



ARROWMARK FINANCIAL CORP.

FORMERLY STONECASTLE FINANCIAL CORP.

ArrowMark Financial Corp. (BANX)

A closed end investment management company making investments in bank-related assets, including community banks and regulatory capital relief securities.

Disclaimers & Disclosures

Forward-Looking Statements

This presentation, and all oral statements made regarding the subject matter of this communication, contain forward-looking statements, including statements regarding the matters described in this presentation. Such forward-looking statements reflect current views with respect to future events and financial performance. Statements that include the words “should,” “would,” “expect,” “intend,” “plan,” “believe,” “project,” “anticipate,” “seek,” “will,” and similar statements of a future or forward-looking nature identify forward-looking statements in this material. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. Actual future results may differ significantly from those stated in any forward-looking statement, depending on factors such as changes in securities or financial markets or general economic conditions, the volume of sales and purchases of shares of common stock, the continuation of investment advisory, administrative and service contracts, and other risks discussed from time to time in ArrowMark Financial Corp.’s filings with the SEC, which are available at the SEC’s website <http://www.sec.gov>. Any forward-looking statements speak only as of the date of this communication. ArrowMark Financial Corp. undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

Disclosures

ArrowMark Asset Management, LLC (“ArrowMark”) is majority owned by ArrowMark Colorado Holdings LLC (“ArrowMark Partners”). ArrowMark Partners is a registered investment adviser. ArrowMark has entered into a staffing agreement (the “Staffing Agreement”) with its parent company, ArrowMark Partners and several of its affiliates. Under the Staffing Agreement, ArrowMark Partners provides experienced investment professionals to ArrowMark and also provides access to their senior investment personnel. ArrowMark capitalizes on the significant deal origination, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring of ArrowMark Partners’ investment professionals.

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ArrowMark Partners

About Money Center Banks

Regulatory Capital Relief Securities

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ArrowMark Financial Corp. (“BANX”) Investment Thesis

ArrowMark Financial

- Current high-income of +8% yield with quarterly distributions
- Stable and consistent NAV, reported monthly (see page 6)
- The Company’s investment strategy is dedicated to income generation, capital preservation and total risk-adjusted returns.
- The majority of underlying portfolio credits are investment grade.
- ArrowMark Financial Corp. is positioned to benefit from increasing interest rates as 70% of the portfolio is floating rate securities.
- Unique investment vehicle dedicated to banking related investments in money center bank regulatory capital relief securities, community bank securities and other FDIC insured institutions.

1. *Non-Business Development Company Regulated Investment Company*

2. *Source: As of 03.31.2022 ArrowMark Financial Corp. ir.arrowmarkfinancialcorp.com*

About ArrowMark Financial Corp. (“BANX”)

About ArrowMark Financial

- In February 2020, ArrowMark Partners assumed the role of investment advisor of StoneCastle Financial Corp. and changed the name to ArrowMark Financial Corp. in February 2022.
- ArrowMark Financial Corp. is an SEC registered non-diversified closed-end investment company under the ticker symbol “**BANX**”. The Company is structured as a non-BDC RIC¹. The Company commenced operations November 2013.

Investment Objective

- The Company’s primary investment objective is to provide stockholders with current income. The Company is focused on income generation, capital preservation, and total risk-adjusted returns.

Investment Strategy

- The Company intends to make long-term, passive, non-control investments in bank related securities issued by banks seeking regulatory capital for organic growth, acquisitions and other refinancing activities.
- The Company invests in term loans, senior and subordinated debt, structured debt, regulatory capital relief securities, convertible securities, preferred and common equity.

1. Non-Business Development Company Regulated Investment Company

Historically, BANX has produced a Relatively Stable and Consistent NAV as a Result of the High-Quality Investment Portfolio

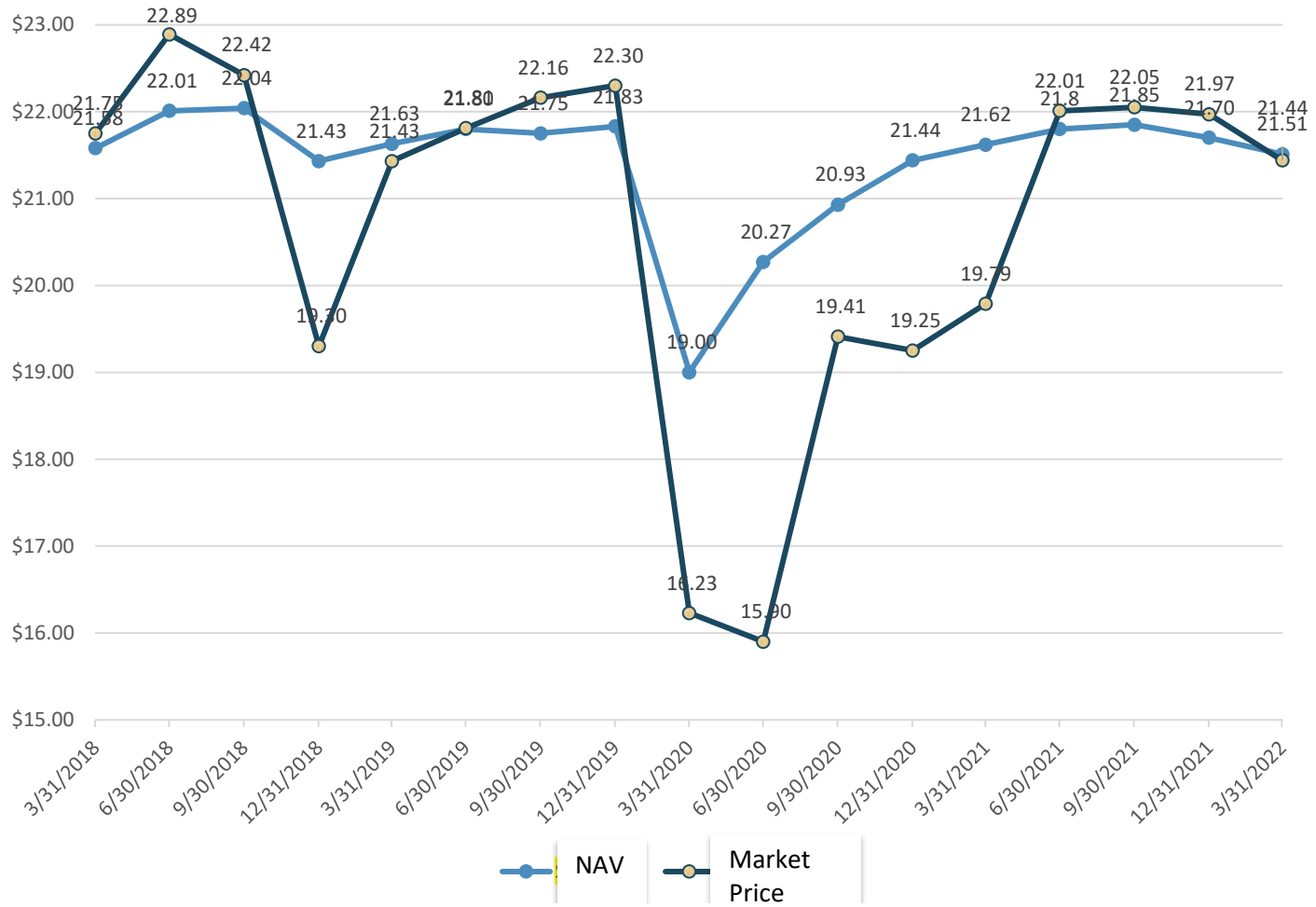
BANX Relative Value: NAV Benchmarked Against Market Price

Over the last five years, BANX NAV has traded in a relatively tight range

At quarter-end, BANX traded at less than 1% premium to NAV, including the reinvestment of dividends.

BANX solicits a minimum of 2 independent, third party quotes in order to value the portfolio.

We believe this should provide a greater degree of confidence in the Company's underlying value.



1. Source: Bloomberg, www.Bloomberg.com, ArrowMark Financial Corp., ir.arrowmarkfinancialcorp.com As of 03.31.2022

BANX has Consistently Out-Earned its Quarterly Dividend

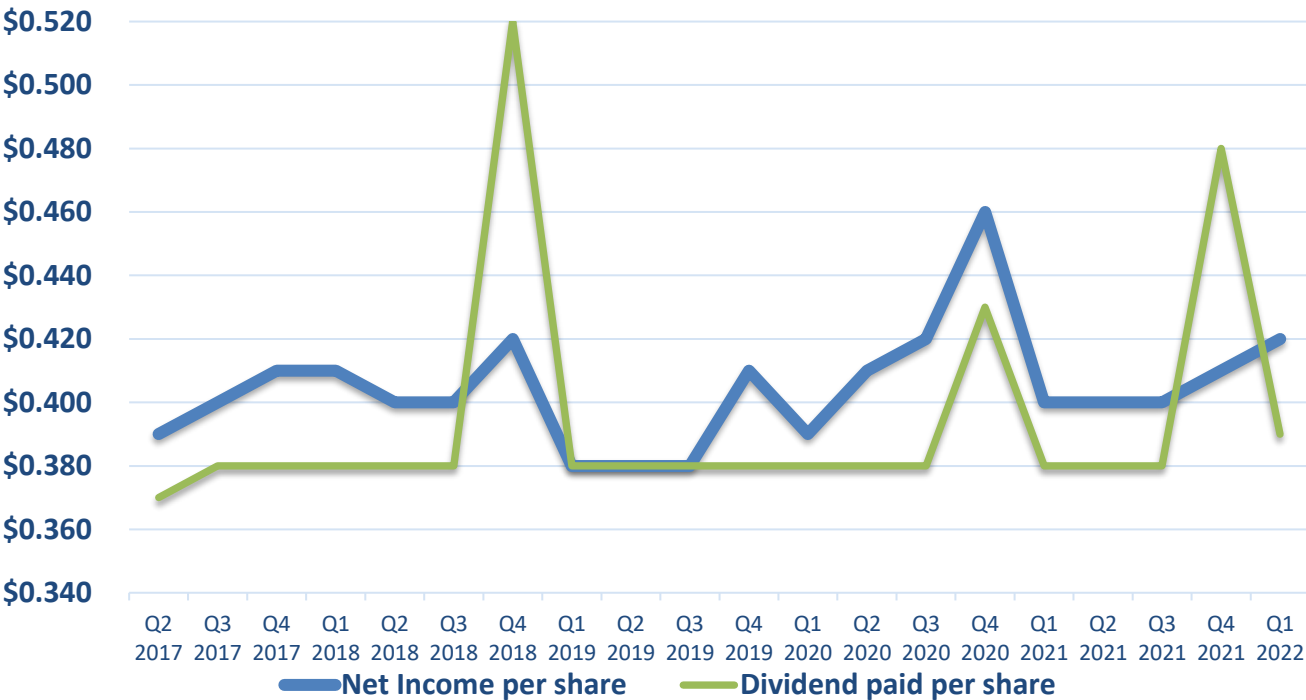
5 Consecutive Years of Out-Earning the Dividend

The Company increased the quarterly dividend \$0.01 to \$0.39 per share in March 2022

In 2021, the Company paid a Special Dividend of \$0.10 per share for a total annual distribution of \$1.62

In 2020, the Company paid a Special Dividend of \$0.05 per share for a total annual distribution of \$1.57

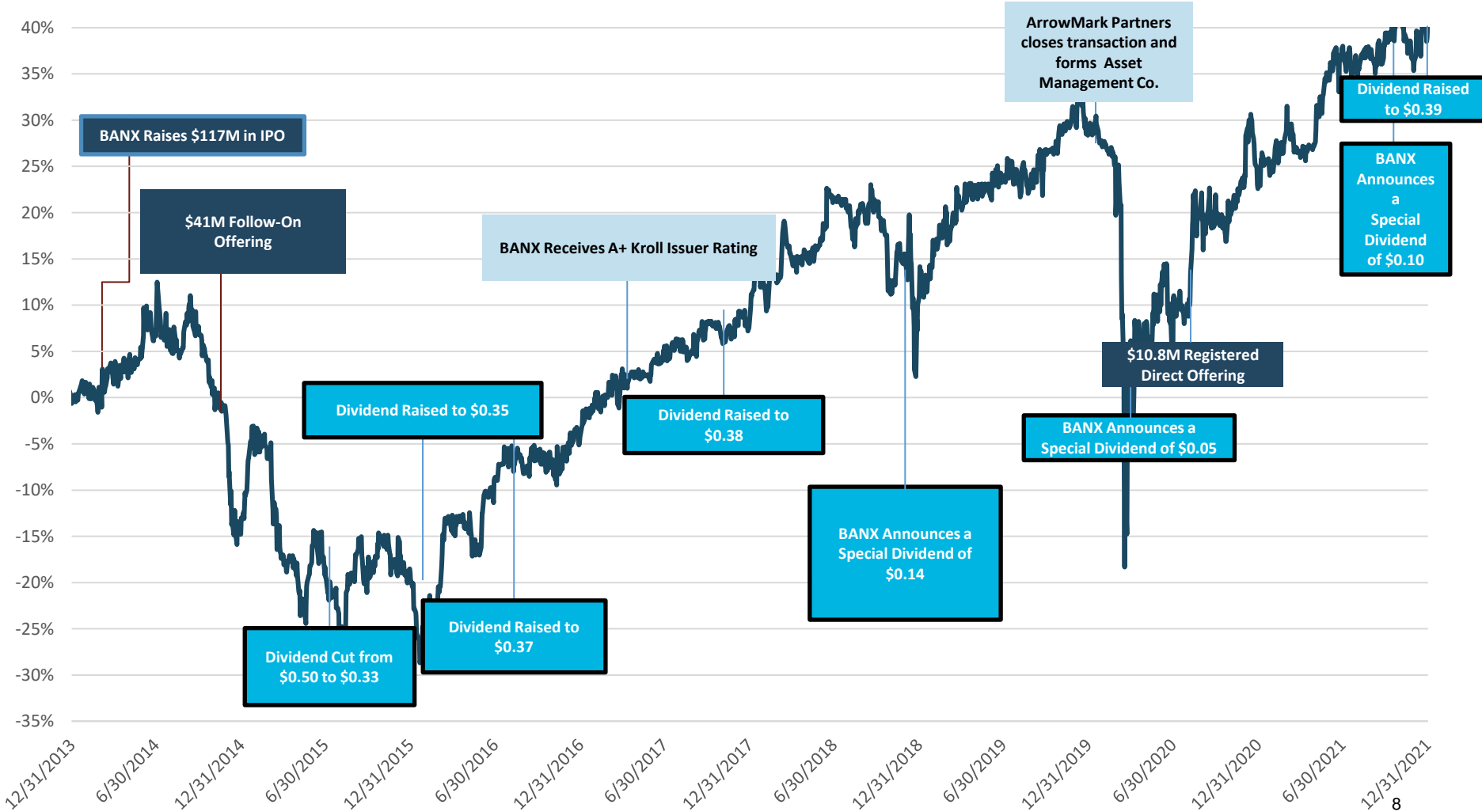
5 Years of Consistent Coverage of Dividend
Q2 2017 - Q1 2022



1. Source: ArrowMark Financial Corp., as of 03.31.2022

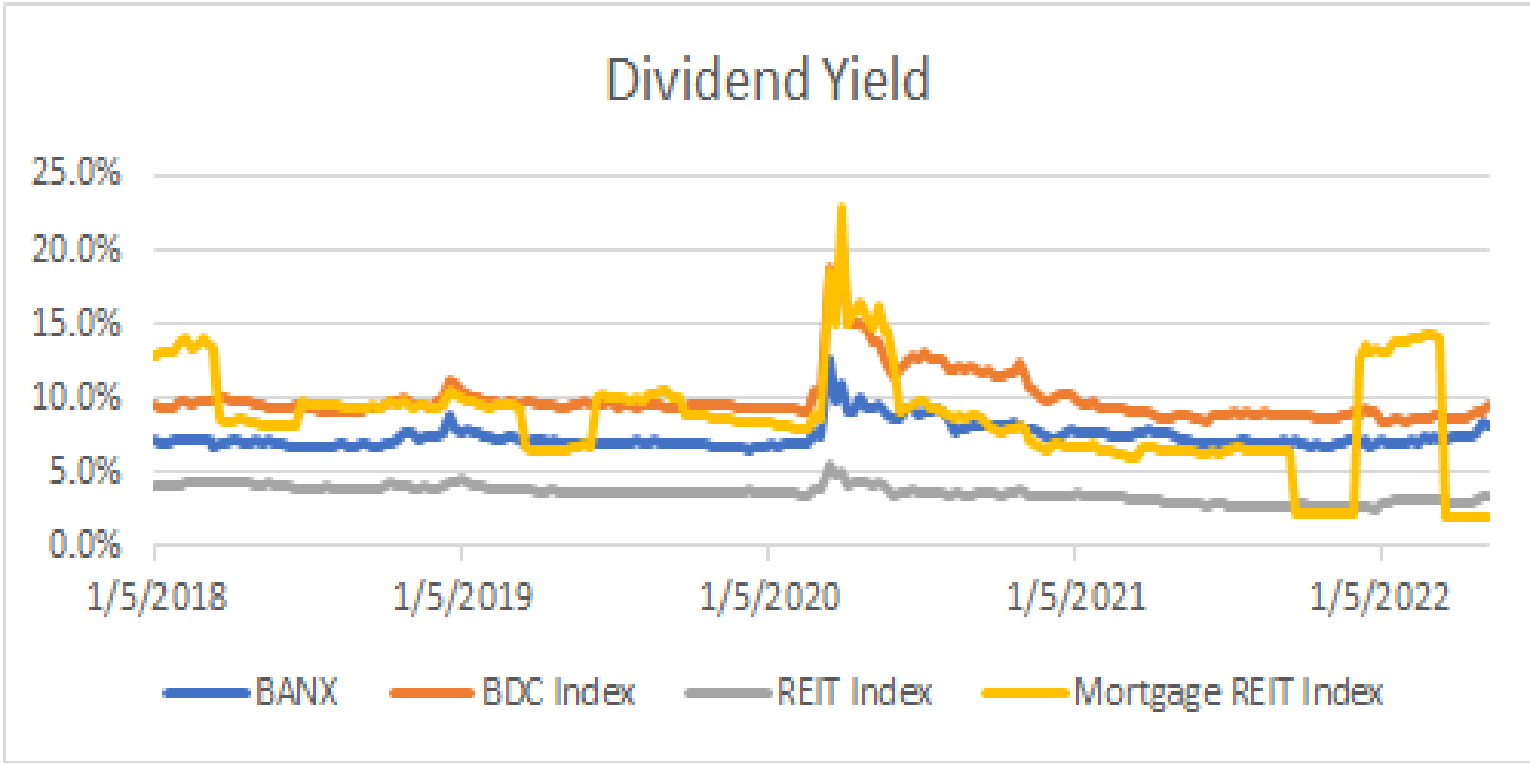
For Over Five Years, BANX has Provided Stable and Increasing Dividends with Special Dividends Declared the Last Two Years

Dividend History and Capital Raises since Inception



When Benchmarked Against Other High Yield Vehicles, BANX has Produced a Consistent Dividend Yield

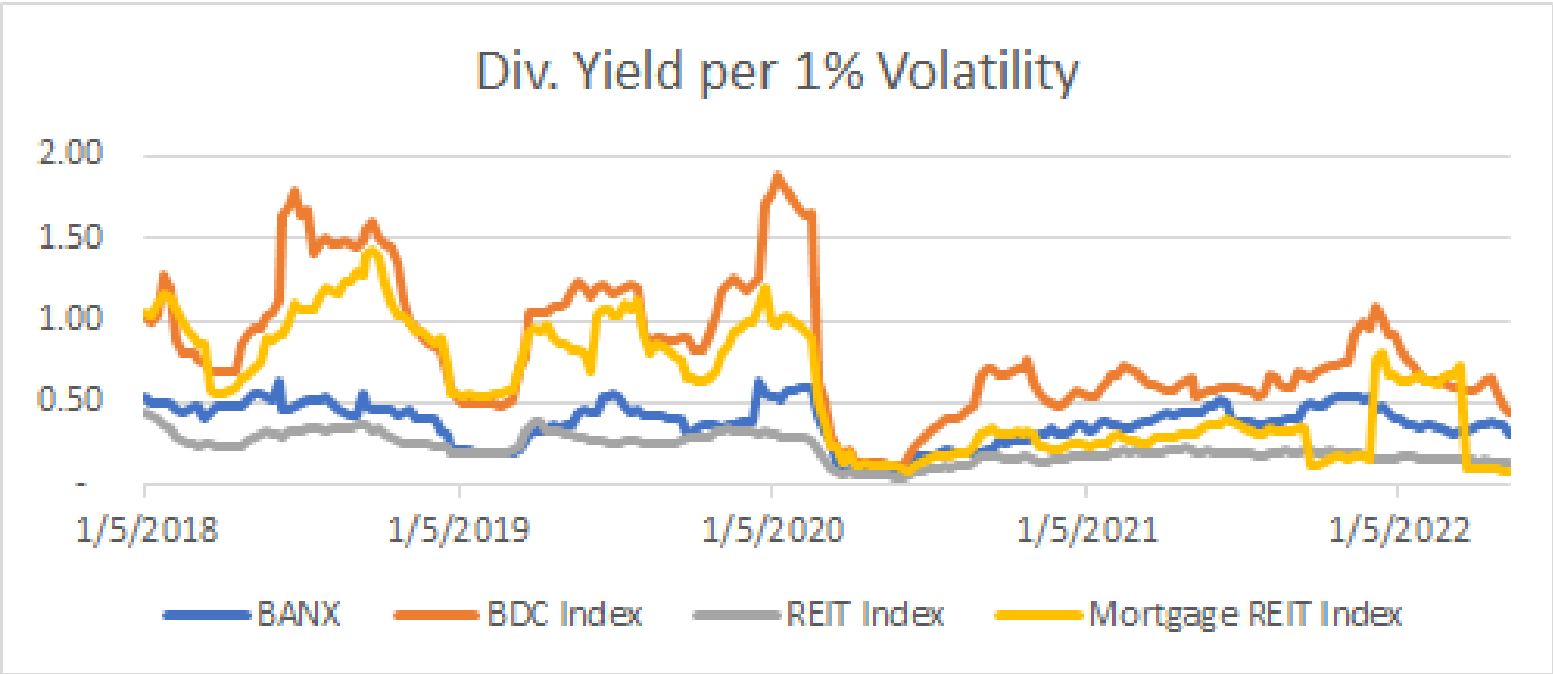
During market volatility, BANX has traded in a tight yield range



Source: ArrowMark Financial Corp. ir.arrowmarkfinancialcorp.com

When Benchmarked Against Other High Yield Vehicles, BANX Stock Performed Well in Periods of Market Volatility

BANX is expected to perform well through market cycles



Source: ArrowMark Financial Corp. ir.arrowmarkfinancialcorp.com

BANX's Portfolio Characteristics Optimize Income Generation, Capital Preservation, and Total Risk-Adjusted Returns

ArrowMark Financial's Invested Portfolio¹

- ArrowMark Financial invests in banking related assets that typically have a lower risk profile than common equity
- ArrowMark Financial is the only public company that offers an entry into a traditional private market product, "Regulatory Capital Securities".
- The portfolio assets are comprised of a majority investment grade securities.
- The Company had approximately 70% of the portfolio in floating rate assets. The Company's assets will benefit from a rising interest rate scenario.
- The invested portfolio consisted of 70% regulatory capital securities issued by money center banks and 26% community bank issued securities.
- The estimated annualized portfolio yield was 9.53%.

BANX Financial Summary for Q4 and Full Year 2021 Offers Solid Financial Results

BANX Q1 2022

- Net Investment Income was \$3.0 million or \$0.42 per share
- At quarter end, Total Assets were \$211.0mm and Net Assets were \$152.2mm
- The Company invested approximately \$6.0 million in one investments with an average weighted yield to maturity of a little over 8%.
- The Company had \$57mm outstanding on its credit facility at quarter end, representing approximately 27% of total assets.
- For over 5 years, the Company has been out-earning its declared dividend. At Q1 2022, the dividend yield was **7.3%**; For the tax year 2021, **13.97%** of taxable income was eligible for QDI. In March 2022, the Board of Directors declared a quarterly dividend increase of \$0.01 to \$0.39 per share.

BANX Year to Date 2022

- The Company had gross investment income of \$4.7mm and net income of \$3.0mm or \$0.42 per share based on average shares outstanding during the year.
- The Company had net realized and unrealized gains of (\$2.0)mm or (\$0.29) per share.
- Year to date, an investment in ArrowMark Financial resulted in total annual return of (0.27%), including reinvestment of distributions, based on year-end close market price.

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BANX's Advisor is ArrowMark Asset Management, LLC, an Affiliate of ArrowMark Partners

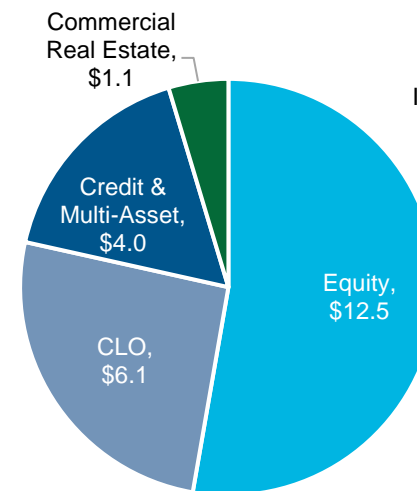
ArrowMark Partners, based in Denver, Colorado was founded in 2007 by investment professionals with a track record of delivering strong returns and preserving client capital

ArrowMark Partners At-A-Glance

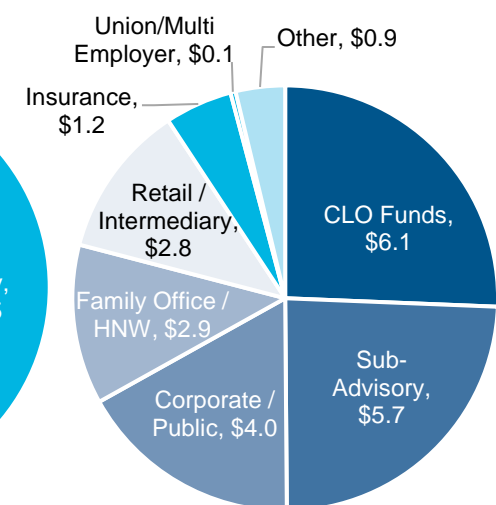
- Active investment process, driven by fundamental research and analysis
- Specialized expertise in niche credit and capacity constrained equity markets
- Manage alternative, traditional, and customized investment strategies in public and private vehicles
- 93 employees and growing
- 45 tenured investment professionals
- 100% employee-owned
- Headquartered in Denver, CO with presence in California, London, and New York

\$23.7 billion in Assets Under Management

By Asset Type (\$B)



By Client Type (\$B)



As of 3.31.2022. ¹CRE AUM represents commercial mortgage loans that ArrowMark or its affiliate has originated and/or currently manage on behalf of insurance companies and other institutional investors. Other includes sovereign wealth, not-for-profit institutions, and internal capital.

BANX's Investment Team and other Professionals are Provided Through the ArrowMark Partners Platform

BANX INVESTMENT COMMITTEE

Kaelyn Abrell
Partner
22 Years of Experience

Sanjai Bhonsle
Partner
26 Years of Experience

Karen Reidy
Partner
32 Years of Experience

INVESTMENT TEAM

Regulatory Capital Relief	Community Banking	Hedged Equity	Structured Credit
<p>Kaelyn Abrell 22 Years of Experience</p> <p>Tim Beresford 22 Years of Experience</p> <p>Heather Guttersohn 15 Years of Experience</p> <p>Scott Brody 12 Years of Experience</p> <p>James McKinney 10 Years of Experience</p> <p>Penny Tan 8 Years of Experience</p>	<p>Dana Staggs 19 Years of Experience</p> <p>AJ Somers 15 Years of Experience</p> <p>Ian Fox 11 Years of Experience</p>	<p>Clay Freeman 17 Years Experience</p>	<p>Hege Lepire 9 Years of Experience</p> <p>Jack Stallone 7 Years of Experience</p>

RESTRUCTURINGS / WORKOUTS

Sanjai Bhonsle

Dana Staggs

AJ Somers

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BANX Invests in Money Center Banks

BANX invests in Money Center Banks primarily through the Regulatory Capital Relief strategy. BANX has approximately 30 portfolio investments in Regulatory Capital Relief Securities. BANX's portfolio consists of 70% Regulatory Capital Relief Securities¹.

About Money Center Banks

- Money Center banks, by number count, represent approximately 5% of banks in the U.S. They control 88% of the total industry assets, and 85% of total industry loans².
- Typically, these banks are over \$50B in assets and well-capitalized with strong capital and financial ratios
- ArrowMark Financial invests in money center banks who seek to optimize their own balance sheets through a regulatory strategy under Basel III (Citi, Deutsche Bank, Goldman Sachs, Standard Chartered, among others)
- ArrowMark Financial typically invests in money center banks through issuances of “regulatory capital relief transactions”. Typically, these transactions are well-diversified with a majority of the transactions offering investment grade credits.

1. Based on Total Investments of \$215.4mm as of 12.31.21

2. Source: FDIC Quarterly Banking Profile as of December 31, 2021. www.fdic.gov

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Regulatory Capital Relief Transactions are Issued by a Money Center Bank as a Tool to Optimize a Bank's Balance Sheet and Increase its' Return on Tier 1 Capital

Financial regulatory requirements increased in the transition from Basel II to Basel III. In Basel III and by using a Regulatory Capital Relief strategy, a bank can optimize its required capital, resulting in lower Risk-Weighted Assets and Required Tier 1 Capital

	Under Basel II (\$mm)	Under Basel III (\$mm)	Under Basel III with a Regulatory Capital Relief Transaction (\$mm)
Reference Portfolio	\$1,000	\$1,000	\$1,000
Risk-Weighted Assets	\$1,000	\$1,000	\$500
Portfolio Yield to the Bank <i>(assumes 5% weighted average coupon)</i>	\$50	\$50	\$50
Coupon Paid to Investors	n/a	n/a	-\$9
Bank Cost of Capital	-\$34.8	-\$42.6	-\$36.3
Net Interest Margin	\$15.2	\$7.4	\$4.7
Tier 1 Capital Ratio	4.0%	10.5%	10.5%
Required Tier 1 Capital	\$40	\$105	\$52.5
Return on Tier 1 Capital	38.0%	7.0%	9.0%

By using this strategy, a bank's Risk-Weighted Assets and Required Tier 1 Capital is reduced by 50%.

This results in a bank's Return on Tier 1 Capital, in theory, increasing from 7% to 9%, thereby freeing the additional capital for further investment.

The above example is hypothetical and does not represent the economics of a particular bank. Small changes to any of the assumptions incorporated in the example may lead to a significant change in outputs. Assumptions in the example include: 1) 100% risk weighting for exposures to corporate credit; 2) 50% reduction in risk weighted assets for the bank through the issuance of a regulatory capital relief security with a \$90mm equity tranche and 10% coupon; 3) 5% weighted average coupon for the reference portfolio; 4) 3% debt cost of capital and 15% equity cost of capital.

Regulatory Capital Relief Securities Offer Investors a Diversified Pool of Performing Collateral with Strong Credit Quality

Typical Reference Portfolio Characteristics

Collateral Description

- Originated with the intention to be held on the issuing bank's balance sheet
- Performing at the time of security issuance
- Remain part of the bank's core loan portfolio after issuance

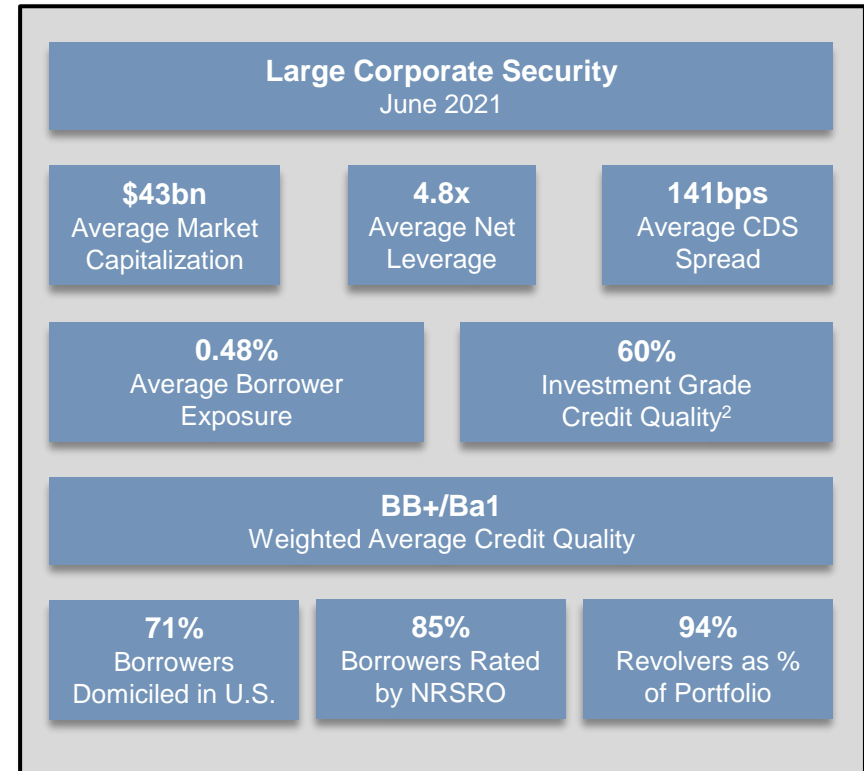
Credit Quality

- BBB to BB weighted average
- Individual exposures range from AA to B-; no CCC+ or below
- Limits on the size of individual and aggregate exposures to sub-investment grade borrowers

Diversification Guidelines

- Geographic
- Sector
- Borrower

Security Reference Portfolio¹



¹The investments described herein are noted for illustration purposes only and are included to illustrate the way in which a Partnership would invest in certain securities. It should not be assumed that this example or future investments will be profitable. If any assumptions used do not prove to be true, results may vary substantially. Diversification does not eliminate the risk of experiencing investment loss. Characteristics are based on the composition of the collateral pool at issuance in June 2021. ²Credit rating based on issuing bank's internal rating methodology. Source: ArrowMark Partners, www.arrowmarkpartners.com

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BANX Invests in Community Banks

BANX invests in Community Banks primarily through investments in Term Loans, Structured Debt, and Trust Preferred/Preferred Securities. BANX has approximately 16 portfolio investments in community bank related credits, or approximately 26% of the portfolio¹.

ABOUT COMMUNITY BANKS

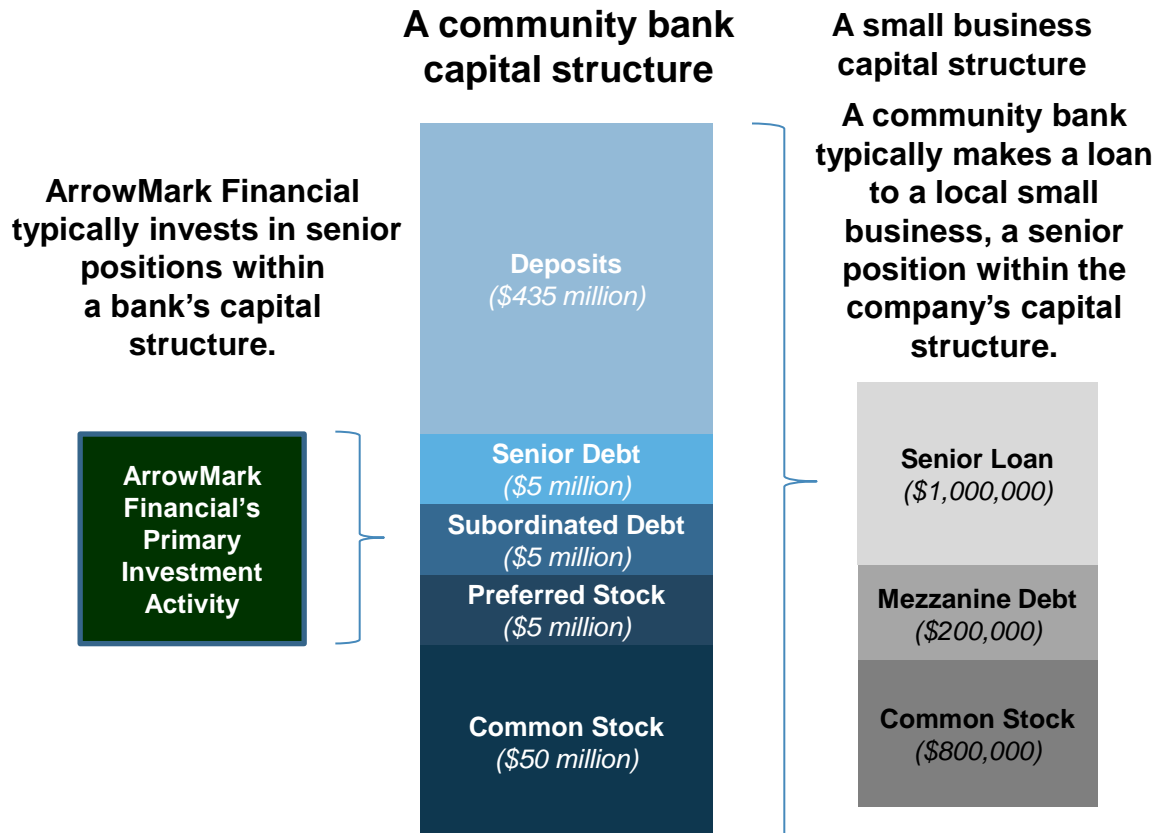
- ArrowMark Financial invests in community banks that are typically less than \$10B in assets. They require capital for organic growth, acquisitions, and share repurchases.
- Community banks, by count, represent a majority of the banks in the U.S. However, they have 11.6% total industry assets, and 15% of total industry loans².
- Community banks exponentially serve the small business and rural market communities. They cater to local markets primarily in multi-family or owner occupied residential real estate, C&I, and small business loans. Community banks have high impact on their communities through economic development, financial inclusion and job creation.
- ArrowMark Financial typically invests in community bank issued securities such as subordinated debt, preferred securities (including TARP) and structured debt.

1. *Based on Total Investments of \$194.8 mm as of 03.31.2022.*

2. *Source: FDIC Quarterly Banking Profile as of December 31, 2021. www.fdic.gov*

ArrowMark Financial is focused on investing in a community bank's capital with the least amount of risk

In theory, a community bank, with \$500 million in total assets, has a capital structure of common stock, preferred stock, subordinated debt and senior debt, along with deposits. ArrowMark Financial is primarily focused on investing in a bank's capital structure which, historically, has the least amount of risk: senior and subordinated debt, preferred stock and to a lesser extent common stock.



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BANX Management Biographies

Sanjai Bhonsle,
Chairman & CEO

Mr. Bhonsle was elected Chairman & CEO of ArrowMark Financial Corp. in February 2020.

Mr. Bhonsle joined ArrowMark Partners in October 2012 and serves as Partner and Portfolio Manager for ArrowMark's Partners leveraged loan investments and collateralized loan obligation funds. Prior to joining the firm, he founded MB Consulting Partners in 2009, where he specialized in financial and operational restructuring advisory to stressed and distressed middle-market companies. With more than 10 years of restructuring experience, he has led several assignments across various industries.

Sanjai was a Senior Portfolio Manager at GSO Capital Partners, a subsidiary of The Blackstone Group, and member of the Investment and Management Committee (2005-2009). Prior to joining GSO Capital Partners, Sanjai was an Assistant Portfolio Manager for RBC Capital Partners' debt investment group and was a member of the Investment Committee (2001-2005). He also led the group's restructuring efforts related to distressed investments and represented the firm's interests on creditor committees. From 1999-2001, Sanjai was a Senior Investment Analyst at Indosuez Capital Partners. Sanjai received a bachelor's degree in Mechanical Engineering from the University of Wisconsin - Madison and an MBA from the Eli Broad Graduate School of Management at Michigan State University.

Patrick J. Farrell,
Chief Financial Officer

Mr. Farrell was re-elected as ArrowMark Financial Corp.'s Chief Financial Officer in February 2020. He has served in this role since April 2014. Mr. Farrell is responsible for all financial and accounting activities at ArrowMark Financial.

Mr. Farrell has served as Chief Financial Officer at StoneCastle Partners, LLC since 2014. Mr. Farrell has served as a Director of StoneCastle Trust Co. since January 2021. He has over thirty-eight years of hands-on management experience in finance and accounting, specifically focused on domestic and off-shore mutual funds, bank deposit account programs, investment advisory and broker dealer business.

Previously, Mr. Farrell was CFO/COO of the Emerging Managers Group, LP, a specialty asset management firm focused on offshore mutual funds. Prior to that, Pat was CFO at Reserve Management. Earlier in his career, Pat held financial positions at Lexington Management, Drexel Burnham, Alliance Capital and New York Life Investment Management, all focused on investment advisory activities. He began his career as an auditor at Peat Marwick Mitchell & Co. in New York. Pat holds a BS in Business Administration-Accounting from Manhattan College.

Mr. Farrell is a Certified Public Accountant in New York State and a member of the American Institute of Certified Public Accountants.

BANX Management Biographies

Rick Grove
Chief Compliance Officer

Mr. Grove was elected Chief Compliance Officer of ArrowMark Financial Corp. in February 2020.

He is a Principal and Chief Compliance Officer at ArrowMark Partners. He is also the Vice President, Chief Compliance Officer and Secretary for Meridian Fund, Inc. Before joining ArrowMark Partners in 2008, he was Vice President and Chief Compliance Officer for Black Creek Global Advisors (2007-2008). Prior to that position, Rick served as Vice President and Chief Compliance Officer for Madison Capital Management (2005-2007), Assistant Vice President and Director of Compliance at Janus Capital Group (1993-2005), and Fund Accountant for Oppenheimer Funds (1992-1993). Rick graduated from the University of Wyoming with a bachelor's degree in Accounting.

CONTACT INFORMATION

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