

JSC TBC Leasing

Key Rating Drivers

Support Drives Ratings: JSC TBC Leasing's (TBCL) Issuer Default Ratings (IDRs) are driven by the support from its parent, TBC BANK JSC (BB-/Stable). Fitch Ratings believes that the propensity and the ability of TBC Bank, Georgia's largest bank, to support TBCL are high. This reflects the high reputational implications of a subsidiary default, as well as full ownership, the size, integration, common branding and a record of capital and funding support. TBCL is the market leader in leasing and caters to a risky segment of clients, but has collateral available.

Reputational Risk Drives Support: TBCL's foreign lenders are the same international financial institutions (IFIs) and impact investors from which TBC Bank sources a material portion of its own wholesale funding. Fitch believes a failure to support TBCL would significantly damage TBC Bank's reputation with its key wholesale lenders, undermining its business model and growth potential.

Extensive Record of Support: TBC Bank has provided both capital and funding in recent years to support TBCL's growth and ensure TBCL's covenants compliance. TBC Bank has approved an available injection in the amount of GEL2.5 million (USD0.8 million), to be disbursed based on TBCL's needs. TBC Bank provides TBCL subordinated and senior loans as well as letters of support to enable third-party borrowing. It also facilitates TBCL's bond placements.

Increasing Role in the Group: TBCL operates in Georgia, the group's domestic market. The company accounts for a modest 2% of group's assets, but its role in TBC Bank's products offering is increasing, following recent regulatory changes. TBCL is wholly owned by TBC Bank and aligns its strategy and risk policies to those of the parent, while retaining some operational independence. TBCL shares TBC Bank's brand and generates most of new leases through the parent's branches. Funding is largely coordinated by the parent for the whole group.

Weaker Standalone Profile: TBCL's standalone profile is constrained by its monoline business model and high leverage, as well as by high risk appetite and weaker asset quality. TBCL tightened underwriting during the pandemic and has delayed the launch of higher-risk, higher-yielding products. Asset quality deteriorated (impaired receivables were 24% of total at end-2020 and remain high), but earnings recovered to pre-pandemic levels (pre-tax income/average assets of 2.8% in 9M21). Net debt/tangible equity remained elevated at 7.2x at end-3Q21.

Secured Debt Equalised with IDR: TBCL's senior secured debt rating is equalised with the company's Long-Term IDR, notwithstanding the bond's secured nature and an outstanding buffer of contractually subordinated debt. This reflects high uncertainty about asset recoveries in a scenario where TBCL and TBC Bank would be in default, a scenario that is likely to be accompanied by considerable macroeconomic stress in Georgia.

Rating Sensitivities

Parent's Rating: TBCL's Stable Outlook mirrors that of TBC Bank and its ratings would reflect changes in the bank's ratings.

Support Is Key: A material weakening in TBC Bank's propensity or ability to support TBCL may result in a notching differential from the parent. This could be driven by TBCL's weak performance, a greater risk of regulatory restrictions on support, or a reduction in TBCL's strategic importance.

Relative Ranking of Securities: Changes to TBCL's Long-Term IDR would be mirrored in the company's senior secured bond rating. The possible conversion of the bond to unsecured would not lead to a rating downgrade of the issue, provided that this is accompanied by a similar conversion of TBCL's other funding facilities.

Ratings

Foreign Currency

Long-Term IDR	BB-
Short-Term IDR	B

Local Currency

Long-Term IDR	BB-
Short-Term IDR	B

Support Rating	3
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Sovereign Risk

Long-Term	BB
Foreign-Currency IDR	
Long-Term Local-Currency IDR	BB
Country Ceiling	BBB-

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Non-Bank Financial Institutions Rating Criteria (February 2020)

Country-Specific Treatment of Recovery Ratings Criteria (January 2021)

Related Research

[Fitch Affirms TBC Leasing at 'BB-'; Outlook Stable \(December 2021\)](#)

[Fitch Revises 3 Georgian Banks' Outlook to Stable \(March 2021\)](#)

[TBC BANK JSC \(August 2021\)](#)

[Fitch Rates TBC Bank's Upcoming Perpetual AT1 Notes 'B-\(EXP\)' \(October 2021\)](#)

[Fitch Assigns TBC Bank's Perpetual AT1 Notes Final 'B-' Long-Term Rating \(November 2021\)](#)

[Fitch Revises Georgia's Outlook to Stable; Affirms at 'BB' \(August 2021\)](#)

[Georgia \(August 2021\)](#)

[Georgia - Ratings Navigator](#)

[\(September 2021\)](#)

[Emerging-Market Rating Success Stories \(September 2021\)](#)

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Debt Rating Classes

Rating level	Rating
Senior secured debt	BB-

Source: Fitch Ratings

Fitch has assigned a senior secured debt rating of ‘BB-’ to TBCL’s GEL58 million bond issuance. The issue rating is equalised with TBCL’s Long-Term Local-Currency IDR of ‘BB-’. The absence of an uplift reflects the high uncertainty about asset recoveries in a scenario where TBCL and TBC Bank were in default, which would likely be accompanied by considerable macroeconomic stress in the country.

The bond has a three-year maturity (March 2023) and is denominated in local currency. It is priced on a floating basis (the three-month Tbilisi interbank interest rate, plus a spread). The bond is secured with a portfolio pledge by TBCL and ranks pari passu with all other senior secured lenders.

Additional Features of the Bond

TBCL’s bond includes an option to release the portfolio pledge and turn the bond into an unsecured instrument. The option is triggered if all TBCL’s bilateral secured lenders (local banks and international impact investors) agree to release the portfolio pledges they received from TBCL. In this event, bondholders would be able to either put the bond or accept a higher coupon rate for its remaining maturity.

The conversion of all secured borrowings would not lead to an issue rating downgrade, provided that negative pledge covenants hold and the relative ranking of issued securities is unchanged. Fitch would then assign a new Senior Unsecured Debt Rating to the issue and withdraw the Senior Secured Debt Rating.

Ratings Navigator

Institutional Support				Value
Parent IDR				BB-
Total Adjustments (notches)				+0
Institutional Support:				BB-
Support Factors (negative)	Equalised	1 Notch	2+ Notches	
Parent ability to support and subsidiary ability to use support				
Parent/group regulation		✓		
Relative size	✓			
Country risks	✓			
Parent Propensity to Support				
Role in group		✓		
Potential for disposal		✓		
Implication of subsidiary default	✓			
Integration		✓		
Size of ownership stake	✓			
Support track record	✓			
Subsidiary performance and prospects		✓		
Branding	✓			
Legal commitments		✓		
Cross-default clauses				✓

Support Matrix Legend	
Tick Colour – Influence on final IDR	
■	Higher influence
■	Moderate influence
■	Lower influence

Institutional Support Assessment

TBCL’s Failure Would Jeopardise TBC Bank’s Access to Funding

Fitch deems that TBC Bank has a strong propensity to support TBCL, because failure to support TBCL would jeopardise TBC Bank’s own access to international wholesale finance. TBC Bank borrows a material share of its wholesale funding from IFIs (31% at end-3Q21) and other impact investors. It also relies on them as equity co-investors in its foreign expansion.

IFIs and other impact investors provided 69% of TBCL’s non-parental funding at end-3Q21 and receive non-binding letters of support from TBC Bank.

Long Record of Support from TBC Bank

Past capital injections have been required chiefly to ensure TBCL’s compliance with its loans’ covenants, as portfolio growth outpaced the internal capital generation. TBC Bank injected GEL6 million (19% of total capital) in 2019 and approved a further GEL2.5 million, which was not yet required due to TBCL’s slow growth during the pandemic. TBCL also has a GEL2.4 million subordinated loan from TBC Bank, maturing in July 2023.

TBC Bank also provides funding to TBCL, with a USD30 million credit line (of which USD10 million had been drawn at end-3Q21). TBCL relies on the parent to attract third-party funding, through non-binding letters of support and TBC Kapital, the group’s investment banking arm.

TBCL has usually met TBC Bank’s ambitious financial targets (return on average equity (ROAE) above 20%, lease portfolio growth of above 30% a year, a cost of risk of under 2% and a cost-to-income ratio of under 40%). A sustained weakening in TBCL’s performance may reduce its strategic importance and so the availability of capital and funding support from TBC Bank.

TBCL reports now to the Corporate and Investment Banking division of TBC Bank, following an internal reorganisation of areas of competence among TBC Bank’s five deputy chief executives in 1Q21. This does not affect our assessment of parental support.

Company Summary

Dominant Market Position in Georgia's Leasing Industry

TBCL dominates Georgian leasing market with a share of total net investment in leases of about 70%. Recent regulatory tightening of the banking and microcredit sectors have increased the potential for still-unregulated leasing companies. Fitch believes TBCL will remain the market leader, but will gradually lose its share in the medium term as new companies enter the market after the end of the pandemic.

TBCL's franchise benefits from the strong brand recognition of its parent, TBC Bank, which is Georgia's largest bank (about 40% of total sector loans and deposits at end-3Q21). TBCL increasingly generates new business through referrals from TBC Bank's branch network (about 30% of new leases), but it is operationally autonomous in key functions (e.g. lease underwriting, risk management, IT systems). Fitch takes a positive view of the growing integration of TBCL into TBC Bank's strategy and product offering, which should support volume growth.

Core SME Portfolio, with Growth Plans in Retail and Real Estate

TBCL is a monoline leasing company, focusing on SMEs (legal entities represented about 90% of the portfolio at end-3Q21) and providing financial leasing (about 95% of leasing income). TBCL's main products include automotive vehicles, construction equipment and medical equipment. The launch of real estate operational leases (such as office premises) have been postponed again due to the pandemic and TBCL will reconsider the offer of sale-and-lease-back products in 2022, subject to macroeconomic conditions.

Retail leasing of cars amounted to 10% of the end-3Q21 portfolio. However, we expect this segment to grow quickly after the end of the pandemic, due to new car sales and because TBCL plans to introduce the leasing of consumer goods as an alternative to unsecured consumer loans (e.g. electronics, white goods).

Qualitative Assessment Factors

Operating Environment

Regulatory Changes Drive Leasing Growth in Georgia

Recent regulatory tightening aims at curbing fast credit growth and retail indebtedness. Banks and microfinance organisations are subject to maximum loan-to-value and payment-to-income ratios, tighter underwriting and higher capital requirements through risk-weighting. Leasing companies remain out of the scope of this regulation allowing them to cater to riskier, more leveraged clients. Leasing companies retain legal title of the leased assets for quick repossession and the leased assets do not count towards the lessee's total indebtedness.

Fitch expects the National Bank of Georgia (NBG) to increase its scrutiny of the leasing sector in the medium term. Prudential regulation of leasing companies is now limited to the general interest rate cap (of 50%) and to the requirement for all loans below GEL200,000 to be nominated in Georgian lari.

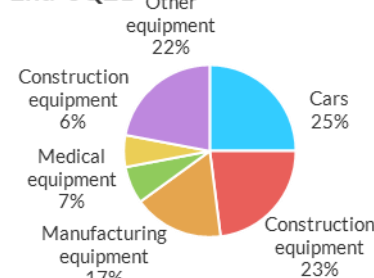
Risk Appetite

Heightened Risk Appetite, Mitigated by Collateral Availability

Fitch expects TBCL to progressively take over a riskier, but higher-yielding portion of TBC Bank's clients, owing to its unregulated status. In the medium term, Fitch believes that TBCL will increase its exposure to subprime retail clients, through consumer leasing, and to residual value risk, through the operational leasing of real estate and construction machinery.

TBCL has limited direct exposure to market risk, but it is highly exposed to foreign-currency-induced credit risk. TBCL is willing to issue foreign-currency leases to unhedged borrowers, and about 50% of the lease portfolio is denominated in foreign currency. TBCL also aims to issue most of the leases above GEL200,000 in foreign currency, positively with higher downpayments than lari leases.

Portfolio by Leased Assets at End-3Q21



Source: Fitch Ratings, TBC Leasing

Financial Metrics

Asset Quality

High Impaired Exposures Reflect Risk Appetite

Total Stage 3 exposures remain elevated at over 20% of total receivables. We define these as all leases and other receivables classified under Stage 3 in IFRS 9. The latter include receivables from terminated leases and loans issued to lessees. A high generation of impaired receivables (6.5% of opening portfolio in 1H21, 16% in 2020) keeps their stock at elevated levels, despite sizeable write-offs (30-40% of opening stock) and some recoveries (20%-30% of opening stock).

Reserve coverage improved to 52% at end-3Q21 (35% at end-2019), but still reflects TBCL's reliance on collateral. Sound collateral management results in limited write-offs and adequate impairment costs of about 2% of the average lease portfolio on average (3.4% in 2020).

Earnings & Profitability

High Risk, High Reward Model

TBCL returned to pre-pandemic profitability in 9M21 owing to lower impairment charges and higher interest income. The latter was driven by higher policy rates in Georgia (up by 200bp in 9M21) and a lower negative carry on liquid assets, which TBCL has accumulated during the pandemic (GEL58 million at end-3Q21, compared with GEL91 million at end-2020). We expect earnings for 2021 and 2022 to be in line with TBCL's pre-pandemic performance.

Fitch sees positively TBCL's high profitability (ROAE of 27% in 9M21 and 26% in 2015-2019), as it underpins TBCL's role in its parent's strategy. TBCL's ROAE is driven by its high portfolio yield (about 17%), which leaves a sound margin of about 5% after the cost of funding, impairments and insurance expenses. TBCL's portfolio yield should remain solid in the medium term, despite competition from regulated lenders (i.e. banks and microfinance). Operating costs are modest (6% of average gross leases, plus another 2% for insurance costs).

Capitalisation & Leverage

High Leverage, Capital Optimisation at Group Level

Fitch believes that TBCL has a high leverage appetite. The lower leverage at end-3Q21 (gross debt/tangible equity of 7.2x; end-2020: 10.8x) reflects a low new business origination in 9M21 (portfolio contracted by 4%) and earnings retention. However, TBCL is ready to resume lending once there is more macroeconomic clarity.

TBCL's leverage is considerably weaker than at independent peers resulting from TBC Bank's group-wide capital optimisation policy. This is aggravated by the weak asset quality, high risk appetite and asset concentration (the 10 largest exposures represented 1.6x tangible equity at end-3Q21). Fitch includes TBCL's subordinated debt of GEL34 million (10% of total debt at the end-3Q21) to the debt quantum, because it matures in less than five years (mostly by January 2023).

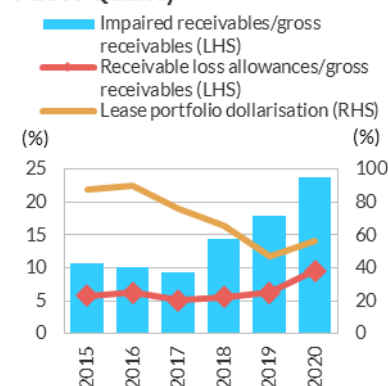
Funding, Liquidity & Coverage

Secured Funding and Support from the Parent

About 90% of TBCL's funding is secured with its lease portfolio, to guarantee pari passu across TBCL's third-party senior lenders, some of which originally lent on a secured basis. In addition, NBG regulation mandates that all lending from TBC Bank to TBCL must be on a secured basis, as the latter is a related party outside the regulatory perimeter. TBCL has already obtained the necessary consent to release the collateral from its bilateral lenders, conditional to all outstanding lenders accepting and to TBC being able to lend on an unsecured basis. The collateral could be released in the medium term, pending changes in NBG regulation.

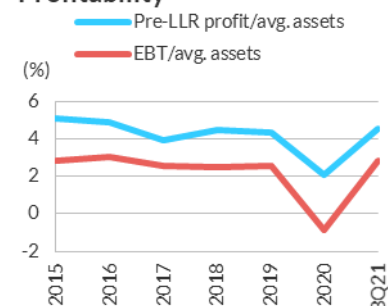
TBCL's access to third-party funding is helped by parental support. TBC Bank also provides a USD30 million funding line to TBCL, of which USD20 million remained undistributed at end-3Q21. The line size is constrained by regulatory requirements but we believe the NBG may waive restrictions in the event of a temporary extraordinary liquidity need.

Asset Quality



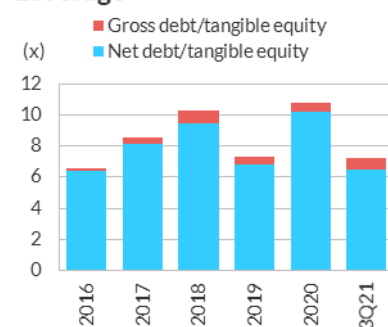
Source: Fitch Ratings, TBC Leasing

Profitability



Source: Fitch Ratings, TBC Leasing

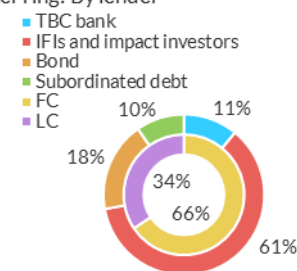
Leverage



Source: Fitch Ratings

Debt Sources at End-3Q21

Inner ring: Foreign or local currency
Outer ring: By lender



Source: Fitch Ratings, TBC Leasing

Environmental, Social and Governance Considerations

Credit-Relevant ESG Derivation

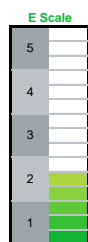
JSC TBC Leasing has 5 ESG potential rating drivers

- JSC TBC Leasing has exposure to fair lending practices; pricing transparency; repossession/foreclosure/collection practices; consumer data protection; legal/regulatory fines stemming from any of the above but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

Overall ESG Scale	key driver	0	issues	5
	driver	0	issues	4
	potential driver	5	issues	3
	not a rating driver	6	issues	2
		3	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	2	Regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc.	Operating Environment
Energy Management	2	Investments in or ownership of assets with below-average energy/fuel efficiency which could impact future valuation of these assets	Risk Appetite
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Company Profile; Asset Quality



How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

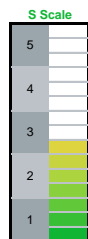
The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

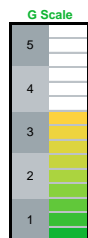
Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	2	n.a.	n.a.
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Fair lending practices; pricing transparency; repossession/foreclosure/collection practices; consumer data protection; legal/regulatory fines stemming from any of the above	Operating Environment; Risk Appetite; Asset Quality
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy; Earnings & Profitability; Capitalization & Leverage; Funding, Liquidity & Coverage
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core activities	Company Profile; Earnings & Profitability



Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Operational implementation of strategy	Management & Strategy
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal/compliance risks; business continuity; key person risk; related party transactions	Management & Strategy
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Management & Strategy



CREDIT-RELEVANT ESG SCALE
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

As support-driven issuers have strong linkages to their support providers, the ESG Relevance Scores assigned to the 'supported' subsidiaries often mirror those of their corporate and financial institution parents. This reflects our opinion that many of the ESG elements at the parent level are credit relevant for the subsidiary.

TBCL's scores are mostly aligned with those of TBC Bank. We score TBCL differently from TBC Bank on 'GHG Emissions' and 'Energy Management' at '2'. This reflects that these two topics are irrelevant for TBCL, but relevant for the broader leasing sector.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. ESG issues are credit neutral or have only a minimal credit impact on TBCL, either due to their nature or the way in which they are being managed. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Income Statement

(GELm)	3Q21 (USDm)	3Q21	1H21	2020	2019	2018	2017	2016	2015
Revenue									
Interest income	14	43	28	49	52	41	23	17	15
Interest expense	-6	-19	-13	-25	-21	-15	-9	-7	-6
Direct leasing costs	-2	-7	-5	-8	-8	-6	-3	-3	0
Net interest income	6	17	10	15	24	20	10	7	9
Operating expenses	-2	-7	-5	-9	-10	-9	-6	-4	-5
Other income, net	1	3	2	3	1	1	1	1	1
FX gains/losses, net	0	0	0	-2	-1	0	1	1	0
Gain (loss) on repossessed and other assets	0	0	-1	1	0	-1	0	0	-1
Impairment expenses	-2	-5	-2	-11	-6	-5	-2	-2	-2
Pre-tax income	3	8	5	-3	8	6	4	3	3
Income tax	0	0	0	0	0	0	0	0	-1
Net income	3	8	5	-3	8	6	4	3	2
Other comprehensive income	0	0	0	0	0	0	0	0	0
Total comprehensive net income	3	8	5	-4	8	6	4	3	2

Note: Fitch used TBCL's annual audited financial statements for all periods until 2020. It used TBCL's published semi-annual unaudited financials for 1H21 and the unaudited management accounts for 3Q21. All accounts are prepared under IFRS, rather than Georgian GAAP.

Source: Fitch Ratings, JSC TBC Leasing

Balance Sheet

(GELm)	3Q21 (USDm)	3Q21	1H21	2020	2019	2018	2017	2016	2015
Assets									
Cash and equivalents	9	29	34	20	19	19	8	3	5
Due from banks and restricted cash	9	29	36	72	0	0	4	3	6
Gross lease receivables	84	262	270	292	291	242	171	106	86
Memo: impaired lease receivables included above	7	23	40	49	30	18	5	2	4
Less: lease receivable loss allowances	-3	-10	-11	-10	-3	-2	-1	-1	-1
Net lease receivables	81	252	259	281	288	240	170	105	85
Gross other financial receivables	n.a.	n.a.	33	27	27	20	12	10	7
Less: receivable loss allowances	n.a.	n.a.	-23	-20	-17	-12	-8	-6	-4
Other financial receivables, net	6	19	10	7	10	7	4	4	2
Operating leasing assets	1	3	4	5	7	8	2	0	0
Prepayments	1	2	2	3	4	2	3	1	1
Financial derivatives	0	0	0	2	0	0	0	0	0
Goodwill and intangible assets	1	3	2	2	2	1	1	1	0
Tax assets	1	4	3	3	3	1	2	1	2
Repossessed collateral	4	12	10	8	6	8	3	3	4
Fixed and other assets	1	3	4	4	4	3	3	3	0
Total assets	114	357	364	406	342	290	201	122	106
Liabilities									
Advances from customers	4	12	9	9	19	18	13	7	7
Secured debt from financial institutions	65	205	218	264	242	204	136	68	66
Issue securities	19	58	58	58	0	8	8	13	5
Subordinated debt	11	34	34	35	31	29	16	16	15
Other liabilities	1	4	4	5	11	6	9	2	3
Total liabilities	100	313	323	371	303	265	181	106	95
Total equity	14	44	41	35	39	25	19	15	11
Total liabilities and equity	114	357	364	406	342	290	201	122	106

Note: Other financial receivables are all classified in Stage 3 according to IFRS 9.

Source: Fitch Ratings, JSC TBC Leasing

Summary Analytics

(%)	3Q21	1H21	2020	2019	2018	2017	2016	2015
Asset-quality metrics								
Impaired receivables/gross receivables	n.a.	n.a.	23.9	18.0	14.5	9.4	10.1	10.7
Impaired leases/gross leases	8.8	14.7	16.8	10.3	7.6	3.0	2.1	4.6
Receivable loss allowances/impaired receivables	n.a.	n.a.	40.0	34.8	38.7	54.9	62.3	53.9
Impaired receivables less loss allowances/tangible equity	n.a.	n.a.	137.7	100.0	98.7	41.5	29.7	41.7
Receivables impairment charges/average gross receivables	2.1	2.7	3.4	1.9	2.2	1.5	2.1	2.5
Growth of gross receivables	-3.9	-4.3	0.3	21.4	43.0	58.6	25.9	31.5
Impaired receivables generation	n.a.	6.5	16.4	16.4	14.5	n.a.	n.a.	n.a.
Lease portfolio dollarisation	55.0	61.5	56.6	46.8	66.2	75.9	90.1	87.6
Earnings and profitability metrics								
Pre-tax income/average assets	2.8	0.3	-0.8	2.6	2.5	2.5	3.0	2.8
Net income/average equity	27.1	2.6	-8.5	25.6	27.6	23.5	25.0	22.7
Operating expenses less insurance costs/net revenue	n.a.	38.1	38.1	43.4	30.7	42.6	38.9	34.3
Insurance/average gross receivables	n.a.	1.9	1.7	1.5	1.6	1.3	1.6	1.3
Impairment charges/pre-impairment operating profit	38.0	88.7	140.9	40.3	44.5	35.6	38.3	44.2
Interest income/average gross receivables	17.4	15.5	14.3	17.0	17.6	15.1	16.2	18.9
Interest expense/average debt	7.6	8.5	8.1	8.0	7.7	7.3	8.0	8.7
Net interest income less insurance and loss allowances/average gross receivables	n.a.	2.4	1.1	5.5	6.2	5.0	4.5	6.3
Capitalisation and leverage metrics								
Gross debt/tangible equity (x)	7.2	8.1	10.8	7.3	10.3	8.5	6.6	7.9
Net debt/tangible equity (x)	6.5	7.2	10.2	6.8	9.5	8.1	6.4	7.4
Gross debt/tangible equity plus subordinated debt (x)	3.9	4.3	5.2	4.0	4.6	4.6	3.2	3.3
Tangible equity/tangible assets	11.7	10.6	8.2	11.0	8.2	9.3	12.2	10.2
Impaired receivables less loss allowances/tangible equity	n.a.	n.a.	137.7	100.0	98.7	41.5	29.7	41.7
Open FX position/tangible equity	n.a.	9.3	3.4	-19.1	-65.3	20.3	61.6	0.0
Funding and liquidity metrics								
Unsecured debt/total debt	11.4	11.0	9.9	11.4	12.1	9.8	16.3	17.5
Short-term debt/total debt	34.4	27.8	22.6	64.2	48.0	41.9	26.9	29.4
Debt in foreign currency/total debt	65.6	63.3	54.6	66.2	65.9	75.8	87.0	89.7
Liquid assets/total assets	8.2	9.4	4.8	5.7	6.4	3.9	2.2	5.0
Aggregate maturity gap/tangible equity	n.a.	n.a.	26.2	37.5	3.3	9.1	51.3	29.1

Note: Ratios for 1H21 are calculated on a trailing -12-month basis. Those for 3Q21 are annualised on a year -to-date basis.

Source: Fitch Ratings, JSC TBC Leasing

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