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Overview of WebBank Partnerships

The WebBank Advantage

A Nationwide Platform for

Consumer and Commercial Private-Label Financial Products & Services

Presentation Highlights

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Description of WebBank

- FDIC Insured Financial Institution.
- Chartered as a Utah Industrial Bank.
- Regulated by the Utah Department of Financial Institutions and the FDIC
- Charter provides both business and consumer lending capability in all 50 states on a uniform platform.
- Operations headquartered in Salt Lake City, Utah.



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History of WebBank

- Original WebBank charter was issued in 1996 to H&R Block.
- H&R Block planned to use the license to issue online credit cards through its CompuServe subsidiary.
- WebFinancial Corporation (formerly Roses Holding, Inc.) purchased the charter from H&R Block in September 1998.

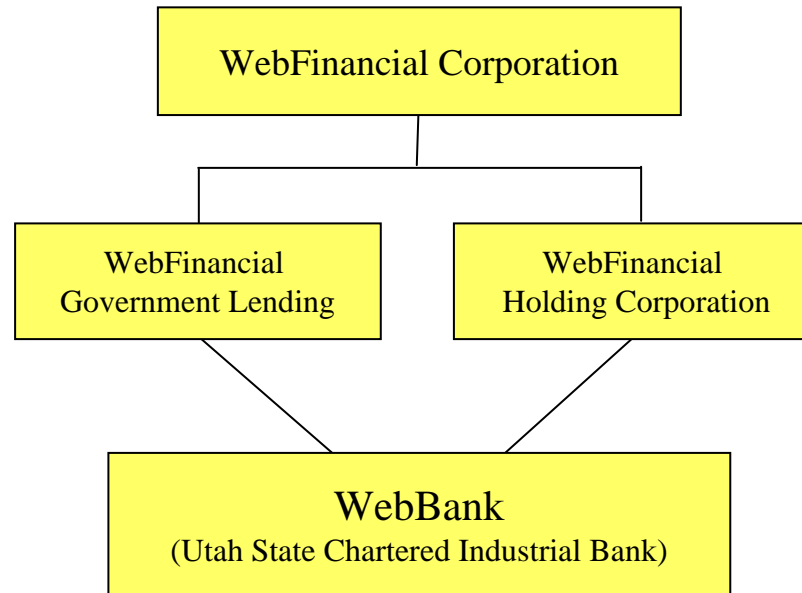
WebBank Strategy

- Virtual Bank. Partner with industry leaders as a valuable member of the team.
- Utilize the IB license so that other non-bank companies can offer niche financing to their business and consumer customers.
- Provide the regulatory solution.
- Offer funding as needed, but holding assets is not a requirement.
- Hire and partner with the best, use technology, outsource and be flexible and responsive.
- Acquire companies looking for additional capital and cheaper source of funding

Target WebBank Client

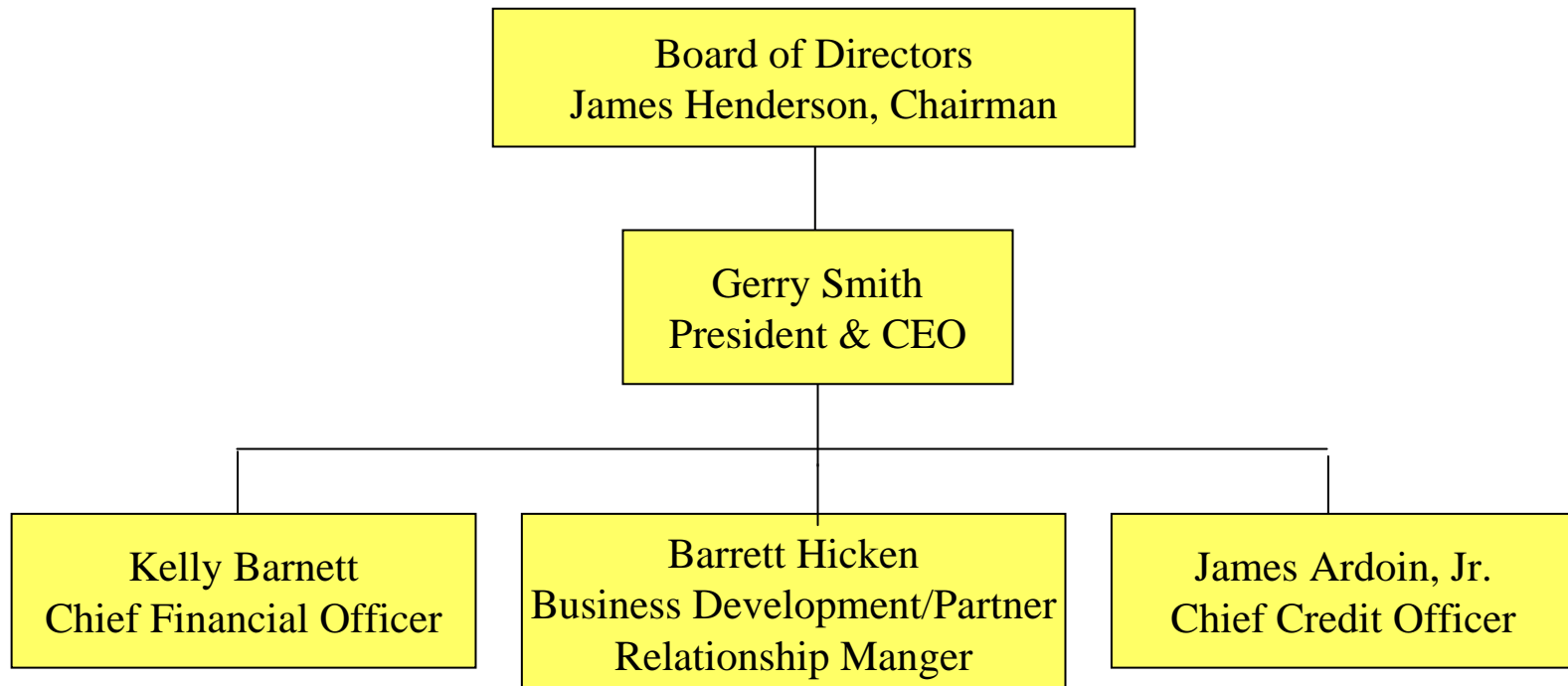
- Has an established receivables origination operation, typically a regional or specialized finance company.
- Large manufacturer or retailer looking to launch a private label and/or co-branded financial operation that they can run in-house and keep the receivables as an additional source of income.
- Company operates in multiple states and is looking to expand its geographic presence.
- Track record of strong growth.
- Capital to fund receivables already in place either through asset-backed securities sales or internally generated resources and lines of credit.
- May need a depository/custodial/escrow banking service to support receivables growth.

WebBank Ownership Structure



- WebFinancial Corporation – publicly traded company Over The Counter (OTC) as WEFN.PK
- WebFinancial Holding Corporation – holding company for WEFN’s financial operations
- WebBank – operating entity headquartered in Salt Lake City, Utah

WebBank Business Development Team



James Henderson – Chairman

- Mr. Henderson joined Steel Partners, a investment company that invests in under-followed, undervalued securities, in August 1999 and serves as Executive Vice President of Steel Partners, Ltd. Mr. Henderson served as President and Chief Operating Officer of WebFinancial Corporation, a commercial and consumer lender, since November 2003 and as CEO and a Director since June 2005
- Mr. Henderson has served as WebBank Chairman since November 2004. He was acting CEO of WebBank from November 2004 to May 2005.
- Mr. Henderson served as director of Del Global Technologies Corp., a manufacturer and marketer of medical imaging equipment and power conversion subsystems, since November 2003 and as Chairman since May 2005. Mr. Henderson served as a director of BNS Corporation since June 2004. Mr. Henderson served as a director of Angelica Corporation, an outsourced linen management services provider to the healthcare industry, since September 2006
- Mr. Henderson served as President of Gateway Industries, Inc., a provider of database development, Website design and development services, since December 2001. Mr. Henderson also served as a director of SL Industries, Inc., a manufacturer and marketer of Power and Data Quality systems and equipment for industrial, medical aerospace and consumer applications, since January 2002.

Gerry Smith – President & CEO

- Mr. Smith joined WebBank as President and CEO in May 2005. He is responsible for development and implementation of the bank's strategic plan.
- He served as President of East Valley Community Bank from 2001 until 2005. While there he led the *de novo* Community Bank to record growth and profitability.
- From 1998 to 2001 Mr. Smith was Executive Vice President at Capitol Bancorp, Limited. In this capacity he developed the Corporate Risk Management program as well as chairing the Corporate ALCO committee. He was also involved in starting numerous *de novo* banks.
- Mr. Smith served as Executive Vice President and COO then President & CEO at Signature Bank in Michigan from 1995 to 1998.
- Received a BSBA with an Accounting major from Bowling Green State University in 1980.

James Ardoin, Jr. – Chief Lending Officer

- Mr. Ardoin joined WebBank in August 2005 as Chief Lending Officer. The position is responsible for ensuring the quality of the Bank's outsourced and in-house loan origination functions as well as maintaining a sound loan portfolio, consistent with the credit policies, procedures, and underwriting guidelines of the Bank.
- Prior to joining WebBank, Mr. Ardoin was Vice President and Chief Risk Officer for Wright Express Financial Services from June 1999 to August 2005. He was responsible for credit administration including policy development, scorecard management, portfolio risk analysis, credit approval and staff management.
- From February 1997 to February 1999 Mr. Ardoin was working at FirstPlus Financial Group as Vice President and Manager of Corporate Risk. His responsibilities included credit policy administration, exception approval, development of new product credit policies and manuals.
- Mr. Ardoin received a Bachelor of Science degree from Louisiana State University.

Kelly Barnett – Chief Financial Officer

- Mr. Barnett joined WebBank in February of 2006 as SVP/CFO. The position is responsible for directing the financial operations of the bank and working with other members of executive management to ensure execution of the strategic business plan.
- Prior to joining WebBank, Mr. Barnett held senior level positions with Stearns Bank, Transportation Alliance Bank (Flying J), Triumph Gear (aerospace components) and Galileo Processing (card processing).
- Mr. Barnett has extensive experience in financial analysis, regulatory compliance, budgeting and management reporting.
- Mr. Barnett holds undergraduate and masters degrees in accounting and is a licensed CPA.

Barrett Hicken – Business Development & Partner Relations

- Mr. Hicken joined WebBank as Vice President of Business Development and Partner Relations in January 2007. He is responsible for coordinating the expansion of the bank through business and vendor partnerships as well as maintaining and expanding existing relationships.
- He served as Director of Finance/Controller of the regional offices for Fidelity Investments. While there he was in charge of the financial operations and was active in a variety of financial, customer relations, compliance and technology project implementations.
- Mr. Hicken has lead organizations in Strategic Planning, Risk & Compliance Oversight, Capital Market and Brokerage Operations.
- Mr. Hicken received a MBA from Webster University in 2002 and a Bachelor of Science from the University of Utah in 1994.

Demand for Private Label Financing Operation

- Why launch a private label program?
 - Objectives of Dealer/Manufacturer Conflict with Lender. Businesses want to control the quality of the customer relationship and move merchandise, while the Lenders want to earn a return on receivables.
 - Lender slow to respond to requests for new promotions. Speed to market is critical, but when financial incentives need to be negotiated and approved by Lender the window of opportunity can be missed.
 - Want to increase the earnings stream on Private Label Program. Few Lenders are willing to give up the assets and/or share the income.

- What are the challenges to bringing the program in-house?
 - Applying for and maintaining a lending license
 - Complying with usury laws
 - Setting up an operation.

The WebBank advantage eliminates regulatory headaches and lets clients maximize income while controlling key aspects of their private label program. Following is a summary of WebBank partnership features and benefits.

Maximize Pricing Flexibility

- Offer competitive interest rates and fees nationwide on a uniform platform and eliminate most of the licensing limitations of each state.
 - WebBank's Utah banking charter allows for the exportation of Utah interest rates and fees to all 50 states, so clients will not have to keep track of the consumer finance regulations of each state and change their documentation to meet those requirements.
 - Secondly, Utah has a market driven approach to pricing, so there are no caps on interest rates and fees other than what competition dictates.
 - Lastly, WebBank handles all Utah and federal regulatory reporting and the majority of compliance issues, freeing clients to operate their business.

Control Program Details

- Maintain control of all aspects of the private label financing program, including marketing, customer service, collections, fraud investigation and funding.
 - WebBank contracts with the client for sourcing, servicing and collection of the accounts.
 - WebBank handles initial funding. As outlined below, the client then purchases the loans or receivables on a non recourse basis.
 - As appropriate, representatives of WebBank audit the finance operation to ensure regulatory compliance. Determination of compliance will be based on the credit policies and procedures submitted and agreed to at the beginning of the program.
 - At inception, WebBank will review the credit policies and procedures and flag anything that needs to be changed to meet regulatory requirements. Once the credit policies have been agreed to, the client's program credit policies are adopted by WebBank. The basic documentation that is reviewed and approved for regulatory compliance by WebBank includes:
 - Loan application form
 - Credit agreement to be executed by customer
 - Credit policy / override procedures
 - Advertising material disclosures
 - Compliance / customer privacy disclosures

Receivables Ownership

- Keep the receivables and all the customers.
 - Final determination of the amount and time period that the receivables are held by WebBank is based on the projected volume, the risk characteristics of proposed financial products, and the target customer base. Some partners have felt comfortable with the recharacterization risks and have been willing to accept that risk in order to hold 100%. This decision is made by the Client and we recommend they check with legal counsel to evaluate the options
 - Because the Utah and federal regulators are not always consistent in their approach to sub-prime lending, we ask that Clients engaged in sub-prime lending provide a loss guaranty to WebBank on any assets the bank holds. The guaranty should provide coverage for losses in excess of those experienced on comparable “A” rated credit portfolios
 - It is also important to note that WebBank will not market to these customers. They continue to be the Client’s customers. WebBank’s customer is the Client.
 - From an operational perspective, as each loan is closed, the Client will notify WebBank to make the initial funding of the receivable from our account. At the end of the day the Client will be notified of the total funding and payments received during the day, as well as the amount to be forwarded to WebBank to purchase the Client’s share of the receivables. The Client sends proceeds to WebBank to complete the transfer of receivable ownership. All this is typically done through an electronic settlement process – ACH or Wire transfer.

90 Days Or Less To Market

- With WebBank as the regulatory solution, the client skips the 18 to 24 months required to obtain a banking license.
- Since many of the clients already have a financing operation or plan to outsource processing, we estimate that the launch time could be less than 90 days after signing a term sheet. The steps involved for the WebBank partnership are:
 - Negotiation of a servicing agreement with the client to provide marketing, underwriting systems and customer service activities on WebBank's behalf and a loan sale agreement to facilitate the purchase of the receivables generated under the program by the client. These are boiler plate agreements that can be easily modified to fit the unique needs of the client.
 - Review, modification and approval of program documentation including the loan application, credit agreement, credit policy, advertising materials and compliance/customer privacy disclosures.
 - Establishing accounts for daily settlement.
 - Underwriting of the client for any loss coverage if WebBank is to hold receivables.

Inexpensive Entry to Market

- Acquiring a lending license can be an expensive and timely. WebBank's upfront initiation fee and monthly servicing fee are significantly less, giving the client more pricing flexibility. The client also eliminates the need to staff and maintain a Utah operation, to realize the benefits of a Utah banking charter.
- The following is a general indication of pricing components. Final pricing would be based on estimated volume and projected risk characteristics of the portfolio:
 - Upfront initiation fee to cover initial set-up and regulatory approvals.
 - Monthly administration fee that is the greater of a flat fee or a percentage of new receivables volume.
 - Receivables to be held by WebBank.
 - All legal and closing costs to be paid by the client as well as required site visits.

Work Directly With Decision Makers

- Our size is a benefit that allows the clients to work directly with decision makers. Our clients have found this extremely beneficial when their marketing department wants to quickly launch a new promotion and they need to make sure it is in compliance with regulations.
- Decisions regarding changes in credit policy, marketing materials and other regulatory aspects can be made in 5 days or less.



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Companies with Similar Charter

There were over \$133 Billion in assets held by Utah Industrial Banks (IB) at 06/30/06. The list below highlights the varied groups of businesses utilizing a Utah IB to offer financial services to their customers. There are currently numerous organizations applying for a charter.

Advanta Bank Corp. – \$1.7 Bn

Target Bank - \$13MM

BMW Bank of North America, Inc. – \$1.9 Bn

GMAC Automotive Bank - \$3.6 Bn

Exante Bank - \$165 MM

GE Capital Financial - \$1.9 Bn

Merrill Lynch Bank, USA - \$61 Bn

Pitney Bowes Bank, Inc. – \$574 MM

Transportation Alliance Bank, Inc. (Flying J) - \$431 MM

UBS Bank, USA - \$18.9 Bn

American Express Centurion Bank - \$15.7 Bn

Celtic Bank – \$83 MM

CIT Bank – \$1.8 Bn

Escrow Bank USA – \$27 MM

Medallion Bank – \$276 MM

Merrick Bank - \$807 MM

Morgan Stanley Bank - \$13.2 Bn

Volkswagen Bank, USA – \$682 MM

Universal Financial Corp. (CitiGroup) - \$530 MM

Wright Express Services Corp. \$851 MM

Summary Remarks

- WebBank welcomes the opportunity to work with you and your clients to design a private label lending program that fits their unique needs.

The WebBank Advantage eliminates regulatory headaches and lets Clients maximize income while controlling key aspects of their private label program.