



A Hankey Group Company

**Investor's Brief**

**Q3 Performance Update**

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## **I. Hankey Group Performance**

# Hankey Group

## Company Snapshot



### Overview

- Established in 1972, the Hankey Group consists of ten companies covering varied sectors including financial, real estate, insurance, and technology services as well as rental car and dealership operations
- Operating goal is to grow earnings by 20% a year and maintain a pre-tax return on equity of 30%
- Currently has Assets under Management of \$1,040 million and 5 Lines of Credit totalling ~\$ 840 million

### AUM & Employee Growth Chart



### Affiliate Company Profiles

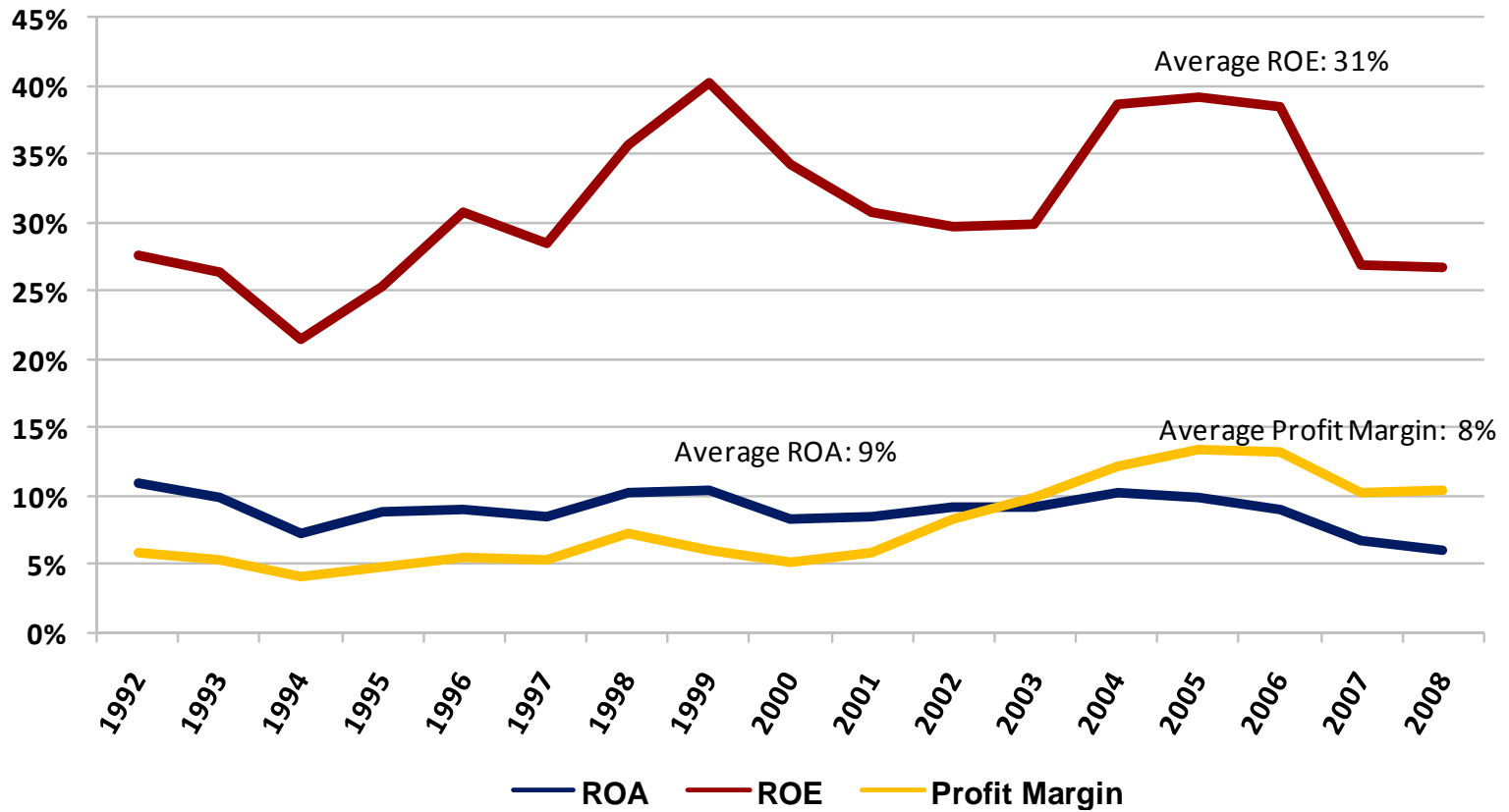
- Affiliate companies include:
  - Westlake Financial Services: Incorporated in 1988, is the financial services arm of the group that specializes in the acquisition and servicing of near prime and subprime automotive retail instalment contracts. Has an extensive network of 5,000 car dealerships
  - Wilshire Consumer Credit: Wholly-owned subsidiary of Westlake specializing in direct to consumer loans
  - Hankey Investment Company: Investor in real estate and related assets. Owns more than 1 million sq feet of real estate in Southern California. Also active in secured lending and purchasing distressed paper
  - HFC Acceptance: Specializes in providing fleet financing for rental car operators
  - Knight Management Insurance Services: Specializes in providing insurance products, self-insured solutions and risk management services to the retail automotive sector
  - Midway Auto Center: Involved in pre-owned car sales, car servicing and parts sourcing
  - Midway Group: Involved in the acquisition, management, transportation and sales of vehicle fleets
  - Midway Car Rental: Largest privately owned car rental company in Los Angeles
  - Nowcom Corporation: Is a leading provider of Internet applications and business solutions for the used car market. Responsible for all IT solutions for the Hankey group
  - Toyota of North Hollywood: Is a car dealership that is involved in sales, parts and body repair services

# Hankey Group Assets



# Return on Equity & Assets

Stabilized Returns despite turbulent Markets



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## **II. Westlake**

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### Overview

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- Incorporated in 1988, is the financial services arm of the group that specializes in the acquisition and servicing of near prime and subprime automotive retail installment contracts
- Centralized operations - 1 location in Los Angeles
- # of Car Dealerships affiliated: 6,000
- # of Employees: 700
- Portfolio Size: \$562 million
- Average # of contracts underwritten per month: 4,500
- State Penetration: 42

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### Key Management

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- **Chairman:** Don Hankey
- **President:** Ian Anderson
- **EVP & CFO:** Paul Kerwin
- **SVP of Operations:** Mike Pavlin
- **VP of IT, Risk & Corporate Development:** Geoff Branda



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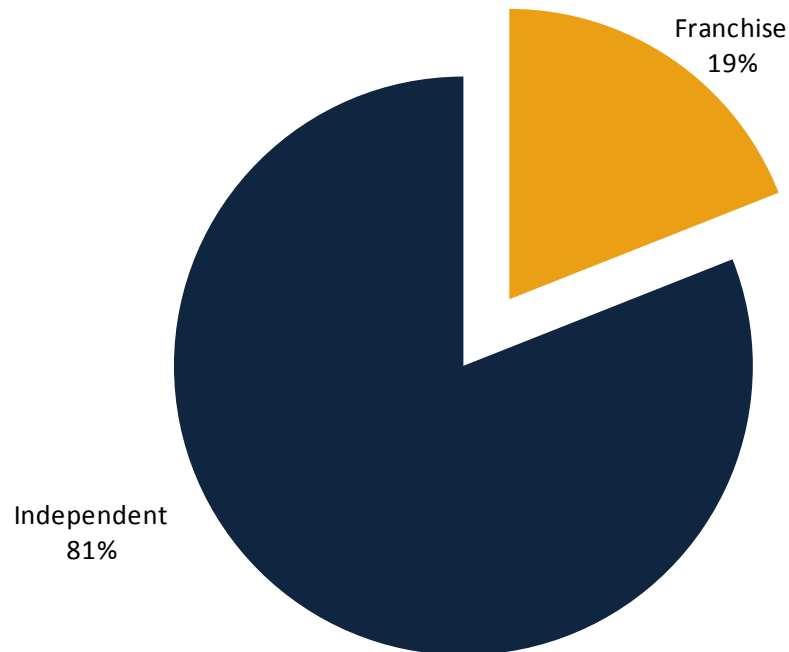
# Increased Franchise Penetration

## Better focus in the Organized Segment

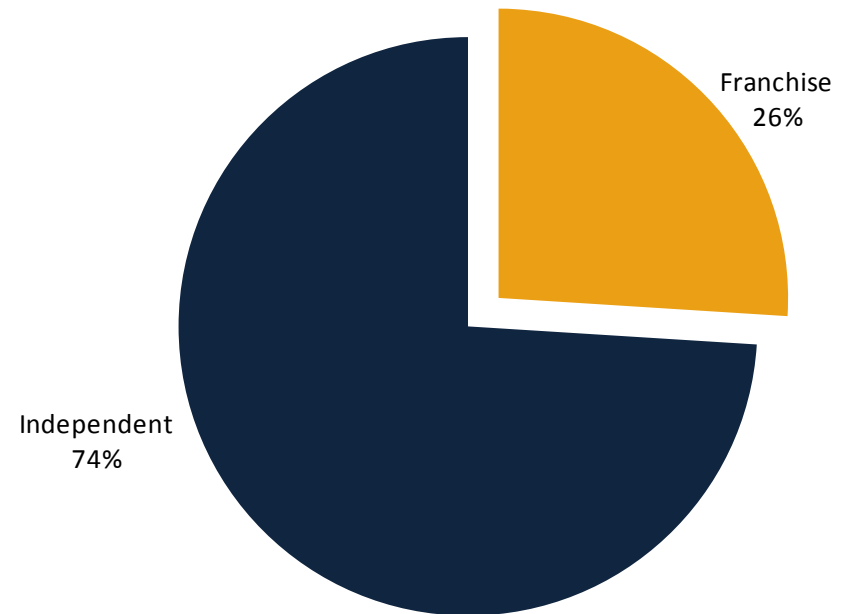
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September 2008



September 2009



# Focus on Technology

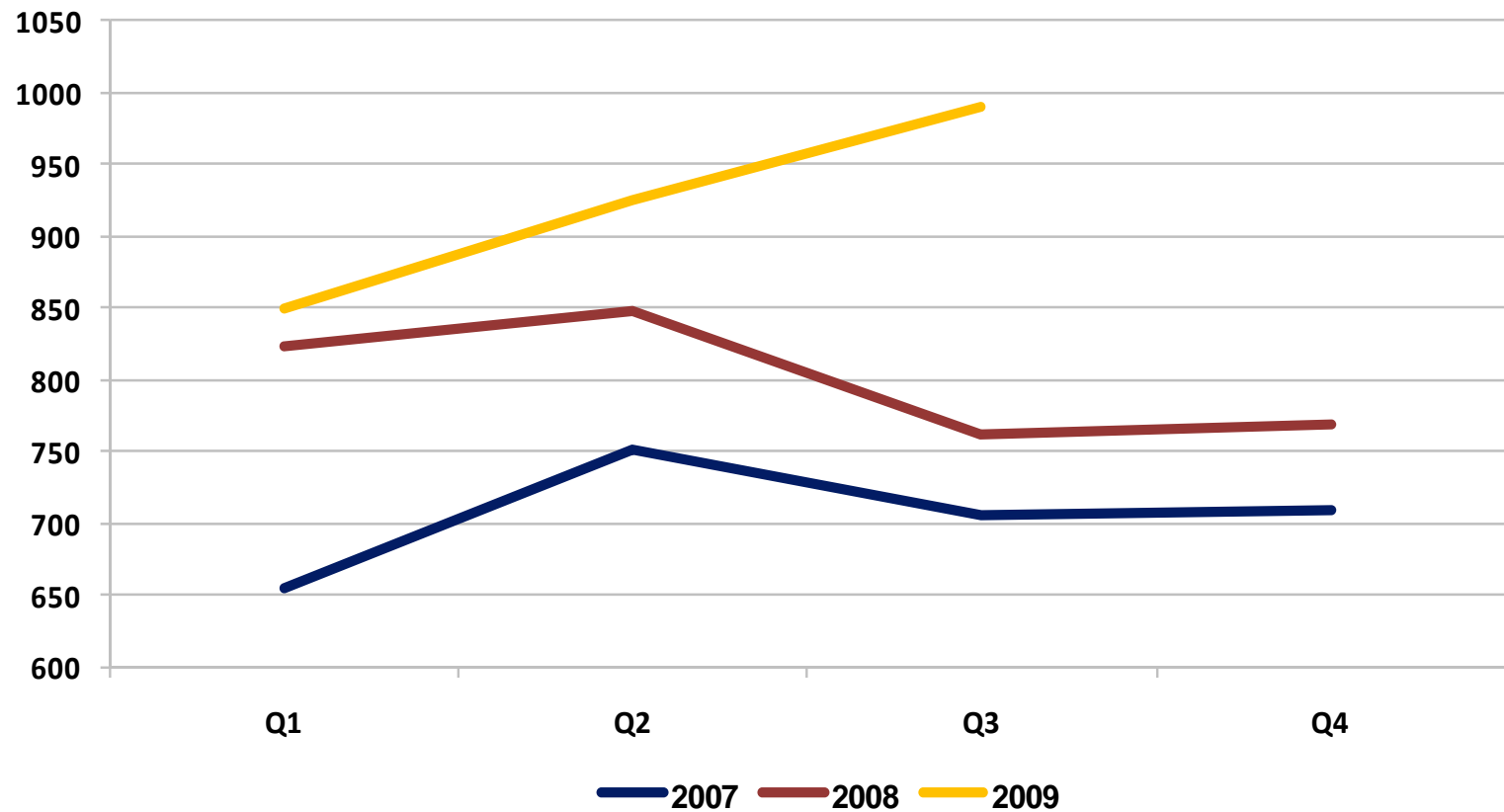
## Buy Program Template

The screenshot displays a car buying software interface with several callout boxes highlighting key features:

- Vehicle Information:** A central box highlights fields for VIN, Mileage (5000), Year (2006), Model (Accord), Engine (4-Cyl. 2.4L VTEC), Drive Train (FWD), Fuel Type (Gas), Doors (4), Class Code (1), NADA Trade (5000.00), Make (Honda), Trim (SE Sedan 4D), Transmission (5 Speed Manual), Cyl (4), Body Type (Sedan), Vehicle Cost (6020.00), and Car Type (A).
- Trade Allowance:** A box on the left highlights Trade Allowance (0.00), Trade Payoff (0.00), and Cash Down (2000.00).
- Insurance Options:** A box on the right highlights checkboxes for Insurance and Gap Waiver, along with Service Contract (0.00) and Service Contract Cost (0.00).
- Price and Terms:** A box in the middle-left highlights Price (8072.29), Term (18), and checkboxes for "Enter Max Price" and "Allow for Dealer Reserve".
- Customer Demographics:** A box in the middle-right highlights Total Products (0), Total Fees & Taxes (838.23), and fields for License Fees (10.00), Sales Tax (808.23), County Tax (262.88), Dealer Services (10.00), Loan Date (11/5/2008), and Date of First Pay (12/5/2008).
- Primary Signer Information:** A large box at the bottom highlights fields for Years on Present Job (3.25), PH/UJ/Chng (Yes/No), Comp Paystub w/ YTD (\$4333.33), Rent / Mortgage (\$5000), Comp Paystub w/ YTD (\$0.00), Residence Stability (1), Good Credit Items (6), High Good Credit (\$400000), Derog Credit Items (3), High Derog Credit (\$43225), Number Of Repo/Auto Loss (0), Other Monthly Debt (\$1421), # of Previous Bankruptcies (1), Customer Owns Home (Yes), Years On Bureau (23.7), Family Support Debt (\$0), Unpaid Collection (2), Unpaid Charge Off (0), Unpaid Charge Off Amount (\$500), Paid Auto Loan (0), FICO Score (700), and Open Derog (0).

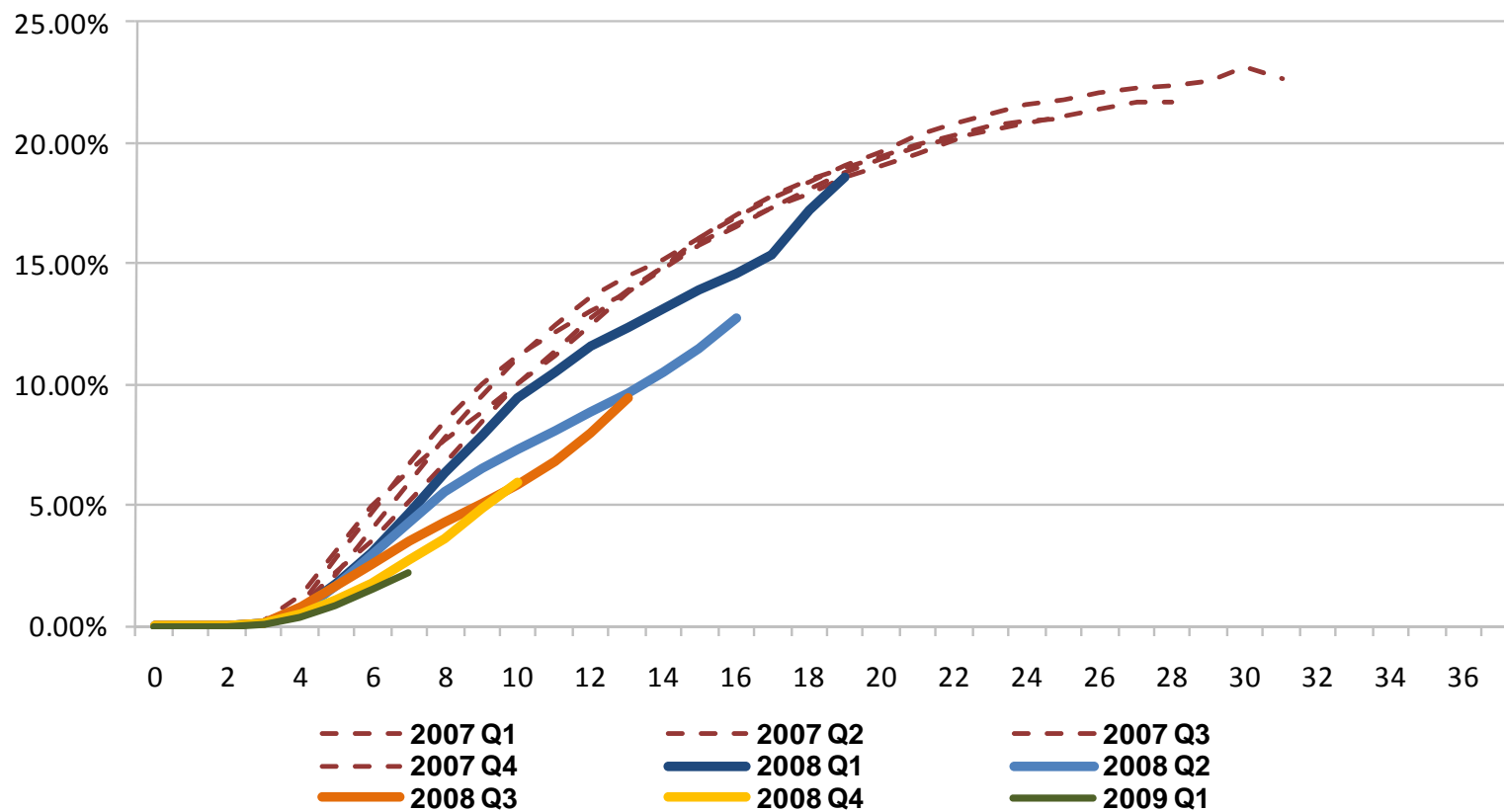
# New Dealer Signups

## Increasing Market Share



# Static Loss Performance

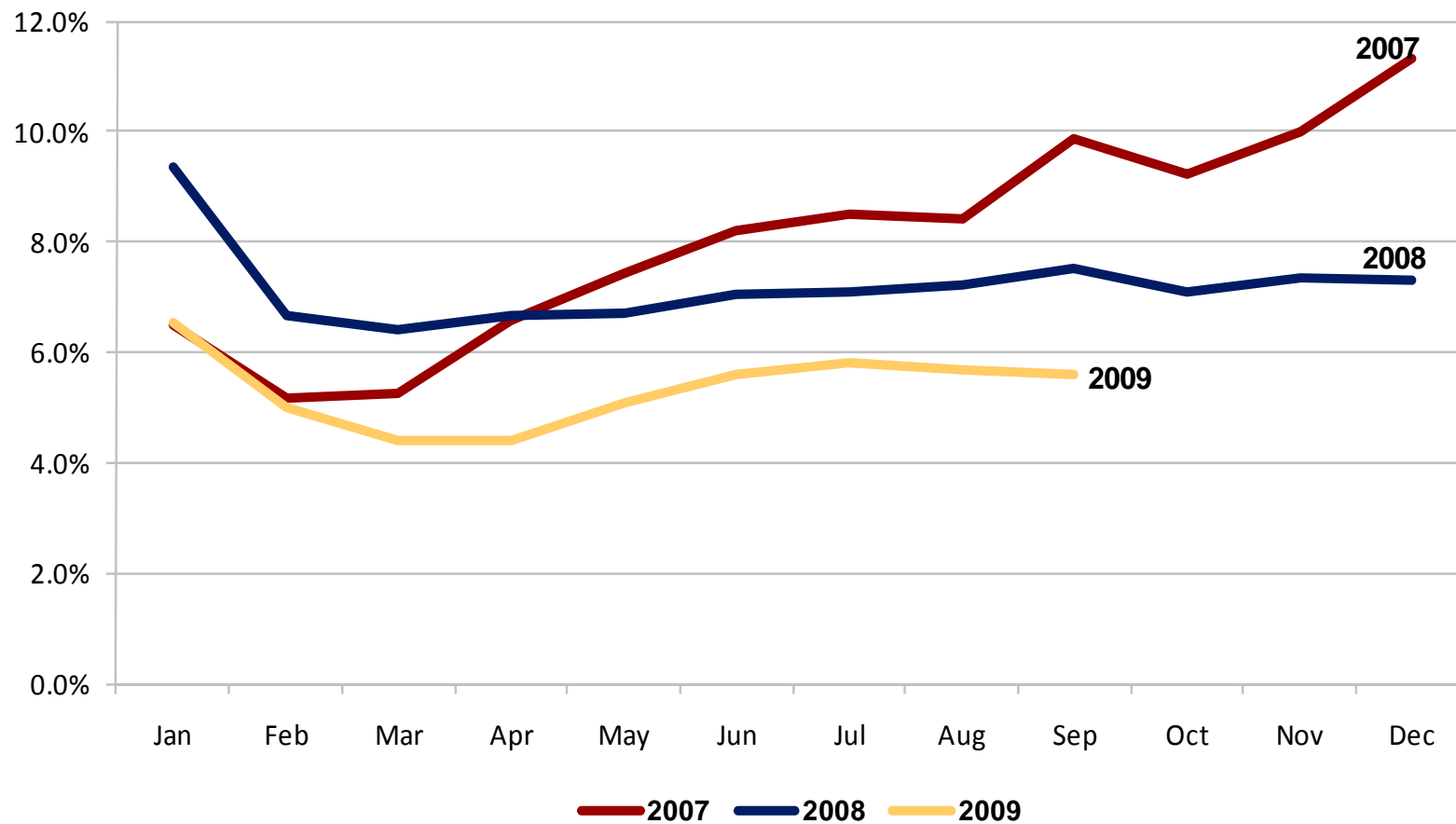
Sharp Attention to Losses in a Deteriorating Environment



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# 31+ Delinquency Trends

Better Underwriting & Servicing leading to lower Delinquency



# Westlake Affiliates & Partners

## Broad Reach



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