



Q4

Fourth quarter 2020



Fourth quarter and preliminary results 2020

“When the second wave of the pandemic hit most of our countries, we were well prepared and able to remain fully operational in all countries.”

Erik Just Johnsen, CEO

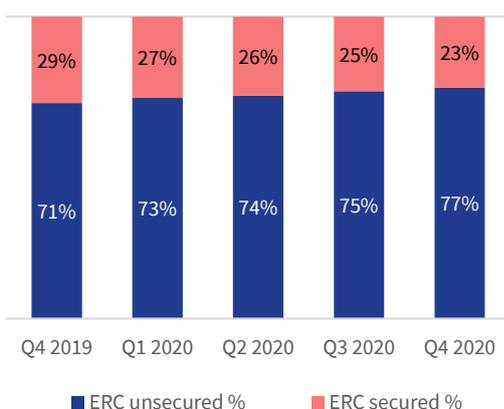
QUARTERLY EVENTS

- Unsecured collections were above expectations at 101% of the latest forecast
- Good progress on secured recoveries driven by successful new resolution strategies
- Continued cost focus ensured limited increase in operating expenses compared with Q3 despite higher activity
- Portfolio investments remained disciplined, with slightly higher volumes than in previous quarter
- Repayment of Bond 1 of EUR 150m and repurchase EUR 47 mill in Bond 2

QUARTERLY SUMMARY

NOK million	2020 Quarter 4	2019 Quarter 4	% Change	2020 Full Year	2019 Full Year	% Change
Total revenues	852	819	4 %	3 174	2 874	10 %
Operating profit/(loss)	355	291	22 %	1 224	959	28 %
Profit/(loss) after tax	123	90	36 %	309	107	188 %
Cash revenue ¹⁾	1 349	1 396	-3 %	5 403	5 642	-4 %
Cash EBITDA ¹⁾	905	940	-4 %	3 646	3 905	-7 %
Cash margin ¹⁾	67 %	67 %	0 pp	67 %	69 %	-2 pp
Cost to collect %	23,2 %	24,0 %	-0,8 pp	20,9 %	22,5 %	-1,6 pp
<i>Basic earnings per share, NOK</i>	0,30	0,22		0,75	0,26	
Return on equity	6,9 %	2,5 %	4,4 pp	6,9 %	2,5 %	4,4 pp
Gross collection from purchased loan portfolios ²⁾	1 315	1 370	-4 %	5 659	5 425	4 %
Portfolio purchases ³⁾	437	566	-23 %	1 664	4 034	-59 %

ERC - ASSET CLASS SPLIT



KEY PERFORMANCE FIGURES

NOK million	2020 31 Dec	2019 31 Dec	% Change
ERC (at end of month) ⁴⁾	23 100	23 809	-3 %
Net interest bearing debt	11 068	11 379	-3 %
Liquidity reserve	3 078	2 308	33 %
Equity ratio ⁵⁾	27,7 %	25,2 %	2,6 pp
Leverage ratio ¹⁾	3,04x	2,91x	0,13x
Total Loan to Value % (TLTV)	71,1 %	74,2 %	-3,1 pp
Number of employees (FTEs)	2 191	2 517	-13 %

1) Prior period numbers are updated in accordance with adjusted definition for Cash revenue and Cash EBITDA

2) Includes the Group's share of gross collection for portfolios purchased and held in SPVs and joint ventures

3) Including the Group's share of portfolios purchased in SPVs and joint ventures

4) Including the Group's share of portfolios purchased and held in SPVs and joint ventures

5) Equity ratio as defined in the RCF agreement

Comment by the CEO**A positive end to a challenging year**

The fourth quarter showed stable performance overall. When the second wave of the pandemic hit most of our countries, we were well prepared and able to remain fully operational in all countries. Since the pandemic arrived in Europe during the first quarter, our employees have shown a remarkable effort throughout the year which makes me both proud and humble.

Despite extraordinary times, we have made progress. Our secured division has shown improved performance throughout 2020, as a result of a reorganisation of the Secured Asset Management team, followed by a revised strategy for all larger secured claims. This has resulted in much better insight into our secured assets, and based on the recoveries of secured claims during 2020 in combination with the extensive re-underwriting carried out throughout the year, we are confident that new resolution strategies will deliver additional value.

In the fourth quarter we strengthened our balance sheet through prudent portfolio purchase activity. We repaid our first bond, B2H01, in December, and we also continued to repurchase our second bond, B2H02, during the quarter. As part of the strengthening of our balance sheet, we received a bridge loan from DNB and Nordea, giving us additional flexibility in our capital structure. I am grateful for the trust our banks have shown us throughout the year.

We have had continued focus on organizational improvements throughout the year, where more centralized risk and investment functions have been a priority. Such improvements are in line with our strategy of increased focus on fewer core markets going forward.

The Group executive management team was completed when our new CFO, André Adolfsen, started in his new position in November. With his strong industry background, André brings valuable insight and experience to the team, and is a great addition to an already well functioning management group.

Looking forward, we see a promising future for our industry. We still believe that we have some challenging months ahead of us, but looking beyond the pandemic that will gradually reduce its grip on society as vaccination becomes more widespread, we expect that the coming years will represent attractive investment opportunities for our industry. In combination with improved efficiency and adoption of new technology, we strongly believe that B2Holding is well positioned to meet the future.

Oslo, 11 February 2021

Erik Just Johnsen
CEO



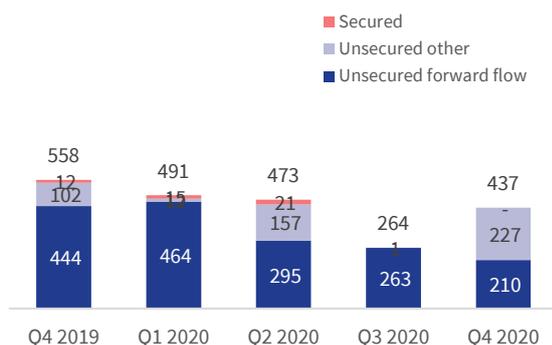
“Our secured division has shown improved performance throughout 2020, as a result of a reorganisation of the Secured Asset Management team, followed by a revised strategy for all larger secured claims.”

Operations

Increasing activity compared to Q3 2020 with collections and recoveries above latest forecast. Portfolio purchases are up compared to the previous quarter, with the Group taking advantage of more attractive pricing in the market. Bond 1 of EUR 150m was repaid during the quarter, while extension of the RCF and a new bridge loan in the quarter give the Group increased flexibility to act on future opportunities in the market.

PORTFOLIO INVESTMENTS

Portfolio purchases excl. JVs (NOKm)



Despite higher investments in Q4 than in Q3, the Group has maintained its price disciplined and opportunistic investment approach consistent with the Group's response to the uncertainty caused by the pandemic. The majority of existing contracts have been renegotiated over the last 3 quarters, and this has positively affected returns and performance in the quarter.

The majority of the Q4 investments were in Poland and Northern Europe, and the increase compared to Q3 was driven by one-off deals at favourable return levels compared to pre-Covid.

One third of all investments for the quarter were forward flow transactions in Northern Europe. Together with Poland, these markets have seen moderate impacts from the pandemic. The remaining purchases cover smaller portfolio acquisitions in Western and South Eastern Europe.

Similar to previous quarters in 2020, the Group's position regarding new portfolio investments remains unchanged. As a result of the pandemic and the resulting uncertainty, the Group will continue to carefully monitor the market and remain price disciplined while maintaining an opportunistic approach. The Group anticipates that a significant amount of NPL volumes will be coming to the market in 2nd half of 2021 and continuing into 2022 and that the yields will continue to be attractive. The Group will

continue to actively seek JV and servicing opportunities.

COLLECTION, RECOVERIES, REPOSSESSION AND SERVICING

Gross collections ended at NOK 1,203m, down NOK 92m (7 %) versus Q4 2019, primarily due to low portfolio investments throughout 2020 combined with some delays in collections due to Covid-19.

Unsecured

Gross collections on unsecured portfolios reached NOK 927m (910) in the fourth quarter.

Collection performance in Q4 reached 101% of the latest forecast, in line with trends from the previous quarters. Impact of the pandemic was again most visible in the economies where the governments took measures with respect to legal framework of the financial system, and debt collection in particular. Some of the restrictions implemented in the early stage of the pandemic started to be relaxed, with Croatia being the best example. After 6 months of suspension, the operations of the Fina agency (performing activities usually covered by bailiffs in most countries) were resumed in October, which resulted in a visibly positive effect on the collections in this country.

In parallel, collection strategies and operational set-up within the Group have been adjusted continuously as a reaction to the development of the pandemic and the impact it has on the business environment. Altogether, both access to the customers and the payment discipline remained above the expectations pre-Covid, and notably higher than stress test scenarios.

Collection results in the Group's main unsecured markets in Northern Europe and Poland continued to perform in line with or above pre-Covid levels. The performance in Western Europe was varied and the impact of the pandemic on South Eastern Europe more visible than other regions. A combination of external factors and actions taken by B2Holding have facilitated the improvement.

The second wave of Covid has created a necessity to continue with the work-from-home routines in all of the

Group's markets. IT systems fully supporting this distributed organization of work, and the quality of management routines of the dispersed organizations is functioning well.

Although further development of the pandemic and actions taken by the European governments may bring some unexpected changes in the collection performance in the next quarters, B2Holding remains well organized to face those challenges.

Recoveries from secured portfolios

Secured recoveries were NOK 276m (385) for the quarter, of which NOK 33 million (12 %) were repossessed assets that B2Holding has successfully taken legal ownership of.

The momentum of resolutions in secured portfolios continued in Q4 with actual performance at 133% of the latest forecast.

Overall, the activity during Q4, continued to be better than expected despite significant delays and interruptions in key public services necessary for progressing such resolutions, more specifically the courts and bailiff system and operations related to the real estate transactions such as land books.

The Group is continuously monitoring changes in the legal systems and governments' measures in response to the pandemic in order to protect the value of its assets and preserve recovery levels. The centralised asset management team continues to evaluate the Group's secured portfolios, identifying opportunities for upside strategies that improve and secure the quality of the back-book.

Collateral assets: repossessions and disposals

Part of the strategies designed and implemented in the corporate and secured portfolios, relate to repossession of the underlying assets, aiming to shorten the legal processes, the "time to asset" and "time to money".

The collateral assets value was reduced from NOK 907m in Q3 2020 to NOK 873m in Q4, a reduction which is primarily explained by currency effects. Due to Covid-19 related restrictions and especially the lockdown measures in the legal systems across Europe, the activity levels, both with regards to sale of collateral assets and non-amicable repossessions, continues to be slow. Repossessions for the quarter were NOK 33m while sales were NOK 19m.

RISKS AND UNCERTAINTIES

B2Holding is by the nature of its operations exposed to various strategic, financial, and operational risks.

The Covid-19 pandemic has had impact on real economies of countries where B2Holding is operating. Q4 saw the second wave of the pandemic take hold with increased numbers of Covid-19 cases and the re-introductions and extensions of lockdowns across most countries in Europe. At the same time, as the first national vaccination roll-outs are introduced, the macroeconomic indicators are expected to rebound in 2021. However, significant uncertainty and risk remains due to the new Covid-19 mutations and the questions surrounding timely roll-out of the mass vaccination programmes. However, as businesses and governments are now better prepared to deal with Covid-related restrictions, and as both court and bailiff operations are functioning in most countries of B2Holding's presence, the potential further impact of the pandemic is limited in the short-term.

The impact of the outbreak on the Q4 results has been limited, and lower than originally estimated by the Group in the portfolio stress test analysis, due to the favourable composition of asset classes, diversification of exposures and extended support programmes from the governments across markets.

B2Holding continues to analyse macroeconomic developments and internal data to address the potential pandemic impact.

Operational risks

The Group had taken steps to mitigate operational risks caused by the pandemic and shifted operations to remote work already by mid-March 2020. Operational processes have since been adjusted to flexible work arrangements, promoting the health and safety of the employees.

Re-lockdowns and stricter confinement measures in Q4 have not materially impacted the operating capacity of the Group.

Several occurrences of earthquakes in Croatia in Q4 have not materially affected the Group's operations, nor the values of the collateral assets in Group's portfolios.

Financial risks

B2Holding's geographically diversified investment portfolio limits the Group's overall exposure to risks related to the Covid-19 impact on individual economies, asset classes or portfolios.

Following the outbreak of the pandemic, B2Holding has continued to apply the precautionary measures to mitigate financial effects and strengthen its liquidity position in Q4. Temporary reductions of new investments and cost reduction initiatives have been maintained across the Group. In Q4, the Group has also introduced new measures to enhance underwriting scrutiny via additional valuation models. The application of these measures will be extended into 2021.

The Group is in compliance with all covenants as of 31 December 2020, while the available covenant headroom and investment capacity have increased during 2020.

Strategic risks

The Group expects the effects of the pandemic to last until mid to end 2021, and to influence the competitive landscape in the credit management sector. In the long-term, as a result of adverse economic conditions, higher supply and yields on NPLs, new types of portfolios and more servicing opportunities may appear. The Group has undertaken discussions with potential financing and JV partners to position itself to take advantage of the future opportunities and continues to analyse its strategy in view of the developments.

For the assessment of other risks, please refer to note 5 and to the Annual Report for 2019.

CORPORATE MATTERS

On 3 November 2020 the EUR 510m senior secured revolving credit facility (RCF) was extended by one year, from 31 May 2022 to 31 May 2023, which means that the ultimate maturity date is beyond the maturity of bond 4. The margin structure and the financial covenants remained unchanged.

In addition to the RCF, the Group completed an agreement for a EUR 100m Senior Secured bridge facility with DNB and Nordea. The margin was 4,5%, 18 months' tenor (mature on 3 May 2022) and the purpose of the loan is to repurchase and refinance bond 2 which matures in October 2021. Part of the RCF (max EUR 50m) can also be utilised to repurchase and refinance bond 2.

Moody's affirmed their Ba3 (negative outlook) rating in their latest credit opinion on 18 December 2020. The negative outlook reflects Moody's view that material further delay in collection could increase the liquidity risk and reduce the acquisition capacity going forward.

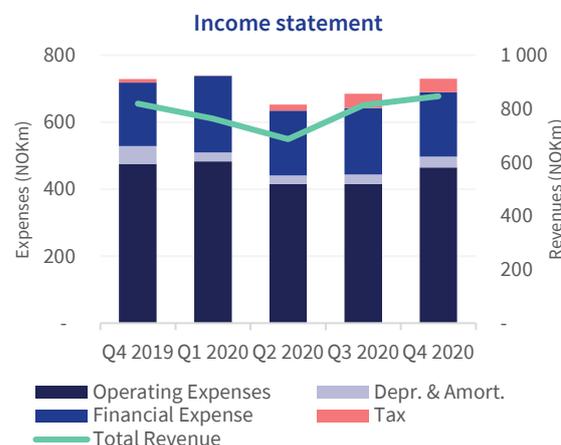
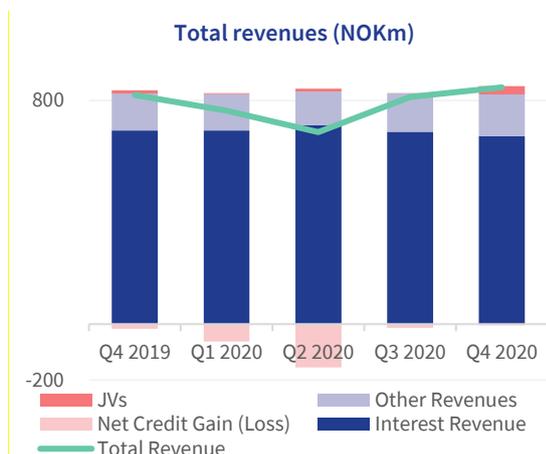
The extended RCF in combination with the new bridge facility confirms the support of the syndicate banks and gives the Group increased optionality and flexibility. During the quarter B2Holding has strengthened its liquidity reserve and increased its headroom to financial covenants. This is expected to be further increased going forward.

On top of the mentioned RCF and bridge facility, the Group holds four listed senior unsecured bond loans for a total of EUR 775m. In addition to the repayment of Bond 1 of EUR 150m on 8 December 2020, the Group has during the quarter repurchased a nominal value of EUR 46.85m in Bond 2 at an average price of 102.3.

In total the Group holds a nominal value of EUR 91.25m in treasury bonds at quarter end, of which EUR 64.35m is held in Bond 2 maturing in October 2021. The outstanding amount of EUR 110.65m in Bond 2 will primarily be refinanced via a combination of the RCF and the bridge facility.

Financials

In the fourth quarter B2Holding reported profit after tax of NOK 123 million. Underlying revenues are to a limited extent impacted by Covid-19 and remain stable compared with Q3 2020. On the cost side, the Group continues to deliver savings following tight cost control. Gross collections ended at NOK 1,203 million for the quarter, down from NOK 1,558 in Q3 which was high due to a few individually significant recoveries and repossessions of secured assets.



Since year-end 2019, and compared with Q4 2019, the Norwegian Krone has depreciated significantly against most other currencies. Approximately 99 % of revenues were related to operations outside Norway, hence changes in revenues, expenses and profits compared to same quarter last year are impacted by the changes in foreign currency translation rates.

REVENUES

Interest income from purchased loan portfolios shows a reduction in Q4 at NOK 672 compared with NOK 688m in Q3 and NOK 692m in same quarter last year. The main reason for the decrease compared with last quarter is the significant repossessions in the secured business during Q3 as well as being a result of the low volume of portfolio purchases in 2020. Compared to same quarter last year the weakening of the NOK versus EUR and other currencies is netting parts of the reduction due to repossessions.

While the first quarter showed gross collections fairly close to expectations, the Group did see some delayed collections in the second quarter and third quarter due to the impact of Covid-19. Overall collection performance in Q4 was in line with expectations with Poland and Northern Europe collecting above estimates, while collection performance in other segments has been more varied. The net credit loss on unsecured portfolios of NOK 9m in Q4 2020 compared with a net credit gain of NOK 1m in Q4 2019 reflects

adjusted values on certain portfolios during the Q4 revision process.

Net credit gain on secured portfolios of NOK 10m in Q4 2020 compared with a net credit loss of NOK 18m in the same quarter last year. The Secured business has performed well above expectations in Q4, in particular with earlier than expected recoveries in Central Europe (mainly Croatia) and in South Eastern Europe (mainly Romania). The change in future collection estimates is driven mainly by earlier than expected collections and some delayed claims moved slightly out in time.

Profit from shares in associated parties/joint ventures and participation loan/notes for the quarter was NOK 29m (11). B2Holding's co-investments cover portfolios in Croatia, Greece, Romania and Sweden. Collections in During Q4 the performance improved and a more positive outlook in resulted in a positive quarter and a satisfactory result for the year.

Interest income from loan receivables for Q4 2020 was NOK 43m (75), the reduction compared with same quarter last year is reflecting lower loan balances and a lower interest rate during 2020. Net credit loss from loan receivables of NOK 13m (34), primarily relates to delays and expected delays in collection.

Revenue from sale of collateral assets (REOs) for the quarter was NOK 19m and a net gain on sale of NOK 1m for the Group. During Q4, the regular reviews of book

values led to write-downs of NOK 2m, driven by assets repossessed in prior years. The review of booked REO values revealed higher values than previously anticipated, but REOs are booked under the IAS2 principle which only allows for write down of assets due to the short duration on the balance sheet.

Other revenues were NOK 101m (92) for the quarter. Other revenues are mainly comprised of revenue from external collection and from servicing of co-investments. Revenue from Credit information services and factoring are also included under other revenues.

OPERATING EXPENSES

In Q4 2020 the Group's operating expenses excluding cost of collateral assets sold, depreciation, amortization and impairment losses were NOK 444m, an increase of NOK 29m compared with Q3. In response to the Covid19 pandemic, the Group initiated active cost control measures. The targeted cost reductions combined with lower costs as a result of closure of the legal systems across Europe were expected to deliver EUR 2m per month. The Group delivered FX adjusted cost reductions compared with the cost level in Q1 2020 of approximately NOK 200m from Q2 to Q4. Compared with Q4 2019, the savings after adjusting for non-recurring expenses and FX in Q4 2019 were over NOK 50m and close to 12%. The Group will maintain its focus on cost and efficiency going forward and expects to deliver further on cost and efficiency.

Of the Group's operating expenses excluding cost of collateral assets sold, depreciation, amortisation, and revaluations approximately 50% are personnel costs, 25 % variable costs related to collection / recovery activity and 25% office-related costs including premises, equipment, telecommunications, IT & postage.

The year-on-year savings were delivered from cost and efficiency measures already undertaken in 2019, measures planned in 2020 and new initiatives introduced as a result of the Covid-19 situation. Additionally, there were some non-recurring expenses in connection with organisational changes in Q3 & Q4 2019 which did not repeat in Q3 & Q4 2020.

NET FINANCIAL ITEMS

Net financial items for the quarter amounted to NOK -193m (-190) comprised of NOK 1m (2) in financial income, NOK -192m (-185) in financial expenses, and NOK -1m (-7) in net exchange loss. Included in financial expenses are interest expenses of NOK -190m (-206). The decrease in interest expenses is mainly

related to reduced cost of debt and lower interest-bearing debt. The Group also incurred one off cost related to buy back of bonds which will result in lower interest expenses during 2021.

PROFIT FOR THE PERIOD AND TAX

The income tax expense for the quarter amounts to NOK 39m (11) and is 25% of profit before tax. Profit after tax for the quarter ended at NOK 123m (NOK 90m).

BALANCE SHEET

At the end of the quarter, total assets amount to NOK 17,169m compared with NOK 16,942m at the end of 2019. The net change is mainly related to a reduction in purchased loan portfolios, see note 4 for details, as well as an increase in collateral assets due to repossessions in 2020.

Net interest-bearing debt amount to NOK 11,068m, down NOK 311m compared with the end of 2019. The change is primarily explained by net repayments on interest-bearing loans and borrowings during the year and partly offset by changes in foreign currency translation rates.

The Group settled Bond 1 in December and Bond 2 became short in October. Additionally, the Group has during the quarter repurchased a nominal value of EUR 46.85m in Bond 2 at an average price of 102.3. In total the Group holds a nominal value of EUR 91.25m in treasury bonds at quarter end, of which EUR 64.35m is held in Bond 2 maturing in October 2021.

CASH FLOW

Operating cash flow was NOK 678m (888) in the fourth quarter of 2020. The decrease compared with the same period last year relates to some lower cash collection, but also significant unrealised foreign exchange difference.

Cash flow from investing activities ended at NOK -446m (-369) and is mainly related to portfolio purchases.

Net cash flow from financing activities ended at NOK -93m (-377).

DISCLAIMER

This report contains forward-looking statements that reflect management's current view with respect to future events. All such statements are subject to inherent risks and uncertainties, and many factors can lead to developments deviating from what has been expressed or implied in such statements.

Board of Directors, B2Holding ASA, 11 February 2021

Consolidated income statement

All figures in NOK million unless otherwise stated

	Notes	2020 Quarter 4	2019 Quarter 4	2020 Full year	2019 Full Year
Interest income from purchased loan portfolios		672	692	2 765	2 713
Net credit gain/(loss) from purchased loan portfolios	4	1	-17	-230	-400
Profit from shares in associated parties/joint ventures and participation loan/notes		29	11	45	64
Interest income from loan receivables		43	75	217	294
Net credit gain/(loss) from loan receivables		-13	-34	-79	-178
Revenue from sale of collateral assets		19		72	
Other revenues		101	92	385	381
Total revenues	3	852	819	3 174	2 874
External expenses of services provided		-115	-124	-454	-447
Personnel expenses		-229	-229	-893	-888
Other operating expenses		-99	-123	-411	-446
Cost of collateral assets sold, including impairment		-20		-78	
Depreciation and amortisation		-27	-26	-108	-107
Impairment losses		-5	-27	-6	-27
Operating profit/(loss)	3	355	291	1 224	959
Financial income		1	2	56	13
Financial expenses		-192	-185	-805	-794
Net exchange gain/(loss)		-1	-7	-64	-12
Net financial items	5	-193	-190	-814	-794
Profit/(loss) before tax		162	101	411	165
Income tax expense		-39	-11	-102	-58
Profit/(loss) after tax		123	90	309	107
Profit/(loss) attributable to:					
Parent company shareholders		123	90	309	107
Non-controlling interests		0	0	0	0
Earnings per share (in NOK):					
Basic		0,30	0,22	0,75	0,26
Diluted		0,30	0,22	0,75	0,26

Consolidated statement of comprehensive income

All figures in NOK million

	2020 Quarter 4	2019 Quarter 4	2020 Full year	2019 Full Year
Profit/(loss) after tax	123	90	309	107
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	-216	48	129	-23
Hedging of currency risk in foreign operations	-7	-31	52	-37
Tax attributable to items that may be reclassified to profit or loss	0	8	-11	9
Other comprehensive income	-223	25	170	-51
Total comprehensive income for the period	-100	115	479	56
Total comprehensive income attributable to:				
Parent company shareholders	-101	114	479	56
Non-controlling interests	0	0	0	0

Consolidated statement of financial position

All figures in NOK million

	Notes	2020 31 Dec	2019 31 Dec
Deferred tax asset		323	189
Goodwill		824	778
Tangible and intangible assets		330	363
Investments in associated companies and joint ventures		349	387
Purchased loan portfolios	3,4,5	13 033	13 420
Loan receivables		235	345
Participation loan/notes	3	522	542
Other non-current financial assets		3	5
Total non-current assets		15 620	16 027
Other short-term assets		253	240
Collateral assets		873	319
Cash and short-term deposits		423	356
Total current assets		1 549	914
Total assets		17 169	16 942
Equity attributable to parent company's shareholders	7	4 718	4 236
Equity attributable to non-controlling interests		1	1
Total equity		4 719	4 237
Deferred tax liabilities		295	171
Long-term interest bearing loans and borrowings	6	10 116	10 141
Other non-current liabilities		131	160
Total non-current liabilities		10 542	10 472
Short-term interest bearing loans and borrowings	6	1 153	1 498
Bank overdraft	6	222	97
Account payables and other payables		154	265
Income taxes payable		39	29
Other current liabilities		339	345
Total current liabilities		1 908	2 233
Total equity and liabilities		17 169	16 942

Consolidated statement of changes in equity

All figures in NOK million

	Notes	2020			2019		
		Attributable to parent company's shareholders	Non-controlling interests	Total equity	Attributable to parent company's shareholders	Non-controlling interests	Total equity
At 1 January		4 236	1	4 237	4 355	1	4 355
Profit/(loss) after tax		309	0	309	107	0	107
Other comprehensive income		170	0	170	-51	0	-51
Total comprehensive income		479	0	479	56	0	56
Issue of share capital	7				8		8
Share based payments		4		4	3		3
Dividend paid to parent company's shareholders					-184		-184
Dividends to non-controlling interests			-0	-0		-0	-0
Sale and acquisition of non-controlling interests		0	-0		-1	-0	-1
Capital contribution from non-controlling interests						0	0
At 31 December		4 718	1	4 719	4 236	1	4 237

Consolidated statement of cash flows

All figures in NOK million

	Notes	2020 Quarter 4	2019 Quarter 4	2020 Full year	2019 Full Year
Cash flow from operating activities					
Profit/(loss) before tax		162	101	411	165
Amortisation/revaluation of purchased loan portfolios		531	619	2 743	2 889
Adjustment other non-cash items		14	37	91	124
Interest expenses		187	199	796	802
Unrealised foreign exchange differences		-161	-23	-208	-15
Income tax paid		-29	-47	-112	-194
Change in working capital		-43	-95	-673	-292
Change in other balance sheet items		17	97	200	131
Net cash flow from operating activities		678	888	3 248	3 609
Cash flow from investing activities					
Net portfolio purchases	3,4	-438	-286	-1 756	-3 117
Net investments in tangible and intangible assets		-22	-13	-45	-49
Investments in subsidiary companies, joint ventures and associated companies		14	-70	64	-371
Payment of contingent consideration				-22	-88
Net cash flow from investing activities		-446	-369	-1 760	-3 624
Cash flow from financing activities					
Net new share issue	7				8
Capital contribution from non-controlling interests					0
Net receipts/(payments) on interest bearing loans and borrowings		81	-195	-808	851
Interest paid		-175	-182	-736	-737
Dividends paid to parent company's shareholders					-184
Dividends paid to non-controlling interests				-0	-0
Net cash flow from financing activities		-93	-377	-1 544	-63
Net cash flow during the period		139	142	-56	-77
Cash and cash equivalents at the beginning of the period		76	114	259	339
Exchange rate difference on cash and cash equivalents		-14	4	-2	-2
Cash and cash equivalents at the end of the period		201	259	201	259
<i>Cash and cash equivalents comprised of:</i>					
Cash and short-term deposits		423	356	423	356
Bank overdraft		-222	-97	-222	-97

Notes to the interim consolidated financial statements

Note 1 – General information and basis for preparation

B2Holding ASA (the Company or Parent) and its subsidiaries (together the Group) operates in the portfolio business. The portfolio business consists of purchase, management, and collection of unsecured and secured non-performing loans. B2Holding ASA is a public limited liability company, incorporated and domiciled in Norway. The Company's registered office is at Stortingsgaten 22, 0119 Oslo, Norway. The interim condensed consolidated financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. As a result of rounding differences, numbers or percentages may not add up to the total.

These interim condensed consolidated financial statements (interim report) for the fourth quarter ended 31 December 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statement for 2019. The annual consolidated financial statements for 2019 are available upon request from the Company and at www.b2holding.no.

The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

The interim financial information for the quarters ended 31 December 2020 and 31 December 2019 are unaudited. The 2019 audited financial statements were approved by the Board of Directors on 29 April 2020.

Note 2 – Estimates and critical accounting judgements

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. The important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for these interim financial statements as for the consolidated financial statements for 2019. However, in the light of the uncertainty arising from the COVID-19 pandemic there is clearly a high level of judgement required in the assessment of future collections/cash flows/forecasts. The management have assessed the data and information available at the balance date.

Note 3 – Segment reporting

For management purposes, the Group is organized into different geographical regions corresponding to the countries where the Group operates. The Executive Management monitors the operating results of these geographical regions separately for the purposes of making decisions about resource allocation and performance assessment. The segment reporting is presented in the same manner as presented to the Executive Management. The Executive Management reporting differs from the reported numbers in the interim consolidated financial statements. The differences are related to the line item presentation of revenue from purchased loan portfolios and the presentation of operating expenses. Total revenues and operating profit are equal in segment reporting and in the interim consolidated income statement. See explanation of the differences in definitions on page 22.

Finance and taxes are managed on a Group basis and are not included at the regional level. The results of the Parent company, the holding companies and the Investment Office in Luxembourg are reported as "Central functions". Results from purchased loan portfolios are included in the region where the portfolio is originated.

Quarter 4, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income from purchased loan portfolios	217	141	130	88	96		672
Net credit gain/(loss) from purchased loan portfolios	-12	16	31	-19	-15		1
Revenue from purchased loan portfolios	204	157	161	69	81		673
Profit from shares in associated parties/joint ventures and participation loans/notes	2		2		26		29
Total revenue from purchased loan portfolios	207	157	163	69	107		702
Revenue from external collection	36	0	7	29	12		84
Revenue from loan receivables		29			0		30
Revenue from sale of collateral assets	0	0	21	2	-4		19
Other operating revenues	5	0	-3	11	2		17
Total other revenues	41	29	26	42	11		150
Total revenues	248	186	189	111	118		852
Cost to collect	-67	-74	-48	-42	-47		-279
Cost of collateral assets sold, including impairment		0	-22	-2	4		-20
Cost other revenues	-37	-13	-7	-39	-24		-121
Administration and management costs	-9	-4	-6	-2	-8	-16	-46
EBITDA	135	94	106	26	42	-16	387
Depreciation, amortisation and impairment losses	-6	-9	-2	-10	-3	-2	-32
Operating profit/(loss)	129	85	103	16	39	-18	355

Quarter 4, 2019

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income from purchased loan portfolios	212	141	162	89	88		692
Net credit gain/(loss) from purchased loan portfolios	-19	4	-3	-6	7		-17
Revenue from purchased loan portfolios	193	145	159	84	95		675
Profit from shares in associated parties/joint ventures and participation loans/notes	0		0		11		11
Total revenue from purchased loan portfolios	193	145	159	84	106		687
Revenue from external collection	31	0	0	33	8		73
Revenue from loan receivables	0	41	0		0		41
Other operating revenues	5	0	0	14	0		19
Total other revenues	36	41	0	47	9		133
Total revenues	229	186	159	131	115		819
Cost to collect	-64	-81	-63	-44	-58		-311
Cost other revenues	-34	-16	2	-50	-8		-106
Administration and management costs	-8	-2	-1	-3	-4	-40	-59
EBITDA	123	86	97	33	44	-40	344
Depreciation, amortisation and impairment losses	-4	-8	-24	-6	-4	-7	-53
Operating profit (EBIT)	119	78	73	27	41	-47	291

Full Year, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income from purchased loan portfolios	873	576	585	357	374		2 765
Net credit gain/(loss) from purchased loan portfolios	-36	20	-72	-65	-78		-230
Revenue from purchased loan portfolios	837	597	513	292	296		2 535
Profit from shares in associated parties/joint ventures and participation loans/notes	11		5		29		45
Total revenue from purchased loan portfolios	848	597	518	292	325		2 579
Revenue from external collection	152	0	8	120	35		315
Revenue from loan receivables		136			1		137
Revenue from sale of collateral assets	0	6	44	10	10		72
Other operating revenues	19	1	6	37	7		70
Total other revenues	171	144	58	167	54		594
Total revenues	1 019	740	577	460	379		3 174
Cost to collect	-252	-309	-192	-152	-198		-1 103
Cost of collateral assets sold, including impairment		-6	-49	-11	-12		-78
Cost other revenues	-146	-57	-21	-167	-79		-471
Administration and management costs	-20	-8	-10	-4	-12	-130	-184
EBITDA	601	360	304	125	78	-130	1 338
Depreciation, amortisation and impairment losses	-18	-35	-9	-27	-17	-7	-113
Operating profit (EBIT)	583	325	295	98	61	-137	1 224

Full Year, 2019

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income from purchased loan portfolios	764	542	724	319	364		2 713
Net credit gain/(loss) from purchased loan portfolios	44	44	-475	125	-139		-400
Revenue from purchased loan portfolios	808	587	250	444	224		2 313
Profit from shares in associated parties/joint ventures and participation loans/notes	0		7		57		64
Total revenue from purchased loan portfolios	808	587	256	444	282		2 377
Revenue from external collection	124	0	1	139	35		299
Revenue from loan receivables	-2	115	0		2		116
Other operating revenues	16	1	9	56	0		82
Total other revenues	138	116	10	196	36		497
Total revenues	946	703	266	640	318		2 874
Cost to collect	-233	-321	-240	-169	-208		-1 170
Cost other revenues	-126	-72	-8	-187	-55		-448
Administration and management costs	-11	-5	-4	-5	-6	-133	-163
EBITDA	577	306	15	280	48	-133	1 093
Depreciation, amortisation and impairment losses	-13	-40	-35	-23	-16	-9	-134
Operating profit (EBIT)	564	266	-20	258	33	-142	959

Quarter 4, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	147	237		11	42		437
Purchased loan portfolios, book value							
Purchased loan portfolios	5 046	1 967	2 763	1 948	1 309		13 033
Participation loan/notes to SPV's for purchase of loan portfolios					522		522
Purchased loan portfolios held through joint venture ¹⁾	102		240		6		348
Purchased loan portfolios at 31 December	5 148	1 967	3 004	1 948	1 837		13 903

1) Values stated reflects the Group's book value of investments in SPVs and joint ventures

Quarter 4, 2019

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	376	108	6	25	50		566
Purchased loan portfolios, book value							
Purchased loan portfolios	4 745	2 057	3 365	1 991	1 262		13 420
Participation loan/notes to SPV's for purchase of loan portfolios					542		542
Purchased loan portfolios held through joint venture ¹⁾							
Purchased loan portfolios at 31 December	4 745	2 057	3 365	1 991	1 804		13 961

Full Year, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	898	362		93	311		1 664
Purchased loan portfolios, book value							
Purchased loan portfolios	5 046	1 967	2 763	1 948	1 309		13 033
Participation loan/notes to SPV's for purchase of loan portfolios					522		522
Purchased loan portfolios held through joint venture ¹⁾	102		240		6		348
Purchased loan portfolios at 31 December	5 148	1 967	3 004	1 948	1 837		13 903

Full Year, 2019

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	2 108	401	283	372	245		3 409
Purchased loan portfolios, book value							
Purchased loan portfolios	4 745	2 057	3 365	1 991	1 262		13 420
Participation loan/notes to SPV's for purchase of loan portfolios					542		542
Purchased loan portfolios held through joint venture ¹⁾							
Purchased loan portfolios at 31 December	4 745	2 057	3 365	1 991	1 804		13 961

Note 4 – Purchased loan portfolios**Purchased loan portfolios***All figures in NOK million*

	2020 Quarter 4	2019 Quarter 4	2020 Full year	2019 Full Year
Opening balance	13 827	13 749	13 420	13 346
Portfolio purchases in the period	437	566	1 664	3 409
Gross collection from purchased loan portfolios	-1 203	-1 295	-5 278	-5 202
Interest income from purchased loan portfolios	672	692	2 765	2 713
Net credit gain/(loss) from purchased loan portfolios	1	-17	-230	-400
Book value of sold loan portfolios		-311		-311
Exchange rate differences	-701	36	692	-135
Closing balance	13 033	13 420	13 033	13 420

The face value of purchased loan portfolios at 31 December 2020 amounts to NOK 146,093m including accrued interest (2019: NOK 160,500m).

The fair value of unquoted financial assets has been estimated using valuation techniques based on assumptions that are not supported by observable market prices. The fair value of purchased loan portfolios (level 3) has been calculated by discounting the expected net future cash flows from collection less cost to collect and tax with the estimated weighted average cost of capital for the countries where the purchased portfolios are originated. The calculated fair value of purchased loan portfolios as of 31 December 2020 is NOK 13,255m.

Net credit gain/loss from purchased portfolios

The Group purchases materially impaired loan portfolios at significant discounts and impairments are already included at purchase. The expected credit loss for the purchased loan portfolios is not explicitly recognized as a loss provision, as these financial assets are credit impaired by definition and the estimated loss is already part of the amortized cost. The Group's exposure to credit risk from the purchased loan portfolios is related to actual gross collection deviating from collection estimates and from changes in future collection estimates. The Group regularly evaluates the current collection estimates on single portfolios and the estimate is adjusted if collection is determined to deviate from current estimate over time. The adjusted collection estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimate adjusts the book value of the portfolio and is included in the profit and loss statement in the line item "Net credit gain/(loss) from purchased loan portfolios". Due to volatility towards the timing of collection, secured portfolios are evaluated monthly. Unsecured portfolios are evaluated quarterly. Gross collection above collection estimates and upward adjustments of future collection estimates, increase revenue. Gross collection below collection estimates and downward adjustments of future collection estimates, decrease revenue.

Quarter 4, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Gross collection from purchased loan portfolios	2	16	103	94	61		276
Collection above/(below) estimates	-1	9	49	-11	22		69
Changes in future collection estimates	0	-9	-26	0	-24		-59
Net credit gain/(loss) from secured portfolios	-1	1	23	-11	-2		10
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	425	257	77	53	116		927
Collection above/(below) estimates	9	15	-2	-8	-6		9
Changes in future collection estimates	-22	0	10	0	-6		-17
Net credit gain/loss from unsecured portfolios	-12	16	7	-7	-12		-9
Net credit gain/(loss) from purchased loan portfolios	-13	16	30	-18	-14		1

Quarter 4, 2019

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Gross collection from purchased loan portfolios	3	15	156	148	63		385
Collection above/(below) estimates	1	6	67	37	26		138
Changes in future collection estimates	-1	-12	-71	-48	-25		-156
Net credit gain/(loss) from secured portfolios	0	-5	-4	-10	1		-18
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	387	239	100	67	118		910
Collection above/(below) estimates	-12	9	1	6	5		10
Changes in future collection estimates	-7	0	0	-2	0		-9
Net credit gain/loss from unsecured portfolios	-19	9	0	5	6		1
Net credit gain/(loss) from purchased loan portfolios	-19	4	-3	-6	7		-17

Full Year, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Gross collection from purchased loan portfolios	8	46	955	348	223		1 580
Collection above/(below) estimates	1	23	683	44	90		842
Changes in future collection estimates	0	-36	-712	-80	-83		-911
Net credit gain/(loss) from secured portfolios	1	-12	-29	-36	7		-69
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	1 778	987	324	201	409		3 698
Collection above/(below) estimates	34	22	-28	-30	-54		-55
Changes in future collection estimates	-72	10	-14	1	-31		-105
Net credit gain/loss from unsecured portfolios	-37	33	-43	-28	-85		-161
Net credit gain/(loss) from purchased loan portfolios	-36	20	-72	-65	-78		-230

Full Year, 2019

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Gross collection from purchased loan portfolios	11	36	968	435	246		1 696
Collection above/(below) estimates	2	2	-514	73	-136		-573
Changes in future collection estimates	-8	-12	30	26	-17		19
Net credit gain/(loss) from secured portfolios	-6	-10	-485	99	-152		-554
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	1 569	934	386	187	430		3 506
Collection above/(below) estimates	81	50	-3	28	9		165
Changes in future collection estimates	-31	5	13	-2	4		-11
Net credit gain/loss from unsecured portfolios	50	55	10	26	13		154
Net credit gain/(loss) from purchased loan portfolios	44	44	-475	125	-139		-400

Purchase of loan portfolios, cash flow statement

The following table reconciles the difference between “Net portfolio purchases” in cash flow statement and other statements:

All figures in NOK million

	2020 Quarter 4	2019 Quarter 4	2020 Full year	2019 Full Year
Portfolio purchases in the period	-437	-566	-1 664	-3 409
Investment in JV for purchase of portfolio				
Sale price sold portfolios		311		311
Change in prepaid amounts and amounts due on portfolio purchases	-1	-32	-92	-19
Net portfolio purchases, cash flow statement	-438	-286	-1 756	-3 117

Note 5 – Financial instruments

Specific disclosures regarding purchased loan portfolios see note 4.

Fair value of financial instruments

The fair value of interest-bearing loans and borrowings is equal to the carrying amount (NOK 4,162m) for the Multi-currency revolving credit facility (level 2) as the loans are based on one to six months floating interest. The fair value (NOK 6,953m) of bond loans (level 1) were determined by obtaining quoted market prices for the bond loans from Reuters. The carrying amount is NOK 7,107m. Participation loan/notes are measured at fair value through profit or loss. For loan receivables the carrying value is the best estimate of fair value.

Financial risk

The strategy of the Group is to manage and limit both currency and interest rate risk. The Group holds various derivative financial instruments with the purpose of reducing its interest rate exposure and achieving a suitable currency ratio between its assets and liabilities. At quarter end the fair value of the currency derivatives was positive NOK 20m and the fair value of the interest rate hedging derivatives was negative NOK 14m. The interest rate hedging ratio was 77 %.

For more details refer to the Risk Management section in the Group’s 2019 Annual Report.

Net financial items

All figures in NOK million

	2020 Quarter 4	2019 Quarter 4	2020 Full year	2019 Full Year
Interest income	0	0	1	3
Other financial income	1	2	55	10
Financial income	1	2	56	13
Interest expenses	-190	-206	-795	-771
Change in fair value of interest rate derivatives	4	8	-1	-31
Other financial expenses	-5	13	-9	7
Financial expenses	-192	-185	-805	-794
Realised exchange gain/(loss)	-2	-24	71	16
Unrealised exchange gain/(loss)	-28	24	-162	-76
Change in fair value of currency derivatives	28	-7	26	47
Net exchange gain/(loss)	-2	-7	-65	-12
Net financial items	-193	-190	-814	-794

Note 6 - Interest bearing loans and borrowings

All figures in NOK million

	31 December 2020		31 December 2019	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility		4 162		2 805
Bond loan	1 153	5 954	1 498	7 336
Bank overdraft	222		97	
Total	1 375	10 116	1 594	10 141

The Group is financed by a mix of Multi Currency Revolving Credit Facility (RCF), Bridge Facility and Bond loans. At quarter end EUR 403m was utilised from the EUR 510m RCF and EUR 24m was utilised from the EUR 100m Bridge Facility, leaving total available, undrawn facility lines of EUR 183m. Total outstanding bond loans was EUR 775m where EUR 91m was held as Treasury Bonds.

The Group's loan agreements have several operational and financial covenants, including limits on certain key indicators, which have all been complied with at quarter end.

For more information about the Group's financing, please refer to note 24 in Group's 2019 Annual Report.

Note 7 - Share Capital and other paid-in capital

Ordinary shares have a nominal value of NOK 0.10 each. The number and value of authorised and registered shares, and the amount of other paid-in capital, being the premium on shares issued less any transaction costs of new shares issued, was as follows:

	Share capital Number of shares	Share capital NOK million	Other paid-in capital ¹⁾ NOK million
At 31 December 2019	409 932 598	41	2 843
At 31 December 2020	409 932 598	41	2 843
At 11 February 2021 (date of completion of these interim condensed financial statements)	409 932 598	41	2 843

1) Net proceeds after transaction costs

Note 8 – Share based payments

In 4th quarter 325,000 share options issued in 2017 expired.

At the date of these interim financial statements there are 14,410,000 share options outstanding.

Note 9 – Subsequent events

Nothing to report.

Alternative performance measures

The interim financial information of the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The interim financial information complies with IFRS as issued by the International Accounting Standards Board (IASB) and approved by the EU. In addition, the Group presents alternative performance measures (APMs). These measures do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies.

The APMs are regularly reviewed by Management and their aim is to enhance stakeholders' understanding of the Group's performance and to enhance comparability between financial periods. The APMs are reported in addition to but are not substitutes for the financial statements prepared in accordance with IFRS.

The APMs provide a basis to evaluate operating profitability and performance trends, excluding the impact of items which in the opinion of Management, distort the evaluation of the performance of our operations. The APMs also provide measures commonly reported and widely used by investors as an indicator of the Group's operating performance and as a valuation metric of debt purchasing companies. Furthermore, APMs are also relevant when assessing our ability to incur and service debt.

APMs are defined consistently over time and are based on the financial data presented in accordance with IFRS.

Alternative performance measures - reconciliation:

All figures in NOK million

	2020 Quarter 4	2019 Quarter 4	2020 Full year	2019 Full Year
Operating profit/(loss)	355	291	1 224	959
Add back depreciation, amortisation and impairment losses	32	53	113	134
EBITDA	387	344	1 338	1 093
Total revenues	852	819	3 174	2 874
Add back amortisation/revaluation of purchased loan portfolios	531	619	2 743	2 889
Adjusted for cost of sales collateral assets	-20		-78	
Cash revenue (Old)	1 362	1 439	5 839	5 763
Adjusted for repossession of collateral assets	-33	-90	-619	-183
Add back profit from shares in associated parties/joint ventures and participation loan/notes	-29	-11	-45	-64
Adjusted for cash received from shares in associated parties/joint ventures and participation loan/notes	29	58	150	127
Add back cost of sales collateral assets	20		78	
Cash revenue (New)	1 349	1 396	5 403	5 642
Operating profit/(loss)	355	291	1 224	959
Add back amortisation/revaluation of purchased loan portfolios	531	619	2 743	2 889
Add back depreciation and amortisation	32	53	113	134
Cash EBITDA (Old)	918	963	4 081	3 982
Adjusted for repossession of collateral assets	-33	-90	-619	-183
Add back for cost of collateral assets sold, including impairment	20	20	78	44
Add back profit from shares in associated parties/joint ventures and participation loan/notes	-29	-11	-45	-64
Adjusted for cash received from shares in associated parties/joint ventures and participation loan/notes	29	58	150	127
Cash EBITDA (New)	905	940	3 646	3 905

The following APMs are financial covenants in the RCF agreement and are calculated accordingly.

All figures in NOK million

	2020 31 Dec	2020 30 Sep	2020 30 Jun	2020 31 Mar
Total assets	17 169	18 102	18 159	19 196
Total equity	4 719	4 818	4 628	4 786
Equity ratio	27,5 %	26,6 %	25,5 %	24,9 %
Total assets	17 169	18 102	18 159	19 196
Excluding IFRS 16 right-of-use asset	-117	-124	-126	-140
Total assets excl IFRS 16 right-of-use asset	17 052	17 978	18 033	19 056
Equity ratio	27,7 %	26,8 %	25,7 %	25,1 %

All figures in NOK million

	2020 31 Dec	2020 30 Sep	2020 30 Jun	2020 31 Mar
Bond loan (nominal value) ¹⁾	7 159	8 890	8 866	10 082
Revolving Credit Facility (nominal value) ¹⁾	3 999	3 187	3 796	3 255
Bridge Facility (nominal value) ¹⁾	250			
Contingent consideration (earn out)	31	44	43	68
Vendor loan	23	25	72	64
FX Derivatives (MTM)	-20	8	2	-18
Net cash balance including overdraft	-201	-75	-364	-199
Total loan	11 241	12 079	12 416	13 253
Purchased loan portfolios	13 033	13 827	14 280	15 077
Investment and participation in joint ventures ²⁾	870	894	910	988
Other assets ³⁾	1 914	2 037	1 652	1 683
Book value	15 817	16 758	16 843	17 748
Total Loan to Value % (TLTV)	71,1 %	72,1 %	73,7 %	74,7 %

1) Bond loans and revolving credit facility (RCF) are measured at nominal value according to the definitions of financial covenants. In the Consolidated statement of financial position this is included in "long-term interest bearing loans and borrowings" and "short-term interest bearing loans and borrowings", with bonds measured at amortised cost and RCF at linear cost

2) Included in "investment in associated companies and joint ventures" and "participation loan/notes" in the Consolidated statement of financial position

3) Included in "goodwill", "loan receivables" and "other short-term assets" in the Consolidated statement of financial position

Definitions

Actualisation

Actualisation is the difference between actual and forecasted collections for purchased loan portfolios for the reporting period.

Administration & management costs

Administration and management cost include Head Office and other Group costs such as Investment Office.

Amortisation

Amortisation is the reduction in the current value of the purchased loan portfolios during the period, which is attributable to collection taking place as planned.

Available investment capacity/Liquidity reserve

Cash and short-term deposit (less NOK 200 million to cover working capital) plus unutilised bank overdraft, plus unutilised multi-currency revolving credit facility, plus fair value of treasury bonds and less short-term vendor loans. Cash flow from future operations is not included in the number.

Cash EBITDA

Cash EBITDA consists of EBIT added back depreciation and amortisation of tangible and intangible assets, amortisation and revaluation of purchased loan portfolios, profit from shares in shares in associated parties/joint ventures and participation loan/notes and cost of collateral assets sold. Adjusted for repossession of collateral assets and cash received from shares in associated parties/joint ventures and participation loan/notes. Cash EBITDA is a measure of actual performance from the collection business (cash business) and other business areas.

Cash margin

Cash margin consists of cash EBITDA expressed as a percentage of cash revenue.

Cash revenue

Cash revenue consists of "Total revenues" added back amortisation and revaluation of purchased loan portfolios, profit from shares in shares in associated parties/joint ventures and participation loan/notes. Adjusted for repossession of collateral assets and cash received from shares in associated parties/joint ventures and participation loan/notes. Cash revenue is a measure of actual revenues (cash business) from the collection business and other business areas.

Collateral asset

In connection with acquisitions of portfolio investments and in connection with the recovery of collateral for purchased loan portfolios, the Group may become owners of property holdings or other physical goods. These have been acquired for the purpose of being divested within the Group's ongoing operations and are classified as inventories in accordance with IAS 2.

Cost other revenues

Cost other revenues is all external and internal operating costs related to the Group's other business areas.

Cost to collect

Cost to collect is all external and internal operating costs related to the Group's collection business.

EBITDA

Operating profit before depreciation and amortisation (EBITDA) consists of operating profit (EBIT) adding back depreciation and amortisation of tangible and intangible assets.

Estimated Remaining Collection (ERC)

Estimated remaining collection (ERC) expresses the gross collection in nominal values expected to be collected in the future from the purchased loan portfolios owned at the reporting date and the Group's share of gross collection on portfolios purchased and held in joint ventures. ERC includes ERR.

Estimated Remaining Recoveries (ERR)

Estimated remaining recoveries (ERR) expresses the gross collection in nominal values expected to be recovered in the future from the purchased secured loan portfolios owned at the reporting date and the Group's share of gross collection on secured portfolios purchased and held in joint ventures.

Forward flow agreements

Forward flow agreements are agreements where the Group agrees with the portfolio provider that it will, over some period in fixed intervals, transfer its non-performing loans of a certain characteristics to the Group.

Gross collection

Gross collection is the actual cash collected and assets recovered from purchased portfolios before costs related to collect the cash received.

Interest income from loan receivables

Interest income from loan receivables is the calculated amortised cost interest revenue from the loan receivable using the original effective interest rate.

Interest income from purchased portfolios

Interest income from purchased loan portfolios is the calculated amortised cost interest revenue from the purchased loan portfolios using the credit-adjusted effective interest rates set at initial acquisition.

Leverage ratio

Net interest-bearing debt over Cash EBITDA calculated for the last 12 months.

Net debt

Net debt consists of nominal value of interest-bearing loans and borrowings plus utilised bank overdraft less cash and short-term deposits.

Net interest-bearing debt

Net interest-bearing debt consist of interest-bearing loans and borrowings plus utilised bank overdraft less cash and short-term deposits.

Net credit gain/(loss) from purchased loan portfolios

The Group's exposure to credit risk from the purchased loan portfolios is related to actual gross collection deviating from collection estimates and from changes in future collection estimates. The Group regularly evaluates the current collection estimates at the individual portfolio level and the estimate is adjusted if collection is determined to deviate from current estimate over time. The adjusted collection estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimate adjust the book value of the portfolio and are included in the profit and loss statement in the line item "Net credit gain/(loss) from purchased loan portfolios". Collection above collection estimates and upward adjustments of future collection estimates increase revenue. Collection below collection estimates and downward adjustments of future collection estimates decrease revenue. Net credit gain/(loss) equals net actualisation/revaluation.

Net credit gain/(loss) from loan receivables

The Group's exposure to credit risk from loan receivables is related to actual instalments deviating from loan schedules. The Group measures the impairment loss on loan receivables using a 3-stage model for expected credit loss (ECL) according to IFRS 9. Changes from current estimate adjust the book value of the loan receivables and are included in the profit and loss statement in the line item "Net credit gain/(loss) from loan receivables".

Non-recurring

Unusual income, gain, loss or expense that is unlikely to occur again in the normal course of the business. Non-recurring expenses may include non-portfolio related write offs, restructuring cost and unusual legal expenses.

Operating cash flow per share

Operating cash flow per share is operating cash flow from consolidated statement of cash flows divided on the weighted average number of shares outstanding in the reporting period. Operating cash flow per share is a measure on actual cash earned from operating business per share.

Other revenues

Other revenues include revenue from external collection, as well as subscription income for credit information, telemarketing and other services which is recognised proportionately over the term of the underlying service contract which is usually one year.

Participation loan/notes

Participation loan/notes consist of investment agreements with co-investors for the purchase of loan portfolios through SPVs. The contractual arrangement of the participation loan/notes are directly related to the performance of the portfolios purchased in the SPVs

Portfolio purchases

Portfolio purchases are the investments for the period in secured (with collateral) and unsecured (without collateral) loan portfolios.

Profit margin

Profit margin consists of operating profit (EBIT) expressed as a percentage of total operating revenues.

Return on equity (ROE)

Return on equity is calculated based on rolling 12-months profit/(loss) attributable to parent company shareholders divided by the average equity attributable to parent company shareholders, with average equity calculated as a simple average based on opening and closing balances for the respective 12-month period.

Revaluation

Revaluation is the period's increase or decrease in the current value of the purchased loan portfolios attributable to changes in forecasts of future collection.

Total Loan to Value (TLTV)

Total loan to value is net debt adjusted for vendor loan, earn out and FX hedge MTM over assets (portfolio, JV, loan receivables, real estate owned and goodwill).

Segment reporting

The presentation of segment information is in the same format as reported to management. This is different from the financial statement presentation due to management focus on actual gross collection. Gross collection less amortisation/revaluation is equal to interest revenue adjusted for Net credit gain/(loss) from purchased loan portfolios.

Segment Central Europe

The operating segment Central Europe includes Austria, Bosnia and Herzegovina, Czech Republic, Croatia, Slovenia, Serbia, Montenegro and Hungary.

Segment Central functions/eliminations

The operating segment Central functions/eliminations includes Oslo Head office and other Group functions and costs such as the Investment Office in Luxembourg

Segment Northern Europe

The operating segment Northern Europe includes Norway, Sweden, Finland, Denmark, Estonia, Latvia and Lithuania.

Segment Poland

The operating segment Poland includes Poland

Segment South Eastern Europe

The operating segment South Eastern Europe includes Bulgaria, Romania, Cyprus and Greece.

Segment Western Europe

The operating segment Western Europe includes Italy, Spain, Portugal and France.

Financial year 2020

Annual report 2019 30.04.2020
Annual General Meeting 27.05.2020
Half-yearly report 20.08.2020

Quarterly report - Q1 07.05.2020
Quarterly report - Q3 03.11.2020
Quarterly report - Q4 12.02.2021

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