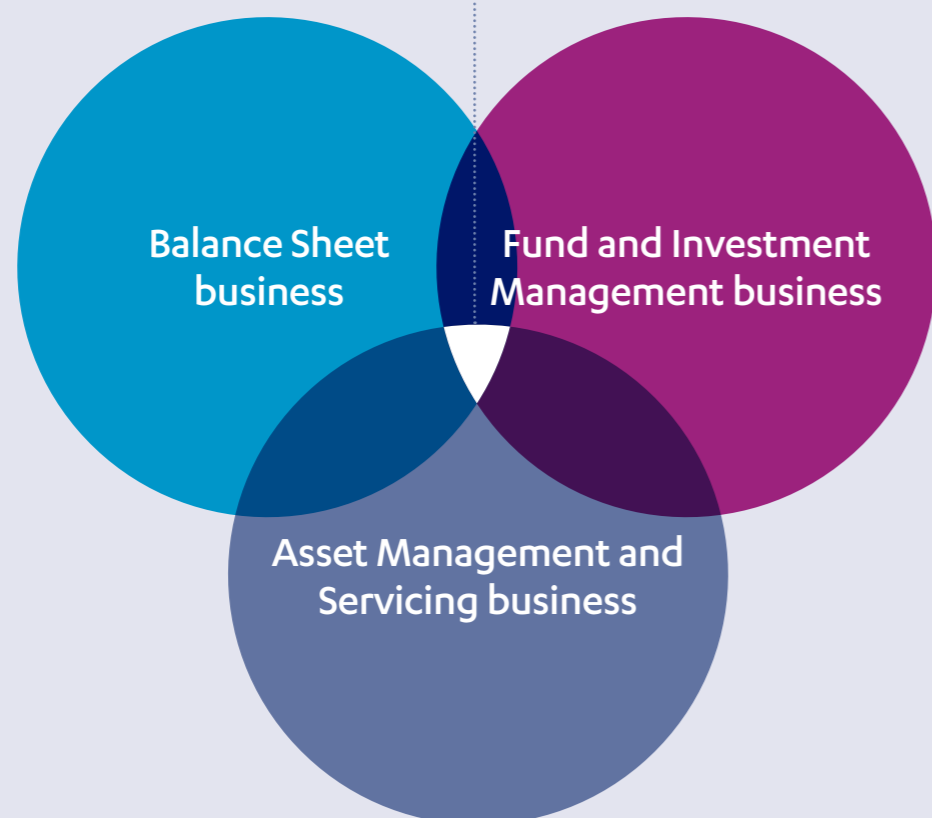


Arrow has successfully executed the pivot to becoming a fully integrated alternative asset manager

Arrow's business model is highly synergistic. Our three business lines overlap to create the 'sweet spot' where Arrow's Balance Sheet can co-invest into new assets managed by Fund and Investment Management. Arrow's Asset Management and Servicing business can then service the assets on behalf of both.



Balance Sheet business

Arrow's investment team have a 15-year plus track record of successfully investing our balance sheet into non-performing and non-core assets. Arrow typically co-invests our balance sheet alongside third-party investor funds, managed by the Fund and Investment Management business, on approximately a 25:75% basis on investments that it makes.

Asset Management and Servicing business

Arrow's pan-European servicing platform services a large amount of assets for both Arrow's Balance Sheet business and its Fund and Investment Management business, as well as for third-party clients such as other investment managers and banks.

Fund and Investment Management business

The Fund and Investment Management business currently has €4.3 billion of funds under management, including our flagship ACO 1 fund.

Group functions

In addition to the three business segments noted above, is a Group functions segment, recording costs relevant to overall oversight and control of the Group's activities. See page 137 for detailed segmental information.

Advantages of the integrated asset management model

Arrow's model is very different from other institutional fund models in the market. The majority of debt funds have a small team based in an international capital centre and access the entire circa €1.5 trillion non-performing loan and non-core asset market by mainly targeting large bank asset auctions of greater than €100 million. Arrow's model is different. Because Arrow has a large local presence in each of its markets, with local asset servicing businesses

providing deep asset expertise on a granular basis, it is able to form strong relationships with potential asset sellers and develop a detailed knowledge of a wide range of asset classes on a granular level. This has resulted in the Group consistently doing more of its investments in non-competitive, off-market bi-lateral trades that are smaller in size and offer higher returns.

How Arrow's integrated asset model maximises shareholder value

Each of Arrow's business segments work synergistically to extract the most value possible from its investments. Each new deal in ACO 1 is invested on approximately a 25:75% co-investment basis between Arrow's Balance Sheet business and the Fund and Investment Management business on behalf of third-party investors. This means that Arrow is generating strong returns on its invested equity while simultaneously delivering capital-light management fees on the invested capital from the Fund and Investment Management business.

In the majority of cases, Asset Management and Servicing will be the sole servicer to the asset that has been bought, providing a further source of capital-light income. The result of this model is that Arrow can continue to grow strongly while being less capital intensive and generating higher quality, capital-light earnings for shareholders.

How we create value for our wider stakeholders

		See pages
Customers	Supporting our customers through increased forbearance	7,8
Employees	Empowering our people with 'Arrow Everywhere' workplace transformation	13,14
Capital providers	Largest first-time European private market fund raise of 2020	25,26
Clients	Remaining resilient and acting decisively for our clients	29,30
Communities	Delivering financial education and work-life skills	39,40