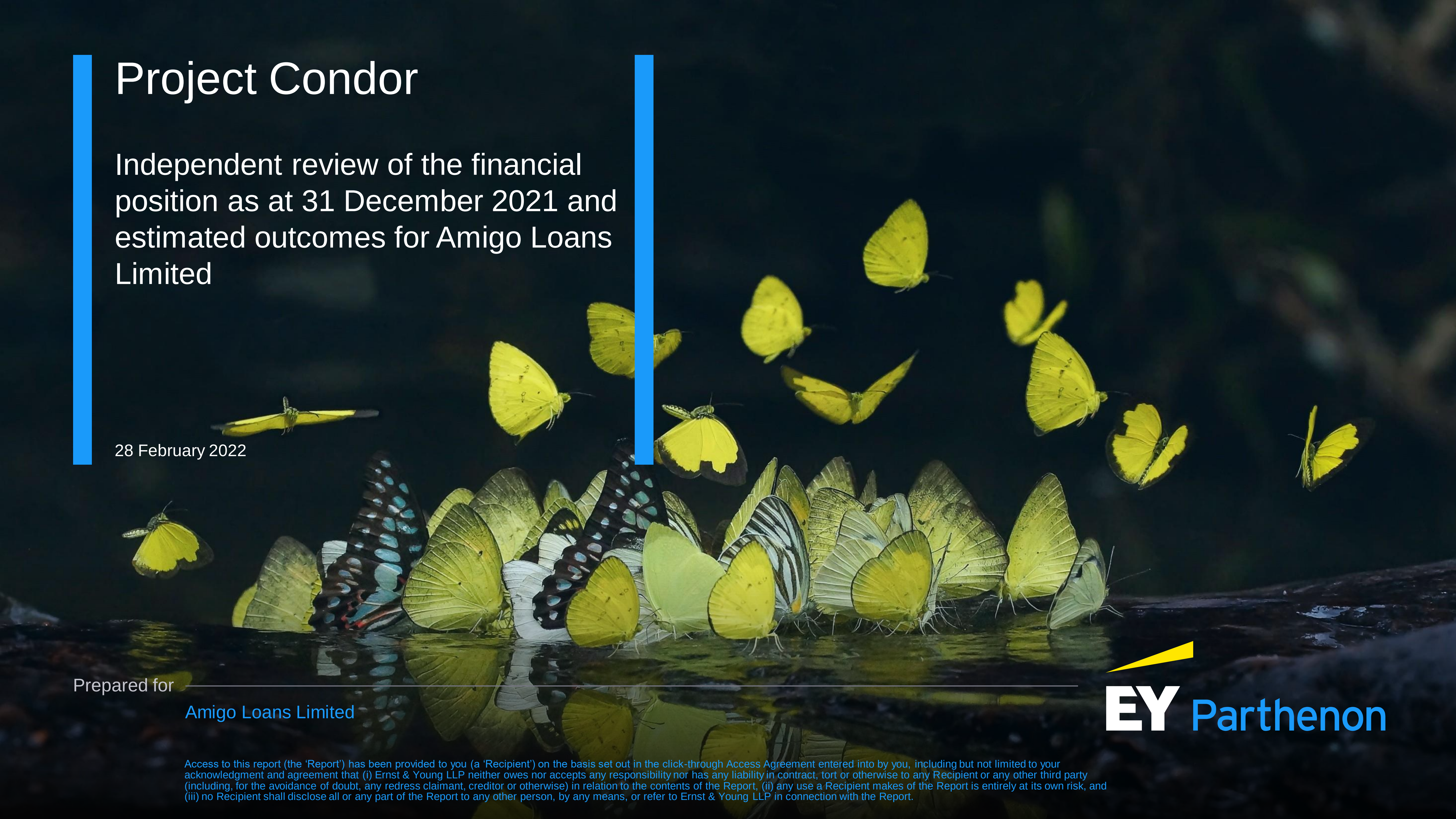
Project Condor

Independent review of the financial position as at 31 December 2021 and estimated outcomes for Amigo Loans Limited

28 February 2022



Prepared for

Amigo Loans Limited

EY Parthenon

EY Parthenon

Ernst & Young LLP
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Reliance restricted

Any person intending to read this report should first read this letter

Amigo Loans Limited
Nova Building
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Bournemouth
BH2 5LT

FAO: Nick Beal

Project Condor: Independent review of the financial position as at 31 December 2021 and estimated outcomes for Amigo Loans Limited ("the Company")

Dear Sir / Madam

28 February 2022

In accordance with our engagement letter dated 13 January 2021 ("the Engagement Agreement"), we have now performed our independent review of the estimated outcomes for the Company considering both the assumptions concerning the proposed schemes of arrangement (the "New Schemes") and insolvency counterfactual should the New Schemes not be implemented.

Purpose of the report and restrictions on its use

This report is prepared solely for the benefit of Amigo Loans Limited ("the Company" or "ALL") in assessing the estimated outcomes referred to above and should not be used or relied upon for any other purpose or by any other person. As referenced under our Engagement Agreement however, you may disclose this report to your professional advisers but solely for the purposes stated therein and provided that each adviser acknowledges and agrees before being provided with a copy of the report (or any portion or summary of the report) that we assume no responsibility or liability whatsoever to them in respect of the contents and that they agree to be bound by the terms and conditions of the Engagement Agreement relating to restrictions on the use and disclosure of the Reports. Please refer to section 12 of the General Terms & Conditions as provided to you under the Engagement Agreement.

We understand that you may wish to make our final report available to certain other entities (in addition to ALL), such as Amigo Holdings Plc and its subsidiaries (the "Group"), on a duty of care basis. We acknowledge that our final report may be provided to other entities within the Group subject to the terms being agreed to within an executed reliance letter by such recipient Group company.

If required a summary of our conclusions may be included within the Scheme circular documents. Alternatively, this report or a version of this report may be made available in certain circumstances to creditors. Any disclosure will be on a non-reliance basis with no duty of care provided to the creditors, which must be expressly stated in the court documentation or relevant information sharing platform for creditors. It is acknowledged by you that our advice will be prepared only for you and we will only have a duty of care to you. No duty of care or reliance is provided to other third parties that may have sight of the report unless separately agreed.

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Disclosure to The Financial Conduct Authority is permitted under the provision of Section 12(b) of the General Terms & Conditions.

Ernst & Young LLP assumes no responsibility whatsoever in respect of or arising out of or in connection with the contents of this report to parties other than the Company or other group entities subject to the reliance letter referred to above. If other parties choose to rely in any other way on the contents of this report they do so entirely at their own risk.

Scope of work

Our scope has encompassed the matters set out in our Engagement Agreement and includes a consideration of the following:

- Understand and comment on the financial situation of the Company as at 31 December 2021.
- Based on the above, understand and comment on the likelihood of the Company filing for an insolvency process should the New Schemes not be implemented (including, if relevant, comments on the types of insolvency process that could be used).
- Analyse and comment upon the Company's estimated outcome statements and consider if Management's assumptions and conclusions, and expected timings for any payments to customer creditors, are reasonable for the following scenarios:
  - Preferred Solution to the New Business Scheme;
  - Fall-back Solution to the New Business Scheme (including the Company's view that this provides a higher return to customer creditors than the Wind-down Scheme, whenever the 'fall-back' should occur);
  - Wind-down Scheme; and Insolvency Outcome.

Basis of our work

The estimated outcome statements and accompanying financial information contained within this report have been based on representations made by the Directors and key employees ("Management") of Amigo Holdings plc and its subsidiaries ("the Group"), discussions held with the Company's legal representatives Freshfields Bruckhaus Deringer LLP and the accompanying information provided. This includes reliance on the Group's statement of financial position as at 31 December 2021 and forecasts, underlying loan book, model and portfolio, overview of the Company's loan collections strategy, intercompany documents, redress claims assessment methodology and a review of key underlying assumptions surrounding the Group's estimated outcome statements.

Management's estimated outcome statements were prepared based on an assumed scheme effective date of 1 June 2022 and based on the most recently available reported financial statements as at 31 December 2021. Our work commenced on 13 January 2022 and was completed on 28 February 2022. Therefore, our report does not take account of events or circumstances arising, or information made available, after 28 February 2022 unless specifically referenced, and we have no responsibility to update the report for such events or circumstances or information.

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Prospective financial information ("PFI")

We have made factual findings and recommendations about specific assumptions and components of the PFI herein, where we had sufficient evidence to provide a reasonable basis for them. We have not assisted in any way in the preparation of the Companies' PFI or in the development of any assumptions therein. We therefore do not take any responsibility for any PFI or underlying assumptions. We will not comment on or provide any opinion or any type of assurance about specific assumptions or components of the PFI or on the PFI as a whole.

There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We take no responsibility for the achievement of projected results.

Limitations on the scope of our work

Our work consists primarily of analytical procedures applied to the data, information and explanations and is based on discussions with the Group's Directors, financial statements and forecasts, underlying loan book models and accompanying business strategy plans. We have not, except to such extent as you requested and we agreed to undertake, sought to verify independently the accuracy of the data or the information and explanations provided by Management. The responsibility for the accuracy and veracity of these financial information, forecasts, assumptions and underlying business strategy plans upon which they are based rests solely with the Directors of the Group.

Structure of this report

The report is divided into 10 sections.

In Sections 1 and 2, we outline several important disclosures and provide an executive summary of our findings based on our review of the information provided by Management. Section 3 provides our assessment of the financial position of the Company. In Sections 4, 5 and 6 we consider and comment on the reasonableness of Management's assumptions surrounding the estimated outcome statements they have prepared which illustrate the potential return to creditors under the New Schemes. In Section 7, we assess the likelihood of the Company entering into insolvency assuming the New Schemes are not implemented. In Section 8, we consider and comment on the reasonableness of Management's assumptions surrounding the estimated outcome statements they have prepared which illustrate the potential return to creditors in an insolvency. In Section 9, we consider and comment on the reasonableness of Management's assumptions surrounding the estimated timings of payments to customer creditors under the Preferred Solution, the Fall-back Solution, the Wind-down Scheme and the Insolvency Outcome. We attach the appendices at the end of the report highlighting the information used to support our findings and conclusions.

Certain pages with the report are headed by a headline which is intended to be an introduction to the page and should be read in conjunction with the page as a whole. The headline should not be regarded as a conclusion, opinion or recommendation.

Our conclusions contain our recommendations as a result of the work we have carried out and represent our advice as to actions you might take. They should not be regarded as an endorsement or opinion of the financial information itself.

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We shall be pleased to discuss the contents of this report with you and to provide you with such further information as you may require.

Yours faithfully,

For and on behalf of Ernst & Young LLP

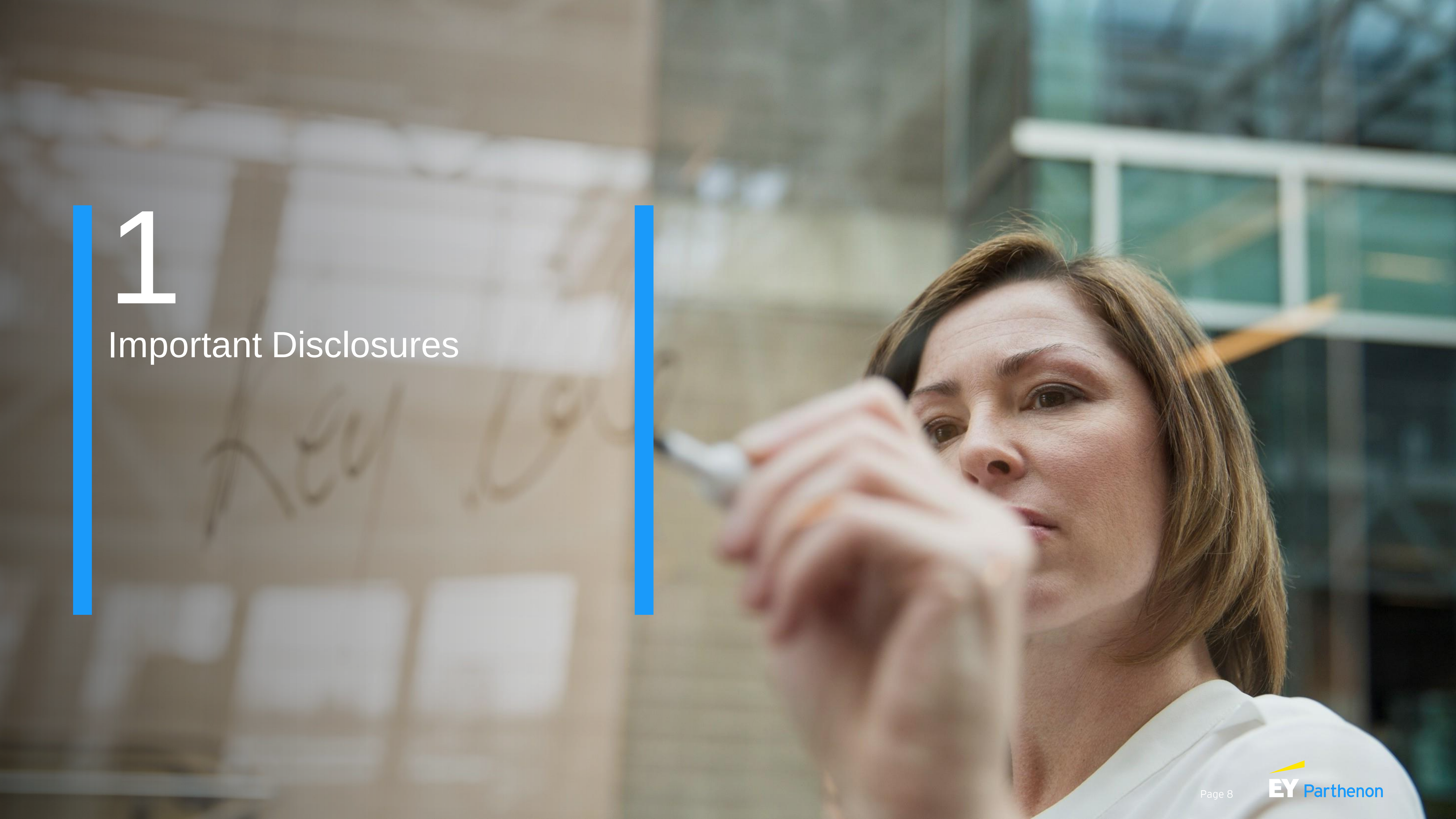
Simon Edel
Partner

Contents

Glossary

Reference	Meaning
AHL	Amigo Holdings Plc
ALL	Amigo Loans Limited
ALG	Amigo Loans Group Ltd
ALH	Amigo Loans Holdings Ltd
AMS	Amigo Management Services
BS	Balance sheet
CCJ	County court judgments
CO	Charged-off
ED	Scheme Effective Date, the date that the scheme of arrangement is effective
EV	Enterprise value
EY	Ernst and Young LLP
Fall-back Solution	If the conditions for the Preferred Solution are not met, the Fall-back Solution will come into effect
FCA	Financial Conduct Authority
FOS	Financial Ombudsman Service
Freshfields	The Group's legal advisors, Freshfields Bruckhaus Deringer
FYXX	Financial Year XX
GLB	Gross-loan book
Group	Amigo Holdings plc and its subsidiaries
GT	Grant Thornton
HMRC	HM Revenue & Customs
IFRS	International Financial Reporting Standard
IRE	Amigo Loans Ireland Limited
Insolvency Outcome	The expected outcome should the New Schemes not be approved
KPMG	KPMG LLP
LLC	Limited liability company
LLP	Limited liability partnership

Reference	Meaning
LUX	Amigo Luxembourg S.A
Management	Directors and key employees of Amigo Holdings plc and its subsidiaries
New Business Scheme	The scheme of arrangement with the Preferred Solution and Fall-back Solution
New Schemes	The schemes of arrangement currently being promoted by Amigo Holdings Plc and its subsidiaries
N/A	Not applicable
PFI	Prospective Financial Information
Preferred Solution	The solution within the New Business Scheme that assumes that the Group will begin relending
PSL	Practice Statement Letter
PwC	The Group's restructuring advisors, PricewaterhouseCoopers LLP
Q1	1st quarter
Q3	3rd quarter
SCH	ALL Scheme Ltd
Scheme Effective Date	The date that the scheme of arrangement is effective
SPV	Special Purpose Vehicle
UK	United Kingdom
Wind-down Scheme	The scheme of arrangement assuming the wind-down of the Group's operations and loan book
2021 Scheme	The previous scheme of arrangement proposed by ALL that was not approved by the English High Court



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Important Disclosures

Engagement scope and basis of value

Engagement context

The Amigo group is made up of Amigo Holdings Plc (“AHL” or “Parent”) and its subsidiaries (“the Group”). The Group provides credit products in the UK and Republic of Ireland tailored to consumers on low to moderate incomes, typically with difficult or limited credit history and who are often unable to access credit from mainstream providers.

The Group has been subject to a high volume of customer complaints and customer redress claims relating to historical lending, which have been subject to FCA rules and investigation. As the Group believe they cannot pay these claims in full, they have sought to put forward Schemes of Arrangement to avoid insolvency and provide an equitable resolution for customers with valid redress claims. The Company initially proposed a Scheme of Arrangement in January 2021, which was approved by creditors but opposed by the FCA and not sanctioned by the High Court.

Two schemes of arrangement are currently being proposed under Part 26 of the Companies Act 2006 (the “New Schemes”) in relation to loans issued by Amigo Loans Limited (“ALL”) between 28 January 2005 and 21 December 2020 (inclusive) (the "Loans").

For the purposes of assessing the proposed Schemes, we have considered the reasonableness of Management’s assumptions and calculations in the estimated outcome statements for various scenarios. Our report (the “Report”) may be used for this Purpose only and may not be used for financial reporting or investment purposes.

Work performed

In carrying out the scope of service per our engagement agreement with ALL (“the Services”), we have performed the following work:

- Reviewed the information provided to us by the Group;
- Held discussions with you in order to gain a further understanding of the businesses, value drivers, current and forecast performance and industry trends;
- Held discussions with the Group’s legal advisors, Freshfields Bruckhaus Deringer (“Freshfields”), to gain a further understanding of the design of the New Schemes and considerations of the Insolvency Outcome and imminency of insolvency should the New Schemes fail;
- Held discussions with the Group’s restructuring advisors, PricewaterhouseCoopers (“PwC”), to gain a further understanding of the estimated outcome assumptions;
- Reviewed and assessed the likelihood of ALL entering into insolvency based on the financial information provided to us by Management and the Group’s legal advisors; and
- Reviewed ALL’s estimated outcome statements to assess the reasonableness of the assumptions applied based on the information provided to us by Management. A copy of Management’s assumptions can be found in Appendix H.

Important disclosures (continued)

Engagement scope and basis of value

Limitations of scope (to be read in conjunction with the limitations of scope included in the transmittal letter on pages 2 – 5)

- We have not sought to verify the accuracy of the data, information and explanations provided by the Group, and you / Management are solely responsible for this data, information and explanations. We have therefore relied on the information provided by you to be accurate and complete in all material respects. We accept no responsibility for the preparation or achievement of the forecast assumptions, financial information or estimated outcomes. Actual results may vary materially from the forecast financial information utilised in this Report.
- We have not audited or independently verified any information provided by Management.
- We note that this Report may be disclosed to the English Court or any court in any other jurisdiction as is necessary for the international recognition of the New Schemes, and you may refer to the Services and this Report in documents circulated to Scheme Creditors in connection with administering the New Schemes, in accordance with the terms of the Engagement Agreement.
- This document is solely for informational purposes only and is provided on a non-reliance basis with no duty of care provided to the creditors, which must be expressly stated in the court documentation. It is acknowledged by you that our advice will be prepared only for you and we will only have a duty of care to you. No duty of care or reliance is provided to other third parties that may have sight of the Report unless separately agreed.
- We have prepared this Report based on the Group's most recent publicly available information as at December 2021. In carrying out our independent analysis, we note our work was not predisposed to support or contradict any particular position.
- We have not undertaken an analysis of any tax assumptions provided by the Group.
- We have not been provided with any expert opinion or broker's advice on the Group's ability to raise external finance either under the New Schemes or in the absence of the New Schemes.
- We have not been provided with evidence that the FCA will support the New Schemes and reinstate the Group's ability to begin re-lending. In addition, we understand that the FCA have not yet confirmed whether they will levy a fine for previous conduct.
- Notwithstanding the foregoing and without limiting our responsibility to you for the Services, we accept no responsibility to advise you in the preparation of the New Schemes and you are solely responsible for the contents of the New Scheme documents.

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Executive Summary

EY Parthenon

The Group is balance sheet insolvent with net liabilities of £118m as at December 2021. The New Schemes are seen as the only prospect of addressing £348m of customer redress claim liabilities and avoiding insolvency.

28 February 2022

Background to the Report – Section 1 of report (disclosures)

- The Group is a leading provider of guarantor loans (or loans guaranteed by a family member or friend of the borrower) to people who may otherwise find it difficult to borrow money from traditional, high-street banks. The Group has received a high number of customer complaints and customer redress claims in relation to their historical practices and processes for onboarding borrowers. The Group is subject to regulation by the Financial Conduct Authority (the "FCA"), who are currently investigating the historical practices and processes of the Group.
- In order to deal with customer redress claims, the Group previously put forward a scheme of arrangement which was not approved by the English Court (the "2021 Scheme"). The Group is now proposing two new schemes of arrangement (the "New Schemes") which creditors will vote on. The New Schemes consist of the New Business Scheme (which has two options contained within) and the Wind-down Scheme.
- Whilst the Group explores the scheme options, the FCA has agreed an unofficial moratorium with the Group on paying customer redress claims, such that the vast majority of customer redress claims are not being paid until the New Schemes have been voted on. We understand that this unofficial moratorium is not legally binding and it is not known when it will end.
- The Group's management has calculated an estimate of the return to creditors in both of the New Schemes and also a hypothetical insolvency scenario. EY has been approached as an independent third party to provide a view on the reasonableness of management's assumptions and calculations. EY has not assisted management with preparing these assumptions and calculations.

Financial position & customer redress claim liabilities – Section 3 of report

- The Group has made an estimate for the amount of customer redress claims it expects to receive and uphold (to uphold a claim means to agree that it is valid and approved for redress). A customer complaints provision has been calculated at c.£348m. This provision exceeds available assets, meaning the Group has net liabilities (i.e. negative assets) of c.£118m as at December 2021.
- Certain assumptions have been made by Management when calculating the customer complaints provision. The key assumptions are a take-up rate of 20% (the percentage of total theoretical claimants who make a claim), an uphold rate of 65% (the percentage of claims made by customers which are eventually agreed) and an average customer redress claim value of £4.6k per claimant.
- Recently, the Group redeemed (i.e. bought back) some of its bond debt which has reduced cash by c.£184m. By redeeming the debt early, future interest costs have been saved, increasing the available funds for customer creditors.
- Further information on the Group's financial position and the calculation of the customer complaints provision can be found in **Appendix B** and **Appendix C**

Likelihood of insolvency as the alternative to the scheme – Section 7 of report

- If the New Schemes were to fail, the Group's management is of the view that there is unlikely to be a reasonable prospect of being able to continue as a going concern and therefore they believe that the Company's board would shortly file for an insolvency process, primarily due to the following factors:
  - Absent a Scheme providing resolution of the customer redress claims, the Group is balance sheet insolvent and would reasonably remain so. In this scenario, there would be limited or quite possibly no options to raise funding for ongoing operations;
  - The significant customer redress liabilities which are already due would be immediately payable following the removal of the unofficial moratorium agreed with the FCA; and
  - The risk to the Board of preferring certain creditors through paying them and not others in the period prior to an insolvency appointment.

We have considered Management's assumptions for the New Schemes and the Insolvency Outcome and the material assumptions and calculations appear reasonable

New Business Scheme – Sections 4 and 5 of report

- The New Business Scheme gives two options for creditors: the Preferred Solution (Scenario 1A) and the Fall-back Solution (Scenario 1B).
- The Preferred Solution provides an estimated return of 41 pence per £1 of a claim but is dependent on certain conditions being met (mainly that the Group is able to start lending again and issues at least 19 ordinary shares in Holdings PLC for every 1 ordinary share in Holdings PLC, of which £15m will be made available for customer creditors under the Preferred Solution in the New Business Scheme).
- A summary of the Preferred Solution is in section 4 (with detailed tables in **Appendix D**). Overall, management's assumptions appear reasonable and the estimated returns to creditors appear a reasonable estimate. The scope of our consideration of the Preferred Solution has focused on the reasonableness of Management's assumptions in relation to the run-off of the loan book and we have not considered the ability of the Group to raise new equity finance from external sources in order to achieve the Preferred Solution.
- The Fall-back Solution is in section 5 and estimates a return of at least 33 pence per £1 of a claim and would happen if the Preferred Solution is approved but certain conditions are not met. The assumptions for the Fall-back Solution are the same as the Wind-down Scheme (highlighted below), with two exceptions: (1) the Group recommences new lending whilst pursuing the Preferred Solution; and (2) Management assume higher collection rates in the period prior to moving into the Fall-back Solution.
- The Fall-back Solution could take place at any point if the conditions for the Preferred Solution aren't met. Management believe that the Fall-back Solution delivers a higher return to creditors than the Wind-down Scheme, due to the assumed benefits of the higher collections of the existing loan book and possible recommencement of lending whilst attempting the Preferred Solution beforehand, which appear reasonable.

Wind-down Scheme – Section 6 of report

- The Wind-down Scheme assumes that the Group would cease operations and realise its assets over a period of 14 months to pay to customer creditors
- Management has estimated a return of 33 pence per £1 of a claim under the Wind-down Scheme.
- A summary of the Fall-back Solution and Wind-down Scheme is in sections 5 and 6 (with detailed tables in **Appendix E** and **Appendix F**). Overall, management's assumptions appear reasonable and the estimated returns to creditors appear a reasonable estimate.

Insolvency Outcome – Section 8 of report

- The likelihood of insolvency for the Amigo Group rests on the outcome of ALL, the UK trading entity with the customer redress claims.
- If the New Schemes are not approved by creditors (or the English Court), Management is of the view that the Group will begin insolvency proceedings.
- Management has made an assessment of the likely return to unsecured creditors in an insolvency scenario (the "Insolvency Outcome" or "Scenario 3"). Management's estimate of the return to unsecured creditors has been calculated to be 31 pence per £1 of a claim.
- A summary of the Insolvency Outcome is in section 8 (with detailed tables in **Appendix G**). Overall, and notwithstanding the comments above, management's assumptions appear reasonable.

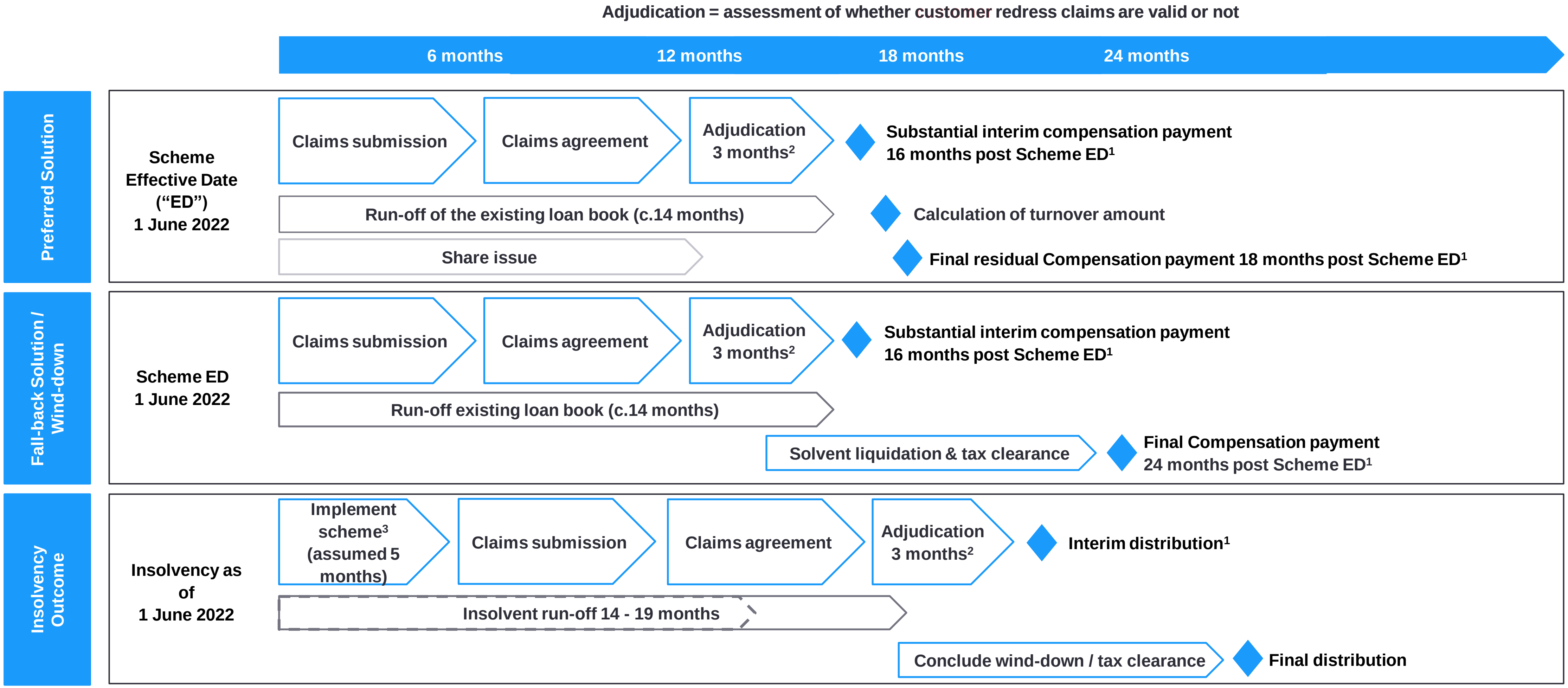
The Preferred Solution provides the highest estimated return to creditors, whilst the Insolvency Outcome provides the lowest return to customer creditors should the New Schemes fail

	Scenario Comparison			
	Scenario 1A **Preferred Solution to the New Business Scheme**	**Scenario 1B** **Fall-back Solution to the New Business Scheme**	**Scenario 2** **Wind-down Scheme**	**Scenario 3** **Insolvency Outcome**
Scenario description	Going concern solution in which the Business commences new lending	After first seeking the Preferred Solution, the business to be wound down over time	Business to be wound down over time	Amigo group entities are placed into a formal insolvency process (likely Administration)
Scenario rationale	Takes place if the conditions are met (recommencement of lending and raising new equity finance from external sources)	Takes place if the Preferred Solution is attempted but conditions precedent in the New Business Scheme cannot be met	Takes place if the New Business Scheme is not approved by creditors or sanctioned by the court	If neither of the New Schemes are effected, then the Group is placed into an insolvency process
Effective date / start date	1 June 2022	1 June 2022	1 June 2022	1 June 2022
Estimated funds available to customer creditors*	PSL: £112.0m **Updated: £115.8m**	PSL: No fixed amount **Updated: £95m +**	PSL: £78.0m **Updated: £95m**	PSL: £66.4m (Speed) / £67.6m (Value) **Updated: £88.1m (Speed) / £87.9m (Value)**
Estimated payment to customer creditors* **	PSL: 42p / £ **Updated: 41p / £**	PSL: 29p / £ **Updated: at least 33p / £ with an indicative range of up to 37p / £**	PSL: 29p / £ **Updated: 33p / £**	PSL: 24p / £ **Updated: 31p / £**
Estimated payment timing	September 2023 (interim payment) November 2023 (final payment)	September 2023 (interim payment) May 2024 (final payment)	September 2023 (interim payment) May 2024 (final payment)	February 2024 (interim distribution) May 2024 onwards (final distribution)
Estimated return	Better outcome than other scenarios, if conditions achieved	Better than both the Wind-down Scheme and Insolvency Outcome, less than the Preferred Solution	Better than Insolvency Outcome but less than the Preferred Solution and Fall-back solution	Lowest estimated outcome for customer creditors

*The table above shows the estimated outcomes presented by the Group in the Practice Statement Letter ("PSL") issued on 13 December 2021 and the updated estimated outcomes as at 23 February 2022. The updated estimated outcomes assume a one month delay to the Scheme Effective Date to 1 June 2022, with the net impact being a higher estimated return to customer creditors mainly due to improved collections across all scenarios.

** The Preferred Solution has a guaranteed £97m contribution with a mechanism for customer creditors to have the benefit of realisations of the historic loan book if they are higher than expected. The Fall-back Solution is expected to generate additional returns to customer creditors compared to the Wind-down Scheme, as a result of initially pursuing the Preferred Solution.

The Group’s estimated timeline indicating that the Preferred Solution provides the quickest return to customer creditors appears reasonable



Notes: 1) Assumes one month to make payments
2) The actual timeframe will depend on the number of claims submitted and the number which may need to be referred to adjudication
3) Scheme or alternative mechanism, would assume scheme given relatively high value of dividend and to avoid risk of volume of disputes

3

Financial position

The Group does not appear to have enough assets available to pay its liabilities, which is driven by the significant estimate for customer redress claims in ALL

28 February 2022

Group balance sheet as at 31 December 2021 (most recent reported financial statements)		Group Amount	ALL Amount
Non-current assets			
Amounts receivable from customers	1	£41m	£42m
Other non-current assets		£2m	-
Total non-current assets		**£43m**	**£42m**
Current assets			
Amounts receivable from customers	1	£144m	£142m
Intercompany balances - assets	5	-	£9m
Other current assets		£2m	£3m
Cash and cash equivalents (restricted)		£4m	£3m
Cash and cash equivalents	2	£286m	£274m
Total current assets		**£435m**	**£431m**
Total assets		**£478m**	**£473m**
Liabilities			
Customer complaints provision (estimate)	3	(£348m)	(£348m)
Bonds	4	(£233m)	-
Intercompany balances - liabilities	5	-	(£246m)
Other current liabilities		(£16m)	(£3m)
Total liabilities		**(£596m)**	**(£597m)**
Net liabilities	6	**(£118m)**	**(£123m)**

1. The Group's assets as at 31 December 2021 mainly consist of cash and loan repayments expected from customers
2. £184m of the £286m of cash shown in the Group's financial position as at 31 December 2021 has been used to repay its current debt financing arrangements (bonds) in January 2022.
3. Most of the liabilities are the customer redress claims the Group has received and an estimate for the customer redress claims the Group is expecting to receive in the future, which total £348m
4. Of the £233m bond debt, £184m was repaid in January. As the bond debt is secured, the remaining bond debt of around £50m would need to be paid in full before payments can be made to redress or other creditors. The bond debt figure is shown net of amortised fees of £1.5m
5. Intercompany balances have been included in the ALL balance sheet. Further information on the intercompany balances is included in the following pages. ALL has a large balance owed to LUX relating to the bond debt owed by the Group and will be removed once the bond debt is paid in full
6. The Group's financial position taken as at 31 December 2021 shows that it does not have enough assets to pay all of its liabilities by around £118m. ALL holds the majority of the Group's assets but has significant liabilities (comprised of an intercompany loan for the bond debt and all of the Group's customer complaints provision of £348m)

- More detail on the Group's financial position is shown in **Appendix B**
- More detail on how the Group's £348m customer complaints provision amount has been calculated is shown on the next page and in **Appendix C**

We have considered Management's calculations for the customer complaints provision and the £348m estimate appears reasonable

Item	Description	Estimate
Pre-scheme claims	Claims for which final responses were issued prior to 20/12/20	(£1m)
Balance adjustment redress	Customer redress claims for customers with outstanding loans	(£63m)
Charged-off accounts redress	Customer redress claims on previously written off customer loans	(£52m)
Cash redress	Customer redress claims for customers with already partly or fully paid loans	(£247m)
8% Interest	Compensatory interest on unpaid customer redress claims	(£20m)
Total customer redress claims		**(£382m)**
Impairment adjustments	Accounting adjustments to loan book and charged-off accounts	£66m
Outsourced claims handling costs (FOS, Huntswood)	Fees incurred for outsourced complaints handled and adjudicated by FOS and Huntswood	(£25m)
Other costs	Includes buy back of redress debts sold previously, costs to remove judgments for borrowers with valid redress claims and scheme costs	(£6m)
Total customer complaints provision		**(£348m)**

- We have considered the £348m for customer complaints provision as at 31 December 2021 and the supporting calculations for this estimate appear reasonable
- Key inputs for the total customer redress claims calculation are:
  - **Take-up rate:** % of customers with future customer redress claims assumed to submit their claims, estimated at **20%**
  - **Uphold rate:** % of future customer redress claims assumed to be valid, estimated at **65%**
  - **Average redress claim:** average £ value redress claim per customer, estimated at **£4,628**
- The take-up and uphold rates used by the Group have been chosen by looking at rates used on other comparable schemes of arrangement. Different assumptions (such as take-up or uphold rates) will impact the value of the customer complaints provision, although management's assumptions appear reasonable.
- In any event, a change to the customer complaints provision and its assumptions will impact all of the scenarios and not make one scenario better than another

- More detail on how the Group's £348m customer complaints provision amount has been calculated is shown in **Appendix C**
- The Group have made an estimate of the value of customer redress claims as at 31 May 2022 in the New Schemes and Insolvency Outcome, which is shown in further detail on the following page and in **Appendix C**

Management have calculated the estimated cash redress liability for the estimate outcomes and their assumptions appear reasonable

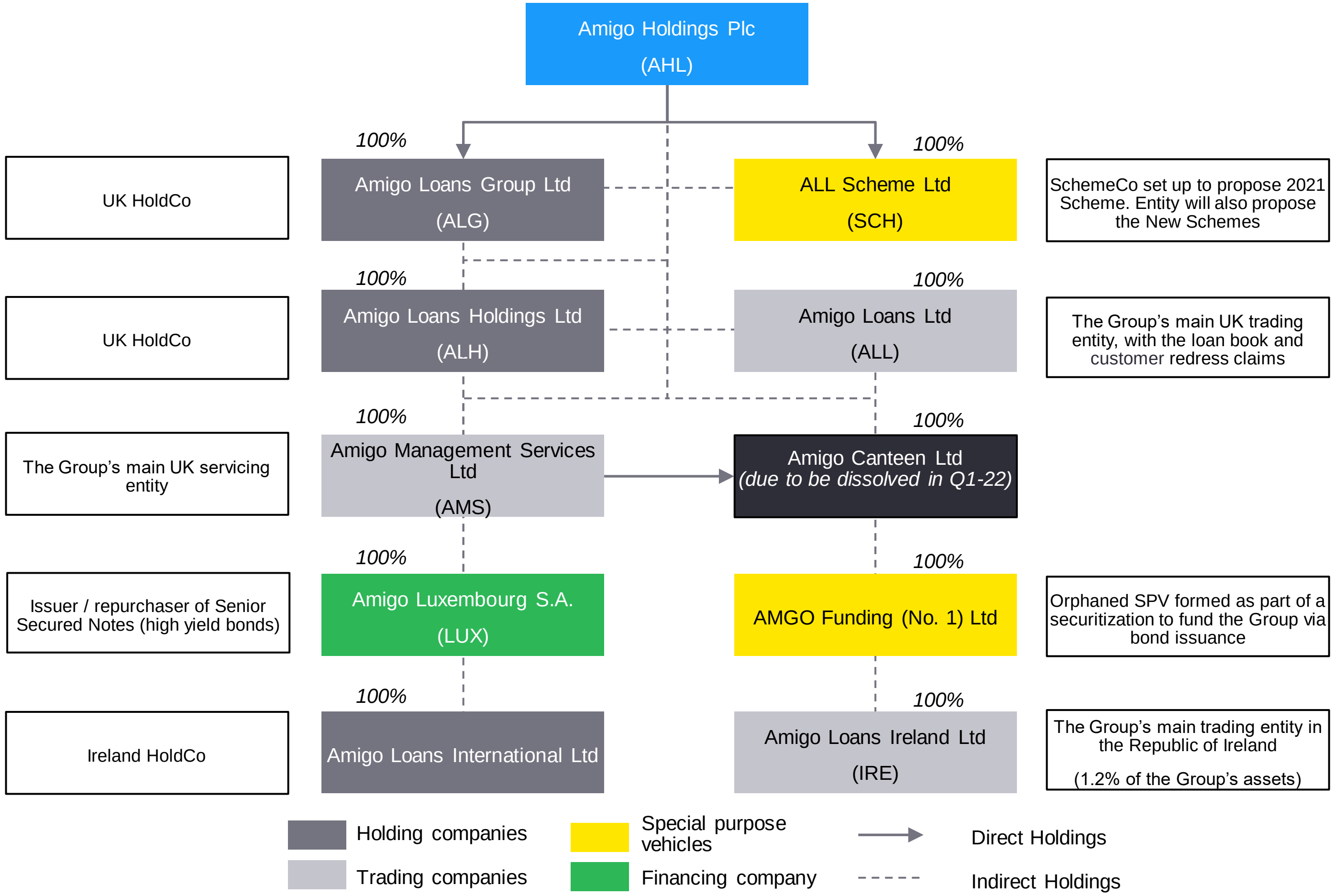
Item	Description	Estimate
Cash redress and interest as at Dec-21	Redress claims for customers with already partly or fully paid loans as at December 2021	£264m
FOS liability	Fees incurred for outsourced complaints handled and adjudicated by FOS	£13m
8% Incremental interest	Interest on unpaid customer redress claims for the period between January 2022 and May 2022	£7m
Estimated cash redress liability as at May 2022		**£284m**

The estimated cash redress liability has been used to calculate the estimated outcome pence in the £ return to customer creditors for each of the scenarios. Any change to this figure will impact all of the scenarios equally.

- Management have also calculated the estimated cash redress liability as at 31 May 2022, which has been used to calculate the estimated outcomes for customer creditors under each of the scenarios
- This is different from the **£348m** customer complaints provision on the previous page, as the December 2021 provision is an accounting provision which is required for financial reporting purposes
- The estimated cash redress liability of **£284m** excludes certain claims handling and other costs, in order to not double count items that are included elsewhere within the estimated outcome statements
- The estimated cash redress liability consists of the cash redress and interest figures as at December 2021, as well as an estimate of the FOS liability based on the claim submitted by the FOS in the 2021 Scheme
- The estimated cash redress liability increases on a monthly basis due to interest accruing on customer redress claims. An incremental interest figure of £7m has been calculated for the period between January 2022 and May 2022.
- In the Insolvency Outcome, the estimated cash redress liability has been increased by £3m to account for a potential liability on previously sold debt

- More detail on how the estimated cash redress liability has been calculated is shown in **Appendix C**

The Group consists of AHL, the listed parent entity and its subsidiaries, which include ALL as the main UK trading entity and various other financing, trading and holding entities



1. Group structure excludes other dormant entities

Source: Annual report 2021

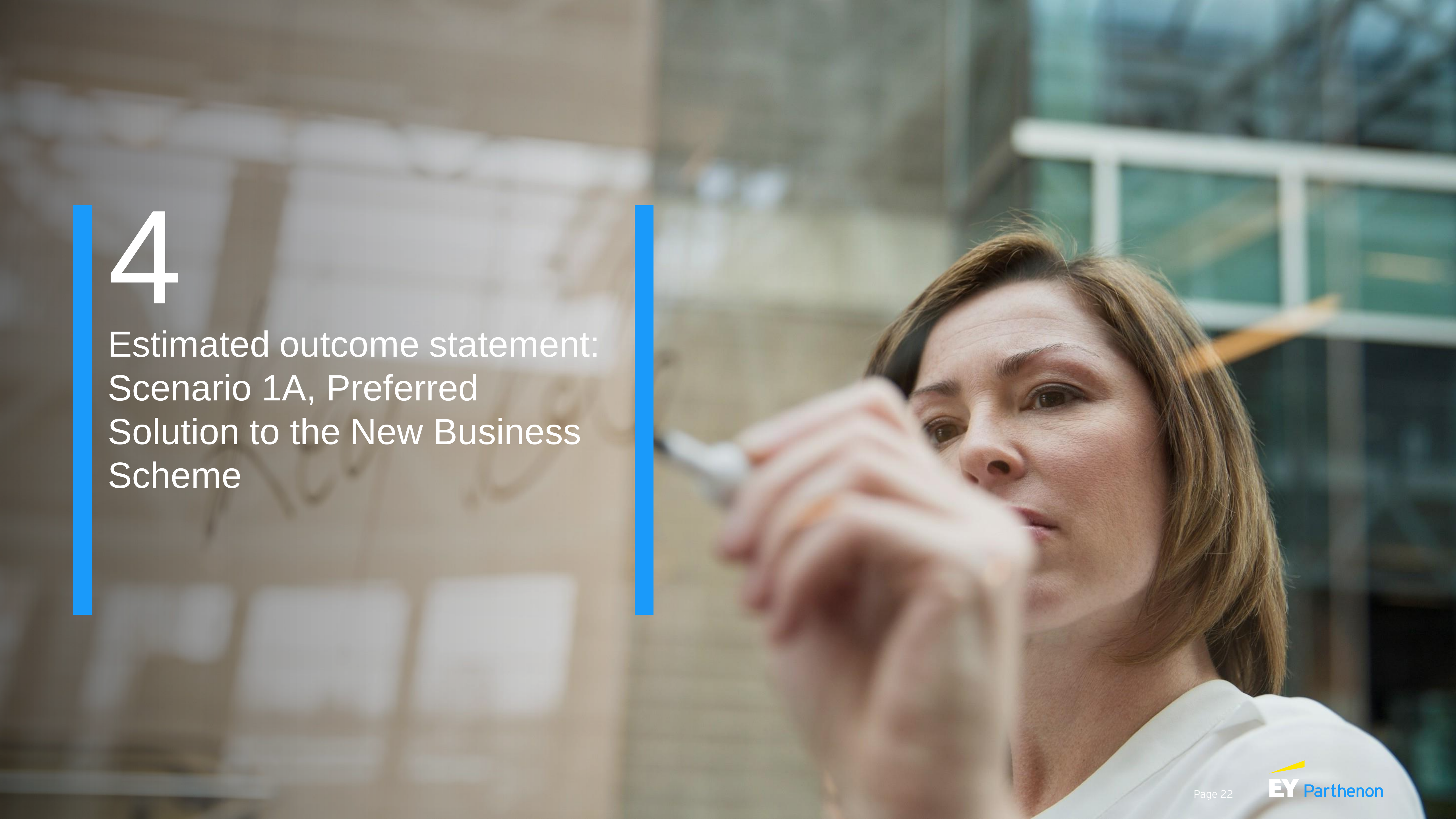
There are a number of intercompany balances between entities of the Group, but the majority are not expected to be recoverable for a Administrator of ALL in an Insolvency Outcome

Group intercompany positions (as at 31/12/21)

Entity	Net intercompany £m	ALL	AMS	LUX	IRE	ALH	ALG	SCH	AHL
ALL	237.0	-	(1.0)	246.0	(7.9)	(0.1)	-	-	-
AMS	0.1	1.0	-	-	(0.9)	-	-	-	-
LUX	(246.0)	(246.0)	-	-	-	-	-	-	-
IRE	8.8	7.9	0.9	-	-	-	-	-	-
ALH	0.1	0.1	-	-	-	-	-	-	-
ALG	0.2	0.2	-	-	-	-	-	-	-
SCH	-	-	-	-	-	-	-	-	-
AHL	-	-	-	-	-	-	-	-	-

- The balances above are amounts owed between entities within the Group (called intercompany balances). These have been excluded from the consolidated Group balance sheet (this is a requirement of the IFRS accounting rules) but are relevant in the Insolvency Outcome, because in an insolvency each entity would be considered individually and separately from the Group.
- Management have assumed a partial recovery of the £7.9m balance owed by IRE to ALL, as IRE's assets are insufficient to settle the intercompany balance in full. It also owes £0.9m to another entity in the Group, which would have to paid equally (pari-passu) with the debt to ALL.
- ALL has a large balance owed to LUX (£246m). This relates to the bond debt owed by the Group (of which c.£184m has already been redeemed) and will be removed once the bond debt is paid in full. Therefore, it is not expected to impact the Insolvency Outcome.
- The remaining intercompany positions are immaterial and Management have assumed no recovery in the Insolvency Outcome, which appears reasonable.

▸ More detail on the Group's intercompany positions is shown in **Appendix A**



4

Estimated outcome statement: Scenario 1A, Preferred Solution to the New Business Scheme

EY Parthenon

The estimated return under the Preferred Solution appears reasonable, although this is conditional on FCA support and sufficient equity being raised (shares being sold) to deliver this option

Estimated outcome statement (summarised) Scenario 1A, Preferred Solution to the New Business Scheme	Amount
Estimated time from start to collate funds	**9 months**
Amounts receivable within 5 business days of Scheme Effective Date	£60m
Amounts receivable within 9 months of Scheme Effective Date	£37m
Estimated cash turnover mechanism	£4m
Amounts receivable within 10 business days of certain conditions being met	£15m
Estimated money available for customer redress claims	**£116m**
Estimated cash redress liability	£284m
Estimated pence per £1 return for customer creditors	**41p / £**

- The Group believe that the Preferred Solution to the New Business Scheme will happen with support of the FCA and the Group's ability to raise external finance
- The Preferred Solution assumes that the FCA will reinstate the Group's ability to begin relending and that the FCA will not impose a fine for any potential previous misconduct
- Management have deducted a liquidity reserve of £8.4m when estimating funds available for the Preferred Solution. This amount would be maintained within the Group for its new business and would not be available for ~~redress~~ customer creditors.
- We have considered the Group's assumptions and calculations for the Preferred Solution and they appear reasonable

- Management believe that the **Preferred Solution (Scenario 1A)** will enable a quicker final distribution to customer creditors. The Group expect to fund the first £97m (£60m plus £37m) of the Preferred Solution as soon as possible and then recover the funds via a mix of loan collections and profits from new lending over a nine month period. The remaining £15m will be funded through proceeds of the new equity finance the Group are seeking, contingent on capital market appetite.
- Whilst the Group guarantees the £97m payment into the Scheme, they also include a mechanism that allows customer creditors to have the benefit of realisations from the historic loan book if they are higher than expected. This is currently estimated to be c.£4m, but will include all amounts collected over and above £97m in this scenario.
- The Group expect that amounts will be distributed quicker in the Preferred Solution compared to the Wind-down Scheme and Insolvency Outcome, given the Group will be able to continue to trade on a "business as usual" basis
- If this scenario happens, the Group estimate that customers of the Group with valid redress claims would receive 41 pence per £1 of claim, which is more than estimated under the Wind-down Scheme (33 pence per £1 of claim) and Insolvency Outcome (31 pence per £1 of claim)
- The scope of our consideration of the Preferred Solution has focused on the reasonableness of Management's assumptions in relation to the run-off of the loan book and we have not considered the ability of the Group to raise new equity finance from external sources in order to achieve the £15m contribution into the Preferred Solution.

- More detail on the Scenario 1A Preferred Solution is shown in **Appendix D**, including our consideration of management's assumptions on scheme funding
- We are unable to comment on the likelihood of the Preferred Solution conditions being met, as we have not seen any expert opinion or advice on the Group's ability to raise external finance, nor have the FCA yet confirmed their support for the New Schemes

5

Estimated outcome statement: Scenario 1B, Fall-back Solution to the New Business Scheme

EY Parthenon

We have considered the estimated return of at least 33p per £1 under the Fall-back Solution for redress claim creditors and the supporting calculations for this estimate appear reasonable

Estimated outcome statement (summarised) Scenario 1B, Fall-back Solution to the New Business Scheme	Amount
Est. time from scheme start to collect customer debts	**14 months**
Estimated collectable amounts (December 2021 balance sheet)	
Net assets (assets less liabilities, accounting adjustments and intercompany liabilities)	£183m
Future revenue, losses and other amounts	(£46m)
Estimated gross collectable amounts	**£137m**
Estimated adjustments to gross collectable amounts	
Reduction of collectable amounts due to collection difficulties	(£14m)
Other write-offs and excluded amounts	(£28m)
Estimated money available for customer redress claims	**£95m**
Estimated pence per £1 return for customer creditors	**33p / £**

The outcome in the Fall-back Scenario is estimated to be at least 33 pence per £1 of claim. There is a benefit of higher collections and new lending assumed by Management whilst the Preferred Solution is first attempted before switching to the Fall-back Solution, which is the main basis for estimating a higher return to customer creditors than the Wind-down Scheme.

- The Group expect the **Fall-back Solution** (**Scenario 1B**) to happen if the Preferred Solution to the New Business Scheme is approved, but the Group cannot meet conditions of the Preferred Solution after it has started.
- As yet, no set return has been estimated for the Fall-back Solution (given there is no fixed timing), however various timing scenarios have been considered and all estimate a return of at least 33 pence per £1 of claim (i.e., a higher return than the Wind-down Scheme).
- Management believe the Fall-back Solution would deliver a higher return to customer creditors than the Wind-down Scheme because of the potential benefit gained from first attempting the Preferred Solution (as set out on the next page). It is also noted that Management's estimated returns under the Fall-back Solution remain higher than the Wind-down Scheme if no new lending is assumed. Further detail is shown on the following page.
- The estimated outcome is higher than the Insolvency Outcome (where Management assume lower collection on the loan book and higher costs due to the process) but less than the Preferred Solution.
- The Group's assumptions and calculations for the Fall-back Solution appear reasonable.

- More detail on the various timing scenarios considered for the Fall-back Solution is shown on the next page and in **Appendix E**
- More detail on the Scenario 1B, Fall-back Solution is shown in **Appendix E**

Management's assumption that the Fall-back Solution delivers a better outcome for customer creditors than the Wind-down Scheme appears reasonable but the extent of this is dependent on external factors

28 February 2022

	Estimated additional return to customer creditors in the Fall-back Solution vs. Wind-down Scheme (£m)												
Date new lending recommences	Date of Preferred Solution moving into Fall-back Solution												
	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
No new lending	-	-	-	-	-	-	100.4	101.4	102.3	103.1	103.8	104.4	107.3
May-22	-	-	-	-	-	-	100.2	100.7	100.9	100.8	100.6	99.9	101.3
Jun-22	-	-	-	-	-	-	100.2	100.7	101.0	101.1	101.0	100.7	102.3
Jul-22	-	-	-	-	-	-	100.2	100.7	101.0	101.2	101.3	101.0	103.1
Aug-22	-	-	-	-	-	-	100.2	100.6	101.0	101.2	101.4	101.3	103.5

- Management's assumption is that the Fall-back Solution delivers a higher estimated return to customer creditors than the Wind-down Scheme
- Management have assumed that the main benefit of first attempting the Preferred Solution results in higher rates of collection of the existing loan book and profits made from new customer lending, which appears reasonable.
- The Wind-down Scheme assumes that lower rates of collection of the existing loan book will occur from May 2022 onwards because customer creditors would have voted on the New Schemes and formed a view on the likely outcome (i.e., New Business Scheme vs Wind-down Scheme). The calculations above highlight the incremental impact of both higher collection rates and relending over and above the assumptions detailed in the previous page.
- The table above shows the benefit from first attempting the Preferred Solution and then moving into the Fall-back Solution under various timing scenarios. The rows down the page show the date new lending recommences and the columns across the page show the incremental benefit over and above the Wind-down Scheme outcome should the Fall-back Solution begin at the end of that month
- For example, if the Group begins new lending in July 2022 and then the Fall-back Solution begins in July 2022, the estimated return would be **£100.7m** (representing an estimated additional return of **£5.7m**, on top of the **£95m** already estimated on the previous page)
- Management's assumption that the Fall-back Solution delivers a better return for customer creditors than the Wind-down Scheme appears reasonable, however the extent of this estimated additional return would be dependent on external factors such as when new lending could recommence and when the Preferred Solution moves into the Fall-back Solution. The return for customer creditors is expected to be at least 33 pence per £1 of claim, with the potential for this to increase to up to 37p. Based on the analysis provided to us the assumption that the Fall-back solution provides a better outcome than the Wind-down Scheme appears reasonable.

▸ More detail on the estimated additional return to customer creditors in the Fall-back Solution is shown in **Appendix E**

6

Estimated outcome statement: Scenario 2, Wind-down Scheme

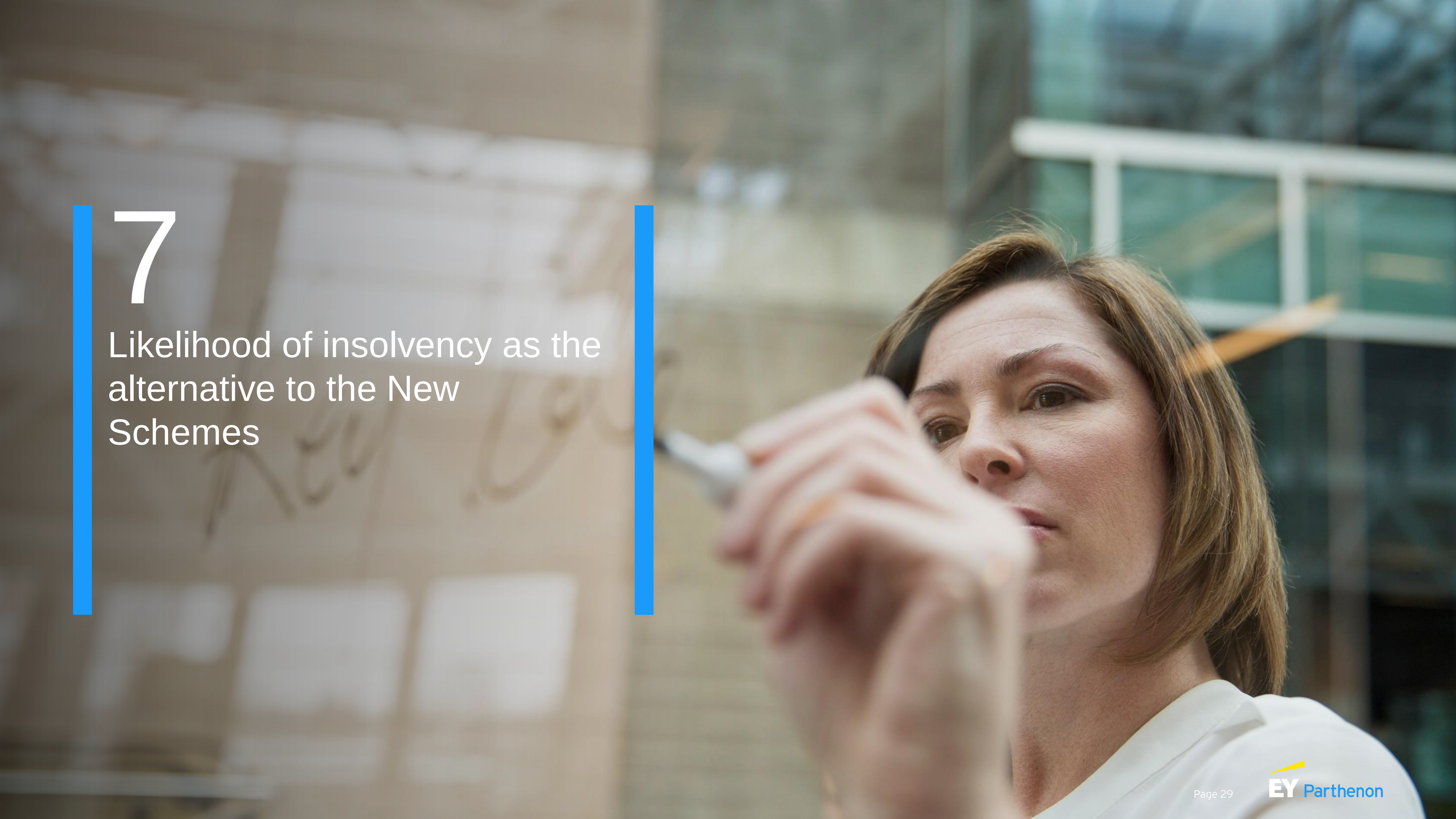
We have considered the 33p per £1 estimated return under Wind-down Scheme for redress claim creditors and the supporting calculations for this estimate appear reasonable

Estimated outcome statement (summarised) Scenario 2, Wind-down Scheme	Amount
Est. time from scheme start to collect customer debts	**14 months**
Estimated collectable amounts (December 2021 balance sheet)	
Net assets (assets less liabilities, accounting adjustments and intercompany liabilities)	£183m
Future revenue, losses and other amounts	(£46m)
Estimated gross collectable amounts	**£137m**
Estimated adjustments to gross collectable amounts	
Reduction of collectable amounts due to collection difficulties	(£14m)
Other write-offs and excluded amounts	(£28m)
Estimated money available for customer redress claims	**£95m**
Estimated pence per £1 return for customer creditors	**33p / £**

For the Wind-down Scheme, the Group do not expect to restart lending but would continue to collect the customer debts over time, before paying a return to redress claim creditors from assets, once repayment of bond debt has been made

- The Group have said they would only consider attempting the **Wind-down Scheme** (**Scenario 2**) approved by the Court (to take effect straight away) if the Preferred Solution to the New Business Scheme does not have enough creditor support (or is not approved by the court).
- In the Wind-down Scheme, the Group estimate that customers of the Group with valid redress claims would receive 33 pence per £1 of claim.
- The estimated outcome is more than the Insolvency Outcome (where Management assume lower collection on the loan book and higher costs due to the process) but less than the Preferred Solution.
- The Wind-down Scheme is essentially the same as the Fall-back Solution, although there is no potential upside from seeking the Preferred Solution (as discussed in the previous section).
- The Group's assumptions and calculations for the Wind-down Scheme appear reasonable.

▸ More detail on Scenario 2, Wind-down Scheme is shown in **Appendix F**



7

Likelihood of insolvency as the alternative to the New Schemes

If the New Schemes were to fail, it appears to be a reasonable assumption that the Company may shortly file for a formal insolvency process (administration)

The likelihood of insolvency for the Amigo Group rests on the outcome of ALL, the UK trading entity with the customer redress claims

The Group's financial position as at 31/12/21

- ALL estimates its current and future customer redress claims (customer complaints provision) to be £348m, which appears to be a reasonable estimate
- The Group has net liabilities of £118m (including the £348m customer complaints provision), meaning the Company's balance sheet as at 30/12/21 shows an insolvent position
- Most of the cash showing in the Group's financial position as of 31 December 2021 has already been used to repay c.£184m of the current debt financing arrangements (bonds)

Cash and trading

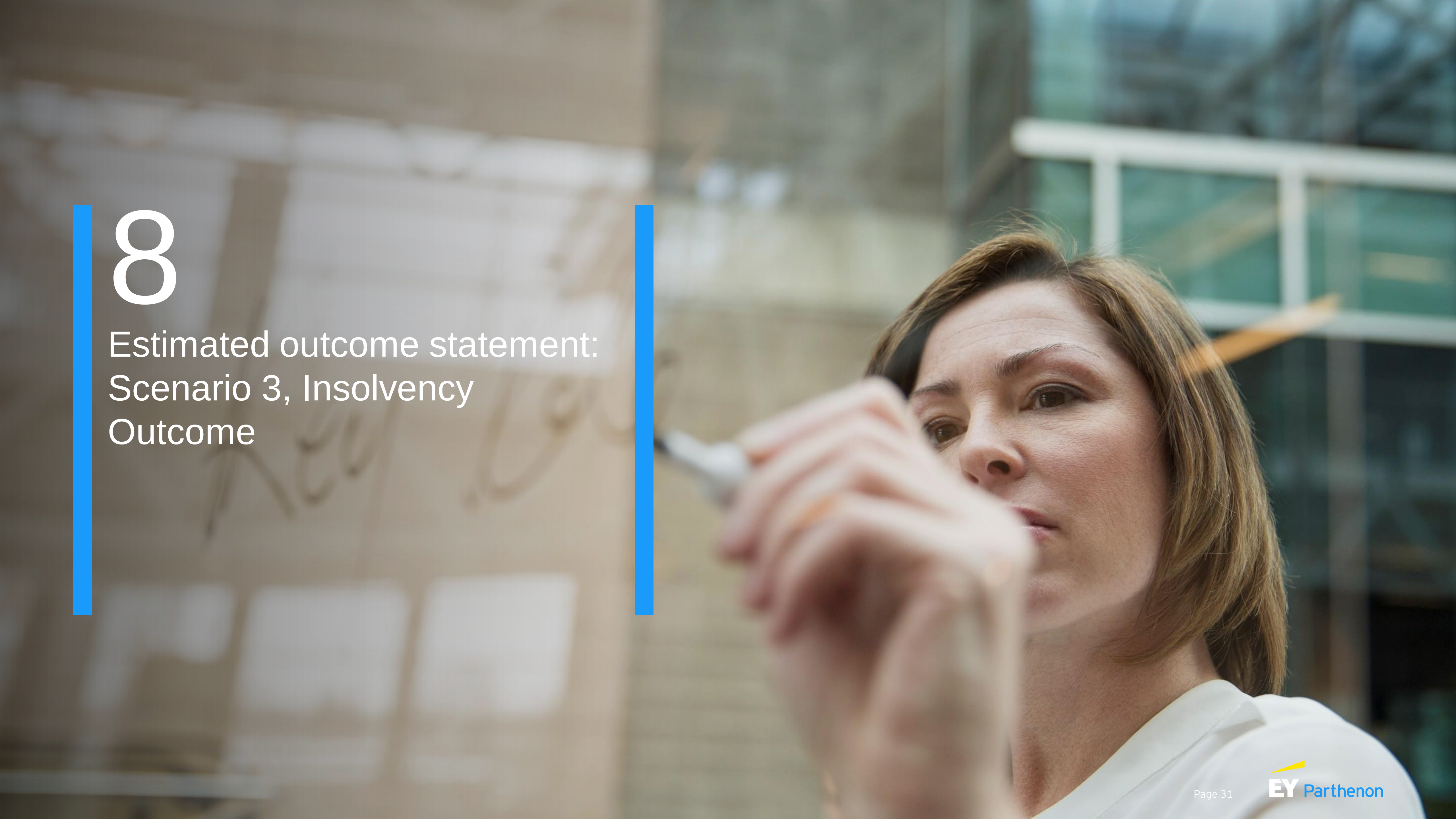
- The Company's main business of lending money to customers has been mostly paused since March 2020 and fully paused since November 2020. There are no new loans being written, only collections of old loans from customers (this is the only cash inflow)
- The Company could not pay all customer redress claims in full, and only continues to operate on the basis that customer redress claims do not need to be paid while scheme options are being pursued (as agreed with the FCA).
- Should the New Scheme not be approved, it appears there would be limited / no options to raise further funding for ongoing operations
- Due liabilities would need to be paid equally to delayed claims

Director considerations

- The Directors of the Company have been advised and are mindful that they can only continue trading if there is a reasonable prospect of trading as a going concern
- The Company's reasonable prospects of going concern assume the unofficial FCA moratorium on customer redress claims remains in place and the FCA allows lending to recommence (which is dependent on the New Schemes being sanctioned)
- In a scenario where the New Schemes are not approved, and in the absence of additional funding / other options for restructuring customer redress claim liabilities, Management believe the Company's reasonable prospects would be lost and that the Directors would shortly file for an insolvency process

EY comment

- Given the reasonable assumptions about customer redress claims, we agree with Management's view that the Company is balance sheet insolvent and would reasonably remain so in the absence of the New Schemes
- Should the New Schemes not be approved, or the FCA withdraw the moratorium on paying customer redress claims, the Directors would appear to have few options (if any) raise further finance, and the significant customer redress claims could all become payable within a short period of time
- If the New Schemes were to fail, it is therefore a reasonable assumption that the Company's Board would more likely than not file for an insolvency process in the weeks following the New Schemes not being sanctioned



8

Estimated outcome statement: Scenario 3, Insolvency Outcome

EY Parthenon

We have considered the 31p per £1 estimated return under the Insolvency Outcome for redress claim creditors and the supporting calculations for this estimate appear reasonable

Estimated outcome statement (summarised) Scenario 3, Insolvency Outcome	Amount
Est. time from start to collect customer debts	**13 months**
Estimated amounts receivable by ALL	
Customer debts collectable (after write offs)	£113m
Other assets (mainly cash being used to repay bonds)	£287m
Total inflows	**£399m**
Estimated costs of realisation and insolvency	
Collection and administration or liquidation costs	(£55m)
Withheld cash (on collections that may have redress claims)	(£12m)
Estimated money available for bond debt / preferred	**£333m**
Repayment of bond debt	(£243m)
Payment of preferred amounts (e.g. for tax)	(£1m)
Estimated money available for customer redress claims	**£88m**
Estimated pence per £1 return for customer creditors	**31p / £**

- The Group expect the Insolvency Outcome (administration) to happen if neither the New Business Scheme or the Wind-down Scheme are approved by redress claim creditors and the Court
- If this scenario happens, an administrator would take over the running of the business and wind down the companies in the Group
- The Insolvency Outcome has been prepared for ALL only, as this is the entity with the customer redress claims
- The administrator would collect the cash and customer debts and repay amounts for the bond debt, preferred amounts (e.g. employees and tax) as well as a partial payment of the unsecured claims
- This scenario assumes lower collections (with 30% uncollectable) based on lower collection rates observed in insolvency, and in addition there are insolvency fees and legal fees that would need to be paid
- Management estimate that customers with valid redress claims would receive 31 pence per £1 of claim, which is the lowest estimated return to customer creditors of the three scenarios
- EY have considered Management's assumptions and calculations for the Insolvency estimated outcomes and they appear reasonable

- The table opposite shows a 13 month collection period (speed prioritised). Further analysis, including analysis of a 18 month collection period (value prioritised) is shown in **Appendix G,** albeit both outcomes are similar.

9

Expected timings of payments to customer creditors

The Group have produced a timeline estimating that the Preferred Solution provides the quickest return to customer creditors, followed by the Fall-back Solution and Wind-down Scheme

Adjudication = assessment of whether customer redress claims are valid or not

6 months | 12 months | 18 months | 24 months

Preferred Solution

Scheme Effective Date (“ED”) 1 June 2022

- Claims submission
- Claims agreement
- Adjudication 3 months[2]
- Substantial interim compensation payment 16 months post Scheme ED[1]
- Run-off of the existing loan book (c.14 months)
- Calculation of turnover amount
- Share issue
- Final residual Compensation payment 18 months post Scheme ED[1]

Fall-back Solution / Wind-down

Scheme ED 1 June 2022

- Claims submission
- Claims agreement
- Adjudication 3 months[2]
- Substantial interim compensation payment 16 months post Scheme ED[1]
- Run-off existing loan book (c.14 months)
- Solvent liquidation & tax clearance
- Final Compensation payment 24 months post Scheme ED[1]

Insolvency Outcome

Insolvency as of 1 June 2022

- Implement scheme[3] (assumed 5 months)
- Claims submission
- Claims agreement
- Adjudication 3 months[2]
- Interim distribution[1]
- Insolvent run-off 14 - 19 months
- Conclude wind-down / tax clearance
- Final distribution

Notes: 1) Assumes one month to make payments
2) The actual timeframe will depend on the number of claims submitted and the number which may need to be referred to adjudication
3) Scheme or alternative mechanism, would assume scheme given relatively high value of dividend and to avoid risk of volume of disputes

Management's assumptions on the timings of payments under the scenarios appear reasonable, with the Preferred Solution being quickest followed by the Fall-back Solution and Wind-down Scheme

Preferred Solution

- The Group's estimated timing assumptions for payments to redress claim creditors under the Preferred Solution appear reasonable based on:
  - A run-off period of 14 months to realise the loan book and then write-off the remaining balance once all available balances have been collected. This period of time appears to provide enough opportunity to make collections and form a view on any balances that are unlikely to be collected.
  - A short period of time to calculate the "true-up" (the additional collections from the old loan book, exceeding £97m). This would likely be done by an independent adjudicator, who would review the Group's calculations to ensure that they are fair to customer creditors.
  - An adjudication period of three months to assess whether creditor claims are valid and for the correct value. This would be done by the Scheme Claim Adjudicator, an independent third party who will review creditor claims. The Preferred Solution would also include a dispute resolution process if any customer creditor wishes to contest the outcome of their claim.
  - A short period of time to process payments to customer creditors. This is not expected to be lengthy given the thorough adjudication process.

Fall-back Solution / Wind-down

- The Group's estimated timing assumptions for payments to redress claim creditors under the Fall-back Solution and the Wind-down Scheme appear reasonable based on:
  - A run-off period for the old loan book of 14 months, similar to the process detailed above.
  - An adjudication period of three months to assess whether creditor claims are valid, similar to the process detailed above.
  - A six-month period to seek tax clearance and commence a solvent liquidation process before making a final payment to customer creditors. This would be required to ensure that the Group is compliant with its legal and taxation requirements.

Insolvency Outcome

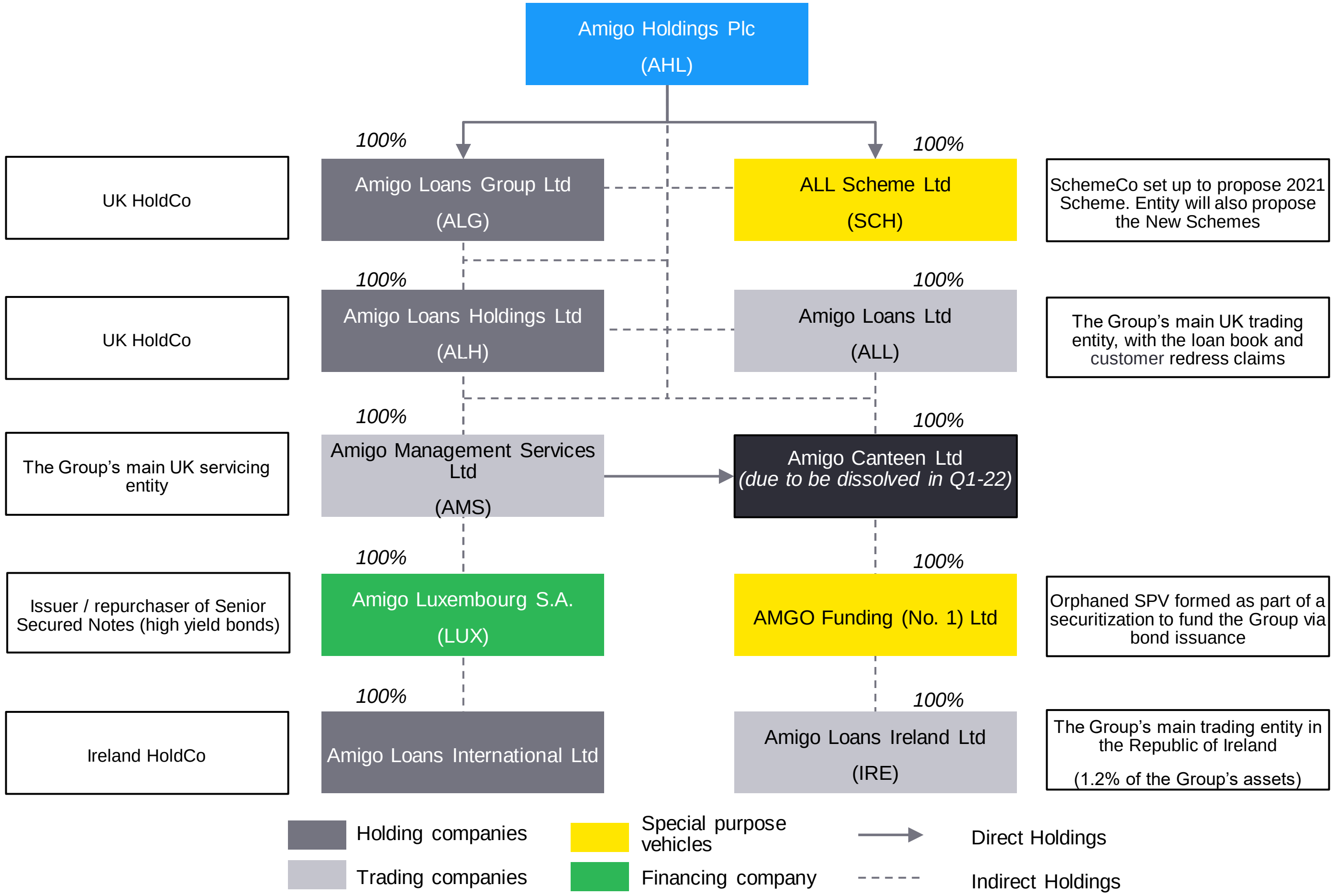
- The Group's estimated timing assumptions for payments to unsecured creditors under the Insolvency Outcome appear reasonable based on:
  - A 5-month period to put forward a scheme of arrangement (or similar mechanism) to deal with creditor claims and distributions (payments to creditors). Schemes of arrangement (or similar processes) are common in complex insolvencies (e.g. Administrations and Liquidations) as they make the adjudication and distribution processes more efficient.
  - A run-off period for collection the old loan book of between 14-19 months (depending on the approach taken in the Insolvency Outcome). This would be completed by an insolvency practitioner (a regulated professional who is licensed to take insolvency appointments) but would essentially be the same as the run-off period detailed above.
  - An adjudication period of three months to assess whether creditor claims are valid, similar to the process detailed above.
  - A slightly longer period of time to seek tax clearance and finality of the insolvency proceedings before making a final distribution to unsecured creditors.

10

Appendices

EY Parthenon

Appendix A: Corporate group structure



1. Group structure excludes other dormant entities

Source: Annual report 2021

Appendix A: Corporate group structure (continued)

Group entities (excludes dormant and liquidated group entities, as at 30/12/21)

Entity	Entity name	Description	Entity net assets £	Entity balance sheet items
ALL	Amigo Loans Ltd	The Group's primary UK trading entity	(123m)	Loan book, impairment and customer complaints provisions
AMS	Amigo Management Services Ltd	The Group's servicing entity	3.2m	Prepayments, deferred income, lease liabilities
LUX	Amigo Luxembourg S.A.	Public LLC in Luxembourg used as a financing company	3.5m	Intercompany receivables, bond liability
IRE	Amigo Loans Ireland Ltd	The Group's trading entity within Ireland	(1.3m)	Cash, loan book, impairment provision
ALH	Amigo Loans Holdings Ltd	Holding company within the Group	(0.1m)	Securitisation debtor, securitisation creditor
ALG	Amigo Loans Group Ltd	Holding company within the Group	71.8m	Investment in subsidiary (negative asset)
SCH	ALL Scheme Ltd	Special purpose vehicle (SPV) and SchemeCo	0.0m	N/A – share capital only
AHL	Amigo Holding Plc	Holding Company	74.7m	Investment in subsidiary (asset)

Group intercompany positions (as at 30/12/21)

Entity	Net intercompany £k	ALL	AMS	LUX	IRE	ALH	ALG	SCH	AHL
ALL	237,004	-	(1,042)	246,028	(7,908)	(74)	-	-	-
AMS	102	1,042	-	-	(940)	-	-	-	-
LUX	(246,028)	(246,028)	-	-	-	-	-	-	-
IRE	8,848	7,908	940	-	-	-	-	-	-
ALH	74	74	-	-	-	-	-	-	-
ALG	173	181	(8)	-	-	-	-	-	-
SCH	-	-	-	-	-	-	-	-	-
AHL	21	21	-	-	-	-	-	-	-

- Amigo Loans Ltd, as the main UK trading entity, is the provider of guarantor loans in the UK and is subject to a significant number of customer redress claims c.£348m. The trading subsidiary, Amigo Loans Ireland Ltd, operates in the Republic of Ireland but is a very small proportion of the Group's operations (IRE had a gross loan book of £1.8m in FY21).
- ALL Scheme Ltd (SchemeCo) was set up by the Group for the purpose of proposing the 2021 Scheme and will also be used for the New Schemes currently proposed
- There are numerous intercompany positions between the various entities within the Group (all amounts netting to zero across the group), with the largest balance being the payable from ALL to LUX in respect of bond debt guaranteed by ALL, as the main trading entity. This liability would be extinguished once the bond debt is repaid.

Appendix B: Detailed group balance sheet review

Amigo: Consolidated group balance sheet	£ m	EY comments
Non-current assets		
Amounts receivable from customers	41.4	This is the statutory accounting position as at 31 December 2021 and is shown net of an impairment provision but does not include costs associated with the run-off of the loan book which would be applicable in the Wind-down Scheme and Insolvency Outcome
Other non-current assets	1.4	Non-current assets are mainly comprised of prepayments and accrued income
Total non-current assets	**42.8**	
Current assets		
Amounts receivable from customers	143.8	This is the statutory accounting position as at 31 December 2021 and is shown net of an impairment provision but does not include costs associated with the run-off of the loan book which would be applicable in the Wind-down Scheme and Insolvency Outcome. Collections are likely to be reduced over the coming months as payment holidays have been granted to over 60,000 customers.
Other current assets	1.9	Other current assets are mainly comprised of prepayments and accrued income
Cash and cash equivalents (restricted)	3.8	Comprised of pre-scheme customer redress claims and banking / merchant escrow amounts
Cash and cash equivalents	285.5	We understand that, following a bond buyback of £184.1m on 13 January 2022, cash and cash equivalents will have reduced significantly to c.£101m.
Total current assets	**435.0**	
Total assets	**477.8**	
Liabilities		
Customer complaints provision	(347.5)	Key element of current financial position - see Appendix C for a summary. This provision is the main reason for balance sheet insolvency and the take-up rate would have to be lower than 10% (currently assumed to be 20%) for the Company to be balance sheet solvent
Bonds	(232.6)	We understand that following a buyback on 13 January 2022, only £50m of the bond debt will remain outstanding and that sufficient cash has been reserved for the balance
Other current liabilities	(15.8)	Other current liabilities are mainly comprised of accruals and deferred income
Total liabilities	**(595.9)**	
Net liabilities	**(118.1)**	

- The group balance sheet (as at 31 December 2021) shown is consolidated to include all entities within the Amigo Holdings plc group
- Whilst the liabilities for customer redress claims currently sit within Amigo Loans Limited, we understand that the SchemeCo and all other group entities would be jointly liable for these claims based on the corporate structure (with Amigo Holdings plc as ultimate beneficial owner)
- The balance sheet impact of the bond buyback on 13 January 2022 is assumed to be neutral (reduction in cash with a corresponding reduction in bond liabilities)
- The customer complaints provision is built up from a detailed set of underlying assumptions about customer redress claims against the Group with the key underlying assumptions being the following elements:
  - Take-up (response) rate for future redress complaints
  - Uphold (claim approval) rate; and
  - Average redress per customer.
- Further detail of these is included on the following page
- It is noted that with net liabilities of £118.1m, the Group's balance sheet as at 31 December 2021 shows an insolvent position
- The take up rate of customer redress claims would need to be materially lower (by approximately half) for the Group to not be balance sheet insolvent, which is not envisaged based on any reasonable assumptions.

Appendix C: Customer complaints provision assumptions

Element of assumption	Description of Management's assumption	Number	Value / %	Reasonableness of assumption	EY comments
Gross loan book (GLB)	Total loans outstanding	84,076	£238.7m	Reasonable	Management's total loans outstanding assumption appears reasonable based on the group's consolidated financial statements as at December 2021
Take-up rate	Est % of GLB with future redress complaints		20%	Reasonable	See table and comments below
Total upheld complaints	Current and future estimated complaints*: Current complaints Future estimated complaints	81,298 31,885 49,414	£361.9m £141.9m £219.9m	Reasonable	Management have estimated total complaints based on an overall population of 440,344 potential claimants. These estimates appear reasonable given current complaints are an actual figure as at December 2021 and future estimated complaints are based on the 20% take-up rate
Blended uphold rate	Est. % of redress complaints accepted		65%	Reasonable	See table and comments below
Upheld complaints	Calculated approved complaints*	81,298	£361.9m	Reasonable	Management's average redress assumption appears reasonable based on historical averages for the Company
Average redress	Average £ value of redress claim per customer		£4,451	Reasonable	See comments below

*excluding pre-scheme claims

Rate comparison	Rate	High	Low
Take-up rate			
Amigo	20%		
Provident		10%	30%
Money Shop		15%	25%
Uphold rate			
Amigo	65%		
FOS recorded rate	80%		
GT s.166 view		50%	80%
KPMG (auditor view)		65%	69%
Provident (FOS upheld)	69%		
Money Shop (actual)			85%

Management assumptions on take-up rate, uphold rate and average redress claim per customer applied

- Management have assumed a take-up rate of 20% based on the range of 15-25% from the Money Shop scheme. We also note a range of 10%-30% was applied for the Provident scheme. The 20% take-up rate appears reasonable as a midpoint of ranges used on comparable schemes approved by an English court.
- Management have used a blended uphold rate of 65%, which has been assessed by numerous parties and a sample review of claims. The blended rate appears reasonable as a midpoint between Grant Thornton's s.166 range and broadly aligned with the sample review and Provident FOS upheld rates applied.
- Management have used an average redress claim per customer of £4.5k based on historical average data. As at December 2022, approximately 32% of customers are eligible for a balance adjustment (as they have outstanding loans with the Group) and the remainder (68%) receive cash compensation. These averages appear reasonable based on historical averages for the Group.
- **The key assumptions underpinning the customer complaints provision of £347.5m are the take up rate, uphold rate and average redress claim per customer, all of which appear reasonable**

Appendix C: Customer complaints provision assumptions (continued)

Element of assumption	Description	Value	Reasonableness of assumption	EY comments
Pre-scheme claims	Claims received prior to 20/12/20, c.120 claimants	(£0.3m)	Reasonable	Management's assumption appears reasonable based on the level of historic claims and amounts paid to pre-scheme claimants since December 2020
Balance adjustments on loan book	Adjustments to loan balances as a result of customer redress claims against the Company (re: customers with outstanding loans)	(£63.3m)	Reasonable	Management's assumption appears reasonable and is in line with historic balance adjustments as a proportion of total customer redress claims
Redress on charged-off accounts	Customer redress claims on previously charged off (written off) customer loan accounts	(£51.8m)	Reasonable	Management's assumption appears reasonable based on the composition of current complaints and an assumption of 13.4% of future claims (decreasing from 25.1% due to fewer outstanding loans as a percentage of claimants)
Cash redress	Cash payments as a result of customer redress claims against the Company (re: customers with already repaid loans)	(£246.8m)	Reasonable	Management's assumption appears reasonable based on historic balance adjustment / cash redress mix assumptions, which increase the cash proportion over time as the gross loan book reduces (with no new loans)
8% Interest (post Q3 FY21)	Simple interest incurred on outstanding customer redress claims against the Company	(£19.7m)	Reasonable	Management's assumption appears reasonable based on the average redress claim per customer (£4.5k as at Q4 21) and an additional 12 months of interest
Total customer redress claims		**(£381.9m)**		
Impairment overlap – CO	Impairment charges relating to the charged-off accounts	£51.8m	Reasonable	Management's reversal of impairment charges on charged-off accounts appears reasonable. See "redress on charged-off accounts" above
Impairment overlap – GLB	Impairment charges relating to the gross-loan book	£14.2m	Reasonable	Management's assumption appears reasonable based on financial reporting treatment under IFRS 9, reviewed by KPMG as external auditors
Outsourced claims handling costs and case fees (FOS, Huntswood)	Case fees incurred for outsourced complaints handled and adjudicated by FOS and Huntswood	(£25.3m)	Reasonable	Management's assumption appears reasonable based on an assumed fee of £750 multiplied by the assumed FOS handled complaints as well as an estimate of costs by Huntswood (an outsourced claim handling company)
Debt sale buy-back	Buy-back of debts previously sold which are now subject to customer redress claims	(£2.9m)	Reasonable	Management's assumption appears reasonable based on current complaints and an assumption of 1.8% of future claims based on a historic average
CCJ Provision	Costs of removing county court judgments (CCJs) for borrowers / guarantors with redress claims	(£0.7m)	Reasonable	Management's assumption appears reasonable based on current complaints and an assumption of 3.3% of future claims based on a historic average
Scheme costs	Costs involved for the New Schemes	(£2.6m)	Reasonable	Management's assumption appears reasonable based on estimates provided by external advisors, estimates from the 2021 Scheme and accrued costs
Total customer complaints provision		**(£347.5m)**		

- **The customer complaints provision has been reasonably estimated based on detailed and explainable assumptions**

Appendix C: Customer complaints provision assumptions (continued)

Element of assumption	Value	Reasonableness of assumption	EY comments
Customer complaints provision - Cash redress and interest as at December 2021	£263.9m	Reasonable	This is the cash redress and interest figures in the December 2021 customer complaints provision. See previous pages for further information.
FOS Liability	£12.5m	Reasonable	We understand that this is the amount that the FOS submitted in the 2021 Scheme and that they have not handled any further cases since then. This appears to be a reasonable assumption.
8% Incremental interest	£7.1m	Reasonable	This is five months of interest at 8% per annum on the cash redress figure above. The calculation appears reasonable.
Estimated cash redress liability as at May 2022	**£283.5m**	**Reasonable**	**Overall, the estimate appears reasonable**

- **Management have made an estimate of the customer redress claims figure as at May 2022. This has been used to calculate the pence in the pound return for the various estimated outcome statements.**
- **This is different from the customer complaints provision, which includes figures for costs associated with the handling of customer redress claims, balance adjustments and loan book impairments. These costs have been included elsewhere in the estimated outcome statements for each of the scenarios.**
- **The estimated cash redress liability for the Insolvency Outcome has been increased by £2.9m to account for a potential liability on debts previously sold which are now subject to customer redress claims.**
- **Overall, the calculation appears reasonable and is based on detailed and explainable assumptions**

Appendix D: Estimated outcome statement assumptions: Scenario 1A – Preferred Solution to the New Business Scheme

Amigo: Scenario 1A, Preferred Solution	Scenario 1A, Preferred Solution	Reasonableness of assumption	EY comments
Funds to be paid within 5 business days of the Scheme Effective Date	£60.0m	Reasonable	Management have explained that they expect to transfer £60m into the scheme as soon as possible, with the remaining £37m transferred within 9 months. Given the current level of cash in the Group, together with the collections profile we have reviewed, these assumptions appear reasonable.
Funds to be paid within 9 months of the Scheme Effective Date	£37.0m		
Cash turnover mechanism	£3.8m	Reasonable	Management have included an estimate for a mechanism that allows redress creditors to share any surplus benefit from loan book realisations. This is in addition to the £97m of guaranteed scheme funding. Further details of this are shown on the following page.
Funds to be paid within 10 business days of the Conditions* being met	£15.0m	Unable to comment	The residual £15m is expected to be funded via external finance. The scope of our consideration of the Preferred Solution has focused on the reasonableness of Management's assumptions in relation to the run-off of the loan book and we have not considered the ability of the Group to raise £15m from external sources in order to achieve the Preferred Solution.
Net funds available for scheme creditors	**£115.8m**		Overall, Management's assumptions on the initial scheme funding of £97m appear reasonable but are unable to comment on the conditions for the Preferred Solution being met
Cash element of the claims provision	**£283.5m**	**Reasonable**	**The calculation of scheme creditors appears reasonable based on the expected level of redress claimants, balance adjustments and costs to handle and adjudicate these claims**
Potential p / £ distribution to scheme creditors	**41p / £**	**Reasonable**	**Overall, the assumptions and calculations for the Preferred Solution appear reasonable**

- **The estimated outcome statement for the Preferred Solution assumes £116.3m of funds available for distribution, resulting in a 41p/£ return for scheme creditors. The Preferred Solution is the highest return for individual redress claimants, exceeding the 33p/£ in the Fall-back Solution / Wind-down Scheme and 31p/£ in the Insolvency Outcome.**
- **The Preferred Solution is dependent on certain conditions being met, namely that:**
  - The directors of ALL certify to the Scheme Supervisors that ALL has started new lending, no later than 9 months after the Scheme Effective Date; and
  - The directors of ALL certify to the Scheme Supervisors, no later than 12 months after the Scheme Effective Date, that the new equity finance has been raised through the issue of at least 19 ordinary shares in AHL for every 1 ordinary share in AHL in issue immediately prior to the relevant equity raise.
- **Management have guaranteed c.£97m of the funding for the Preferred Solution through realising the historic loan book, with redress creditors to share any upside from loan book realisations**
- **We are not in a position to comment on the likelihood of these conditions being met. However, we do believe that management's assumptions for this scenario appear reasonable.**

Appendix D: Estimated outcome statement assumptions: Scenario 1A – Preferred Solution to the New Business Scheme

Amigo: Scenario 1A, Preferred Solution	Scenario 1A, Preferred Solution	Reasonableness of assumption	EY comments
Net assets of ALL (excluding claims cash liability)	£420.5m	Reasonable	These assumptions and calculations appear reasonable. See further details on the following pages.
Net unaccrued expenditure	(£45.3m)	Reasonable	These assumptions and calculations appear reasonable. See further details on the following pages.
Net intercompany settlement	(£239.2)	Reasonable	Management's assumption appears reasonable based on the intercompany liabilities position in the balance sheet as at December 2021
Write-off of the residual loan book	(£14.3m)	Reasonable	Management's assumption appears reasonable based on an estimated write-down of the remaining loan book value as at June 2023
Required liquidity reserve	(£8.4m)	Reasonable	This is a reserve for three months of operating costs as required under recent FCA guidance. We have considered management's calculation and it appears reasonable.
Removal of non-cash balance sheet assets	(£0.6m)	Reasonable	Management's assumption appears reasonable given non-cash assets are assumed to have no realisable value
Removal of open complaint customer escrow	(£10.3m)	Reasonable	Management's assumptions appear reasonable based on the loan repayments and the calculation of the escrow account as at June 2023 appears reasonable
Removal of future complaint customer escrow	(£1.6m)	Reasonable	Management's assumptions appear reasonable based on an average of the volume of complaints received in October 2021, November 2021 and December 2021 and a forecast of additional loan repayments until the Scheme Effective Date (using an average regular monthly instalment of £214)
Net realised assets available for unsecured creditors	**£100.8m**	**This scenario provides a higher return than the Fall-back Solution**	**Overall, the assumptions and calculations for the Preferred Solution appear reasonable**

- **The Preferred Solution appears to have been reasonably estimated based on detailed and explainable assumptions**
- **Management's calculation of the £8.4m liquidity reserve appears reasonable. We have observed that the liquidity reserve would be maintained within the Group for its new business and would not be included in the assets available for unsecured creditors under the preferred solution.**
- **Further detail on the net assets (excluding claims cash liability) and net unaccrued expenditure are shown on the following page**

Appendix D: Estimated outcome statement assumptions: Scenario 1A – Preferred Solution to the New Business Scheme

Amigo: Scenario 1A, Preferred Solution	Scenario 1A, Preferred Solution	Reasonableness of assumption	EY comments
Net Liabilities of ALL	(£123.4m)	Reasonable	Management's assumption appears reasonable based on the net liabilities position in the balance sheet as at December 2021
Add: Customer complaints provision	£347.5m	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reverse the full value of the customer complaints provision in order to calculate the realisable value of net assets
Add: ALL intercompany balances	£236.8m	Reasonable	Management's assumption appears reasonable based on the intercompany liabilities position in the balance sheet as at December 2021 and an assumed recovery from IRE of 90% of the gross intercompany liability
Less: Balance adjustments on loan book	(£42.1m)	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reflect the non-cash element of a redress claim. This balance adjustment figure is lower than the figure included within the customer complaints provision, due to the fact that as time passes, the loan book decreases and the proportion of redress claimants who have an outstanding loan reduces (29% as at September 2021, 18% as at March 2022, 16% as at April 2022 and 14% as at May 2022).
Add: Overlap with impairment	£14.2m	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reverse an impairment charge on future loan collections as it is included within the unaccrued income and expenses section of the calculation. Please see Appendix C for more information on how this figure has been calculated.
Less: Complaints handling costs	(£6.0m)	Reasonable	Management's assumption appears reasonable as these are costs incurred in the handling of current and future expected claims. Please see Appendix C for more information on how this figure has been calculated.
Less: Scheme costs	(£2.6m)	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reverse certain scheme costs which are included within the non-accrued cost section of the calculation
Less: Other liabilities	(£3.6m)	Reasonable	Management's assumption appears reasonable as this amount includes costs relating to removing county court judgements for customers who have redress claims and the buy-back of debts previously sold which are now subject to customer redress claims. Please see Appendix C for more information on how these figures have been calculated.
Less: Pre-scheme complaints	(£0.3m)	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reverse the value of pre-scheme complaints as they are included within the open complaint customer escrow on the following page. Please see Appendix C for more information on how the figure has been calculated.
Net assets (excluding claims cash liability)	**£420.5m**	**Reasonable**	**This is the realisable value of net assets excluding the cash element of the customer redress claims liability. Overall, this figure appears reasonable.**

- **Management's assumptions for the calculation of net assets excluding the claims cash liability appear reasonable and follow the calculation of the customer complaints provision in the December 2021 financial statements. Please see Appendix C for more information on how the customer complaints provision has been calculated.**

Appendix D: Estimated outcome statement assumptions: Scenario 1A – Preferred Solution to the New Business Scheme

Amigo: Scenario 1A, Preferred Solution	Scenario 1A, Preferred Solution	Reasonableness of assumption	EY comments
Revenue	£48.3m	Reasonable	Management's assumption of revenue appears reasonable based on forecast future interest income and an accounting adjustment to remove amortised broker fees (these fees relate to the prior acquisition of loan books and is not a cash item)
Unwind of complaints impairment overlap	(£14.2m)	Reasonable	This is an accounting adjustment to reduce the loan book value to its realisable value. Please see Appendix C for more information on how this figure has been calculated.
Unwind of impairment provision	£51.7m	Reasonable	This is an accounting adjustment to reduce the gross loan book to its realisable value based on Amigo's business as usual collection and non-payment assumptions. This matches the provision made in the December 2021 financial statements.
Forecast future credit losses	(£78.9m)	Reasonable	This is an accounting adjustment to reduce the gross loan book to its realisable value based on Amigo's business as usual collection and non-payment assumptions. These assumptions appear reasonable in addition to the 15% collection stress that has been applied elsewhere within the calculations (for the Fall-back Solution and Wind-down Scheme).
Future overheads	(£32.4m)	Reasonable	These are standard overheads incurred in continuing operations to realise the assets of Amigo. Management's assumptions of future overheads appear reasonable compared to the historical monthly average for overheads.
Committed capex	(£1.7m)	Reasonable	Management have committed to spend £1.7m on new hardware/software for new lending. This has been assumed to be paid prior to the Scheme Effective Date (and therefore paid regardless of whether the Group begins re-lending). Management's assumptions for this appear reasonable.
Future finance costs	(£3.5m)	Reasonable	Management's assumption based on an estimate of bond interest not yet accrued in the financial statements appears reasonable, based on an interest rate of 7.625%, a period of 17 months and a 50:50 split of interest between Amigo 1.0 and Amigo 2.0 from June 2022
Scheme costs	(£14.7m)	Reasonable	These are costs associated with the design, implementation and operation of the Scheme. These costs appear reasonable based on estimates provided by external advisors, estimates based on the 2021 Scheme and accrued costs.
Net unaccrued expenditure	**(£45.3m)**	**Reasonable**	**This is income and expenditure not included in the balance sheet which will be incurred in realising the remaining assets of the Group. Overall, this figure appears reasonable.**

- **Management has used a complex and detailed model which uses a number of inputs (such as historic averages or operational / non-payment risks) to calculate future revenue and impairments/credit losses**
- **Management has made a number of detailed assumptions for future costs involved in operating the business and implementing the New Schemes**
- **Overall, the calculation of future income and expenditure appears reasonable**

Appendix E: Estimated outcome statement assumptions: Scenario 1B, Fall-back Solution to the New Business Scheme

28 February 2022

Amigo: Scenario 1B, Fall-back Solution	Fall-back Solution	Reasonableness of assumption	EY comments
Net assets of ALL (excluding claims cash liability)	£420.5m	Reasonable	These assumptions and calculations appear reasonable. See further details on the following pages.
Net unaccrued expenditure	(£45.7m)	Reasonable	These assumptions and calculations appear reasonable. See further details on the following pages.
Less: Net intercompany settlement	(£239.2m)	Reasonable	Management's assumptions appear reasonable
Less: collections stress of 15%	(£14.3m)	Reasonable	Management's assumption appears reasonable based on the stigma associated with Amigo's financial position and the volume of customer redress claims (beginning in April 2022).
Write-off of the residual loan book	(£14.3m)	Reasonable	Management's assumption appears reasonable based on an estimated write-down of the remaining loan book value as at June 2023
Removal of non-cash balance sheet assets	(£0.6m)	Reasonable	Management's assumption appears reasonable given non-cash assets are assumed to have no realisable value
Removal of open complaint customer escrow	(£9.9m)	Reasonable	Management's assumptions appears reasonable based on the loan repayments and the calculation of the escrow account as at June 2023 appears reasonable
Removal of future complaint customer escrow	(£1.6m)	Reasonable	Management's assumptions appear reasonable based on an average of the volume of complaints received in October 2021, November 2021 and December 2021 and a forecast of additional loan repayments until the Scheme Effective Date (using an average regular monthly instalment of £214)
Net realised assets available for unsecured creditors	**£95.0m**	**This scenario provides a higher return than the Insolvency Outcome**	**Overall, the assumptions and calculations for the Fall-back Solution appear reasonable**

- **The estimated outcome statement for the Fall-back Solution has been reasonably estimated based on detailed and explainable assumptions**
- **Further detail on the net assets (excluding claims cash liability) and net unaccrued expenditure are shown on the following page**
- **The Fall-back Solution generates an increased return compared to the Insolvency Outcome due to increased collections and lower costs involved in realising assets. It also has the potential to generate an increased return compared to the Wind-down Scheme, which is discussed in the following pages.**

Appendix E: Estimated outcome statement assumptions: Scenario 1B, Fall-back Solution to the New Business Scheme

Amigo: Scenario 1B, Fall-back Solution	Fall-back Solution	Reasonableness of assumption	EY comments
Net Liabilities of ALL	(£123.4m)	Reasonable	Management's assumption appears reasonable based on the ALL net liabilities position in the balance sheet as at December 2021
Add: Customer complaints provision	£347.5m	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reverse the full value of the customer complaints provision in order to calculate the realisable value of net assets
Add: ALL intercompany balances	£236.8m	Reasonable	Management's assumption appears reasonable based on the intercompany liabilities position in the balance sheet as at December 2021
Less: Balance adjustments on loan book	(£42.1m)	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reflect the non-cash element of a redress claim. This balance adjustment figure is lower than the figure included within the customer complaints provision, due to the fact that as time passes, the loan book decreases and the proportion of customer creditors who have an outstanding loan reduces (29% as at September 2021, 18% as at March 2022, 16% as at April 2022 and 14% as at May 2022).
Add: Overlap with impairment	£14.2m	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reverse an impairment charge on future loan collections as it is included within the unaccrued income and expenses section of the calculation. Please see Appendix C for more information on how this figure has been calculated.
Less: Complaints handling costs	(£6.0m)	Reasonable	Management's assumption appears reasonable as these are costs incurred in the handling of current and future expected claims. Please see Appendix C for more information on how this figure has been calculated.
Less: Scheme costs	(£2.6m)	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reverse certain scheme costs which are included within the non-accrued cost section of the calculation
Less: Other liabilities	(£3.6m)	Reasonable	Management's assumption appears reasonable as this amount includes costs relating to removing county court judgements for customers who have redress claims and the buy-back of debts previously sold which are now subject to customer redress claims. Please see Appendix C for more information on how these figures have been calculated.
Less: Pre-scheme complaints	(£0.3m)	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reverse the value of pre-scheme complaints as they are included within the open complaint customer escrow on the following page. Please see Appendix C for more information on how the figure has been calculated.
Net assets (excluding claims cash liability)	**£420.5m**	**Reasonable**	**This is the realisable value of net assets excluding the cash element of the customer redress claims liability. Overall, this figure appears reasonable.**

- **Management's assumptions for the calculation of net assets excluding the claims cash liability appear reasonable and follow the calculation of the customer complaints provision in the December 2021 financial statements. Please see Appendix C for more information on how the customer complaints provision has been calculated.**

Appendix E: Estimated outcome statement assumptions: Scenario 1B, Fall-back Solution to the New Business Scheme

Amigo: Scenario 1B, Fall-back Solution	Fall-back Solution	Reasonableness of assumption	EY comments
Revenue	£48.3m	Reasonable	Management's assumption of revenue appears reasonable based on forecast future interest income and amortised broker fees
Unwind of complaints impairment overlap	(£14.2m)	Reasonable	This is an accounting adjustment to reduce the loan book value to its realisable value. Please see Appendix C for more information on how this figure has been calculated.
Unwind of impairment provision	£51.7m	Reasonable	This is an accounting adjustment to reduce the gross loan book to its realisable value based on Amigo's business as usual collection and non-payment assumptions. This matches the provision made in the December 2021 financial statements.
Forecast future credit losses	(£78.9m)	Reasonable	This is an accounting adjustment to reduce the gross loan book to its realisable value based on Amigo's business as usual collection and non-payment assumptions. These assumptions appear reasonable in addition to the 15% collection stress that has been applied elsewhere within the calculations.
Future overheads	(£29.8m)	Reasonable	These are standard overheads incurred in continuing operations to realise the assets of Amigo. Management's assumptions of future overheads appear reasonable compared to the historical monthly average for overheads and an assumption that they will decrease over time.
Committed capex	(£1.7m)	Reasonable	Management have committed to spend £1.7m on new hardware/software for new lending. This has been assumed to be paid prior to the Scheme Effective Date (and therefore paid regardless of whether the Group begins re-lending). Management's assumptions appear reasonable.
Future finance costs	(£1.9m)	Reasonable	Management's assumption based on an estimate of bond interest not yet accrued in the financial statements appears reasonable, based on an interest rate of 7.625% and a period of five months
Scheme costs	(£14.7m)	Reasonable	These are costs associated with the design, implementation and operation of the Scheme. These costs appear reasonable based on estimates provided by external advisors, estimates based on the 2021 Scheme and accrued costs.
Incremental wind-down costs	(£4.6m)	Reasonable	These costs relate to staff retention bonuses and have been calculated as 50% of the payroll costs for the previous two years (in contrast, average yearly bonuses are 20% of payroll costs). This appears to be a prudent but reasonable assumption.
Net unaccrued expenditure	**(£45.7m)**	**Reasonable**	**This is income and expenditure not included in the balance sheet which will be incurred in realising the remaining assets of the Group. Overall, this figure appears reasonable.**

- **Management has used a robust and detailed model which uses a number of inputs (such as historic averages or operational / non-payment risks) to calculate future revenue and impairments/credit losses**
- **Management has made detailed assumptions for future costs involved in operating the business and implementing the New Schemes**
- **Overall, the calculation of future income and expenditure appears reasonable**

Appendix E: Estimated outcome statement assumptions: Scenario 1B, Fall-back Solution to the New Business Scheme

28 February 2022

Date new lending recommences	Estimated return to customer creditors in the Fall-back Solution (£m) — Date of Preferred Solution moving into Fall-back Solution												
	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
No new lending	-	-	-	-	-	-	100.4	101.4	102.3	103.1	103.8	104.4	107.3
May-22	-	-	-	-	-	-	100.2	100.7	100.9	100.8	100.6	99.9	101.3
Jun-22	-	-	-	-	-	-	100.2	100.7	101.0	101.1	101.0	100.7	102.3
Jul-22	-	-	-	-	-	-	100.2	100.7	101.0	101.2	101.3	101.0	103.1
Aug-22	-	-	-	-	-	-	100.2	100.6	101.0	101.2	101.4	101.3	103.5

Date new lending recommences	Estimated additional return to customer creditors in the Fall-back Solution vs. Wind-down Scheme (£m) — Date of Preferred Solution moving into Fall-back Solution												
	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
No new lending	-	-	-	-	-	-	5.4	6.4	7.3	8.1	8.8	9.4	12.3
May-22	-	-	-	-	-	-	5.2	5.7	5.9	5.8	5.6	4.9	6.3
Jun-22	-	-	-	-	-	-	5.2	5.7	6.0	6.1	6.0	5.7	7.3
Jul-22	-	-	-	-	-	-	5.2	5.7	6.0	6.2	6.3	6.0	8.1
Aug-22	-	-	-	-	-	-	5.2	5.6	6.0	6.2	6.4	6.3	8.5

- **Management's assumption is that the Fall-back Solution delivers a better outcome for customer creditors than the Wind-down Scheme, although the extent of this would be contingent on certain factors outside the Group's control. The two major factors would be the date on which new lending could recommence and the point in time that the conditions precedent for the Preferred Solution are not met and therefore the date which the Fall-back Solution would be activated.**
- **The initial table shows the estimated net realised assets available for unsecured creditors for scenarios where the Group recommences new lending in either May 2022, Jun 2022, July 2022 and August 2022 (rows down the page) and the conditions precedent are not met at some point in 2022 (columns across the page).**
- **The second table shows the variance in estimated net realised assets compared to the £93.4m estimated in the Wind-down Scheme. The Fall-back Solution is expected to generate a return of at least 33p / £, with an indicative range of up to 37p / £.**
- **In a scenario in which the Group does not begin recommence new lending, the outcome for creditors is still assumed to be better than the Wind-down Scheme because of the benefit of the collections stress (15%) not being applied until the Fall-back Solution occurs. Management assume that the collections stress would occur from April 2022 onwards in the Wind-down Scheme because creditors would have voted on the New Schemes and formed a view on the likely outcome between the New Business Scheme and Wind-down Scheme.**
- **Overall, Management's assumption that the Fall-back Solution delivers a better outcome than the Wind-down Scheme appears reasonable (with further detail of these assumptions provided on the next page)**

Appendix E: Estimated outcome statement assumptions: Scenario 1B, Fall-back Solution to the New Business Scheme

28 February 2022

Wind-down Scheme and Fall-back Solution comparison	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Estimated net realised assets available for unsecured creditors in the Wind-down Scheme*	**99.2**	**100.2**	**100.7**	**100.9**	**100.8**	**100.6**	**99.9**
Incremental Collections (15% stress)	1.4	1.3	1.2	1.0	0.9	0.8	0.7
Retention Bonus	-	-	-	-	-	-	2.3
2.0 Originations	(1.7)	(2.5)	(3.4)	(4.4)	(5.3)	(6.2)	(7.4)
2.0 Future Total Collect Out to Jun-23	1.2	1.7	2.0	2.5	2.7	2.7	2.9
2.0 Debt Sale at Jun-23	0.7	1.1	1.5	2.0	2.7	3.2	4.1
Incremental Borrowing Costs	-	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
2.0 Capex Spend	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Incremental GC Operating Expenses	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Legal / Professional Equity Raise Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	-
2.0 Marketing Spend	(0.1)	(0.2)	(0.3)	(0.4)	(0.4)	(0.5)	(0.6)
Estimated net realised assets available for unsecured creditors in the Fall-back Solution	**100.2**	**100.7**	**100.9**	**100.8**	**100.6**	**99.9**	**101.3**

** Net assets as at June 2022 include the benefit of better loan book collections in April 2022 and May 2022*

Description of item	Reasonableness of assumption	EY Comments
Incremental Collections (15% stress)	Reasonable	Management have assumed that the 15% collections stress does not incur until the conditions precedent for the Preferred Solution are not met and the Fall-back Solution comes into place. This assumption appears reasonable based on current customer payment data prior to the sanction hearings for the New Schemes.
Retention Bonus	Reasonable	Management's assumption appears reasonable based on a reversal of 50% of the staff retention costs in December 2022 due to the costs being incurred over a shorter period
2.0 Originations	Reasonable	Management's assumption appears reasonable based on underlying loan book modelling of the Group's business as usual assumptions and historic lending patterns to calculations of estimated future lending volumes in a post-scheme environment
2.0 Future Total Collect Out to Jun-23	Reasonable	Management's assumption appears reasonable based on underlying loan book modelling of the Group's business as usual assumptions and historic lending patterns to calculations of estimated future lending volumes in a post-scheme environment
2.0 Debt Sale at Jun-23	Reasonable	Management have assumed a 30% discount on a sale of the loan book. This discount is in line with historic averages for older loan books (i.e., with loans outstanding for a longer period of time) and therefore appears reasonable
Incremental Borrowing Costs	Reasonable	Management have assumed that they can refinance the existing bond debt at an increased rate of 9% per annum. This appears to be a reasonable estimate of incremental borrowing costs based on a higher risk profile for the refinanced bond debt. We are unable to comment on the Group's ability to refinance the bond debt.
2.0 Capex Spend	Reasonable	Management have assumed additional capital expenditure of £0.1m per month (relating to monthly user subscriptions) in addition to the £1.7m of committed expenditure prior to the New Schemes. This assumption appears reasonable based on estimates provided by vendors.
Incremental GC Operating Expenses	Reasonable	Management's assumption appears reasonable based on use of the difference between the overheads in the Preferred Solution and Fall-back Solution
Legal / Professional Equity Raise Costs	Reasonable	Management have made estimates for professional fees and postage costs for shareholder meetings. Their assumption appears reasonable based on our experience of similar scenarios.
2.0 Marketing Spend	Reasonable	Management have assumed marketing costs of 8% of new loans issued per month. The estimate below historic averages appears reasonable (due to not incurring pay per click and TV marketing in a ramp-up phase).

- **The initial table above compares the estimated net realised assets in the Wind-down Scheme and captures the Group's estimated income and costs in the case of a Fall-back Solution (where the Group is able to recommence lending in May 2022). The assumptions remain constant regardless of when the Group begins re-lending (but are delayed by a month).**
- **Overall, Management's assumptions for calculation of future income and expenditure appear reasonable**

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Appendix F: Estimated outcome statement assumptions: Scenario 2, Wind-down Scheme

Amigo: Scenario 2, Wind-down Scheme	Wind-down Scheme	Reasonableness of assumption	EY comments
Net assets of ALL (excluding claims cash liability)	£420.5m	Reasonable	These assumptions and calculations appear reasonable. See further details on the following pages.
Net unaccrued expenditure	(£45.7m)	Reasonable	These assumptions and calculations appear reasonable. See further details on the following pages.
Less: Net intercompany settlement	(£239.2m)	Reasonable	Management's assumptions appear reasonable
Less: collections stress of 15%	(£14.3m)	Reasonable	Management's assumption appears reasonable based on the stigma associated with Amigo's financial position and the volume of customer redress claims (beginning in April 2022).
Write-off of the residual loan book	(£14.3m)	Reasonable	Management's assumption appears reasonable based on an estimated write-down of the remaining loan book value as at June 2023
Removal of non-cash balance sheet assets	(£0.6m)	Reasonable	Management's assumption appears reasonable given non-cash assets are assumed to have no realisable value
Removal of open complaint customer escrow	(£9.9m)	Reasonable	Management's assumptions appears reasonable based on the loan repayments and the calculation of the escrow account as at June 2023 appears reasonable
Removal of future complaint customer escrow	(£1.6m)	Reasonable	Management's assumptions appear reasonable based on an average of the volume of complaints received in October 2021, November 2021 and December 2021 and a forecast of additional loan repayments until the Scheme Effective Date (using an average regular monthly instalment of £214)
Net realised assets available for unsecured creditors	**£95.0m**	**This scenario provides a higher return than the Insolvency Outcome**	**Overall, the assumptions and calculations for the Wind-down Scheme appear reasonable**

- **The estimated outcome statement for the Wind-down Scheme has been reasonably estimated based on detailed and explainable assumptions**
- **Further detail on the net assets (excluding claims cash liability) and net unaccrued expenditure are shown on the following page**
- **The Wind-down Scheme generates an increased return compared to the Insolvency Outcome due to increased collections and lower costs involved in realising assets**

Appendix F: Estimated outcome statement assumptions: Scenario 2, Wind-down Scheme

Amigo: Scenario 2, Wind-down Scheme	Wind-down Scheme	Reasonableness of assumption	EY comments
Net Liabilities of ALL	(£123.4m)	Reasonable	Management's assumption appears reasonable based on the net liabilities position in the balance sheet as at December 2021
Add: Customer complaints provision	£347.5m	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reverse the full value of the customer complaints provision in order to calculate the realisable value of net assets
Add: ALL intercompany balances	£236.8m	Reasonable	Management's assumption appears reasonable based on the intercompany liabilities position in the balance sheet as at December 2021
Less: Balance adjustments on loan book	(£42.1m)	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reflect the non-cash element of a redress claim. This balance adjustment figure is lower than the figure included within the customer complaints provision, due to the fact that as time passes, the loan book decreases and the proportion of customer creditors who have an outstanding loan reduces (29% as at September 2021, 18% as at March 2022, 16% as at April 2022 and 14% as at May 2022).
Add: Overlap with impairment	£14.2m	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reverse an impairment charge on future loan collections as it is included within the unaccrued income and expenses section of the calculation. Please see Appendix C for more information on how this figure has been calculated.
Less: Complaints handling costs	(£6.0m)	Reasonable	Management's assumption appears reasonable as these are costs incurred in the handling of current and future expected claims. Please see Appendix C for more information on how this figure has been calculated.
Less: Scheme costs	(£2.6m)	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reverse certain scheme costs which are included within the non-accrued cost section of the calculation
Less: Other liabilities	(£3.6m)	Reasonable	Management's assumption appears reasonable as this amount includes costs relating to removing county court judgements for customers who have redress claims and the buy-back of debts previously sold which are now subject to customer redress claims. Please see Appendix C for more information on how these figures have been calculated.
Less: Pre-scheme complaints	(£0.3m)	Reasonable	Management's assumption appears reasonable as this is an accounting adjustment to reverse the value of pre-scheme complaints as they are included within the open complaint customer escrow on the following page. Please see Appendix C for more information on how the figure has been calculated.
Net assets (excluding claims cash liability)	**£420.5m**	**Reasonable**	**This is the realisable value of net assets excluding the cash element of the customer redress claims liability. Overall, this figure appears reasonable.**

- **Management's assumptions for the calculation of net assets excluding the claims cash liability appear reasonable and follow the calculation of the customer complaints provision in the September 2021 financial statements. Please see Appendix C for more information on how the customer complaints provision has been calculated.**

Appendix F: Estimated outcome statement assumptions: Scenario 2, Wind-down Scheme

Amigo: Scenario 2, Wind-down Scheme	Wind-down Scheme	Reasonableness of assumption	EY comments
Revenue	£48.3m	Reasonable	Management's assumption of revenue appears reasonable based on forecast future interest income and amortised broker fees
Unwind of complaints impairment overlap	(£14.2m)	Reasonable	This is an accounting adjustment to reduce the loan book value to its realisable value. Please see Appendix C for more information on how this figure has been calculated.
Unwind of impairment provision	£51.7m	Reasonable	This is an accounting adjustment to reduce the gross loan book to its realisable value based on Amigo's business as usual collection and non-payment assumptions. This matches the provision made in the December 2021 financial statements.
Forecast future credit losses	(£78.9m)	Reasonable	This is an accounting adjustment to reduce the gross loan book to its realisable value based on Amigo's business as usual collection and non-payment assumptions. These assumptions appear reasonable in addition to the 15% collection stress that has been applied elsewhere within the calculations.
Future overheads	(£29.8m)	Reasonable	These are standard overheads incurred in continuing operations to realise the assets of Amigo. Management's assumptions of future overheads appear reasonable compared to the historical monthly average for overheads and an assumption that they will decrease over time.
Committed capex	(£1.7m)	Reasonable	Management have committed to spend £1.7m on new hardware/software for new lending. This has been assumed to be paid prior to the Scheme Effective Date (and therefore paid regardless of whether the Group begins relending). Management's assumptions appear reasonable.
Future finance costs	(£1.9m)	Reasonable	Management's assumption based on an estimate of bond interest not yet accrued in the financial statements appears reasonable, based on an interest rate of 7.625% and a period of five months
Scheme costs	(£14.7m)	Reasonable	These are costs associated with the design, implementation and operation of the Scheme. These costs appear reasonable based on estimates provided by external advisors, estimates based on the 2021 Scheme and accrued costs.
Incremental wind-down costs	(£4.6m)	Reasonable	These costs relate to staff retention bonuses and have been calculated as 50% of the payroll costs for the previous two years (in contrast, average yearly bonuses are 20% of payroll costs). This appears to be a prudent but reasonable assumption.
Net unaccrued expenditure	**(£45.7m)**	**Reasonable**	**This is income and expenditure not included in the balance sheet which will be incurred in realising the remaining assets of the Group. Overall, this figure appears reasonable.**

- **Management has used a robust and detailed model which uses a number of inputs (such as historic averages or operational / non-payment risks) to calculate future revenue and impairments/credit losses**
- **Management has made detailed assumptions for future costs involved in operating the business and implementing the New Schemes**
- **Overall, the calculation of future income and expenditure appears reasonable**

Appendix G: Estimated outcome statement assumptions: Scenario 3, Insolvency Outcome

Amigo: Scenario 3, Insolvency Outcome	Scenario 3a Insolvency Outcome (Speed)	Scenario 3b Insolvency Outcome (Value)	Reasonableness of assumption	EY comments
Assumed Collection Period (starting June 2022)	**13 months**	**18 months**		
Loan book realisable value	£238.7m	£238.7m	Reasonable	Management's assumption of the initial gross loan book value appears reasonable based on a comparison to the December 2021 financial statements
Less: set-off for customer redress claims, collection curve assumptions and insolvency stress assumptions	(£126.2m)	(£123.5m)	Reasonable	Management's assumptions appear reasonable. Please see the table on the following page for further information.
Amounts receivable from customers	**£112.5m**	**£115.2m**	Reasonable	Management's assumptions appear reasonable. Please see the table on the following page for further information.
Recovery from IRE	£0.6m	£0.6m	Reasonable	Management's assumptions for the recovery of the IRE gross loan book appear reasonable based on the forecasted costs to make collections.
Other amounts recoverable	£285.5m	£285.5m	Reasonable	This amount is comprised of cash at bank as at 31 December 2021, including c.90% of IRE's cash at bank. We understand that cash at bank has reduced by £184.1m as a result of a bond buy-back on 13 January 2022. Please see comment on secured creditors below.
Total Realisations	**£398.6m**	**£401.3m**		
Less: costs of realisation and insolvency	(£54.6m)	(£57.4m)	Reasonable	Management's estimates of costs appear reasonable. Please see the table on the following page for further information.
Less: restricted customer escrow cash	(£9.9m)	(£9.9m)	Reasonable	Management's estimate has been calculated based on forecast customer repayments on outstanding loans which may be subject to customer redress claims. This estimate appears reasonable and will continue to increase over time until all potential claims in this creditor class have been resolved.
Less: restricted future customer escrow cash	(£1.6m)	(£1.6m)	Reasonable	Management's assumptions appear reasonable based on an average of the volume of complaints received in October 2021, November 2021 and December 2021 and a forecast of additional loan repayments until the Scheme Effective Date (using an average regular monthly instalment of £214)
Net funds available to secured and preferential creditors	**£332.5m**	**£332.4m**		
Secured creditors	(£243.4m)	(£243.4m)	Management to consider immaterial error	We understand that a residual value of £50m of senior debt remains outstanding following a buy-back of £184.1m on 13 January 2022. Bond interest appears to have been incorrectly accrued for the post-insolvency period, however this is immaterial and will have a minimal impact.
Preferential creditors	(£1.0m)	(£1.0m)	Reasonable	Management's estimate of preferential creditors is based on the amount accrued in the balance sheet at December 2021 (£0.4m), with an additional £0.6m contingency. There may be further leakage for preferential employee debts, although management has not made any estimates for this, and we are not of the view this would lead to a material impact on outcome.
Net funds available to unsecured creditors	**£88.1m**	**£87.9m**	**Reasonable**	**Overall, the assumptions for the insolvency Outcome appear reasonable**
Potential p / £ distribution to unsecured creditors	**31p / £**	**31p / £**		

Appendix G: Estimated outcome statement assumptions: Scenario 3, Insolvency Outcome

Amigo: Scenario 3, Insolvency Outcome	Scenario 3a Insolvency Outcome (Speed)	Scenario 3b Insolvency Outcome (Value)	Reasonableness of assumption	EY comments
Amounts receivable from customers	**14 months**	**19 months**		
Cohort 1 Collections (Collect at Maximum)	£91.4m	£98.5m	Reasonable	Cohort 1 is assumed to be until January 2023 and June 2023 respectively, and will focus on realising 42% of the revised gross loan book. This assumption appears reasonable.
Cohort 2 Collections (Collect at Discount)	£14.0m	£11.1m	Reasonable	Cohort 2 is assumed to end in April 2023 and September 2023 respectively and will focus on realising 14% of the revised gross loan book. This assumption appears reasonable.
Cohort 3 Collections (Fire Sale)	£7.0m	£5.6m	Reasonable	Cohort 3 is assumed to end in June 2023 and November 2023 respectively and will focus on realising the remaining 14% of the revised gross loan book. These assumptions appear reasonable.
Total Collections	**£112.5m**	**£115.2m**	**Reasonable**	**Overall, estimated collections appear reasonable based on the business as usual assumptions used to calculate the future value of the loan book, overlayed against additional insolvency related assumptions**
% collection of gross loan book	**47.10%**	**48.20%**	**Reasonable**	

- **The estimated outcome statement for Scenario 3, Insolvency Outcome appears to have been reasonably estimated based on detailed and explainable assumptions. Management have prepared this estimated outcome statement on a group basis, but an insolvency would occur on an individual legal entity basis. We do not envisage that this will materially impact the outcome to unsecured creditors.**
- **Management have made detailed assumptions for estimating asset realisations in relation to the recoverability of the loan book assets following on advice from PwC and have split the loan book into three cohorts; those collected at full value, those collected at a discount and the final remaining targeted collections.**
- **Both the speed and value scenarios assume a 30% non-payment rate on the gross loan book. Overall, this appears a prudent yet reasonable assumption.**
- **The value scenario generates higher loan book collections but is offset by higher costs. See following page for further information on costs of realisation and insolvency. Overall, this appears reasonable based on Management's assumption for loan book collections in the additional five months.**

Appendix G: Estimated outcome statement assumptions: Scenario 3, Insolvency Outcome

Amigo: Scenario 3, Insolvency Outcome	Scenario 3a Insolvency Outcome (Speed)	Scenario 3b Insolvency Outcome (Value)	Reasonableness of assumption	EY comments
Costs of realisation and insolvency	**14 months**	**19 months**		
Staff Retention Bonus	(£6.2m)	(£6.2m)	Reasonable	The Company has assumed that this will be 50% of the prior two years salary costs, pro-rated for the duration of the insolvency. This appears reasonable in comparison to the average bonus percentage of 20% of salary costs.
Dividend Processing Costs	(£6.1m)	(£6.1m)	Reasonable	These are calculated in the same way as the costs included in the customer complaints provision. Please see Appendix C for more information.
Customer CCJs	(£0.8m)	(£0.8m)	Reasonable	These are calculated in the same way as the costs included in the customer complaints provision. Please see Appendix C for more information.
Legal/Professional	(£3.0m)	(£3.0m)	Reasonable	Management's assumption appears reasonable based our observations of the work involved and fees charged in comparable insolvencies
Unpaid Future Scheme Costs	(£4.7m)	(£4.7m)	Reasonable	Management's estimates for unpaid future scheme costs appear reasonable based estimates provided by external advisors, estimates from the 2021 Scheme and accrued costs
Liquidator	(£5.0m)	(£5.0m)	Reasonable	Management's assumption appears reasonable based our observations of the work involved and fees charged in comparable insolvencies
Committed capex	(£1.7m)	(£1.7m)	Reasonable	Management have committed to spend £1.7m on new hardware/software for new lending. This has been assumed to be paid prior to the Scheme Effective Date (and therefore paid regardless of whether the Group begins re-lending). Management's assumptions appear reasonable.
Overheads	(£26.8m)	(£29.7m)	Reasonable	This appears reasonable based on an average initial monthly run-rate of £2-2.2m (decreasing over time) which is in line with historic averages. This is the only cost that varies between the two insolvency sub-scenarios.
Contingency	(£0.3m)	(£0.3m)	Reasonable	This appears reasonable and may not be required should costs be lower than expected
Total Costs of realisation and insolvency	**(£54.6m)**	**(£57.4m)**	Reasonable	**Overall, costs of realisation and insolvency appear reasonable**

- **The costs of realisation and insolvency for Scenario 3, Insolvency Outcome appear to have been reasonably estimated based on detailed and explainable assumptions**

Appendix H - Management assumptions document

	Wind-down	Preferred Solution	Insolvency	Fallback Solution
General	Forecasts built using Amigo's internal model and December 2021 Amigo Loans Limited ("ALL") balance sheet. Forecasts the projected net assets at end of a Wind-down.	Forecasts built using Amigo's internal model and December 2021 ALL balance sheet. Forecasts the projected net assets at the end of a Wind-down of the current loans.	Projected outcome built on cash basis utilising the cash position (excluding restricted cash) as at December 2021 for the starting point.	Forecasts built using Amigo's internal model and December 2021 ALL balance sheet. Projected net assets at end of a Wind-down used as starting point with forecast monthly income and expenses from new lending.
Effective Date	1 June 2022	1 June 2022	1 June 2022 (Insolvency Date)	1 June 2022
Collections – stress assumptions	A collection stress of 15% from 31 March 2022 in addition to normal BAU impairment risk.	No collection stress beyond normal impairment risk, as business assumed to resume.	A collection stress of 15% from 31 March 2022 in addition to normal BAU impairment risk. Collection of this major asset would be targeted by the appointed Insolvency Practitioner ("IP") to achieve maximum recovery for creditors - in reality, this consists of securing repayments from borrowers and guarantors. Insolvency would not terminate a borrower/guarantor's obligations to repay a loan and the IP would be robust in pursuit of these collections. The ability of the IP to continue to secure customer repayments will be the key driver of the ultimate return to all creditors. A further insolvency reduction is made to collections from assumed Insolvency Date to represent increased stress the IP would face in the form of insolvency disruption and redress offset. Two insolvency scenarios have been used to estimate potential outcomes: (a) 'Value' models a collections period to end November 2023 (b) 'Speed' models a collections period to end June 2023	A collection stress of 15% from the date of the announcement of the Fallback rather than 31 March 2022. 1

Appendix H - Management assumptions document (continued)

	Wind-down	Preferred Solution	Insolvency	Fallback Solution
Collections – BAU impairment	This is calculated using Amigo's internal model. ALL's ongoing collection of its loan book is subject to credit losses experienced in the usual course of business. The underlying collection of the loan book is initially modelled using historic performance, a calibration exercise is then applied to align where appropriate with recent monthly trends and consideration given to the IFRS 9 impairment provision assumptions.			
Balance adjustments	Where a live borrower has entitlements to set off successful redress claims against their loans, these are referred to as balance adjustments. The total balance adjustment figure is an element included within the complaints provision. As at December 2021 the complaints provision amounted to £347.5m, which comprised cash redress, 8% interest, balance adjustments and other fees and costs. To arrive at the cash redress value for estimating the level of dividend payable to redress creditors a further 5 months of interest has been applied as well as an amount to reflect payments made by borrowers (who have an open complaint) during the period October to November 2021 which are not covered by the escrow arrangement. The total balance adjustment provision is forecast using current and estimated future claims, the application of projected uphold rates (64% for future claims and 67% for current claims) and an estimated average adjustment figure per claim (£2,680 for both current and future claims as at end of May 2022). The balance adjustment figure is applied to the outstanding loans from 1 June 2022.			
Set-off date	1 June 2022	1 June 2022	1 June 2022 (assumed insolvency date)	1 June 2022
Bondholder payments	£184.1 of SSNs paid off in January 2022. The remaining c.£50m repaid in July 2022.	£184.1 of SSNs paid off in January 2022. 50% of any interest accruing on the remaining Bonds from 1 July 2022 to 31 May 2023.	£184.1 of SSNs paid off in January 2022. The remaining c.£50m repaid in July 2022.	If Fallback decision made remaining bonds will be repaid within one month.
Overheads	The costs of managing the business have been projected for the anticipated duration of the Wind-down running to 1 August 2023. In a wind down scenario it is recognised that staffing levels likely to be managed by natural attrition where possible, negating redundancy costs and seeking the best outcome for employees. A spend of £1.7m for a new IT system has been included within the overheads for all scenarios (already committed) which will support the new business.	The costs of managing the business have been projected to 1 August 2023. No additional staff costs have been included for commencing new lending. A spend of £1.7m for a new IT system has been included within the overheads for all scenarios (already committed) which will support the new business.	An administrator is assumed to reduce staff levels immediately. The run-off of the insolvent business assumed to end July 2023 in Speed Scenario and end December 2023 in Value Scenario. A spend of £1.7m for a new IT system has been included within the overheads for all scenarios (already committed) which will support the new business.	In addition to the costs included within the Wind-down scenario, amounts for Marketing and Operating Costs associated with the new lending ("Incremental New Business Costs") have been included until they are curtailed at the date of Fallback. A spend of £1.7m for a new IT system has been included within the overheads for all scenarios (already committed) which will support the new business.

Appendix H - Management assumptions document (continued)

	Wind-down	Preferred Solution	Insolvency	Fallback Solution
Escrow account for post 30th November collections attributed to known redress claimants who will be creditors if their claim is confirmed	Where payments are received in respect of collections from known claimants, funds are to be held in an escrow account up to Scheme effective date to enable repayment if the claim is upheld. Funds will not be available for creditors generally. An assessment will be made of redress creditors who may have a cash claim for compensation (i.e. total payments exceeded the principal loan value). Where payments have continued to be made by the customer after the later of 30 November 2021 and the date of complaint it will be determined whether any monies should be paid from the escrow to the individual borrower. A 65% uphold rate has been applied in estimating the payments into escrow for the open claims where redress is due. Post scheme collections from any customer whose claim is upheld will be repaid if they are a creditor.			
Retention payments	It is assumed that retention payments will be required to ensure the support and motivation of staff in both the Wind-down.	No retention payments are assumed to be required.	It is assumed that retention payments will be required to ensure the support and motivation of staff in an insolvency.	It is assumed that retention payments will be required for a period of time but these are assumed to be less than required in the Wind-down.
Claims handling and dividend processing costs	Third party costs (a contractual agreement has been negotiated). The actual cost incurred will vary based on the volume of complaints ultimately received. Cost to agree, calculate claims and distribute payments to redress creditors.			
Insolvency legal costs			Costs will be incurred in an insolvency that will not be present in managed Wind-down. The legal and professional costs are judgmental and have been estimated as those required to support an administrator or liquidator.	
Future scheme costs			The potential costs incurred proposing an ultimately unsuccessful scheme have been included within this category.	
Irrecoverable VAT	ALL is unable to recover VAT so all costs include VAT.			

	Wind-down	Preferred Solution	Insolvency	Fallback Solution
Insolvency practitioner			Estimates based on knowledge of insolvency appointments. Looking at costs reported for an administration, in a similar market sector, the total incurred time costs amounted to c.£4.2m (only £2.9m were drawn as fees). These costs excluded VAT so including VAT on the incurred value would provide a total figure of c.£5m.	
Preferential creditors			A high level estimate, including potential outstanding VAT.	
Group assets	Recoveries of inter-company amounts due from the Irish company and Amigo Management Services Limited have been forecast to be received by ALL. A large inter-company balance owed by Amigo Holdings Limited ("AHL") has been removed from Amigo Loans Limited's balance sheet as it has been assumed that no recovery will be possible as all AHL's assets are an investment in subsidiaries which will have nil value.			
Timeline	The loan book is collected until it is forecast to be approximately uneconomic, i.e. overheads outweigh monthly collections. This is projected to be materially the end of June 2023, costs run for an additional month to cover the wind down of operations. The residual small loan book is assumed to be written off in full.	The loan book is collected until it is forecast to be approximately uneconomic, i.e. overheads outweigh monthly collections. This is projected to be materially the end of June 2023, costs run for an additional month to cover the wind down of operations. The residual small loan book is assumed to be written off in full.	Two scenarios model run-off of collections to either the end of June 2023 for the Speed scenario or end of November 2023 for the Value scenario. It is highly uncertain how collections would perform in an insolvency, assumptions have been made that portions of the book would need to be settled at a discount to maximise recovery. It is not expected that an immediate debt sale would be the optimal strategy and hence not form a central part of the asset realisation. Customers would still be required to make repayments in any event.	Legacy loans continue to be collected on same basis as Wind-down. Collections for New Lending projected to the end of June 2023 and residual outstanding loan balance sold at a discount.

Appendix H - Management assumptions document (continued)

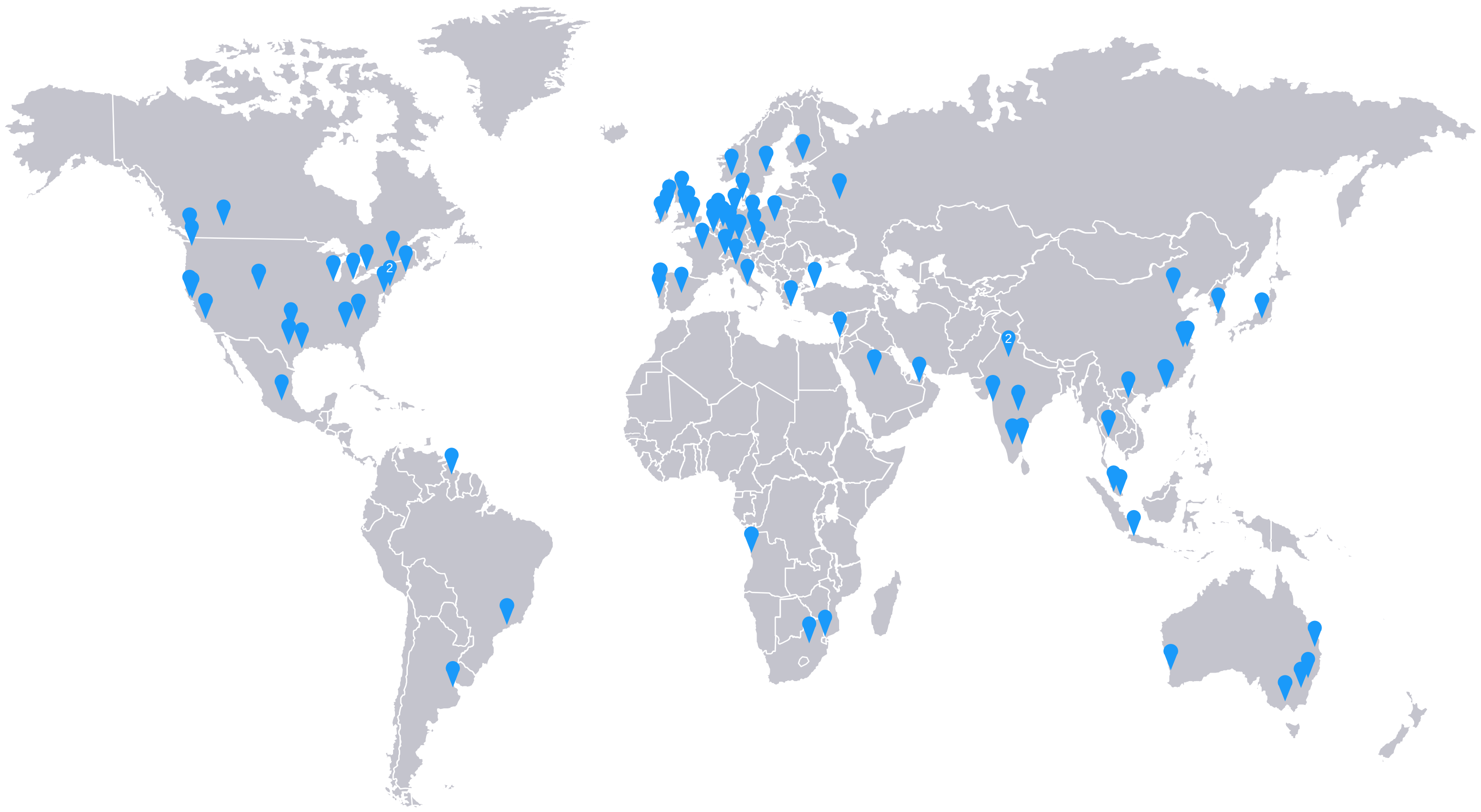
	Wind-down	Preferred Solution	Insolvency	Fallback Solution
Timeline for distribution to creditors **Timeline assumed to commence from the Effective Date**	Assumed c.14 months to wind-down. The timing of payment(s) to redress creditors may depend on whether a strategy of interim dividends used. Assumes takes c.15 months (6 months bar date and 6 months claims agreement and 3 months adjudication) - assumes only small numbers go to adjudication. Substantial interim payment could be made in c.16 months (including 1 month to make a distribution) but might not be the full distribution (with amounts being withheld for certainty of potential costs and liabilities in ALL). The remaining distribution would not likely be made until the wind-down was substantially complete (including a solvent liquidation process and tax clearance), which could be c.24 + months.	Assumed c.14 months to wind-down. Conditions Precedent met within 12 months. Assumes claims agreement runs in parallel to rights issue and takes c.15 months (6 months bar date and 6 months claims agreement and 3 months adjudication) - assumes only small numbers go to adjudication. Substantial interim distribution could be made after 16 months (including 1 month for distribution). A further 2 months required for the 'true up' exercise to calculate any additional cash above the £97m before final payment made after 18 months.	Will depend whether it is cost beneficial to make more than one distribution. The IP may decide to use a scheme or more manual process for claims agreement. Assumes takes c.14 to 19 months depending on collection strategy. It has been assumed that to avoid a significant number of disputes and given the estimated level of dividend a scheme or other legal process will be required which will mean a longer timeframe prior to payment(s) being made to redress creditors when compared to the other three scenarios.	Assumed c.14 months to wind-down (including sale of loans following new lending). Substantial interim payments could be made in c.16 months as per the wind-down. Assumes takes c.15 months (6 months bar date and 6 months claims agreement and 3 months adjudication) - assumes only small numbers go to adjudication. The remaining distribution would not likely be made until the wind-down was substantially complete (including a solvent liquidation process and tax clearance), which could be c.24+ months. Assumed that if new lending has been commenced prior to Fall Back that residual 'new / clean' loan book sold at a discount.
Fund raising	It has been assumed that it would not be possible to raise funds from the debt and equity markets that would be sufficient to provide more than £15m compensation for redress creditors and also enable ongoing funding of future business. It would not be possible to find financial markets or investor support to enable this outcome.			
Cash available for redress creditors	Net assets	1) The greater of: (a) £97m; or (b) net collections from the existing loan book, with overheads to end July 2023 deducted and also after deducting £8.4m for liquidity. This will exclude the new lending and any incremental new lending costs. Plus 2) £15m	Net assets	Net assets

Sources of Information

Management Information

- *EY – Scheme High level Extracts.pptx*
- *Scheme Pot Model and Complaints Provision Final 23.11.xlsx*
- *Counterfactual Scenarios 11.11.xlsx*
- *Going Concern and Managed Wind Down Balance Sheet view.xlsx*
- *Sep-21 BS Detailed Group.xlsx*
- *Monthly Cash Flow 17.01.xlsx*
- *Sep-22 BS.xlsx*
- *Average Loan Calc.xlsx*
- *Mix Calc (reduced size) v2.xlsb*
- *Redress 1 April 19 to 11 Jan 21 for KPMG 4.5k average.xlsx*
- *3. Cost Comparison 19.1.xlsx*
- *Scheme Cost Schedule to May-21.xlsx*
- *Loan Book model – Covid Non Covid SO update Updated RR v3.xlsb*
- *PwC Report – from Court Bundle May 21.pdf*
- *Claims Provision – Uphold Rate Update 27.07.pdf*
- *P6 prepayments.xlsx*
- *Amigo Entities.xlsx*
- *Going Concern and Managed Wind Down Balance Sheet view 24.1.22.xlsx*
- *Counterfactual Scenarios 24.01.22.xlsx*
- *Fall Back Timing Variance 24.1.22.xlsx*
- *P in £ estimate Apr-22 20.01.xlsx*
- *New Arch cost Modelv4.xlsx*
- *Draft Timeline Slide4.pptx*
- *Dec-21 Weighted Average RMI.xlsx*
- *Fall Back Timing Variance 27.1.22.xlsx*
- *0C. FY26 Business Plan (GC) (Mar-22 effective set off) 20.01.22 (1).xlsm*
- *Fall Back Timing Variance 28.1.22.xlsx*
- *Loan book model – Lending to May-22.xlsb*
- *Loan book model – Lending to Dec-22.xlsb*
- *P in £ estimate Apr-22 20.01.xlsx*
- *Key Scheme Assumptions Amigo.pdf*
- *Turnover Mechanism Chartv2.pptx*
- *Project Connect – Second Addendum Report.pdf*
- *P in £ estimate May-22 21.02.22.xlsx*
- *Going Concern BS View 18.2.22 (Base) – ALL only (Wind down update).xlsx*
- *Counterfactual Scenarios 21.02.22.xlsx*
- *5. Scheme Pot Model and Complaints Provision – v2 FOS update v2.xlsx*
- *Dec-21 Detailed BS.xlsx*
- *P in £ estimate Apr-22 1.02.22.xlsx*
- *Condor – ALL stats.xlsx*
- *Dec-21 Group BS.xlsx*
- *Loan book model – back book Dec-21.xlsx*
- *Lending Review Q3 311221 – With formulas Updated.xlsx*
- *Interco Matrix.xlsx*
- *Draft timeline Slide5.pptx*
- *Key Scheme Assumptions 24.2.22.pptx*
- *P in £ estimate May-22 25.02.22.xlsx*
- *Scheme timeline 28.2.22.pptx*
- *Key Scheme Assumptions 28.2.22 v2.pptx*
- *Scheme timeline 28.2.22 v2.pptx*

Contacts



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