ARROW GLOBAL GROUP PLC

Capital Markets Day, 2018

Lee Rochford
Group CEO

I. Introduction

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Lee Rochford, Group CEO

I. Introduction

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LUNCH

Strong management team

Lee Rochford
Group CEO

Zach Lewy
Founder & Group CIO

Dave Sutherland
Group COO

Clodagh Gunnigle
Group CRO

Dan Perry
Director of Investments, Analytics and Performance

John Calvao
Global Head of Asset and Fund Management

Colin Maher
Head of Ireland

Joao Bugalho
Country Leader, Portugal

Oliver Stratton
Country Leader, UK

Madiha Mouchtak
Country Leader, Benelux

Massimiliano Ciffero
Country Leader, Italy

Paul Cooper
Group CFO

Stewart Hamilton
General Counsel

Tracy French
Group HR Director

II. Strategic overview

Unique business model with a track record of delivering strong growth

Continued growth opportunity	Differentiated business model	Outstanding underwriting track record	Resilient back-book	Sophisticated capital allocation	Prudent risk management framework
• Large market – high value niches plentiful • Ongoing supportive drivers – regulatory and accounting	• Investment opportunities significantly above WACC • Increasingly capital-light earnings	• Continued success in new geographies • Superior risk-adjusted returns	• Consistent through-the-cycle cashflows	• Different options depending on cycle • Flexibility provided by unique business model	• Informs approach to portfolio management, balance sheet discipline and customers

Confidence in future shareholder value creation

Another set of strong Q3 results
Underwriting performance and AUM growth supporting earnings momentum

Metric	Prior	Current	Change
Core cash collections	(30 Sept 2017: £244.1m)	£288.5m	18.2%
Organic portfolio purchases	(30 Sept 2017: £155.0m)	£200.1m	29.1%
Underlying basic EPS	(30 Sept 2017: 22.3p)	24.5p	10.2%
Adjusted EBITDA	(30 Sept 2017: £156.7m)	£201.9m	28.8%
AUM	(30 Sept 2017: £42bn)	£51.5bn	22.6%
Underlying LTM RoE	(30 Sept 2017: 33.9%)	33.4%	-0.5 ppts.
Underwriting performance	(30 June 2018: 103%)	104%	+1.0 ppts
Third-party AMS Income	(30 Sept 2017: £50.6m)	£63.3m	25.1%
Leverage	(30 June 2018: 4.0x)	3.8x	-0.2x

Arrow has strategically identified the most active markets

€2.1 trillion of non-core assets*

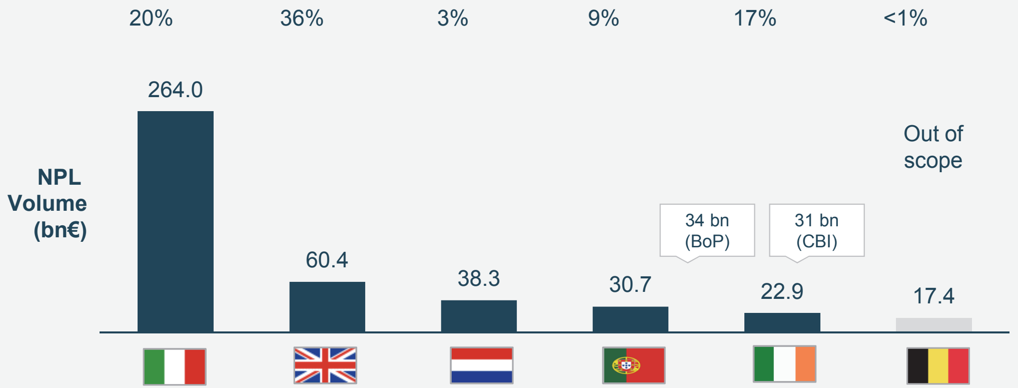
€1.1tn NPL

- 61% Corporate
- 35% Household
- 4% Other

€1tn non-core

- REOs
- PPIs
- Shipping

+ €450bn NPL volume in Arrow 's 5 countries*



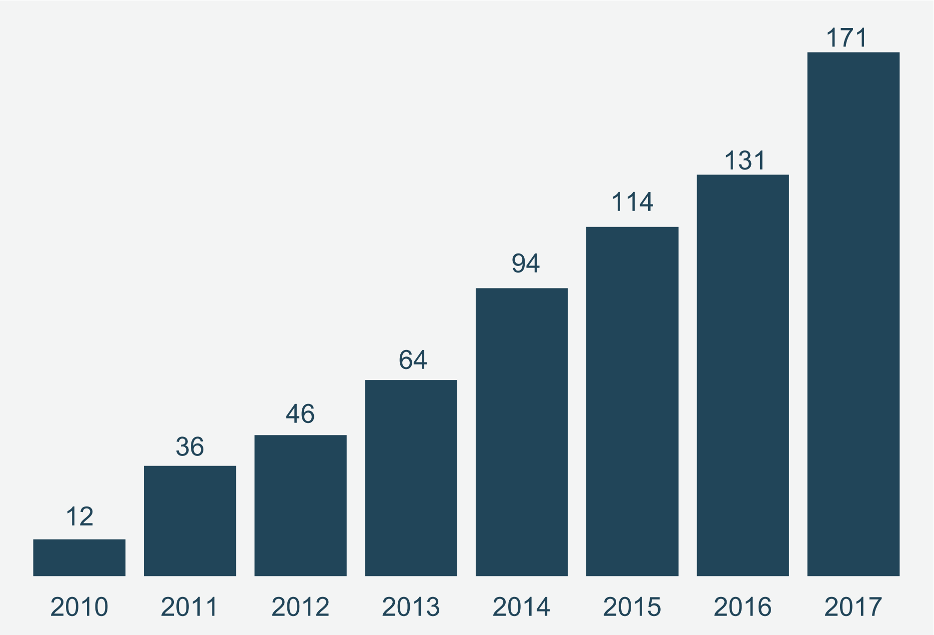
NPL Ratio	17.6%	1.5%	2.3%	15.2%	10.4%	2.6%
Coverage ratio	50.6%	32.0%	29.1%	48.6%	29.4%	43.0%

* EBA estimate (exc. for Italy – Banca d'Italia data for NPL volume and NPL ratio)
** PWC estimate

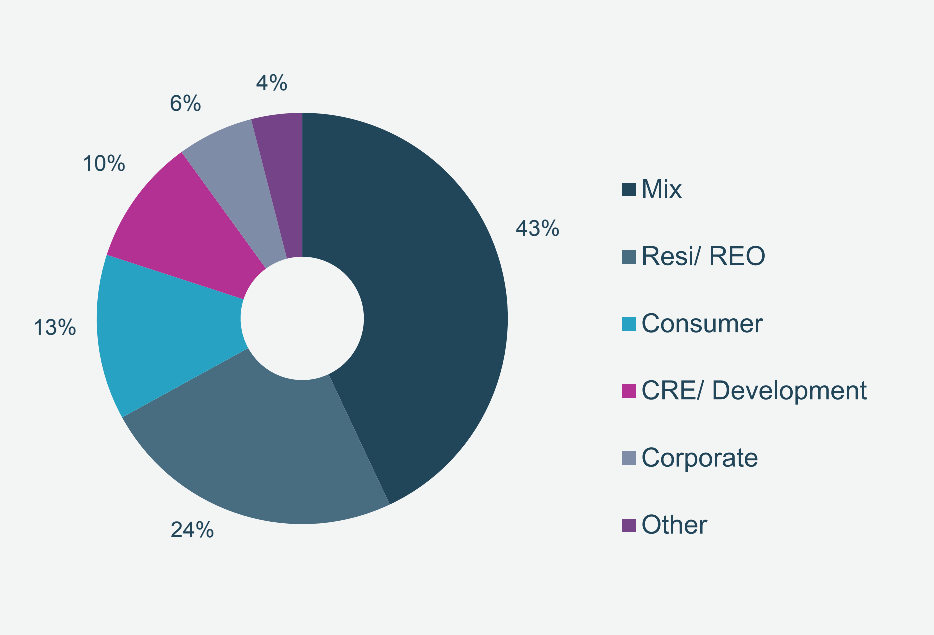
High propensity to sell and regulatory parity make these attractive markets

Increasing propensity to sell NPLs throughout Europe

Sales 2017 (€bn)



Europe NPL Sales Trend (%)



- The continued formation of new NPLs has meant stock has remained stable despite the higher volume of sales

Arrow is very well positioned to selectively purchase these assets

Strategically positioned to be the partner of choice for local banks, credit funds and the capital markets

Niches by asset class	UK	Portugal	Italy	Benelux	Ireland
Consumer	Capquest	Gesphone	Parr Credit	Vesting	Small market
SME	Mars Capital	Whitestar	Europa Investimenti	RNHB	Mars Capital
Mortgage	Mars Capital	Whitestar	Expanding Parr	Vesting	Mars Capital
Real Estate	Mars Capital	Norfin*	Europa Investimenti (Vegagest)	M7	Mars Capital
Master Servicing/ Securitisation/ Credit Bureau	Mars Capital	Hefesto	Zenith	Focum	Mars Capital
Fund Management	Arrow UK	Norfin*	Europa Investimenti (Vegagest)	Arrow Netherlands	Arrow Ireland

Leading platforms in each market provide deep asset expertise

*Due to complete by `year end 2018

Unique platform built to unlock value in high-return niches

The Arrow Platform

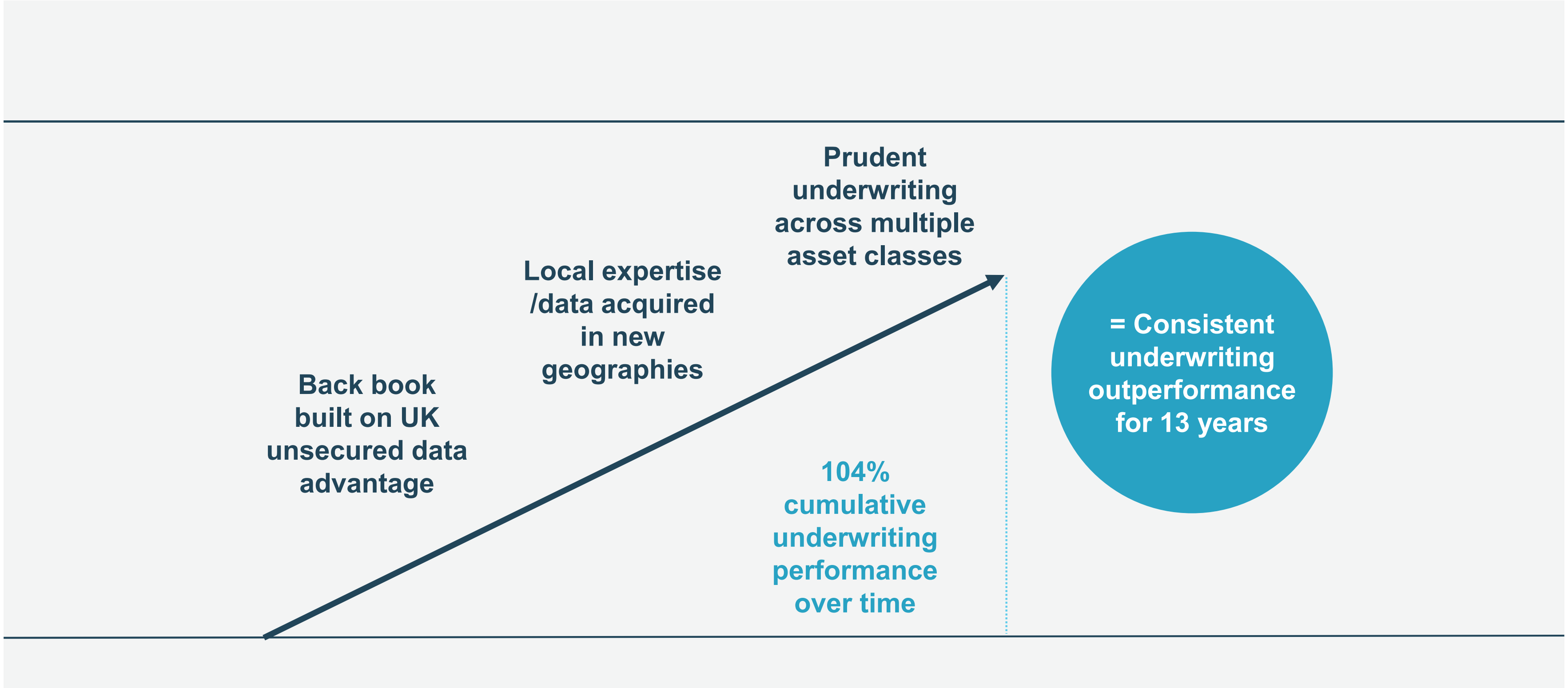
Governance

	Asset Origination	Asset Underwriting	Asset Management & Servicing	Reporting and Oversight	Generates high returns in excess of WACC
Platform Capabilities					
Core Skills	• Franchise • Relationships • Breadth of solutions	• Data and analytics • Geographic & asset class expertise • Forensic assessment and valuation skills	• Asset specific expertise • Technology • Data and analytics	• Regulatory compliance • Portfolio management • Risk management	Client institutional funds exit investments

Client institutional funds co-invest

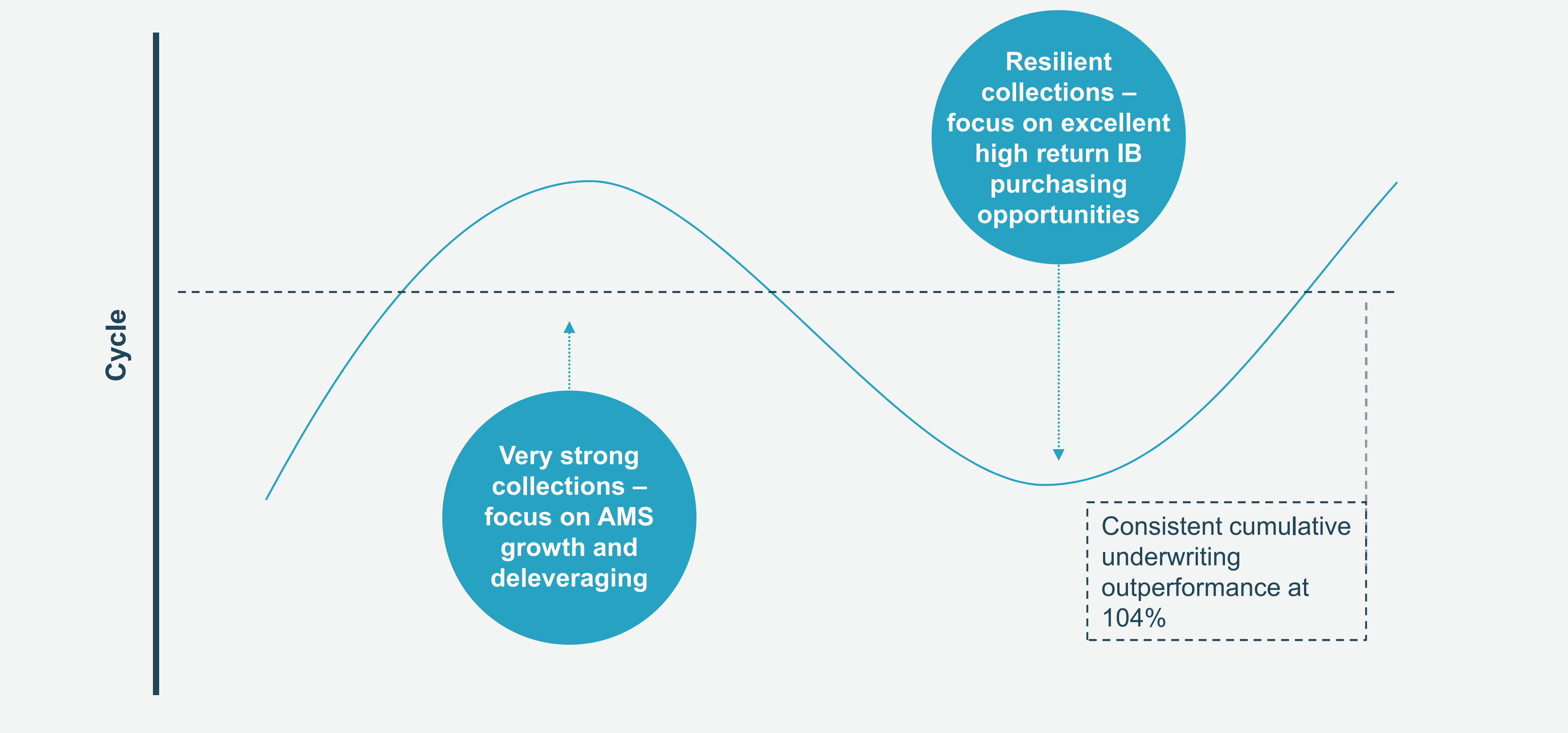
Arrow purchases tails of institutional fund client assets off-market

Outstanding underwriting track record



Track record maintained while growing our unique platform

Smart capital allocation through the economic cycle



Unique flexibility of our model unlocks value irrespective of the cycle

A differentiated and attractive financial stock

Stronger returns

ROA over 6%, underlying ROE over 30%

Faster payback and amortising assets

typically 3-4 years

More resilient through the cycle

robust cash flows in a downturn;
but with investment upside

Average liability length significantly in excess of asset payback period

Stronger balance sheet, more resilient and higher return

Investment case

1	Sophisticated investment platform in a growth market
2	Increasing quality of earnings
3	Consistently strong returns for shareholders
4	Resilient balance sheet
5	Reliable through the cycle performance

Arrow's unique and differentiated model provides an attractive investment opportunity

Zach Lewy

Founder & Group Chief Investment Officer

III. Asset management and servicing deep dive

"High-value niche investment opportunities for fund clients underpinned by sophisticated servicing expertise"

Arrow's platforms provide the leading servicing capabilities for key asset niches in our target markets

Focused strategy

- Arrow's capabilities run deep in our chosen markets
- Arrow's platforms provide solution for bank deleveraging by targeting asset classes banks are structurally reducing
- Arrow is a fundamental and catalytic enabler for investors looking for exposure to these often regulated niche asset classes
- Arrow's franchise strength is optimised by leading local relationships and strong international investor partnerships located in London

High quality of earnings

- Proven through-the-cycle collections experience
- Long-term, predictable cashflows (5 year average contract length)

Strong revenue and AUM growth

- £0-£52bn AUM in 6 years
- Considerable growth opportunity via current platforms
- Revenues to grow to 50% of total over 5 years

Growing earnings contribution

- Shift to higher margin business via fund management offering
- EBITDA margins to grow from high-teens % to mid-twenties %

Arrow's platforms provide value for our us and our clients

High quality platforms

- Unique access to deal flow
- Regulatory parity with banks

Growing demand from clients

- Banks increasingly outsourcing in specialist niches
- Alternative investors seeking asset exposure, not platform acquisition

Diversified and predictable cashflows

- Large number of long-term contracts
- Revenues have similar predictability to Group ERC
- Incentive structures based on collections outperformance

Scale benefits

- Operating leverage
- Local expertise
- Local relationships

AMS growth provides predictable cashflows and higher quality earnings

Core local platforms enable Arrow to be investment partner and servicer of choice in our selected niches

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*Subject to completion

- These platforms target the asset classes that banks must reduce in order to delever, optimise risk-weighted assets and achieve their target cost:income ratios
- Having such deep capabilities in our choses countries, allows Arrow to be a leading solutions provider to bank and investor clients

Unique platforms for originating and servicing assets in our selected niches

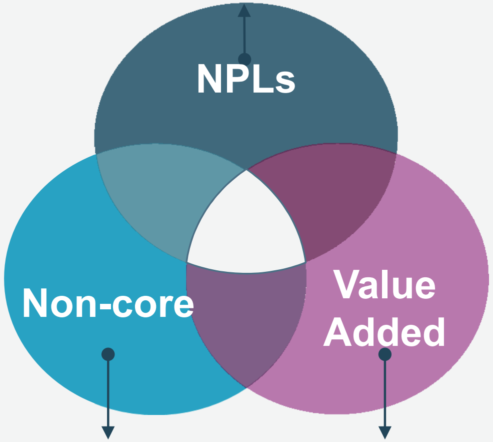
Asset Specialisation

We offer investment opportunities in 3 specific high-value niches where we can drive high returns for investors

- We see 3 key (overlapping) areas where we are a more efficient holder of assets than selling bank/fund
- In each case the inefficiency for the current asset holder allows us to buy at a discount
- We have strongly aligned both our operational and investment focus with these areas
- This is enabled by **servicing expertise** (which also bring local deal origination capabilities)

Arrow Global Focus

- Non-performing assets
- Usually credit losses



- Discontinued business lines
- Assets don't fit cost:income ratios, prudential efficiency or risk appetite

- Requires real expertise or data to service the asset
- Requires enhanced regulatory capabilities
- Might require key systems/ specific staff

Arrow has built a leading capability in the key asset classes where banks and institutional investors frequently transact

Typical Bank Problem Asset Classes

REOs · *Bankruptcies* · *NPLs* · *Specialty Consumer*

Speciality/ Stressed Mortgages · *Foreclosures* · *SME Real Estate niches*

Land · *Securitisation* · *Legacy Assets* · *Non-recourse assets*

REGULATORY REQUIREMENTS

Arrow platforms

Prime Servicers	Speciality Servicers	Group Capability	Real Estate	Fund Management	Securitisation Advisory
Capquest Vesting Mars Parr Whitestar	EI Norfin	Underwriting Analytics Structuring Risk Mgmt.	Norfin Mars	Norfin Vegagest Arrow Fund	Zenith Hefesto

Clients

Banks	Investors	Arrow Fund	Arrow Balance Sheet

Arrow packages leading capabilities to create solutions for banks and investors

Targeting a sizable market

Banks' NPL Stock

Asset niches	Italy	Portugal	UK	Ireland	Benelux (NL only)	TOTAL
Consumer	€5bn	€4bn	€9bn	€1bn	€3bn	**EUR 21 bn**
SME	€119bn	€12bn	€4bn	€7bn	€7bn	**EUR 148 bn**
Mortgage	€43bn	€6bn	€35bn	€16bn	€16bn	**EUR 86 bn**
Real Estate	€82bn	€14bn	€5bn	€9bn	€8bn	**EUR 118 bn**

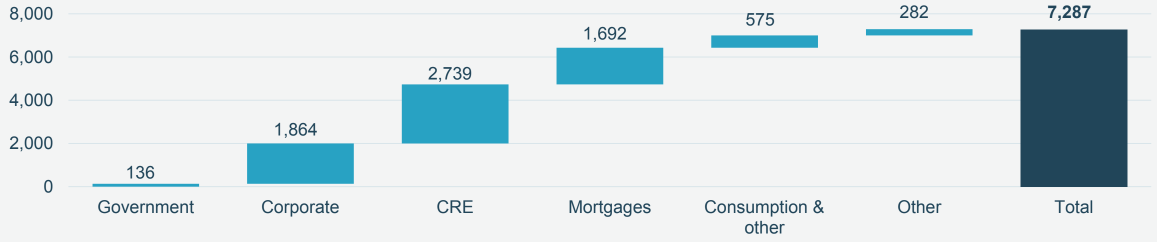
Real estate corporate related NPL (secured and unsecured), including SME

- High level analysis, based on large banks' stock (EBA and Bank's data)
- Only considering NPL exposure (not all non-core assets)

Typical Bank Problem Asset Classes
Portuguese Bank Example

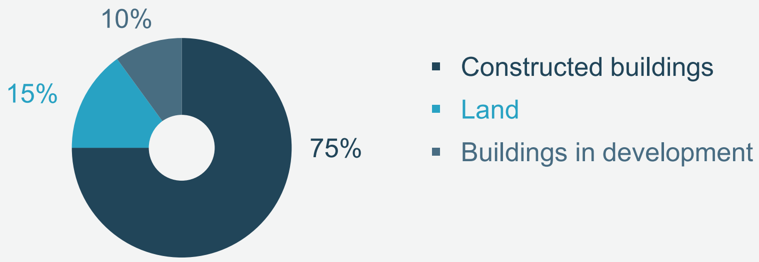
Second largest bank in Portugal – 27% market share in deposits and 21% in credit (2017)

NPL Portfolio (2017, €m)



REOs (2017)

- 7,589 assets
- €557m book value
- €902m fair value



WHITESTAR ASSET SOLUTIONS
HEFESTOSTC
WHITESTAR ASSET SOLUTIONS
Norfin

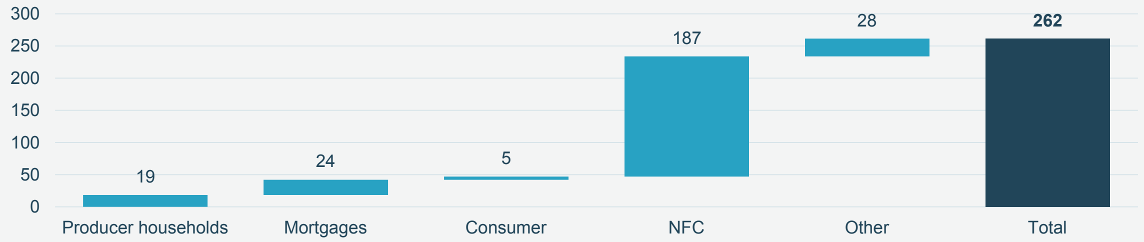
Arrow Platforms able to address REOs stock and +70% of NPL Stock

Source: Corporate Annual Report 2017

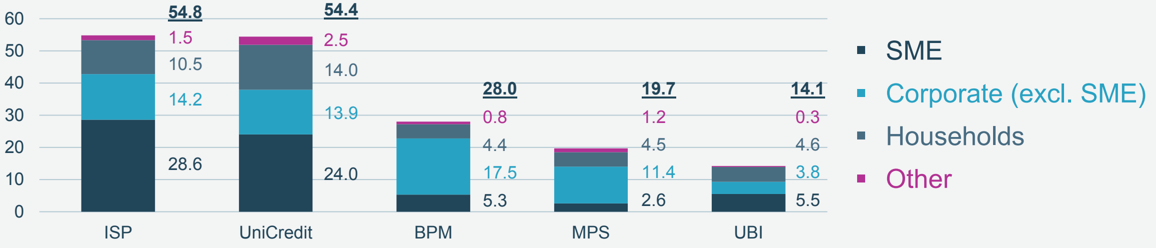
Typical Bank Problem Asset Classes
Italian Bank Example

Largest market in Europe in NPE size, with more than €260bn in stock

NPE volume split by segment (Banca d'Italia 2017, €m)



Detail on the top 5 banks (€bn) – EBA Data (1H2017)



Arrow Platforms able to address +50% of NPL Stock in the largest European Market

60% of NPL Stock on the top 5 banks

Source: Banca d'Italia; EBA; PwC – The Italian NPL Market June 2018

Case study – NPL securitisation for bank client

Portuguese bank divesting assets	**Arrow's Portuguese business valued and underwrote assets and assisted in ratings process**	**Arrow supported global investment bank to securitize and place the transaction**	**Arrow successfully structure the first NPL securitization in Portugal**

Arrow's servicing platforms form an integral part of the capital markets

Case study – NPL transaction from our servicing platform

Italian banks

Italian NPL

Transaction: Private NPL Transaction

Total FV: €2.8bn

Total ABS issuance: ~€1bn

- Portfolio serviced as Master Servicer on Zenith's platform
- 3 Special Servicers appointed to manage the entire Portfolio
- Diverse asset range of secured and unsecured NPL assets + UTP ("Unlikely To Pay")
- Transaction made possible for bank 1 to purchase the three bankrupt banks

Zenith's AUM has grown by nearly 100% to €27bn since being acquired by Arrow

Case study – NPL transaction from our servicing platform

Dutch Bank

Dutch AM transaction (Shortfalls secured/unsecured) and recovery on behalf of Dutch Bank of SME loans

Dutch AM transaction (Shortfalls secured/unsecured) and recovery on behalf of Dutch Bank of SME loans

Total FV*: €1,2bn`

Of which:

- Shortfalls secured/unsecured €845M
- Recovery SME loans : €300M
- # files currently being handled: 55K

- Portfolio serviced as DCA on Vesting's platform since 2007, Vesting most important partner for their collection activities – supported bank by solving collections backlog and legacy systems.
- All type of shortfalls are outsourced to Vesting (Credit Cards, Consumer Loans, Mortgage, Fraud cases, SME loans, etc)
- Vesting's recovery rate on the shortfalls is almost 60% on Unsecure, 20% on and Secured and 50% on SME loans

Arrow is a key facilitator to the capital markets

Arrow has an excellent track-record of growing acquired servicing platforms

	AUM at acquisition	Current AUM	Increase
ZENITH SERVICE	€14.1bn	€27.9bn	+98%
WHITESTAR ASSET SOLUTIONS	€5.5bn	€7.4bn	+35%
VESTING FINANCE	€3.7bn	€5.3bn	+43%
capquest	£4.1bn	£4.9bn	+20%

Strong client demand for our expertise has driven consistent platform growth

About Arrow asset management & Servicing – How it works

Higher margins

1. Fund management (high margin closed end fund)	Arrow raises fund	Arrow identifies attractive assets	Arrow invests on a discretionary basis (with option to co-invest	Arrow captures more value
2. Co-investing and servicing (high margin with attractive performance fees)	Arrow identifies attractive asset	Arrow deploys underwriting expertise and analytics	Arrow presents attractive investment case to third party fund clients	Arrow services entire portfolio, generating asset management revenue
3. Pure servicing/master servicing (medium-high margin predictable servicing revenues)	Asset/structured note brought to Arrow by fund client	Arrow agrees SLAs/reporting fee	Arrow on-boards asset to servicing platform	Arrow services for extended period
4. Due diligence/ valuation consultancy (one-off fees)	Asset brought by fund client	Arrow deploys underwriting expertise and analytics	Due diligence report build	One-off consultancy fee paid to Arrow

Blended high-teens net margin with long-term "sticky" assets

Fund management offering will further enhance margins

Proven investment track-record

- 13 year track-record of investment at attractive returns
- Resilient performance through the economic cycle

Strong alignment due to co-invest ability

- Arrow business model built on co-investment with capital partners
- Ability to seed funds

Sound base for fund raising activities

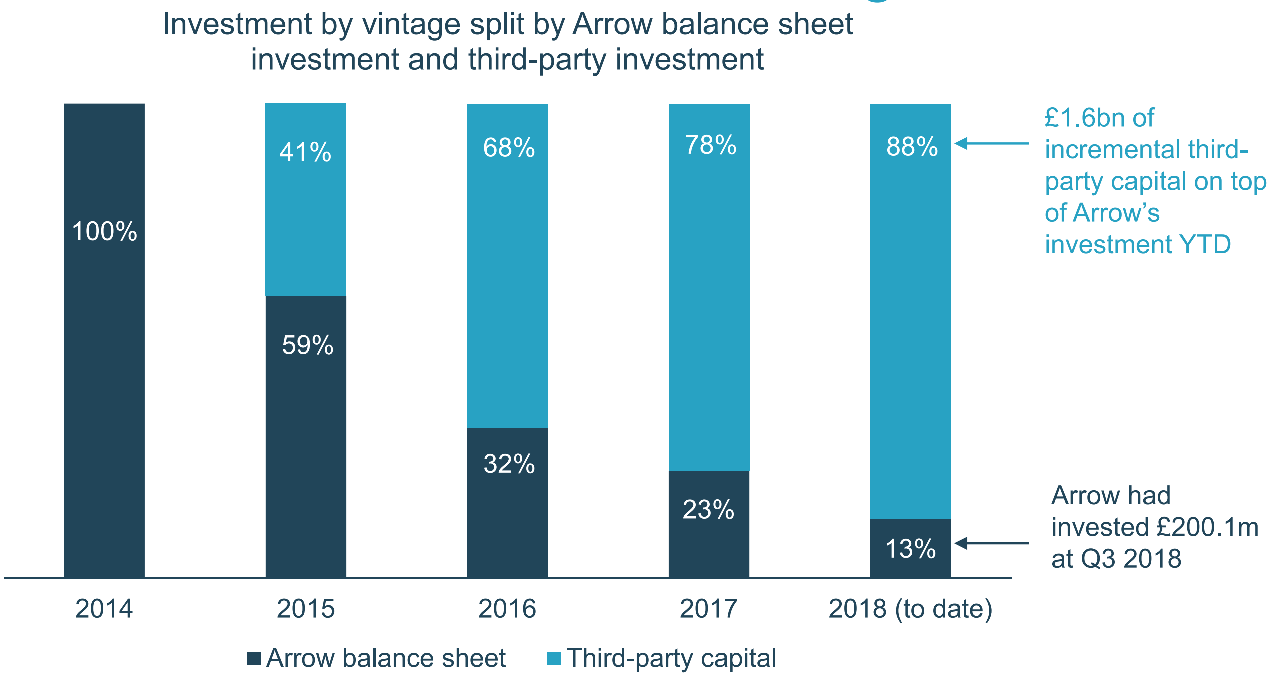
- Respected partner with wide range of alternative asset managers
- Already raised £300m fund with one investor (50% invested)
- Significant early interest from a wide range of investors for next fund

Required governance structure in place

- 3 stage credit committee process
- Separate portfolio management team drives collections strategies
- Investor reporting a core discipline

Once Norfin closes Arrow will have over £1bn of fund management AUM

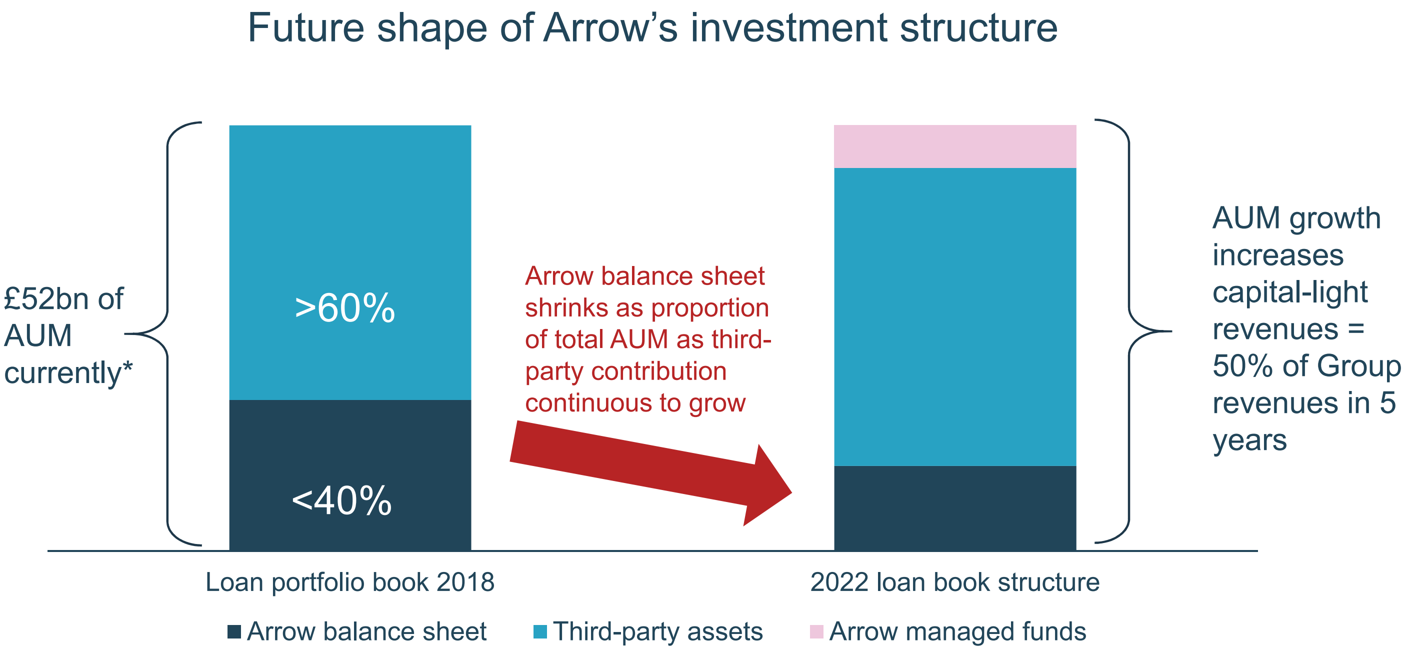
Arrow's balance sheet investment has rapidly decreased as a proportion of total investment on a vintage basis



- Driven by Arrow's strong institutional fund client relationships and the co-investment model
- Arrow can source more investment opportunities than its balance can take advantage of

Arrow continues to gain exposure to a greater number of investment opportunities with less capital intensity

External demand for arrow's investment opportunities will drive capital-light asset management & servicing growth



- Arrow balance sheet capital currently represents less than 40% of Group AUM
- Future AUM growth from third-party capital will drive increased capital-light AMS revenues

Increasingly capital-light investment strategy

*Face value

Asset management and servicing – key takeaways

1	Arrow is focused on 5 core countries
2	Arrow owns leading platforms in the asset classes where banks are deleveraging
3	Arrow combines its platform skills in master, prime and specialist servicing to deliver unique solutions to banks and investors in certain asset niches
4	Arrow's asset management capability and AUM creates a future pipeline for the investment business
5	By moving up the value chain into fund management and specialist segments, Arrow is improving AMS margins

Arrow aims to grow AMS margins to towards 25% and revenues to 50% of Group total

IV. Investment business deep dive

Unique investment business that originates high-return opportunities

Specialist in high-value niches

- Specialist platforms enable high performance from niche assets
- Institutional investor partners require platform access as a prerequisite to drive high returns from specialist asset classes
- Provides investment opportunities in specialist asset classes

Targeted niche investment opportunities

- Specialist acquirer of niche assets in granular market segments
- Average transaction size of £8m
- Unique expertise leads to accurate underwriting and high returns

Majority of purchases off-market

- Strong relationships with local banks
- Leading platform in enabling banks to divest niche assets to institutional investors
- Unique option to purchase tails of assets from servicing platforms

Strong underwriting and returns track-record

- 13 year track-record of successful high-return investments
- Underwriting performance driven by local platform quality and expertise

Core local platforms enable Arrow to be investment partner and servicer of choice in our selected niches

Niches by asset class	UK	Portugal	Italy	Benelux	Ireland
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*Subject to completion

Unique platforms for originating and servicing assets in our selected niches

How do we originate higher return assets?

Arrow's high return asset origination

Wider market's lower return asset origination is the opposite

Identify complex/ little understood asset on bank balance sheet

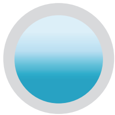
Asset specific expertise provides accurate initial returns forecasts

Sophisticated underwriting model allows drives high-returns on complex asset

Identify/bid for vanilla asset on bank balance sheet

Unspecific expertise requirements bids the asset price up and returns down

Unsophisticated underwriting models delivers low returns on vanilla asset



Degree of market understanding due to complexity

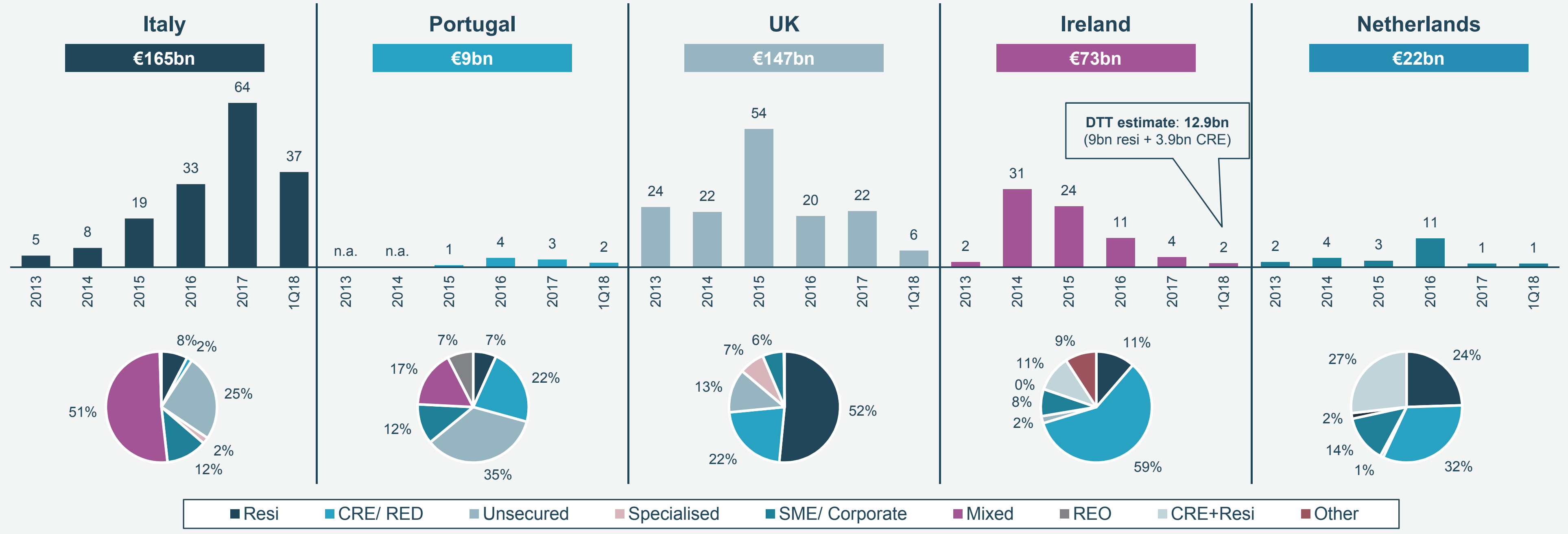
Arrow's differentiated model drives attractive returns

Film – The market opportunity and arrow’s unique model

Secondary sales create an enormous incremental market where our platform positions us well

NPL Sales (2013 – Q1 2018) (€bn)

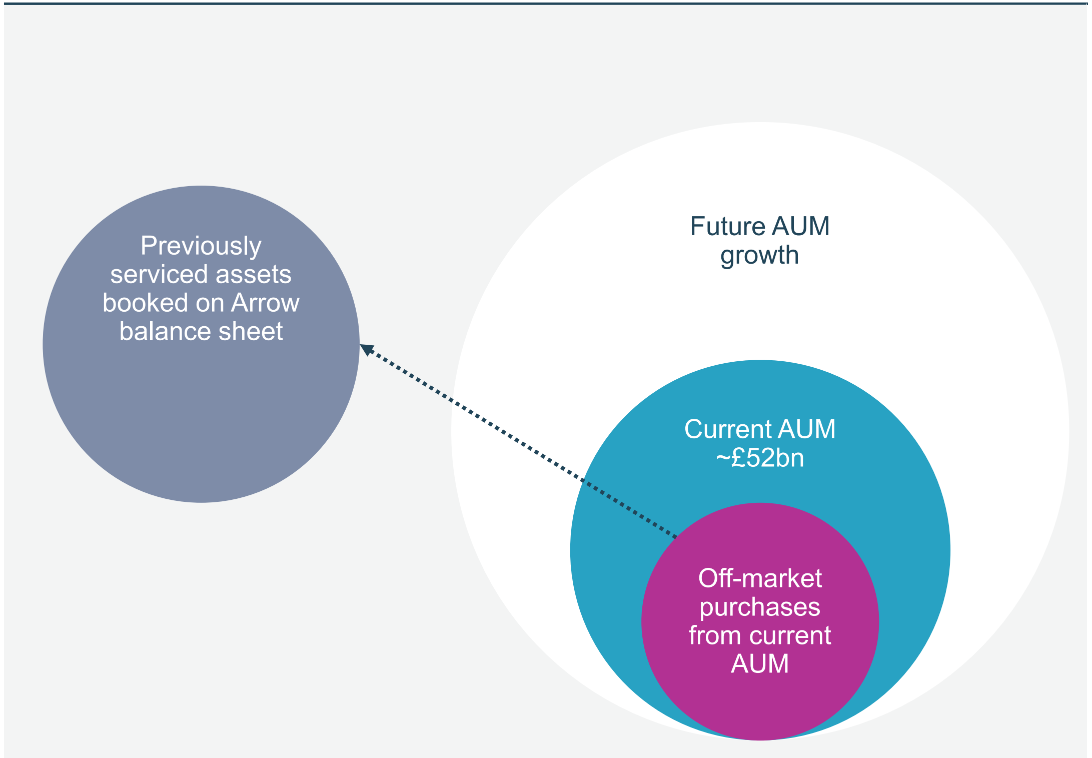
Significant recent NPL sales to funds creates future secondary market potential: €416bn



The Arrow platform is optimally positioned to provide investment and servicing solutions for secondary sales

We already have over £52bn of assets on our platform – future walled garden purchase opportunity

- Arrow performed over **70%** of portfolio purchases **off-market** in 2017
- Increasing AUM increases walled garden – **99%** of assets sold whilst on the Arrow platform **stay on the arrow platform**
- Portfolios purchased off own servicing platform have **lower costs and greater underwriting certainty**



Many years of purchasing pipeline already on the platform

Arrow clients that value our platform

1. Credit Originators

2. Funds & Investment Partners

3. Purchasing from Servicing

- We work with over 120 clients and did 76% repeat business
- We work directly with the largest institutional investors in the market (over 80% of the largest purchasers by volume since 2015)
- £52bn of AUM provides a strong purchasing pipeline

Our platform and client base means we continue to see a greater number of potential deals and are increasingly selective

Deal Volume and Win/ Bid Ratios

	Volume of deals	Bid Ratio	Win Ratio
2015 H1	47	60%	46%
2015 H2	48	31%	67%
2016 H1	56	30%	47%
2016 H2	73	51%	41%
2017 H1	69	42%	45%
2017 H2	78	44%	53%
2018 H1	82	44%	53%

- Platform originating more opportunities **than ever before**
- Highly selective in deals we progress – strong investment discipline **sustains returns profile**
- Arrow **does not generally do forward flows**: portfolio purchases are **discretionary** and Arrow can **reprice dynamically for risk** as market conditions change
- We are able to generally **avoid highly competitive auctions**
  - Off-market deals account for **66%** of Arrow investments in 2018 H1 (**70%** in FY 2017)

Arrow selectively focuses on deals with higher returns characteristics where it has a competitive advantage

Examples of deals won in 2018

Global Fund UK Unsecured Total FV*: £272m Arrow FV: £35m **Partner: Global Fund**	**Challenger Bank** UK Unsecured Total FV*: £15m Arrow FV: £15m **Arrow Only**	**Boutique Fund** UK Secured Performing Total FV*: £38m Arrow FV: £38m **Arrow Only**	**Challenger Bank** UK Secured Total FV*: £135m Arrow FV: £4m **Partner: Global Fund**	**Debt Purchaser** UK Unsecured Total FV*: £11m Arrow FV: £11m **Arrow Only**
Global Fund Irish Secured Residential Total FV*: £63m Arrow FV: £63m **Arrow Only**	**Global Fund** Irish Performing CRE Total FV*: £168m Arrow FV: £5m **Partner: Global Fund, International Bank**	**Global Fund** Irish Performing CRE Total FV*: £8m Arrow FV: £8m **Arrow Only**	**International Bank** Portuguese Mixed Total FV*: £328m Arrow FV: £245m **Partner: Global Fund, International Bank**	**Global Fund** Portugal Unsecured Total FV*: £165m Arrow FV: £165m **Arrow Only**
International Bank Portuguese Secured Total FV*: £491m Arrow FV: £491m **Arrow Only**	**International Bank** Portuguese Secured Total FV*: £106m Arrow FV: £106m **Arrow Only**	**Local Bank** Italian Secured Total FV*: £16m Arrow FV: £16m **Arrow Only**	**Mixed Bankruptcies** Italian Unsecured Total FV*: £109m Arrow FV: £109m **Arrow Only**	**Boutique Investor** Italian Unsecured Total FV*: £45m Arrow FV: £45m **Arrow Only**
Local Bank Italian Secured Total FV*: £31m Arrow FV: £31m **Arrow Only**	**Local Bank** Italian Secured Total FV*: £45m Arrow FV: £45m **Arrow Only**	**Boutique Investor** Italian Unsecured Total FV*: £33m Arrow FV: £33m **Arrow Only**	**Real Estate** Benelux Secured Total FV*: £353m Arrow FV: £16m **Partner: Global Fund, International Bank**	**International Bank** Benelux Secured Total FV*: £1,146m Arrow FV: £34m **Partner: Global Fund**

Bold border indicates acquisition from repeat seller
Light blue background indicates Off-Market transaction (no colour indicates Auction process)
*FV = Face Value

Won deal examples

Global Fund
UK Unsecured
Transaction: Off Market
Total FV*: £272m
Arrow FV: £35m

- Partnered with a global fund.
- Represents the first successful transaction under Project West
- Acquisition of tail portfolio from a fund, with whom we have a strong on-going relationship.
- Acquired and serviced earlier tranche of the same assets in 2013 providing large data set to assess future performance and allowing for refined servicing approach.

Mixed bankruptcies
Italian Unsecured
Transaction: Off Market
Total FV*: £109m
Arrow FV: £109m

- Systematic deal strategy to acquire Italian bankruptcy positions into Europa Investimenti (EI).
- Successfully acquired €123m of FV to date at attractive yields with further €301m in the current pipeline.
- Significant economies of scale available as the acquisition of EI accelerates ability to aggregate our position.

International Bank
Portuguese Secured & Unsecured
Transaction: Auction
Total FV*: £328m
Arrow FV: £245m

- Partnered with a global fund with financing from international bank
- Repeatable transaction and securitisation through co-invest structure, acquired from large Portuguese Bank
- Blend of secured and unsecured assets - Arrow acquiring unsecured portion and acting as securitisation trustee and servicer of both pools.

Challenger Bank
UK Secured
Transaction: Auction
Total FV*: £135m
Arrow FV: £4m

- Partnered with a global fund
- Large on-market, strategic co-invest structure with FV of £135m with an existing partner bringing total FV of assets under partnership to £600m+ to date.
- Generates significant and capital light servicing revenue for Arrow's UK platform over the next 10 years

International Bank
Portuguese Unsecured
Transaction: Off Market
Total FV*: £106m
Arrow FV: £106m

- Arrow independent acquisition
- Unsecured assets valued by leveraging Arrow's extensive Portuguese back book of data and market leading servicing capabilities
- Repeat seller where precedent contracts allowed for quick and seamless transaction and on-boarding of accounts onto Arrow's in-house servicing platform

International Bank
Benelux Secured
Transaction: Auction
Total FV*: £1,146m
Arrow FV: £34m

- Partnered with a global fund
- Third successful transaction in supporting one of the leading Dutch consumer banks with >€3bn FV of assets as part of a strategic decision to delever their position in the market
- Generating significant enterprise value within Arrow's RNHB platform, paving the way for future transactions equivalent in both size and complexity

Bold border indicates acquisition from repeat seller
Light blue background indicates Off-Market transaction (no colour indicates Auction process)
*FV = Face Value

Case study – off market transaction from our servicing platform

Corporate

Italian Secured

Transaction: Off Market

Total FV*: £740m

Arrow FV: £740m

- Portfolio master serviced on Zenith platform
- Diverse asset range of secured and unsecured assets
- 3 month exclusivity period granted to allow for extensive due diligence
- Spanning 82 sub-portfolios sourced from over 50 sellers and servicers
- Staff transfer benefit for expansion of Zenith and capabilities and ongoing portfolio management

- Selling to Arrow when we are already the servicer provides an **excellent exit** for funds
- Funds prefer not to sell/buy to/from direct competitors and tail assets have conducive characteristics to Arrow's balance sheet
- Arrow has an **underwriting advantage** on deals already on the Arrow platform – advantages for both seller/buyer from reduced migration risk, better data transparency, easier contracting **= better terms of trade and lower transaction cost**

Arrow's £52bn of AUM provides significant future 'walled garden' purchase opportunity

Examples of deals lost or declined in 2018

High Street Bank UK Unsecured Total FV*: £29m Arrow FV: £29m **Arrow Only** **Withdrew**	**High Street Bank** UK Unsecured Total FV*: £547m Arrow FV: £50m **Arrow Only** **Lost**	**High Street Lender** UK Unsecured Total FV*: £9m Arrow FV: £9m **Arrow Only** **Withdrew**	**Global Fund** UK Performing Residential Total FV*: £19m **Arrow FV: £19m** **Arrow Only** **Withdrew**	**High Street Bank** UK Unsecured Total FV*: £185m Arrow FV: £73m **Partner: Global Fund** **Lost**
International Bank Italy Secured/Unsecured Total FV*: £5,637m Arrow FV: £564m **Partner: Global Fund** **Withdrew**	**International Bank** Italy Secured/Unsecured Total FV*: £170m Arrow FV: £76m **Partner: Global Fund** **Withdrew**	**International Bank** Portugal Secured Total FV*: £855m Arrow FV: £98m **Partner: Global Fund** **Lost**	**International Bank** Portuguese Secured Total FV*: £580m Arrow FV: £16m **Partner: 2 Global Funds, International Bank** **Lost**	**Global Fund** Portugal Secured Total FV*: £161m Arrow FV: £48m **Partner: Global Fund** **Withdrew**
International Bank Portuguese Unsecured Total FV*: £345m Arrow FV: £345m **Arrow Only** **Lost**	**Global Fund** Ireland Secured Residential Total FV*: £135m Arrow FV: £135m **Partner: Global Fund, International Bank** **Withdrew**	**International Bank** Ireland Secured CRE Total FV*: £4,062m Arrow FV: £16m **Partner: Global Fund, International Bank** **Withdrew**	**National Bank** Italian Secured Total FV*: £77m Arrow FV: £38m **Partner: Global Fund** **Lost**	**Global Fund** Benelux Unsecured Total FV*: £98m Arrow FV: £22m **Partner: Global Fund** **Withdrew**

Bold border indicates acquisition from repeat seller
Light blue background indicates Off-Market transaction (no colour indicates Auction process)
*FV = Face Value

Lost or declined deal examples

High Street Bank
UK Unsecured
Transaction: Auction - Withdrew
Total FV*: £29m
Arrow FV: £29m
- Bi-annual auction from leading high street bank
- Large number of bidders in process with increasingly tight returns on unsecured paper in the UK & increasingly pro-seller
- Withdrew and maintained discipline contractually with 'uncapped liabilities' falling outside Arrow remit
- Elected to deploy capital elsewhere to investments more aligned to our own risk appetite

High Street Bank
UK Unsecured
Transaction: Auction - Lost
Total FV*: £547m
Arrow FV: £50m
- Auction from leading high street bank
- Competitive pricing on UK unsecured payment plan paper now only achieving IRR's <10% unlevered
- Arrow, through co-invest structure, able to provide competitive bid whilst achieving target returns despite tight market conditions
- Arrow 1 of 2 final bidders. Withdrew based on contractual points for which opposing party accepted.

High Street Lender
UK Unsecured
Transaction: Auction - Withdrew
Total FV*: £9m
Arrow FV: £9m
- Auction process from UK high street lender
- Extensive due diligence process to address relatively unfamiliar asset type in the UK. Resulted in recognition of key risk and compliance aspects of sale.
- Feedback received that Arrow were competitive from price perspective
- Executive decision to withdraw from the process based on risks outweighing benefits from expected investment

International Bank
Portugal Secured
Transaction: Auction - Lost
Total FV*: £855m
Arrow FV: £98m
- Looked to partner with a global fund for this large acquisition
- Extensive diligence of assets with Whitestar expertise recognising limited upside from asset recovery.
- Maintained disciplined pricing levels to reach threshold return hurdles
- Resulted in Arrow proposal being out-bid in final round of the process.

National Bank
Italy Secured
Transaction: Auction - Lost
Total FV*: £77m
Arrow FV: £38m
- Looked to partner with a global fund
- Extensive due diligence process aligned with partner provided confidence to target best price at threshold return levels
- Market intelligence post sale process indicated Arrow were aligned on recovery basis but winning party willing to accept <10% rate of returns, far below Arrow target thresholds.

Global Fund
Benelux Unsecured
Transaction: Off Market - Withdrew
Total FV*: £98m
Arrow FV: £22m
- Proposed co-invest structure to achieve target returns
- Regulatory issues picked up throughout due diligence resulted in Arrow withdrawal from sales process.
- Concerns based around Dutch regulators increasing attention on this type of account, with the potential for redress in the future which fell outside of Arrow's strategy.

Bold border indicates acquisition from repeat seller
Light blue background indicates Off-Market transaction (no colour indicates Auction process)
*FV = Face Value

Investment business – key takeaways

1	Specialist in high value niches where Arrow's capabilities deliver sustainably high returns
2	The market is large and the target assets provide long, predictable cashflows
3	Circa 70% of our investments are off-market – provides higher quality opportunities unique to Arrow
4	£52bn of AUM currently on platforms provides valuable off-market deal pipeline
5	Arrow has average deal size of £8m across a large number of deals – typically below big fund appetite and diversifies our risk positions
6	Arrow accesses larger deals by co-investing with partners – provides combination of equity exposure and servicing fees for managing the assets (often purchases the amortised tails offering an attractive exit for partner and purchase for Arrow)

Dan Perry

Director of Investments, Analytics & Performance

V. Consistent underwriting excellence

Our track record of underwriting outperformance underpins Estimated Remain Collections (ERC) forecasts

Consistent investment outperformance

- Investment performance has historically outperformed assumptions
- Performance continues to improve – currently at 104%
- Performance has continued to improve despite moving into new markets and asset classes – underlines quality of acquired platforms

Conservative and accurate approach to investments

- Conservatism at the heart of the Arrow underwriting process
- Drives outperformance
- Leads to improved cashflow and revaluations of the book

Processes and data assets continue to be enhanced

- Servicing platforms across markets and asset classes improves data
- Underperformance analysed and recycled into future underwriting
- Learnings from underperforming assets translated into future success

Consistent average outperformance drives positive revaluations

Our platform gives us strong underwriting capability across all markets

Centre of excellence in underwriting and analytics in Manchester

Experienced and well tenured team with strong track-record

Extensive and maturing library of assets across all markets

In-house platforms provide insight into asset performance to complement analytical approach

Service to fund clients increases capital-light revenues and access to deal sizes beyond balance sheet constraint

=

£52bn

Assets Under Management

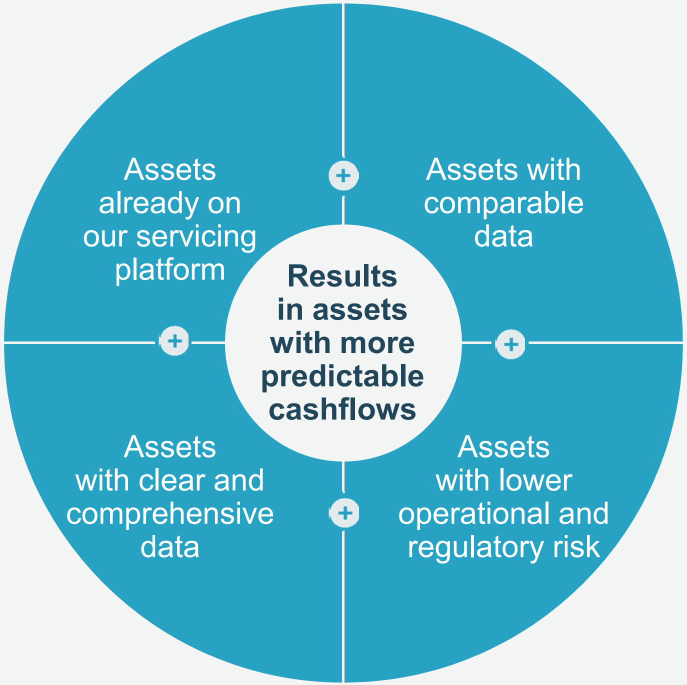
Operating across 5 geographies

10m customer accounts

Over 35m data records

- Typical staff profile – MSc or PhD in quantitative subject
- In-house platforms have extensive experience – Whitestar in Portugal active in secured NPL management since 2007

Our selective investment approach generates predictable cashflows



Examples of recent passed deals

Italian Mixed
- Approx. purchase price: £50m - £100m
- Competitive process
- Withdrew based on data quality and deal complexity

PT Secured
- Approx. purchase price: £30m
- Secondary sale
- Competitive process
- Withdrew based on diligence findings

Italian Utilities
- Approx. purchase price: £5m
- Competitive process
- Withdrew based on data quality

UK Unsecured
- Approx. purchase price: £15m
- Performing file
- Off market process
- Withdrew based on diligence findings

Arrow will pass on deals if the returns or data quality are inadequate

Rigorous underwriting process by asset class

Secured

1. Data mapping

2. Stratification

3. Due diligence
- Security Valuation (Drive-by / Desktop)
- Property roll-up review
- Title checks

4. Cashflow forecast
- Asset resolution timing
- Resolution route (amicable / judicial)
- Expected point of sale valuation

5. Cost to collect
- Regular servicing costs
- Judicial costs & Broker fees
- Misc. costs (Maintenance, licencing, minor capex)

6. Scenario testing

7. Internal ops review/ 2nd line review

Unsecured

1. Data cleaning & matching

2. Stratification

3. Due diligence
- Sample loan review & data audit
- Seller process review

4. Cashflow forecast
- Statistical scoring models
- Model back-test on comparable inventory
- Operational strategy (in-house / external / judicial)

5. Cost to collect
- Internal servicing
- External servicing (for specific asset types)
- Legal recovery costs

6. Scenario testing

7. Internal ops review / 2nd line review

Arrow has underwritten over 1,000 deals since inception and bought 540 portfolios

Cost projections

Costs forecast formulated with local operational team

- Collection activity costs
- Onboarding costs
- 3rd party costs
  - Litigation costs
  - Broker fees
  - Minor capex, etc.…

Insourcing of collection activity results in lower lifetime cost profile

- **Lower in aggregate** than when outsourced; but
- **More front loaded** with higher costs in years 1 and 2 and material decline thereafter

Unsecured litigation costs also more front loaded

- majority incurred within 24 months of on boarding

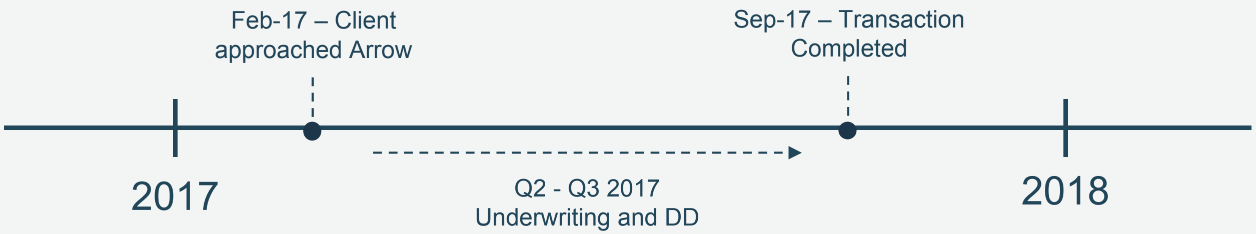
Results in elevated costs in years 1 and 2 but then

- Faster cash flows
- lower ongoing costs – collection cost intensity greater up front

How does our model allow successful underwriting of niche, high return assets?

Case Study – €17m purchase of €1bn Italian portfolio in 2017

- **Off market** secondary purchase
- **Seasoned and diverse** portfolio, mix of
  - Consumer & SME
  - Secured & Unsecured assets
- **Divestment of non-core NPL position** for the seller. Portfolios originally acquired between 2005 and 2010. Book now in run off
- Portfolio **master serviced by Zenith** pre acquisition
- **Complex underwriting process** given diversity and aging of the assets
- Process timeline

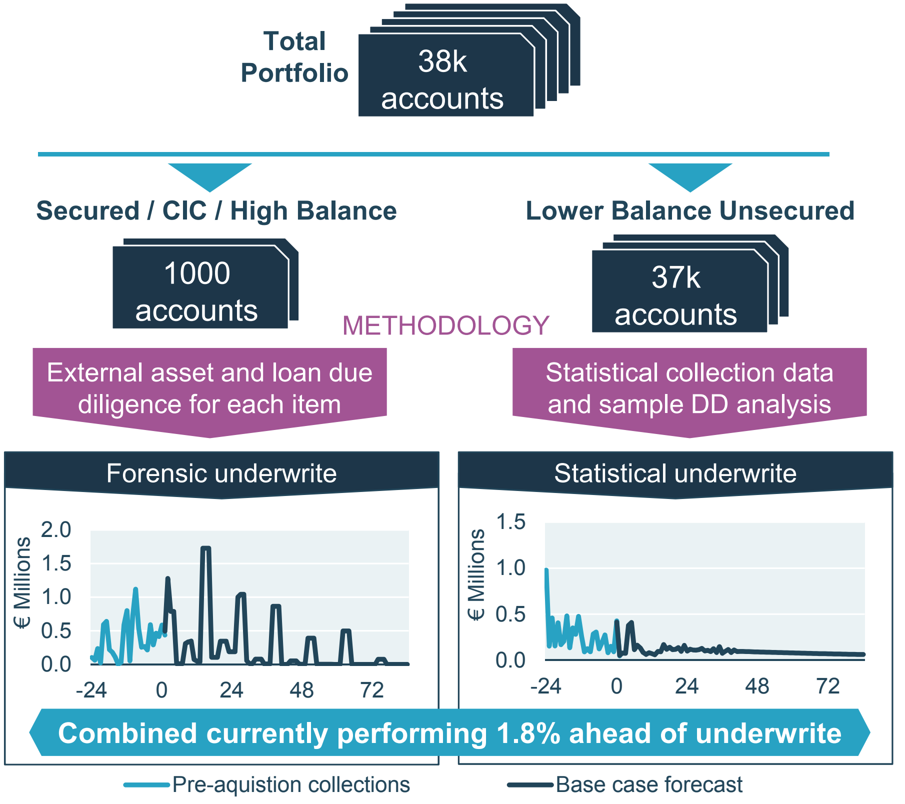


How does our model allow successful underwriting of niche, high return assets?

Approach

1. Analyse data tape
2. Split portfolio by asset class and recovery type
3. Indicative view from trailing collections and performance of similar portfolios
4. Undertake DD, source asset valuations, begin modelling phase
5. Negotiate contract, including put-back rights (to cover damaged loans)
6. Commercial construct
   - Upfront price
   - Significant deferral (30%), contingent upon delivery of loan documentation
   - Transfer of existing portfolio managers to Arrow Italy

Case Study – Italian mixed portfolio



Arrow uniquely well positioned to execute transaction

How do we approach underperforming portfolios?

Case Study - acquisition of €83m face value Portuguese secured portfolio

Asset composition

- On-market transaction from bank
- Majority residential assets

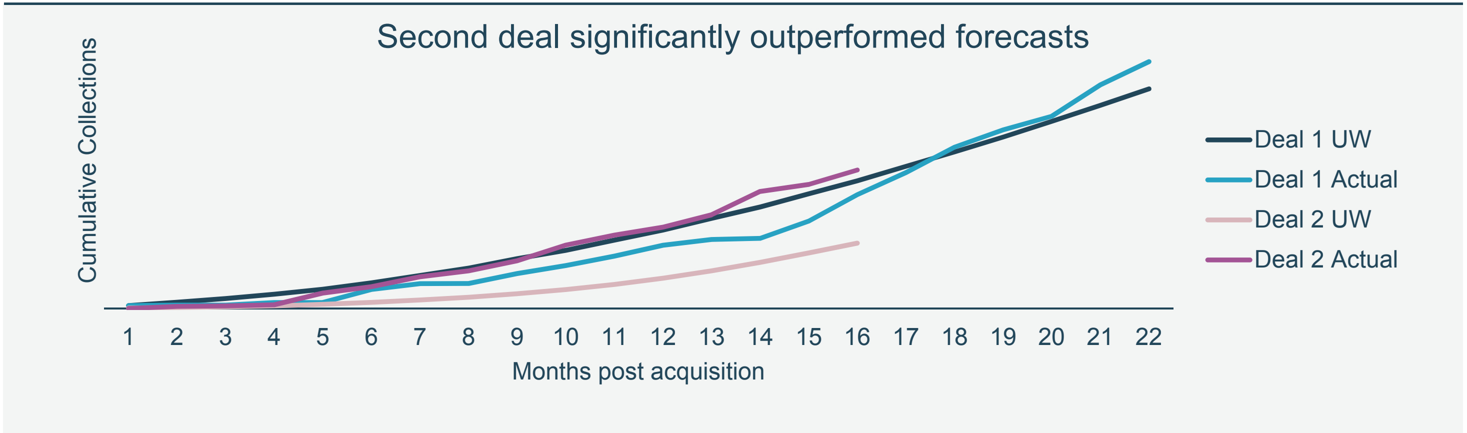
Initial performance materially adverse to forecast

- Migration challenge
- Delays in document delivery

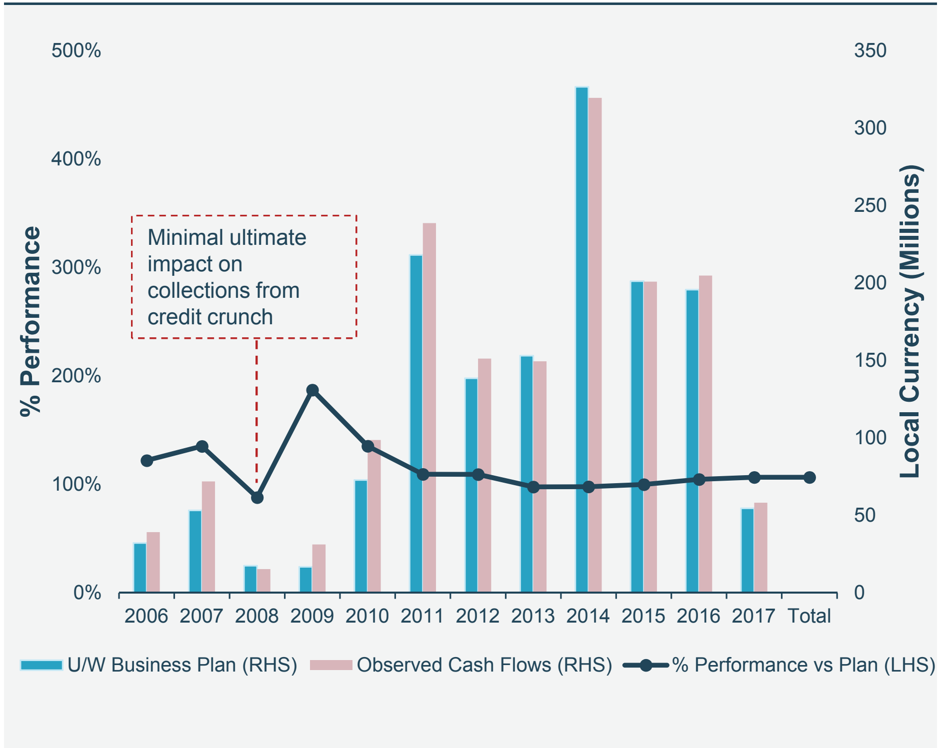
Accumulated underwriting learnings applied to future deal with similar characteristics

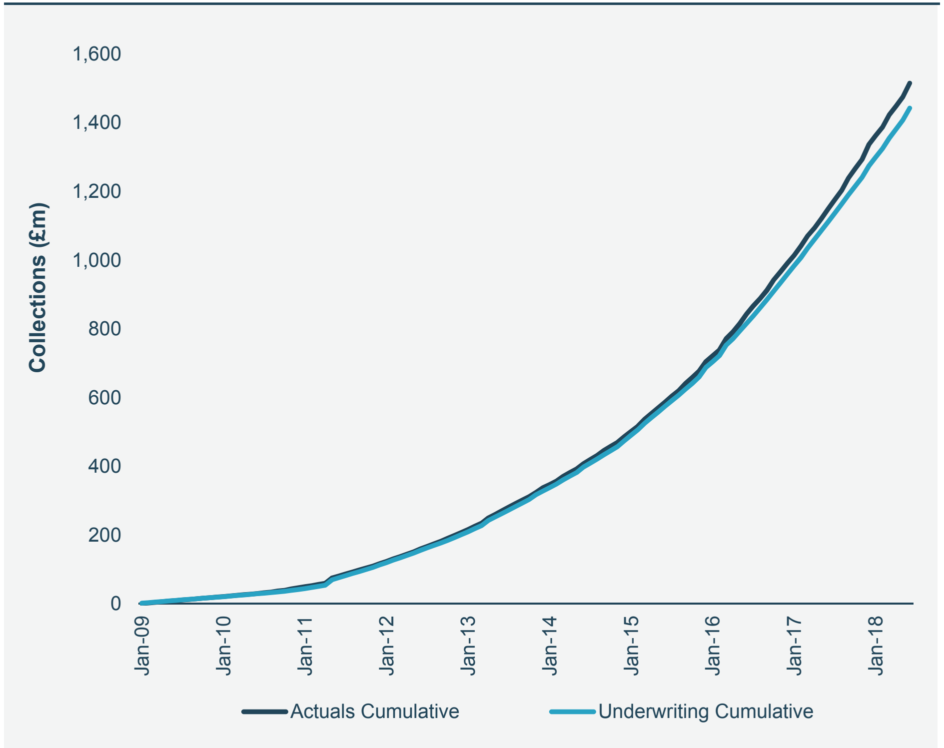
Similar portfolio acquired from same bank

- Modified contract with seller
- Ensured irrevocable power of attorney for Arrow's Whitestar business to manage the accounts directly if portfolio not fully migrated after 30 days
- Resulted in materially improved performance vs. forecast



Average outperformance of 104% across 540 Arrow portfolios underwritten since inception





Underwriting discipline leads to consistent outperformance over time

Consistent cashflow outperformance leads to revaluations of assets

Constant monitoring and rigorous evaluation process

- **All** portfolios reviewed every 6 months, following initial incubation period (6 months)
- Any portfolio with > 10% variance (subject to a de minimus absolute amount) flagged for revaluation

Revaluation assessed via stringent analytics

- Similar approach to initial underwrite – improved by operational knowledge and access to credit bureau data
- Suite of models by country used to reforecast
- Monte Carlo simulation model (5 component models) used – forecasts account behavior for next 120 months

Outcome based on performance and audited externally

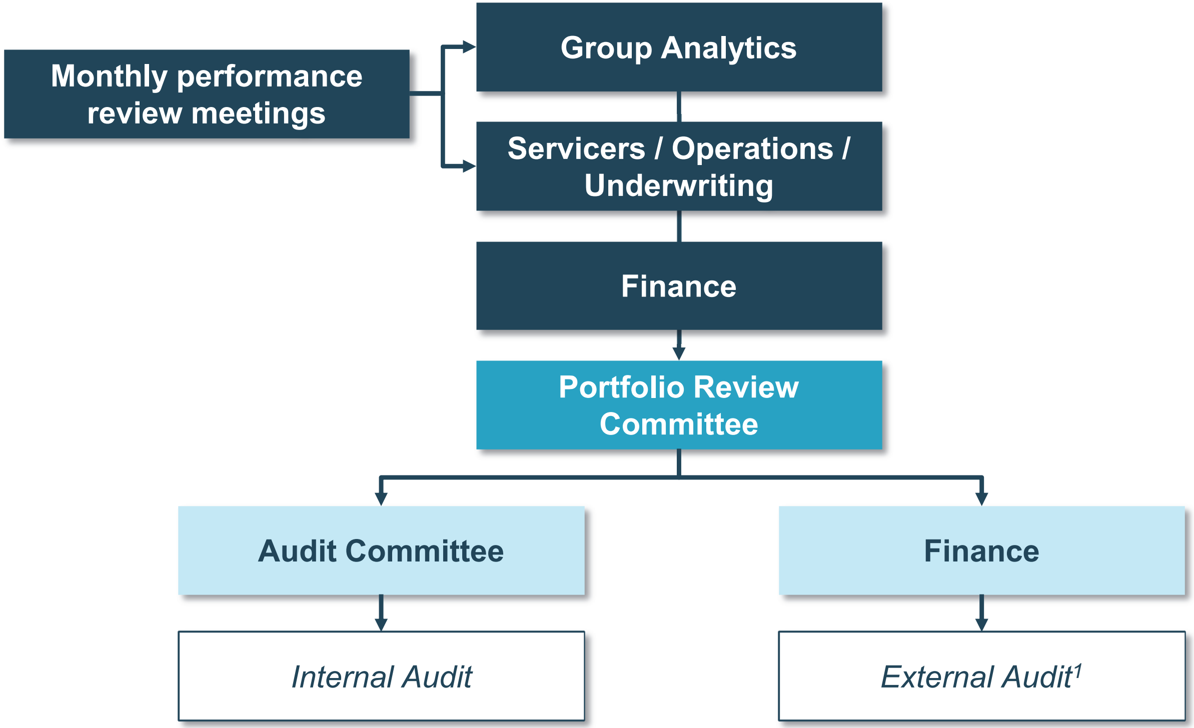
- Forecast presented to auditors
- Approved independently

High level revaluation overview

- Point of portfolio acquisition
- Performance tracked on a monthly basis through portfolio review meetings
- Post purchase 6-monthly revaluation cycle
- Feedback loop into underwriting

- Development of in-house models
- Calibration of underwriting forecasts
- Review of pricing assumptions

Strong governance underpins revaluation process

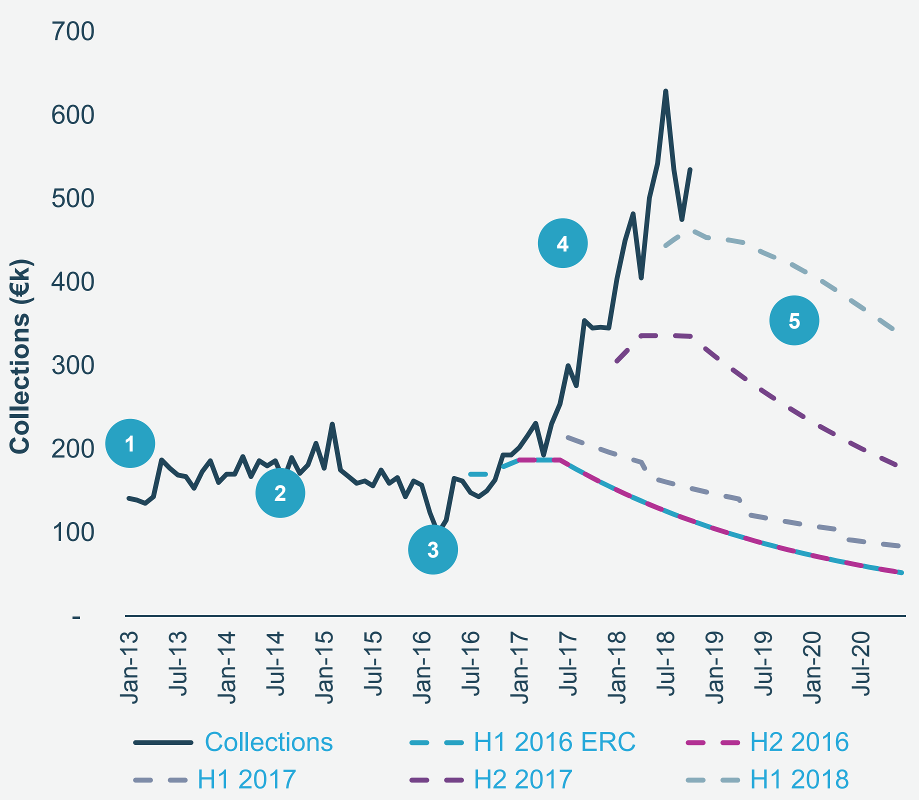


1. External auditor opined that Arrow's carrying value of purchased loan portfolios and loan notes (which is based on present value of forecast Expected Remaining Collections) is acceptable using procedures involving control observation, control design, sector experience and historical comparisons (see p85 of Arrow's 2017 Annual Report)

Revaluation process involves rigorous internal and external audit

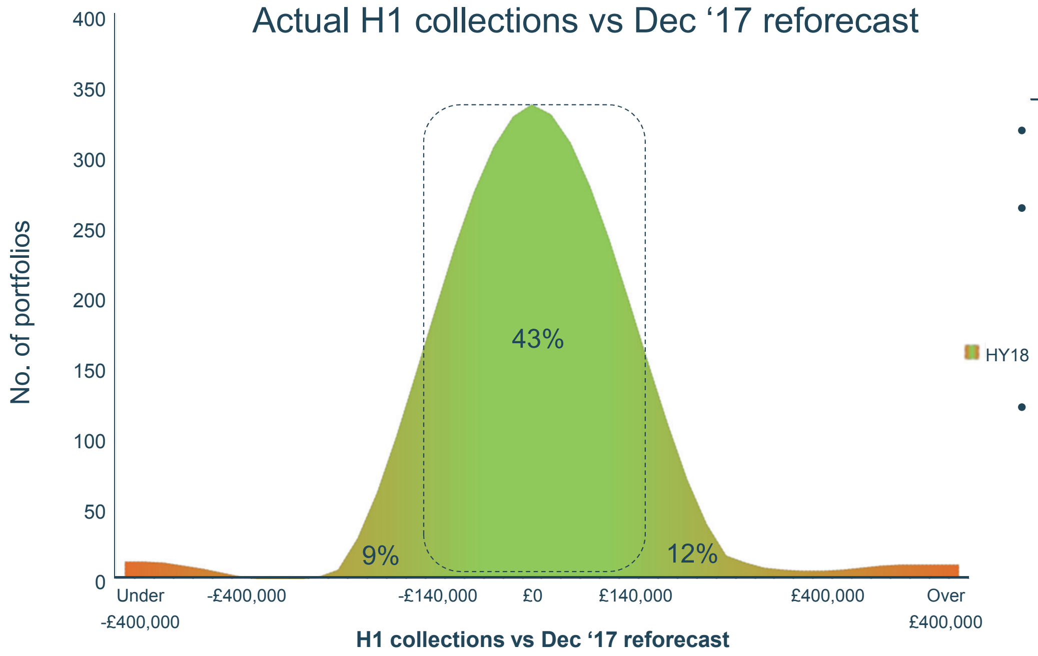
How does performance lead to revaluations?

Case Study – Revaluation of Portuguese unsecured portfolio



1. 2011-2012: Purchase of 3 unsecured portfolios from same creditor in Portugal
2. Consistent performance at c.200k per month at external servicer
3. March 2016: Migrated onto Arrow's Whitestar platform
4. Performance improves materially at Whitestar, driven by new initiatives and One Arrow impact
5. ERC increases **follow** improved performance

Portfolios perform in line with forecasts



- H1 collections ahead of ERC in aggregate
- Majority of portfolios exhibit narrow variance to forecast, with marginal upside bias
- Balance in ERC reforecast, with positive and negative adjustments based on performance

	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018
Portfolios positively revalued > £1m ERC	19	15	17	19	16
Portfolios negatively revalued > £1m ERC	16	11	11	8	14

Consistent performance vs ERC and a balanced approach to revaluations

Key takeaways

Strong underwriting capability

- Tenured team of technical specialists with experience across markets
- Extensive and maturing library of assets across all markets
- Analytical approach and operational insight results in predictable cash flows

Selective and disciplined approach

- Selective investment approach
- Rigorous approach to underwriting across asset classes

Consistent underwriting performance

- Investment performance has historically outperformed assumptions
- Performance continues to improve – currently at 104%
- Consistent performance across vintages

Balanced approach to revaluations

- Regular portfolio monitoring and balance approach to back book revaluations
- Robust governance
- Leading to consistent performance vs. ERC

Clodagh Gunnigle
Group CRO

VI. Risk management and resilience

Our focus on risk improves performance and mitigates downside

Role of risk in delivering a sustainable long-term franchise

- The Risk Management framework ensures strategy:
  - Balances long-term risk and return
  - Delivers within risk appetite
- Drive a robust and dynamic Risk Management culture
- Enables proportionate capacity, capability and infrastructure plans

What do I worry about…?

- External factors top of mind:
  - Geo-political uncertainty
  - Increasing regulatory requirements
- Internal challenges well understood

Arrow Portfolio Resilience

- Portfolio increasingly diversified by asset class and geography
- Scenario analysis provides ‘no deal’ Brexit comfort

Group risk management team

Group CRO

Career Summary

- 20 years in Risk Management
- GE Capital for 17 years
- CRO, Chief Credit Officer GE
- Deep UK & European experience

Enterprise & Operational Risk

Career Summary

- 18 years in Credit Risk, Operations and Enterprise & Op Risk, including 14 years with GE Capital
- CRO/approved person in Ireland during post-crisis period
- Experienced in multi-platform, highly regulated businesses

Responsibilities:

- Enterprise Risk Framework
- Risk Governance & Oversight
- Risk Appetite
- Risk Culture

Portfolio Risk

Career Summary

- 20+ years in risk management
- Italian market SME (w/ 5 years as CRO with Sigla Group - Italy)
- Significant portfolio pricing experience
- Extensive track record in portfolio mgmt.

Responsibilities:

- 2nd Line Oversight of Origination
- Financial Risk Management
- Group MI & Reporting
- Model Review

Country Risk & Regulatory Compliance

Career Summary

- 30+ years in banking & finance
- Ex-Mars UK & Ireland CRO
- Commercial Real Estate SME
- Strong Ireland risk leadership (Irish Bank Resolution Corp)

Responsibilities:

- Lead country CROs
- Country adherence to risk framework
- Conduct & Regulatory Risk Management
- Collections Strategy

InfoSec & Data Protection

Career Summary

- 12 years in cyber security and data privacy
- SME within the field of data protection
- Ex-PWC UK data protection lead and ICO audit lead
- Extensive cyber defence track record

Responsibilities:

- Cybersecurity defence
- Group InfoSec strategy
- Security threat monitoring
- Infosec Governance & Reporting

External Affairs

Career Summary

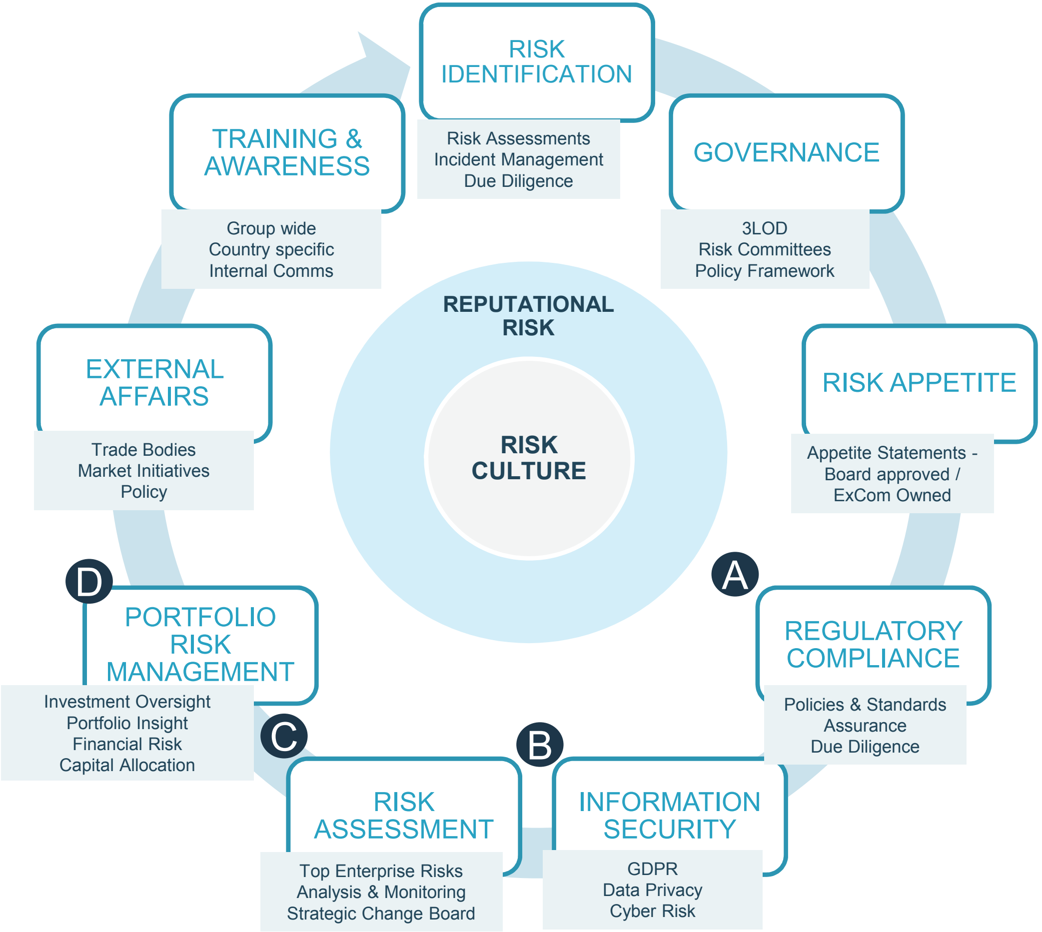
- 30+ years industry and regulatory experience
- Ex-CEO of UK debt purchaser
- Vice President of FENCA, lead on Code of Conduct for GDPR
- Previously President of UK Credit Services Association

Responsibilities:

- Influence regulatory stakeholders
- Oversee external affairs
- Lead Brexit Working Group

We have a team with 130+ years industry and corporate risk management experience

Risk management framework



Framework components support governance and decision making across the Group

A. Regulatory compliance

Regulatory Landscape	Regulatory compliance standards	Onboarding	Servicing

Regulatory Landscape

Regulatory compliance standards

- Regulatory Parity with Bank's (seller) standards
- Continued risk and compliance monitoring, including thematic and risk based reviews
- Ongoing AML screening, suspicious activity reporting and portfolio screening
- Management of reputational risk with respect to third-parties

Onboarding

- Due diligence of vendor compliance history
- Review conduct issues
- Determine legal and regulatory conditions
- Inform future collection strategies
- Originator screening for reputational risk

Servicing

- Optimise customer journey
- Minimise operational risk losses
- Control arrears management and litigation processes
- Oversight of 3rd party service providers

In-country regulatory expertise and asset knowledge protect our reputation and treats customers fairly

B. Information security

- Defined framework of **Group minimum standards**, using international standard for information security – **ISO 27001**
- Our 3-year **information security strategy** covers people, process, technology, data and org design
- Information Security Framework sets tone for management of cyber risks under a five step approach:

Information Security Framework

IDENTIFY 1

- Documented view of data held, storage and processing
- Enables data asset protection

PROTECT 2

- Minimum InfoSec control standards to secure data, covering:
  - Cyber security
  - Physical security
  - Data management

DETECT 3

- Using technology for cyber threat detection:
  - Intrusion detection
  - Data loss prevention
  - Threat intelligence

RESPOND 4

- Identify, log and report incidents via central system
- Remediation processes and resources in place

RECOVER 5

- BCP in place
- Data backups and cyber insurance

Framework continues to mature, meeting changing regulatory requirements and ever-evolving threats

We maintain the trust of our customers and counterparties by protecting their data

C. Risk assessment – Top enterprise risks

	RISKS	MITIGANTS
STRATEGIC	❑ Delivering long-term operational gains	❑ Detailed strategy defining operational initiatives
	❑ Pricing Risk (on vs off-market opportunities)	❑ Clear capital allocation framework, strong origination franchise
	❑ Reputational Risk	❑ In-country expertise, industry body leadership
FINANCIAL	❑ Funding Risk	❑ External funding out to 2023, strong cash interest coverage and underlying leverage
	❑ Risk / return assumptions	❑ Strong governance & 2nd Line oversight, U/W track record
OPERATIONAL	❑ Regulatory: Fulfilling increasing conduct expectations	❑ Local expertise, leveraging UK experience, external affairs
	❑ Cyber Risk: Info Sec & defence strategies	❑ PwC verified approach, defined min standards & roadmap
	❑ Integration Risk: Ensuring acquisitions align with AGG	❑ Prioritise embedding of risk governance into new businesses and align with IT infrastructure planning
MACRO	❑ 'No Deal' Brexit	❑ Independent country licenses, Euro bonds, stress testing
	❑ Italy & EU geo-political environment	❑ Local expertise, Portfolio Management at Group level

Top Risks and mitigating actions managed through culture and tracked at risk committees

D. Portfolio risk management overview

1. INVESTMENT OVERSIGHT

Key Activities:
- Credit Committee Representation
- Investment / Deal Review
- Capital Allocation Strategy

2. PORTFOLIO INSIGHT

Key Activities:
- Group MI Infrastructure
- Concentration Risk Reporting
- Risk Appetite Reporting & Triggers
- Underwriting Performance Monitoring
- Macro-Economic Reporting & Forecasting

3. FINANCIAL RISK

Key Activities:
- Scenario Analysis
- Risk Appetite Framework
- Concentration Risk Framework
- Asset Indexation & Valuations Framework
- Political & Regional Risk

4. MODEL GOVERNANCE

Key Activities
- Origination & Pricing Model Oversight
- ERC Model Review
- IFRS9 / Impairment Oversight

Overseeing balanced, consistent and measurable risk-adjusted return growth

D. 1. Portfolio risk management – investment oversight

2nd Line Challenge aligned with Group Risk Appetite

- Credit Committee
- Binding Offer
- Non-Binding Offer
- Investment Team

Strategic Risk
- Economic – are appropriate macro-economic scenarios considered?
- Political – does the regional political change cause concern?

Operational Risk
- Model – has a credible model benchmark been applied?
- Capacity & Capability – is asset aligned with servicer track record?

Financial Risk
- Asset Concentration – is asset aligned with diversification strategy?
- Portfolio Credit – is asset class underperforming at portfolio level?

Approval Target

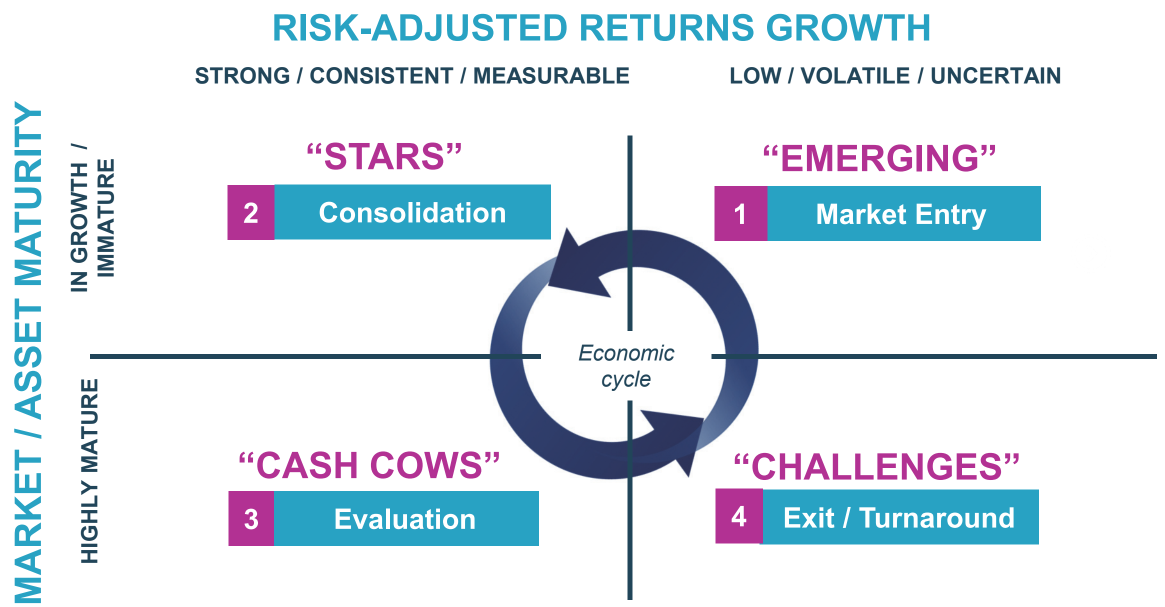
Optimal deal criteria
- Strategic risk – in line with strategic focus, meets asset and geographical targets, process not over-competitive
- Operational risk – no regulatory concerns, asset meets servicing capability and capacity constraints
- Financial risk – solid pricing assumptions, aligned with target IRR and money multiples, no concentration risk, meets capital allocation framework

Declined Example

£36m UK IVA sale
- Strategic risk – previous asset class sale processes highly competitive
- Operational risk – FCA guidance raises potential concerns over enforceability
- Financial risk – low money multiples with downside from regulatory concerns

Enhanced origination process facilitates 2nd line oversight and challenge in line with group risk appetite statements

D. 1. Portfolio risk management – investment oversight



1 Apply regional expertise to support "emerging", while managing concentration risks

2 Leverage positive investment experiences to maximise success of "stars"

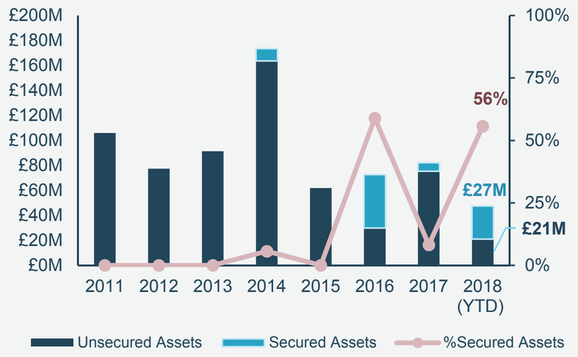
3 Monitor regulatory change, anticipate macro-economic turning points impacting upon "cash cows"

4 Review ability to turnaround "challenges" or seek exit

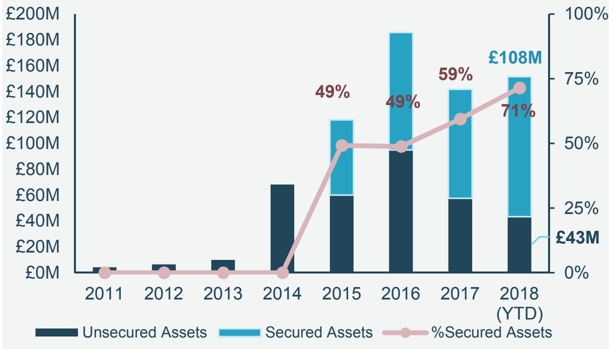
Qualitative ratings approach developed within capital allocation framework, supporting sustainable risk-adjusted returns

D. 2. Portfolio risk management – portfolio insight

Arrow Group Purchase History – UK only by Asset Class



Arrow Group Purchase History – Non-UK by Asset Class

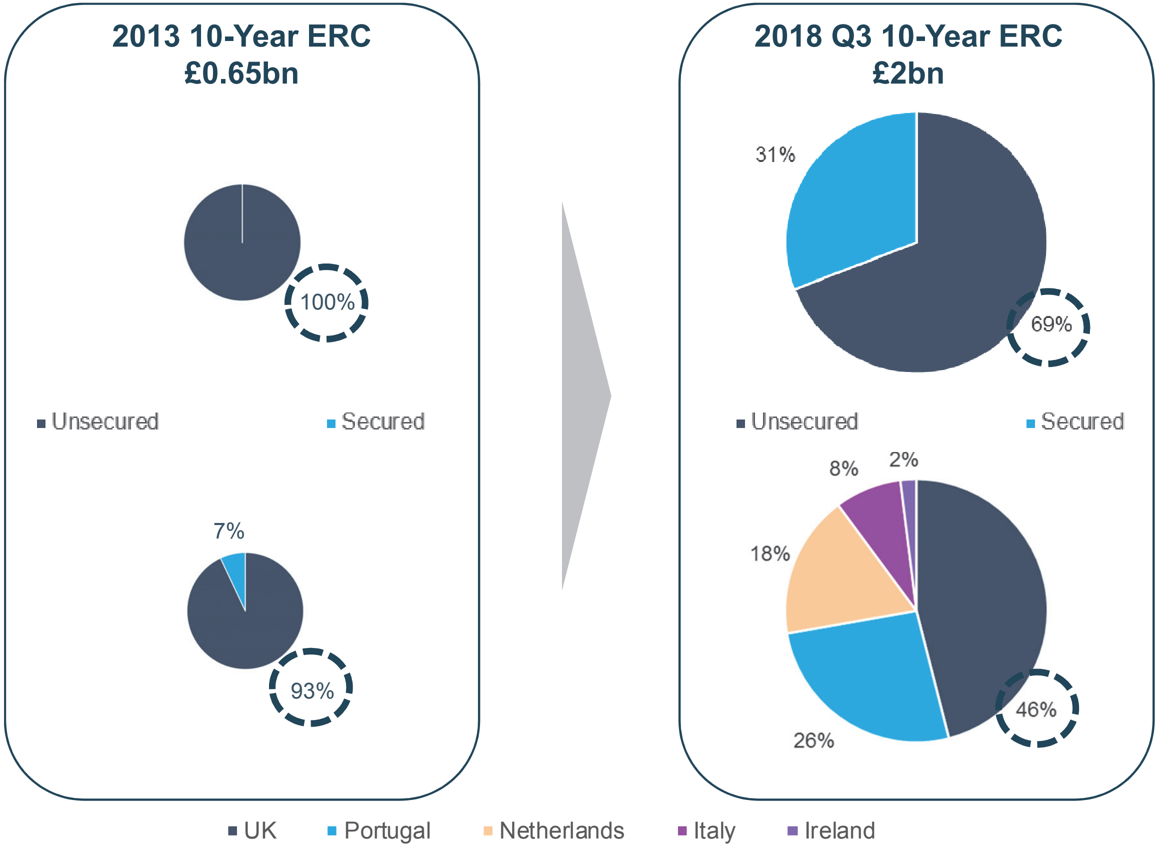


- Strategy to diversify away from UK originations has been pursued - £151m of the £199m purchases in 2018 in € denominated assets
- Asset class diversification towards Commercial Real Estate and Italian niche investments (Europa Investimenti) further mitigates group concentration risks
- In addition to strong 2nd line oversight of origination activity, regional and asset class diversification brings need for enhanced scenario frameworks

Note: analysis performed upon Arrow Group deals completed to end 2017 alongside closed and committed deals to Q3 2018

Concentration risk managed through strategy of regional and asset class diversification

D. 3. Portfolio risk management – scenario analysis Brexit



- **Diversification strategy successful**
  - gradual introduction of secured assets
  - dilution of exposure to UK
  - targeting broader geographical spread

Investment strategy means back book increasingly diversified towards secured assets and less concentrated within UK

D. 3. Portfolio risk management – scenario analysis Brexit

GFC most significant macro-economic event since 1930s

GFC UK Macro-Economic Indicators			
○	GDP	↓ 6.1%	peak to trough contraction
○	Unemployment Rate (1)	↑ up by 3.2%	period increase
○	Residential HPI (2)	↓ 16%	Q4 2007 peak to 2009 low
○	Base Rate	↔ to 0.5%	down from pre-crisis 5.75%

Post Brexit vote, AGG assessed portfolio resilience over GFC period with analysis independently reviewed by seasoned UK consultancy team, Jaywing

Analyses Sample		
○	Portfolios selected	2005-2008 Purchases
○	"Through-the-cycle" analysis	2007-2009 Vintages

Analyses Results & Impact			
○	Arrangement payment rates	↔	Unchanged
○	Arrangement payment values	↓	Some deterioration
○	Settlement rates	↔	Unchanged
○	Settlement values	↔	Unchanged
○	Year 1 ERC	↓	~5%
○	10-Year ERC	↓	~2%

Only payment values suffered deterioration, year 1 ERC showed strong resilience (↓~ 5%)
Year 1 deterioration mitigated by 10-Year ERC bounce back (↓~ 2% overall)

Arrow's back book proved resilient following GFC

(1) International Labour Organisation (ILO) measure, (2) ONS HPI index

D. 3. Portfolio risk management – scenario analysis Brexit

“No Deal” Brexit Scenario

Simulated Economic Impact

- **UK GDP** ↓ 2% contraction vs. forecast
- **Ireland GDP** ↓ 1% contraction vs. forecast
- **Other EU GDP** ↓ ~0.5% contraction vs. forecast
- **UK Unemployment** ↑ up by 3.2%
- **UK HPI** ↓ -10% Resi / -20% CRE
- **UK Base Rate** ↔ unchanged
- **£ / € FX** ↓ - 1:1

AGG Strategic Response

- **UK & Ireland** ↓ pause in purchase activity ~ 12m
- **Other EU** ↔ pursue continued purchase plan

Asset Class Impact

- **UK Unsec.** ↓ 5% year 1 ~2% 10-year £ ERC
- **UK Sec.** ↓ 10% year 1 ~4% 10-year £ ERC

Geographical Impact

- **UK** ↓ 6% year 1, ~2.5% 10-year £ ERC
- **Ireland** ↓ 3% year 1, ~1.5% 10-year € ERC
- **Other EU** ↓ 2% year 1, ~1% 10-year € ERC

Group Impact

- **Pre-FX** ↓ ~4% year 1, ~1.5% 10-year ERC
- **Post-FX** ↑ ~3% year 1, ~5% 10-year ERC

Data Source

- **Oxford Economics** (1)
- **GFC (pre-crisis peak to trough)**
- **1990’s UK & Italy ERM Crisis Period**
- **GFC (Dec 2009 intra-day low)**

(1) sourced from Oxford Economics’ (OE) ‘Brexit – Where do we go from here?’ Webinar 31st July 2018

Supported by

- **GFC / Jaywing / OE Negative Overlay** (2)
- **ERM Crisis Period**

(2) analysis verified independently by Jaywing consulting team

- Simulation of a ‘no deal’ Brexit demonstrates **strong balance sheet resilience** due to diversification towards euro-denominated assets
- **Financial covenants not breached** under ‘no deal’ Brexit simulation
- Group collections subject to **very shallow year 1 deterioration** (↓ 4% 1-yr ERC)
- **Revenues sustained by sterling depreciation** (↑ 3% 1-yr ERC, ↑ 5% 10-yr ERC)

Note: Brexit simulation based upon comparative analysis of historical macro-economic scenarios and does not represent a statistical stress-test

Key takeaways

1	Established risk management framework
2	Seasoned team with broad risk management expertise
3	Significant resource dedicated to identifying and mitigating potential risks
4	Strong portfolio dynamics, a resilient business during an economic downturn
5	Robust risk culture imperative to sustainable performance through the cycle

Dave Sutherland
Group COO

VII. Operational excellence

Arrow’s continuing journey to operational excellence

Continuing progress on driving operational efficiency

- **‘One Arrow’** Investment Programme transforming Performance, Culture and Customer Outcomes - on track to complete this year
- Group-wide programme delivering scalable, best in class platforms, optimised to support future growth

Opportunity to drive next phase of efficiency without significant investment

- New acquisitions and growth have created platforms and scale to leverage synergy and economy of scale
- Developed new strength and depth in leadership and specialist capability

New ‘Big 3’ initiatives setting the path to 60% cost to income ratio

- **Lean and Process Improvement**, leveraging internal best practise and expertise and promoting efficiency and automation
- **Cross Group Procurement**, leveraging scale and taking advantage of location
- **Technology Synergy and Integration**, promoting synergy and centres of excellence

One Arrow investment programme – what have we spent and achieved so far?

Group-wide programme delivering scalable, resilient platforms, optimised to support future growth

'ONE ARROW' investment programme structure

Consolidating office space

(moved from 5-1 offices in the Netherlands)

BUILDING ONE ARROW

Strengthening Group governance and core capabilities

Launch the Company's purpose and values

'Building Better Financial Futures' for all stakeholders

Investment in the customer journey through digital

(improving service and productivity)

Enhancing the value of our back book

(accelerating data and analytics capabilities across Group)

Investment in people to improve centres of excellence

(Origination, Data & Analytics, Portfolio Management, Risk Management, Change & IT)

INVESTMENT

- £22 million 2017 and 2018
- 50/50 split across capex & opex

KEY BENEFITS

- Streamlined operational processes
- Enhanced IT platforms
- Office consolidation
- Governance and oversight
- Improved customer journey
- Expanded product capability
- Strengthened asset management capabilities

Success of the One Arrow investment programme

One Arrow has delivered significant results, supporting our growth based on centers of excellence, customer journey enhancement and increasing productivity

ONE ARROW

Case Study/Best Practice	Scope	Benefits
Digital transformation	• Self-serve portal • New customer channels • Digital payments	• £530k operational cost reduction • 23% uplift in digital registrations • 20% increase in digital contribution
Customer Outcomes	• Customer forums • Customer journey optimization • Quality assurance	• +5% customer satisfaction (H1 2017 v. H12018) • +40% reduction customer complaints
Lean	• Standardization • Benchmarking and optimisation • Performance monitoring	• + 50% collections productivity • +€600k/ year savings • Customer satisfaction increase
Call center optimisation	• Dialler expertise • Optimization of processes and resource allocation • Performance monitoring	• Abandon rate reduction • 20% increase in collections effectiveness for outbound teams
Robotics	• Automation of core and support processes • AI and data science solutions	• Automated equivalent of 32 FTEs already • Initiating tests with AI/OCR and human emulators

Our digital transformation journey is already improving operations

Digital Self Serve Capability

Built for mobile

Customer contact channels

RESULTS SO FAR

- £530k operational cost reduction
- 23% uplift in digital registrations
- 20% increase in digital contribution

APPROACH: EVIDENCE BASED CUSTOMER INSIGHT PROGRAMME

Customer Onboarding → Portal Usage → IVR system → Competitor benchmarking → Agent interactions

Methodology

Customer Onboarding / Portal Usage

- **52 research sessions** with specifically recruited users for **in-depth usability lab sessions**
- Eye tracking equipment to allow users to engage with the specific collateral and portal journey

IVR system / Competitor benchmarking / Agent interactions

- **34 research sessions** with specifically recruited users & agents
- **Variety of research methods** covering; **in-situ observations**, **in-depth interviews**, **heuristic evaluations** and **benchmarking**

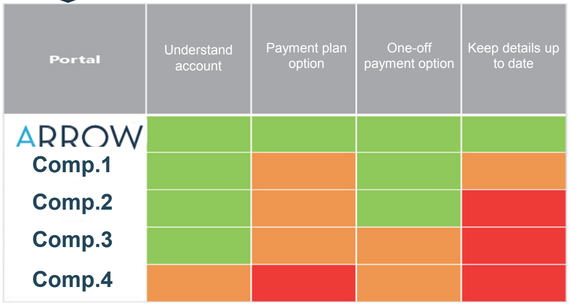
Actions Undertaken

Customer Onboarding / Portal Usage

- Created prototype collateral, with **more focussed branding**
- Simplified letters to **reduce complexity and confusion around who to contact**
- **Customers prefer the online portal – pay larger amounts**
- **Settlement offer more explicitly highlighted** encouraging faster payback

IVR system / Competitor benchmarking / Agent interactions

- **Added IVR to SMS (receive link to portal)**
- **Easy and seamless entrance** to the portal
- Agent training and workflows to **optimise adoption**
- Agents **incentive scheme** for promotion of the portal
- **Arrow outperforms** key competitors across most user needs



We're already improving customer outcomes

Situation 2017

- Customer Experience - Inconsistent
- Legacy complaint platform
- Manual retrieval of complaint MI
- Basic Customer Surveys – internal and external
- Non standard QA approach – internal v external
- Basic knowledge sharing

CONDUCT OVERHAUL

Standardise

Customer Feedback surveys and complaint management system

Improve and learn with each other

Single point of reference and cross functional view of customer journeys

Steer on facts

Daily, weekly and monthly dashboards, MI & results; Root cause analysis

Positive impact on customer outcomes and experience

Example of activities taken:

- Customer KPIs, automated complaint MI and workflows, improved reporting
- New industry leading complaints platform (Respond)
- Letter review in partnership with external third party (Simple Usability)
- IT infrastructure review with external third party (Sopra Steria)
- Centralised 1st Line function with aligned testing scope

Results so far

- **+40% Reduction in complaints** (1H17 v. 1H18)
- **13% reduction in FOS** overturn rates (Jan18 – Sep18)
- More **efficient workflow processes** (Complaints, Back Office, Data Governance, Remediation)
- Enhanced and improved available data, to enable **decisive and informed action**
- Increased average **customer satisfaction by 5%** (1H17 v. 1H18)

We have successfully streamlined our operations

Situation 2017

- 5 locations in NL
- Same processes completed in different ways
- Management focused on inputs, not outputs
- Decisions made not always backed up by business plan

LEAN PROJECT

Standardise

Process redesign and optimisation

Improve and learn with each other

Simple format giving all needed information

Steer on facts

Daily dashboard, one truth, plan on facts

Impact on efficiency and customer convenience

Example of process improvement:

- Pro active e-mails and sms with payment links
- Automatic debt collection
- Digital confirmation letter for all arrangements
- Payment link in WhatsApp communication channel

Results so far

- **+ 50% increase in collections**
- **Recurring annual savings more than €600k**
- Ratio of fixed versus temporary contracts changed **from 30/70% to 70/30% in 7 months**
- **~100 FTE reduced**
- **Improved customer payment channels**

We are optimising the data and robotics across our call centres

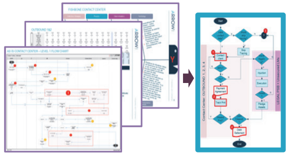
CALL CENTER OPTIMISATION

Identified the opportunity & scope

- Improve Collections effectiveness of the Unsecured platform
- Defined metrics to improve: Operational Efficiency

Measured and analysed the process

- Identify biggest pain points.
- Define improvements that bring the largest impact.

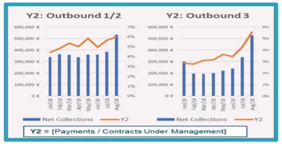


Measured and analysed the process

- Communicate why we need to improve
- How can you help?

Measured and analysed the process

- Optimising the Dialler Tech and performance monitoring
- Changing the operating model to increase penetration and contactability
- Automating manual steps



ROBOTICS

2016-2018

Webcrawlers

XTtractor

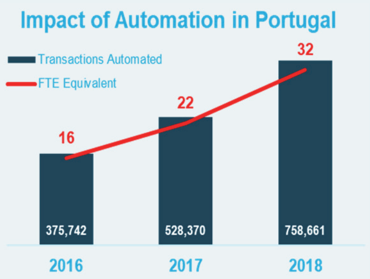
- **24 crawlers** currently used to access over 5 external portals, to automatically access and upload or download content.
- **Xtractor**, developed inhouse, used to recognise text and patterns in pdf files

2018-2019

Cognitive OCR

Human Emulator

- **Cognitive OCR** will be piloted during Q4 2018 to catalogue and extract data and learn to recognise and extract content using machine learning.
- **Human Emulators** can replicate human steps in multiple systems - Testing our first emulator in Q4 2018.



Piloting the last generation of robotics technology and spreading these applications to all geographies

New Opportunities in leveraging the Group's larger scale

Acquisitions over the past 18 months have strengthened the franchise and provided opportunity for leveraging benefits from the diverse platforms

2017

ARROW GLOBAL

capquest

WHITESTAR ASSET SOLUTIONS

VESTING FINANCE

Zenith April 17

Leading Italian Servicer of securitised and non-securitised loan portfolios

Mars – Dec. 17

Leading UK and Irish mortgage servicer

Parr – March 18

Leading NPL Servicer

EI – Sep.18

Leading Originator and Manager of Italian distressed debt investments

Norfin – end-2018

Leading Manager of Portuguese Real-Estate Investments

EVOLVING JOURNEY - ONE ARROW AND OPERATIONAL EFFICIENCY

Enhancing capabilities and delivery

New Group COO leadership team, accountable for Transformation, Delivery, Customer Experience, Cost Income & Security

- **Clear and transparent** operating model, accountabilities and deliverables, aligned across Group and Countries
- **Senior leaders experienced** in Pan European asset management sector
- **Demonstrated transformation and delivery capabilities**, driving improved Cost Income ratios, Customer experience and Operational efficiencies

Group COO

- **Country Leads**
- **Group Transformation**
- **Customer Experience & Contact Strategy**
- **Group Procurement**
- **Group Info & Cyber Security**

- Strategic Change
- IT Delivery
- Customer Focus
- Cross group best in class Procurement Synergies
- Strategic Control of Cyber and Web Security

New governance structure and forums

Monthly Country leaders forum

Monthly Group Risk Meeting

Monthly Group Change Board

Monthly Performance Meetings

Optimising our improved platform’s scale

‘Big 3’

1

Lean, Automation & Digital Transformation

2

Cross Group Procurement

3

Technology Synergy and Integration

5-YEAR FOCUS

- Reduce Cost-to-Income ratio
- Drive synergies and cost reduction
- FTE reduction
- Continue to improve Customer Outcomes
- Service quality & consistency
- Best-in-class operating model
- Shared Service models where relevant

LEAN - streamlining the platform and improving digital capability

1

Lean, Automation & Digital Transformation

Objectives

- Deliver cumulative group lean cost saving initiatives
- Share best practise, development of teams
- Clear governance forums, reporting and measuring tools
- Business simplification, improve process efficiency, increase consistency / standardisation
- Capacity to adapt to the changing environment and supporting innovation (Digitisation, AI, Robotics)
- Culture of continuous improvement and collaboration

↓ **Cost-to-Collect**

↑ **Revenue**

↑ **Margins (%)**

↑ **Scalable business**

↑ **Employee engagement**

↑ **Customer outcomes**

Approach

Step 1:
Lean process efficiency / standardisation
Training and development

Step 2:
Automation (AI and Robotics)

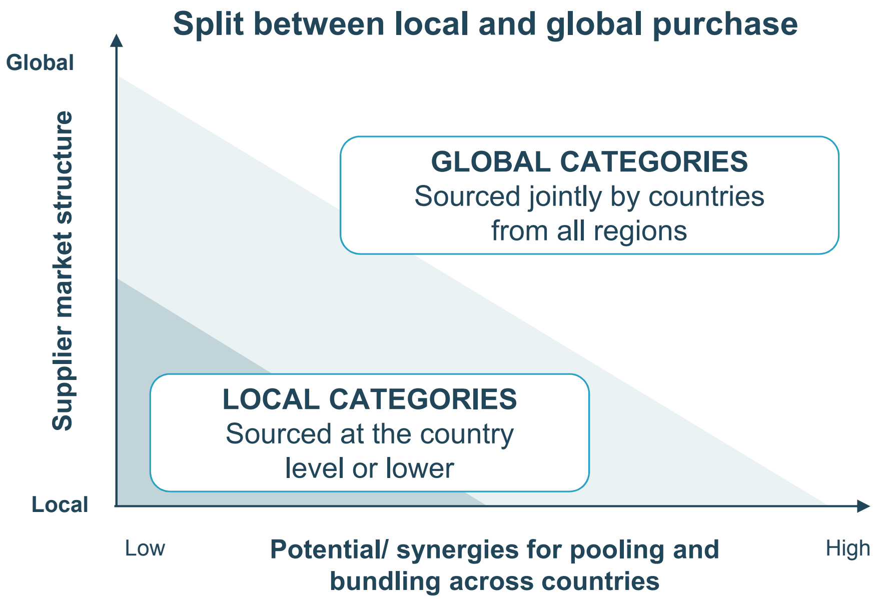
Culture of continuous improvement and collaboration Performance Management

Procurement - leveraging scale and taking advantage of location

Cross Group Procurement

- **Implementation of cost reduction strategies on main categories**
- Leverage the **best practices** across platform
- **Creation of a new function at Group level, responsible for:**
  - Defining the standards
  - Conducting centralised processes
- **Split between local and global purchase**, based on a purchase matrix:
  - Global categories: Sourced jointly by countries from all regions
  - Local categories: Sourced at the country level or lower
- Apply **cost reduction strategies**:
  - Contract renegotiation
  - Suppliers' consolidation
  - Reduction of consumption

Local v. Group



IT – promoting synergy and centres of excellence

3

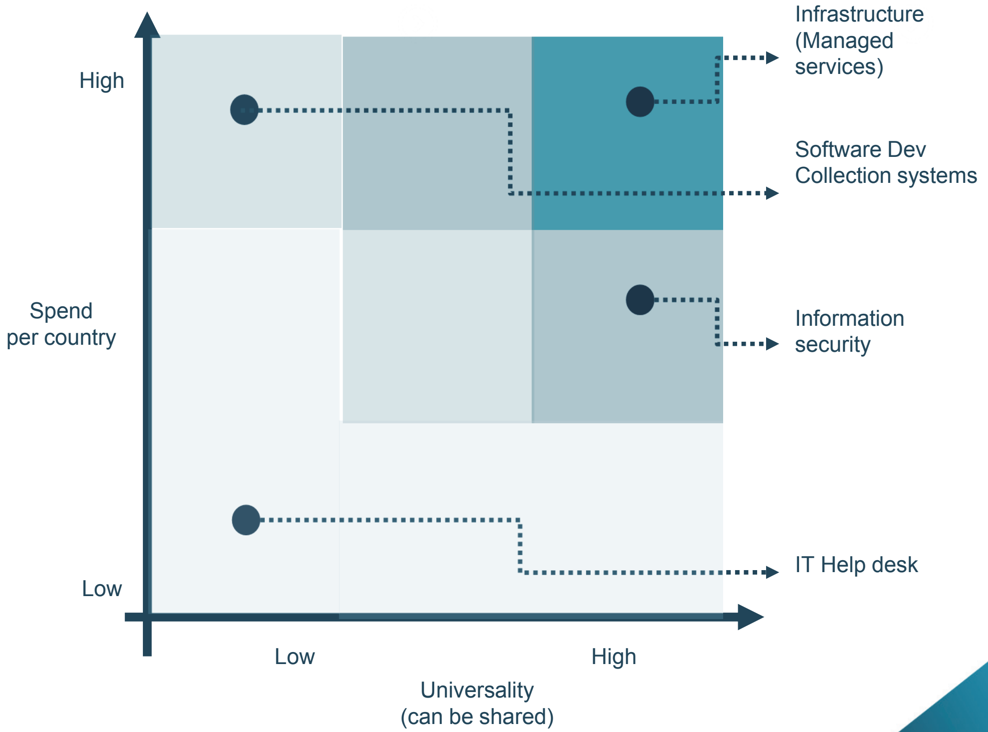
Technology Synergy & Integration

Approach

- Drive opportunities for process centralization, standardization and cost reduction
- Focus where spend is high & there is high sharing potential

Levers

- **Country agnostic services and capabilities (internal or 3rd party):** Move and centralise
- **Country agnostics technologies, tools and applications:** Use consistent products, buy collectively and share environments
- **“Buy not build” and “Rent not buy” where possible:**
  - Use **Cloud not run our own datacentres & buy our own servers**
  - Make use of Off-the-shelf products & not build form scratch
  - Seek subscription based (rent) products, not buy
- Create Group IT capability to deliver the program



We can leverage the scale of the pan-European platform to drive efficiency – no need for further investment

Pan European Platform

5 countries	9 companies	Market leading platforms

The ‘Big 3’ Leverage Economies of Scale across the Group without significant investment!

1 **Lean and Process Improvement**
Process optimisation through Lean across Group, leveraging internal best practise and expertise

2 **Cross Group Procurement**
Leveraging scale to reduce cost/ renegotiate contracts in procurement and IT, taking advantage of location

3 **Technology Synergy and Integration**
Synergy and optimisation leveraging success in the Group and promoting Centers of Excellence

Increasing cost and collection efficiency	Best-in-class operation	Consistency and best practice sharing	Cross-group centers of excellence	Speed to integration and execution

TOWARDS

60% Cost-to-income Ratio

Paul Cooper
Group CFO

VIII. SUMMARY & FINANCIAL OUTLOOK

Strong Track Record of Delivering Financial Performance

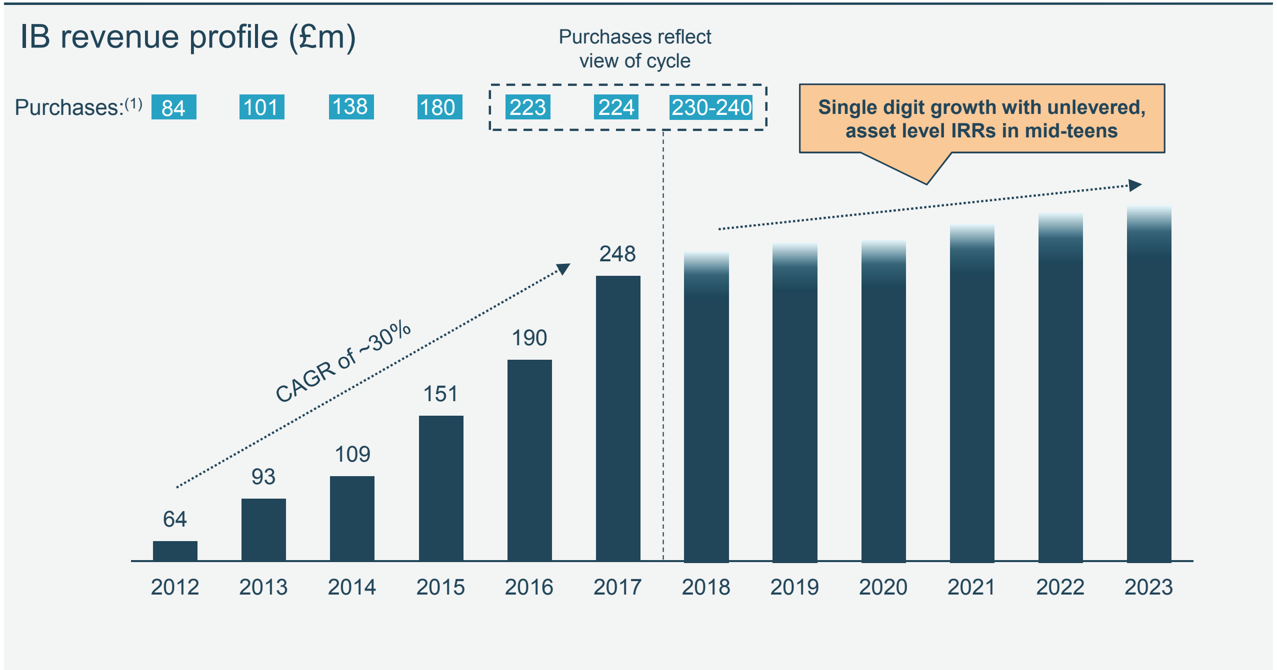
Overview of business segments

Strong contribution from both operating segments

Investment Business (“IB”)	• Continue to source assets at mid-teen unlevered IRR targets (**~16%** in ‘18 YTD)[1,2] • Record portfolio investments of **£200m** in ‘18 YTD[1] • Breadth & strength of origination and servicing platform producing a diversified vintage (**~74%** off-market)[1] • EBITDA margins of **~56%**
Asset Management & Servicing (“AMS”)	• Capital-light revenue from services to Group companies as well as 3rd parties • Since IPO, revenue grown from ~£1m to **~£70m** in FY17 • Represents **>30%** of Group revenues • EBITDA margins of **~19%**
Group Functions	• Costs from Group oversight not directly attributable to the operating business segments • E.g. Group executives, finance, risk, internal audit and governance

1. 2018 YTD as at 30 September 2018
2. Net of collection activity costs

IB business – growth guidance
Growth with balance sheet discipline



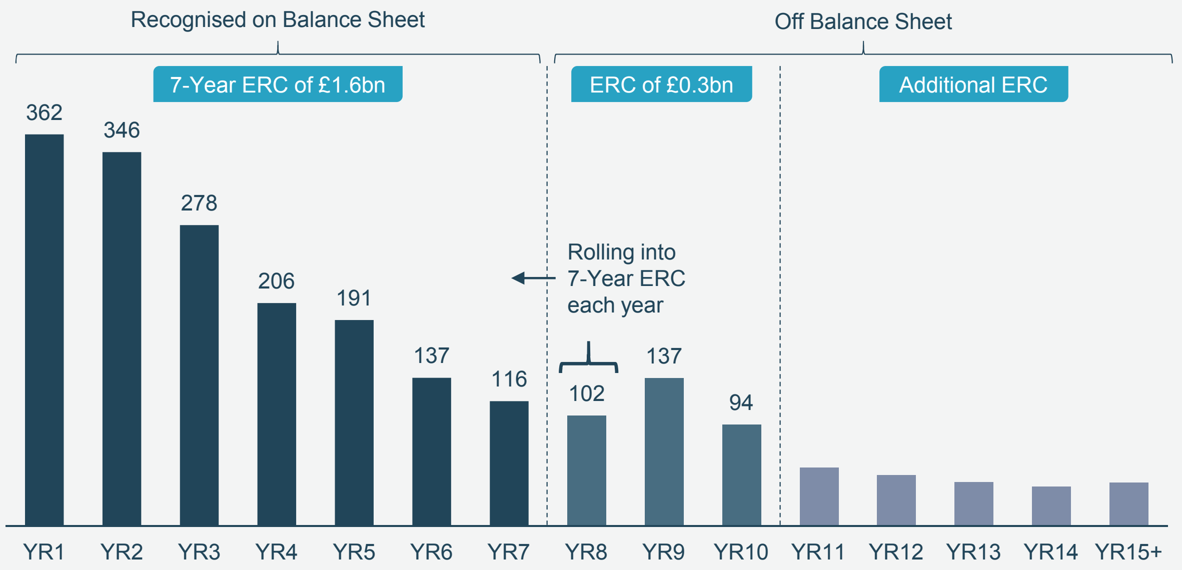
1. 2016 purchases of £223m excludes £35m relating to the purchase of the Vesting back book

- **High performing business segment with high barriers to entry**
  - Deep and broad relationships with banks / credit funds / financial institutions
  - Strong underwriting capability and access to comprehensive database
  - Stock of £52bn AUM provides stock of secondary purchases
- **Focused on disciplined capital allocation**
  - Historical growth boosted by M&A → focus now on organic growth
  - Purchase volumes over last 3 years reflect view of the cycle
  - Continue to purchase in excess of replacement rate
  - **5-Year Target:** Single digit revenue growth with unlevered, asset level IRRs in mid-teens
- **Expect to delever unless cyclical conditions make increased capital intensity attractive**

IB business – expected remaining collections (ERC)

Significant value beyond conservative 7-year recognition period

Gross collections over time (£m)[1]



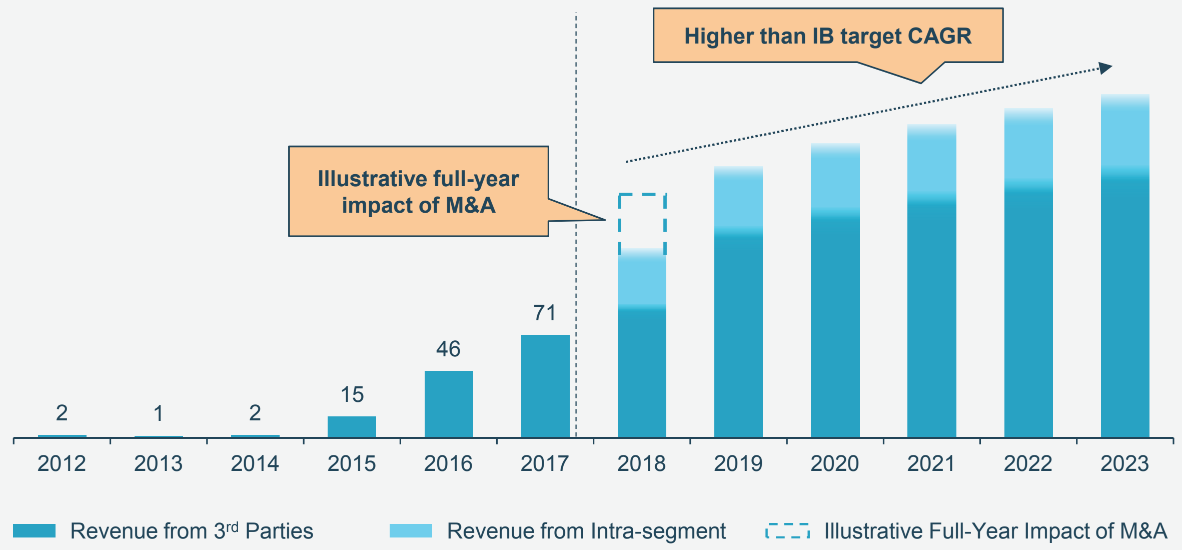
- **Significant off-balance sheet value due to our conservative accounting policy**
  - Only company in peer group to only recognise next 7 years' collections on balance sheet
  - Majority of peers reflect 10 to 15 years
- **Recurring P&L benefit from portfolio revaluations reflect:**
  - "Roll" forward of Year 8 ERC coming onto Balance Sheet
    - Mechanical adjustment to ensure book value continues to reflect NPV of 7-Year ERC discounted at gross yield defined at the time of purchase
  - Higher forecast ERC – if collections not achieved, write-downs hit P&L
    - No write-downs experienced at aggregate level to date

1. 2018 YTD as at 30 September 2018

AMS business – growth guidance

Faster growth expected for high quality, capital-light revenues

AMS Revenue by 3rd Parties / Intra-segment (£m)[1]



1. Arrow commenced segmental reporting in H1 2018; total revenue figures for 2012-2017 only include revenue from 3rd parties
2. Norfin transaction expected to complete by the end of 2018

- **European platform established → focus on integration & organic growth**
  - Capital-light revenues complement capital intensive IB business
  - AMS underpinned by stable, long-term contracts (average length of ~5 years)
  - **5-Year Target:** Grow faster than IB, doubling revenues and trending towards 50% of Group
- **Growth supplemented by fund management business established via:**
  - £300m partner arrangement (50% deployed) & EI and Norfin[2] fund capability
  - Expected launch of new Arrow funds → contribution from 2021+
- **Targeting higher AMS margins** via business mix, fund management and operational gearing
  - **5-Year Target:** EBITDA margins in mid-20s
- **Significant AMS FCF contributes to dividends and IB purchases (above replacement rate)**

Cost evolution

Cost growth driven by M&A / Investment – rate to taper

Cost to Income[1]

	2013	H1 2018[2]	Illustrative (Pre-Scale Benefits)	Target
IB	44%	44%		
AMS	n.a.	81%		
Total[3]	44%	65%	~70%	Towards 60%

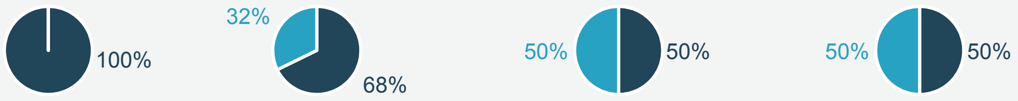
Flat since IPO (IB, 2013 → H1 2018)

Up due to increased AMS contribution (Total, 2013 → H1 2018)

Illustrative based on **50/50 business mix** at current cost:income levels

Trend towards 60% via:
- One Arrow benefits
- Integration & organic growth
- Platform efficiency initiatives

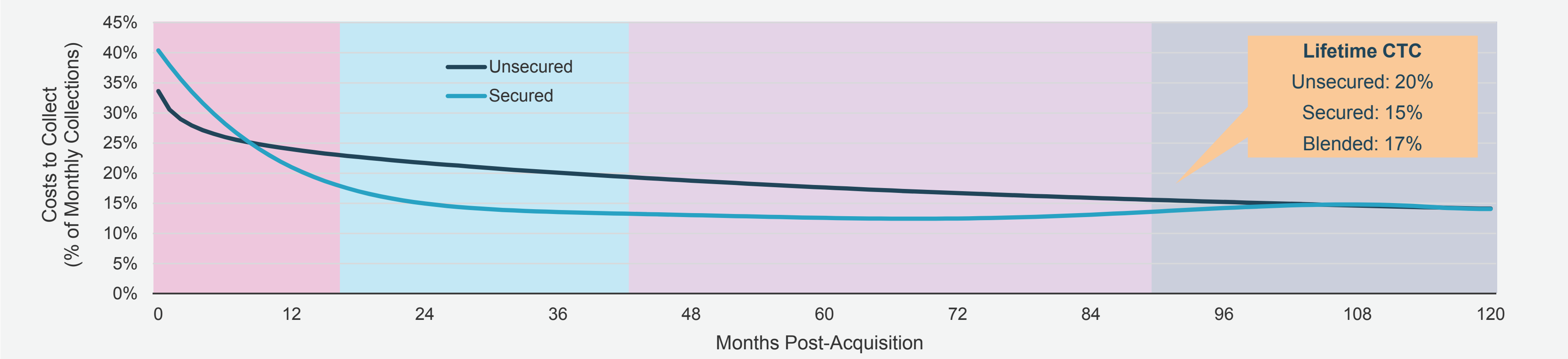
Business Mix by Revenue



- **Cost base grown due to M&A / investment**
  - Investment supports growth through centres of excellence, centralisation of staff into fewer locations, strong operations / IT
  - Cost to income ratio of underlying IB segment flat since IPO
- **Cost to income ratio expected to benefit from:**
  - One Arrow programme to be completed in 2018 – drives improved operational gearing
  - Growth in overheads to slow with focus on integration and organic growth
  - Platform efficiency initiatives
- **New AMS growth target slows progress of cost to income towards 60%**

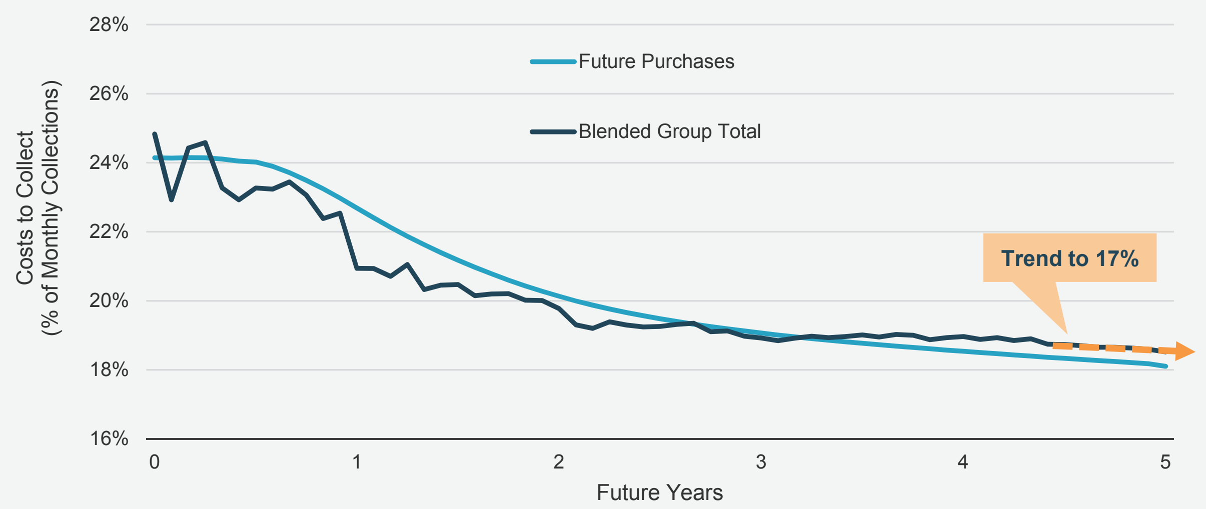
1. Represents underlying cost to income ratio which excludes items that are not considered by the Board to be representative of the ongoing performance of the Group
2. As at 30 June 2018
3. Includes Group Function costs (£16m in H1 2018) and intra-segment elimination (£18m in H1 2018)

Costs to collect – typical direct curve
Lifetime CTC profile for unsecured and secured portfolios



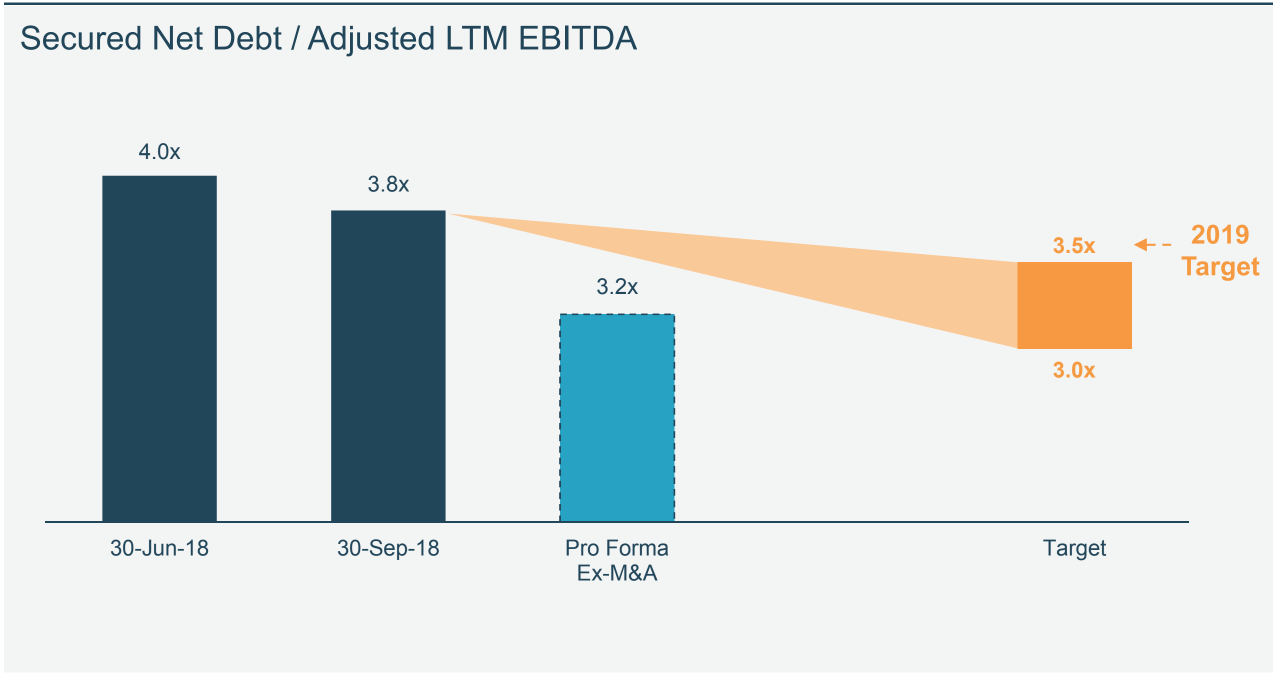
Unsecured	Secured
• Costs initially high as portfolio on-boarded, letters sent, and collection activity increases (e.g. tracing work, litigation activity) • Costs high due to large volume of low balance accounts	▪ Similar to unsecured – costs highest as portfolio on-boarded and initial activity starts ▪ Initial CTC ratio higher than unsecured due to additional 3rd party costs (e.g. notary fees, initial court costs)
• Ramp-up in collections reduces CTC ratio as payment plans come into effect and book becomes steady state on the servicing platform	▪ CTC ratio reduces faster than unsecured as accounts progress through the court system and require less day-to-day activity ▪ Higher % recovery of balance than unsecured further reduces ratio
• Costs steadily reduce as collection activity reduces due to accounts paying down their balances and majority of books having been worked through by collection teams	▪ Long term churn of activity (lower than first 2-3 years) results in flattening of costs as internal activity reduces but 3rd party costs remain steady (e.g. broker fees on property sales)
• Costs in long-term run-off as portfolio continues to age	▪ Slight uplift in CTC ratio in final years as remaining assets are worked through and any shortfall is collected

Costs to collect – curve evolution
Back book & front book contribution over time



- Illustrative profile assumes future purchases of £230m p.a. split 60% secured / 40% unsecured
- **Initial CTC profile remains relatively high**
  - Front book vintages have higher CTC % in Year 1
  - Back book has decreasing CTC % due to reducing upfront costs on secured portfolios & changing unsecured / secured mix
- **Overall CTC profile starts to fall in Year 2-3**
  - Front book CTC % starts to fall in Year 2-3 as new vintages aggregate and mature
  - New purchases also have less weighting
- **Long term, steady state trend marginally above 17% due to ongoing front book purchases**

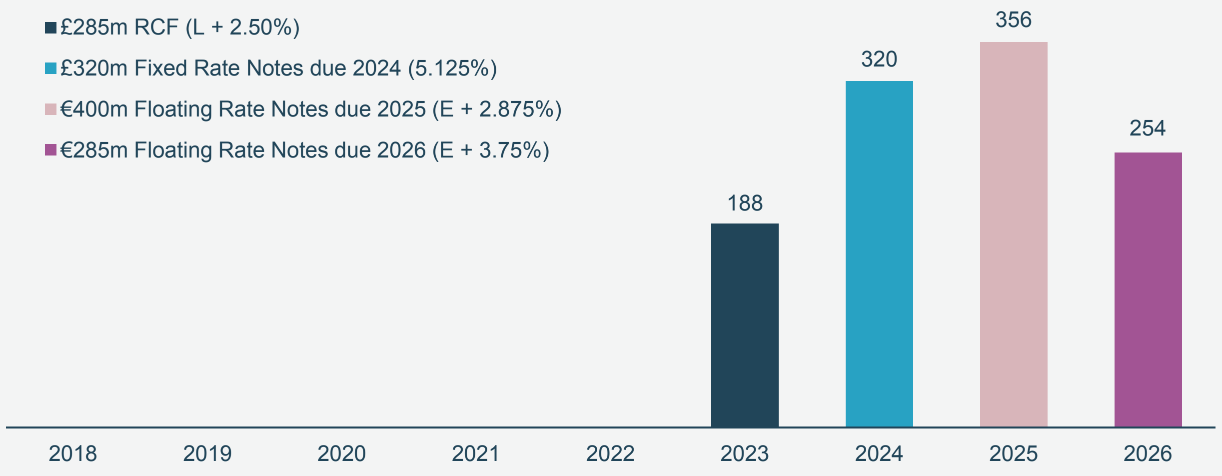
Balance sheet – new leverage target
Strong ability and commitment to delevering



- **Maintained balance sheet discipline** to deliver leverage within previous target range of 3.5-4.0x
  - Removing platforms acquired since 2012 would materially reduce leverage
- **Leverage target reduced to 3.0x-3.5x** → expect to be at top of new range by end of 2019
  - Substantial cash generation from existing ERC
  - Growing cash contribution from AMS further naturally delevers
  - Significantly slowing M&A with strong focus on organic growth
- **Considerable financial firepower going forward**
  - Replacement rate self-funded and significant proportion of growth above replacement rate funded by FCF (e.g. ~30% in 2017)
  - Significant flexibility to capitalise on investment opportunities

Balance sheet – long-term funding
Significant headroom & no bond maturities due until 2024

Debt Maturity Profile (£m)[1]

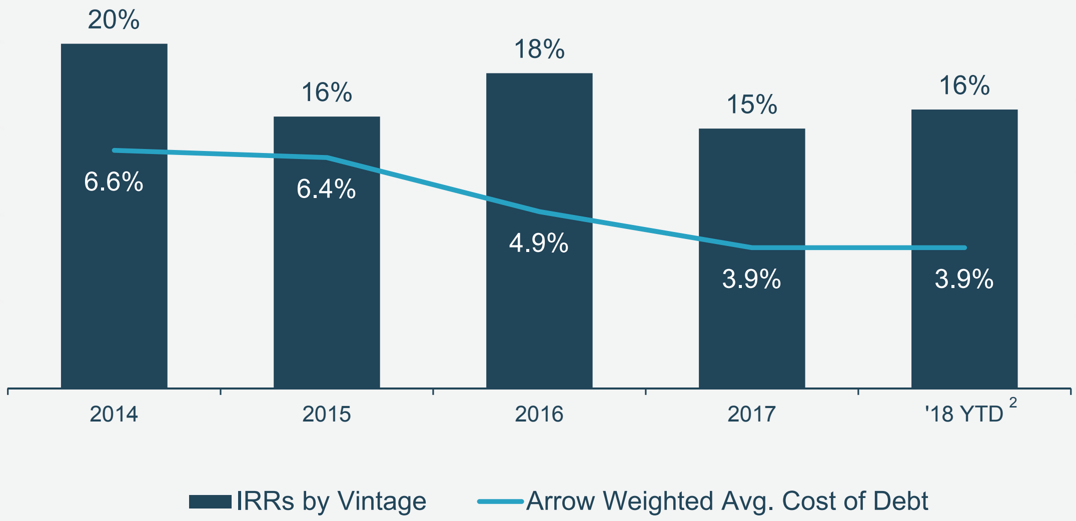


- **Weighted average cost of debt of 3.9% and no bond maturities until 2024**
  - Gross collections of £1.5bn before first bond maturity
- **Liquidity further enhanced by increasing RCF to £285m in Q4 2018** with the addition of a sixth international bank
  - Strong support in bank market
  - Available cash and RCF liquidity of £129m at Q3 2018[2]
- **Diversification of business through growth of AMS provides FCF**
  - Medium term organic funding requirements are largely self-funded
- **Continue to explore diversification of funding to further supplement headroom**

1. 2018 YTD as at 30 September 2018
2. Excludes £30m upsizing of RCF completed in Q4 2018

Balance sheet – competitive advantage
Market returns expected to be correlated with cost of debt

IRRs (at Underwriting)[1] vs. Cost of Debt



- **Low rates have increased portfolio pricing &interest reduced returns** (from market highs)
  - Arrow continues to deliver mid-teen unlevered IRRs via our higher margin, niche markets
- **Under rational markets → expect rising GMMs and higher IRRs in medium term**
- **Arrow is uniquely positioned to take advantage of any opportunities**
  - Successfully refinanced our balance sheet with no bond maturities until 2024
  - Competitive funding cost advantage with WACD of 3.9% locked in

1. Net of collection activity costs
2. 2018 YTD as at 30 September 2018

Capital Allocation Framework

Choice of returns-focused capital allocation depends on view of cycle

Strategic Capital Deployment
Where should Arrow allocate its available cash funds?

Market Conditions	Portfolio Purchases	Leverage	Capital Return
Wider Yield Environment	⌃ Purchases	⌃ Leverage	**New 5-Year Target** Maintain Dividends ≥ 35% of underlying net income
Tighter Yield Environment	⌄ Purchases	⌄ Leverage	

5-year targets

ROE	Mid-20s	▪ Continue achieving underlying ROE in mid-20s through-the-cycle
AMS Contribution	50% of Group Revenue	▪ Double AMS revenue ▪ Higher quality, capital-light earnings ▪ EBITDA margins to mid-20s
Leverage	3.0x to 3.5x	▪ Natural delevering from M&A platforms ▪ Flexibility to deploy financial firepower
Dividend Policy	≥ 35% of underlying net income	▪ Supported by growing AMS contribution ▪ Continue progressive dividend target and apply balance sheet discipline

Key takeaways

Investment Business

- Single digit revenue growth targeting unlevered, asset level IRRs in mid-teens
- Focused on disciplined capital allocation
- Expect to delever subject to cyclical conditions

Asset Management & Servicing

- Faster growth in capital-light revenues & increasing EBITDA margins
- Focused on organic growth from established European platform
- Growth boosted by fund management business

Cost to Income

- Trending towards 60% cost to income ratio
- Benefits from One Arrow, integration and platform efficiency initiatives

Leverage

- Clear balance sheet discipline → new leverage target of 3.0x-3.5x[(1)]
- Significant firepower to capitalise on portfolio investment opportunities
- Uniquely positioned with no bond maturities until 2024 & WACD of 3.9%

Capital Allocation

- Capital allocation framework focused on delivering shareholder returns and varies with view of cycle
- New dividend policy to distribute ≥ 35% of underlying income through-the-cycle

Lee Rochford
Group CEO

Investment case

1	Sophisticated investment platform in a growth market	**Unlevered asset level IRRs in mid-teens**
2	Increasing quality of earnings	**AMS towards 50% of Group revenues and increasing to mid-20s margins**
3	Consistently strong returns for shareholders	**ROE in mid-20s**
4	Resilient balance sheet	**Leverage of 3.0-3.5x**
5	Reliable through the cycle performance	**Dividend policy of ≥ 35%**

Sustainable return, prudently funded business model with predictable cash flows

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ARROW GLOBAL GROUP PLC

Q3 Results

8 November 2018

Agenda

I. Q3 Highlights

II. Q3 Financial Performance

III. Outlook

I. Q3 Highlights

Another set of strong Q3 results

Underwriting performance and AUM growth supporting earnings momentum

Core cash collections
(30 Sept 2017: £244.1m)
£288.5m
18.2%

Organic portfolio purchases
(30 Sept 2017: £155.0m)
£200.1m
29.1%

Underlying basic EPS
(30 Sept 2017: 22.3p)
24.5p
10.2%

Adjusted EBITDA
(30 Sept 2017: £156.7m)
£201.9m
28.8%

AUM
(30 Sept 2017: £42.0bn)
£51.5bn
22.6%

Underlying LTM RoE
(30 Sept 2017: 33.9%)
33.4%
-0.5 ppts.

Underwriting performance
(30 June 2018: 103%)
104%
+1.0 ppts

Third party AMS Income
(30 Sept 2017: £50.6m)
£63.3m
25.1%

Leverage
(30 June 2018: 4.0x)
3.8x
-0.2x

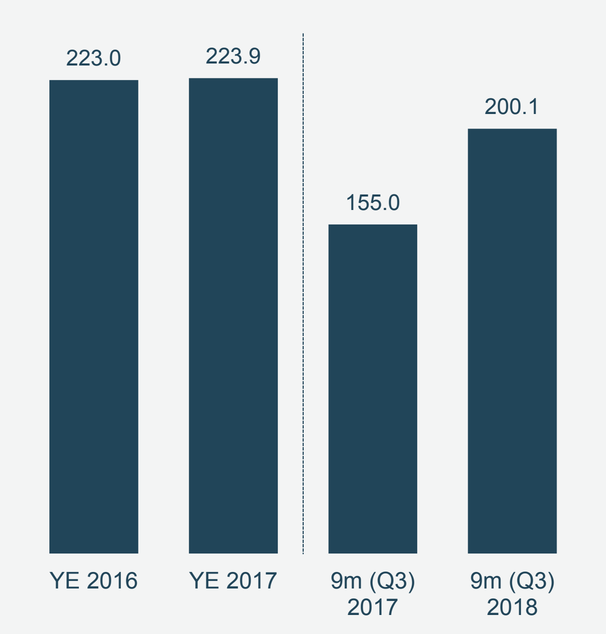
Investment case

1	Sophisticated investment platform in a growth market
2	Increasing quality of earnings
3	Consistently strong returns for shareholders
4	Resilient balance sheet
5	Reliable through the cycle performance

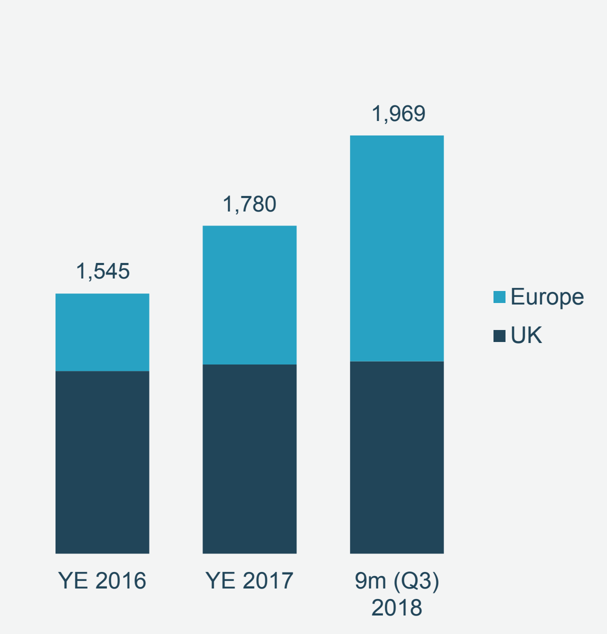
Arrow's unique and differentiated model provides an attractive investment opportunity

Strong Portfolio Acquisition and ERC Development

Organic Portfolio Purchases (£m)[1]



120-Month Gross ERC (£m)



Key Highlights

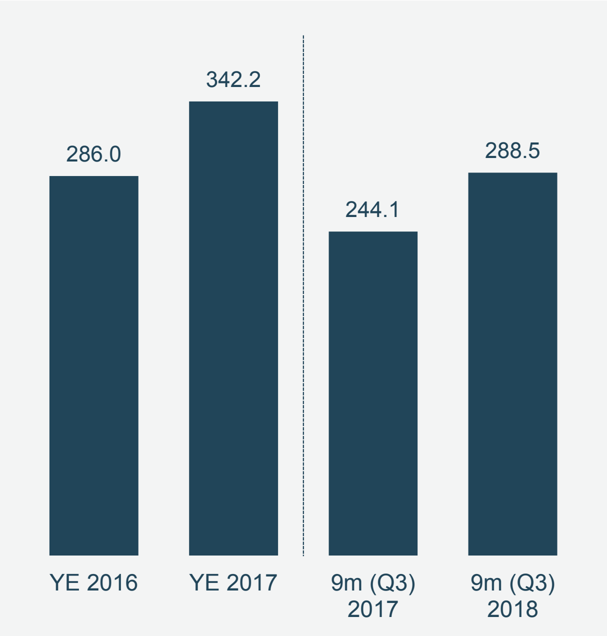
- Good balance by geography: UK 23.8%, Portugal 12.2%, Benelux 23.3%, Italy 22.9% and Ireland 17.8%
- 74.0% from off-market purchases – continuing trend and highlights strength of origination capabilities and key relationships across geographies
- 8.9% of purchases came from previously serviced accounts
- 68.4% of purchases related to secured portfolios[2]

1. Purchased loan portfolios represents the purchase price of our purchased loan portfolios excluding related acquisition expenses
2. By purchase price

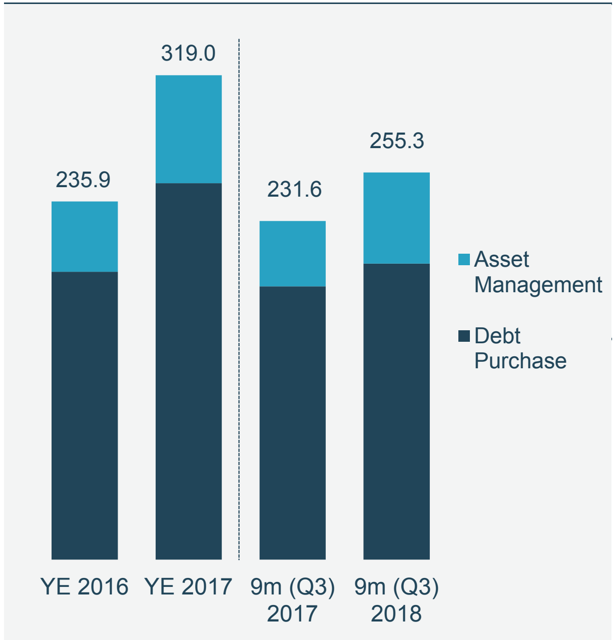
II. Q3 Financial Performance

Increase in Core Collections and Revenue

Core Cash Collections (£m)



Total Income (£m)

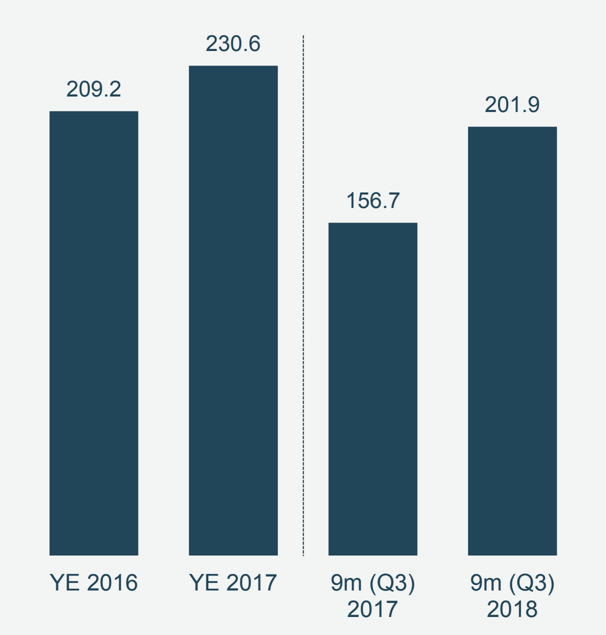


Key Highlights

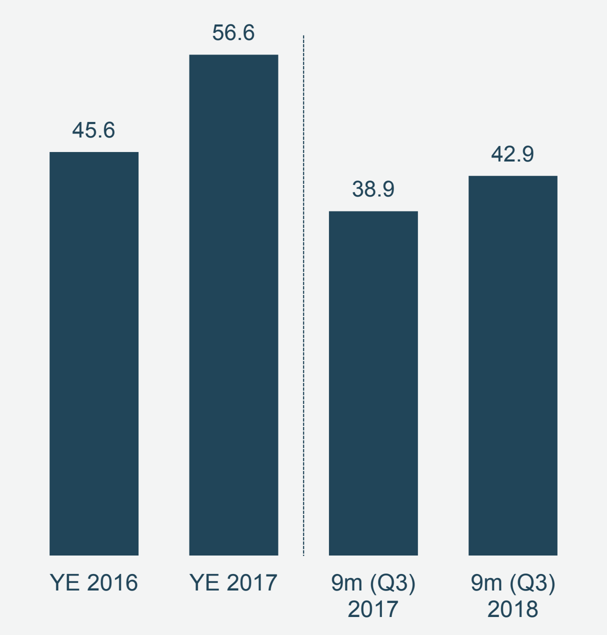
- Strong core collections performance
- Collections in Q3 2018 continue to out perform ERC forecast
- Strong income growth underpinned by enhanced asset management incomes – a continuing trend
- Capital light third-party asset management incomes grew by 25.1% to £63.3 million

Continued Underlying PAT Growth

Adjusted EBIDTA (£m)



Underlying PAT (£m)

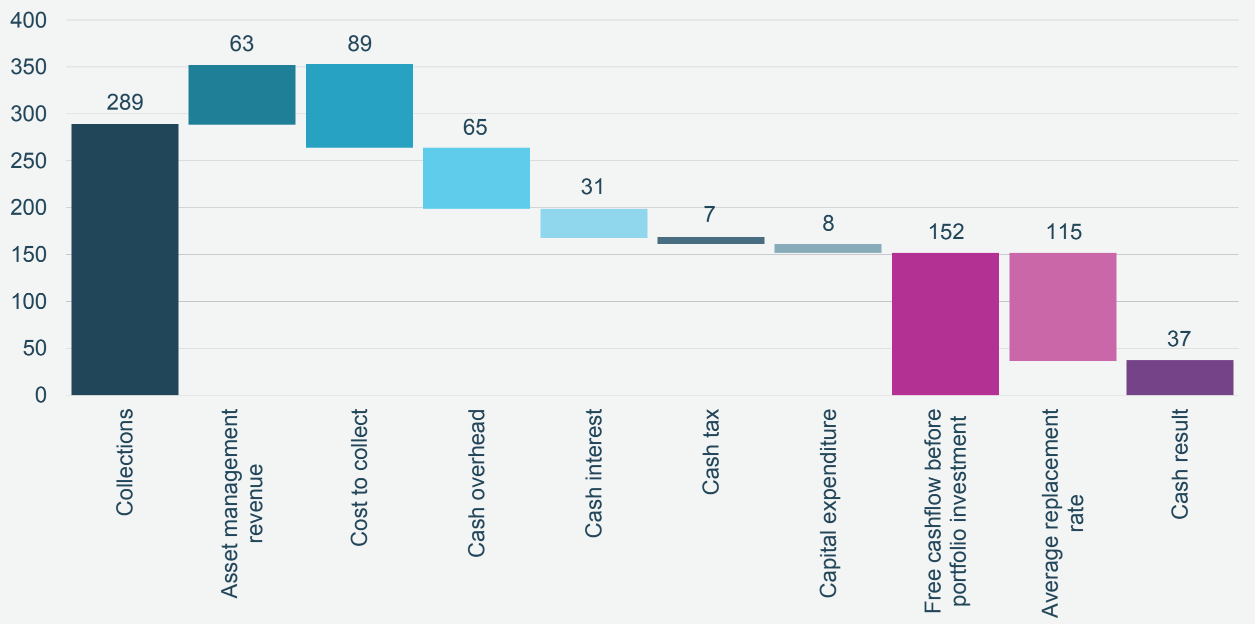


Key Highlights

- 28.8% increase in Adjusted EBITDA – continued strong cash generation
- Underlying basic EPS of 24.5p, up 10.2% (Q3 2017: 22.3p)
- Underlying LTM ROE of 33.4% (Q3 2017: 33.9%)
- Underlying profit after tax continues to grow, increasing by 10.2% to £42.9 million

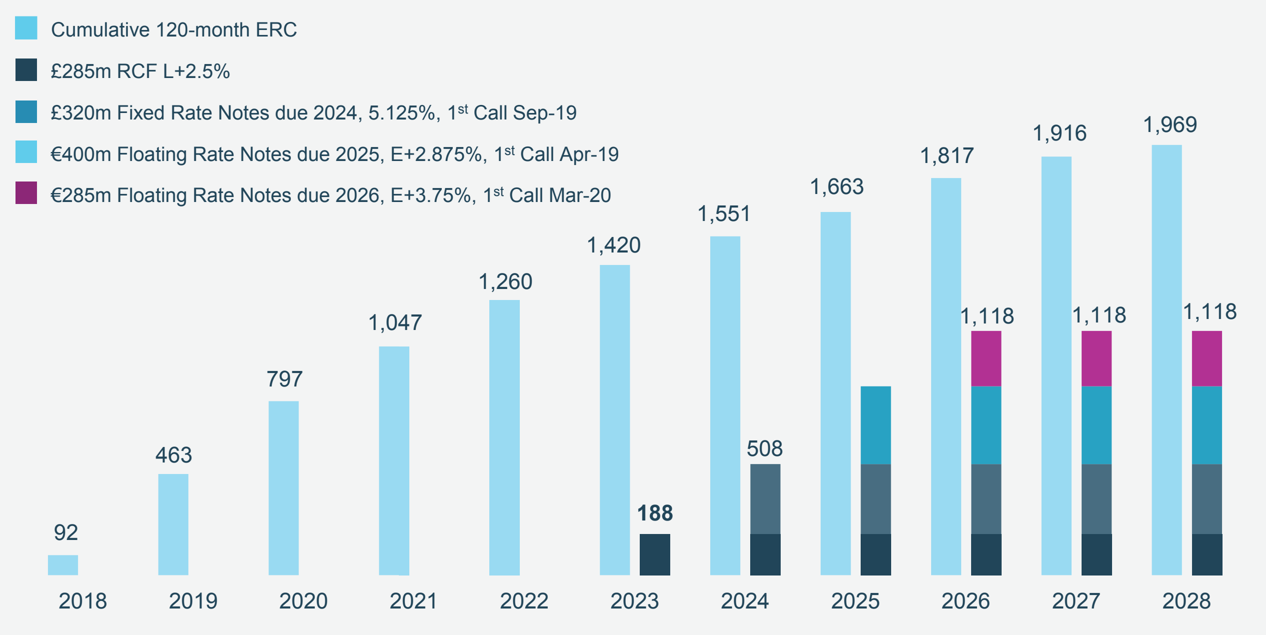
Strong cash generation

Cash Result (£m)



Long-Term Funding

Debt Maturity & 120-month ERC (£m)



Key Highlights

- No debt maturities until **2023**
- Significant ERC coverage of debt maturities
- Weighted average cost of debt 3.9%
- Weighted average debt **duration 6.1 years**
  - Compares favorably to shorter weighted average asset life
- Secured net debt to ebitda reduced to 3.8x from 4.0x (H1 2018)
- Strong cash interest cover at **6.6 times**

IV.Outlook

5-year targets

ROE	Mid-20s	▪ Continue achieving underlying ROE in mid-20s through-the-cycle
AMS Contribution	50% of Group Revenue	▪ Double AMS revenue ▪ Higher quality, capital-light earnings ▪ EBITDA margins to mid-20s
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