

ARROW GLOBAL INVESTORS

Portuguese capabilities overview

July 2015

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ARROW GLOBAL OVERVIEW

£15BN OF ASSETS AND 8.3 MILLION ACCOUNTS UNDER MANAGEMENT GLOBALLY, £1.2BN¹ 10 YEAR ERC

- ▶ **Arrow Global is a regulated business using sophisticated data analytics to identify, acquire and manage defaulted credit portfolios, primarily from banks and other financial institutions**
- ▶ **Leading position in the UK and in Portugal**
 - #2 in the UK based on 120 month ERC
 - Market leader in Portugal with €5.5Bn under management and €362m¹ ERC
 - Also operating in France, Spain and the Benelux
- ▶ **Strong risk and compliance framework**
 - Regulated by the UK Financial Conduct Authority (landing slot Q3 2015)
 - Driving regulation and ethical standards in the industry – currently on the Board of the CSA, serving as Chair of the SCOR and FLA member
 - In-house servicing combined with strongly overseen pool of selected 3rd party servicers
 - One of the lowest rates of complaints in the industry
- ▶ **Strong and flexible balance sheet supporting growth**
 - Listed on the premium segment of the London Stock Exchange since 2013 with market cap of £443m (€598m) as of 6 May 2015
 - Track record of accessing international debt capital markets: 7-year bond issues – £220m 7.875% Senior Secured Notes in 2013; €225m Senior Secured Floating Rate Notes in 2014; £140m revolving credit facility (as at 31 March 2015)
 - Long term relationships with major investment funds who act as co-investment partners in larger deals

Business Evolution		
	120-Month Gross ERC	Adjusted EBITDA
2009 Buy-Out by RBS SOF ³	109	11
January 2013 Inaugural Bond Issuance	551	62
October 2013 IPO on the LSE	637	75
June 2014 Continued Strong Performance	827	95
December 2014 Post- acquisition of Capquest	1,085	101

1. Q1 2015; "ERC" – Estimated Remaining Collections

100+ CREDITOR CLIENTS INCLUDING ALL MAJOR UK BANKS AND MANY TRANSACTIONS ON A REPEAT BASIS

Financial Services

Non-Financial Services

UK

UK creditor clients include: HSBC, COMPU CREDIT, AMERICAN EXPRESS, BARCLAYS, Bank of America, mbna, Erudio Student Loans, egg, Morgan Stanley, paragon, HFC BANK, HITACHI Inspire the Next, Santander, VANQUIS BANK, SallieMae, Capital One, citi financial, The co-operative bank, UKAR UK Asset Resolution, nab, M&S, RBS, Lloyds TSB, Nationwide, Virgin money, HBOS plc, CARVAL, CERBERUS CAPITAL MANAGEMENT, L.P.

UK non-financial creditor clients include: E, JD Williams, next, shop direct group, Mercedes-Benz, O2, Vodafone, Carphone Warehouse.

Continental Europe

Continental Europe creditor clients include: Santander, BANIF, OCH-ZIFF, APOLLO INVESTMENT CORPORATION, ELLIOTT, oney, CARVAL, Deutsche Bank, Cofidis, BARCLAYS, Grupo BBVA, Cetelem, Bank of America, Montepio, Onicre, Millennium BCP, LEHMAN BROTHERS, RCI Banque, CERBERUS CAPITAL MANAGEMENT, L.P., Värde, BANCO POPULAR, RBS, Bank of America Merrill Lynch, CREDIT SUISSE, CA Crédito Agrícola, Finibanco, GE Money, BANCO INVEST, SANDTON CAPITAL PARTNERS.

Continental Europe non-financial creditor clients include: Axa, COREANA, Instituto de Seguros de Portugal, CEAC, Vodafone, redefining / standards, Sh. SeguriHigiene Saúde no Trabalho, S.A.

MARKET LEADER IN PORTUGAL WITH CIRCA 500,000 ACCOUNTS, €5.5BN UNDER MANAGEMENT AND €362M¹ ERC

Long term commitment to the country

- ▶ Active investor in Portuguese NPL portfolios since 2007
- ▶ Only debt purchaser member of the Equifax credit bureau in Portugal
- ▶ 300+ employees on the ground servicing operations since the acquisition of Whitestar (300 employees) and Gesphone (40 employees)

Diversified origination sources

- ▶ Five year origination agreement with CarVal
- ▶ Combination with Whitestar and Gesphone provides access to a more diverse range of origination sources (e.g. new vendors, forward flow agreements, non-financial services clients) and asset classes (e.g. secured assets)

Strong data capabilities

- ▶ Circa 500,000 owned accounts and increasing match rate
- ▶ Leveraging on Whitestar's and Gesphone's 15 and 8 years of performance history
- ▶ Gaining greater customer insight from owning collections operations

Robust business model

- ▶ Five year servicing agreement with CarVal
- ▶ Broad asset class - capability to service secure and unsecured loans
- ▶ Bringing revenue from both portfolio returns and capital light income streams including outsourcing and advisory services

STRONG LEADERSHIP TEAM



Jonathan Bloomer
Non-Executive Chairman

- ▶ Non-executive chairman of the Employee Benefit business of Jardine Lloyd Thompson
- ▶ 6 years at Cerberus as European partner
- ▶ 5 years at Prudential as CEO



Robert Memmott
Chief Financial Officer

- ▶ 13 years of experience as a CFO and 17 years in senior leadership roles
- ▶ Joined Arrow in 2011
- ▶ Previously CFO of Leeds Bradford International Airport Ltd as well as with Alfred McAlpine and Servisair plc
- ▶ Qualified Chartered Accountant with KPMG



Tom Drury
Chief Executive Officer

- ▶ Previously, CEO of Shanks Group plc
- ▶ Served as Managing Director of Vertex, which under his tenure became the UK's second largest business process outsourcer
- ▶ Served on the board of United Utilities



Zachary Lewy
Founder and Chief Investment Officer

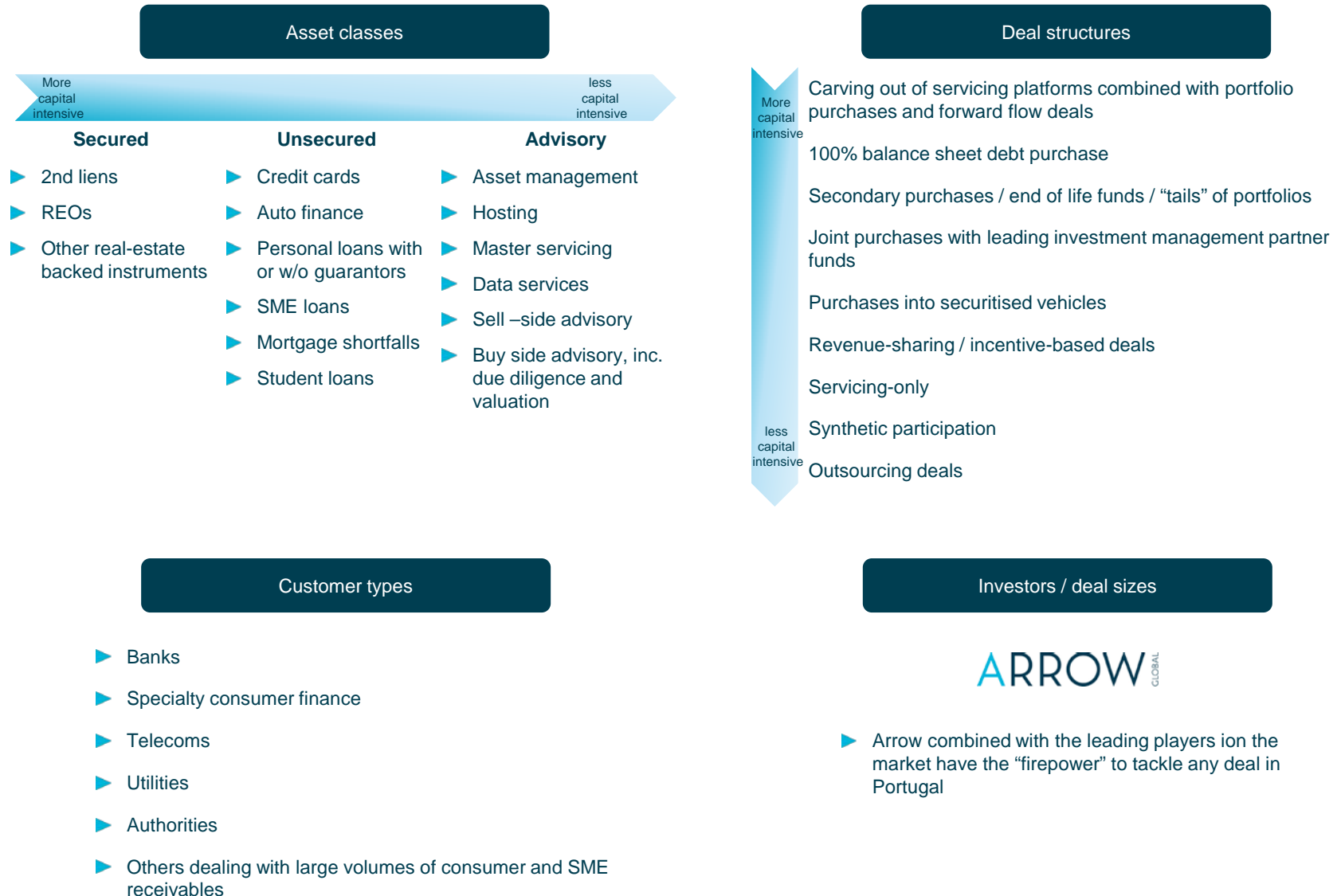
- ▶ Established Arrow in 2005
- ▶ Previously Corporate Development Director of Vertex and the co-founder of 7C
- ▶ Chairman of the Debt Buyers and Sellers Group of the Credit Services Association

STRONG OPERATIONAL PLATFORM SUPPORTING BUSINESS STRATEGY

	UK	Portugal
Data & analytics	<ul style="list-style-type: none"> • 8.3m accounts plus Proprietary Collections Bureau (PCB) with 50%+ match rates of new accounts offering a clear data edge • Best of breed analytical models • New integrated platform and data warehouse • Single customer view 	<ul style="list-style-type: none"> • Circa 500,000 owned accounts and increasing match rate • 8+ years performance history of secured and unsecured • Proprietary analytical models provide decision support
Flexibility	<ul style="list-style-type: none"> • Hybrid collections model • Flexible IT platforms • Breadth of performance history data 	<ul style="list-style-type: none"> • Breadth of asset classes: performing, non-performing, corporate, residential, secured, unsecured, motor finance • Breadth of proposition: servicing, securitisation, advisory, REM, back-up servicing
Compliance and Treating Customers Fairly (TCF)	<ul style="list-style-type: none"> • Strong embedded TCF culture • High compliance bar for DCA panel and strong oversight • Plc governance • Moving towards FCA regulation (landing slot Q3 2015) 	<ul style="list-style-type: none"> • Only non-bank approved servicer of performing assets • Corporate heritage – strong risk management culture • Meet exacting GE compliance standards

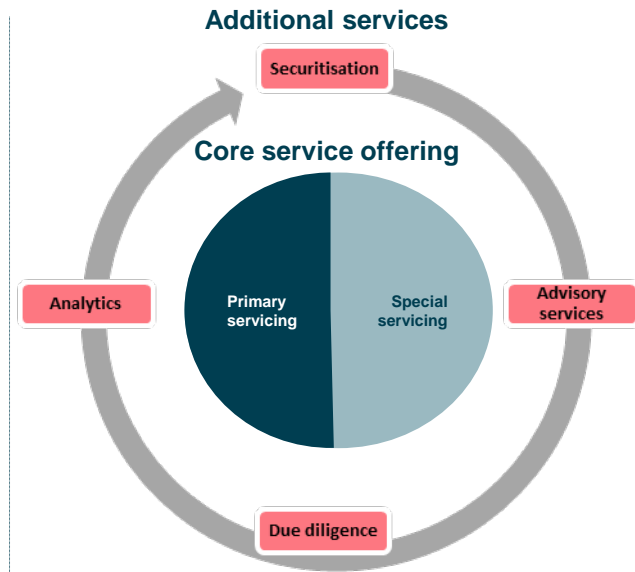
PORTUGUESE CAPABILITIES

BROAD CLIENT PROPOSITION IN TERMS OF ASSET CLASSES, DEAL TYPES, DEAL STRUCTURES AND DEAL SIZE



WHITESTAR - MARKET-LEADING FULL SUITE SERVICER

- Manages **performing, sub-performing and non-performing loans** for blue chip clients, primarily financial institutions and private equity investors
- Full suite of additional services including **advisory, securitisation management and administration** services
- **Corporate Advisory services** including Corporate Restructuring for financial institutions and Corporate Real Estate Services
- Offering a **broad in-house proposition** spanning from primary servicing through to asset disposal
- Whitestar **currently manages 20 securitisations and 63 portfolios.**
- Team members with extensive international **experience** having executed and completed numerous transactions
- Strong growth. Assets under management have increased from c.€0.9bn in 2010 to **c.€3bn as of January 2015**, while the mix of assets has continued to evolve as the management continues to diversify and strengthen its portfolio



Runner-up to the European Counsel Awards - in the Regulatory (Financial Services) category.

Asset Management

- | | |
|--|---------------------------------|
| Active Asset Management Strategies | Loan Valuation, Stress Analysis |
| Predictive and valuation Models | Evaluate loan performance |
| Establish objectives, policies and loan strategies | Loss mitigation |

Primary servicing

- Loan administration
- Payment processing
- Redemptions
- Reporting
- Risk monitoring
- Compliance
- Regulatory reporting and compliance
- Customer care/services

- Early arrears
- Workouts, restructuring, loan modelling
- DPO/assisted sales

- Late arrears
- Workouts, restructuring, loan modelling
- DPO/assisted sales

Special servicing

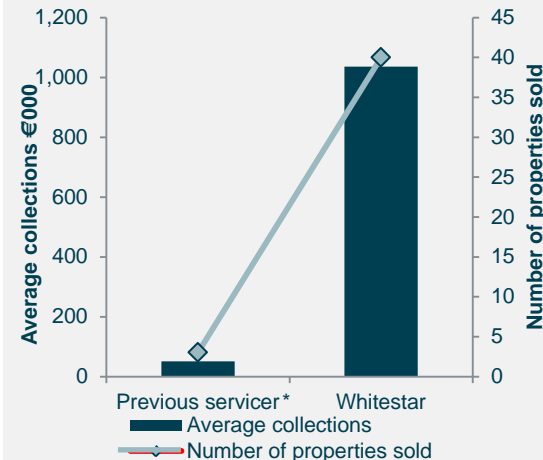
- Foreclosure
- DPO/assisted sales
- Asset management
- Asset disposal

WHITE STAR - CONSISTENTLY PERFORMING ABOVE CLIENT'S BEST CASE EXPECTATIONS

A platform in Primary Servicing...

...with a proven track record in Special Servicing

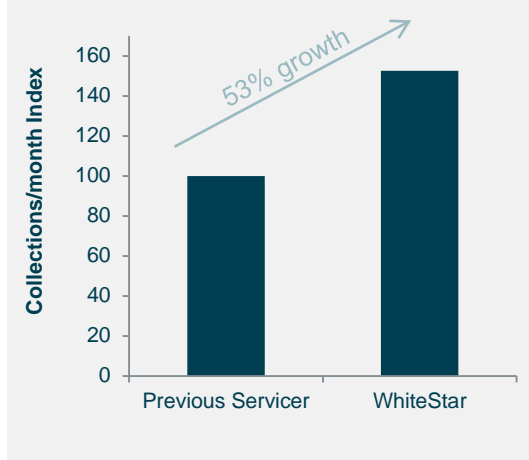
Case study 1



* Over a 3 year period. Whitestar amount refers to first six months

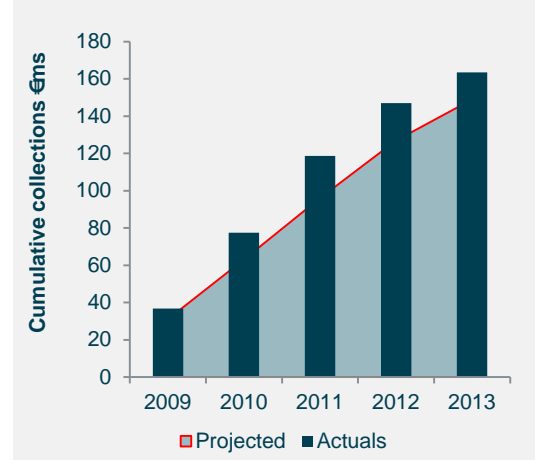
- Whitestar has consistently met all KPIs set by the client
- Additionally, substantial Improvements to collections have been achieved in spite of a scenario of substantial housing price deflation and ageing portfolios
- All of Whitestar's primary servicing business is from one client, which was a significant win for the business in 2013
- The origination of a large primary servicing deal is a testament to management's credibility and technical ability

Case study 2



- In 2012 Whitestar won a contract to service a large book of NPLs from a global bank
- Whitestar undertook a detailed forensic analysis in order to improve the performance of these portfolios, which had been previously serviced by competitors
- Whitestar achieved a 53% improvement in collections per month compared to the previous servicer
- These performance improvements were made in the context of a housing market "crash", making collections significantly more difficult

Case study 3



- In 2008 Whitestar began to provide special servicing to a large portfolio of NPLs
- Whitestar has materially exceeded projected collections for this portfolio in the context of a continuing challenging economic environment, particularly in 2010
- Collections on the portfolio were 19% above projections in year 1 (2009), 25% above projections in years 2 and 26% above projections in year 3
- This was achieved while management continued to drive growth in other parts of the business by winning more new third party clients and portfolios

