Jerrold Holdings

Q2 2014/15 Results
Investor Presentation
18 February 2015

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

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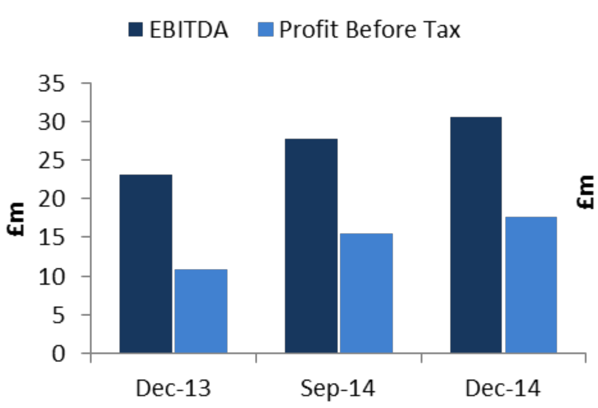
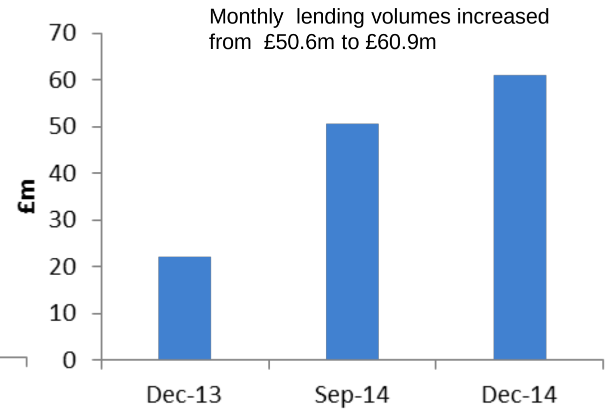
Consistently Stronger Quarterly Performance

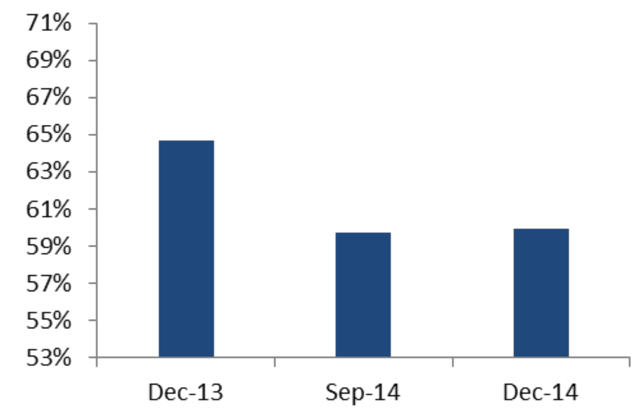
Strong Underlying Profits



Higher Lending Volumes



Low Indexed Loan To Value



- Maintaining very strong profit growth with profit before tax at £17.6m (prior quarter £15.5m)
- Benefiting from continued stability in the UK housing market and the continued dislocation caused by the recent changes in mortgage regulation
- Steady increase in lending volumes whilst maintaining credit quality setting the basis for significant step up in future profitability
- Loan book grew by £81.6m during the quarter (£72m in prior quarter) and now stands at £1.2bn
- Continue to report further reduction in levels of non performing loans and arrears
- S&P upgraded Jerrold Holdings to BB-
- Securitisation rating completed with 2 AA ratings in October 2014. Facility subsequently upsized by £240m on improved terms and extended maturities

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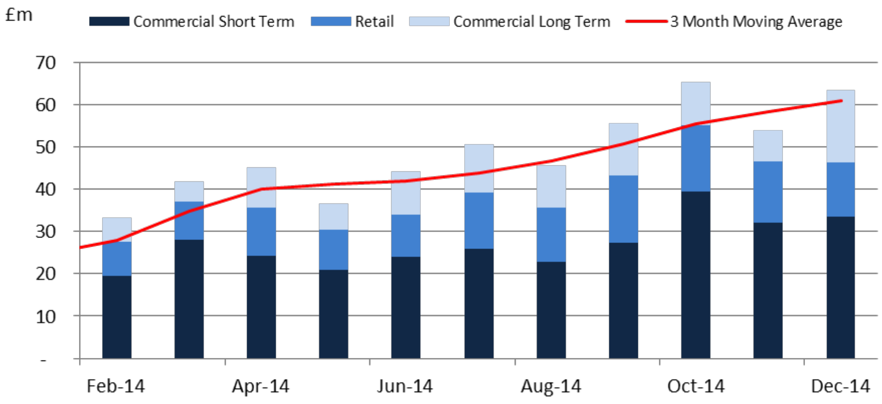
Growth in Profits and Lending Volumes

Financials	Dec-13	Sep-14	Dec-14
Interest & Fee Income £m	31.2	36.9	40.2
Movement in Provisions £m	1.0	(0.0)	(0.6)
EBITDA £m	23.1	27.8	30.5
Interest Costs £m	12.0	12.1	12.7
Profit Before Tax £m	10.8	15.5	17.6
Net Interest Margin	6.5%	6.9%	7.1%
New Business	**Dec-13**	**Sep-14**	**Dec-14**
Cash Receipts £m	91.5	116.6	141.6
New advances £m	66.3	151.9	182.4
Origination LTV	53.5%	54.7%	56.4%
Nominal Interest	13.4%	12.3%	11.9%
Nominal Interest (constant mix)	13.4%	12.1%	11.5%

Monthly Loan Advances



- Interest income increased in the period reflecting higher levels of lending and lower levels of non performing loans
- Maintaining very strong profit growth with profit before tax at £17.6m (prior quarter £15.5m)
- Steady increase in lending activity over the past quarter from £151.9m to £182.4m with average origination LTV staying in the 55% area
- 60 bps decline in nominal rates in line with expectations and higher volumes. APRs above 16%

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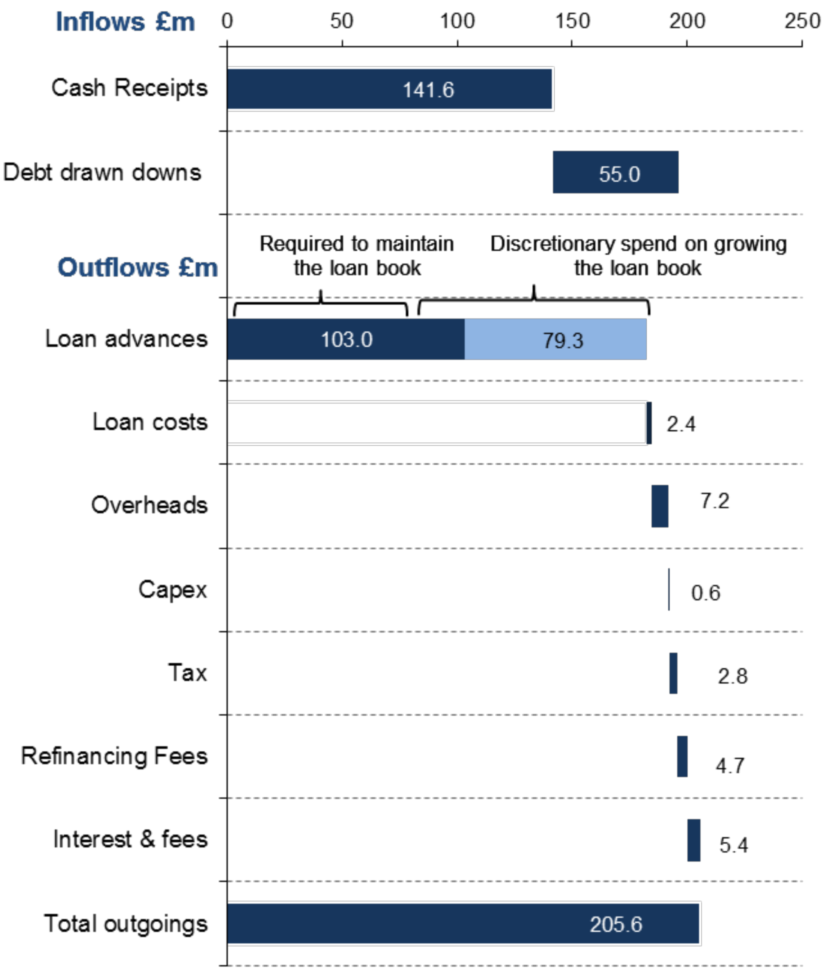
Highly Cash Generative

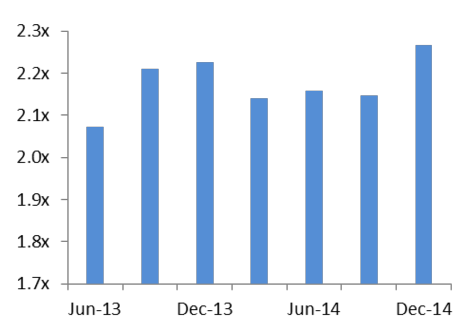
Quarterly Cash-flow



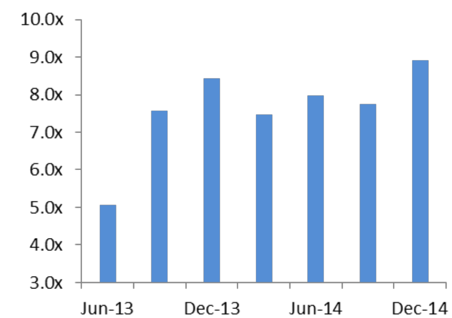
High Levels of Cash Generation

- Quarterly consolidated group cash receipts of £141.6m
- Increase in Securitisation VFN issuance to fund growth
- £182.4m of new advances with £2.4m of related funding costs
- Expenses including overheads, capex and tax totalled £10.6m
- Cash Interest was £5.4m excluding 6 monthly bond coupon of £9.75m that is payable in March. Refinancing fees relate to the securitisation extension
- Interest cover above 2x and significantly higher on a cash basis

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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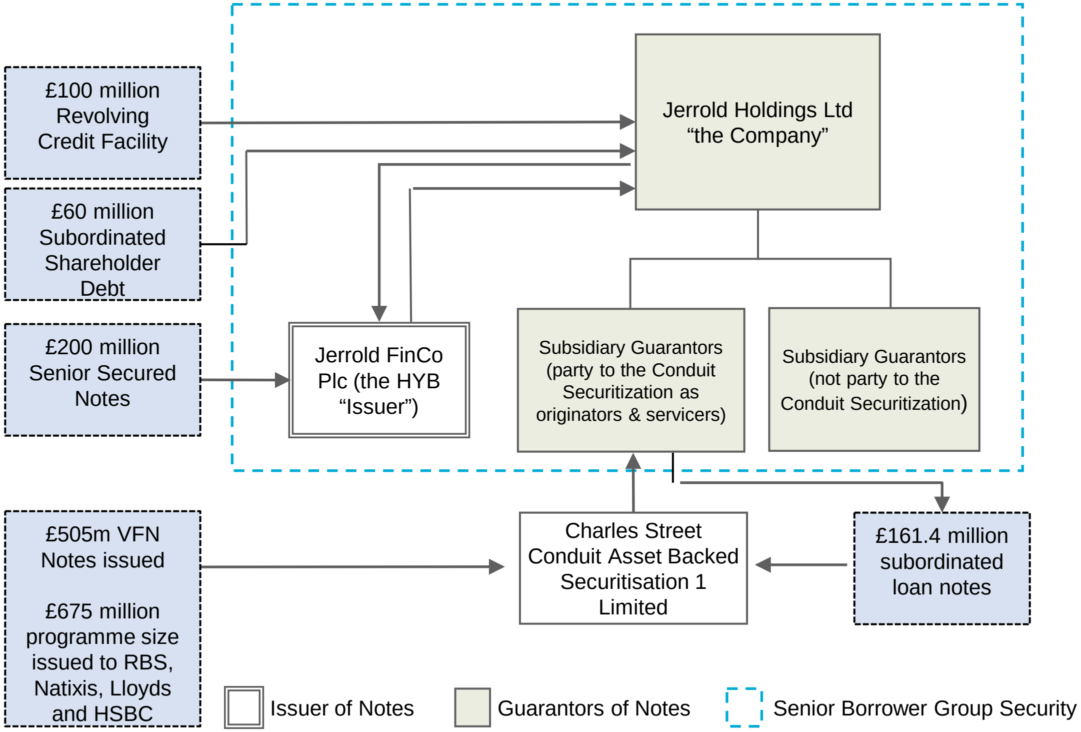
Funding Structure

Group Legal & Finance Structure as at Dec 2014



Liquidity and Funding

- Securitisation Programme was increased in size to £675m with HSBC joining the facility. Facility has improved terms and the revolving period was extended to January 2018.
- Moody's (Aa2 sf) and DBRS (AA sf) confirmed existing ratings
- As at the end of December 2014, £505m of VFN had been issued (subsequently increasing to £542.5m at 10 February 2015)
- £50m undrawn headroom in the RCF. Expectation to refinance the RCF during first half of 2015
- S&P upgraded Corporate Rating to BB-

Low Levels of Gearing and Strong Asset Backing

Key Credit Metrics	Consolidated Group			Borrower Group		
	Dec-13	Sep-14	Dec-14	Dec-13	Sep-14	Dec-14
EBITDA [(1)] (£m)	23.1	27.8	30.5	18.8	23.4	25.7
Loan Ledger after bad debts (£m)	990.8	1148.2	1229.8	511.4	573.0	575.6
Shareholder funds (£m) [(2)]	439.0	473.7	487.4	304.0	314.7	325.9
WA Indexed LTV	64.7%	59.7%	59.9%	76.6%	70.9%	71.5%
Gearing [(3)]	54.5%	58.5%	59.8%	39.2%	45.4%	43.3%
Underlying Asset Cover [(4)]	35.3%	34.9%	35.8%	30.0%	32.2%	30.9%
Cost / Income Ratio [(5)]	23.7%	25.8%	26.4%	n/a	n/a	n/a
EBITDA margin	73.9%	75.2%	75.8%	n/a	n/a	n/a
Net Debt : EBITDA [(2) (6)]	6.0x	6.5x	6.7x	2.7x	3.0x	2.7x
Gross debt : tangible equity [(2) (6)]	1.45x	1.60x	1.67x	0.67x	0.84x	0.77x
ROE % [(2) (6)]	8.8%	9.5%	10.4%	6.4%	8.3%	9.5%
Interest Cover	2.23x	2.15x	2.27x	3.14x	2.78x	2.98x
Net Interest Margin	6.5%	6.9%	7.1%	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 £48m and now stand at £487.4m
- Significant asset backing - low levels of financial gearing and high level of equity in underlying properties
- Low Gearing levels at 59.8% for the Group and 43.3% for the Borrower Group
- Securitisation refinancing at a higher advance rate allowed for equity to be transferred back to the Borrower Group thereby reducing gearing
- Prudent underlying asset cover at 35.8% for the Group and 30.9% for the Borrower Group
- Attractive profit margins, underlying EBITDA margin over 70% and low cost base
- Net senior secured leverage of 6.7x for the Group and 2.7x for the Borrower Group

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Continued Improvement in Loan Book Quality

Maintaining Credit Quality

- Credit quality has been maintained over the past 12 months, with no increases in the percentage of credit impaired customers despite higher lending volumes

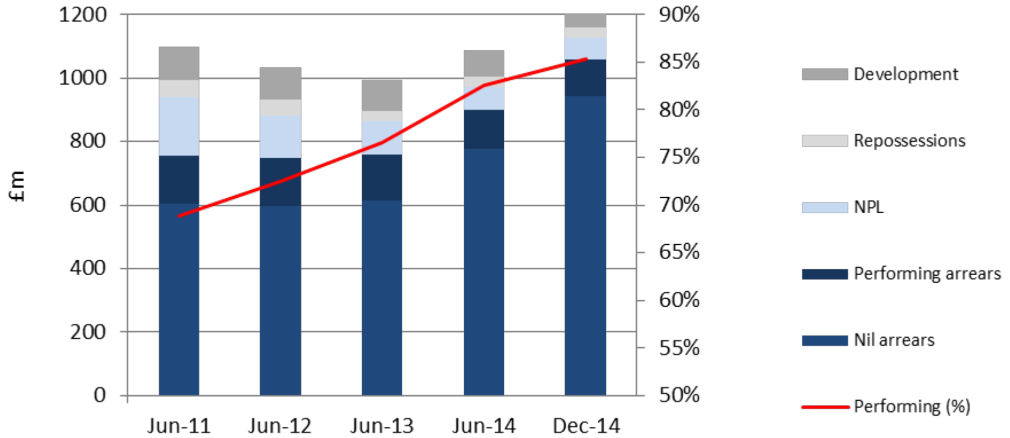
Falling Level of Non Performing Loans

- The value of non performing arrears loans (NPL), and repossessed / LPA loans further reduced in the quarter now comprising 8% of the total loan book compared to 13% in September 2013.
- The development loan book reduced by a further £2.4m to £79.8m. This balance compromises of £10m new loans funded since September 2013. We are currently lending less than £1m per month to support new development opportunities but only where our security position is protected by very low LTVs and where there are attractive returns

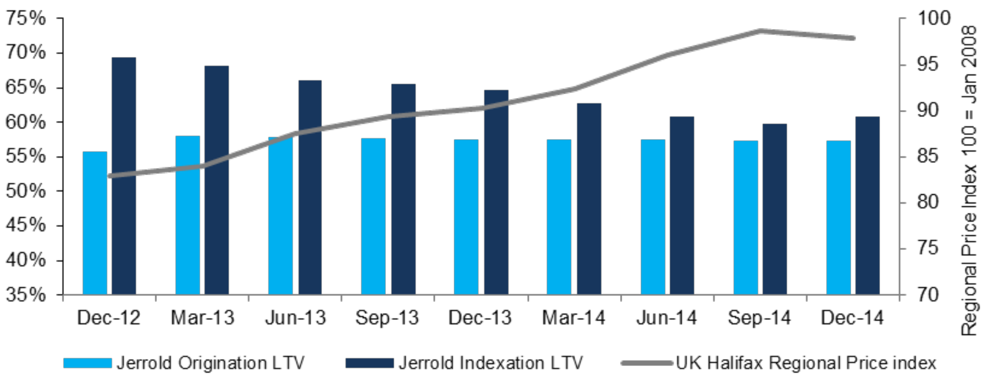
Improving Security Position

- Indexed LTV remains at 60% with UK house prices have risen 19% from lows triggering a corresponding improvement in our security position
- Origination LTVs remain at low levels averaging 54.4% over the last 12 months

Loan book Segmentation



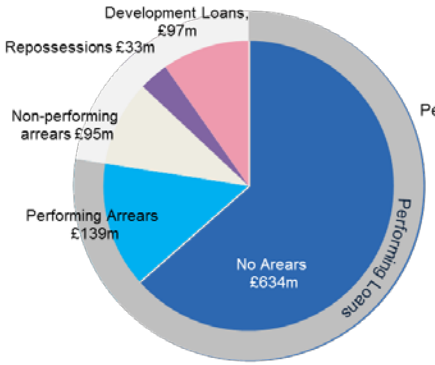
Origination and Indexed LTV & UK House Prices



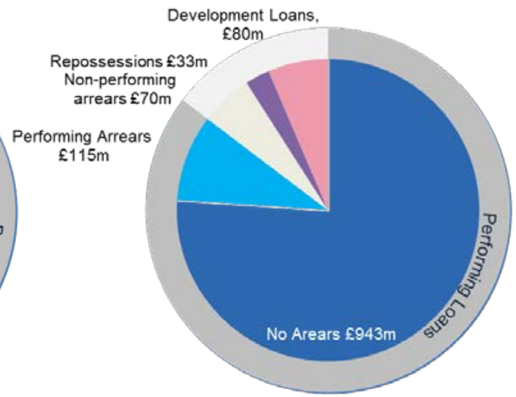
Source: Halifax regional house price indices. Data reflects LTV at origination

Continued Improvement in Arrears Levels

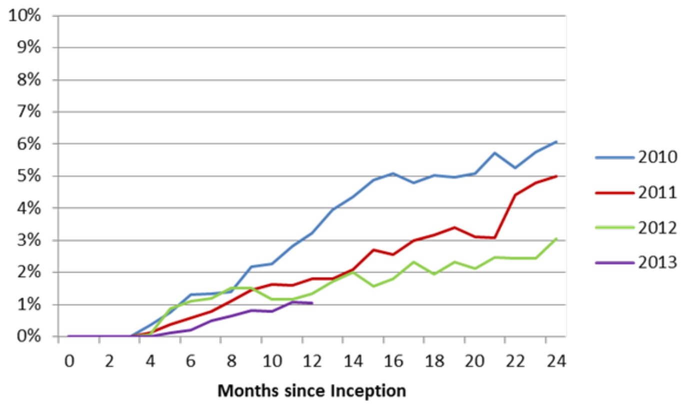
September 2013



December 2014



Arrears Performance by Vintage



Improving Arrears Trend

- Group has been very pro-active in engaging with customers in arrears and agreeing appropriate payment plans
- Arrears levels for loans written since 2010 have remained at consistently low levels resulting in continued improvements in vintage delinquency rates
- Proportion of performing accounts has continued to increase. Long term trend shows performing accounts increasing from 77.4% in September 2013 when Senior Notes were issued, to 85.3% in December 2014, and increased in the last quarter by 1.3%

Group Loan Portfolio Arrears Analysis

Loan Book	Dec-13	Sep-14	Dec-14
Nil Arrears & Arrears <= 1m	65.1%	73.2%	76.0%
Performing Arrears	**13.4%**	**10.8%**	**9.3%**
1-3 months	8.3%	6.7%	6.0%
3-6 months	2.4%	1.8%	1.5%
> 6 months	2.7%	2.3%	1.8%
Non Performing Arrears	**8.6%**	**6.2%**	**5.6%**
3-6 months	1.9%	1.5%	1.4%
> 6 months	4.2%	2.9%	2.6%
Past due	1.2%	1.0%	0.9%
LPA rent	1.3%	0.8%	0.8%
Development loans	**9.5%**	**7.1%**	**6.4%**
Repossessions / LPA	**3.3%**	**2.7%**	**2.6%**

Low Level of Losses Underpinned by Low LTV Lending

Overall LTVs

- The WA indexed LTV of the total loan portfolio is 59.9% and 71.5% for the Borrower Group

Loans in Negative equity

- 3.1% of Group loans have an indexed LTV >100% with actual negative equity exposure being £15.9m
- 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 17.46% (covenant 32%) vs 24.90% in September 2013

Downside Scenario Analysis

- We estimate that for the Group 10% and 20% falls in property values would result in additional exposure of £7.3m and £29.2m respectively
- We estimate for the Borrower Group 10% and 20% falls in property values would result in additional exposure of £6.8m and £26.1m respectively

Loan Book by Indexed LTV

Indexed LTV	Group		Borrower Group	
Indexed LTV ≤ 60%	733	59%	240	42%
Indexed LTV > 60 ≤ 85%	366	29%	192	34%
Indexed LTV >85% ≤ 100%	104	8%	99	17%
Indexed LTV > 100%	38	3%	37	6%
Total Loan book	**1,241**		**568**	

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

- Continue to strengthen management team
- Significant investment commenced in enhancing core IT platforms to support our strategic growth plans, to deliver scalability, flexibility and efficiency gains across the business
  - The IT organization structure has been restructured to deliver this major change programme, including the appointment of a dedicated joint onshore / offshore software delivery team
  - Avoided "big bang implementations" with a philosophy of iterative, regular releases which add value to the business
  - Delivered new Broker Portal and Commercial CRM system recently both on time and in line with budget
  - Commenced development of new front end processing platform and back office loan administration system due to be delivered in phases throughout 2015. Commenced specification exercise of new business intelligence platform to be delivered in phases in late 2015 / 2016
  - IT development budget is £4m for 2015
- On-going focus on regulatory compliance - continuing 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 – established conduct excellence committee and introduced a continuous programme of training to support and embed our values
- Project team established and work commenced on our full permission applications for our CCA loan activities (due late 2015 / early 2016) and to prepare for the FCA adoption of the EU Mortgage Credit Directive (March 2016)
- Appointed external specialist consultants to consider options for streamlining our branding proposition
- Commenced planning exercise for a small pilot launch in Q3 of a Hire Purchase Motor Finance product

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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 assessments 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£1.23bn loan book at 59.9% weighted indexed LTV and 7.1% interest margin provide a high degree of visibility on future base case earnings and cash-flow
- Outlook – positive growth underpinned by stable property sector and falling unemployment
- Experience - 40 years of successful trading

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Questions and Answers Session

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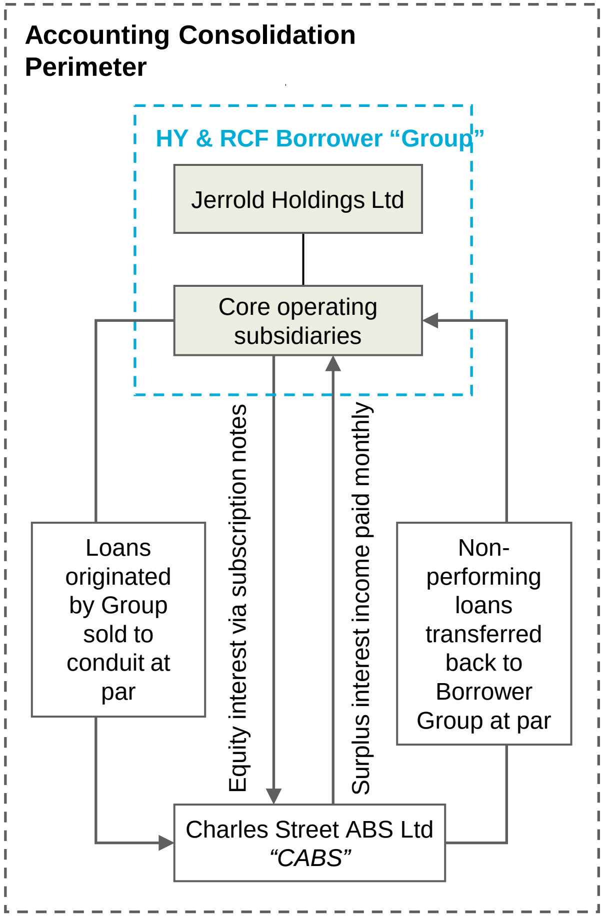
Securitisation Overview

Structure	▪ RBS, Lloyds, Natixis and HSBC are the Note Purchasers ▪ The SPV is funded by up to £675m of Variable Funding notes. ▪ The revolving period runs till January 2018 with the Group then having a further 12 months to refinance the facility before the Note Purchasers are able to seek to exercise their security ▪ Rating is rated AA (sf) by Moody's and DBRS
Financing	▪ £654.2m of loan assets and £19.3m of cash financed by £505m of Notes issued to Securitisation Lenders and £161.5m of sub-ordinated loan notes / equity (1) (2) ▪ Advance rate and sub-debt position is calculated and adjusted on a weekly basis
Purchase & recycling of assets	▪ Beneficial interest in loans transferred to Securitisation in return for full principal payment. Qualifying Assets are sold to the SPV on a "random" basis ▪ Deferred consideration is the net interest received after deducting cost of funds and conduit expenses, with £57m paid to the Group in 12 months to Dec 2014 ▪ The Group buys back assets that no longer meet the eligibility criteria. Primarily this is where a loan no longer meets the relevant arrears criteria ▪ Delinquency rates (arrears > 1m) currently 5.75% having fallen steadily since 2010 ▪ For the 12 months ending Dec 2014, £15m of loans were returned to the Borrower Group. These loans had a WA indexed LTV of c57.3% ▪ In the 3 years to Dec 2014 the Borrower Group's average annual capital losses on loans returned from the Conduit was less than £100k
Simplified payment waterfall	▪ Payments due to third parties as a result of the Transaction including tax payments and audit expenses (these are not material) ▪ Fees payable to the Security Trustee and Note Issuer ▪ Interest and Fees due plus any other amounts due and payable to Note Holders and Stand-by servicing fee ▪ Amounts due to Originators in their capacity as originators and any Deferred Purchase Price Due

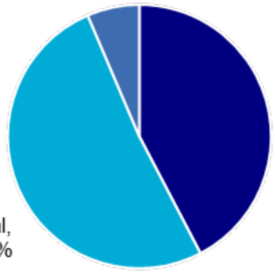
Conduit Interaction with Jerrold Group



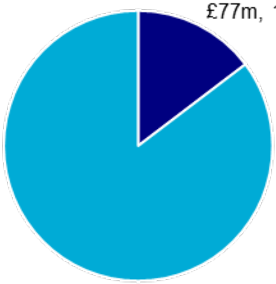
1) As at 31 Dec 2014; 2) There is £1.1m of accrued interest on the loan notes at the end of the month and £8.1m payable to creditors. The net amount is the balance between the Conduit's assets and it's VFN and subordinated debt funding

Diversified Loan Book

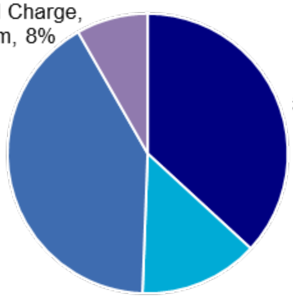
Loan Book Breakdown by Loan Purpose



Retail Loan Book Breakdown



Commercial Loan Book Breakdown



Primarily Secured on Residential Property

83% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
Retail	28.4	11.4%	54.2%
Commercial	108.0	12.9%	57.8%
Development	289.9	12.3%	115.2%
Total	48.6	12.2%	59.9%

100% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
1st Charge	47.1	10.5%	46.7%
2nd Charge	26.7	11.6%	55.5%

67% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
ST 1st Charge	188.1	14.6%	62.2%
ST 2nd Charge	135.5	15.4%	65.7%
MLT 1st Charge	95.1	11.2%	52.5%
MLT 2nd Charge	53.3	11.1%	53.9%

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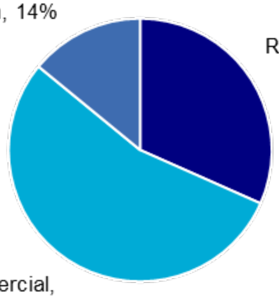
Borrower Group Benefits from Low Gearing

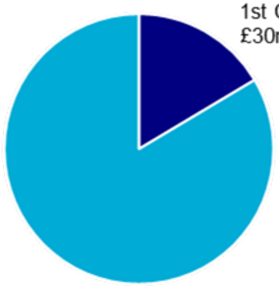
Loan Book Breakdown by Loan Purpose



80% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
Retail	24.1	11.4%	59.3%
Commercial	145.7	12.7%	67.3%
Development	289.9	12.3%	115.2%
Total	55.7	12.2%	71.5%

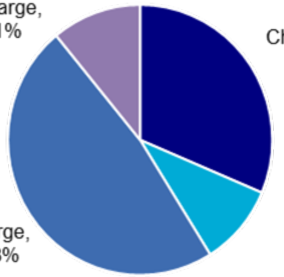
Retail Loan Book Breakdown



100% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
1st Charge	46.5	10.1%	54.2%
2nd Charge	22.1	11.7%	60.3%

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	259.2	13.9%	70.3%
ST 2nd Charge	127.0	15.0%	72.8%
MLT 1st Charge	126.9	10.5%	63.9%
MLT 2nd Charge	56.3	11.1%	57.4%

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