Jerrold Holdings

Q4 2013/14 Results
Investor Presentation
10 September 2014

Management Team Participants

Gary Beckett - Group CFO

- 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

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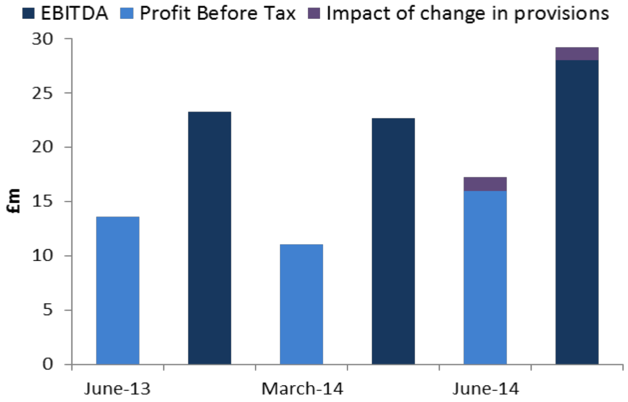
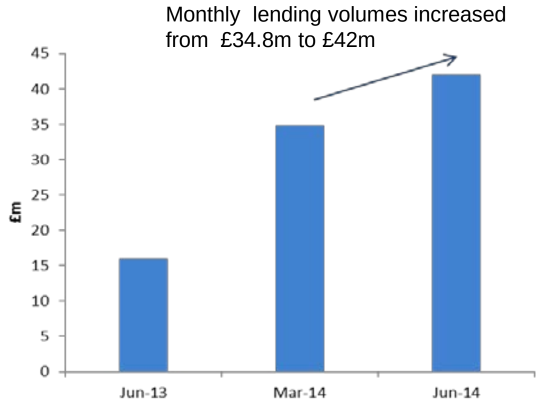
Continuing Strong Quarterly Performance

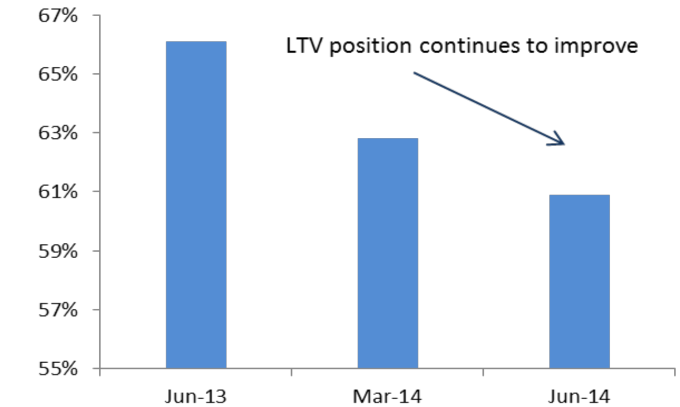
Underlying Profits Increasing



Higher Lending Volumes



Improving Indexed Loan To Value



- Strongly profitable quarter with underlying profits continuing to trend upwards
- 12 months EBITDA and PBT increased to £97.6m (£88.5m) and £52.0m (£45.0m) respectively
- Group is benefiting from continued strength in the UK housing market and is likely to benefit from the dislocation caused by the recent changes in mortgage regulation
- Continuing to increase lending volumes whilst maintaining credit quality setting the basis for significant step up in future profitability.
- Loan book grew by £50m during the quarter and now stands at £1.08bn
- Continue to report further reduction in levels of non performing loans and arrears

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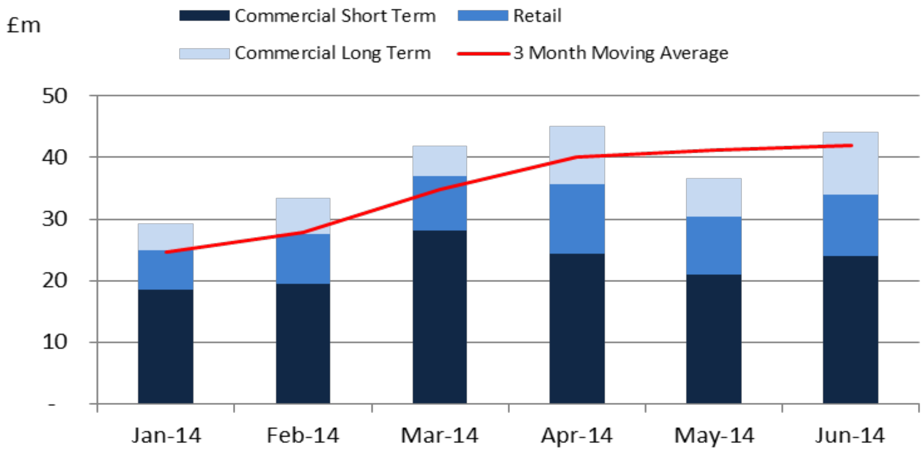
Increasing Lending Volumes

Financials	Jun-13	Mar-14	Jun-14
Interest & Fee Income £m	31.7	31.7	36.0
Movement in Provisions £m	2.1	1.2	(2.5)
EBITDA £m	23.3	22.7	29.3
Interest Costs £m	9.4	11.9	11.9
Profit Before Tax £m	13.6	11.1	17.2
Net Interest Margin	7.8%	6.2%	7.0%
New Business			
Cash Receipts £m	82.0	100.1	110.1
New advances £m	47.8	104.5	125.9
Origination LTV	53.0%	55.8%	54.6%
Nominal Interest	13.3%	13.8%	12.9%
Nominal Interest (constant mix)	13.4%	13.1%	12.6%

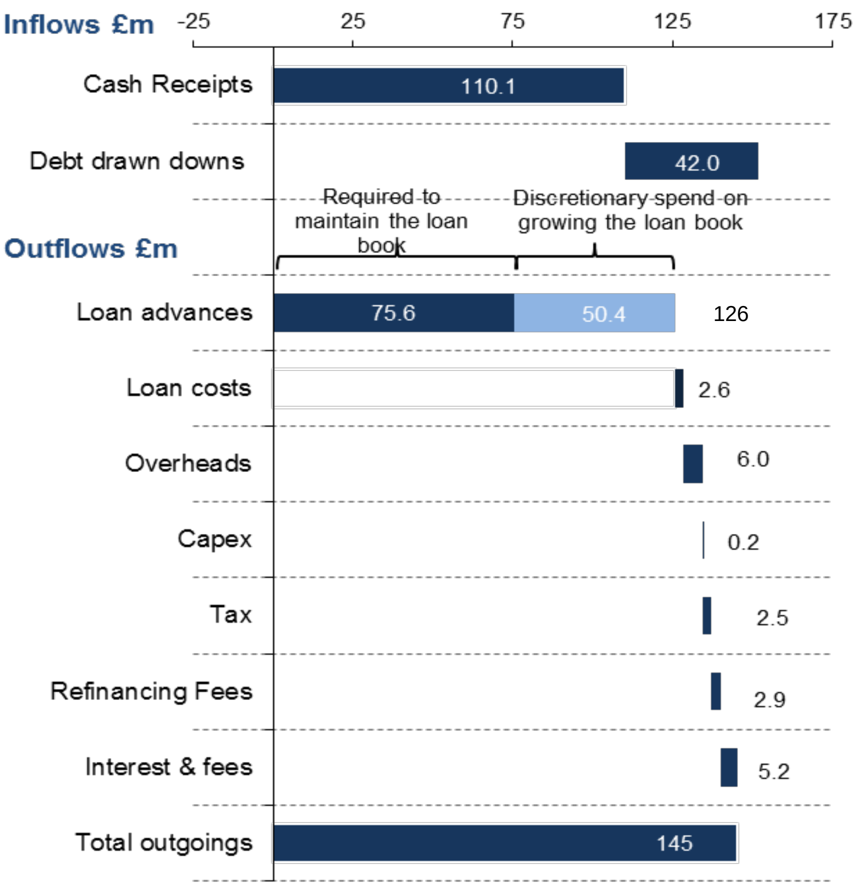
Monthly Loan Advances



- Increased PBT and EBITDA during the Quarter – main drivers being increased advance levels, loan book growth and reduction in bad debt provisions
- Significant increase in lending activity over the past quarter from £104.5m to £125.9m with average origination LTV staying in the 55% area
- Interest income increased in the period reflecting higher levels of lending over the 6 months to June 2014 and lower levels of non performing loans. This increased net interest margin to 7%
- 50 bps decline in nominal rates in line with expectations and higher volumes
- The Group benefited from the release of bad debt provisions due to improving property valuations and increased liquidity. Changes were also made to our general provisioning policy in order to consider the likelihood and value of loss to create an 'Incurred but not Reported' provision rather than the flat rate general provision held previously resulting in a £1.1m provision reversal. The Group's provisions continue to fully cover exposure to negative equity

Group Highly Cash Generative

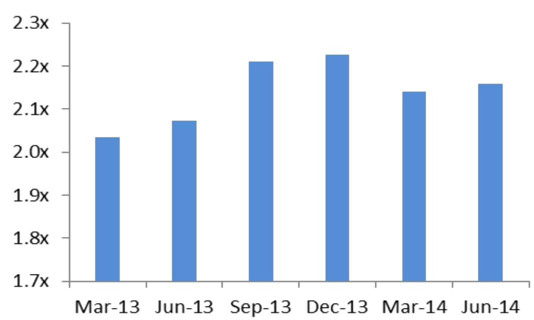
Quarterly Cash-flow



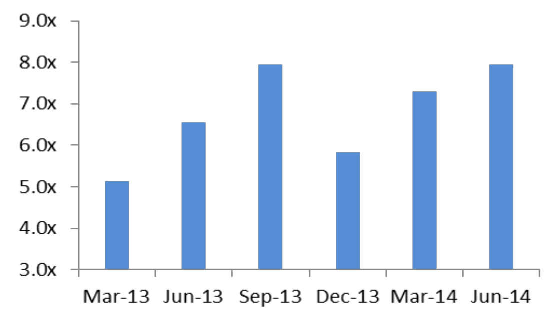
High Levels of Cash Generation

- Interest cover above 2x and significantly higher on a cash basis
- Quarterly consolidated group cash receipts of £110m
- Increase in Securitisation and RCF drawings to fund growth
- £126m of new advances with £2.6m of related funding costs
- Expenses including overheads, tax and capex totalled £8.6m
- Cash Interest was £5.2m plus £2.9m of fees related to the securitisation extension

EBITDA / Interest Cover



Cash Interest Cover



Calculated on a 12 month basis using cash available for debt service (prior to new advances) and excluding upfront fees

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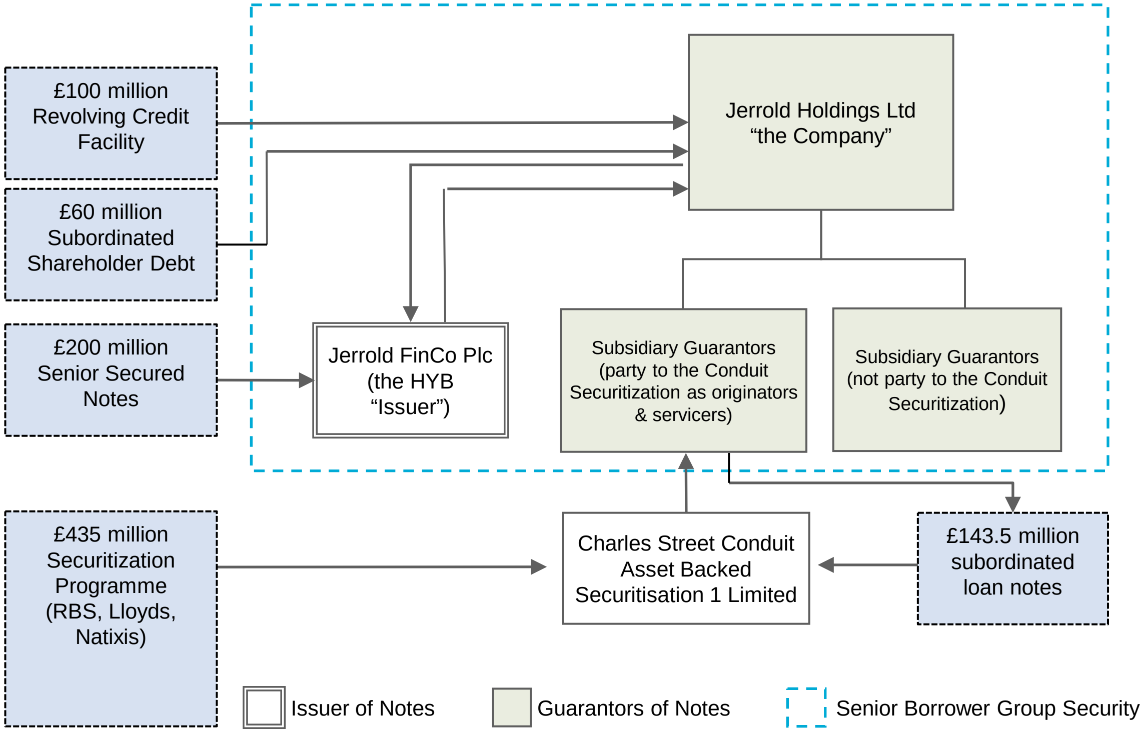
Funding Structure

Group Legal & Finance Structure



Liquidity and Funding

- Securitisation Programme formally extended and upsized during the quarter and now stands at £435m and as 10 September is fully utilized
- The facility has been extended until January 2018 (with a revolving period to January 2017) on favourable terms with RBS, Lloyds and Natixis
- The structure is currently being rated and a public rating is expected to be in place prior to 30 September 2014
- £65m undrawn headroom in the RCF

Low Levels of Gearing and Strong Asset Backing

Key Credit Metrics	Consolidated Group			Borrower Group		
	Jun-13	Mar-14	Jun-14	Jun-13	Mar-14	Jun-14
EBITDA [1]	23.3	22.7	29.3	18.9	18.5	25.1
Loan Ledger after bad debts (£m)	980.0	1025.6	1077.9	480.8	536.0	550.9
Shareholder funds (£m) [2]	421.2	447.5	463.2	281.7	312.5	319.7
WA Indexed LTV	66.1%	62.8%	60.9%	79.3%	73.2%	71.5%
Gearing [3]	55.9%	55.9%	56.4%	39.9%	41.4%	41.4%
Underlying Asset Cover [4]	37.0%	35.1%	34.4%	31.7%	30.3%	29.6%
Cost / Income Ratio [5]	21.9%	24.4%	23.8%	n/a	n/a	n/a
EBITDA margin	73.4%	71.6%	81.3%	n/a	n/a	n/a
Net Debt : EBITDA [2] [6]	6.2x	6.3x	6.2x	2.7x	3.0x	2.8x
Gross debt : tangible equity [2]	1.53x	1.48x	1.52x	0.73x	0.74x	0.74x
ROE % [2] [6]	8.6%	8.6%	9.5%	6.2%	6.2%	7.8%
Interest Cover	2.07x	2.14x	2.16x	n/a	n/a	n/a
Net Interest Margin	7.8%	6.2%	7.0%	n/a	n/a	n/a

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 the last 12 months shareholder reserves increased by £42m and now stand at £463.2m
- Significant asset backing - low levels of financial gearing and high level of equity in underlying properties
- Low Gearing levels at 56.4% for the Group and 41.4% for the Borrower Group
- Prudent underlying asset cover at 34.4% for the Group and 29.6% for the Borrower Group
- Net senior secured leverage of 6.2x for the Group and 2.8x for the Borrower Group
- Attractive profit margins, underlying EBITDA margin over 70% and low cost base

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Continued Improvement in Loan Book Quality

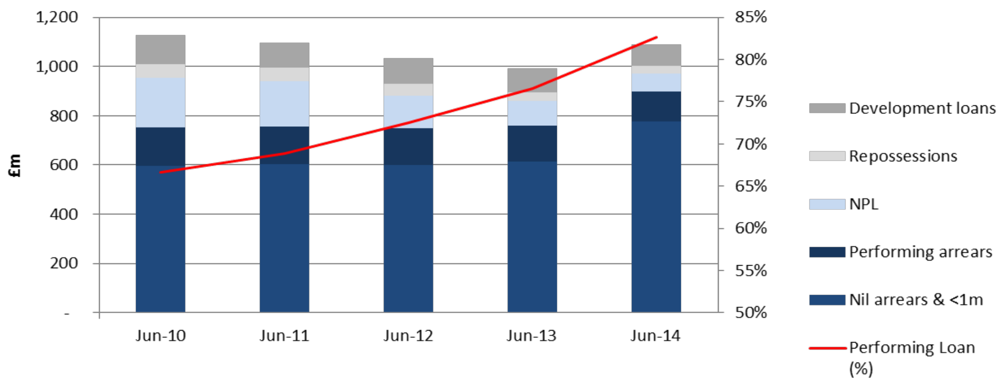
Falling Level of Non Performing Loans

- Non performing arrears loans (NPL), development and repossessed / LPA loans in total fell by £14.2m in the quarter and £61.2m over the last 12 months reducing to £189m
- Within this total, non performing arrears loans fell by £10.3m. The value of loans in repossession was largely stable over the period, and remain a small proportion of the overall book
- The development loan book reduced by £2.2m to £85.3m. This is the net effect of sales, write offs previously provided for and a small number of further advances each month

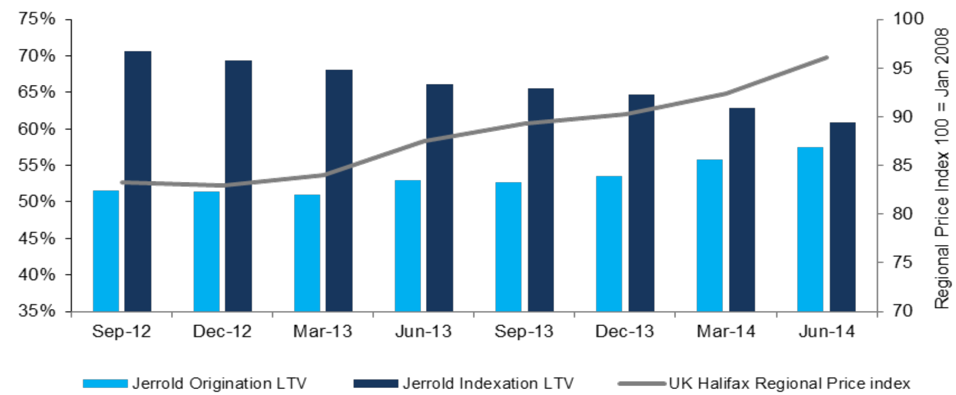
Improving Security Position

- UK house prices have risen 15.6% from lows triggering a corresponding improvement in our security position
- Origination LTVs remain at low levels averaging 54.4% over the prior 12 months

Loan book Segmentation



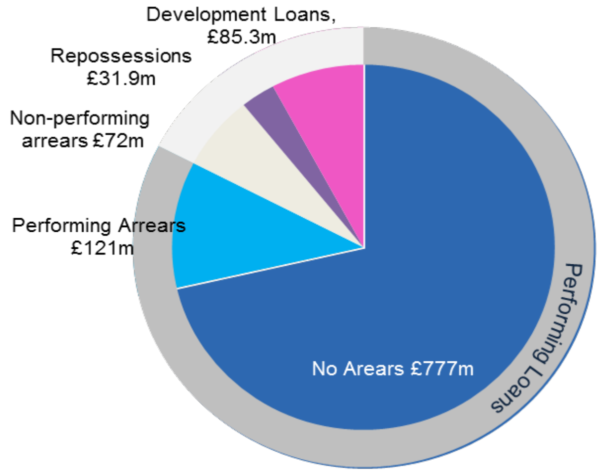
Origination and Indexed LTV & UK House Prices



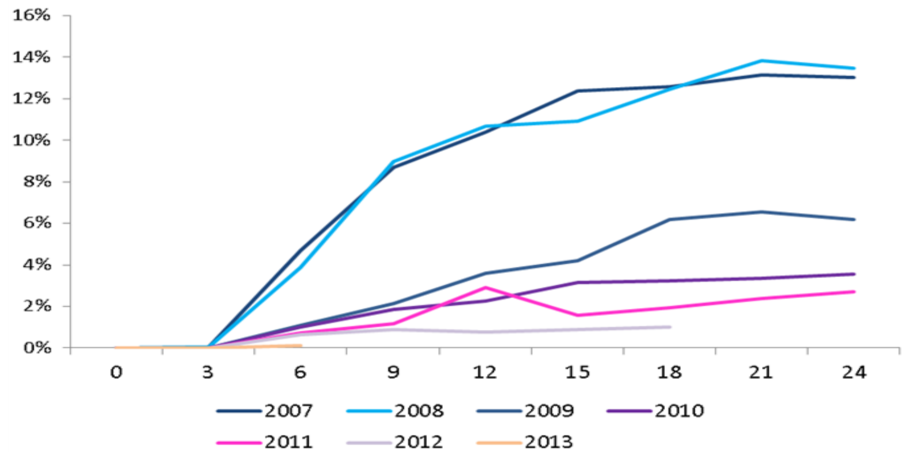
Source: Halifax regional house price indices. Data reflects LTV at origination

Continued Improvement in Arrears Levels

Loan Book Segmentation



Arrears Performance by Vintage



Improving Arrears Trend

- High quality underwriting and well developed collection techniques have resulted in a reduced number of accounts in arrears
- Credit quality has been maintained over the past 12 months, with no increases in the percentage of credit impaired customers despite higher lending volumes.
- Arrears levels for loans written since 2010 have remained at consistently low levels and with continued improvements in vintage delinquency rates
- Proportion of performing accounts has continued to increase. Long term trend shows performing accounts increasing from 76.5% in June 2013 to 82.64% in June 2014, and increased in the last quarter by 2.2%

Group Loan Portfolio Arrears Analysis

Loan Book	Jun-13	Mar-14	Jun-14
Nil Arrears & Arrears <= 1m	62.0%	68.2%	71.4%
Performing Arrears	**14.6%**	**12.2%**	**11.2%**
1-3 months	8.3%	7.5%	7.0%
3-6 months	3.1%	2.2%	2.0%
> 6 months	3.2%	2.5%	2.1%
Non Performing Arrears	**10.3%**	**7.9%**	**6.6%**
3-6 months	2.6%	1.8%	1.4%
> 6 months	6.2%	3.6%	3.1%
Past due	1.2%	1.3%	1.0%
LPA rent	0.3%	1.2%	1.0%
Development loans	**9.8%**	**8.4%**	**7.8%**
Repossessions / LPA	**3.4%**	**3.2%**	**2.9%**

Low Level of Losses Underpinned by Low LTV Lending

Overall LTVs

- The WA indexed LTV of the total loan portfolio is 60.9% and 71.5% for the Borrower Group

Loans in Negative equity

- 4% of Group loans have an indexed LTV >100% (negative equity exposure has fallen from £18.2m to £15.9m over LTM).
- The Group's provisioning policy ensures that we make a full provision for our estimated potential exposure to negative equity for all non performing loans based on current indexed valuations. In addition an "incurred but not reported" provision has also been established in order to provide for the potential impact from events that have taken place but we have not yet been made aware of
- Percentage of loans within the Borrower Group with an origination LTV of > 75% is 19.5% (covenant 32%) vs 24% in June 2013

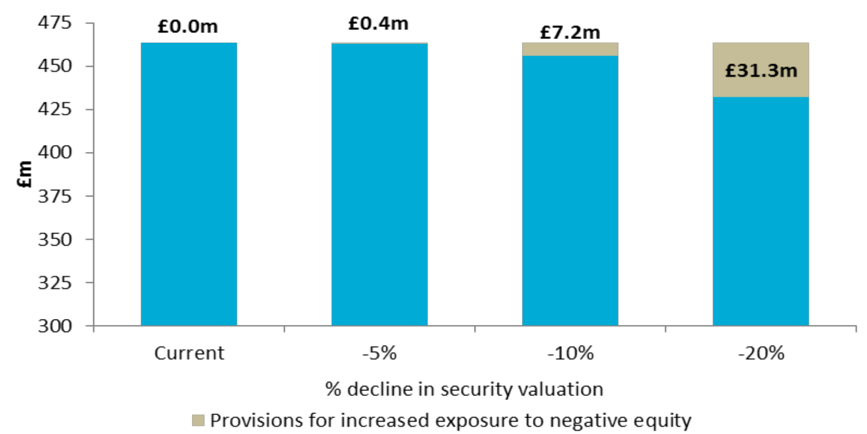
Downside Scenario Analysis

- We estimate that for the Group 10% and 20% falls in property values would result in additional exposure of £7.2m and £31.3m respectively
- We estimate for the Borrower Group 10% and 20% falls in property values would result in additional exposure of £7.0m and £28.3m respectively

Loan Book by Indexed LTV

Indexed LTV	Group		Borrower Group	
Indexed LTV ≤ 60%	620	57%	224	41%
Indexed LTV > 60 ≤ 85%	320	29%	177	32%
Indexed LTV >85% ≤ 100%	101	9%	97	18%
Indexed LTV > 100%	48	4%	47	9%
Total Loan book	**1,088**	**100%**	**545**	**100%**

Estimated Impact of Declining Security Valuations



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Planning for the Future

Significant investment in our people, operational infrastructure and regulatory framework to support our strategic growth objectives

- Continued to strengthen middle management team
- Significant investment commenced in enhancing core IT platforms to support our strategic growth plans, delivering scalability, flexibility and efficiency gains
- On-going focus on regulatory compliance
- Continue to operate using a three lines of defence model with formal governance structures thereby providing assurance over credit quality as the loan book grows
- Positive culture and conduct – recently established conduct excellence committee to further embed our values

Agenda

1. Key Highlights
2. Financial Review
3. Loan Book Analysis
4. Operating Review
5. **Outlook**
6. Q&A
7. Appendix

Jerrold Holdings

Strategic Growth Objectives and Positive Outlook

Strategic Objectives

Deliver value to key stakeholders. Enhancing our position as a respected specialist secured lender. Operating in niche market segments. Offering a balanced and diversified loan product portfolio and service tailored to meeting our customers' needs. Earning a commensurate return "fair value exchange". Prudently managing risk within an efficient, compliant and inspiring environment.

Key Considerations

- Focus – underserved segments of the secured mortgage market
- Diversification - loan book composition to remain broadly stable with potential to add new products and leverage existing service platform
- Investment – significant investment in people and technology
- Risk management - continued attention to affordability and low LTV's
- Resource - retained earnings and extended debt facilities with potential to upsize provide financial capability to support growth plans
- Strong Platform - c£1.1bn loan book at 61% weighted LTV and 7% interest margin provide a high degree of visibility on future base case earnings and cash-flow
- Outlook – positive growth underpinned by strong property sector and falling unemployment
- Experience - 40 years of successful trading

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Questions and Answers Session

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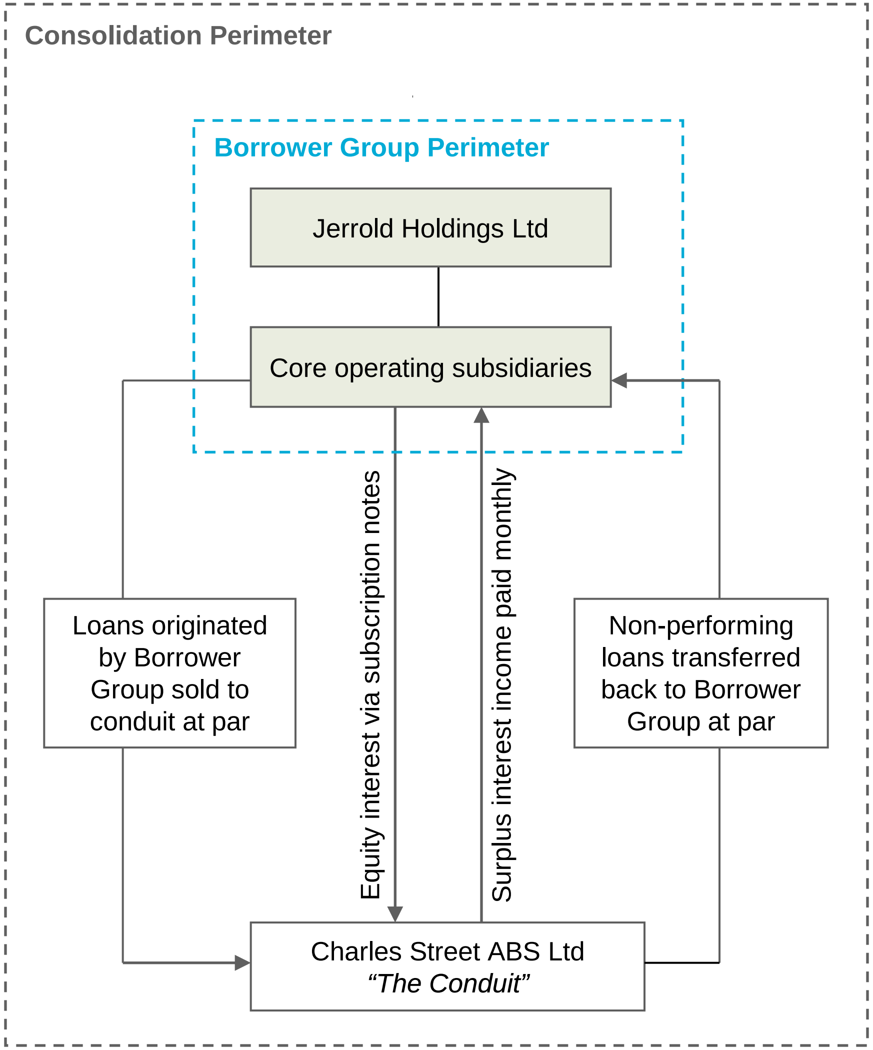
Change to General Provisioning Policy

- Specific provisions and suspended income provisions remain unchanged
- Previously the Group maintained a general provision calculated as 0.5% of the loan book value after deducting suspended income and specific provisions in line with its requirements under its banking facility documentation
- This requirement was amended during the year introducing an ‘incurred but not reported’ principle as opposed to a flat rate provision thereby complying more specifically with UK GAPP
- The revised methodology uses historical data experience to estimate the likelihood of loans that are not in arrears moving to a >3 months arrears position and then subsequently rolling into repossession. That is to say it considers the potential impact from events that have taken place but we have not yet been made aware of, for example a customer having lost their job who may be in a position to continue paying for a couple of months but may eventually move to an arrears position and potentially a repossession
- It then considers the potential loss exposure on these accounts using indexed valuations. The change in methodology resulted in a £1.1m net provision release during the quarter to June 30, 2014

Overview of Conduit Structure



Notes: 1) As at 30 June 2014; 2) There is £3.1m of accrued interest on the loan notes at the end of the month and £5.7m payable to creditors. The net amount is the balance between the Conduit's assets and it's VFN and subordinated debt funding; 3) Weighted Average indexed Loan to Value

Securitisation Overview

- The Conduit is a bankruptcy remote vehicle which buys qualifying loans from the Borrower Group
- As at June 2014 the Securitisation had £559.9m of assets comprising £527m of loans and £29.7m of cash[1,2]
- The Conduit was funded by £410m of loan notes issued to its lenders, £143.5m 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 June 2014, £20m of loans were returned to the Borrower Group. These loans had a WA indexed LTV3 of 61.19%
- In the 3 years to June 2014 the Borrower Group's average annual capital losses on loans returned from the Conduit was £181k

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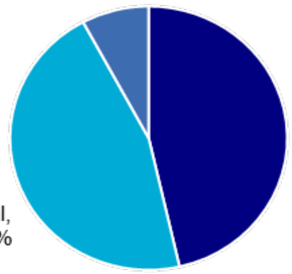
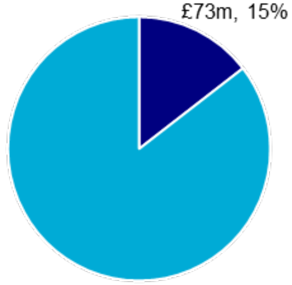
Diversified Loan Book

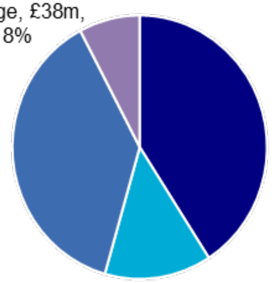
Loan Book Breakdown by Loan Purpose



Retail Loan Book Breakdown



Commercial Loan Book Breakdown



Primarily Secured on Residential Property

84% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
Retail	27.4	11.7%	55.2%
Commercial	96.8	13.0%	58.3%
Development	279.4	12.6%	109.8%
Total	43.7	12.4%	60.9%

100% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
1st Charge	46.4	10.8%	48.9%
2nd Charge	25.7	11.9%	56.3%

65% secured on residential property

Total Loan Book	Average loan size £k	WA Indexed LTV	WA Nominal Rate
ST 1st Charge	153.3	14.6%	62.8%
ST 2nd Charge	115.5	16.2%	69.8%
MLT 1st Charge	91.9	11.4%	53.9%
MLT 2nd Charge	49.3	11.5%	52.5%

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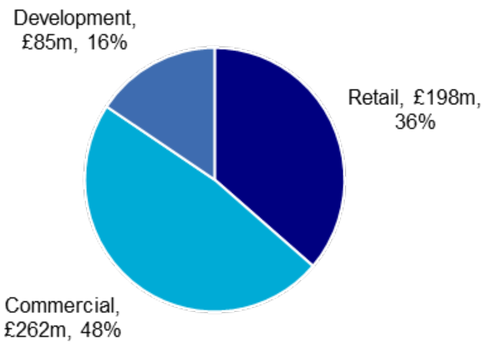
Borrower Group Benefits from Low Gearing

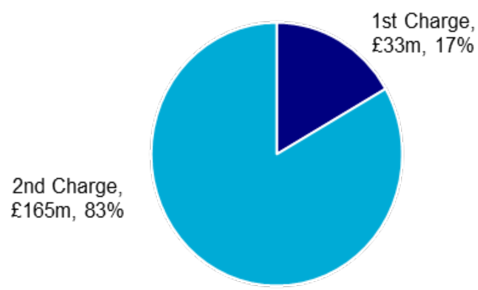
Loan Book Breakdown by Loan Purpose



82% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
Retail	24.0	11.6%	59.8%
Commercial	123.5	12.7%	67.9%
Development	279.4	12.6%	109.8%
Total	48.9	12.3%	71.5%

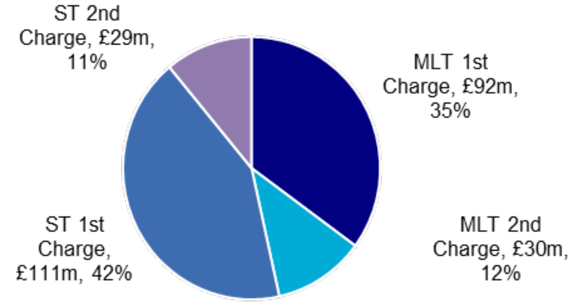
Retail Loan Book Breakdown



100% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
1st Charge	43.9	10.5%	54.4%
2nd Charge	22.1	11.8%	60.9%

Commercial Loan Book Breakdown



62% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
ST 1st Charge	205.7	14.0%	71.2%
ST 2nd Charge	112.1	15.2%	75.6%
MLT 1st Charge	113.0	10.8%	65.7%
MLT 2nd Charge	57.8	11.3%	55.1%