

## Clear strategic priorities



**Focus on strong consistent returns in the Investment Business**



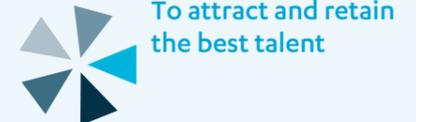
**To grow our specialist capital-light Asset Management and Servicing Business**



**To be a leading player in our chosen markets**



**To transform the customer journey within our industry**



**To attract and retain the best talent**

### Our approach

- Maintain investment discipline and target our mid-teens IRR target
- Ensure that investments are well diversified by geography and asset class to increase risk-adjusted returns
- Specialise in high value niches where Arrow's specialist capabilities deliver sustainably high returns
- Look to invest via bilateral trades and in off-market situations, which provide higher quality returns
- Access larger deals by co-investing with partners, providing a combination of equity exposure and servicing fees for managing the assets
- Significant diversification as a result of larger volumes of smaller deals

- Ensure our servicing platforms provide value for us and our clients
- We have built a high-quality servicing platform across our chosen geographies which provides unique access to deal flow and regulatory conduct parity with European banks
- Meet the growing demand from clients as banks increasingly outsource their specialist servicing requirements and alternative investors seek asset exposure, not servicing platform acquisition
- Continue to grow diversified and predictable cash flows by increasing the number of long-term servicing contracts
- Outperform client core collections targets in order to capitalise on incentive fee structure
- Capitalise on our scale benefits through operating leverage, local expertise and local relationships
- Grow our discretionary fund management offering in response to sophisticated institutional investor client demand
- Grow total AUM – 'creates walled garden' of assets from which our Investment Business can purchase tails of proven assets at attractive returns

- We have carefully identified the markets we want to operate in; those with strong NPL volumes, high returns characteristics and established regulatory environments
- We have focused on identifying and acquiring the best businesses with the best management teams in our chosen markets
- This has allowed us to increasingly diversify our earnings by both geography and asset class. It has also enabled us to increase our Asset Management and Servicing income significantly
- Operating over a wider geographical footprint has provided us with access to a greater range of investment opportunities and supported our ability to continue to source high-return opportunities
- We are regulated in all of our jurisdictions and actively participate in industry bodies that help lead change in legislation and best practice
- Our strong reputation and relationships make us a favoured buyer of portfolios, enabling us to engage in a greater number of off-market transactions

- Enable customers to build better financial futures by helping them to rehabilitate their credit scores and gain access to future credit
- We use industry leading data and analytics to better understand our customers' financial situations and tailor our interactions with them on an individual basis
- We work with debt charities and other organisations that provide free impartial services to ensure that customers get the best possible advice

- We understand that to be the best in one's industry it is vital to employ the best
- We aim to employ talent from leading financial and technology companies and education institutions
- We support all our employees through a focus on providing accessible training and career planning
- We look to retain talent by providing a competitive package of pay and benefits, as well as valued incentives and recognition programmes, with a focus on rewarding behaviours that promote a culture orientated around customer satisfaction
- We have an ongoing commitment to build the strength of the leadership, which is key to ensuring the productive growth of the Group

### Progress in 2018

- Organically invested £263.4 million in portfolio purchases across 40 deals
- 78% of transactions in off-market transactions
- Average Arrow investment contribution per deal of £6.7 million
- £1.6 billion of third-party capital invested alongside Arrow's equity
- Ended the year with our 2018 vintage geographic split by investment of: UK: 20%, Ireland: 14%, Portugal: 17%, Netherlands: 18%, and Italy: 31%

- Grew AUM 11.0% from £47.4 billion to £52.6 billion
- Acquired relevant European servicers in order to complete the formation of our pan-European platform focused on our chosen markets
- Announced ambitious target to double AMS income by 2023
- Disposed of non-core Belgian platform

- Acquisition of Parr Credit in Italy
- Acquisition of Europa Investimenti in Italy
- Acquisition of Norfin in Portugal
- Organically purchased £263.4 million of portfolio investments and increased 84-month ERC by £117.9 million

- Customer engagement via digital means continued to increase
- We won three awards at the Credit Strategy awards
- Maintained our strong relationship with Citizens Advice in the UK
- Worked closely with and funded StepChange, Payplan and Christians Against Poverty on consumer debt issues

- Continued to promote our Group values and purpose programme with Group-wide management roadshows
- Strengthened leadership structures throughout the Group through key hires across all countries and at Group
- Average employees across the Group increased by 266, largely due to the acquisitions of Europa Investimenti, Parr Credit and Norfin

### Key priorities in 2019

- Continue to invest in loan portfolios that meet our strict returns criteria of a mid-teens IRR
- Continue to create balanced investment vintages by geography and asset class
- Maintain investment volume growth in line with our target to grow faster capital-light earnings from our Asset Management and Servicing Business, but still grow volumes well above our replacement rate

- Grow AUM across all geographies
- Continue to manage client assets accretively
- Continue to grow AUM through managed accounts
- Progress towards material fund raising ahead of the future launch of Arrow's discretionary fund management offering

- Ensure the smooth integration of the most recent acquisitions into the Group
- Continue to drive operational excellence throughout the business

- Continue to focus on excellent customer outcomes
- Increase customers' digital interaction with us
- Maintain staff incentives based on positive customer outcomes

- Continue to cultivate a culture orientated around our Group Values that rewards positive customer outcomes and promotes an enjoyable working atmosphere
- Reward high flyers in order to maintain high retention rates of talented employees
- Attract new talent through offering unique working opportunities combined with attractive compensation and benefits packages