Sherwood Parentco Limited

Key Rating Drivers

Owner of UK Debt Purchaser: Sherwood Parentco Limited (Arrow) is the parent company of Sherwood Acquisitions Limited, a UK-based entity set up by TDR Capital LLC (and owned by investment funds managed by TDR Capital LLC) to acquire Arrow Global Group Limited, a UK-based debt purchaser and investor in non-performing loans (NPLs), in October 2021.

Rating Constrained by Elevated Leverage: Arrow's Long-Term Issuer Default Rating (IDR) is constrained by high cash flow leverage with a gross debt/adjusted EBITDA ratio of around 5.4x at end-9M21 (based on annualised 9M21 adjusted EBITDA). Fitch Ratings expects cash flow leverage at end-2021 to improve to around 5x, largely because of improving cash EBITDA amid resilient collections and improving revenue in the fund management and servicing segments. Arrow's tangible equity is negative, which Fitch expects to continue under the new owner.

Transitioning to Fund Manager: Arrow's franchise is moderately smaller than those of higher-rated peers and concentrated on a relatively small number of markets, notably the UK, Ireland, Portugal, Italy and the Netherlands. However, Fitch's franchise assessment also considers the company's recently launched fund-and-investment-management business line. In our view this has good growth prospects and is less capital intensive than traditional debt purchasing but is also subject to execution risk (Arrow launched its first flagship fund, ACO 1, in 2019).

Recovering Profitability: In 2020 Arrow's adjusted EBITDA margin and pre-tax profitability were negatively affected by sizeable pandemic-related portfolio-investment impairment charges in 2Q20. Under its new, more asset-light business model, impairment charges will likely have a less noticeable impact on overall profitability (Arrow targets more than 50% of EBITDA from capital-light activities by end-2025), supporting increased revenue and earnings stability.

Governance Unchanged Following Delisting: Following its delisting and new ownership in 4Q20, Fitch expects Arrow's governance structure to remain broadly in place, supporting our view of the company's adequate risk and corporate governance. With some exceptions, Arrow's senior management team has fairly short tenors with the company, but extensive professional experience in the relevant sectors.

Long-Dated Funding Profile: Arrow's EBITDA coverage ratio is acceptable and the company benefits from a long-dated post-transaction funding profile and sound contingent liquidity. However, Fitch's assessment of Arrow's funding also considers its almost entirely secured funding profile, limiting its financial flexibility.

Rating Sensitivities

Sustainably Lower Leverage; Successful Strategy: Any positive rating action would require a material and sustained improvement in the gross leverage ratio to well within Fitch's 'bb' benchmark range (gross debt/adjusted EBITDA between 2.5x and 3.5x). In addition, an upgrade could be supported by a successful implementation of Arrow's capital-light asset management strategy, for instance through a successful roll-out of the follow-on fund to ACO 1 in 2022.

Delay in Implementing Strategy: Material delays in rolling out its capital-light strategy, in particular if impairing Arrow's deleveraging potential, would put pressure on Arrow's ratings. An inability to meet its 2023 leverage guidance of net leverage (net debt/ adjusted EBITDA) of 3.0x to 3.5x, could also put pressure on ratings.

Collection Under-Performance: Material collection under-performance, in particular if it leads to further significant portfolio impairments, could be rating-negative.

Ratings

Foreign Currency	
Long-Term IDR	BB-
Sovereign Risk	
Long-Term Foreign-Currency IDR	AA-
Country Ceiling	AAA

Outlooks

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

Applicable Criteria

Non-Bank Financial Institutions Rating Criteria (February 2020)

Related Research

Fitch Ratings 2022 Outlook: EMEA Developed Markets Finance and Leasing (December 2021)

Fitch Assigns Sherwood Financing Plc's Senior Secured Debt Final 'BB-' Rating (November 2021)

Fitch Rates Sherwood Parentco 'BB-'/Stable on Arrow Acquisition; Senior Debt 'BB-(EXP)' (October 2021)

Financial Data

Sherwood Parentco Limited

(GBPm)	30 Sep 21	31 Dec 20
Total assets	1,592.5	1,662.9
EBITDA (period)	182.5	233.2
84m ERC[a]	1,561.0	1,555.8
Debt/EBITDA (x)	5.4	5.8
EBITDA/Interest Expense (x)	4.1	4.0

Source: Fitch Ratings, Arrow, ERC: estimated remaining collections

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Debt Rating Classes

Sherwood Financing Plc

Rating level	Rating
Senior Secured Debt Rating	BB-

Source: Fitch Ratings

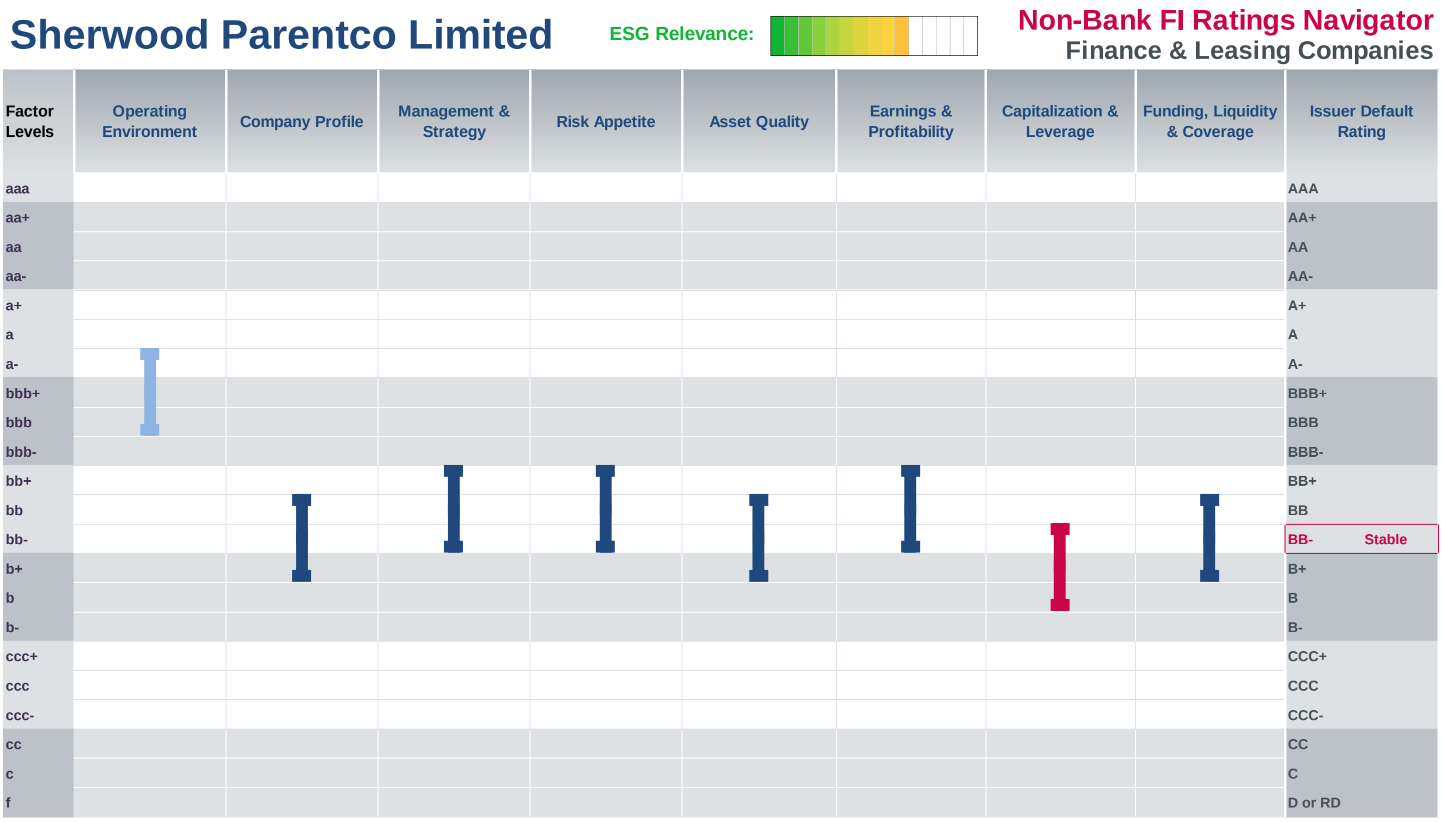
Sherwood Financing Plc's GBP1.2 billion equivalent senior secured notes are guaranteed by Sherwood Parentco Limited. The notes were issued in the form of a EUR640 million floating rate tranche maturing in 2027, a EUR400 million 4.5% tranche due 2026 and a GBP350 million 6% tranche maturing in 2026.

As Arrow's senior secured notes are the company's main outstanding debt class (and effectively junior to Arrow's GBP285 million revolving credit facility, RCF), Fitch has equalised the notes' ratings with the Long-Term IDR, indicating average recoveries for the notes.

The senior secured notes' rating is principally sensitive to a change in Arrow's Long-Term IDR and an upgrade of the Long-Term IDR would likely be mirrored in an upgrade of the notes. In addition, improved recovery expectations, for instance, through a larger layer of junior debt, could lead Fitch to notch up the notes from Arrow's Long-Term IDR.

A downgrade of the Long-Term IDR would likely be mirrored in a downgrade of the notes. In addition, worsening recovery expectations, for instance, through a larger layer of structurally senior debt, could lead Fitch to notch down the notes from the Long-Term IDR.

Ratings Navigator



Navigator Peer Comparison

Name	Sector	IDR/Outlook	Operating Environment	Company Profile	Management and Strategy	Risk Appetite	Asset Quality & Performance / CP Exposure	Earnings and Profitability	Capitalisation and Leverage	Funding, Liquidity and Coverage
Sherwood Parentco Limited	Fin Lease Co	BB-/Stable	bbb+■	bb-■	bb■	bb■	bb-■	bb■	b+■	bb-■
Garfunkelux Holdco 2 S.A.	Fin Lease Co	B+/Positive	a-■	bb■	bb■	bb-■	bb■	b▲	b▲	b■
Encore Capital Group, Inc.	Fin Lease Co	BB+/Stable	a▼	bb+■	bbb-■	bb+■	bb+■	bb+■	bb+■	bb■
PRA Group, Inc.	Fin Lease Co	BB+/Stable	a▼	bb+■	bbb-■	bb+■	bb+■	bb+■	bbb-■	bb■
Jefferson Capital Holdings LLC	Fin Lease Co	BB-/Stable	a▼	bb-■	bb■	bb■	bb■	bb■	bb+■	b+▲
doValue S.p.A.	Fin Lease Co	BB/Stable	bbb-▼	bb■	bbb-■	bb+■	bb■	bb+■	bb■	bb■
DDM Holding AG	Fin Lease Co	B/Stable	bb+▼	b-■	b+■	b■	b+▼	b■	b■	b■
Intrum AB (publ)	Fin Lease Co	BB/Stable	bbb+■	bb+■	bb+■	bb+■	bb+■	bb+■	b+■	bb■

Influence / Importance: Lower Moderate Higher

Outlook: Negative ▼ Stable ■ Positive ▲ Evolving ◆

Bar Chart Legend

Vertical bars – VR range of Rating Factor

Bar Colours – Influence on final VR

- Higher influence
- Moderate influence
- Lower influence

Bar Arrows – Rating Factor Outlook

⇧ Positive ⇩ Negative

⇳ Evolving ▫ Stable

Key Developments

Delisted and Acquired by TDR Capital Funds

In October 2021 funds managed by private equity firm TDR Capital LLC (TDR) acquired Arrow Global Group plc for an equity consideration of GBP563 million. The acquisition resulted in newly-established Sherwood Acquisitions Limited (wholly owned by Sherwood Parentco Limited) acquiring the delisted and renamed Arrow Global Group Limited.

To fund the acquisition, TDR contributed GBP563 million in equity, issued GBP1.2 billion in senior secured debt (via Sherwood Financing Plc) and refinanced Arrow's GBP285 million RCF.

Fitch believes Arrow's current strategy (see below) and governance structure will remain broadly unchanged under its new TDR ownership. TDR has considerable experience with investments in debt purchaser and adjacent businesses, having previously owned Lowell Group (Garfunkelux), a large UK- and Germany-based debt purchaser.

Transitioning to Asset-Light Strategy

Since its establishment in 2005, Arrow has developed from a UK-focused debt purchaser to a debt purchaser, debt servicer and NPL fund manager with material operations outside the UK. It is present in Portugal (servicing since 2013, purchasing since 2014, fund management since 2020), the Netherlands (since 2016), Italy servicing since 2016, fund management since 2017, purchasing since 2018) and Ireland (since 2017).

In late 2020 Arrow announced new five-year financial targets focusing on increasing the revenue contribution from capital-light business lines, namely its fund and investment management (FIM) and asset management and servicing (AMS) businesses. Arrow's historical balance sheet business (BSB) will predominantly be used to co-invest with FIM funds at typically 25:75.

Arrow's FIM strategy is anchored in its inaugural Jersey-domiciled Arrow Credit Opportunities I (ACO1) fund, launched in December 2019 and closed in 3Q20 at EUR1.7 billion, and supplemented by smaller fund managers in Portugal and Italy. At end-3Q21, total funds under management (FuM) amounted to around EUR4.7 billion and management aims to increase total FuM to EUR10 billion through follow-on funds to ACO1 by end-2025. As a result, Arrow expects the EBITDA contribution from capital-light businesses (FIM and AMS) to account for more than 50% by 2025 (from around a 29% before central costs in 1H21).

CEO Change in 4Q21

Following a change in its ownership in October 2021, Arrow announced that its CEO, Lee Rochford, had decided to step down from his position to be replaced by Arrow's founder and then group chief investment officer (CIO), Zachary Lewy. Lee Rochford had been appointed CEO in January 2017. Given Zachary Lewy's previous role as CIO and his long tenor with Arrow, we do not expect the CEO change to lead to any material changes in Arrow's existing strategy.

Key Non-IFRS/Alternative Performance Metrics

Cash revenue	Revenue after adding back amortisation and revaluation of purchased loan portfolios.
Cash EBITDA	EBIT plus depreciation and amortisation of tangible and intangible assets plus amortisation and revaluation of purchased loan portfolios.
Estimated Remaining Collections (ERC)	Expected gross cash proceeds from purchased debt portfolios over a 84-month, 120-month or 180-month period, assuming no additional purchases made and on an undiscounted basis.
Gross/net cash multiples	Gross attributable portfolio collections to the date on which the multiple is measured, plus ERC relating to the portfolio at the same date, divided by the total amount paid for the portfolio at the date of purchase. Net is the same metric net of collection-activity costs (direct costs).

Source: Fitch Ratings

Company Summary and Key Qualitative Assessment Factors

Established and Increasingly Diversified Debt Purchaser

Established in 2005 and headquartered in Manchester, Arrow has in recent years grown considerably, both through organic growth and select acquisitions in the UK and its targeted foreign markets. At end-1H21, Arrow's home market accounted for just over a third of its 84-month ERC with Portugal accounting for 26%, Italy for 21% and the Netherlands for 15%.

Arrow focuses on smaller "off market" transactions (i.e. not acquired through auctions or auction-like processes) where it sees less competition and typically higher net internal rates of return (IRR).

Focus on Capital-Light Business Lines

Unlike most peers, Arrow aims to operate an "integrated asset manager" model consisting of three distinct divisions:

- FIM: this largely contains Arrow's closed end fund business (ACO1) and has been established in the last three years. ACO1 largely invests in Arrow's five core markets and has a standard private equity structure with a three-year investment period and a five-year distribution period;
- AMS: this contains Arrows various servicing platforms. AMS services both internal and external portfolios (currently largely external but internal servicing projected to grow in line with projected FIM growth);
- BSB: this is Arrow's traditional debt purchasing division but will in future almost exclusively be used to provide co-investments in FIM's closed-end funds.

The management believes that, compared to conventional debt purchasing business models, this model has the advantage of generating materially higher unlevered returns on capital, enabling it to grow earnings with limited balance sheet utilisation, to generate more stable cash flows, and to de-lever more quickly.

While we believe that Arrow's repositioned business model could in the medium-term provide the above-outlined advantages, in practice its integrated model depends largely on the success of its recently launched ACO1 and so has only a limited record. Since fees in ACO1 are largely earned on deployed capital, this could in our view potentially lead to a situation where Arrow might have to deploy capital in adverse market conditions, affecting returns.

However, Fitch believes ACO1's performance to date has been sound with a net deal internal rate of return (IRR) of 18%. At end-3Q21, ACO1 deployment stood at 64% compared to a 70% threshold which would allow Arrow to launch ACO2 (which it expects to start in 2022).

Governance Benefits from Prior Listed Status

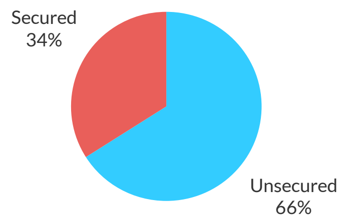
Following its delisting and new ownership in 4Q21, Fitch expects Arrow's governance structure to remain broadly in place, supporting our view of the company's adequate risk and corporate governance. With some exceptions, Arrow's senior management team has generally had fairly short tenures with the company, but extensive professional experience in the relevant sectors.

Arrow's seven-member board of directors consists of two members appointed by TDR, one non-executive director and three executive directors. A number of board committees in line with the UK Corporate Governance Code including an audit, risk and remuneration committee.

Adequate Risk Controls

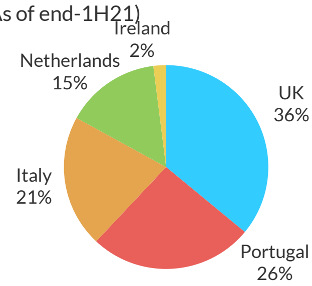
In line with most listed peers, Arrow operates a three lines of defence model supported by various board committees. All new investments are approved by the company's investment committee and ERC and portfolio investments are valued both internally and with external auditor attendance.

ERC by Asset Class
(As of end-1H21)



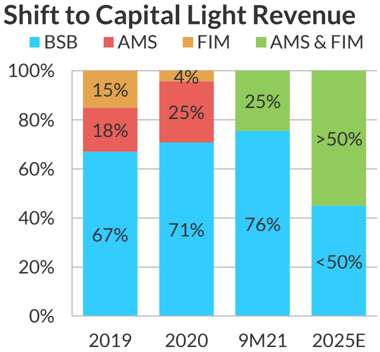
Source: Fitch Ratings, Arrow Global; 84 month ERC

ERC by Geography
(As of end-1H21)



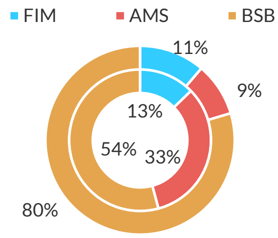
Source: Fitch Ratings, Arrow Global; 84 month ERC

Shift to Capital Light Revenue



Source: Fitch Ratings, Arrow

Segmental Breakdown
(Inner ring: gross income
Outer ring: EBITDA)



Source: Fitch Ratings, Arrow Global; 1H21 in GBPm

Key Financial Metrics – Latest Developments

Recovering Collection Performance

Arrow's UK exposure is almost all unsecured and largely relates to credit cards and unsecured loans. Exposure in Portugal is broadly evenly split between secured and unsecured. Arrow's exposure in Italy is primarily secured. According to the management, Arrow is primarily exposed to the economically stronger northern part of the country and its appetite for unsecured or longer-dated secured debt in Italy is low. Its exposure in the Netherlands is evenly split between secured and unsecured but quite concentrated with a large exposure (Rabobank's "bad bank") due to be collected by 2023.

In 2Q20, Arrow wrote down its ERC by around 13.2% to reflect the anticipated impact of the pandemic on collection levels, notably on its secured debt exposure in southern European markets. Based on Arrow's performance in 2H20 and 9M21, it appears write-down assumptions in 2Q20 were prudent as Arrow materially outperformed its end-2020 collection forecast by 15% in 3Q21, and by 11% in 9M21.

Under normal conditions, Arrow reforecasts ERC on a six-monthly basis in December and June (e.g. 2Q20 performance is measured against end-2019 ERC whereas 3Q20 performance is measured against end-June 2020 ERC).

Increase in Capital-Light Revenue

In 2020 Arrow's adjusted EBITDA margin and pre-tax profitability were negatively affected by sizeable pandemic-related portfolio investments impairment charges in 2Q20. Under its new, more asset-light business model impairment charges will likely have a less noticeable impact on overall profitability, supporting increased revenue and earnings stability.

Third-party fee income in FIM and servicing revenue in AMS developed favourably in 9M21 but the EBITDA contribution from asset-light activities remained well-below Arrow's medium-term target of 50% (24.5% in 9M21). The income from portfolio investments recovered strongly, with increasing court and other operating activity also leading to a less-pronounced increase in collection activity costs and other operating expenses. As a result, Arrow returned to positive operating profit in 9M21 (before finance costs). Reported net income remained negative (EUR15.3 million) due to material interest expenses, but was positive (EUR24.4 million) if takeover costs (including deal costs and retention and incentive payments) are excluded.

Elevated Leverage; Good Deleveraging Potential

Arrow's Long-Term IDR is constrained by high cash flow leverage with a gross debt/adjusted EBITDA ratio of around 5.4x at end-9M21 (based on annualised 9M21 adjusted EBITDA). Fitch expects gross cash flow leverage as of end-2021 to improve to around 5x, largely as a result of improving cash EBITDA amid resilient collections and improving revenue in the fund management and servicing segments. The management targets a net leverage ratio of between 3.0x and 3.5x by early 2023. We consider this achievable given the planned net debt reduction in Arrow's BSB segment, and anticipated improvements in Arrow's EBITDA margins in its FIM and AMS segments.

Similar to many European peers, Arrow's tangible equity position is negative, following material inorganic growth, which Fitch expects to remain the case under the new owner.

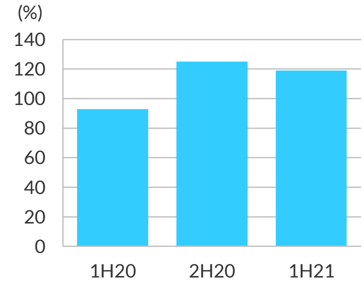
Long-Dated Funding Profile

Arrow's EBITDA coverage ratio is acceptable and the company benefits from a long-dated post-transaction funding profile with no bond maturities before 2026 and sound contingent liquidity through a long-dated undrawn GBP285 million RCF.

However, Fitch's assessment of Arrow's funding, liquidity and coverage profile also considers its almost entirely secured funding profile, limiting its financial flexibility, and the wholesale nature of its funding sources. Arrow's Funding, liquidity and coverage benchmark ratio remained within Fitch's 'bb' range (3x to 6x) in the last four financial years. Under Fitch's base case, we project the ratio to remain within the 'bb' range in the medium-term.

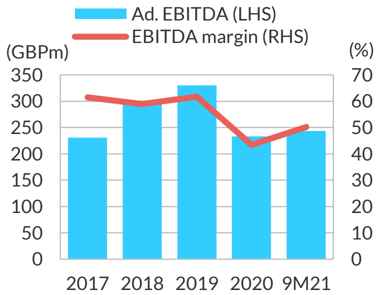
Collection Performance

Collection in period as % of prior year-end forecast



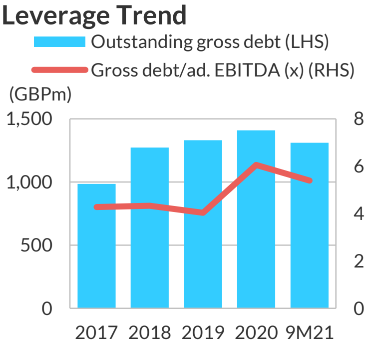
Source: Fitch Ratings, Arrow Global

EBITDA Margin



Source: Fitch Ratings, Arrow; 9M21 annualised

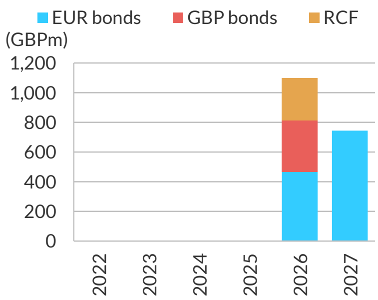
Leverage Trend



Source: Fitch Ratings, Arrow

Maturity Profile

(As of end-3Q21)



Source: Fitch Ratings, Arrow

Environmental, Social and Governance Considerations

FitchRatings **Sherwood Parentco Limited** Non-Bank FI Ratings Navigator
Finance & Leasing Companies

Credit-Relevant ESG Derivation

Sherwood Parentco Limited has 1 ESG rating driver and 4 ESG potential rating drivers

- Sherwood Parentco Limited has exposure to quality and timing of financial reporting and auditing processes which, in combination with other factors, impacts the rating.
- Sherwood Parentco Limited 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.
- Sherwood Parentco Limited has exposure to operational implementation of strategy but this has very low impact on the rating.
- Sherwood Parentco Limited has exposure to board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions but this has very low impact on the rating.
- Sherwood Parentco Limited has exposure to organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership but this has very low impact on the rating.

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

E Scale: 5, 4, 3, 2, 1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	1	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

S Scale: 5, 4, 3, 2, 1

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	4	Quality and timing of financial reporting and auditing processes	Management & Strategy

G Scale: 5, 4, 3, 2, 1

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.

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.

Fitch assigns Arrow an ESG score of '4' in relation to 'Financial Transparency', in view of the significance of internal modelling to portfolio valuations and associated metrics such as estimated remaining collections. However, this is a feature of the debt purchasing sector as a whole, and not specific to Arrow.

Income Statement

	30 Sep 21		31 Dec 20	31 Dec 19	31 Dec 18
	9 months - 3rd quarter	9 months - 3rd quarter	Year end	Year end	Year end
	(USDm)	(GBPm)	(GBPm)	(GBPm)	(GBPm)
	Unaudited	Unaudited	Audited - unqualified	Audited - unqualified	Audited - unqualified
Revenue					
Operating and finance lease income net of depreciation	n.a.	n.a.	n.a.	n.a.	n.a.
Gross interest, leasing and dividend income	137	101.9	164.7	199.2	194.0
Total interest expense	60	44.9	57.6	54.6	66.9
Net interest income	77	57.0	107.1	144.6	127.1
Total non-interest operating income	162	120.6	102.9	127.7	117.1
Expenses					
Total non-interest expenses	291	216.9	224.6	227.3	255.0
Pre-impairment/provision operating profit	-53	-39.3	-14.6	45.0	-10.7
Impairment charges	-30	-22.2	100.4	-12.7	-50.7
Securities and other credit impairment charges	n.a.	n.a.	n.a.	n.a.	n.a.
Operating profit	-23	-17.1	-115.0	57.7	40.0
Pre-tax income	-23	-17.1	-114.8	51.3	40.0
Net income	-22	-16.3	-93.6	37.3	30.0
Fitch comprehensive income	-30	-22.3	-86.5	30.4	31.1
Memo: EBITDA	54	40.4	-38.4	124.3	121.1
Memo: Adjusted EBITDA	246	182.5	233.2	330.1	294.0
Exchange rate		USD1 = GBP0.74432	USD1 = GBP0.745156	USD1 = GBP0.76211	USD1 = GBP0.78768

Source: Fitch Ratings, Fitch Solutions

Balance Sheet

	30 Sep 21		31 Dec 20	31 Dec 19	31 Dec 18
	9 months - 3rd quarter	9 months - 3rd quarter	Year end	Year end	Year end
	(USDm)	(GBPm)	(GBPm)	(GBPm)	(GBPm)
Assets					
Loans and leases					
Gross loans	979	729.0	793.6	932.2	869.1
Net loans	979	729.0	793.6	932.2	869.1
Operating leases, net	n.a.	n.a.	n.a.	n.a.	n.a.
Investment in direct financing and sales-type leases, net	n.a.	n.a.	n.a.	n.a.	n.a.
Gross loans and leases	979	729.0	793.6	932.2	869.1
Loan loss allowances for receivables and loans	n.a.	n.a.	n.a.	n.a.	n.a.
Net loans and leases	979	729.0	793.6	932.2	869.1
Other earning assets	75	55.6	71.4	48.5	94.2
Total earning assets	1,477	1,099.0	1,113.6	1,212.1	1,181.2
Total assets	2,140	1,592.5	1,662.9	1,668.6	1,596.1
Liabilities and equity					
Debt and deposits					
Total customer deposits	n.a.	n.a.	n.a.	n.a.	n.a.
Total deposits	n.a.	n.a.	n.a.	n.a.	n.a.
Total short-term debt funding	386	287.4	362.4	257.5	259.0
Total long-term funding	1,326	986.6	996.6	960.5	923.7
Total debt and deposits	1,712	1,274.0	1,359.0	1,218.0	1,182.8
Total interest-bearing liabilities	1,712	1,274.1	1,359.1	1,218.5	1,183.3
Total liabilities	1,998	1,487.1	1,546.2	1,466.8	1,403.8
Total equity	142	105.4	116.7	201.9	192.3
Total equity less non-controlling interest/minority interest	137	101.8	113.2	197.4	191.7
Total liabilities and equity	2,140	1,592.5	1,662.9	1,668.6	1,596.1
Exchange rate		USD1 = GBP0.74432	USD1 = GBP0.745156	USD1 = GBP0.76211	USD1 = GBP0.78768

Source: Fitch Ratings, Fitch Solutions

Summary Analytics

	30 Sep 21 9 months - 3rd quarter	31 Dec 20 Year end	31 Dec 19 Year end	31 Dec 18 Year end
Asset quality ratios (%)				
Growth of gross loans and leases (yoy)	-8.3	-14.9	7.3	-8.7
Earnings and profitability ratios (%)				
Pre-tax income/average assets	-1.4	-6.9	3.1	2.9
EBITDA/total revenue	18.1	-14.3	38.0	38.9
Adjusted EBITDA/Adjusted revenue	53.2	43.4	61.7	58.9
Non-interest expense/gross revenue	97.5	83.9	69.5	82.0
Pre-tax income/average equity	-20.3	-76.8	25.5	21.7
Impairment charges/pre-impairment operating profit	56.6	-688.3	-28.3	472.5
Depreciation expense/total revenue	5.6	7.1	5.6	4.6
Capitalisation and leverage ratios				
Gross debt/tangible equity	-6.3	-5.9	-10.6	-9.6
Gross debt/EBITDA	23.6	-35.4	9.8	9.8
Gross debt/adjusted EBITDA	5.4	5.8	3.8	4.4
Fitch Core Capital/tangible assets	-15.8	-17.7	-8.5	-9.6
Debt+off balance sheet funding/Fitch Core Capital	-6.3	-5.9	-10.6	-9.6
Funding, liquidity and coverage ratios				
EBITDA/interest expense	0.9	-0.7	2.3	1.8
Adjusted EBITDA/interest expense	4.1	4.0	5.9	4.0
Short-term debt/total funding	22.6	26.7	21.1	21.9

Source: Fitch Ratings, Fitch Solutions

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.