Jerrold Holdings

Q2 2013/14 Results
Investor Presentation
26 February 2014

Management Team Participants

Gary Beckett - Group Finance Director

- Gary joined Jerrold in 1994 and has responsibility for financial reporting, tax, treasury and Investor relations
- Gary also contributes to the strategic development of the Group and supports the regulatory function
- Gary is a qualified chartered accountant

Alan Shaoul – Group Treasury Director

- Alan joined Jerrold in 2012. Alan is responsible for the Group's Treasury functions
- Prior to joining Jerrold Alan held various senior treasury and corporate finance roles at Euroports, Babcock & Brown and DP World

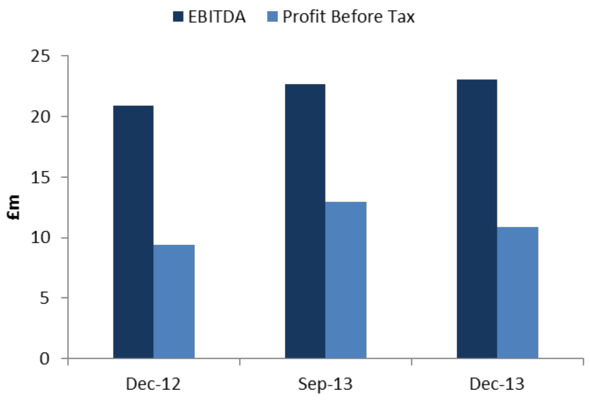
Agenda

Agenda

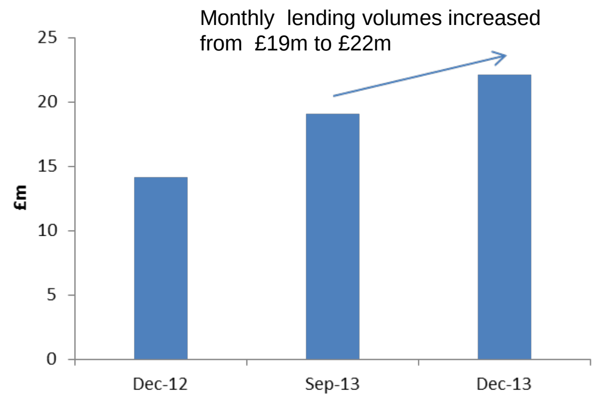
Jerrold Holdings

Continuing Strong Performance

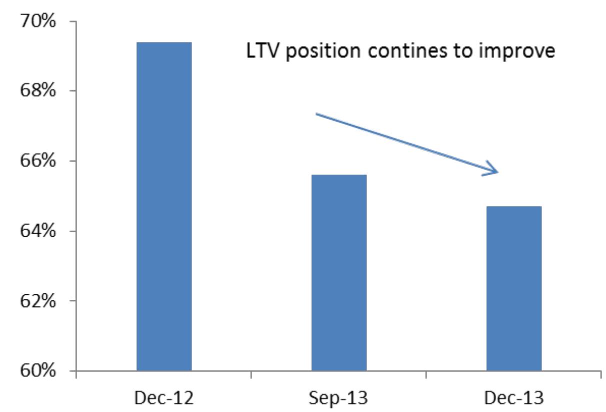
Underlying Profits Increasing



Higher Lending Volumes



Improving Indexed Loan To Value



- PBT of £10.8m and EBITDA of £23m significantly ahead of prior year
- Continuing to increase lending volumes whilst maintaining credit quality
- Group is benefiting from increases in UK housing market activity
- Continued reduction in levels of non performing loans and arrears
- Management team further strengthened with a number of senior appointments
- Natixis joined Group’s Conduit Securitisation with a £128m commitment, replacing NAB
- Regulatory Change Programme on track

Jerrold Holdings

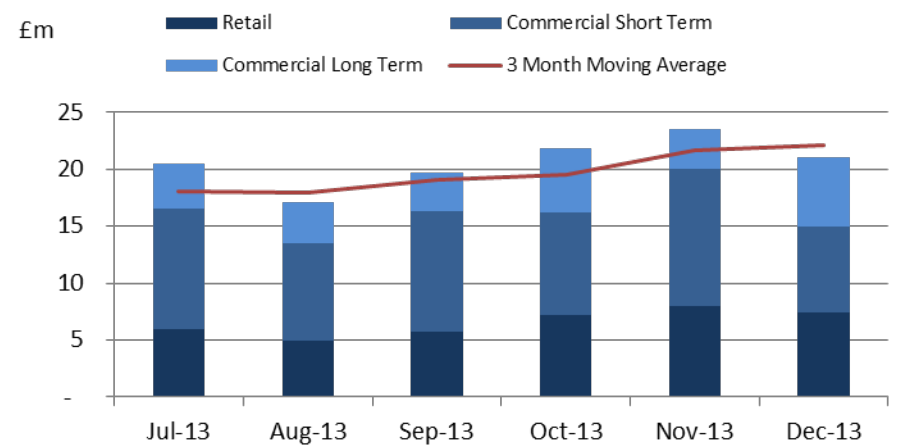
Agenda

Jerrold Holdings

Strong Financial Performance and Increasing Lending Volumes

Financials	Dec-12	Sep-13	Dec-13
Turnover £m	29.7	30.9	31.2
Movement in Provisions £m	1.6	1.5	1.0
EBITDA £m	20.9	22.6	23.1
Interest Costs £m	11.3	9.4	12.0
Profit Before Tax £m	9.4	12.9	10.8
Net Interest Margin	6.5%	7.6%	6.5%
New Business			
Cash Receipts £m	83.2	79.8	91.1
New advances £m	42.4	57.2	66.3
Origination LTV	51.4%	52.4%	53.5%
Nominal Interest	13.7%	14.1%	13.4%

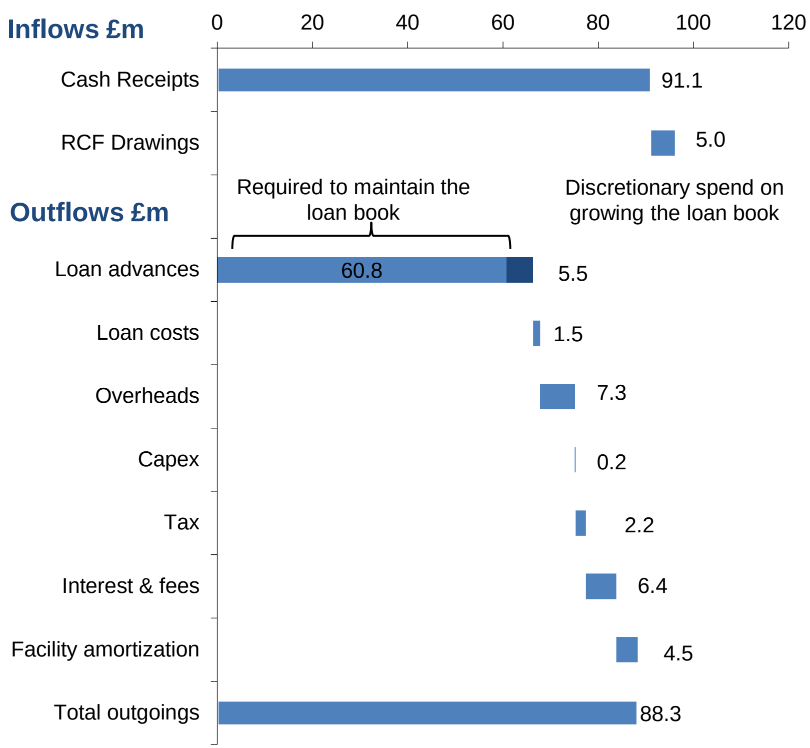
Monthly Loan Advances since July 2013



- EBITDA on a consistently increasing trend; PBT declined as expected in the current quarter due to higher funding costs associated with the Senior Notes
- Bad debts at low levels compared to £1bn loan book and well within covenant levels
- Net interest margin at 6.5% impacted by Senior Notes interest cost
- We continued to write new business at attractive nominal interest rates and low LTVs.
- Underlying nominal interest rate stable in key business lines. The blended rate shown reflects a change in business mix

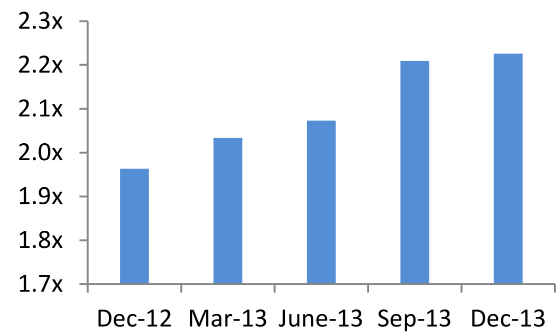
Group Highly Cash Generative

Quarterly Cash-flow

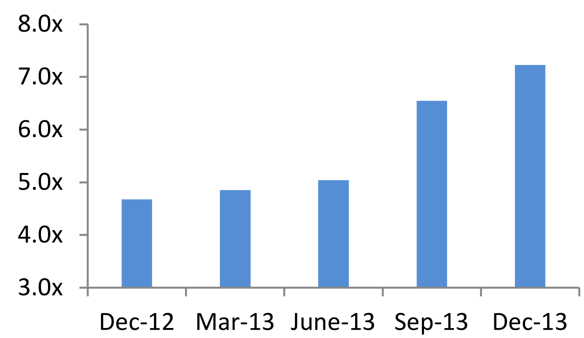


Note: P&L interest charge is higher than the cash flow in the quarter as the coupon on the Senior Notes is paid semi annually with no payments being made in this quarter

12 month EBITDA / Interest Cover



12 Month Cash Interest Cover



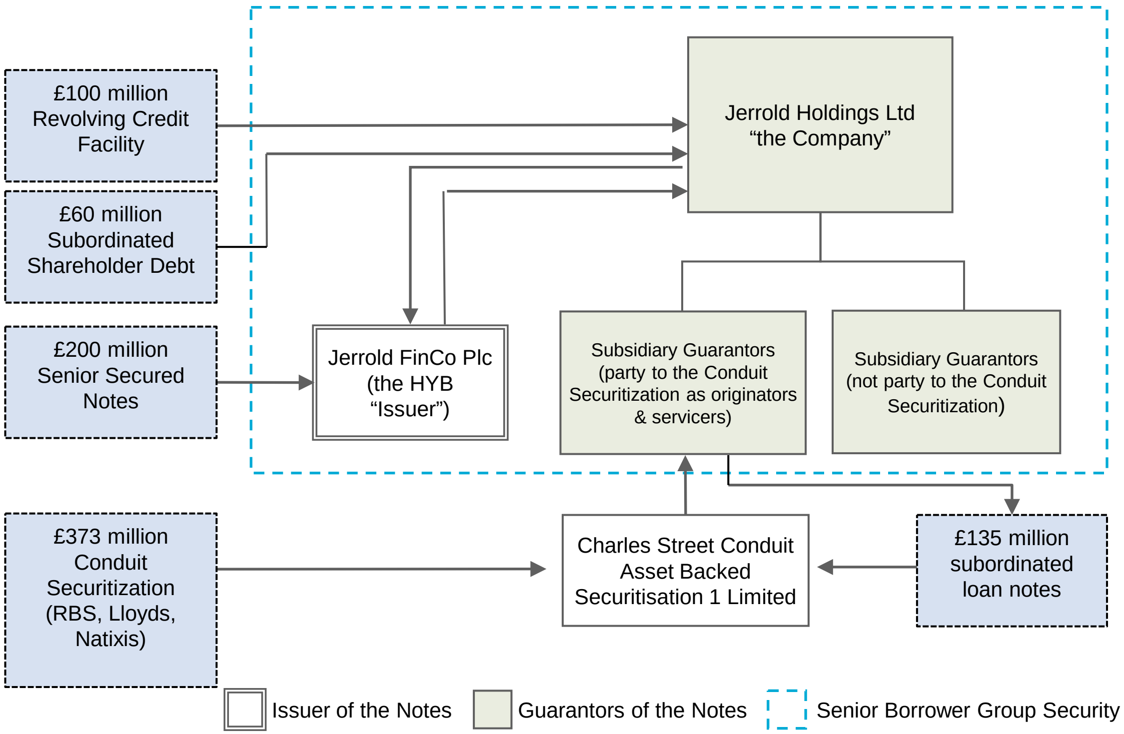
Calculated using cash available for debt service (prior to cash used for new advances or debt amortization) but including 3 month of cost of Senior Notes

High levels of Cash Generation

- Interest cover above 2x and significantly higher on a cash basis
- Quarterly Consolidated Group cash receipts of £91m
- Interest and fees of £6.4m on a cash basis (or £11.3m including cost of the Senior Notes that are paid bi-annually)
- £4.5m of Conduit Securitization amortization and £5m of drawings under the RCF
- The Group's other expenses including overheads, tax and capex totalled £11.1m

Funding Structure for HY Reporting

Group Legal & Finance Structure as at December 2013



Liquidity and Funding

- At end of December Group had £95m undrawn RCF available to fund new business and meet any short term liquidity requirements
- Natixis joined Group's Conduit Securitisation with a £128m commitment replacing NAB (reflecting NAB strategy of withdrawing from UK commercial lending)
- Natixis and RBS waived £4.5m Conduit amortization due February 2014

Funding Plans

- Extension of Conduit Securitisation facility on track
- 3 year facility will allow for some additional facility headroom (in parallel with a smaller partial reduction in the size of the RCF) and improved margins
- Currently finalising documentation
- No other debt maturity / amortization payments in the next 12 months

Low Levels of Gearing and Strong Asset Backing

Key Credit Metrics	Consolidated Group			Borrower Group		
	Dec-12	Sep-13	Dec-13	Dec-12	Sep-13	Dec-13
EBITDA (1)	20.9	22.6	23.1	16.6	18.3	18.8
Loan Ledger after bad debts (£m)	986.1	986.0	990.8	479.1	486.5	511.4
Shareholder funds (£m) (2)	402.4	430.8	439.0	263.9	291.3	304.0
WA Indexed LTV	69.4%	65.6%	64.7%	82.9%	79.1%	76.6%
Gearing (3)	58.9%	55.6%	54.5%	45.3%	39.4%	39.2%
Underlying Asset Cover (4)	40.9%	36.5%	35.3%	37.5%	31.2%	30.0%
Cost / Income Ratio (5)	22.1%	23.1%	22.8%	n/a	n/a	n/a
EBITDA margin	70.5%	73.1%	73.9%	n/a	n/a	n/a
Net Debt : EBITDA (2) (6)	6.3x	6.2x	6.0x	2.8x	2.7x	2.7x
Gross debt : tangible equity (2) (6)	1.54x	1.48x	1.45x	0.86x	0.69x	0.67x
ROE % (2) (6)	8.0%	8.2%	8.4%	7.0%	6.2%	6.4%

Notes
1 Quarterly EBITDA
2 Subordinated shareholder loans treated as equity
3 Ratio of net senior secured borrowings to the value of the loan ledger after bad debts
4 Ratio of net senior secured borrowings to the value of the Consolidated Group's and Borrower Group's claim on the respective underlying property
5 Operating expenses excluding: bad debts, financing costs, and tax
6 Calculated on 12 month basis

Low Levels of Financial Gearing

- Over last 12 months shareholder reserves increased by £37m and stands at £439m
- Significant asset backing - low levels of financial gearing and equity in underlying properties
- Gearing at just 55% for the Group and 39% for the Borrower Group
- Net senior secured leverage of 6.0x for the Group and 2.7x for the Borrower Group
- Attractive profit margins, EBITDA margin over 70% and low cost base

Jerrold Holdings

Agenda

Jerrold Holdings

Continued Improvement in Loan Book Quality

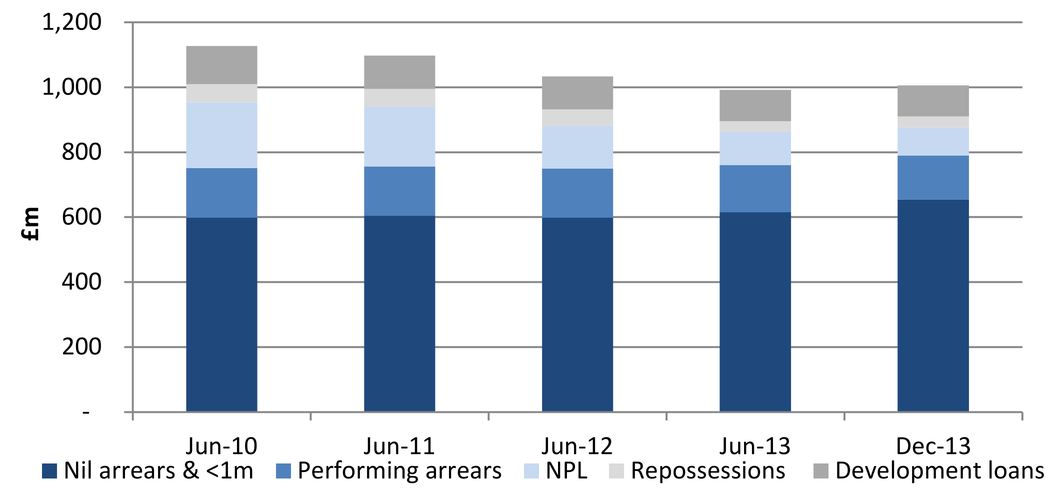
Falling Level of Non Performing Loans

- Non performing arrears loans (NPL), development and repossessed / LPA loans in total fell by £10m in the quarter
- Since December 2012 repossessions / LPA's and have fallen from £41m to £33.1m and NPLs have fallen from £123.9m to £86.8m
- Since December 2012 development loan book reduced from £101.8m to £95.8m. There were sales of £10.8m albeit there were £4.9m further advances primarily on existing commitments

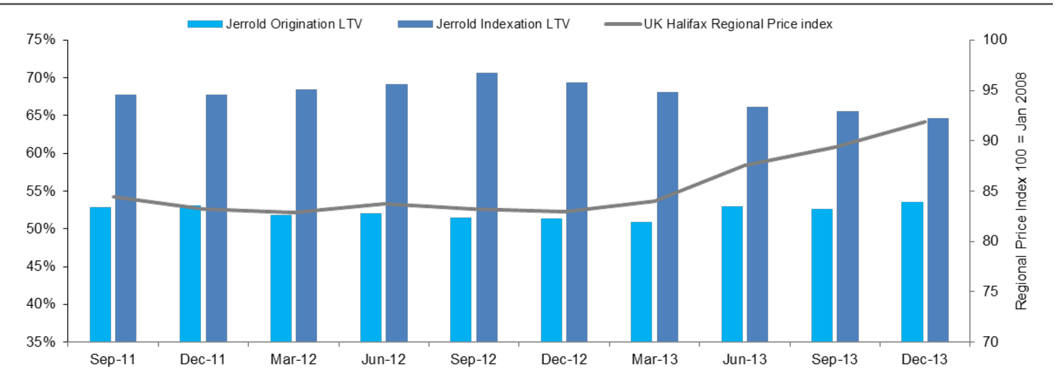
Improving Security Position

- UK house prices have risen 10% since low point triggering a corresponding improvement in our security position
- Origination LTVs remain at low levels. Averaging 52.6% over the prior 12 months

Loan book Segmentation



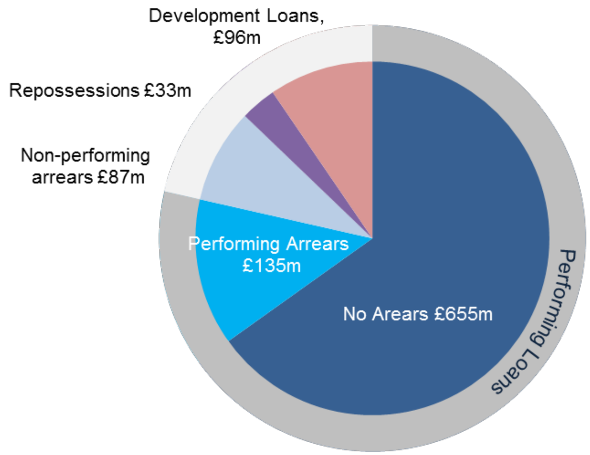
Movement in Origination / Indexed LTV & house prices



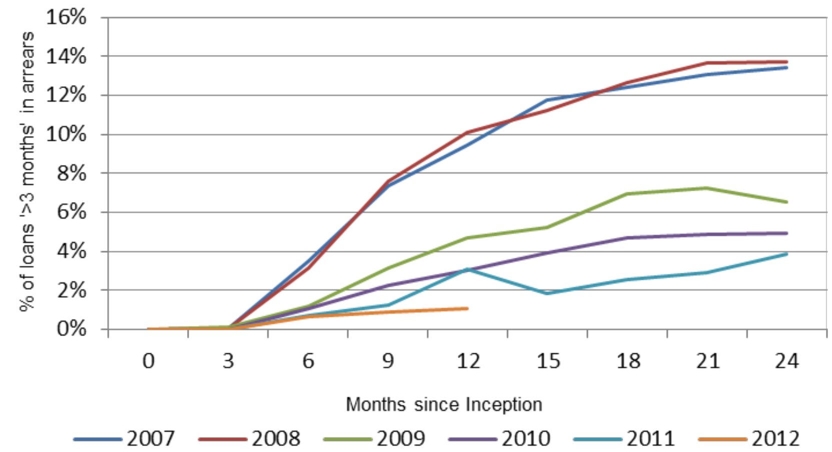
Jerrold Holdings

Continued Improvement in Arrears Levels

Loan Book Segmentation



>3m Arrears Performance by Balance & Vintage



Improving Arrears Trend

- High quality underwriting and well developed collection techniques have resulted in a reduced number of accounts in arrears
- Proportion of performing accounts has continued to increase. Long term trend shows performing accounts increasing from 73.4% in December 2012 to 78.5% in December 2013, and increased in the last quarter by 1.1%
- Consistent improvement in vintage delinquency rates since 2009

Group Loan Portfolio Arrears Analysis

Loan Book	Dec-12	Sep-13	Dec-13
Nil Arrears & Arrears <= 1m	59.2%	63.5%	65.1%
Performing Arrears	**14.2%**	**13.9%**	**13.4%**
1-3 months	8.9%	8.2%	8.3%
3-6 months	2.6%	2.8%	2.4%
> 6 months	2.7%	2.9%	2.7%
Non Performing Arrears	**12.4%**	**9.5%**	**8.6%**
3-6 months	3.3%	2.2%	1.9%
> 6 months	6.3%	4.6%	4.2%
Past due	1.1%	1.4%	1.2%
LPA rent	1.7%	1.3%	1.3%
Development loans	**10.2%**	**9.7%**	**9.5%**
Repossessions / LPA	**4.1%**	**3.3%**	**3.3%**

Jerrold Holdings

Low Level of Losses Underpinned by Low LTV Lending

Overall LTVs

- The WA indexed LTV of the total loan portfolio is 64.7% and 76.6% for the Borrower Group

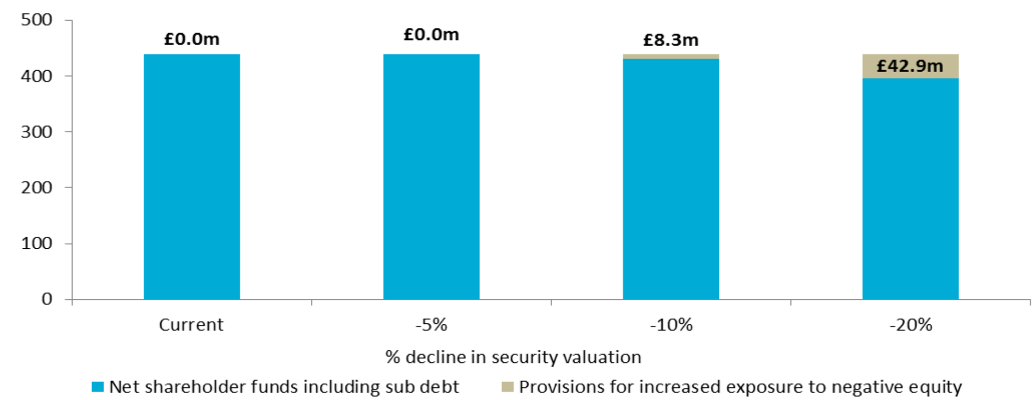
Loans in Negative equity

- 6% of Group loans have an indexed LTV >100% (negative equity exposure has fallen from £23.6m to £17.4m over LTM). Full provisions have been prudently applied albeit not all loans with negative equity will result in loss
- Notwithstanding our prudent provisioning policy, write-downs have been very modest due to conservative lending
- Movement in provisions was £1m over the 3 months to December 2013, and £6.4m in the 12 months to December 2013 (66bps of the loan book)
- Percentage of loans within the Borrower Group with an origination LTV of > 75% is 23.5% (covenant 32%)
- **Downside Scenario Analysis**
- We estimate that for the Group 10% and 20% falls in property values would result in additional exposure of £8.3m and £42.9m respectively
- We estimate for the Borrower Group 10% and 20% falls in property values would result in additional exposure of £8m and £36.8m respectively

Loan Book by Indexed LTV at Dec 13

Indexed LTV	Group		Borrower Group	
Indexed LTV ≤ 60%	507	50%	177	35%
Indexed LTV > 60 ≤ 85%	311	31%	156	30%
Indexed LTV >85% ≤ 100%	127	13%	118	23%
Indexed LTV > 100%	60	6%	59	12%
Total Loan book	**£1,006m**	**100%**	**£510m**	**100%**

Estimated Impact of Declining Security Valuations



Jerrold Holdings

Cash Flow Analysis

12m and 6m Cash-flow for Group and Borrower Group

	Consolidated Group cash flow				Borrower Group
£ millions	**Jun-11**	**Jun-12**	**Jun-13**	**Dec-13**	**Dec-13**
Interest and fees	98.1	102.1	107.8	56.2	21.2
Principal	267.7	256.6	221.6	114.4	52.1
Receipts (payments) to / from Conduit					30.8
Total Cash Receipts	**365.8**	**358.7**	**329.4**	**170.6**	**104.1**
Operating Expenses & Overheads	(26.6)	(32.1)	(33.9)	(15.0)	(15.0)
Tax	(12.2)	(9.9)	(13.9)	(5.2)	(5.2)
Capital Expenditure	(0.3)	(1.9)	(2.2)	(0.2)	(0.2)
Cash Available for Debt Service	**326.8**	**314.9**	**279.3**	**150.2**	**83.7**
Net Interest Payable [1]	(51.5)	(46.6)	(38.0)	(12.9)	(4.3)
Fees	-	(0.3)	(17.3)	(6.7)	(6.7)
Debt Drawings / Repayments [2]	(54.5)	(54.5)	(80.0)	(8.5)	0.5
Debt Service	**(106.0)**	**(101.4)**	**(135.4)**	**(28.2)**	**(10.6)**
Surplus Funds	**220.8**	**213.5**	**144.0**	**122.1**	**73.1**
New Advances funded by Conduit Securitization	(121.4)	(100.2)	(103.1)	(41.4)	-
New advances funded by Borrower Group	(94.7)	(71.4)	(68.5)	(82.1)	(82.1)
Increase / (Decrease) in Cash	**4.6**	**41.9**	**(27.6)**	**(1.4)**	**(9.0)**

Note: (1) Interest payable at Dec-13 excludes interest on the Senior Notes which is fist paid in March 2014 (2) The Debt Drawings / Repayments in 6 months Dec-13; compromise £9m amortization of the Conduit, and change in the Balance in the RCF which was £204.5m at 30 June, which was then repaid with the Senior Notes, and with £5m drawn subsequently

Cash Interest Received

Annualised Rates for the 6 months to Dec 2013. Loan Balances as at June 2013	Retail	Short-term Commercial	Medium / long term Commercial
Performing Loans (£m)	468.6	92.7	198.4
Cash Interest Received (%)	11.8%	17.4%	12.6%
Non Performing Arrears Accounts (£m)	46.1	30.0	26.1
Cash Interest Received (%)	6.6%	8.3%	6.7%

Principal Collection Rates

Annualised Rates for the 6 months to Dec 2013	Retail	Short-term Commercial	Medium/long term Commercial
Performing Loans	17.1%	52.8%	14.7%
Non Performing Arrears Accounts	36.6%	16.9%	25.0%

- The Group is highly cash generative with cash interest receipts shown for the Group and Borrower Group
- In the 6 months to December the Group generated surplus funds of £122m that was used to fund new advances and to repay debt
- Cash interest rates remain attractive and even non performing arrears are generating annualised rates of between 6.6% and 8.3%. Total cash receipts (interest and principal) for these loans was £17m in the 6 months to December 2013
- Principal collection rate shows the rate at which the Group is collecting the principal outstanding balance

Agenda

Jerrold Holdings

Investment in Operational Infrastructure & People to Support Growth

- The Group has a formal Regulatory Change Programme that will ensure its fully prepared for the Financial Conduct Authority assuming the role of Regulator of Consumer Credit from the OFT in April 2014 and for the introduction of the mortgage market review also in April 2014
- Group has obtained the required Interim Permission Authorisations for the relevant lending entities and is generally well placed to comply with the changes in the regulatory landscape
- Continue to operate using a three lines of defence model and formal governance structures
- Additional skills and resource added at both the senior and middle management levels to support our growth plans, including IT, marketing and legal appointments
- Continued investment in IT with projects underway on both front and back office which will drive efficiency gains and improve our service offering
- Culture and conduct and the passion our staff have for our business is fundamental to our success. We continue to invest in our values and people to set the tone, pace and direction

Agenda

Jerrold Holdings

Outlook and Growth Strategy

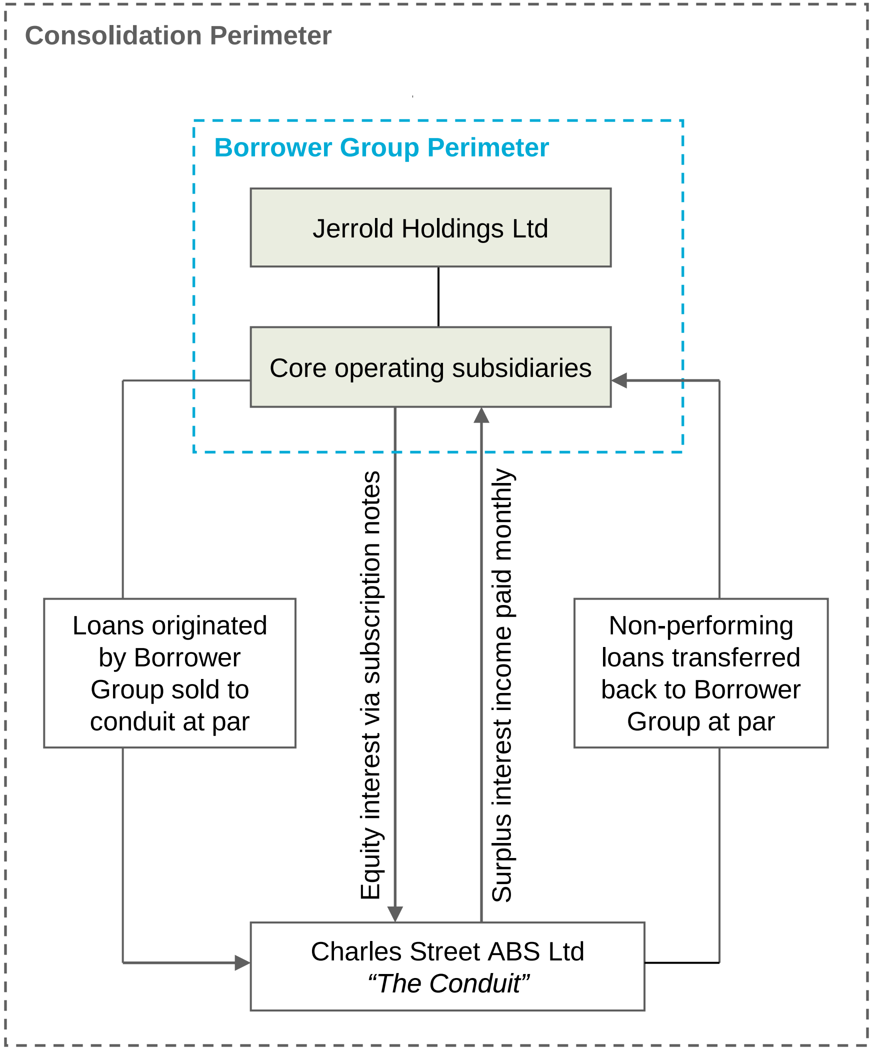
- Strategy remains unchanged – we will continue to focus on niche segments in the secured mortgage market which are under served by the mainstream lenders
- We expect to continue to grow the loan book as we use retained earnings, existing facility headroom and introduce new facilities to increase new business levels - continued underwriting focus on affordability and security
- Established distribution channels, operational infrastructure, regulatory governance and experienced passionate people provide strong competitive advantage
- Existing demand remains strong with only marginal movements on yield expected
- Continued investment in IT infrastructure to ensure we move to best in class front and back office systems
- Secured £1bn loan book with low W.A. LTV of 64.7% provides a high degree of visibility of future earnings and cash flow
- Positive outlook for UK economy driven by increase in UK housing market activity. Expected to have a positive impact on lending volumes and property value of existing loan book
- 2014 represents our 40th year in business

Q2 2013/14 Results
Investor Presentation
26 February 2014

Questions and Answers Session

Agenda

Overview of Conduit Structure



Notes: 1) As at 31 December 2013; 2) There is £5m of accrued interest on the loan notes at the end of the month which is the balance between the Conduit's assets and it's funding; 3) Weighted Average indexed Loan to Value

Conduit Overview

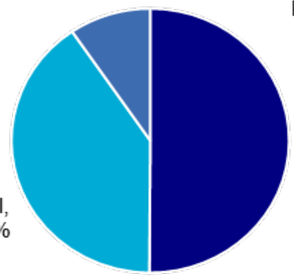
- The Conduit is a bankruptcy remote vehicle which buys qualifying loans from the Borrower Group
- The Conduit has £513.3m of assets comprising £479.4m of loans and £33.1m of cash[1,2]
- The Conduit is funded by £373m of loan notes issued to its lenders, £135m of subordinated subscription notes issued to the originators. The subscription notes effectively represent the Borrower Group's equity interest in the Conduit[1]
- The Conduit pays any surplus cash net of its costs to the Borrower Group on a monthly basis (c. £4.4m per month)

Transfer of Mortgage Loans

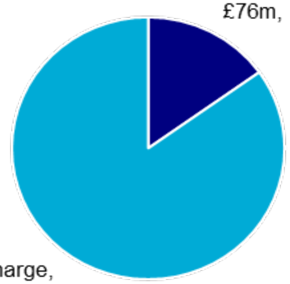
- Qualifying Loans originated by the Borrower Group are sold to the conduit at par on a random basis
- About 90% of loans originated by the Borrower Group are eligible to potentially be included in the Conduit on day 1
- Loans may be transferred back to the Borrower Group if they do not continue to meet eligibility criteria (typically arrears related)
- For the 12 months ending December 2013, £28m of loans were returned to the Borrower Group. These loans had a WA indexed LTV[3] of 60.6%
- In the 3 years to December 2013 the Borrower Group's average annual capital losses on loans returned from the Conduit was £190k

Diversified Loan Book

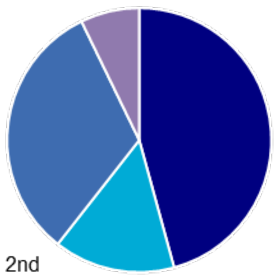
Loan Book Breakdown by Loan Purpose



Retail Loan Book Breakdown



Commercial Loan Book Breakdown



Primarily Secured on Residential Property

85% secured on residential property

Total Loan Book	Average loan size £k	WA Indexed LTV	WA Nominal Rate
Retail	26.9	58.5%	11.8%
Commercial	88.8	61.1%	13.1%
Development	308.0	113.2%	11.8%
Total	40.6	64.7%	12.3%

99% secured on residential property

Total Loan Book	Average loan size £k	WA Indexed LTV	WA Nominal Rate
1st Charge	47.1	53.0%	10.9%
2nd Charge	25.1	59.5%	12.0%

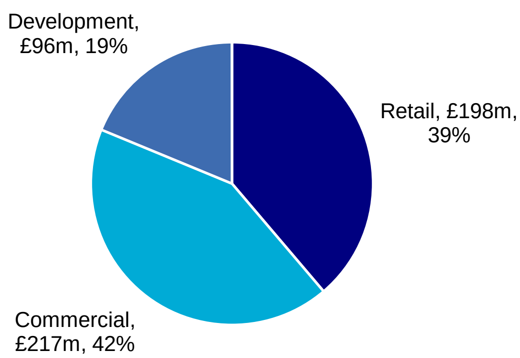
64% secured on residential property

Total Loan Book	Average loan size £k	WA Indexed LTV	WA Nominal Rate
ST 1st Charge	133.6	67.0%	15.5%
ST 2nd Charge	92.4	68.4%	16.2%
MLT 1st Charge	90.5	57.5%	11.4%
MLT 2nd Charge	48.6	55.5%	11.7%

Jerrold Holdings

Borrower Group Benefits from Low Gearing

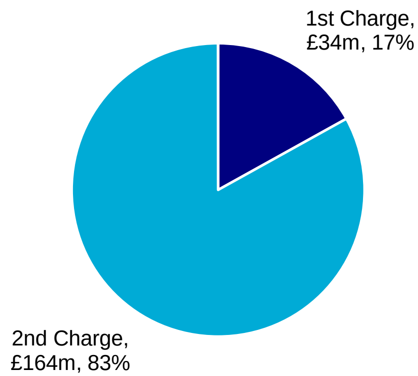
Loan Book Breakdown by Loan Purpose



83% secured on residential property

Total Loan Book	Average loan size £k	WA Indexed LTV	WA Nominal Rate
Retail	23.4	63.6%	12.3%
Commercial	108.5	72.3%	13.9%
Development	308.0	113.2%	0.0%
Total	44.7	76.6%	12.9%

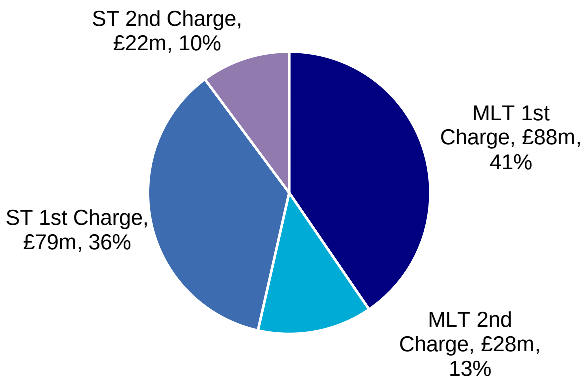
Retail Loan Book Breakdown



98% secured on residential property

Total Loan Book	Average loan size £k	WA Indexed LTV	WA Nominal Rate
1st Charge	45.6	60.3%	10.5%
2nd Charge	21.4	64.3%	11.9%

Commercial Loan Book Breakdown



62% secured on residential property

Total Loan Book	Average loan size £k	WA Indexed LTV	WA Nominal Rate
ST 1st Charge	160.0	77.9%	14.6%
ST 2nd Charge	89.9	73.4%	16.0%
MLT 1st Charge	111.5	71.0%	10.8%
MLT 2nd Charge	56.9	59.9%	11.6%

Jerrold Holdings