

Q3

Third quarter 2020

Oslo, 3 November 2020



Highlights Q3 2020

Operations

- Business operations returned to normal levels in Q3, and prepared to meet the second wave
- Operating expenses in Q3 in line with cost savings targets
- Continued focus on IT alignment and transformation of business processes using data and analytics

Effectiveness & Efficiency

- Unsecured collections were above expectations
- Successful execution of amicable recovery strategies for secured portfolios drove performance above target

Volume

- Continued to keep portfolio purchases at a modest level to further preserve liquidity and position the company for future purchase opportunities
- Portfolios mainly acquired in Northern Europe

Capital & Funding

- 18 months bridge facility of EUR 100m gives more flexibility for future capital structure
- RCF extended with 1 year, maturing May 2023
- Well in line with original RCF covenants

Key figures Q3 2020

NOKm

Total revenues

845

(880)

Gross Collections¹

1,636

(1,448)

New Cash EBITDA²

932

(1,034)

Net profit

128

(181)

Portfolio purchases

264

(1,231)

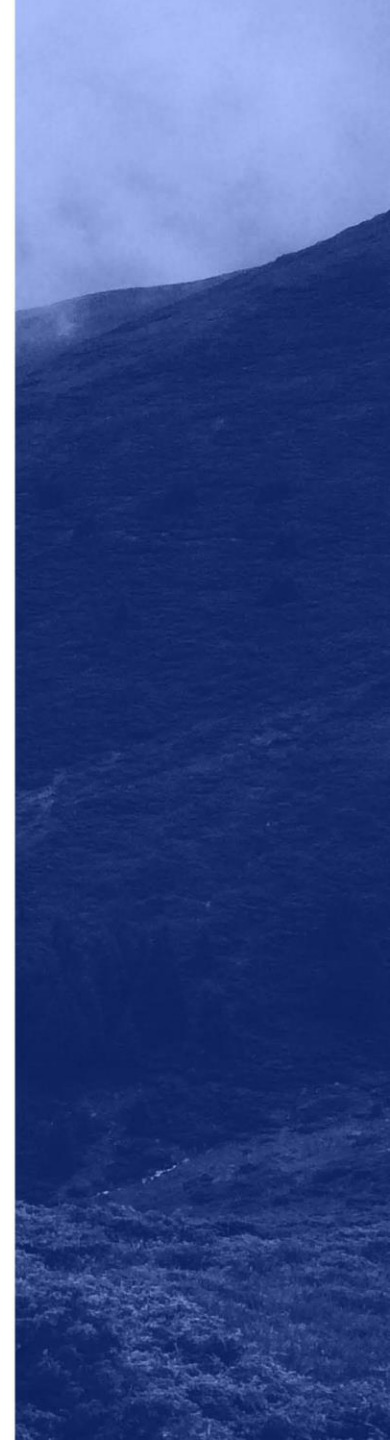
New Leverage ratio

3.23x

(3.10x)

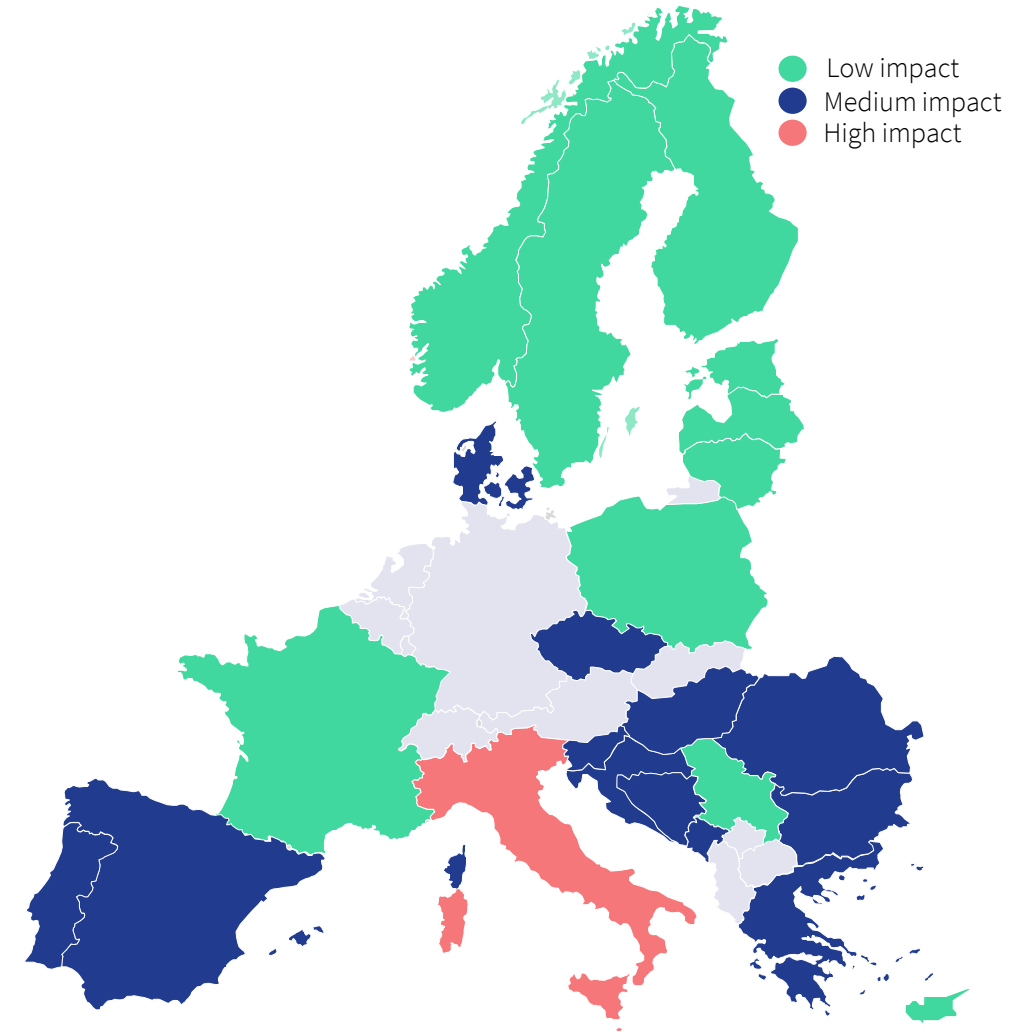
Comparable numbers for Q3 2019 in brackets 1. Includes the Group's share of gross collection for portfolios purchased and held in SPVs and joint ventures.
2. Prior period numbers are updated in accordance with adjusted definition for Cash revenue and Cash EBITDA – refer to slide 21 and alternative performance measures section of the quarterly report for additional details.

Business update



Operations close to normal and collections better than expected

- Solid quarter with close to normal activity in most markets
 - Both unsecured collections and secured recoveries ahead of revised forecast
 - Operational impact of Covid-19 mostly observed in South and South-East Europe
- All offices have routines in place to minimize risk of Covid-19 exposure in the workplace
 - IT systems fully operative in remote environment
 - Continuously monitoring the pandemic development and ready to adapt to local recommendations if necessary
 - The organization is well prepared to meet the second wave
- Courts and bailiffs fully or almost fully operational in most markets during the quarter



Upside potential, but also some risks going forward

RISKS

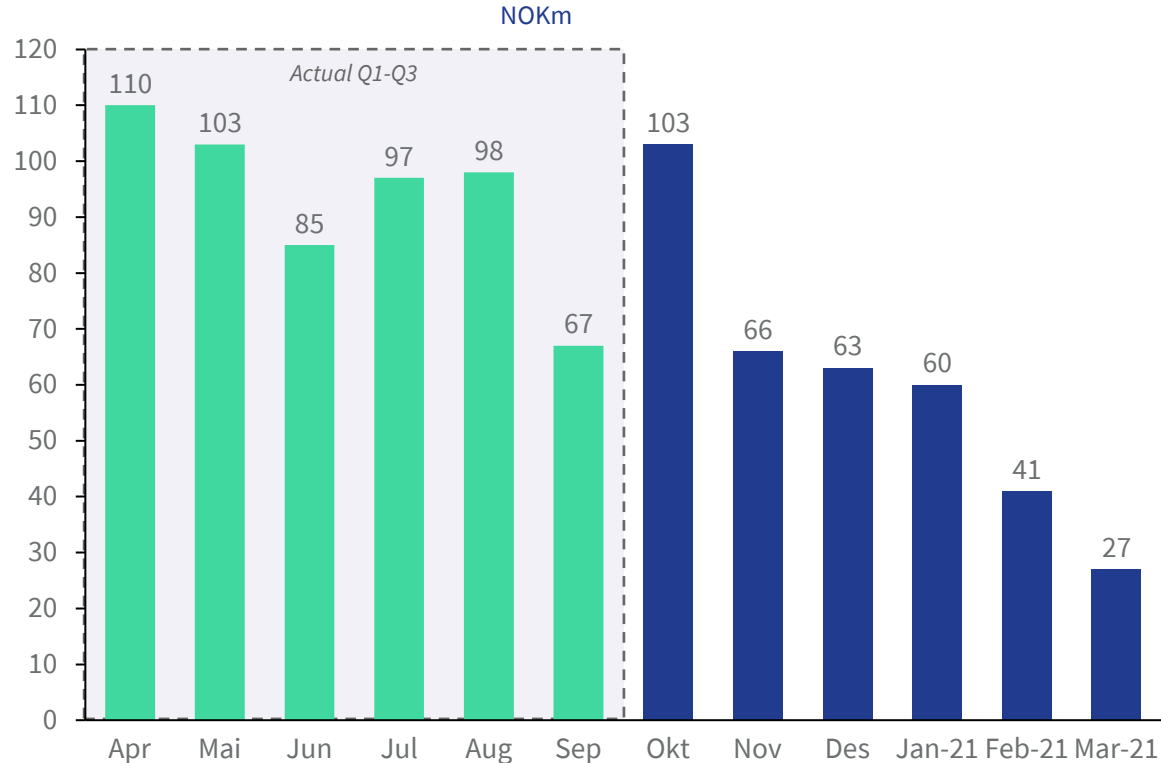
- Most existing unemployment schemes expected to end between December 2020 and March 2021
- Employment levels and disposable incomes expected to decrease in 2021 and not return to pre-Covid levels until late 2022
- Backlogs of cases in courts may continue to delay collections well into 2021

UPSIDE

- Our estimates of post-Covid NPL volumes indicate a rise of 2-3x, from close to EUR 500bn to over EUR 1.2 trillion in B2Holding markets
- NPL prices likely to decrease (positive early signals) due to higher supply and more discipline among buyers
- Real estate collaterals not affected so far – strong recoveries in Q3, unchanged interest in key cases
- Government schemes expected to be prolonged in the wake of the second wave of Covid-19

All portfolios purchased in the quarter were forward flows

Committed Forward Flow contracts, Q2'20 – Q1'21



Committed volume in Q4'20 & Q1'21 of approx. NOK 360m as of Q3 2020

- In third quarter forward flows were slightly reduced compared with committed volumes
- Around 85 % of committed forward flows next 6 months are in Northern Europe and Poland
- Volumes expected to increase during first half of 2021

Core priorities going forward

Operations



- Utilizing leading AI technology – Program Foresight
- Continuous improvement and alignment in IT with a higher degree of standardisation
- Cost optimization programmes

Compliance and Risk



The internal control and risk management functions have been developed over time and all senior positions are now in place – Compliance, Finance, Risk and Internal Audit

- Updated procedures in place for a proactive management of compliance and risk related topics
- Continued focus on training and awareness

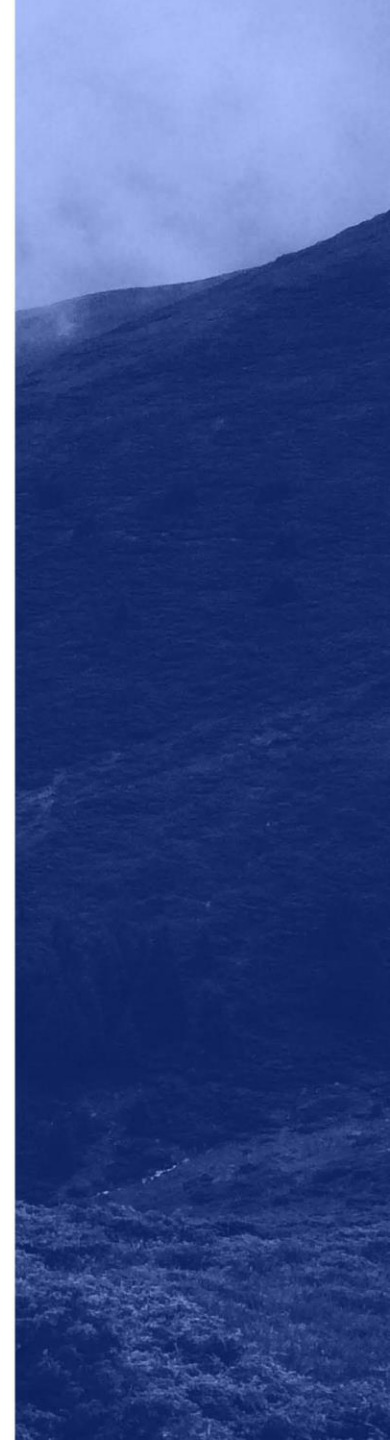
ESG



Group wide ESG project currently ongoing

- Extended KPIs for ESG reporting expected during first half of 2021

Financial performance



Third quarter 2020 summary

Financial summary

NOKm	2020 Q3	2019 Q3	% Change	2020 9 months	2019 9 months	% Change	2019 Full year
Total revenues	845	880	-4 %	2,322	2,054	13 %	2,874
Operating profit/(loss)	369	387	-4 %	869	667	30 %	959
Profit/(loss) after tax	128	181	-29 %	186	17	990 %	107
Cash revenue	1,348	1,492	-10 %	4,054	4,247	-5 %	5,642
Cash EBITDA	932	1,034	-10 %	2,741	2,965	-8 %	3,905
Cash margin	69 %	69 %	0 pp	68 %	70 %	-2 pp	69 %
Cost to collect %	16.9 %	22.4 %	-5.5 pp	20.2 %	22.0 %	-1.8 pp	22.5 %
<i>Basic earnings per share, NOK</i>	0.31	0.44	-	0.45	0.04	-	0.26
Return on equity	6.2 %	4.3 %	1.9 pp	6.2 %	4.3 %	1.9 pp	2.5 %
Gross collection from purchased loan portfolios ¹⁾	1,636	1,448	13 %	4,345	4,055	7 %	5,425
Portfolio purchases ²⁾	264	1,231	-86 %	1,227	3,468	-65 %	4,034

- Increased revenues from third-party servicing in the third quarter
- Operating profit margin increasing and cost to collect decreasing
- Portfolios were amortized with NOK 884 million
- Cost to collect lower than normal due to high secured recoveries in the quarter

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

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

Operating expenses reduced in accordance with cost saving targets

- In line with cost saving programme launched in Q1
- Cost savings of NOK 71 million (14 %) delivered in Q3 compared to Q1
 - Increased legal activity compared to previous quarter – more in line with normal activity
- Savings in Q3 resulted from:
 - Reduced personnel costs; temporary employees released and government subsidy programmes
 - Other savings due to fewer transactions, less travel, reduced marketing activities, lower office costs, etc.

Cost savings third quarter, FX adjusted



1. Operating expenses excludes "Cost of collateral assets sold, including impairment" of NOK 32m in Q3 and NOK 11m in Q1 2020

Balance sheet

NOKm	2020 30 Sept	2019 30 Sept	% change
Deferred tax asset	224	160	40 %
Goodwill	854	776	10 %
Tangible and intangible assets	349	366	-5 %
Investments in associated companies and joint ventures	358	315	13 %
Purchased loan portfolios	13,827	13,749	1 %
Loan receivables	284	357	-20 %
Participation loan/notes	544	565	-4 %
Other long-term financial assets	4	5	-8 %
Total non-current assets	16,444	16,293	1 %
Other short-term assets	344	274	25 %
Collateral assets	907	250	263 %
Cash & short-term deposits	407	316	29 %
Total current assets	1,658	840	97 %
Total assets	18,102	17,133	6 %
Total equity	4,818	4,122	17 %
Deferred tax liabilities	184	181	2 %
Long-term interest-bearing loans and borrowings	11,180	11,801	-5 %
Other long-term liabilities	142	146	-3 %
Total non-current liabilities	11,506	12,127	-5 %
Short-term interest-bearing loans and borrowings	782		
Bank overdraft	332	202	64 %
Other current liabilities (incl. Payable income tax & accounts payable)	665	682	-3 %
Total current liabilities	1,779	885	101 %
Total equity and liabilities	18,102	17,133	6 %

- Tangible equity ratio of 22.3 %¹
- NOK 902 million of assets in portfolio co-investment structures
 - 6.5 % of total portfolio assets (which is reflected in ERC)

1) Tangible equity over tangible assets (of which both sides are adjusted for goodwill and intangible assets)

Capital structure

Funding

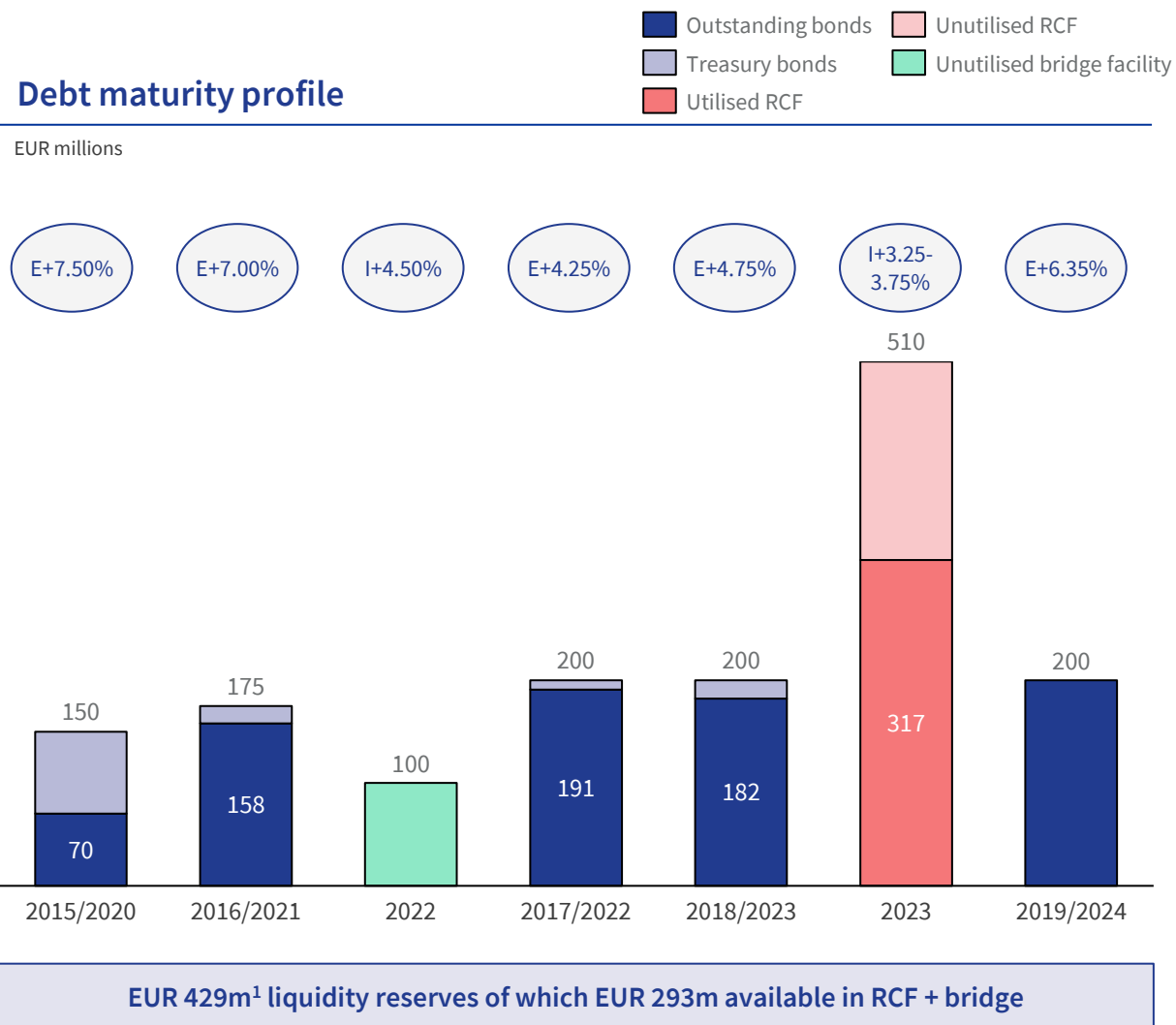
- Funding structure with sound leverage levels

- Public rating (Corporate Family Rating)
 - S&P: B+
 - Moody's: Ba3

- New EUR 100m Bridge facility and 1-year extension of the RCF
 - Will give increased flexibility to position the financing for future needs

- Repurchased EUR 11.7m of outstanding bonds in Q3
 - The repurchases were made in B2H02
 - Reduces interest expenses going forward
 - The Group holds EUR 124.2m in treasury bonds at end of quarter

- Reverse Dutch auction announced on 3 November for repurchasing of up to EUR 50m in B2H02



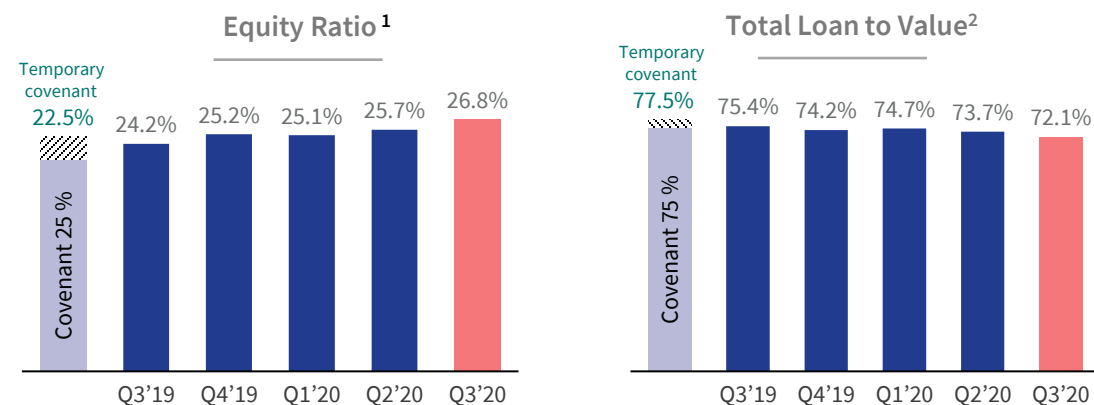
1) Calculated as EUR 183m undrawn existing RCF plus EUR 10m undrawn overdraft plus EUR 36m cash on balance sheet less NOK 200m (EUR 18m) in cash reserves less deferred payment for portfolio purchases of EUR 2m plus fair value of Treasury Bonds of EUR 120m plus EUR 100m in new bridge facility.

Capital structure

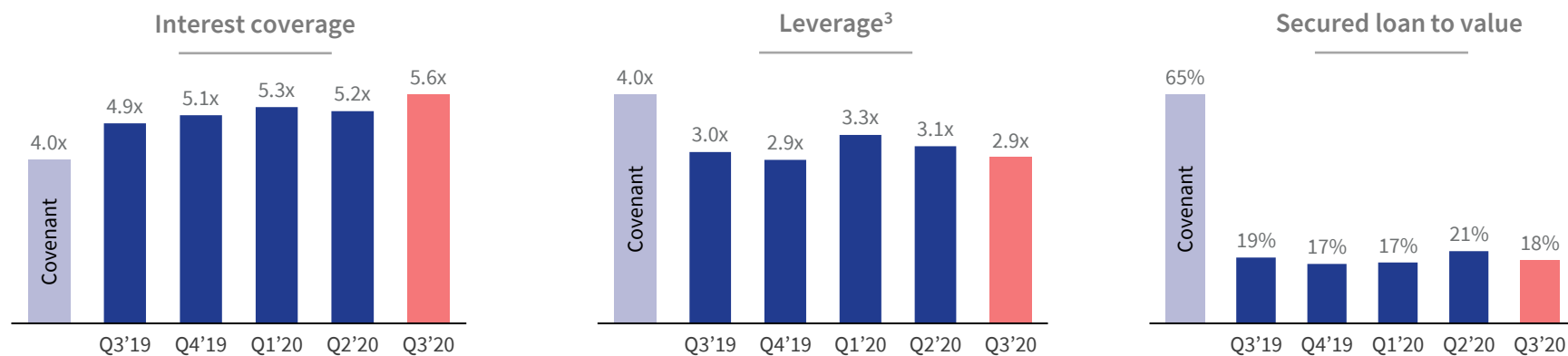
Covenants

- In line with original RCF covenants and expect compliance going forward

RCF covenants



Bond Loan covenants

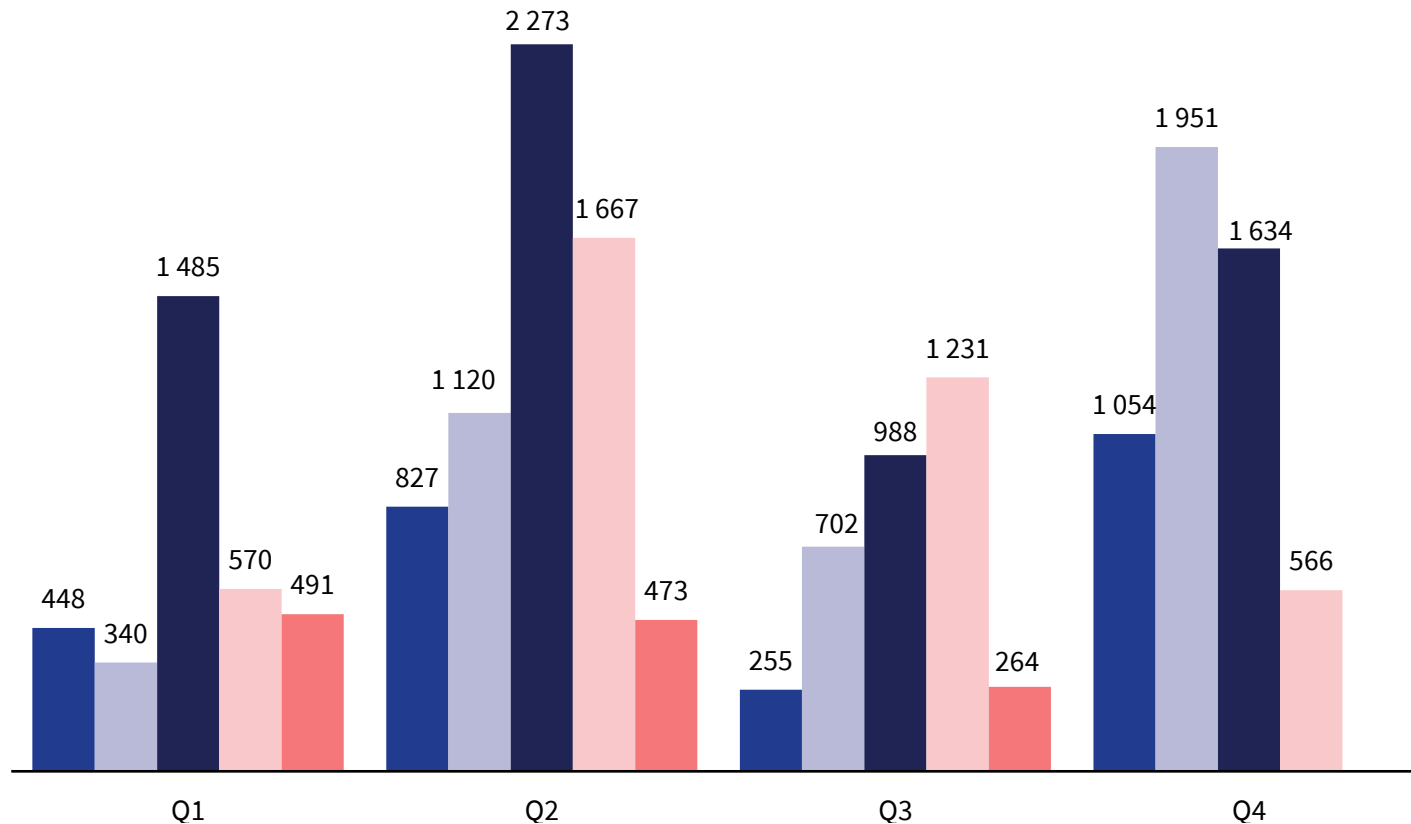


1) Total Equity over Total Assets excluding book value of IFRS 16 right-of-use assets. 2) Net Debt adj. for Vendor Loan, Earn Out and FX Hedge MTM over Assets (Portfolio, JV, loan receivables, REO and goodwill) 3) Leverage ratio according to old definition of cash EBITDA

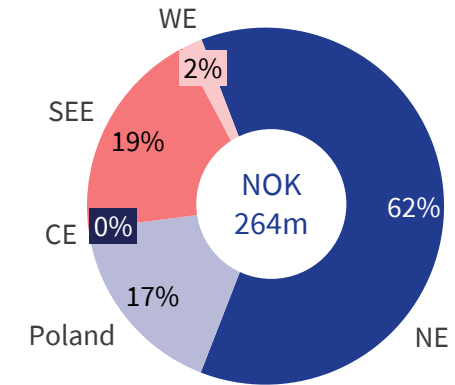
Continued modest portfolio purchase in third quarter

Portfolio purchase volumes¹⁾

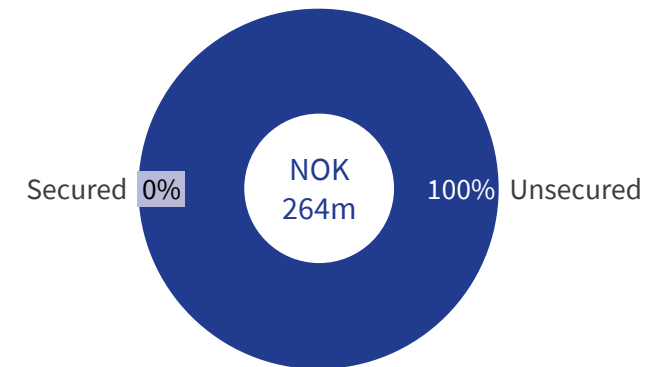
■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020
NOKm



Geographical distribution



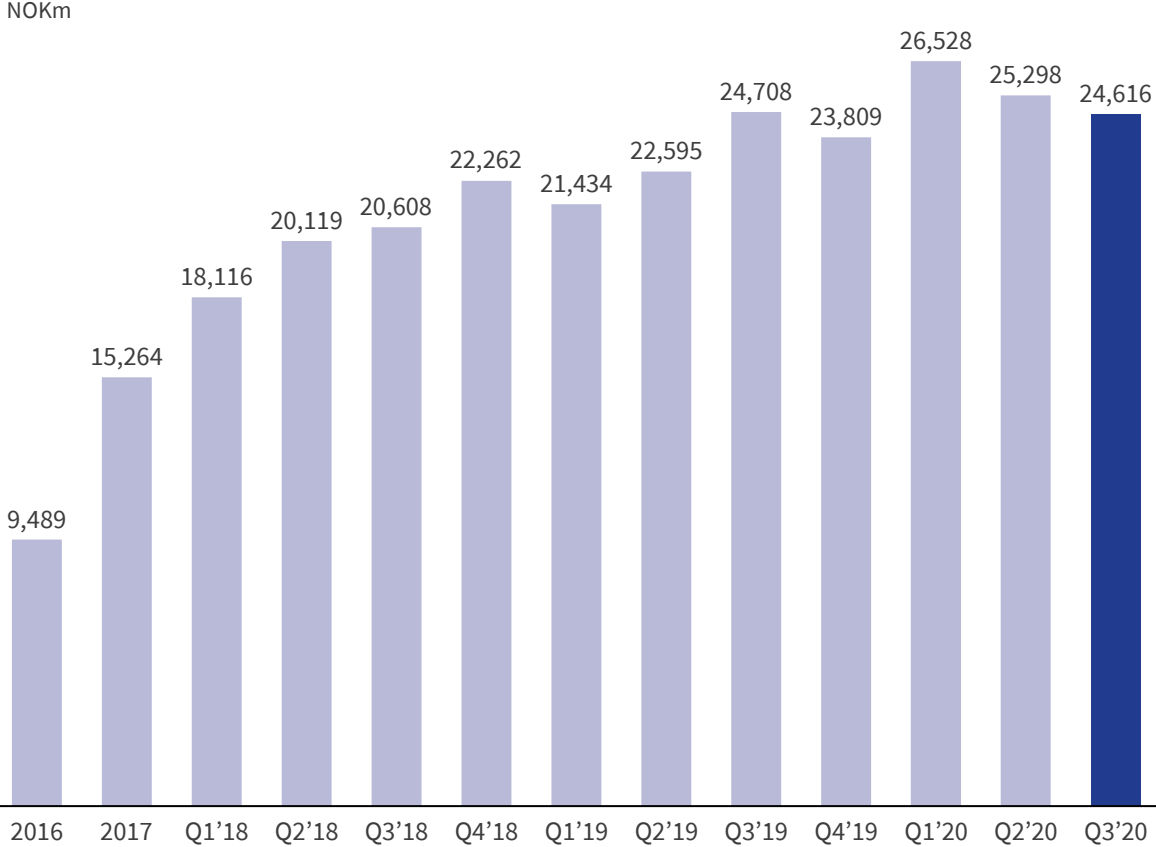
Asset class distribution



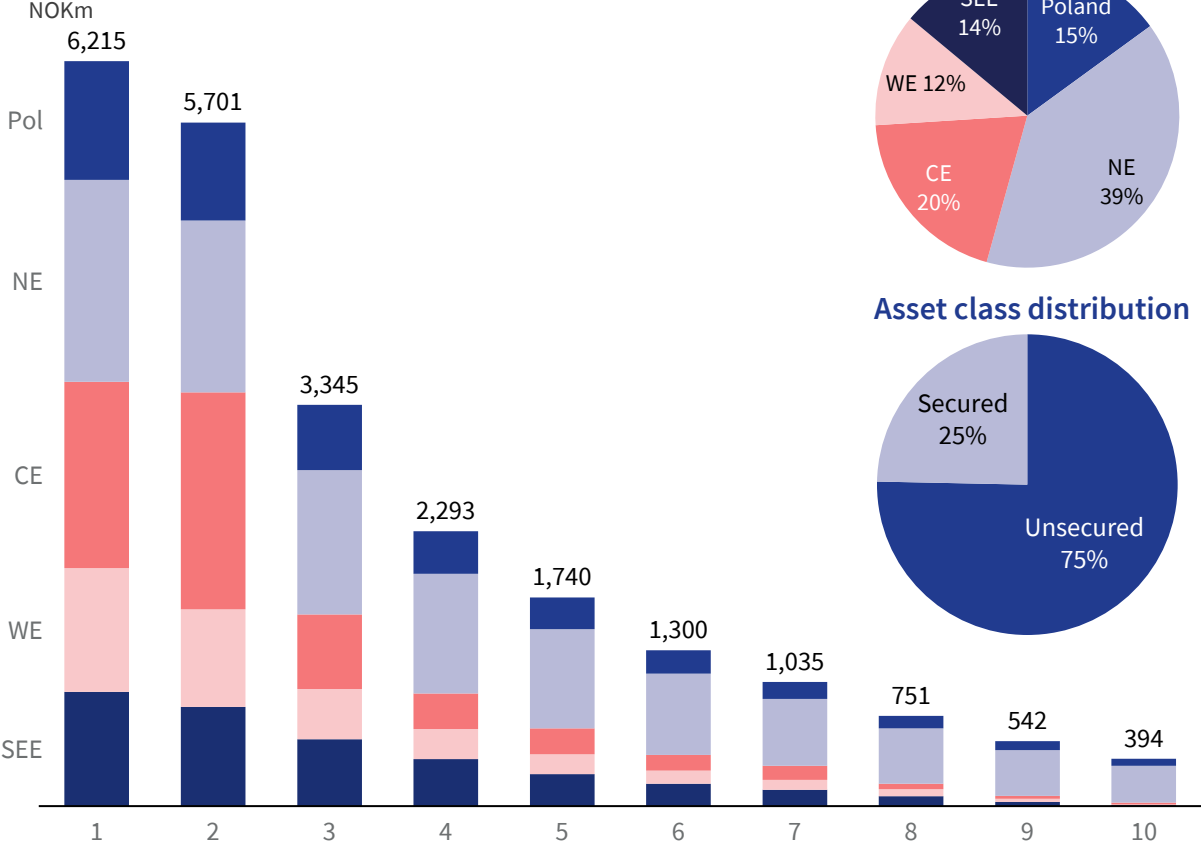
1) Including the Group's participation notes issued to joint venture for portfolio purchases in 2019.

ERC development

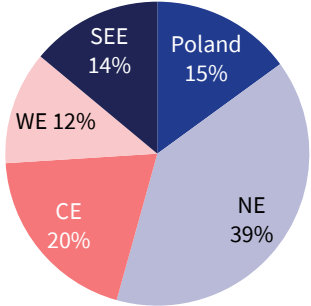
Development in total gross ERC¹⁾



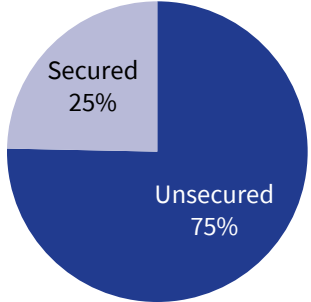
Forward 120m ERC profile by year¹⁾



Geographical distribution

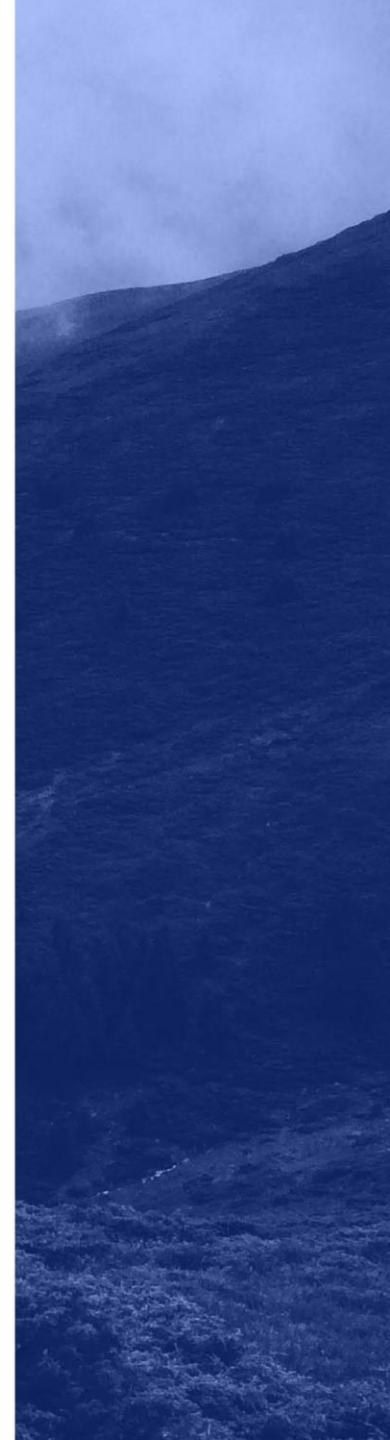


Asset class distribution



1) Including the Group's share of portfolios purchased and held in SPVs and joint ventures
 Disclaimer: B2Holding ASA emphasizes that every assessment of future conditions necessarily involves an element of uncertainty.

Summary



Summary



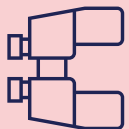
Stable operations and routines in place to ensure safe work environments



Solid collections, close to normal – second wave increases uncertainty

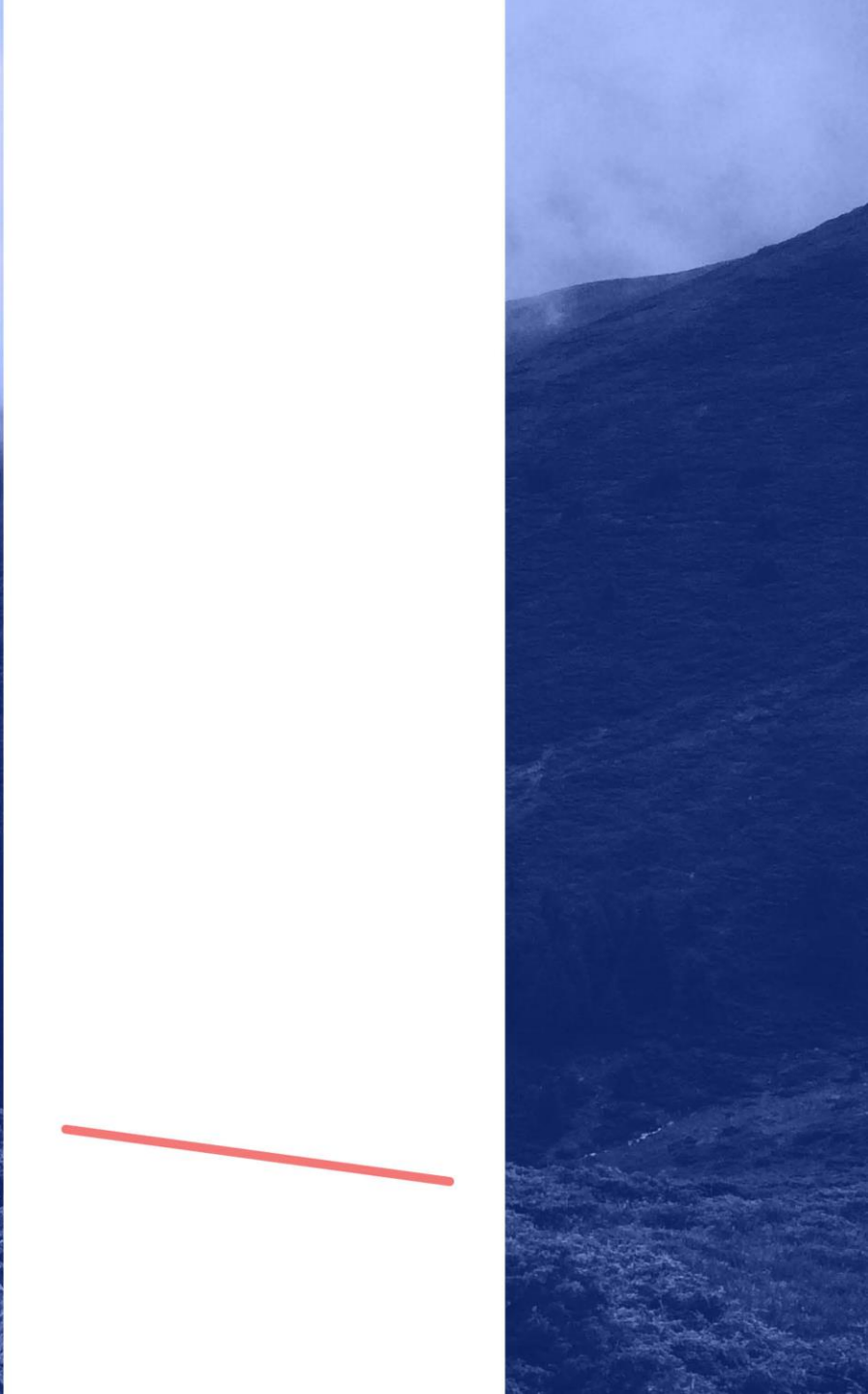


Good support from our banks with increased flexibility to position the financing for future needs



Long-term upside potential in the NPL market with expected increased volumes and lower prices

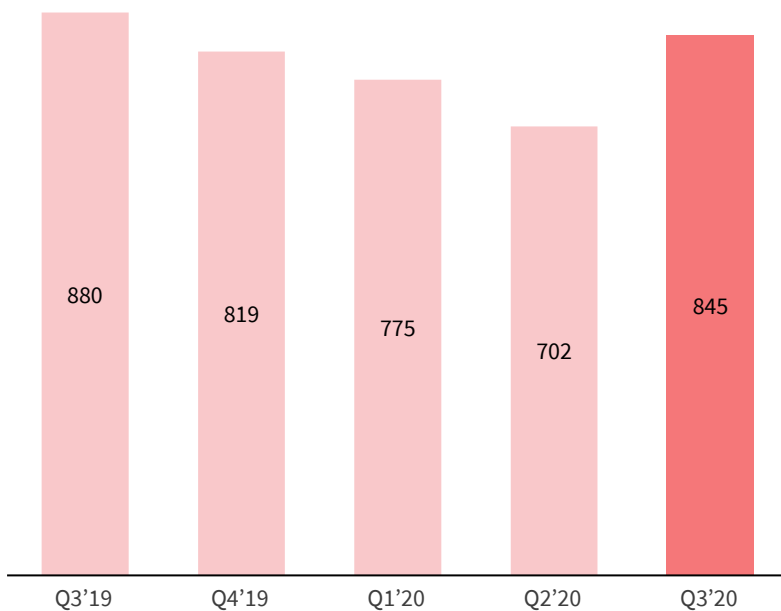
Q&A



Quarterly financial performance

Total revenues

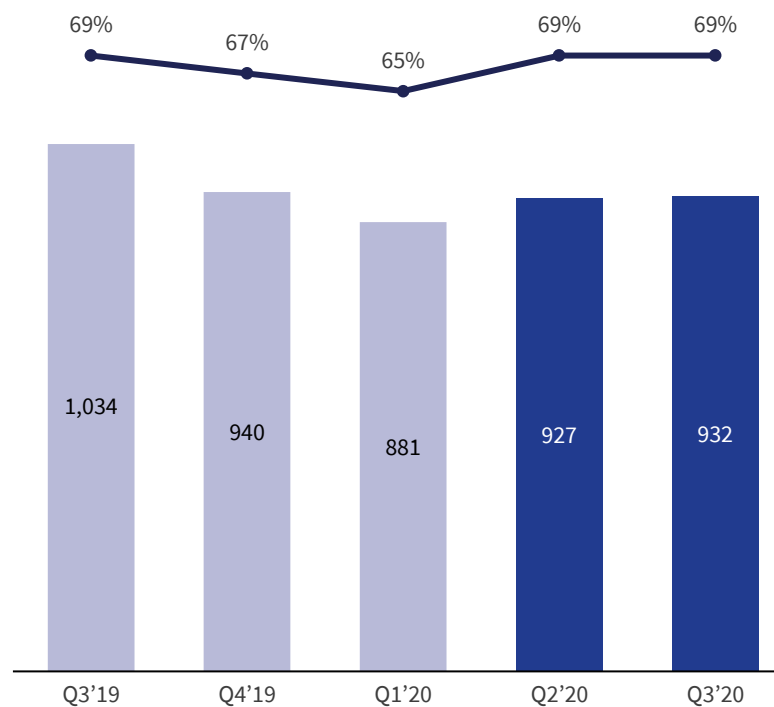
NOKm



Cash EBITDA

NOKm

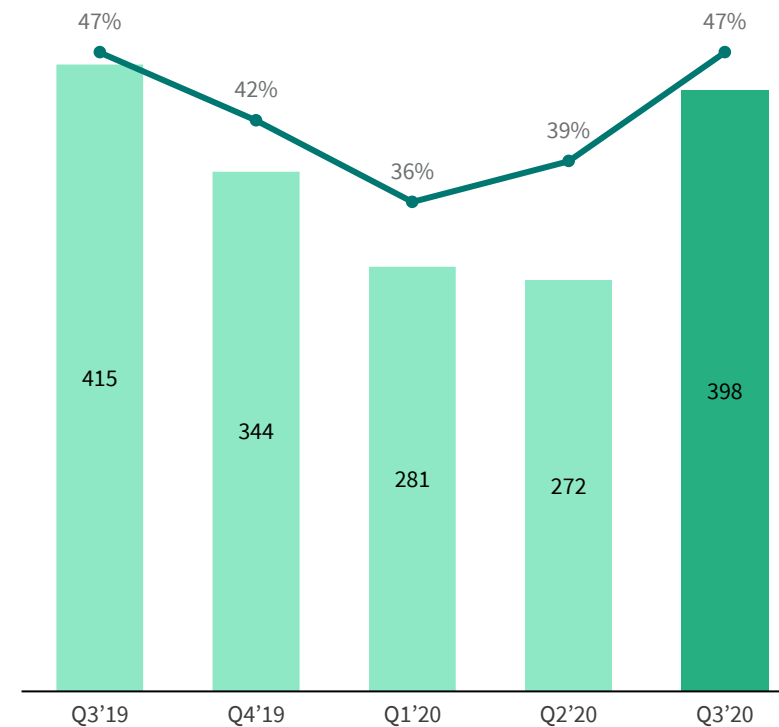
Cash EBITDA Cash margin



EBITDA

NOKm

EBITDA EBITDA margin

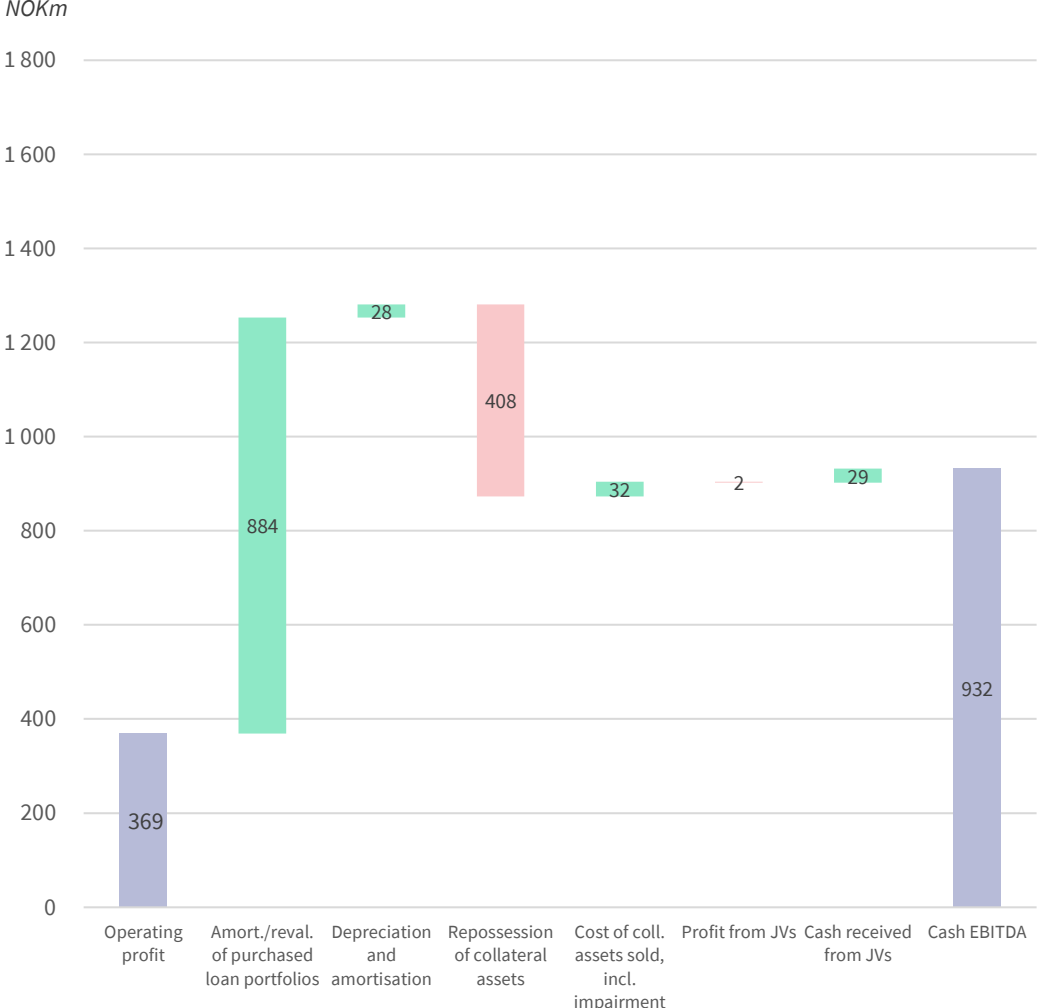


New Cash EBITDA, Q3 2020

Collections and recoveries as starting point



Operating profit as starting point



Quarterly financial performance

NOKm	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3
Total revenues	795	379	880	819	775	702	845
Operating profit/(loss)	350	-69	387	291	255	245	369
Profit/(loss) after tax	106	-270	181	90	24	34	128
Cash revenue	1,354	1,401	1,492	1,396	1,364	1,343	1,348
Cash EBITDA	942	989	1,034	940	881	927	932
Cash margin	70 %	71 %	69 %	67 %	65 %	69 %	69 %
Cost to collect %	22.0 %	21.6 %	22.4 %	24.0 %	22.9 %	21.7 %	16.9 %
Basic earnings per share, NOK	0.26	-0.66	0.44	0.22	0.06	0.08	0.31
Gross collection from purchased loan portfolios ¹⁾	1,248	1,274	1,386	1,295	1,315	1,277	1,636
Portfolio purchases ²⁾	570	1,042	1,231	566	491	473	264
Leverage ratio				2.91	3.38	3.22	3.23

1) Quarterly Gross collection in 2020 includes the Group's share of gross collection for portfolios purchased and held in SPVs and joint ventures

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

Diversified portfolio

UNSECURED	Year												Total
	1	2	3	4	5	6	7	8	9	10	120m ERC		ERC
Pol	912	690	480	350	260	194	140	103	76	58	3,263		3,404
NE	1,675	1,427	1,198	994	826	676	557	460	378	306	8,496		9,631
CE	340	309	260	208	160	123	85	44	22	13	1,564		1,574
WE	256	218	177	136	110	84	67	43	24	3	1,118		1,120
SEE	635	619	483	372	264	185	133	80	33	8	2,813		2,813
Sum	3,817	3,263	2,598	2,061	1,620	1,263	982	729	533	389	17,255		18,542

SECURED	Year												Total
	1	2	3	4	5	6	7	8	9	10	120m ERC		ERC
Poland	79	125	64	6	3	1	1	1	1	1	282		283
NE	11	7	6	5	4	3	3	2	2	2	45		52
CE	1,214	1,502	361	89	54	7	34	2	1	2	3,265		3,270
WE	777	596	244	114	56	24	14	16	4	1	1,846		1,846
SEE	316	207	73	19	3	2	2	2	-	-	622		622
Sum	2,397	2,437	748	232	120	37	53	22	9	6	6,060		6,073

Total	6,215	5,701	3,345	2,293	1,740	1,300	1,035	751	542	394	23,315		24,616
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ERC including the Group's share of portfolios acquired and held in SPVs and joint ventures.

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Northern Europe (NE)

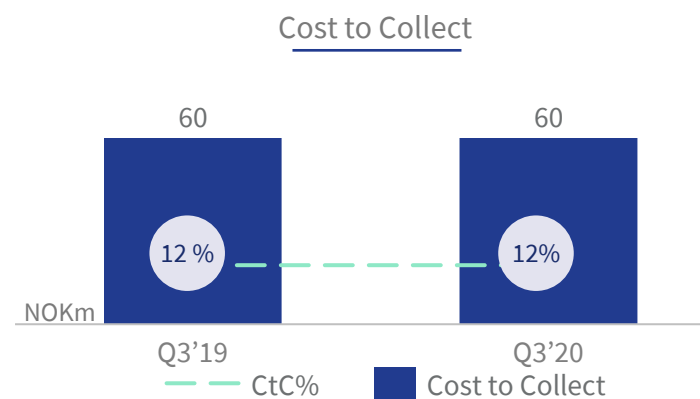
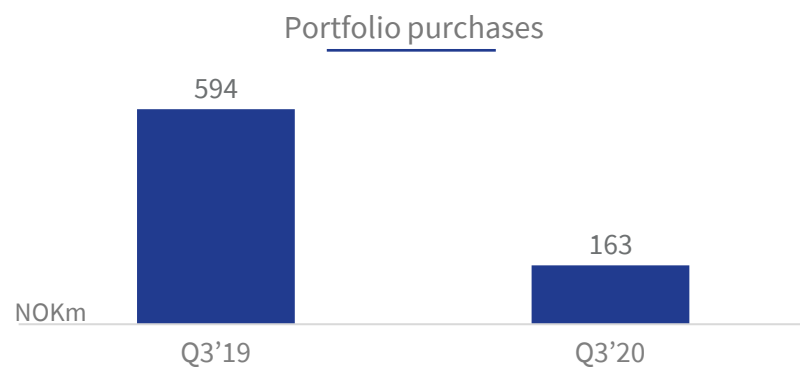
Norway, Sweden, Denmark,
Finland, Estonia, Latvia and Lithuania



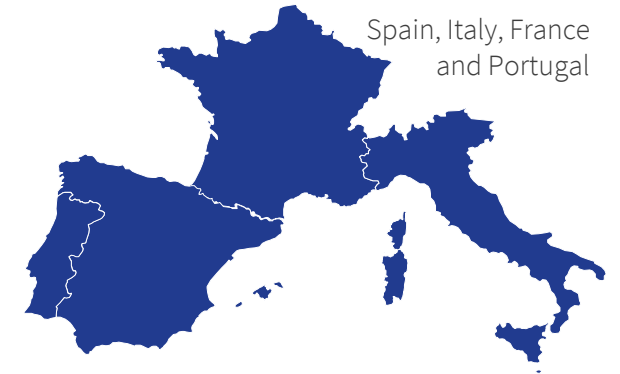
NOKm	2020 Q3	2019 Q3	Change (%)
Total revenues	271	262	4 %
EBIT	169	167	1 %
Profit margin (%)	62 %	64 %	-2 ppt
ERC	9,684	8,893	9 %

Highlights & KPIs

- Portfolio purchase volume of NOK 163m in the quarter
- Gross collection of NOK 481m in Q3



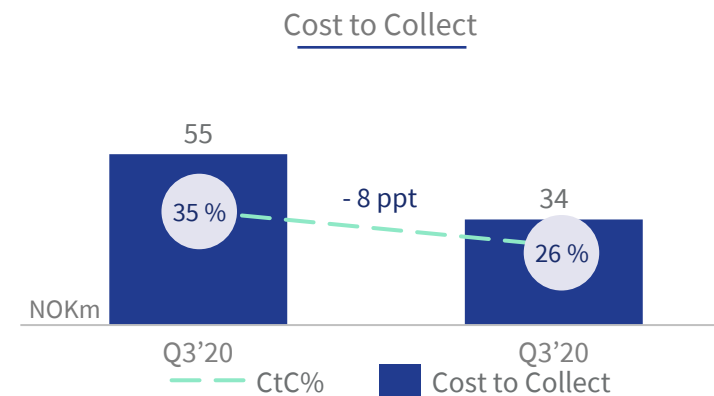
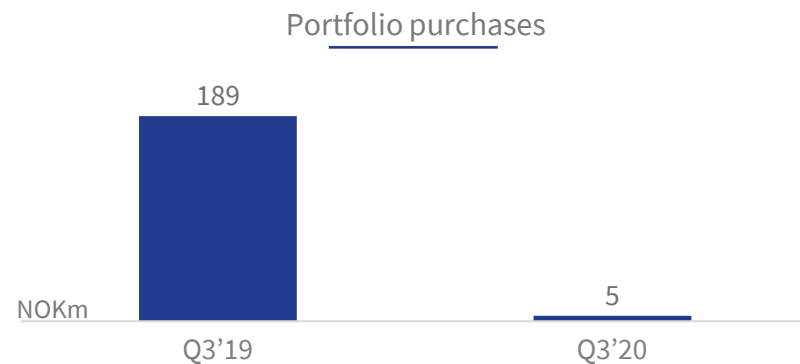
Western Europe (WE)



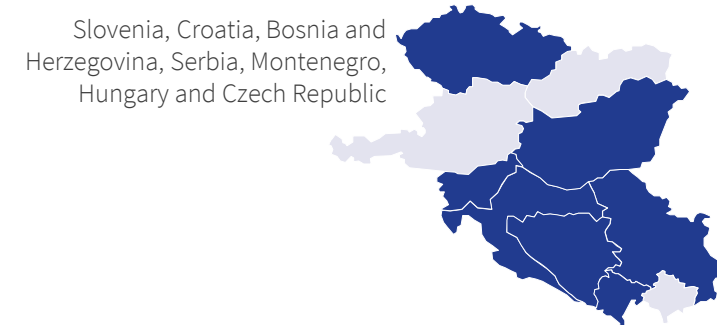
NOKm	2020 Q3	2019 Q3	Change (%)
Total revenues	132	128	3 %
EBIT	50	23	119 %
Profit margin (%)	38 %	18 %	20 ppt
ERC	2,966	3,025	-2 %

Highlights & KPIs

- Portfolio purchases of NOK 5m in the quarter
- Gross collection in Q3 of NOK 129m



Central Europe (CE)



NOKm	2020 Q3	2019 Q3	Change (%)
Total revenues	128	222	-42 %
EBIT	58	147	-61 %
Profit margin (%)	45 %	66 %	-21 ppt
ERC	4,844	5,034	-4 %

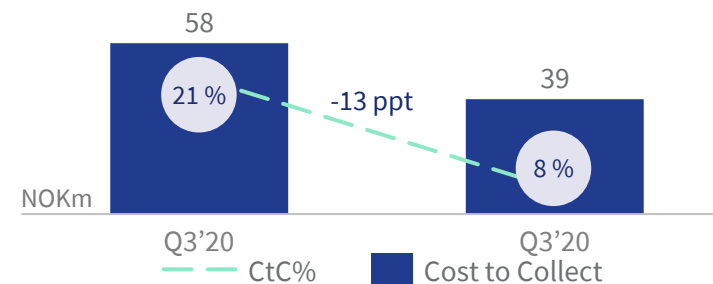
Highlights & KPIs

- No portfolio purchases in the quarter
- Gross collection in Q3 of NOK 534m

Portfolio purchases



Cost to Collect



South East Europe (SEE)

Romania, Bulgaria,
Greece and Cyprus



NOKm	2020 Q3	2019 Q3	Change (%)
Total revenues	108	94	15 %
EBIT	23	19	20 %
Profit margin (%)	21 %	20 %	1 ppt
ERC	3,435	2,186	57 %

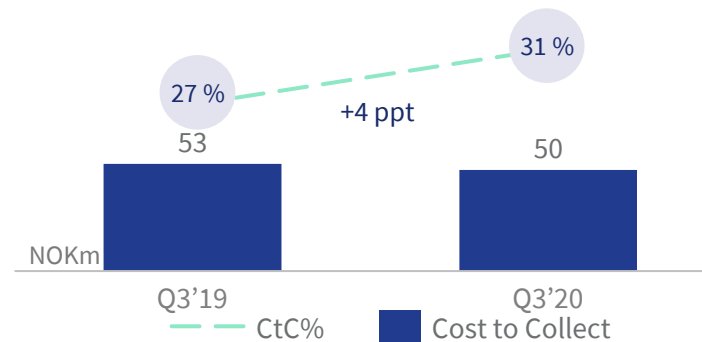
Highlights & KPIs

- Portfolio purchases of NOK 51m in the quarter
- Gross collection in Q3 of NOK 163m

Portfolio purchases



Cost to Collect



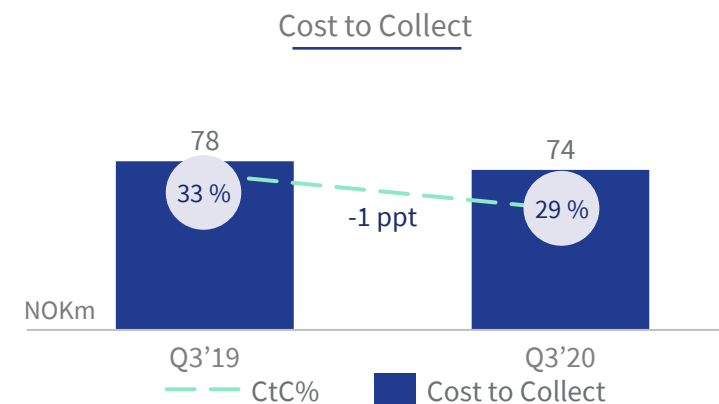
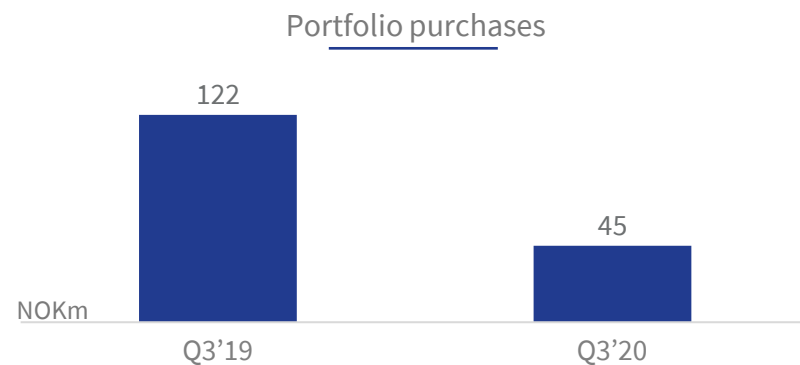
Poland



NOKm	2020 Q3	2019 Q3	Change (%)
Total revenues	206	175	18 %
EBIT	106	65	63 %
Profit margin (%)	51 %	37 %	14 ppt
ERC	3,687	3,701	-

Highlights & KPIs

- Portfolio purchases of NOK 45m in the quarter
- Gross collection in Q3 of NOK 251m



20 largest shareholders

#	Shareholder	No of shares	Percentage
1	PRIORITET GROUP AB	52 913 000	12.91 %
2	RASMUSSENGRUPPEN AS ¹	51 873 266	12.65 %
3	VALSET INVEST AS	26 000 000	6.34 %
4	STENSHAGEN INVEST AS	18 893 376	4.61 %
5	DNB MARKETS AKSJEHANDEL/-ANALYSE	10 454 434	2.55 %
6	BRYN INVEST AS	8 676 690	2.12 %
7	K11 INVESTOR AS	8 266 680	2.02 %
8	RUNE BENTSEN AS	8 191 680	2.00 %
9	VERDIPAPIRFONDET ALFRED BERG GAMBA	7 464 450	1.82 %
10	VPF DNB AM NORSKE AKSJER	7 458 370	1.82 %
11	STOREBRAND NORGE I VERDIPAPIRFOND	7 234 419	1.76 %
12	VERDIPAPIRFONDET DNB NORGE	6 439 892	1.57 %
13	GREENWAY AS	5 802 368	1.42 %
14	VERDIPAPIRFONDET ALFRED BERG NORGE	5 175 885	1.26 %
15	SKANDINAVISKA ENSKILDA BANKEN AB	4 324 124	1.05 %
16	VERDIPAPIRFONDET PARETO INVESTMENT	4 142 000	1.01 %
17	KLP AKSJENORGE INDEKS	3 531 547	0.86 %
18	LIN AS	3 501 898	0.85 %
19	VERDIPAPIRFONDET ALFRED BERG AKTIV	3 439 465	0.84 %
20	AS TANJA	3 073 100	0.75 %
	OTHER	156 275 924	38.12 %
	Total	409 932 598	100 %

Updated per 30 October 2020

1) Total shareholdings of Rasmussengruppen AS includes shareholdings of its fully owned subsidiaries Portia AS, Cressida AS and Viola AS

Definitions

■ 120-month ERC

Estimated remaining collection, which expresses the gross collection in face value expected to be collected in the future over a 120-month period from the purchased portfolios owned at the reporting date. The 120-month ERC is a common measure in the debt purchasing industry; however it may be calculated differently by other companies and may not be comparable. These projections have been prepared for illustrative purposes only and may differ from the forecast we use to calculate the carrying value of our portfolio purchases as recognized in the Audited Financial Statements. We can provide no assurance that we will achieve such collections within the specified time period, or at all.

■ 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

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.

■ Cost other revenues

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

■ Cost to collect

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.

■ EBITDA margin

EBITDA over total operating revenues.

■ 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.

■ 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.

Definitions (cont'd)

■ **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 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.

■ **Interest Coverage**

The ratio of Cash EBITDA divided by net interest expenses.

■ **Leverage ratio**

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

■ **Net debt**

Net debt consist of nominal value 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.

■ **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 includes revenue from external collection, interest on loan receivables 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)**

Net debt adjusted for vendor loan, earn out and FX hedge MTM over Assets (portfolio, JV, loan receivables, REO and goodwill).



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