

Looking back over the summer, in new business terms this has traditionally been a quieter time for us, but this year levels of new business proved surprisingly resilient. During July and August in particular both the number of proposals and new business written held up well and exceeded our expectations.

In terms of new lending, August was our best month since June 2010. The average advance financed was £118,000, which is close to our historical average. Two notable transactions were:

- The provision of £720,000 of asset finance for a large plant hire company in the Midlands to enable it to acquire new plant direct from the manufacturer; and,
- An advance of £620,000 to refinance used plant and significantly reduce monthly outgoings for a company in Wales.

We experienced high levels of interest and extremely positive and supportive feedback from those of you who visited our stand at the NACFB Commercial Finance Exhibition at the NEC in Birmingham in June. It was a very successful event and it was a pleasure to make new acquaintances as well as renew old ones. As a Patron of the NACFB, it also provided us with a very valuable opportunity to reaffirm our commitment to the intermediary market. We look forward to seeing many of you again at the NACFB events scheduled for later in the year.

In terms of Factoring, I'm delighted to say that so far this year our book has continued to grow and we are optimistic that this trend will continue. We are confident that there are many more factoring opportunities available and we continue to be happy to provide you and your staff with training or practical support to leverage factoring opportunities and boost sales, so do contact me or your Account Manager if we can help with this.

Our new Managing Director, Philip Davies, has settled into the business and is taking a very active role not only in its strategic direction but also in the negotiation and underwriting of larger transactions. He has initiated a review of strategy and processes which we hope will equip the business to serve its chosen market better in the months and years to come. We will keep you advised of developments here as they occur.

Looking forward to the remainder of this year we remain pragmatic yet upbeat in our new business forecasts. SMEs continue to find the economic environment challenging and will be cautious when investing in new vehicles and machinery. The opportunities for refinance, however, continue to grow as companies look to release cash tied up in assets and reduce monthly outgoings.

We value your continuing support and, given our ambitions for the remainder of 2011, we are keen to do all that we can to develop our relationship with you further still.

Regards,

Barry G Hutchings ACII FHD
Sales and Marketing Director
State Securities plc

State Securities' Core Values

- We always deal with customers, introducers and colleagues in an honest and professional manner
- We work in partnership with our customers and strive to understand their market and their needs
- We take responsibility for our actions and for their consequences
- We always treat people with respect
- The customer is at the centre of all we do