

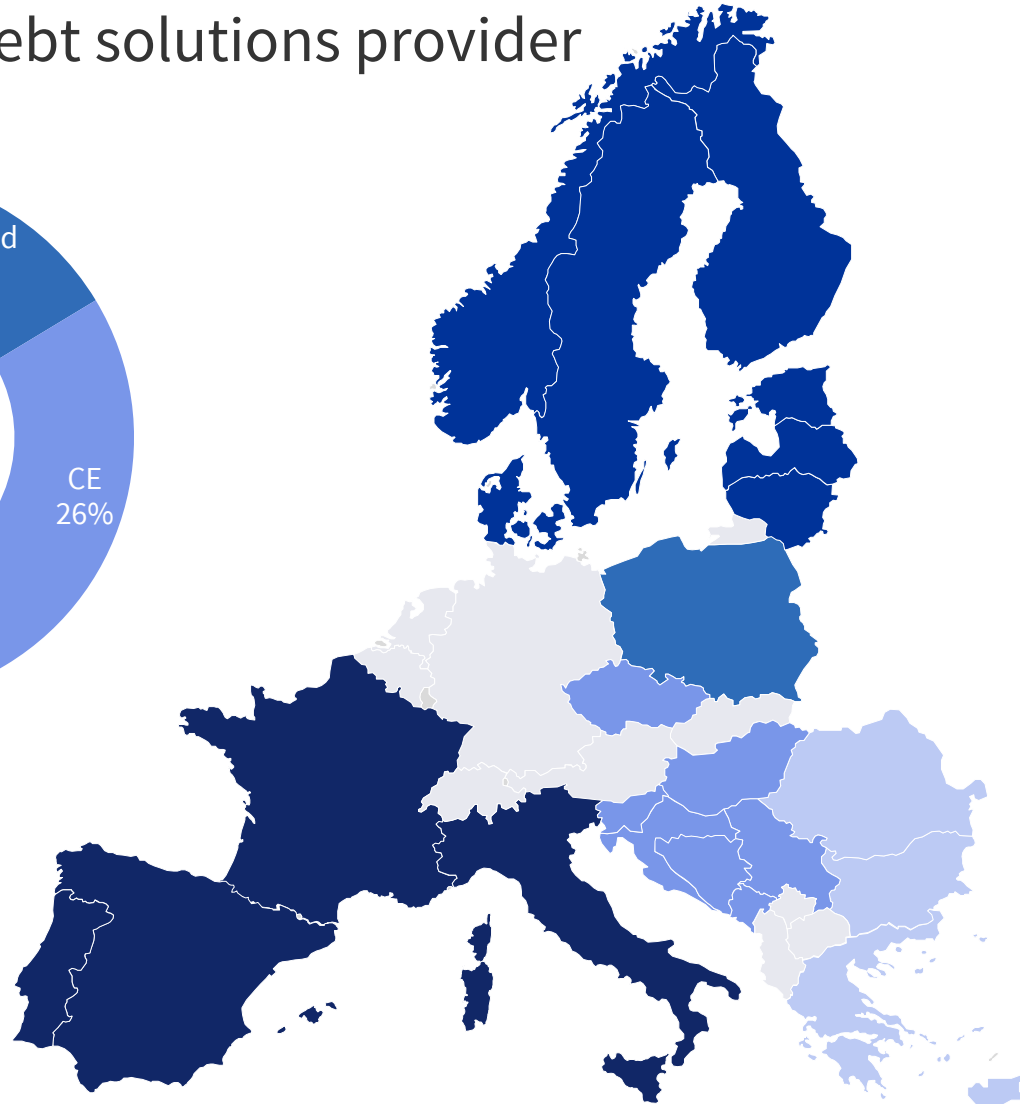
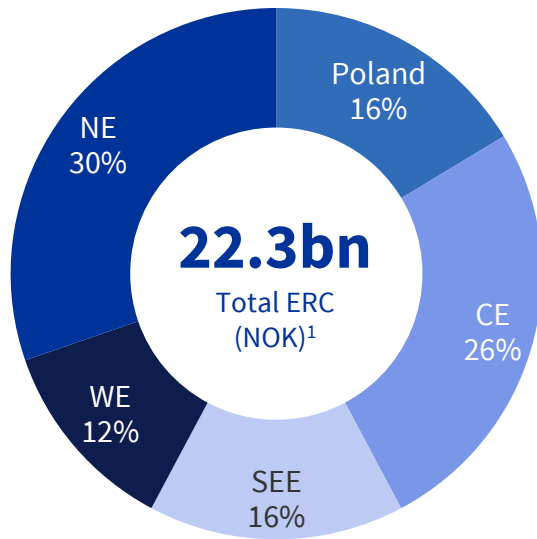


Nordea NPL Seminar



Erik Just Johnsen, CFO – 22 March 2019

A Pan-European debt solutions provider



GROUP REGIONS

Northern Europe (NE)

Norway, Sweden, Denmark, Finland, Latvia, Lithuania, Estonia

Poland

Poland

Western Europe (WE)

Spain, Portugal, Italy, France

Central Europe (CE)

Czech Republic, Slovenia, Croatia, Hungary, Serbia, Bosnia and Herzegovina and Montenegro

South East Europe (SEE)

Greece, Romania, Bulgaria, Cyprus

198bn

Total AUM (NOK)²

2,420

Employees (FTEs)

23

Platforms

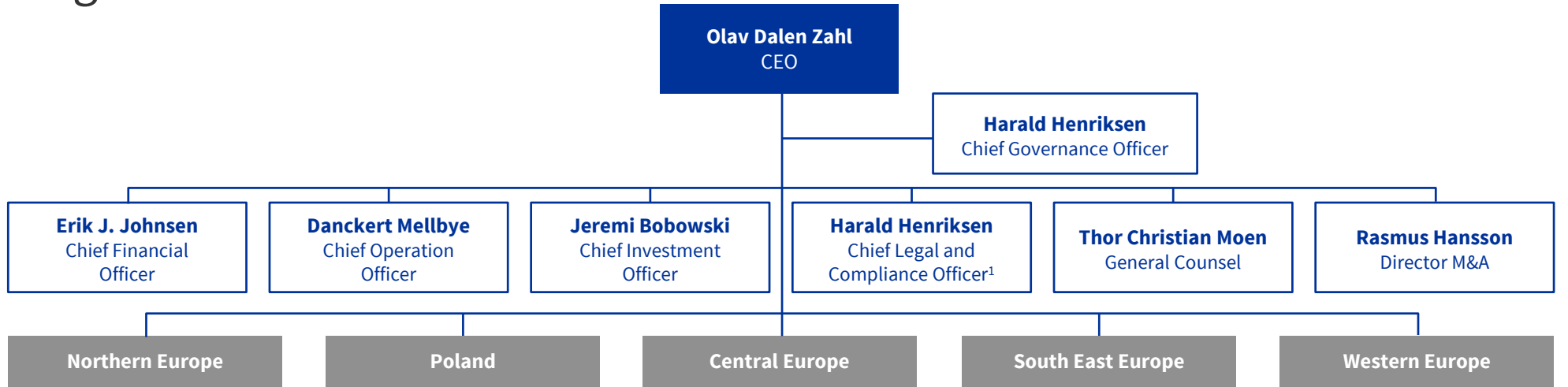
23

Countries with portfolios

¹ Including the Group's share of portfolio purchased and held in joint ventures

² Assets Under Management = Face Value of owned portfolios + JVs, master servicing and third-party servicing.

Organisational overview

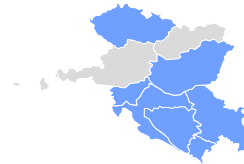


Scandinavia:
RD: Tore Krogstad
 - Norway
 - Sweden
 - Denmark

Finland & Baltics:
RD: Kari Ahlström
 - Finland
 - Estonia
 - Latvia
 - Lithuania



RD: Adam Parfiniewicz
 - Poland



RD: Ilija Plavic
 - Croatia
 - Slovenia
 - Serbia
 - Hungary
 - Bosnia and Herzegovina
 - Montenegro
 - Czech Republic



RD: George Christoforou
 - Bulgaria
 - Romania
 - Greece
 - Cyprus

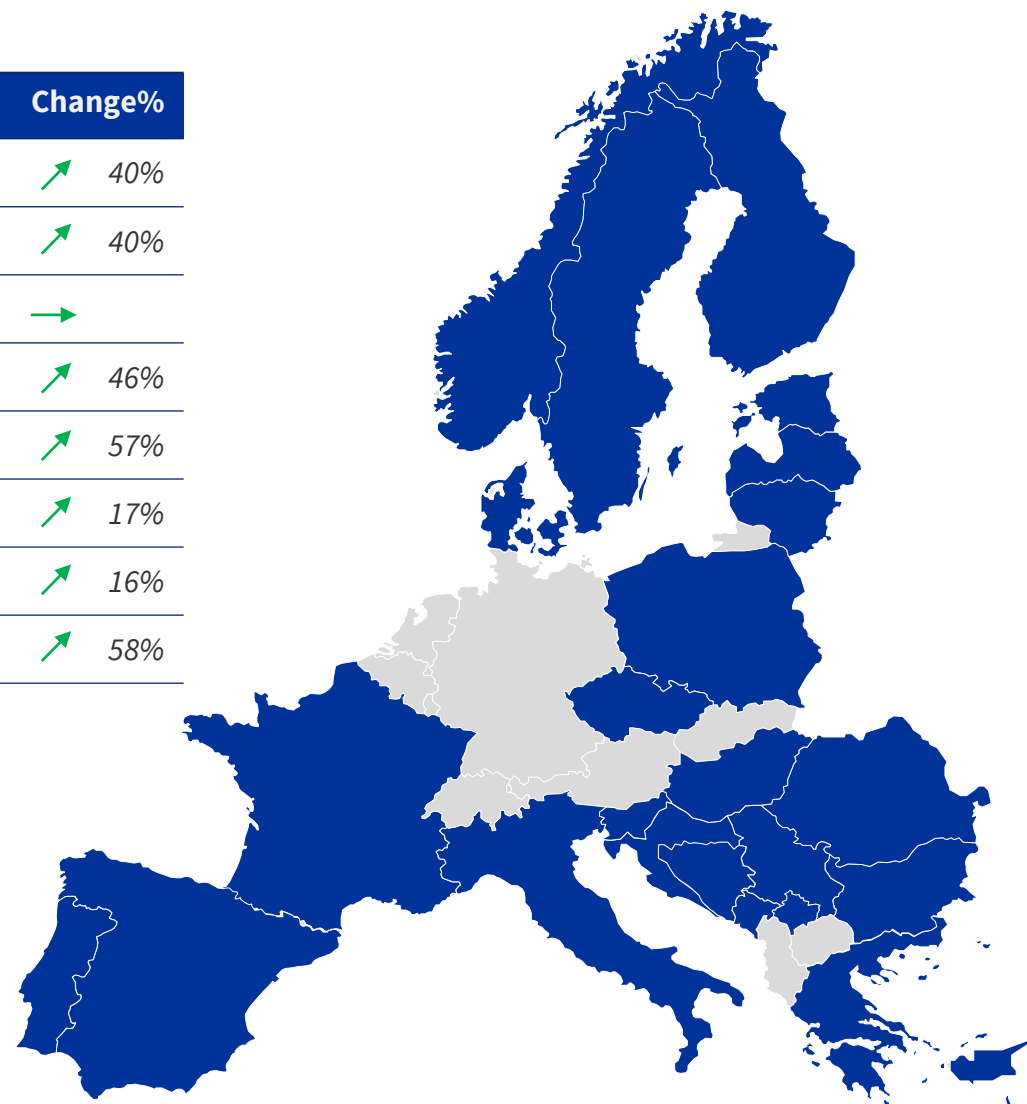


RD: Maria Haddad
 - Italy
 - Spain
 - France
 - Portugal

1) New «Chief Legal and Compliance Officer» to be recruited. Harald Henriksen will continue to cover this position as until new recruitment.

2018 overview

NOKm	FY 2018	FY 2017	Change%
Revenues ¹⁾	2,906	2,083	↗ 40%
EBIT	1,378	984	↗ 40%
EBIT margin ¹⁾	47 %	47 %	→
ERC ²⁾	22,262	15,264	↗ 46%
Gross Cash Collection	3,997	2,552	↗ 57%
#FTEs	2,420	2,067	↗ 17%
#Claims	~7.1m	~6.1	↗ 16%
Face value of portfolios	~152bn	~96bn	↗ 58%



1) Including the Group's share of portfolios purchased and held in joint venture

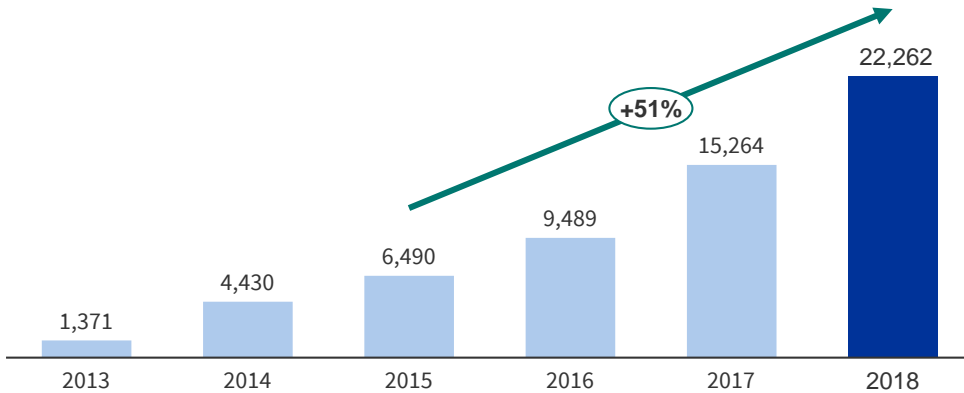
2) Figures and alternative performance measures (APMs) for 2017 have been restated due to change in classification of "Profit from shares and participation in associated companies and joint ventures", see note 1 in Q4/2018 report for further information

Strong historical financial performance

CAGR

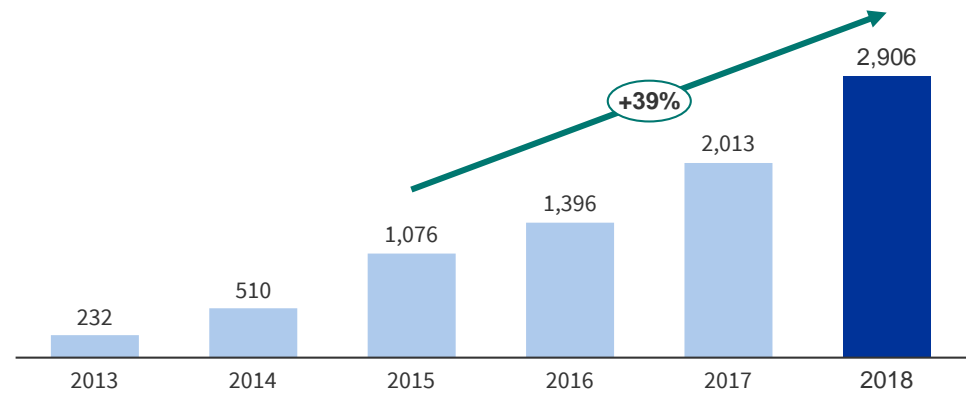
Development in total gross ERC¹

NOK millions



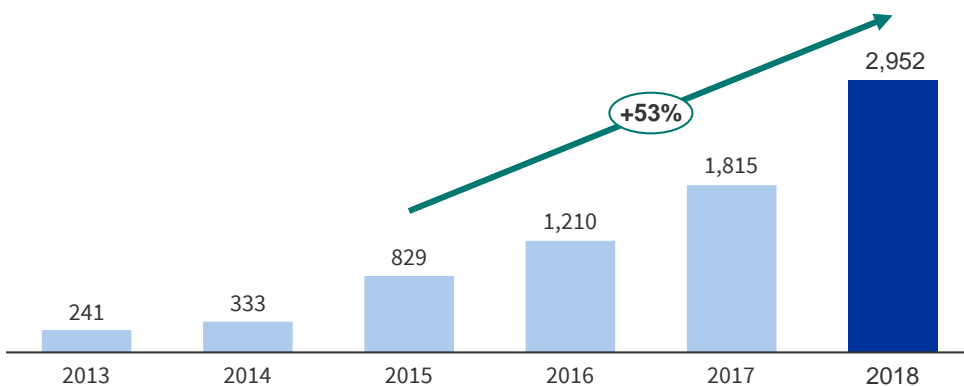
Total operating revenues²

NOK millions



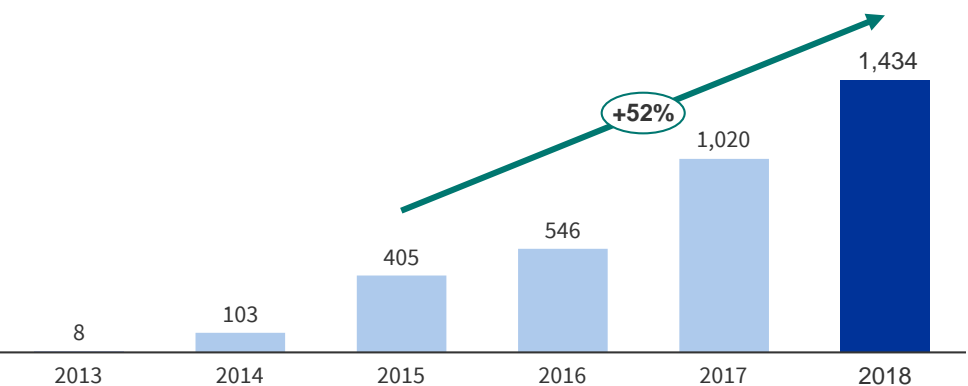
Cash EBITDA

NOK millions



EBITDA

NOK millions

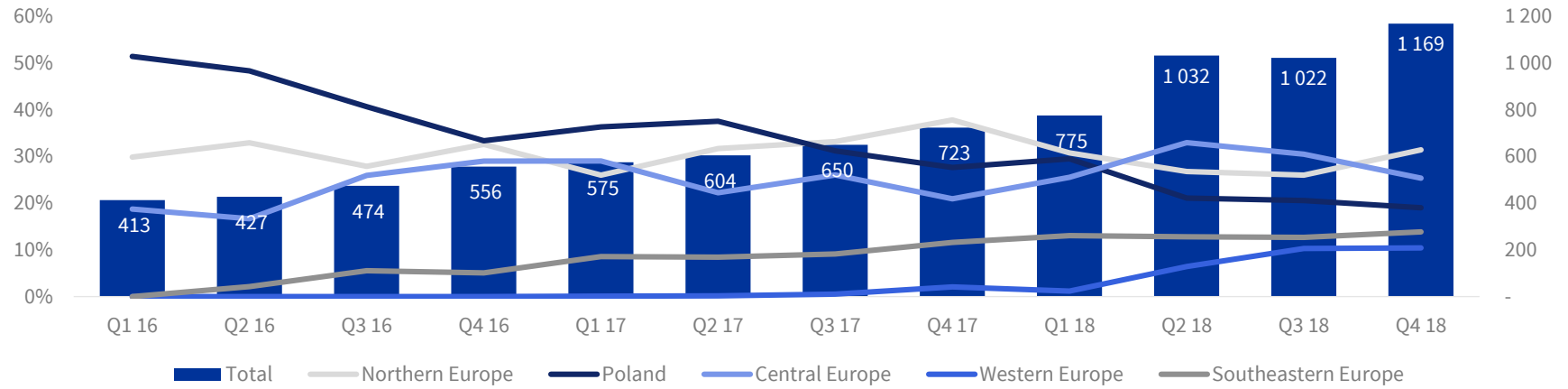


1) Including the Group's share of portfolios purchased and held in joint venture

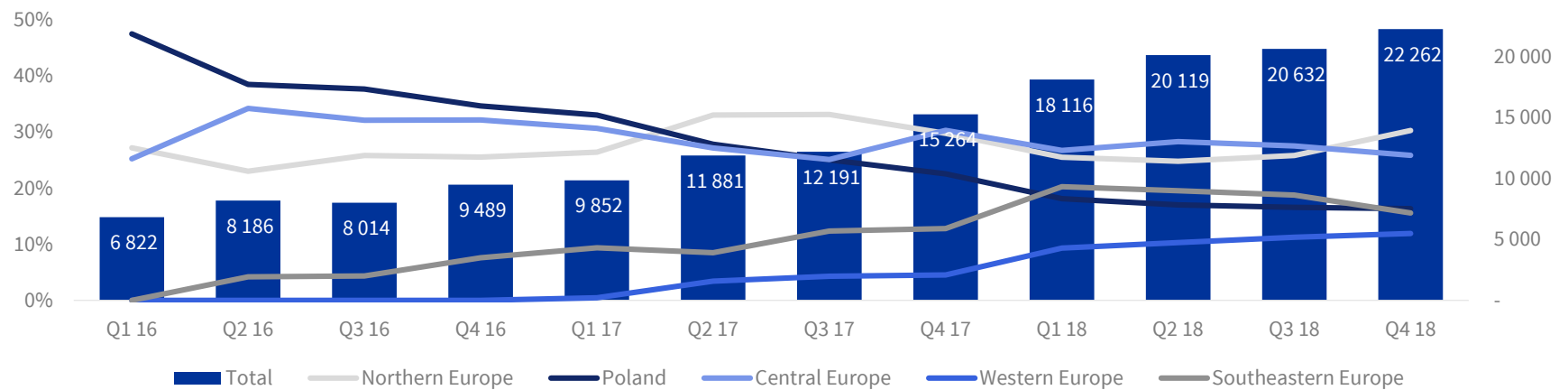
2) Figures and alternative performance measures (APMs) for 2017 have been restated due to change in classification of "Profit from shares and participation in associated companies and joint ventures", see note 1 in Q4/2018 report for further information

Increased diversification (1/2)

Quarterly collection & relative distribution



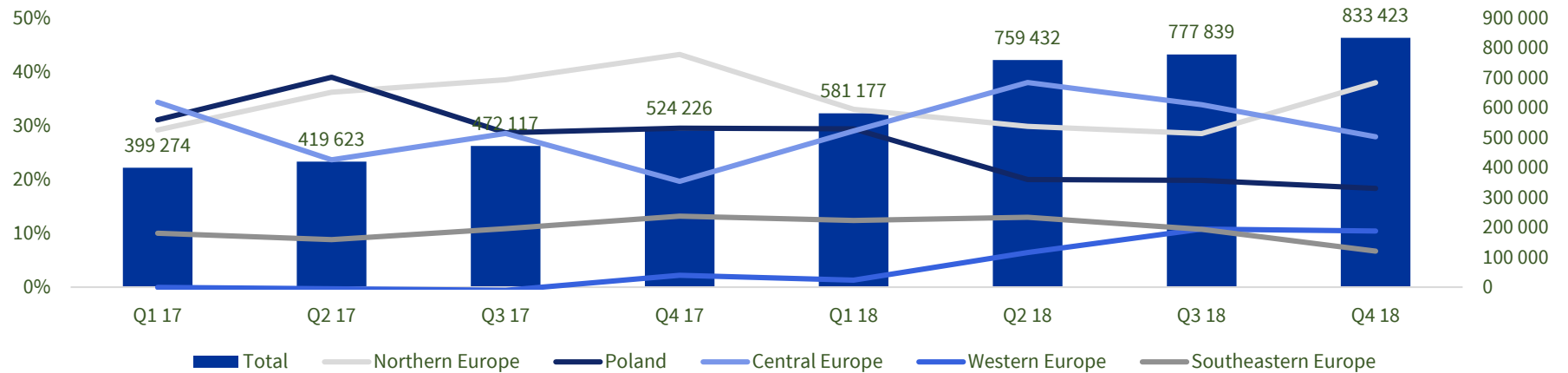
Total ERC & relative distribution¹⁾



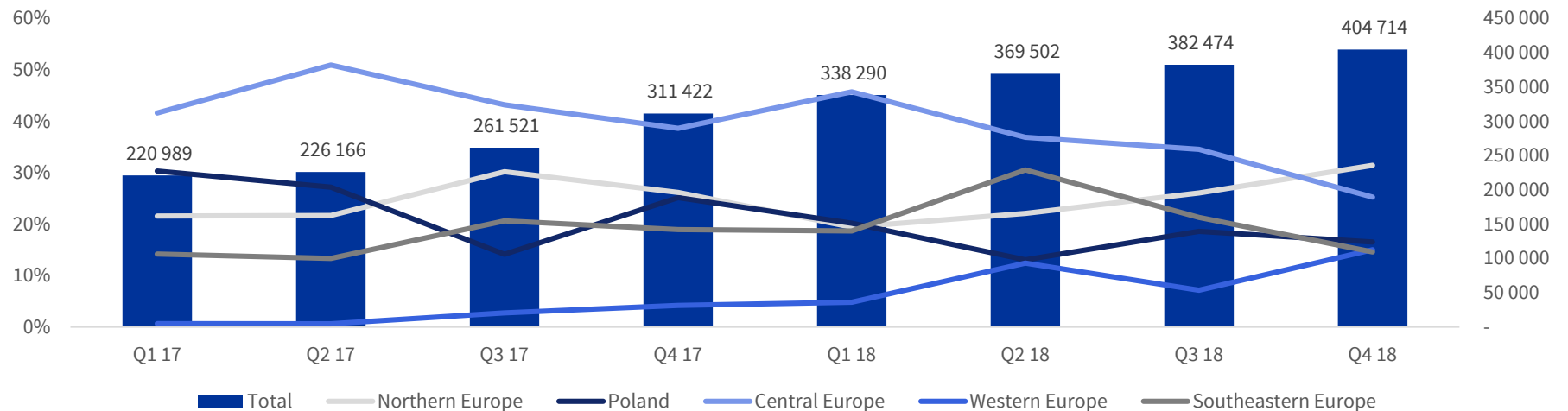
¹⁾ Including the Group's share of portfolio purchased and held in joint ventures

Increased diversification (2/2)

Quarterly Cash EBITDA & relative distribution

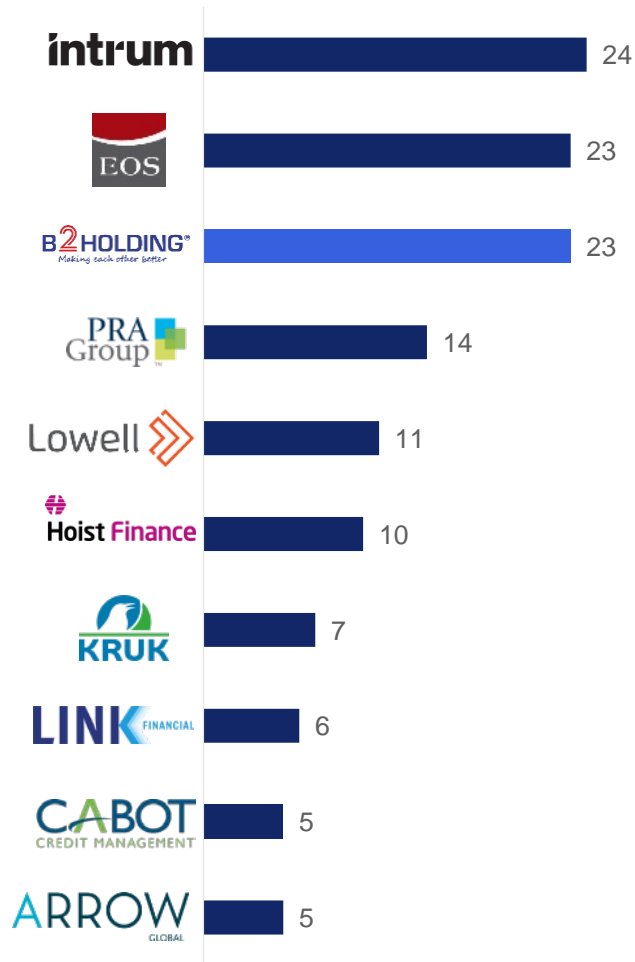


Quarterly EBITDA & relative distribution

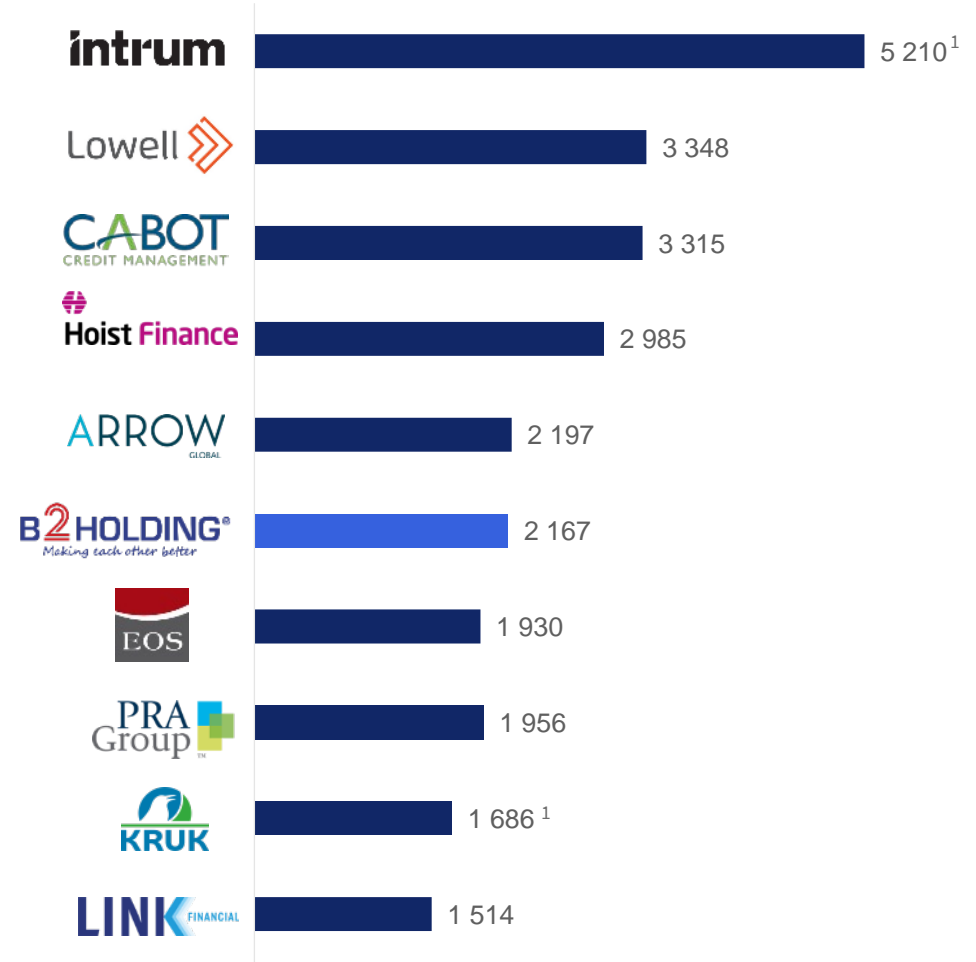


Established as one of top ten European debt collectors

European countries present (#)



Estimated remaining collection (120m ERC, EURm)



Source: Company information and J.P.Morgan Credit Management Services Valuation update 13 March 2018

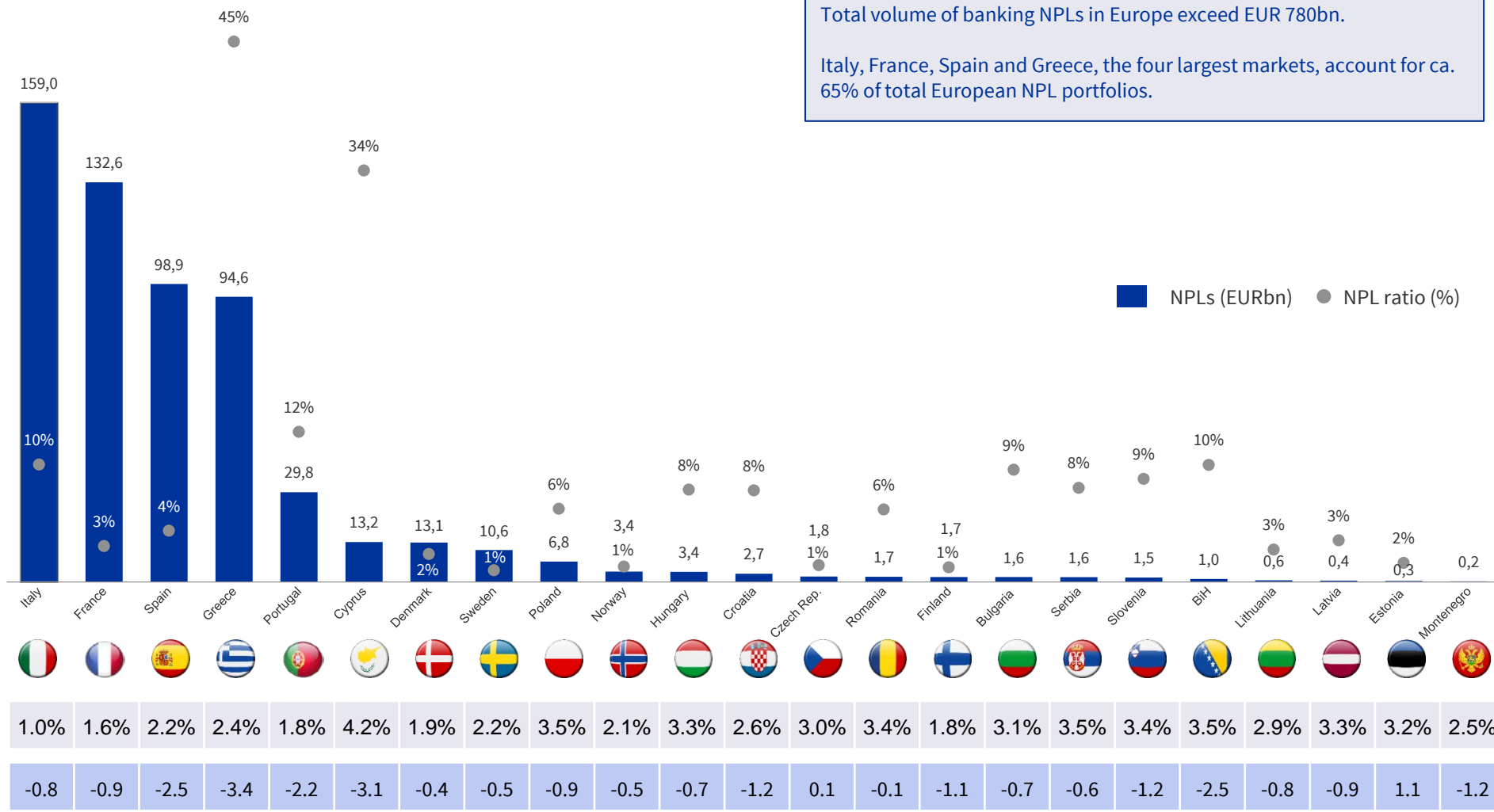
¹ 120m ERC calculated as 1.8x carrying value for KRUK; 180m ERC for Intrum

Access to a vast opportunity set for the future

Coverage of 78% of the EU NPL stock across our 23 countries

European bank NPL per country¹

EURbn



Total volume of banking NPLs in Europe exceed EUR 780bn.

Italy, France, Spain and Greece, the four largest markets, account for ca. 65% of total European NPL portfolios.

Source: EBA, ECB & IMF data.

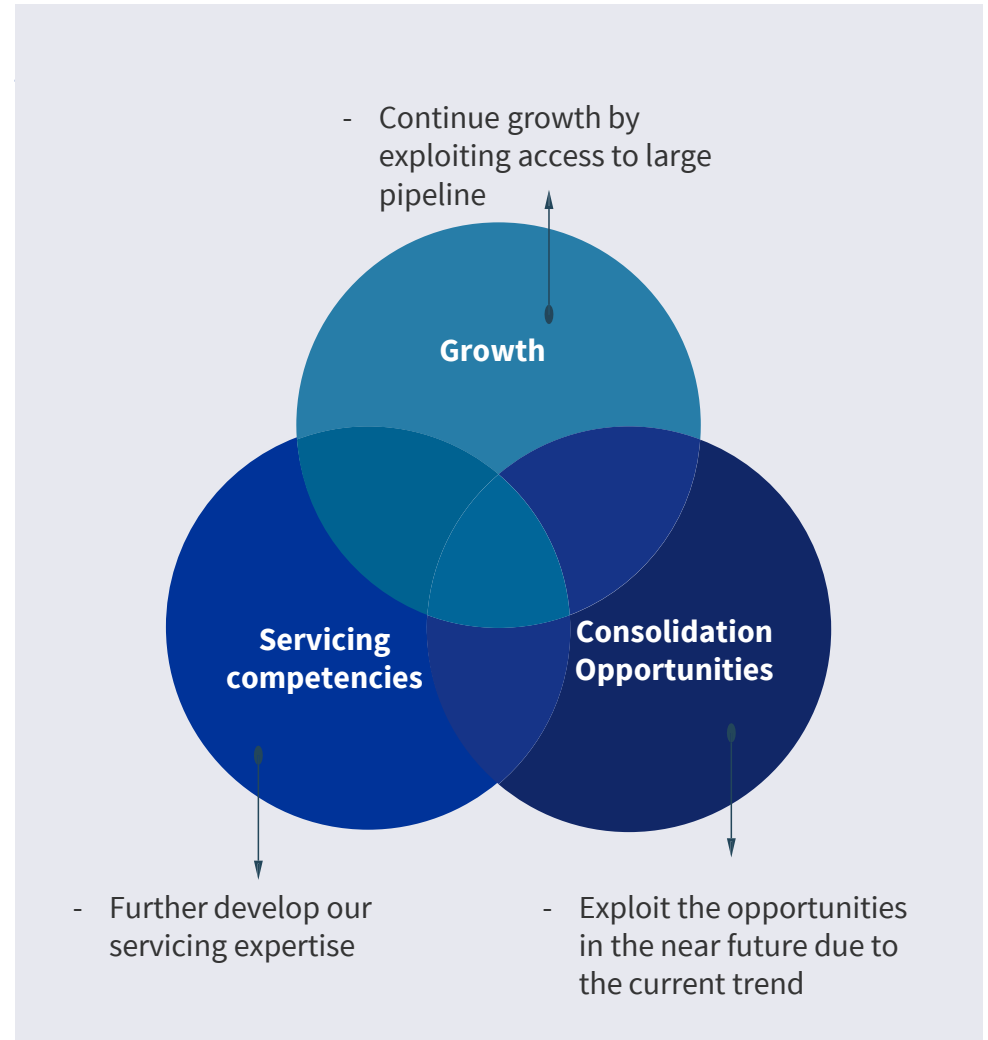
¹ Data as of June 2018

Strategic directions

Continue growth in a changing market

Focus Areas

- **Growth in existing markets:** Focus on increasing market penetration and/or product expansion by taking advantage of the large pipeline and access to the major NPL markets, while ensuring diversification
- **Industry consolidation:** Recent years large peers in the European NPL industry have merged. The industry consolidation will continue the coming years and B2Holding shall take an active role in the further consolidation of the industry
- **Expanding the service spectrum:** B2Holding will seek to expand the service spectrum within the lifespan of a claim
 - Third-party servicing
 - REOs Servicing – build upon B2Assets platform
 - Spin-off
 - Invoice Management
 - Invoice Financing



Financial targets for 2021

Assuming no new equity needed in the period

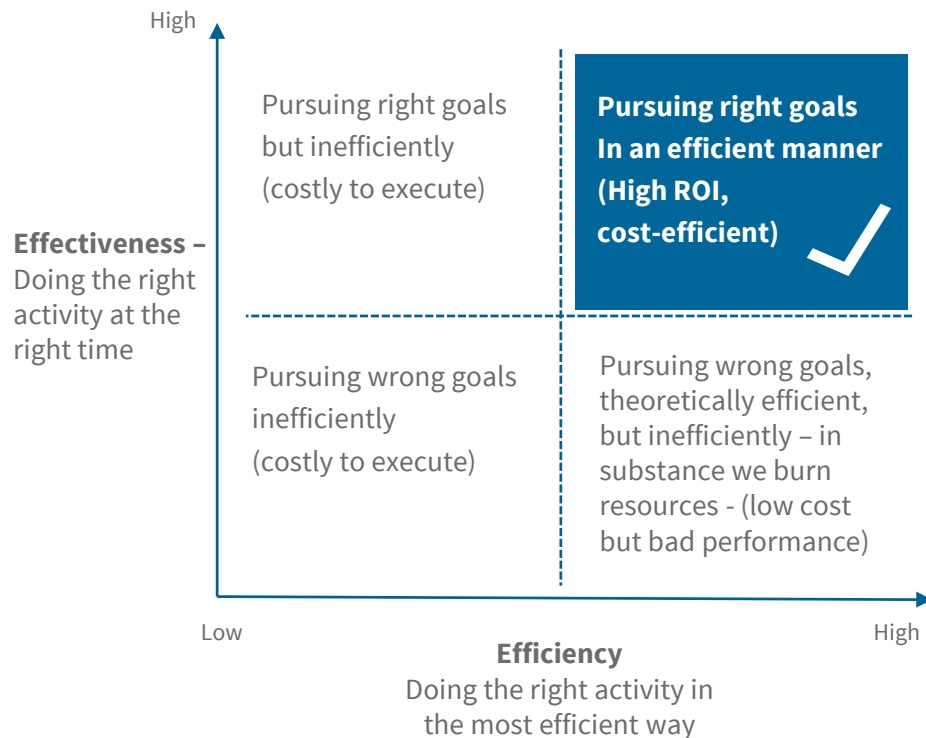
ROI ¹	≥ 14%
ROE	≥ 20%
Dividend	≥ 20–30%
Leverage	Net interest-bearing Debt/Cash EBITDA ≤ 3x
Equity ratio	≥ 25%

1. ROI before tax, excl. overhead cost of B2Holding ASA Oslo and Luxembourg

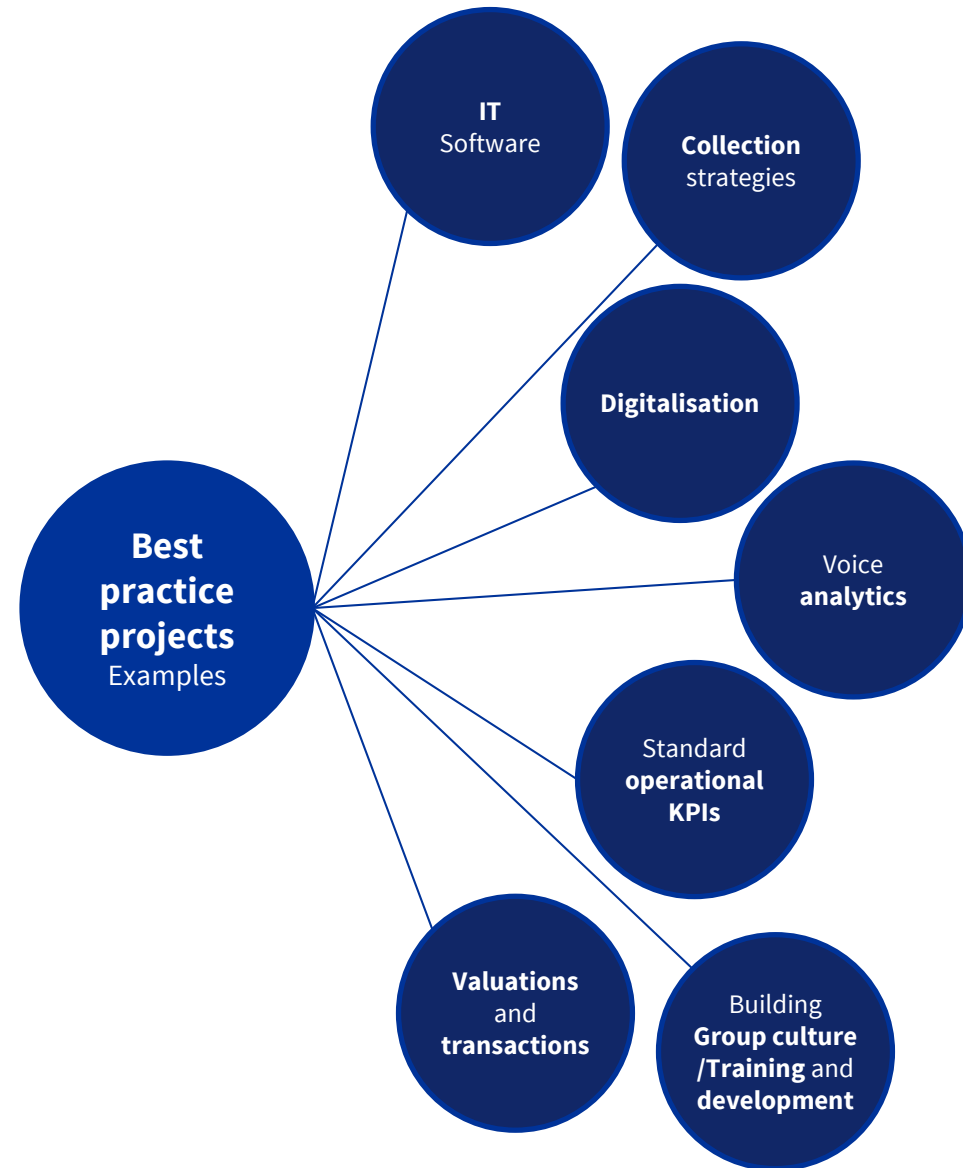
Aiming for operational excellence

Principles governing our business plans initiatives

Pursuit of appropriate goals and doing them right



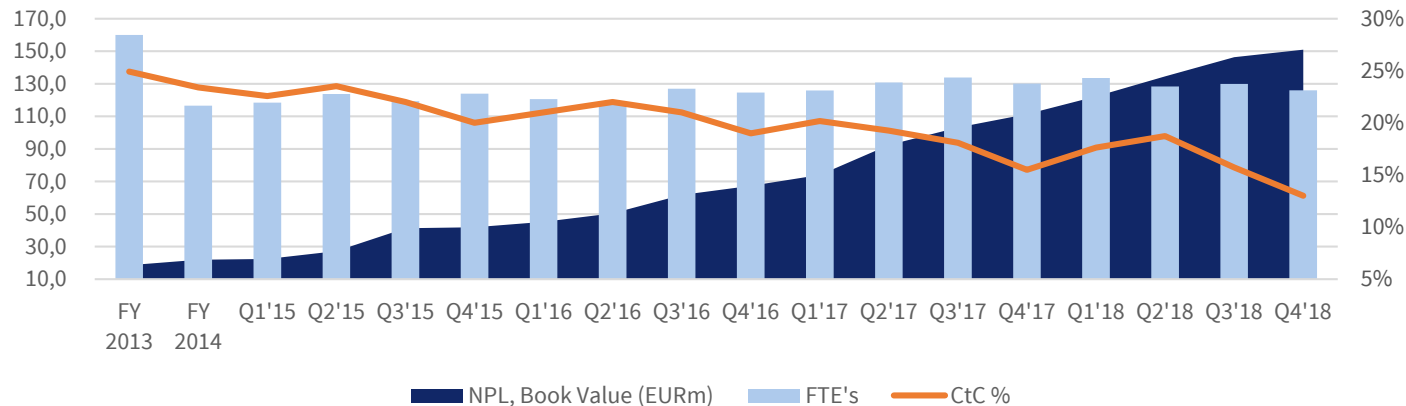
The combination of high effectiveness and efficiency provides fully operational excellence



Aiming for operational excellence

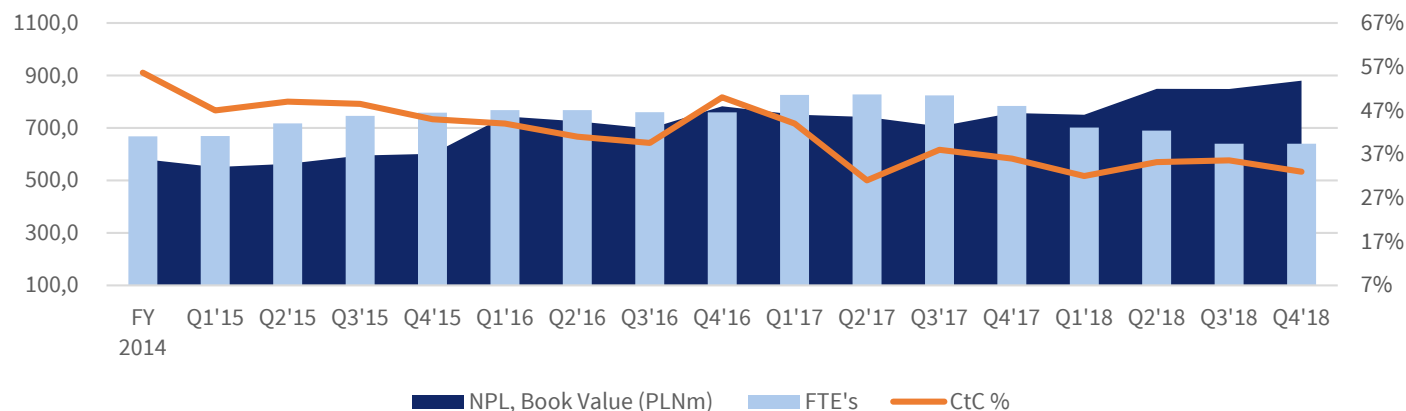
Best Practice Case study: Scalability effect in our portfolio purchase - Practical examples of implementing efficiency programs & scale effects

Development Finland



- Efficiency program started in 2013
- FTE decreased to 126
- Book value portfolio increased 5x
- CtC decreased with 12 percentage points

Development Poland



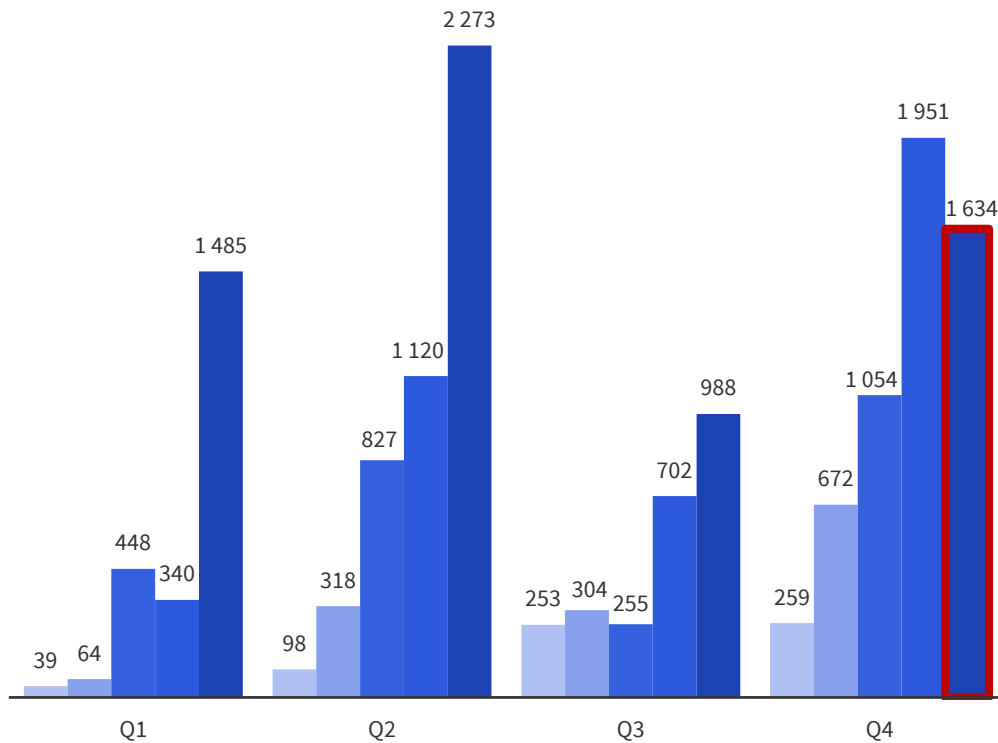
- Efficiency program started in spring 2017
- FTE decreased with 26%
- Book value portfolio increased with PLN 100 mill
- CtC decreases with over 7 percentage points despite cost of efficiency program

Record purchase volume in 2018 of NOK 6,380m

Portfolio purchase volumes¹⁾

NOKm

2014 2015 2016 2017 2018

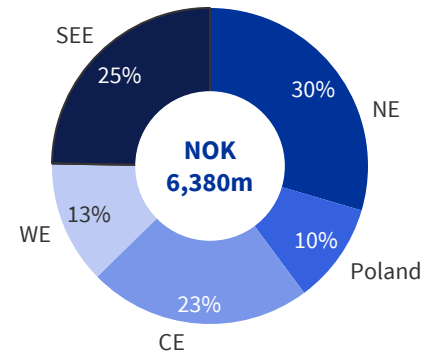


Comments

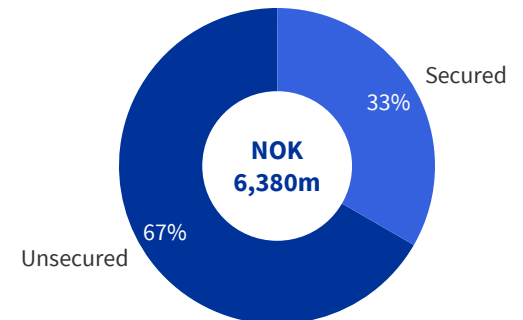
- Record purchase volume in 2018
- Portfolio purchases mainly in Northern Europe
- 67% of purchases was unsecured portfolios
- 33% of purchases was secured portfolios

Key details portfolio purchase volume¹⁾

Geography distribution



Distribution by type



1) Including the Group's participation notes issued to joint venture for portfolio purchases in 2018

Highly diversified portfolio yielding stable and predictable cash flows: Total gross ERC of approx. NOK 22.3bn (46% growth y-o-y)

Development in total gross ERC¹⁾

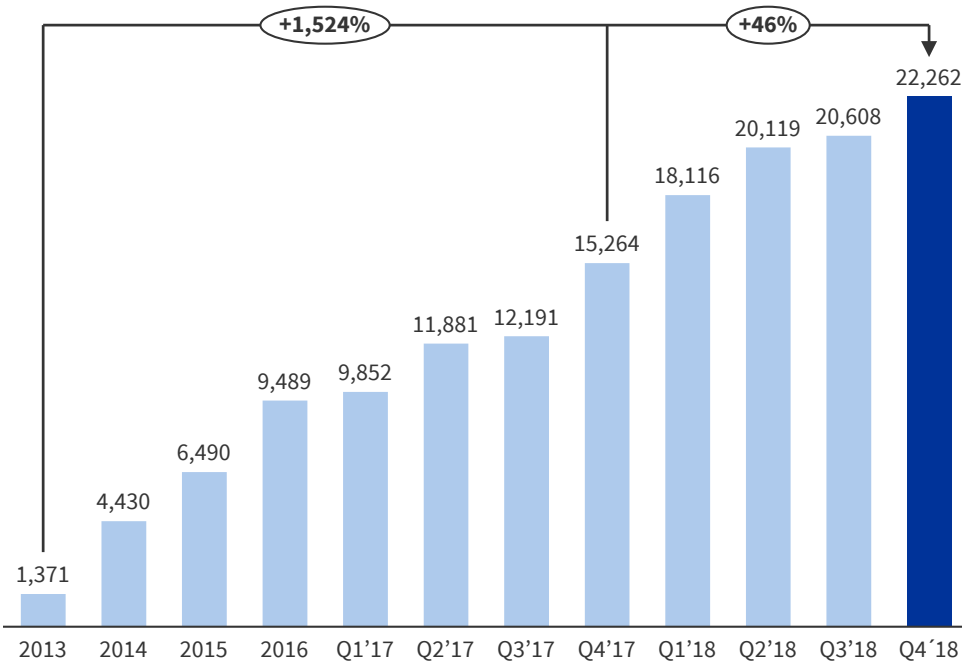
NOKm

Claims (#):

~7.1m

Face value¹⁾ (NOK):

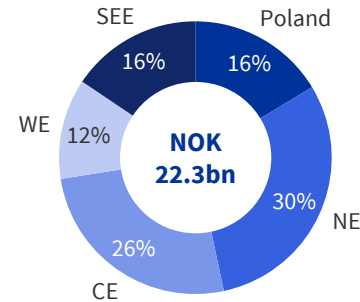
~152bn



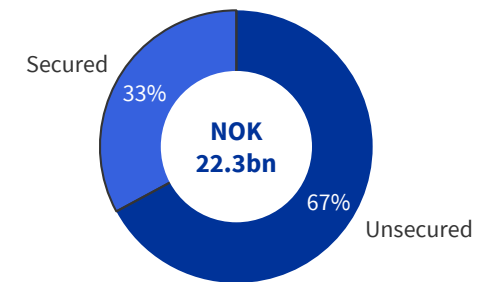
Portfolio details (total gross ERC)¹⁾

NOKm

Geography distribution



Distribution by type



Unsecured	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	848	697	489	365	275	204	152	113	78	48	3,269	3,328
NE	1,230	1,021	857	707	578	469	380	302	236	185	5,966	6,684
CE	410	358	296	251	204	158	129	79	32	17	1,934	1,958
WE	118	114	95	76	67	46	38	29	21	5	610	613
SEE	463	478	402	319	246	183	119	72	46	32	2,360	2,360
Sum	3,069	2,668	2,140	1,718	1,369	1,061	818	596	412	288	14,139	14,944

Secured	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	75	68	155	8	1	1	1	1	0	0	312	312
NE	13	13	9	7	5	4	3	3	1	-	58	58
CE	2,278	1,019	337	83	29	11	4	31	1	1	3,795	3,799
WE	392	532	379	416	191	86	26	11	5	4	2,041	2,041
SEE	544	370	136	45	10	2	-	-	-	-	1,108	1,108
Sum	3,302	2,001	1,018	559	237	105	35	45	7	5	7,314	7,318

Total	1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
6,371	4,670	3,157	2,277	1,606	1,166	852	641	420	292	21,453	22,262	

1) Including the Group's share of portfolios acquired and held in joint ventures

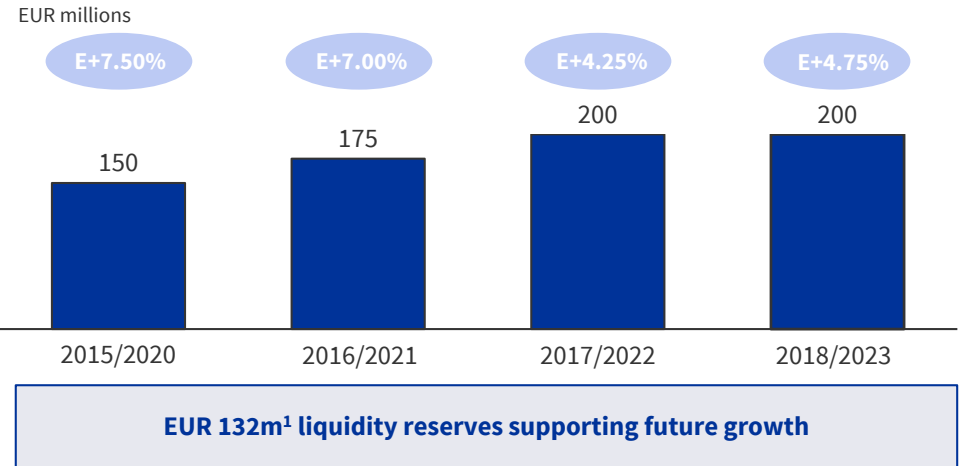
Disclaimer: B2Holding ASA emphasizes that every assessment of future conditions necessarily involves an element of uncertainty.

Mature funding structure with prudent leverage

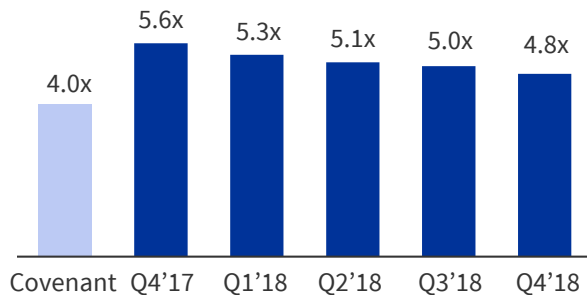
Strategy

- Equity, bond and bank debt is used to get access to capital for when larger portfolios or platform acquisition opportunities arise
 - Total equity raised since 2011: EUR 307m (EUR 79m in 2018)
 - Total outstanding bonds: EUR 725m
 - Lower leverage ratio expected in 2019
- Adequate liquidity including increasing RCF capacity and cash reserves is maintained to facilitate future growth
 - Total RCF: EUR 510m (EUR 40m carved out in an overdraft)
 - Solid banks: DNB, Nordea and Swedbank
- Public rating
 - S&P: BB-
 - Moody's: Ba3

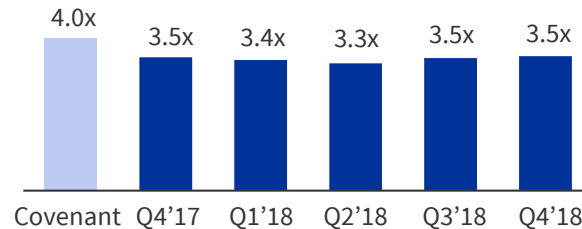
Successful issuance of four bonds



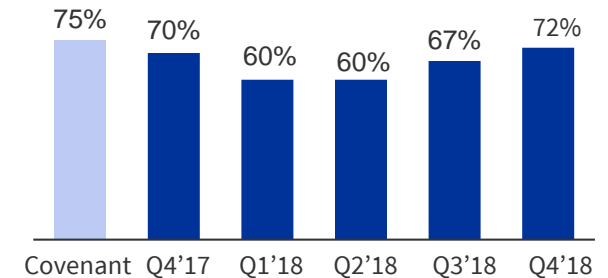
Interest coverage



Leverage



Loan to value



Source: Company reports, company information as of Q4 2018

¹⁾ As of 31 December 2018. Calculated as EUR 127m undrawn existing RCF plus EUR 40m cash on balance sheet less NOK 200m (EUR 20m) in cash reserves and adjusted for EUR 15m in deferred payment on portfolios

Q&A

Appendix

Record strong EBITDA, cash EBITDA and EBIT

Income statement

NOKm	2018	2017	2017 audited
Interest income from purchased loan portfolios	2,537	1,680	1,680
Net credit gain/loss purchased loan portfolios	-58	77	77
Profit from shares, associated companies and JVs	48	70	70
Other operating revenues	378	256	256
Total operating revenues	2,906	2,083	2,083
External costs of services provided	-363	-286	-286
Personnel costs	-692	-490	-490
Other operating expenses	-417	-287	-287
Depreciation and amortisation	-56	-36	-36
Operating profit (EBIT)	1,378	984	984
Financial income	5	3	3
Financial expenses	-618	-358	-358
Net exchange gain (loss)	44	18	18
Net financial items	-570	-337	-337
Profit before tax	808	648	648
Income tax expense	-159	-166	-166
Net profit	649	481	481
Cash revenue	4,424	2,878	2,878
Cash EBITDA	2,952	1,815	1,815
EBITDA	1,434	1,020	1,020

Comments

- Cost to collect was 24% at year end 2018 (29% at year end 2017). Volume effect materialising in SEE and WE. Some quarterly variations expected
- Increased interest costs due to higher debt of which 18m relates to decreased value of interest rate hedges mainly in EUR
- Unrealized currency effect of 44m
 - Mainly due to change in NOK / EUR exchange rate and HRK / EUR exchange rate
- Lower taxes starting materializing as a result of previously announced restructuring – effective tax rate of 19.6%
- Dividend is 28,5 % of net profit (profit after tax)

Financial highlights: Balance sheet

Balance sheet

NOKm	2018	2017	2017 audited
Tangible and intangible assets	274	201	201
Goodwill	785	522	522
Purchased loan portfolios	13,346	8,732	8,732
Other long-term financial assets	993	618	618
Deferred tax asset	97	66	66
Total non-current assets	15,496	10,139	10,139
Other short-term assets	280	207	207
Cash & short-term deposits	398	452	452
Total current assets	678	659	659
Total assets	16,174	10,797	10,797
Total equity	4,355	3,148	3,148
Long-term interest-bearing loans and borrowings	10,769	5,739	5,739
Deferred tax liabilities	163	96	96
Other long-term liabilities	98	70	70
Total non-current liabilities	11,029	5,905	5,905
Short-term interest-bearing loans and borrowings		989	989
Accounts and other payables	301	267	267
Income tax payable	47	57	57
Other current liabilities (incl. bank overdraft)	441	432	432
Total current liabilities	789	1,744	1,744
Total equity and liabilities	16,174	10,797	10,797

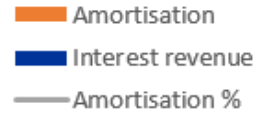
Comments

- Increase in purchased loan portfolios of 53% in 2018 vs 2017
- Equity ratio 26.9%, high cash position
- Investment capacity NOK 1.3bn¹⁾ plus monthly cash flow gives an estimated investment capacity of NOK 5.4bn for 2019
- Net interest-bearing debt NOK 10.4bn

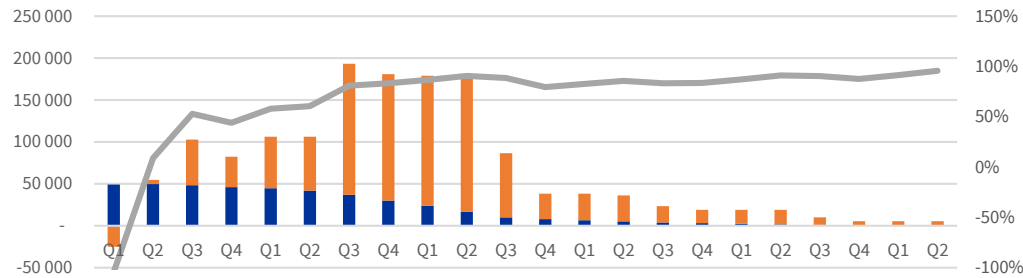
1) Adjusted for deferred payment for portfolio purchase of NOK 145m

Key figures used in the sector

Different portfolios with different MM and ERC but same net IRR, will have the same return on investment over time given reinvestment of the amortized amount in the same type of portfolio



Secured portfolio

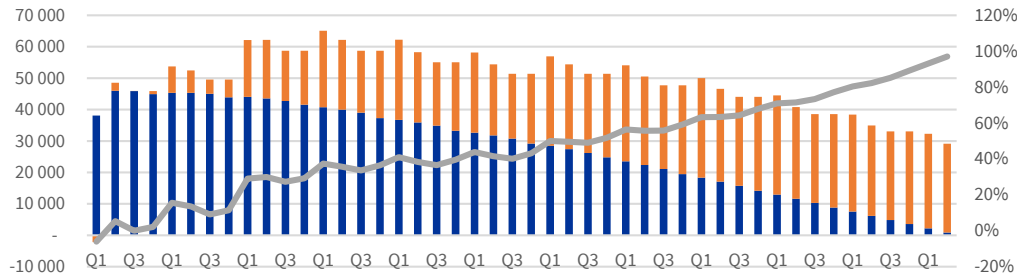


Portfolio Characteristics

MM	1,5
Gross IRR	19 %
CTC%	10 %
NET IRR	14 %
Invested amount	1 000 000
ERC	1 514 550
Expected collection of total ERC after 4 years	93 %

- Short curve
- Higher reinvestment
- Lower interest rate risk
- Lower CtC%

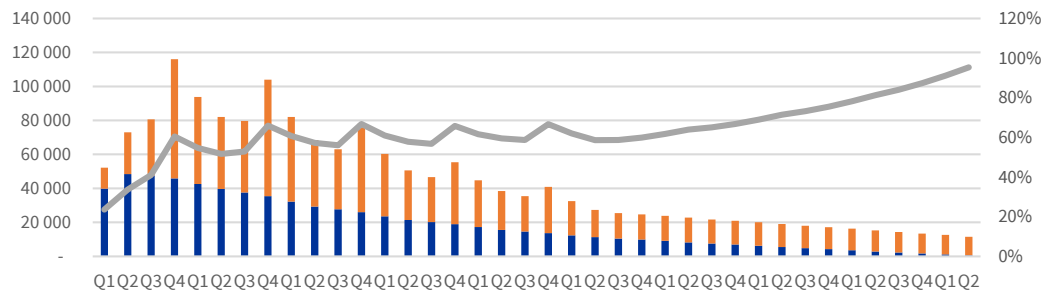
Retail unsecured Bank portfolio



MM	2,3
Gross IRR	20 %
CTC%	18 %
NET IRR	14 %
Invested amount	1 000 000
ERC	2 276 401
Expected collection of total ERC after 4 years	38 %

- Long Curve
- Lower reinvestment
- Higher interest rate risk
- Higher CtC%

Retail unsecured Forward Flow portfolio



MM	1,7
Gross IRR	22 %
CTC%	15 %
NET IRR	14 %
Invested amount	1 000 000
ERC	1 705 909
Expected collection of total ERC after 4 years	70 %

- Front loaded curve
- Higher reinvestment
- Low interest rate risk
- Lower CtC%
- Low-risk / high predictability

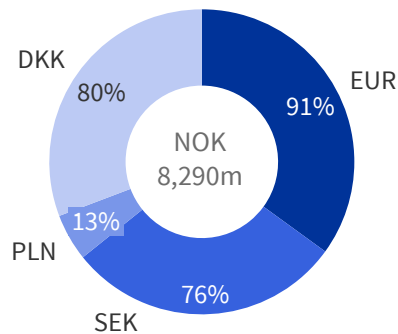
Financial risk management

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

Interest rate risk

- Interest rate swaps and caps are used to reduce interest rate exposure
 - Interest Rate Swap is Back to back
 - Cap: Strike is set 1% above floating rate (IBOR floor 0%)
- The strategy is to hedge between 60% and 120% of net borrowings (split as basket) up to a maximum period of 5 years
 - The hedging ratio at Q4 2018 is 78% with a duration of 4.1 years

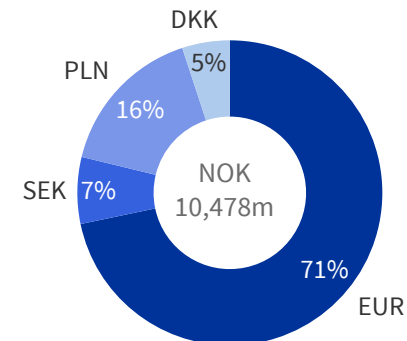
Total Hedge Amount



Currency risk

- Translational Balance sheet exposure to main currencies hedged by Currency derivatives are used to
 - Borrowing in relevant currencies to match expected future cash flows from loans and receivables
 - Bond loans in EUR and RCF draws in NOK and PLN
 - Derivatives in relevant currencies used to hedge the net position
 - Exceptions: Croatia, Romania, Bulgaria, Hungary, Bosnia, Czech R. and Serbia
 - Borrowing are done in EUR
- Currency derivatives are used to:
 - obtain a balanced currency basket
 - designed to utilize zero interest cap in RCF
- Transactional FX hedging not performed due to high volatility in timing of cash flows

Net borrowings basket composition





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Making each other better

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