period.

Share Issue

As detailed above, the Preferred Solution is conditional on the completion of a 19:1 Share Issue, followed by the contribution of a minimum £15m payment to the Scheme Fund by 26 May 2023.

Contact with potential investors began in October 2022, following receipt of FCA approval to return to lending. The Holdings Board commenced a marketing process to raise equity and debt to support ALL's growth plans. However, to date it has been unable to secure a commitment from a cornerstone investor to underwrite the whole of the Share Issue. A number of investors have expressed possible interest in making a minority investment. The Holdings Board

is therefore assessing whether there is sufficient interest for a syndicate of such investors to be formed in order to support a £45m Share Issue.

If the Share Issue is not completed, or the Holdings Board determines that it cannot be achieved by 26 May 2023, the Scheme will revert to the Fallback Solution outlined in the Scheme.

FCA investigation

The FCA investigation, initiated in 2020 and extended in 2021, into ALL's creditworthiness assessment and complaints handling respectively has now concluded. The final notice issued by the FCA details that it would have imposed a penalty of £72.9m, however ALL will not be required to pay a financial penalty given it would threaten ALL's ability to meet its commitments outlined in the Scheme.

Next steps

We expect to issue our next report as Scheme Supervisors in April 2023.

Yours faithfully

Joint Scheme Supervisors