

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

PCF GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 02863246)

Proposed cancellation of admission of Ordinary Shares to trading on AIM and Notice of General Meeting

This Circular should be read as a whole.

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

Notice of the General Meeting of the Company to be held at 1 Cornhill, London EC3V 3ND at Noon on Monday, 12 December 2022 is set out at the end of this Circular. Shareholders will find enclosed with this Circular a Form of Proxy for use in connection with the General Meeting. Whether or not you intend to attend the General Meeting in person, you are requested to complete and return the enclosed Form of Proxy to the Company's registrars, Computershare Investor Services plc at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, and in any event not later than Noon on Thursday, 8 December 2022.

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

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Despatch of this Circular and Form of Proxy	22 November 2022
Latest time and date for receipt of Forms of Proxy	Noon 8 December 2022
Time and date of General Meeting	Noon 12 December 2022
Expected last date of dealings in Ordinary Shares on AIM	19 December 2022
Expected time and date of Cancellation	7.00 a.m. 20 December 2022

Each of the times and dates in this timetable is subject to change. If any of the above times and/or dates change, the revised times and dates will be notified to Shareholders by an announcement through a regulatory information service recognised by London Stock Exchange plc.

All references in this Circular are to London time.

DEFINITIONS

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

“Act”	Companies Act 2006;
“Admission”	the admission of the Company's Ordinary Shares to trading on AIM;
“AIM”	AIM, a market operated by London Stock Exchange plc;
“AIM Rules”	the AIM Rules for Companies, published by London Stock Exchange plc from time to time;
“Announcement”	the Company's announcement made on 9 November 2022;
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which sterling deposits may be dealt in on the London inter-bank market and on which commercial banks are open for general business in London;
“Cancellation”	the proposed cancellation of Admission;
“Cancellation Resolution”	the proposed special resolution to cancel Admission which is set out in the Notice;
“Circular”	this document;
“Company”	PCF Group plc;
“CREST”	the UK paperless share settlement system of which Euroclear is the Operator (as defined in the Uncertificated Securities Regulations 2001);
“CREST Manual”	the manual, as amended from time to time, produced by Euroclear describing the CREST system and supplied by Euroclear to users and participants thereof;
“CREST member”	a person who has been admitted by Euroclear as a system member (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755));
“Directors” or “Board”	the board of directors of the Company;
“Euroclear”	Euroclear UK and International Limited;
“Form of Proxy”	the form of proxy enclosed with this Circular for use at the General Meeting;
“General Meeting”	the general meeting of the Company to be held at 1 Cornhill, London EC3V 3ND at Noon on Monday, 12 December 2022, notice of which is set out at the end of this Circular;
“MAR”	Regulation 596/2014 of the European Parliament and of the Council on market abuse which forms part of UK domestic law pursuant to the European Union (Withdrawal) Act 2018 and the Market Abuse (Amendment) (EU Exit) Regulations (SI 2019/310) and as amended, consolidated, re-enacted or replaced under domestic law from time to time;
“Notice”	the notice of General Meeting set out at the end of this Circular;
“Ordinary Shares”	ordinary shares of £0.05 each in the issued share capital of the Company;
“Shareholders”	the holders of Ordinary Shares;
“Somers”	Somers Limited; and
“Takeover Code”	the City Code on Takeovers and Mergers.

LETTER FROM THE CHAIR
PCF GROUP PLC

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

Directors

Simon Moore *(Chair)*
Garry Stran *(Chief Executive Officer)*
Caroline Richardson *(Chief Financial Officer)*
Mark Sismey-Durrant *(Non-Executive Director)*
Christine Higgins *(Non-Executive Director)*
David Morgan *(Non-Executive Director)*
Carol Sergeant *(Non-Executive Director)*
Mark Brown *(Non-Executive Director)*

Registered Office
Pinnars Hall
105-108 Old Broad Street
London
EC2N 1ER

22 November 2022

To the holders of Ordinary Shares

Dear Shareholder,

Proposed cancellation of admission of Ordinary Shares to trading on AIM and Notice of General Meeting

1 Introduction and background

The purpose of this letter is to provide you with the background to and the reasons for the Cancellation, and to explain why the Directors consider it to be in the best interests of the Company and its Shareholders as a whole. The Company intends to convene the General Meeting in order to seek Shareholder approval for the Cancellation, as is required under the AIM Rules.

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

2 Reasons for the Cancellation

As Shareholders are aware, the Company has been carrying out a remediation programme in order to address historical governance and control issues and to ensure that an appropriate operational and management structure was in place to support future growth. Such growth was predicated on the Company being able to raise significant growth capital or complete an alternative strategic solution (such as a business combination), which, despite the significant progress made, has not been possible. Unfortunately, as announced on 9 November 2022, the Directors have concluded that, in the current circumstances, it is unlikely that the Company will be able to raise further significant growth capital or execute an alternative strategic option within an acceptable timescale irrespective of whether or not the Company remains a listed entity. As a result, the Board have concluded that the Company does not have an independent future as a licensed bank and also announced on 9 November 2022 that it was commencing a process of withdrawing from the UK banking market and therefore had stopped lending and would be managing its loan and savings portfolio positions down over time.

A reduction in costs is important to support this new strategic objective of the Company. The Directors have therefore concluded that the costs and workload associated with Admission are no longer justified as being in the best interests of the Company or its Shareholders and consequently, are recommending the Cancellation to Shareholders.

3 Process for the Cancellation

Under the AIM Rules, the Cancellation can only be effected by the Company after the passing of a resolution of the Shareholders in a general meeting passed by a majority of not less than 75 per cent. of the votes cast, and the expiry of a period of twenty Business Days from the date upon which notice of the Cancellation is given in accordance with the AIM Rules. In addition, a period of at least five Business Days following the passing of the Cancellation Resolution is required before the Cancellation may be put into effect. Subject to the passing of the Cancellation Resolution at the General Meeting, it is expected that trading on AIM in the Ordinary Shares will cease at close of business on 19 December 2022 with the Cancellation becoming effective from 7.00 a.m. on 20 December 2022.

4 Effect of the Cancellation on Shareholders

The principal effects of the Cancellation are that:

- there will no longer be a formal market mechanism enabling Shareholders to trade their Ordinary Shares through AIM or any other public stock market;
- the Company will no longer be required to comply with the AIM Rules, or to have a nominated adviser;
- the Company will no longer be bound to announce material developments required under MAR or the AIM Rules, such as interim or final results, and the information maintained on the Company's website under AIM Rule 26;
- the Company will no longer be bound to comply with the corporate governance requirements for companies with shares admitted to trading on AIM;
- the Company will no longer be required to obtain shareholder approval in relation to certain significant transactions, acquisitions or disposals; and
- protections afforded to minority shareholders under the AIM Rules, such as the independence of the Board and scrutiny of transactions with related parties, will be lost, allowing larger Shareholders to exercise more influence and control.

The Company will, however, remain a public limited company and will remain subject to the Takeover Code. Shareholders will benefit from those provisions of the Takeover Code, including in the case of an offer for all of the shares of the Company, whereby all shareholders will need to be treated equally. Shareholders will also continue to benefit from the relevant provisions of the Act, which contains various provisions for the protection of minority shareholders. No changes are currently proposed to be made to the Company's articles of association.

In addition, and irrespective of the Cancellation, the Company will still be required to adhere to the regulatory and governance requirements of the appropriate regulators, such as the Prudential Regulation Authority and the Financial Conduct Authority, as applicable, for so long as it remains a licensed bank or continues to manage its loan and deposit books.

The Directors intend to keep Shareholders informed of the Company's progress from time to time and remain committed to high standards of corporate governance. As such, the Directors will:

- continue to provide Shareholders with copies of the Company's audited accounts in accordance with the applicable statutory requirements;
- continue to hold annual general meetings and other general meetings in accordance with applicable statutory requirements; and
- comply with corporate governance standards appropriate for a company with the number of Shareholders the Company has.

The Company had previously expressed an intention to provide its Shareholders with an opportunity to catch up with the two dilutive share subscriptions by Somers that took place in June and July 2022 either via an open offer (in which Somers would not participate) or under an alternative mechanism to be confirmed. The Board considered that, in light of the overall strategic position of the Company and the movement in the Company's share price, which would have resulted in the proposed catch up offer being made at a premium to the prevailing market price, to date, it has not been in the Company's, nor the Shareholders', best interests to proceed with such an offer, given the cost and administrative implications and the perceived lack of commercial attraction of such an offer. However, the Board intends to continue to keep this matter under review.

Shareholders may in due course receive a distribution arising from the Company having surplus funds available at the end of the wind down process, but this is not guaranteed.

Please note that the Company cannot and does not provide financial, tax, investment or legal advice. It is therefore recommended that you seek your own advice to confirm the consequences (if any) of continuing to hold unlisted Ordinary Shares following the Cancellation.

5 **Transactions in Ordinary Shares**

Whilst the Board believes that the Cancellation is in the interests of the Company and its Shareholders as a whole, it recognises that the Cancellation, should it be approved at the General Meeting, will make it more difficult for Shareholders to buy and sell Ordinary Shares should they wish to do so. However, the Board believes that satisfactory arrangements can be made to enable Shareholders to trade their Ordinary Shares via a matched bargain settlement facility, which it is currently in the process of setting up. Under this facility, it is intended that Shareholders or persons wishing to trade will be able to leave an indication with the provider of the service that they are prepared to buy or sell at an agreed price. In the event that the matched bargain settlement facility is able to match that indication with an opposite buy or sell instruction, the provider will contact both parties to effect the bargain.

Further information regarding the implementation of this facility will be notified to Shareholders by an announcement through a regulatory information service and added to the Company's website and is expected to be available prior to the date of the General Meeting. Following implementation, the Board intends to monitor the popularity of this arrangement amongst Shareholders and will review it at regular intervals to consider whether it remains cost effective. Shareholders should note that there can be no guarantee that this facility will be available on a continuous basis, or at all. The Company's CREST trading facility will remain in place for so long as it remains economic to do so. Shareholders will continue to be able to hold their Ordinary Shares in CREST in uncertificated form and should check with their existing stockbroker that they are able to trade in unlisted Ordinary Shares following the Cancellation.

6 **Irrevocable undertaking**

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

7 **General Meeting**

The notice convening the General Meeting to be held at 1 Cornhill, London EC3V 3ND at Noon on Monday, 12 December 2022 is set out at the end of this Circular. The purpose of the General Meeting is for the Shareholders to consider, and if thought fit, pass the Cancellation Resolution. This will be proposed as a special resolution, seeking Shareholder approval for the cancellation of the admission of the Ordinary Shares to trading on AIM.

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

8 **Action to be taken**

You will find enclosed with this Circular a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are requested to complete the Form of Proxy and return it to the Company's registrars, Computershare Investor Services plc at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to arrive no later than Noon on 8 December 2022. The completion and return of the Form of Proxy will not affect your right to attend and vote in person at the General Meeting if you wish to do so.

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

9 **Recommendation**

The Directors believe that the Cancellation is in the best interests of the Company and its Shareholders as a whole and unanimously recommend that you vote in favour of the Cancellation Resolution as they intend to do in respect of their own beneficial shareholdings which total 820,509 Ordinary Shares and represent approximately 0.25 per cent. of the issued share capital of the Company.

Yours faithfully

Simon Moore
Chair

NOTICE OF GENERAL MEETING

PCF Group plc

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

Notice is hereby given that a general meeting of PCF Group plc (the "Company") will be held at 1 Cornhill, London EC3V 3ND at Noon on Monday, 12 December 2022 (the "General Meeting") to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution.

Special Resolution

THAT the cancellation of the admission of the ordinary shares in the capital of the Company to trading on AIM, a market operated by London Stock Exchange plc, be and is hereby approved.

Notes

- 1 A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote on their behalf. Members may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares. A proxy need not be a member of the Company.
- 2 Shareholders can:
 - 2.1 appoint a proxy by returning the enclosed Form of Proxy by post; or
 - 2.2 if a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service.
- 3 A Form of Proxy is enclosed. To be valid, the Form of Proxy must be lodged with the Company's registrars, Computershare Investor Services plc, at The Pavilions, Bridgwater Road, Bristol BS99 6ZY by Noon on Thursday, 8 December 2022.
- 4 Completion of a Form of Proxy will not prevent a member from attending and voting in person at the General Meeting if the member so wishes.
- 5 The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the Register of Members of the Company at close of business on 8 December 2022 shall be entitled to vote at the General Meeting in respect of the number of ordinary shares in the Company registered in their name at the relevant time. Changes to entries in the Register of Members after close of business on 8 December 2022 shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.
- 6 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members and those CREST members who have appointed (a) voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
- 7 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in this notice of General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

- 8 CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 9 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

By order of the Board

Jonathan Dolbear
Company Secretary

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