

Cherry Godfrey

Loan Note Presentation



Cherry Godfrey

Financial experts you can trust

CHERRY GODFREY GROUP OF COMPANIES

Good evening

Thank you all for taking time out to spend with us this evening.

When we prepared our first annual interest statements, we had considered including an overview of 2013 to keep all of our investors appraised with our experiences and results for the last twelve months.

Rather than this approach, we felt that a live presentation would provide us with an opportunity to thank you and also create a forum for you to ask any questions of the team and I.

Looking back at 2013, it was a funny old year, the media was doom and gloom, banks were still closing their doors to new business and charging increasing rates to existing clients and, leaving depositors interest returns at an all time low.

Cherry Godfrey's two main business outlets continued to enjoy growth, Insurance Brokerage as a result of our investment into new technology and our partnership arrangements with companies like Aviva and, our Lending Business as a direct result of our small advances through Insurance Premium Funding, and local retail funding through Airtel and Vision Express to name a few.

Your funds are used within the lending business.

Having been one of the Islands primary non- bank lenders for over 20 years our overriding business principles have remain unchanged:

We Will

- a) Look after our customers and treat them fairly.
- b) Ensure our customers can afford their loans by understanding their circumstances and capacity.
- c) Embrace technology to aid our decision making process.
- d) Provide an environment and atmosphere where a clients can approach us and expect to be treated like a human being.

It is these factors which have left us with a bad debt record the envy of our competitors.

We Won't

Provide sub prime (high risk/cost) products.

Provide any form of Pay Day Loan (Wonga representative rate 5853%)

In short, we see ourselves as providing the kind of old fashioned service we all used to enjoy from our banks.

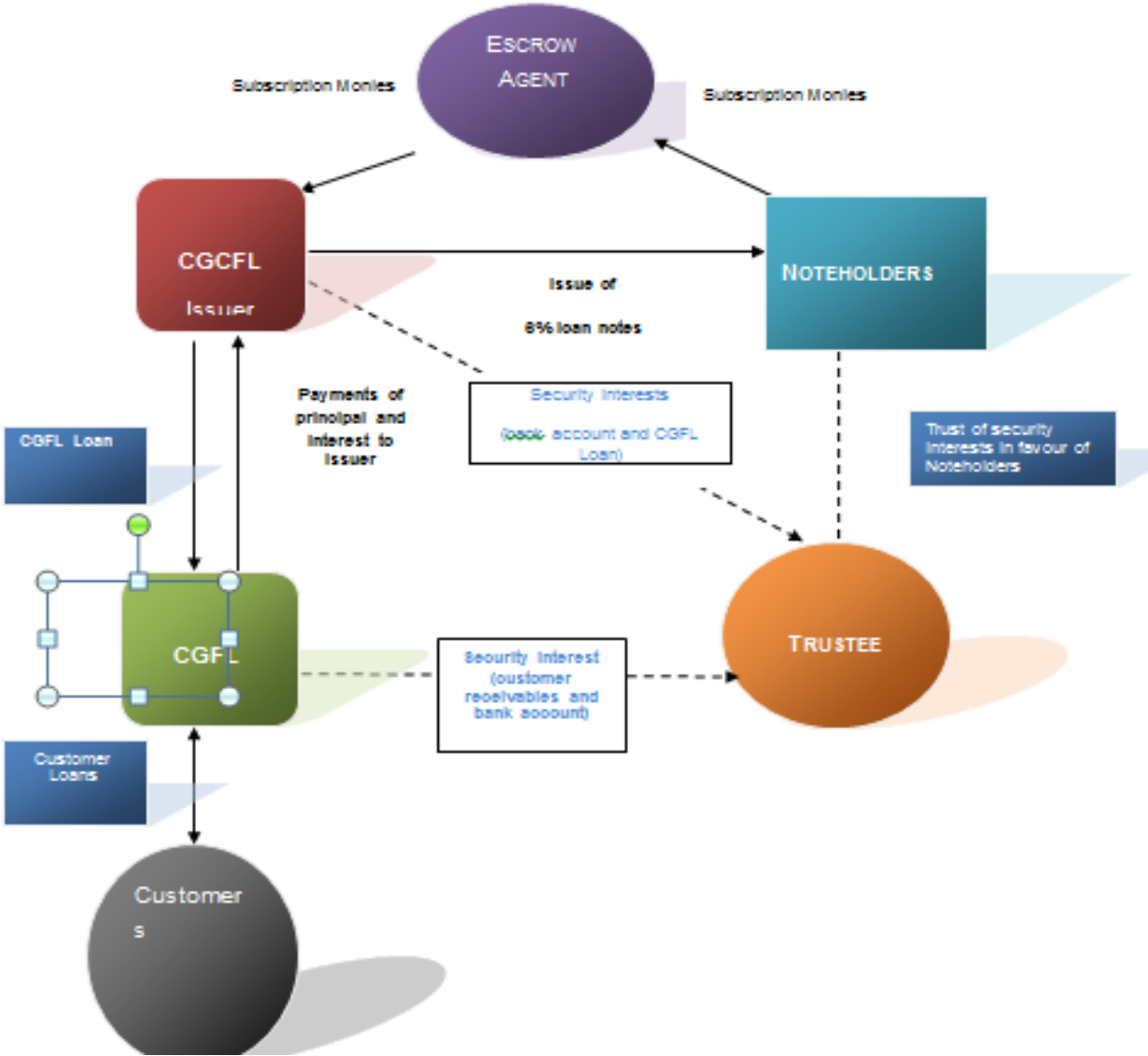
Reminder of why we are here.

- Historically CG has obtained it's funding from UK commercial bankers.
- With the general uncertainty in the financial markets, we sought alternative funding which would provide certainty and longevity to our loan business and as an added bonus allowed us to bring some of the benefits home to Guernsey.
- Having looked at several structures we settled on our Loan Note Structure which, if you recall, provides security by way of assignment of the assets to Jersey Trust Company backed up with quarterly auditor reviews.

The following slide shows the corporate structure and provision of security for the product.

- You will recall that your invested funds go into Cherry Godfrey Consumer Funding.
- From there, the funds move to Cherry Godfrey Finance who provide and manage consumer loans to our clients.
- It is from interest earned on these loans that your 6% interest return is generated and the related costs of running the loan structure are met.

Loan Note Structure



Having successfully launched the initial £3 million Loan Note in January 2013 to assess the local appetite, we quickly realised that investors wanted a product with more longevity and flexibility which led to Loan Note II being launched in June 2013. Investors have come from a wide range of backgrounds with individuals, trading companies, trust companies etc and include the group chairman, independent directors and management of CG.

Highlights to date

£7 million subscribed by investors to date.

- Portfolio balance £7,616 million
- 5373 customers
- Average advance of £1417
- Arrears over the entire portfolio 0.74%

Where next ?

For the foreseeable future, we intend to continue with the current Loan Note II and aim to raise a further £10 million during 2014.

This funding will enable Cherry Godfrey to become 100% autonomous from the commercial banking sector and to carry on building our consumer loan book whilst maintaining our current levels of customer service.

We envisage the current 6% return to remain available for the foreseeable future. Existing investors such as yourselves are guaranteed this for the full 9 year term.

We do expect to review interest rates in line with our requirement for funding as the portfolio develops. It may become necessary to temporarily close the book to new investment from time to time.

In order to recognise the loyalty of our participating investors, we will ensure that any further investment by yourselves or, any person introduced by you will receive priority over new applicants.

That seems to cover the basics of the story thus far so we can now open the floor to any questions.

My colleagues and I will be available if you have any specific questions during the evening or at any other time.

Please help yourself to the wine and nibbles.