



CONISTER BANK  
ISLE OF MAN

Generations of trust since 1935



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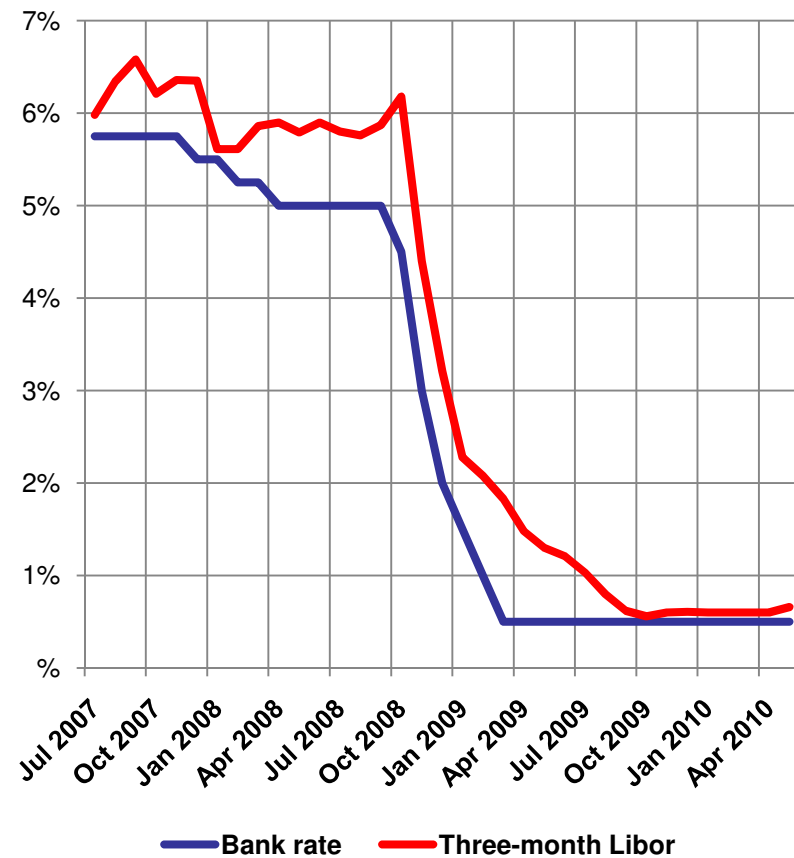
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# Current Market Conditions

- The economic environment remains uncertain and changeable
- Inflation remains ahead of target and the next move in interest rates in terms of when is uncertain
- The Isle of Man economy has held up well
- Demand for credit remains subdued
- Consumers continue to repay debt and use existing short term facilities (credit cards) rather than take on new long term loans



# Conister Bank – Talent Management

- **In the past 12 months we have made significant appointments to strengthen our team**
- **Additional resources have been committed to**
  - **Marketing**
  - **Sales**
  - **Customer Service**
  - **IT / Project Management, and**
  - **Finance**
- **As we grow we will seek out and recruit market competence through the recruitment of established industry professionals**

# 2009 Highlights

## Operational

- New business plan to return the Bank to profitability, gaining regulatory approval (Q2, 2009)
- Rebranding and re-launch of the Bank (Q3, 2009)
- Implementation of new core Banking Engine to plan and under budget (Q3, 2009)
- Launch of Conister Wealth (Q4, 2009)

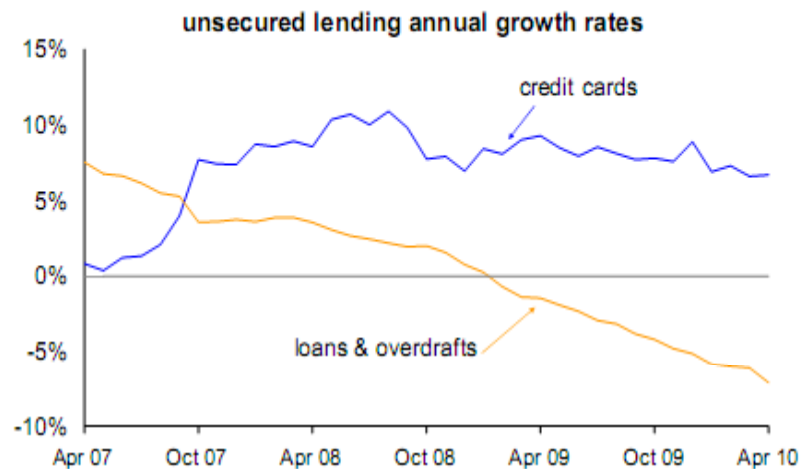
## Financial

- A reduced loss of £1.2 million (2008: £1.3 million) a 7.7% improvement in line with plan
- The trend back towards profitability continued
- The Bank's cost base reduced by £1.5 million, 17.9%
- The Bank's capital position has improved with continuing strong liquidity maintained
- The year-end litigation funding net asset, has reduced by 86.7% to £0.2 million (2008: £1.5 million)



# LENDING

# Market Conditions



- **BBA statistics confirm a gloomy picture for consumer credit**
- **New unsecured personal lending fell again in April and total balances outstanding continue to decline**
- **Overall, the unsecured personal lending market contracted 18% in April compared to April 2009, a record low for the sector**

## A CONISTER LOAN



## Generations of trust

A loan from Conister Bank is designed for Isle of Man residents. Whether for a car, boat, bike, home improvement or some other need, our lending decisions are made in the Isle of Man. With flexible payment terms and a range of payment protection options, we have a loan to suit your needs.

- Competitive rates
- Payments fixed for the term of the loan
- Same day decisions
- Choose your monthly repayment date

Call: **694694**  
Click: [conisterbank.co.im](http://conisterbank.co.im)  
Visit: **Conister House at the Isle of Man Business Park**



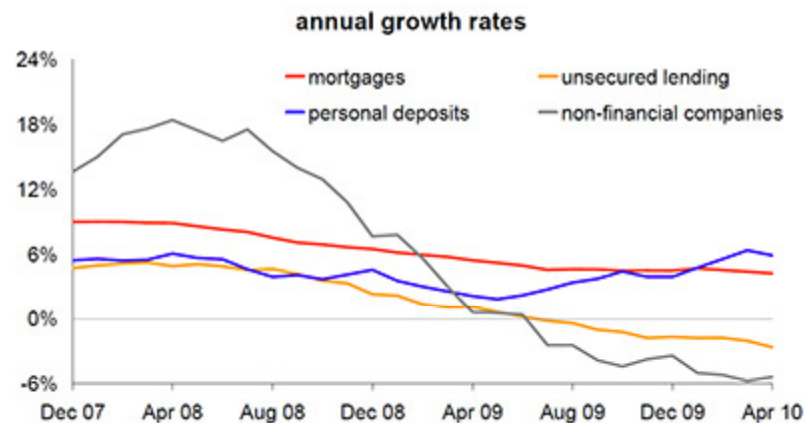
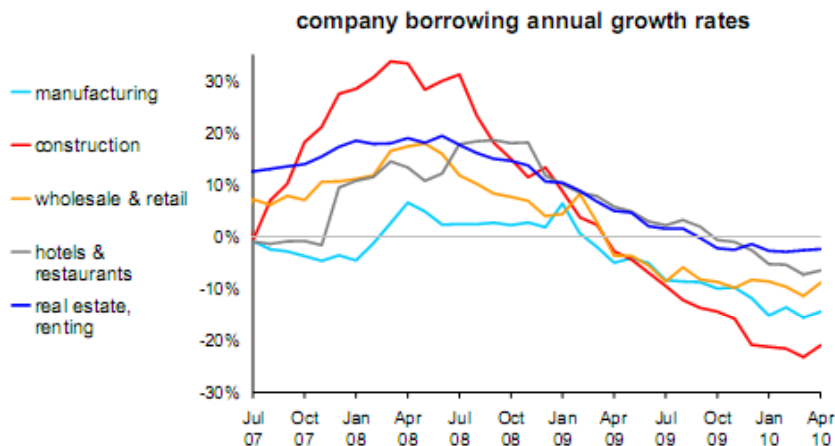
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KTP:10/09

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# Consumer & Company Borrowing



- **Year-on-year contraction in credit markets (Cards & Unsecured Personal Loans) and a flat mortgage market**
- **An emerging trend in personal savings, which show month-on-month and year-on-year growth. BBA view is that customers continue to repay debt whilst building savings**
- **Company demand for borrowing remained subdued in April**
- **The construction sector continues to show the largest annual contraction, with the sector's borrowing almost 21% lower than a year ago**



# Lending Performance

- Future profitability of the Bank will be driven by loan book growth
  - There is a great opportunity for Conister as other lenders have withdrawn or reduced the availability of credit
  - New sources of loan business have been established
    - IoM SMEs
    - Marsh Finance Outsourced Model
    - New UK Brokers
  - Proposals received are up 24%
- Average term is 36 months
  - Average advance by value is up 65%
  - Manx Focus on growing Direct Business whilst at same time maintaining introducers
    - Stocking plans targeted locally to take market share off our competitors
    - Stocking plans up 31%
  - UK Focus on introduced Asset Finance business covering a broad range of assets

# Margins

## ASSET LEASING & COMMERCIAL FINANCE



### Generations of trust

A commercial loan from Conister Bank is designed for businesses in the Isle of Man. As an independently owned bank our lending decisions are made on the Island. With flexible payment terms our personal lending advisors will help you find a loan to suit the needs of your business.

- Flexible payment options
- Early settlement options
- Competitive rates
- Same day decisions

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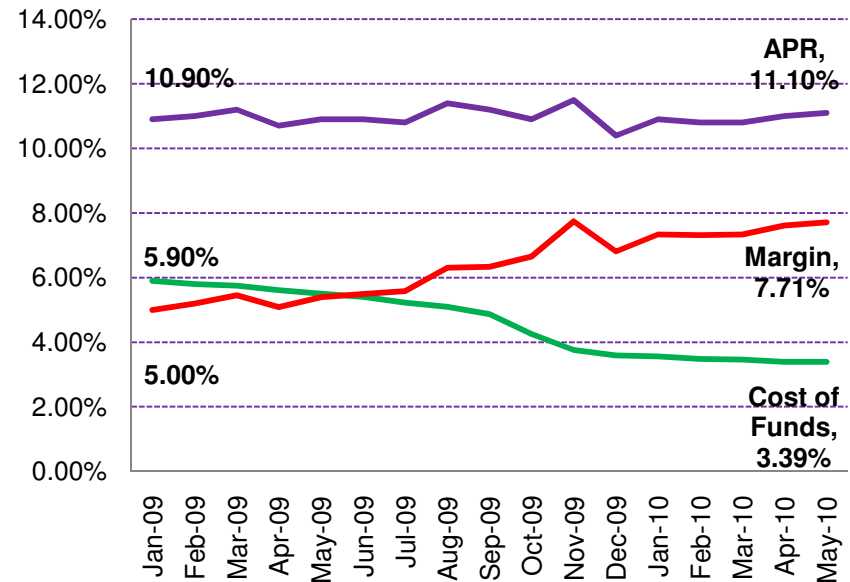
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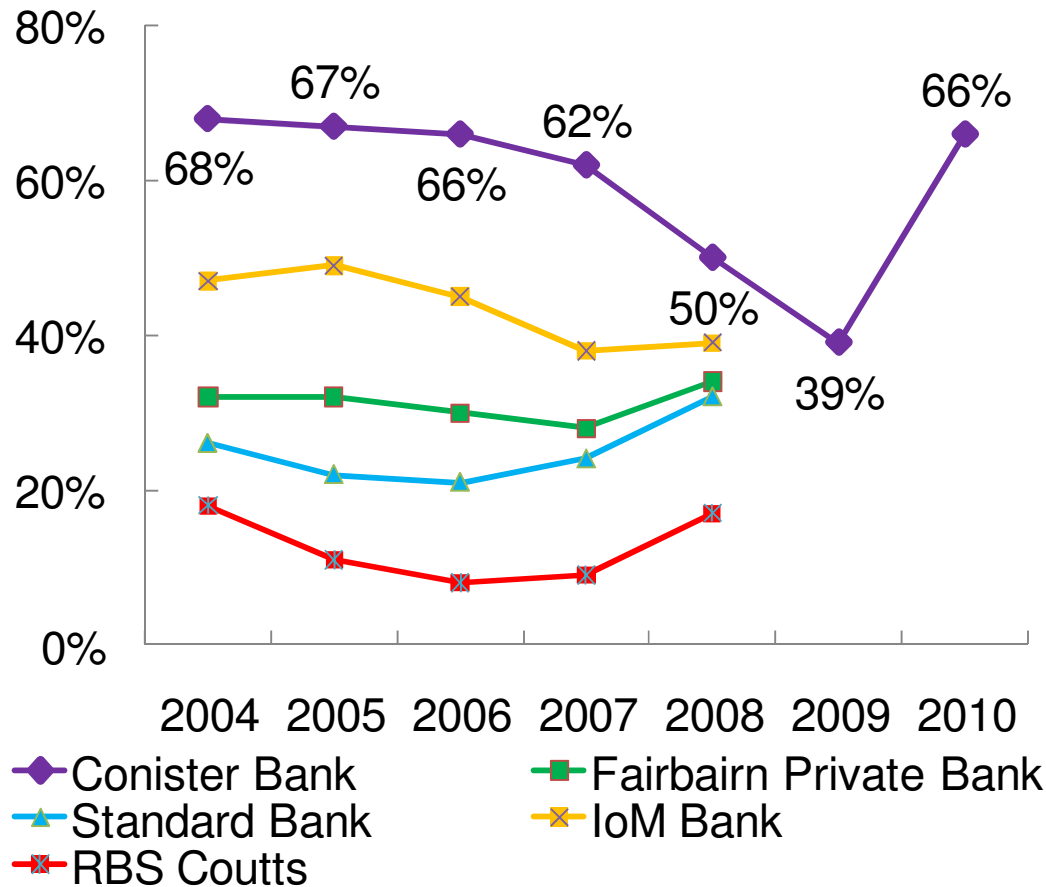
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- **Our book margin has improved by 17bps in 2010**
- **Margins are stable**

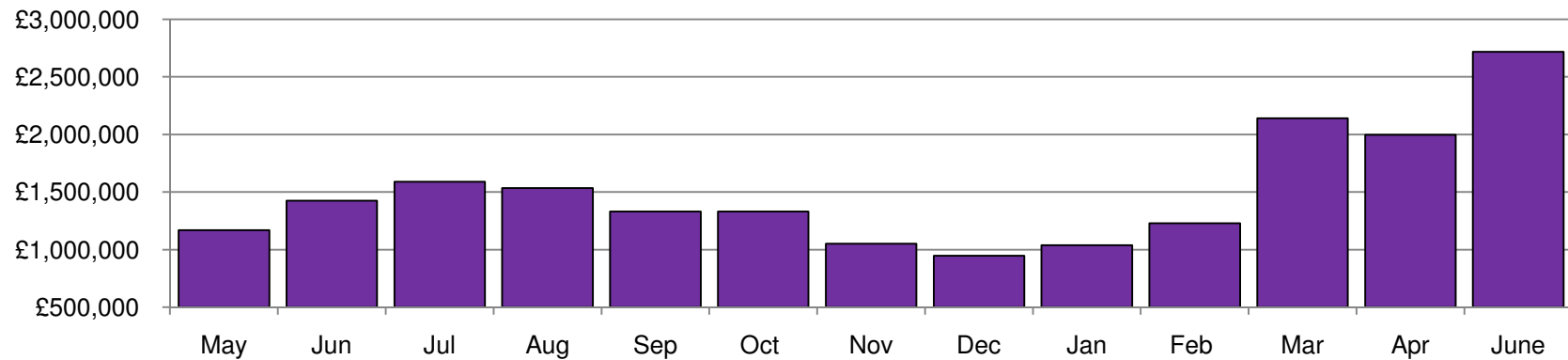
# Net Interest Margin



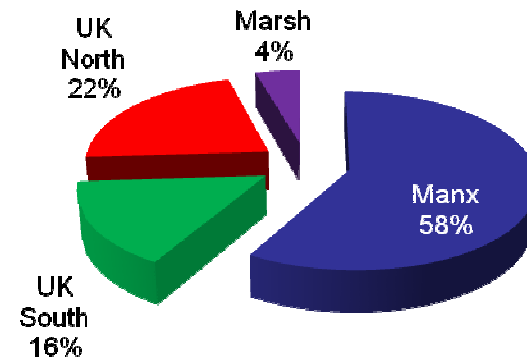
- Our 2009 net interest margin was impacted by our excess liquidity, but has recovered in 2010**

# Total Lending

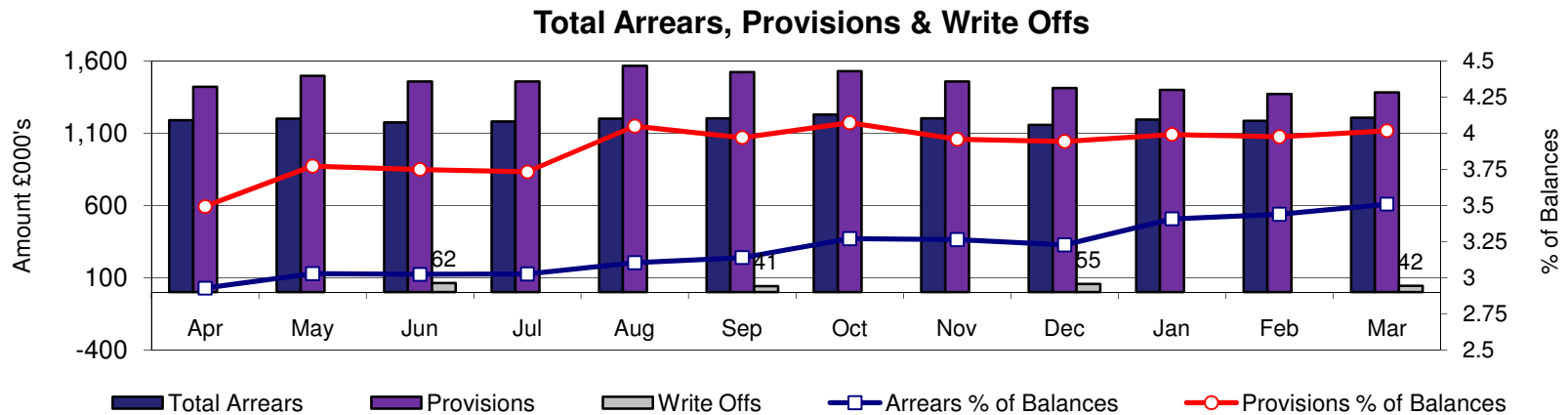
## Monthly Lending



- **2009 lending volumes were constrained by available capital**
- **2010 lending volumes +46%**
- **However, consumers are reducing debt and repaying loans early rather taking on new commitments**



# Arrears, Provisions & Write Offs



- As the loan book has fallen the proportion of arrears has increased to 3.5% from 2.9%
- Actual value of arrears is relatively stable at £1.21m up 1.3% (£16k)
- £0.2m has been written off in past year
- We continue to remain vigilant and seek to identify developing trends



# DEPOSITS

# Market Conditions

- The total offshore deposit market (Jersey, Guernsey and Isle of Man) rose by £8.5bn to £348.3bn in Q1 2010
- The Isle of Man market was almost unchanged at £52bn
- The Isle of Man give a total domestic market of Sterling deposits of £5bn
- Conister's market share of the Isle of Man market is currently 0.9%

## FIXED RATE SAVINGS



## Earn up to 5.05% AER

- Save from £10 000
- Interest paid monthly or annually
- 5 year fixed term

Conister Bank has a reputation for providing some of the best interest rates to savers. And with savings terms from 6 months to 3 years, Conister Bank provides an independent and flexible home for your savings.



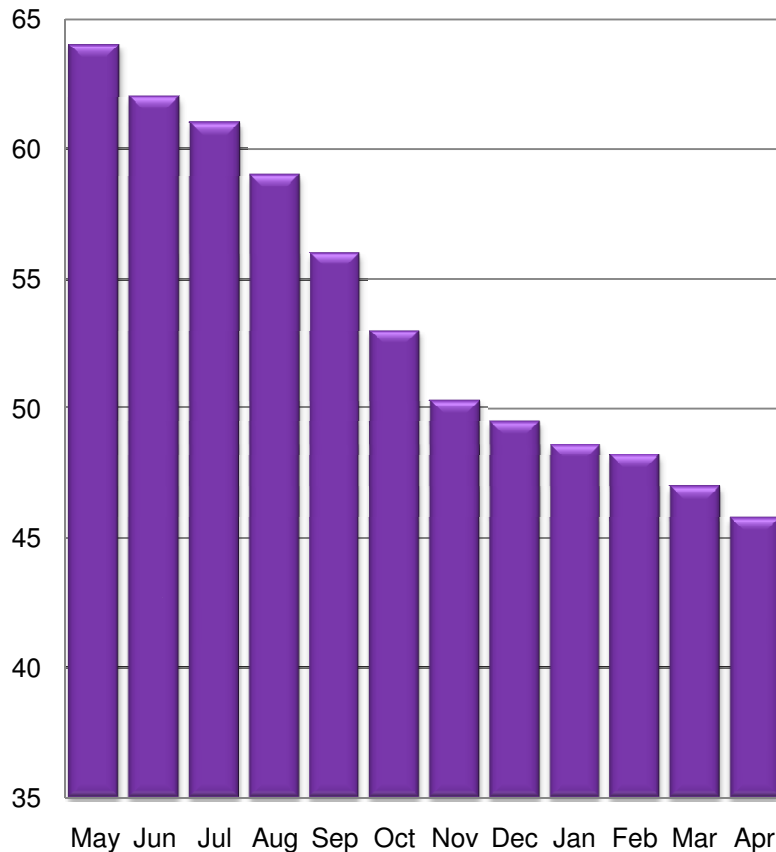
1941 Sandra & Eileen Douglas      1986 Sandra & Trevor with grandkids      2009 Sandra & Trevor with grandkids

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## Deposits (£m)



- **Historically we have been overfunded**
- **However, balances have fallen in line with plan to £45.8m - down 4% on 2009**
- **New range of competitive fixed rates launched June 2010**
- **We continue to monitor our competitive position weekly**
- **Reinvestment rate = 68.7%**





# NEW BUSINESS INITIATIVES

# Opportunities

- **Significant improvement in efficiency and business volume capacity can be obtained by replacing current lending system and introducing workflow**
  - **A “basket” of profitable lending opportunities**
  - **Opportunity to grow our traditional core business in the IoM and UK**
  - **The Bank is *distribution* constrained not *market* constrained**
- **Bring in competence and capability – “industry professionals” in both IoM and UK to grow distribution**
  - **Avoid at all costs a single catastrophic loss**
  - **IT capacity is 100% utilised; specialist project management required to deliver changes**
  - **New Lending opportunities to be exploited**

## Enhancing Distribution

- **1 x IoM based 2 x UK based industry established professionals recruited**
- **Object is to seek non-motor vehicle assets on the IoM particularly and to grow UK market share**
- **External based firm now available to provide asset valuation where required**

## IoM Based SME

- **Opportunity to develop outside of our traditional core markets**
- **Growth must not be at the expense of credit quality**



# CONISTER

## CARD SERVICES

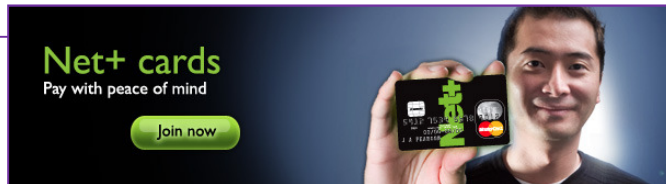
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# Highlights

## 2009

- Re-positioned and re-organised the prepaid card business which generated its first ever profit in Q3
- Profitable in the second half of 2009
- Procedures re-written to reflect the newly streamlined operations
- Contracted with 3 Programme Managers which provide coverage over the spectrum of prepaid card opportunities exposing Conister Card Services Limited to less risk



## 2010

- Close to 100,000 cards in issue – a major milestone
- Growth based on existing programmes only

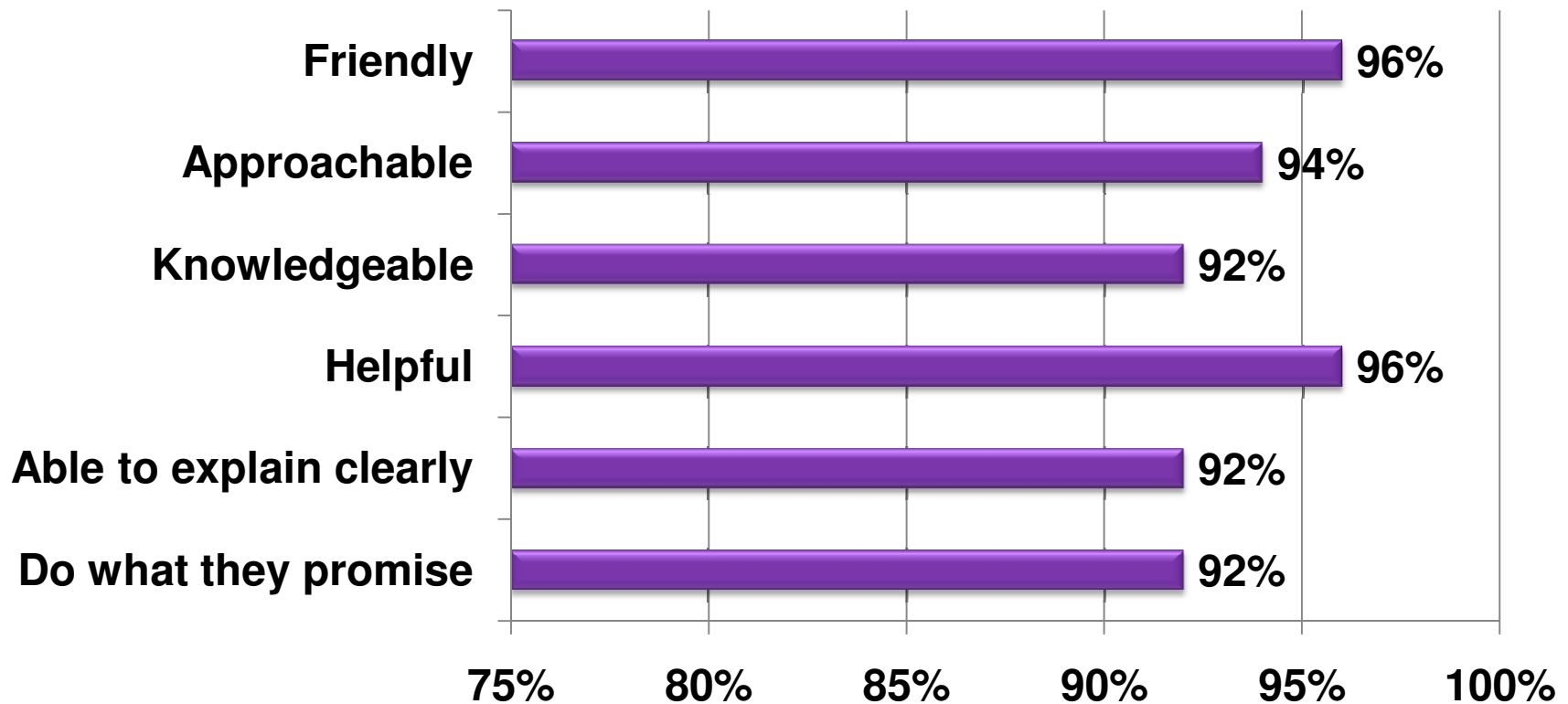
Programme	Active cards		
	Actual	Budget	Variance
Neteller Globewallet	0	0	0
Net+	95,146	79,267	15,879
Vertlex	1,382	1,305	77
Intercash	41	0	41
Tuxedo	596	0	596
Wavecrest	587	0	492



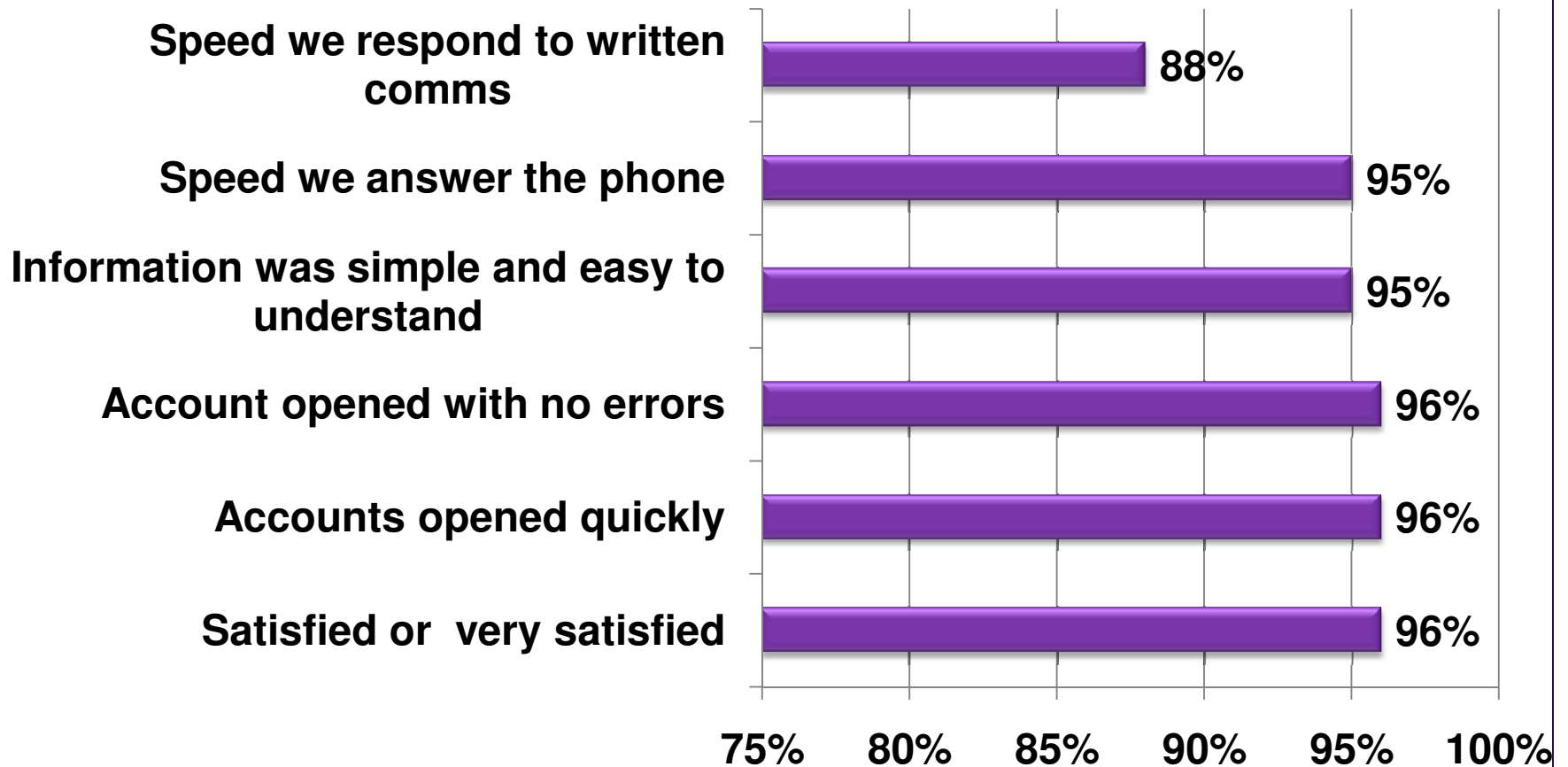
# CUSTOMER SATISFACTION SURVEY

# Customer Satisfaction Survey

## Conister Bank Staff



# Customer Satisfaction Survey





# Conclusion

- **We have improved significantly our existing working practises and procedures and have a strong management team**
- **We are not market constrained**
- **Current conditions present excellent opportunities to prudently grow our loan book**
- **We are well capitalised and have the capacity to grow**
- **We are not liquidity constrained**
- **We have a committed and highly professional team**
- **We have an excellent reputation with our customers and offer excellent value and customer service**