



HOULIHAN LOKEY



Prompt • Professional • Reliable

Mark Sunshine

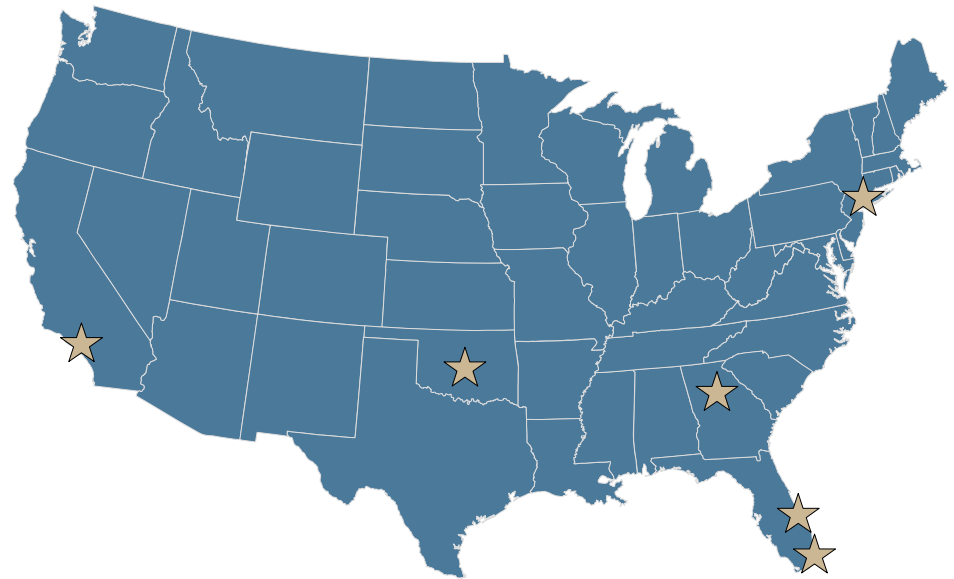
President &
Chief Operating Officer

April 30, 2008

Financial Institutions and Business Services Conference Building Relationships for Growth

History and Facts

- Founded in 1987
- Current executive management took control in 2003
- AUM grew from \$79 million in 2003 to >\$850 million in 2007
- Corporate headquarters: *West Palm Beach, Florida*
- U.S. regional offices: *California, Georgia, Oklahoma, New York, Florida (2)*
- International: *Hong Kong*
- Auditors: *KPMG*
- Approximate FTE: *210*



Three Products

- First Capital is a specialty finance company that provides:

1. Senior Secured Loans

- Senior secured debt to small and middle market companies.

2. Credit Protection

- Credit protection for receivables.
- Safeguards borrowing clients against insolvency of their customers.

3. Outsourcing

- Close and frequent verification of client's assets.
- Fee for service, primarily receivables management.

Product Rationale

1. Senior Secured Loans

- Always at the top of our client's capital structure.

2. Credit Protection

- Credit enhances the collateral behind our loans.
- Strengthens our clients.
- We hedge credit exposures to mitigate our risk.

3. Outsourcing

- Allows us to closely, frequently and actively monitor our collateral.
- Allows us to continually reevaluate credit risk.
- Benefits our clients.

What Credit Crises?

| | 1 st quarter 2008 vs. 1 st quarter 2007 | 2007 vs. 2006 |
|---|---|-------------------|
| Pre Tax Income | ↑ 118.61% | ↑ 40.39% |
| Net Income | ↑ 122.61% | ↑ 56.68% |
| Cost of Funds (on a spread basis to LIBOR or CP) | Unchanged | Improved |
| Impaired Loans | Same as Year End | ↓ -12.38% |
| Impaired Loan Percentage | Same as Year End | ↓ -50.00% |
| Equity Capital | ↑ 35.50% | ↑ 37.42% |
| Amount Loan Loss Reserve Increased | ↑ 48.67% | ↑ 94.62% |
| Realized Credit Losses | Low (under 0.20%) | Low (under 0.20%) |
| Portfolio Churn | Low | Low |
| Approximate Outstanding Commitments (as of 3/31/08) | \$1.8 billion | |
| Approximate AUM (as of 3/31/08) | \$816 million | |
| Anticipated Outsourcing Volume for FYE 12/31/08 | \$2 billion turnover | |
| Approximate AUM Growth Rate (2007) | 70% | |

What Credit Crises?

- No liquidity issues at First Capital
 - Since June, 2007 First Capital has
 - Rolled over 4 credit facilities with either minor pricing improvements or no pricing changes
 - Added 2 new credit facilities including a resecuritization of “B” pieces at a fixed 11.50% interest rate
 - Executed a term sheet for another new credit facility that is expected to close in May/June 2008
 - Increased invested equity capital by \$25 million and have another \$75 million of new capital committed at a non-distressed valuation

The Key to Success

DISCIPLINE

- Balance sheet strength
- Credit quality
- Pricing
- High levels of fee income
- Market position
- Attention to detail
- The human element

The Key to Success

Discipline does not mean

- Unresponsive
- Uncreative
- Inflexible
- Untimely
- Unprofessional
- Unreliable

Discipline means

- Responsive
- Creative
- Flexible
- Timely
- Professional
- Reliable

Keys to Success – Balance Sheet Strength

- Tangible Equity and Liquidity are “King”
 - First Capital maintains enough capital to survive
 - Negative 4% GDP growth
 - A banking crisis, *and*
 - A liquidity crisis
 - Redundancy and diversification of funding sources
 - Securitizations
 - Senior secured lines of credit
 - Joint ventures
 - Managed funds (domestic and international)
 - Participations sold
 - Servicing for others

Keys to Success – Balance Sheet Strength (cont'd)

- Target maximum tangible leverage of 4 to 1
- Competitors tried to make a “quick kill” by generating earnings through high leverage
 - High leverage produces easy earnings at the expense of being a “going concern” through a business and economic cycle

Keys to Success – Credit Quality

- “Credit First” culture
 - First Capital is a senior secured lender – we don’t intentionally provide.....
 - Stretch
 - Mezz
 - Cash flow
 - Tranche B
 - Intellectual property loan with no real value to the intellectual property
 - “Hope certificate”
 - Don’t care what the competition is doing – we don’t chase deals by compromising credit

Keys to Success – Credit Quality (continued)

- Common sense approach to credit
 - Example - First Capital pulled out of lending to almost all residential building supply companies in 2005/2006
 - In 2007 and 2008 First Capital cut its direct and indirect exposure to weak financial services companies
 - During 2005/2006/2007 First Capital required private equity “sponsors” to maintain adequate capitalization in borrowers, i.e., keep “skin” in the deal
 - During 2007 and 2008 First Capital reduced its aggregate direct and indirect exposure to discretionary consumer spending

Keys to Success – Credit Quality (continued)

- Improving “credit drift”
 - Consistent marketing effort designed to improve credit quality through portfolio replenishment
 - “Stickiness” to existing good credits
 - Willingness to purge credits that are in negative credit drift

Keys to Success – Pricing

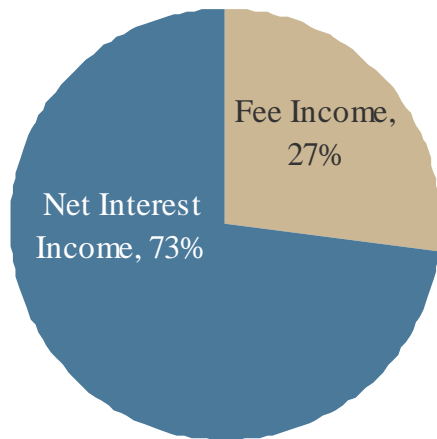
- High yield does not compensate for poor credit
 - Superior pricing allows First Capital to provide superior service and high levels of staffing
 - Adequate pricing allows First Capital to establish strong loan loss reserves
- High yield provides funds for staffing more creative legal and structural approaches
 - “Creative” doesn’t mean “unsecured”, “bad credit” or “lack of control”
 - Creative means using legal, operational and custodial means to perfect security interests in collateral

Keys to Success – High Levels of Fee Income

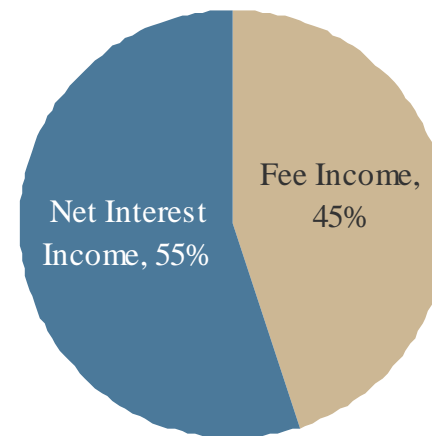
- Superior Service and Management
 - ✓ Prompt
 - ✓ Professional
 - ✓ Reliable

Fee and Spread Income

Money Center Banks



First Capital



Keys to Success - Market Position

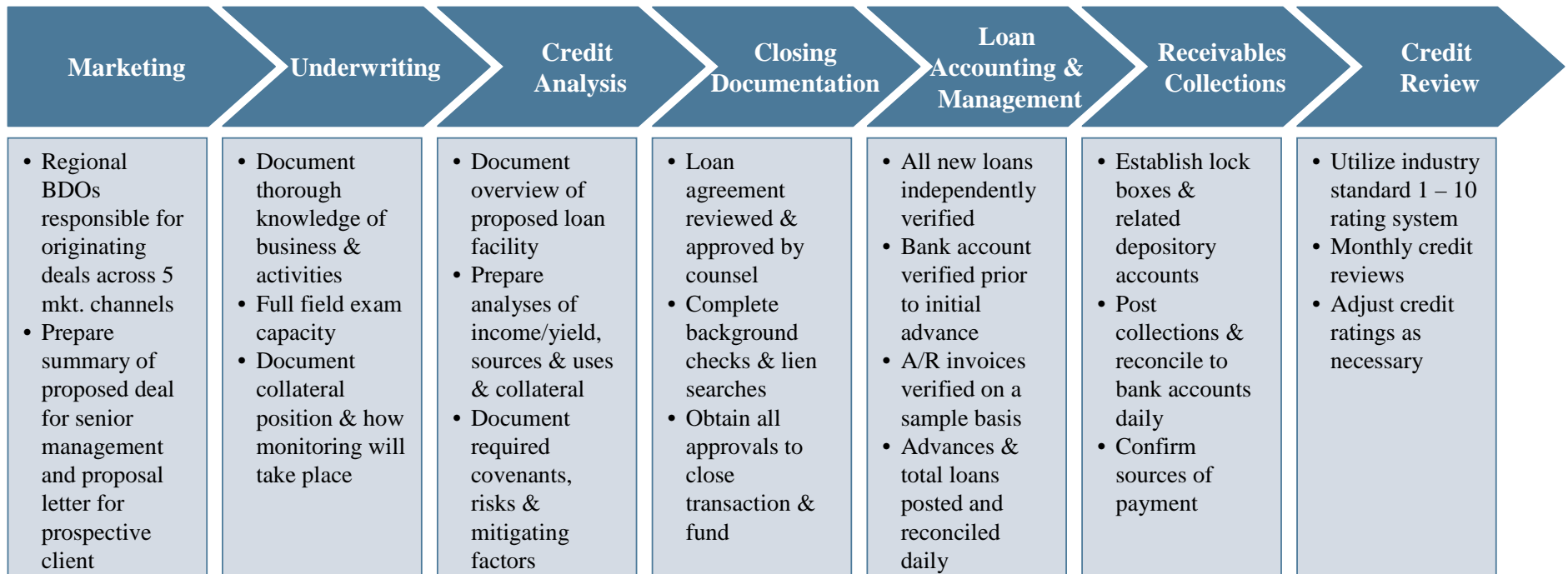
Us



Them



Keys to Success – Attention To Detail



Keys to Success – Attention to Detail (cont'd)

- Senior Executive Review
 - Every proposal
 - Every new deal write up
 - Every material change in credit terms, default, renewal
 - Every field examination (4x per year for each borrower)
 - All exception reports on verifications
 - All exception reports on cash receipts on A/R payments

Keys to Success – Attention to Detail (cont'd)

- Fraud prevention
 - Verifications
 - Field exams
 - Drop in visits
 - Cash tracing
 - Value added services
 - Dominion and control of all cash
- Transparency
 - Fully imaged on line systems provide access to credit files and analysis anywhere in the world
- Systems and infrastructure

Keys to Success - The Human Element

- Our employees are our largest asset and are nurtured and encouraged
 - Employees are treated as responsible, adult professionals who are valued contributors to the team
 - First Capital “looks out for its own” and has an informal social contract with its workers
 - Employees are provided transparency and get the same financial reporting every month as the Board of Directors
 - Internal support and team work are rewarded (as contrasted with a “star system”)
 - However, there is a culture of accountability and responsibility
 - Everyone is in the same “fox hole” shooting at the same “enemy” and depending upon each other for survival

First Capital Today

(\$ in millions)

As of March 31, 2008:

| Product | Number of Borrowers / Clients ⁽¹⁾ | Total Assets Under Management | Total Outstanding Commitments | 2007 A/R Volume | 2008E A/R Volume |
|----------------------|--|-------------------------------|-------------------------------|-----------------|------------------|
| Loans | 215 | \$ 815.8 | \$ 1,784.0 | | |
| Credit Protection | N/A | N/A | N/A | \$ 900.0 | \$ 1,450.0 |
| Outsourcing Services | 151 | N/A | N/A | \$ 1,315.0 | \$ 2,000.0 |
| Total | 242 | \$ 815.8 | \$ 1,784.0 | | |

| Marketing Channel | Number of Borrowers / Clients ⁽¹⁾ | Total Assets Under Management | Average Outstanding Balance | Weighted Average All-In Yield |
|-----------------------|--|-------------------------------|-----------------------------|-------------------------------|
| Asset-Based Lending | 87 | \$ 321.3 | \$ 3.6 | 11.58% |
| Traditional Factoring | 93 | \$ 181.0 | \$ 1.9 | 14.29% |
| Invoice Purchasing | 27 | \$ 8.9 | \$ 0.3 | 31.90% |
| Financial Services | 12 | \$ 184.1 | \$ 11.8 | 9.66% |
| International | 23 | \$ 120.5 | \$ 5.2 | 11.63% |
| Total | 242 | \$ 815.8 | \$ 3.4 | 12.19% |

(1) Due to client overlap across products, the clients per product do not sum to the total

First Capital In The Next Decade

Us



Them



One-on-One Meetings

To request a private meeting with
“Think of Us First” – First Capital

Headquarters:

515 North Flagler Drive, Suite 700

West Palm Beach, Florida 33401 U.S.A.

561-832-8270

Offices Located in:

California – Florida – Georgia – Hong Kong – New York – Oklahoma

www.FirstCapital.com



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