

Q4

Fourth quarter 2022

B²HOLDING®



Quarter highlights

- Continued strong performance in cash collections and secured recoveries
 - Unsecured collections at 101.4% of the latest forecast
 - Secured cash collections of NOK 553m including REO sales of NOK 173m
- Strongest quarterly Cash EBITDA to date and close to NOK 4bn for the full year
- ERC growth after a period of deleveraging
- Proposed dividend and share buyback of NOK 0.62 per share (dividend NOK 0.20 and buyback of NOK 0.42)

Q4

2022

Yearly summary

- Finalized reorganization of secured business
- Established Veraltis Asset Management – master and special servicer
- More efficient and effective operations through utilization of data and analytics
- Group alignment through increased centralization
- Industry leader in ESG risk rating

Key figures Q4 2022 (NOKm)

Cash collections

1 458

1 136

REO sales

173

24

Net revenues

824

726

Cash EBITDA

1 140

862

Adj. Net profit¹⁾

92

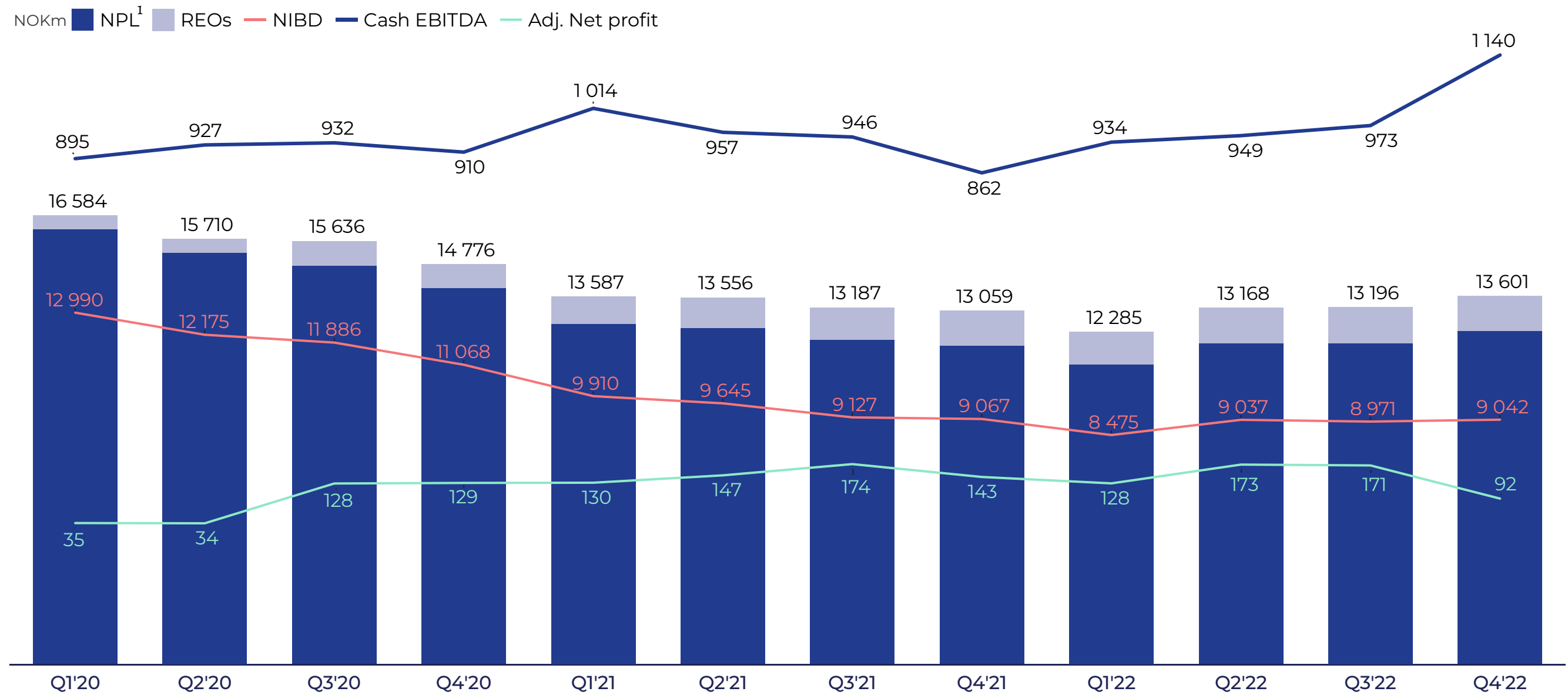
143

Portfolio investments²⁾

1 204

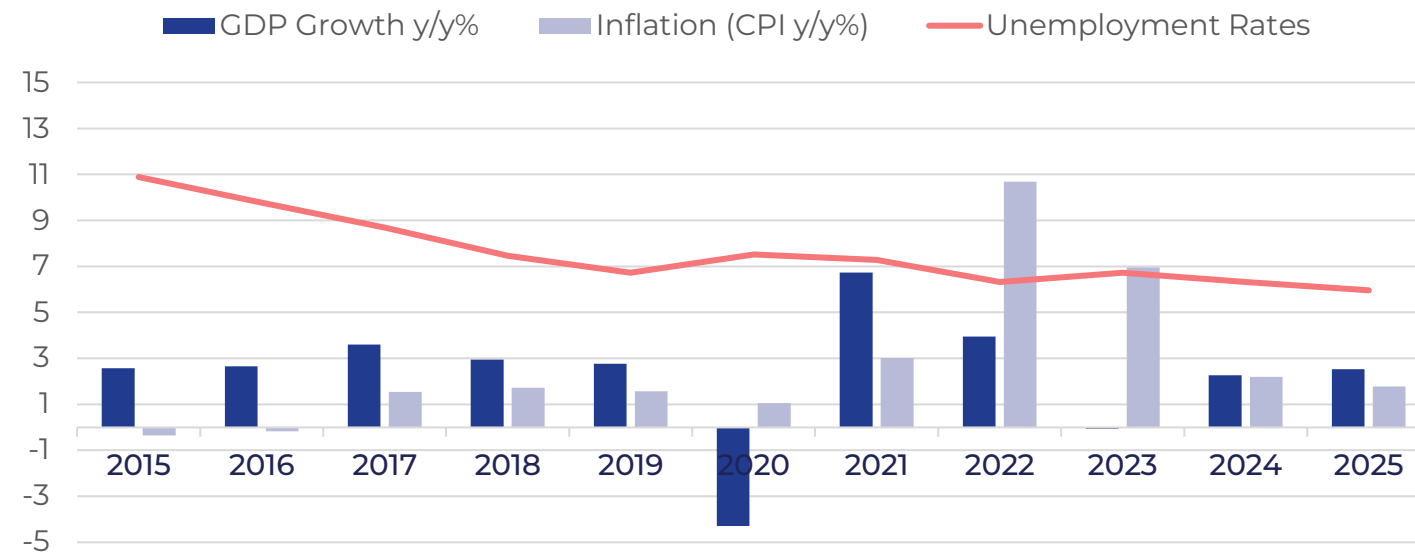
552

Significant deleveraging and improved performance over last 3 years

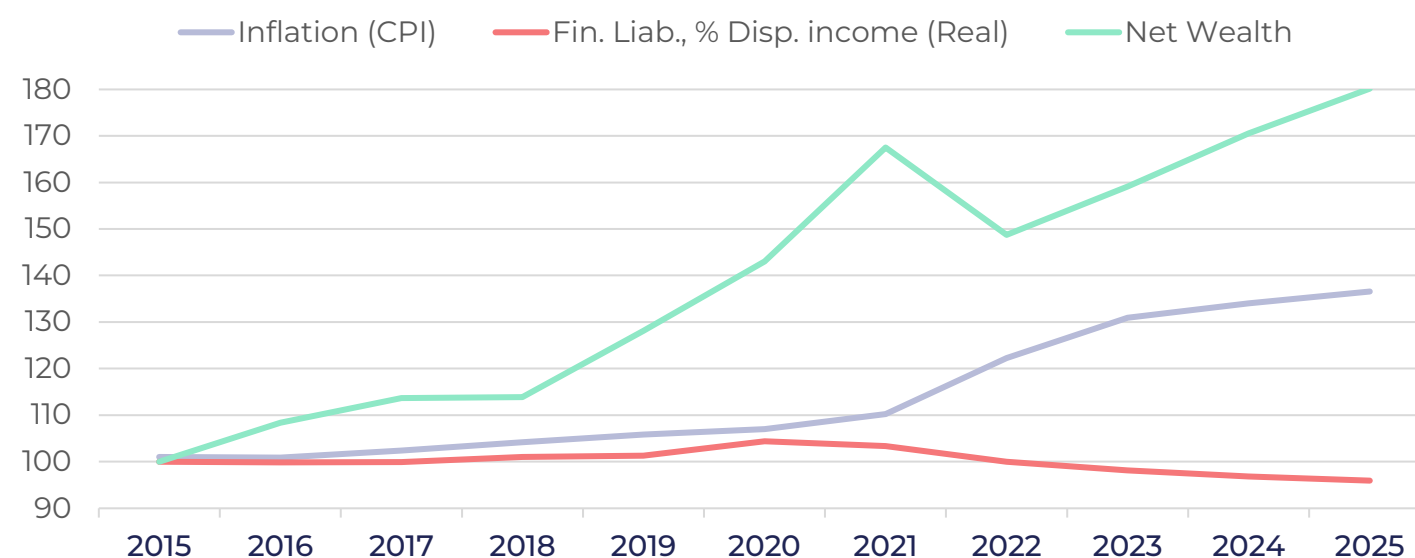


The debt collection industry has proven resilient through cycles

Long Term Macro Trends¹



Notable increase in disposable income²



Market trends:

- Inflationary pressure expected to soften during 2023
- Low and uncertain GDP growth projections for 2023
- Softening, but resilient labour markets
- Improving macroeconomic environment expected from 2024

Potential/expected impact in B2Holding markets:

- Portfolios have a lifetime of more than 10 years on average and are less affected by macroeconomic volatility short term
- Short term uncertainty reflected in pricing of new portfolios
- Worsening underlying credit quality expected to create new NPL volumes

1) Oxford Economics 24th Jan 2023, B2Holding countries
 2) Oxford Economics, index 2015 base, B2Holding countries

Maintaining capital discipline in changing market dynamics



- Portfolio investments up 39% versus same quarter last year – up 118% including transaction signed in Q4 but closed in Q1
- Higher cost of funding will be reflected in portfolio underwriting
- Near term impact on portfolio activity expected until markets readjust to changed cost of funding
- NOK 2.6bn were invested in new portfolios in 2022 and NOK 400m committed for 2023
- Expected total investments above 2022 levels, subject to risk and return considerations

Financial performance



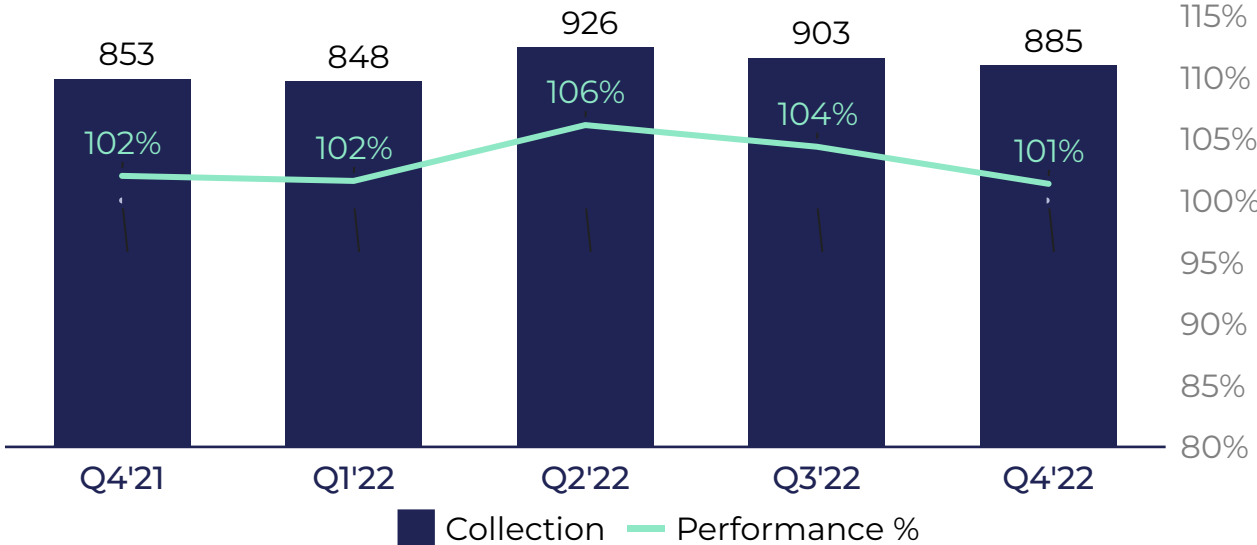
Fourth quarter 2022 summary

<i>NOK million</i>	2022 Q4	2021 Q4	% Δ	2022 YTD	2021 YTD
Cash collections	1 458	1 136	28%	5 161	4 857
Net revenues	824	726	14%	3 085	3 036
Adj. EBIT	343	297	15%	1 334	1 333
Adj. EBIT %	42%	41%	1 pp	43%	44%
EBIT	303	267	14%	1 029	1 308
Adj. Net profit	92	143	-35%	564	593
Cash revenue	1 599	1 268	26%	5 695	5 402
Cash EBITDA	1 140	862	32%	3 996	3 779
Cash margin	71%	68%	3 pp	70%	70%
Gross collections ¹⁾	1 261	1 266	-0%	4 936	5 435
Amortisation of own portfolios	-520	-564	-8%	-1 898	-2 609
Portfolio investments ¹⁾	769	552	39%	2 165	1 202
Cost to collect %	24%	21%	3 pp	22%	19%
Adj. EPS	0.23	0.35		1.41	1.45
Adj. ROE	10.7 %	12.2 %	-1.5 pp	10.7 %	12.2 %

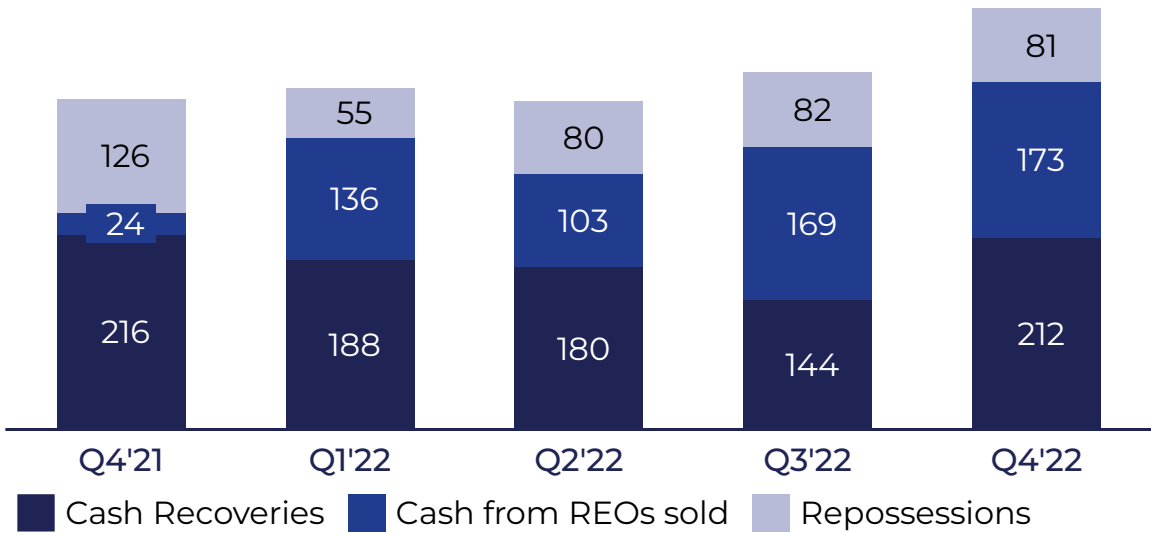
- Cash collections up 6% FY
 - Unsecured collections at 101.4%
 - Strong secured cash collections of NOK 385m in Q4 including REO sales of NOK 173m
 - Cash from JVs of NOK 188m
- Cash EBITDA up 6% YoY
- Signed investments of NOK 2.6bn in 2022
- Leverage of NOK 2.26x and interest rate hedging ratio of 54%
- Amended dividend policy to distribution based on Adj. Net profit
- Proposed dividend and share buyback of NOK 0.62 per share (dividend NOK 0.20 and buyback of NOK 0.42)

Collection Performance excl. JVs

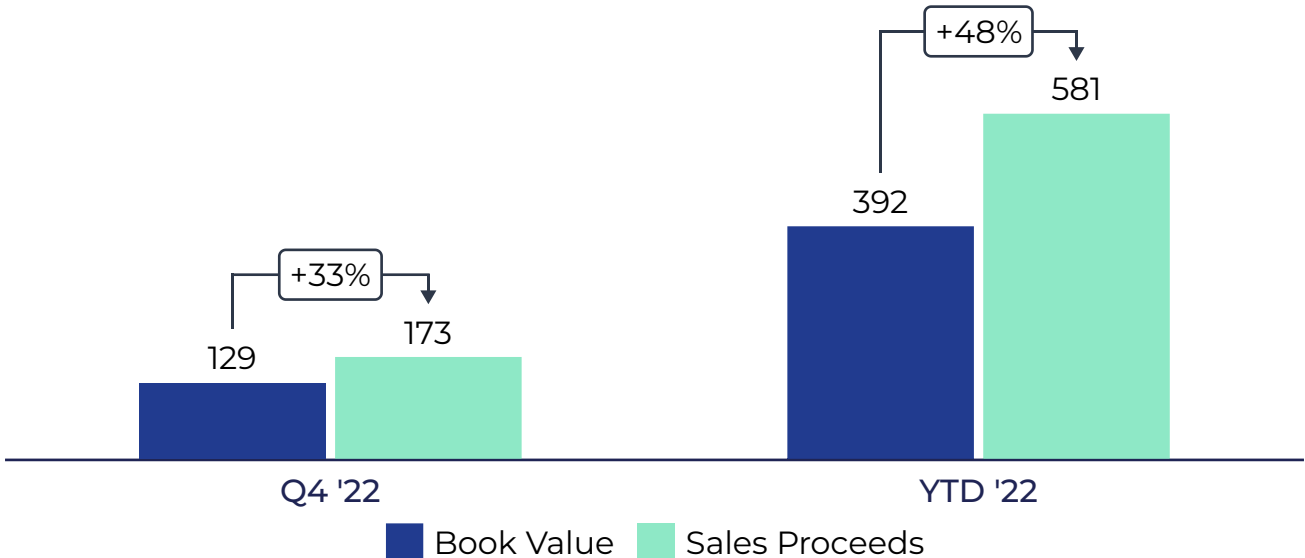
Unsecured collection performance



Secured recoveries



REOs sold

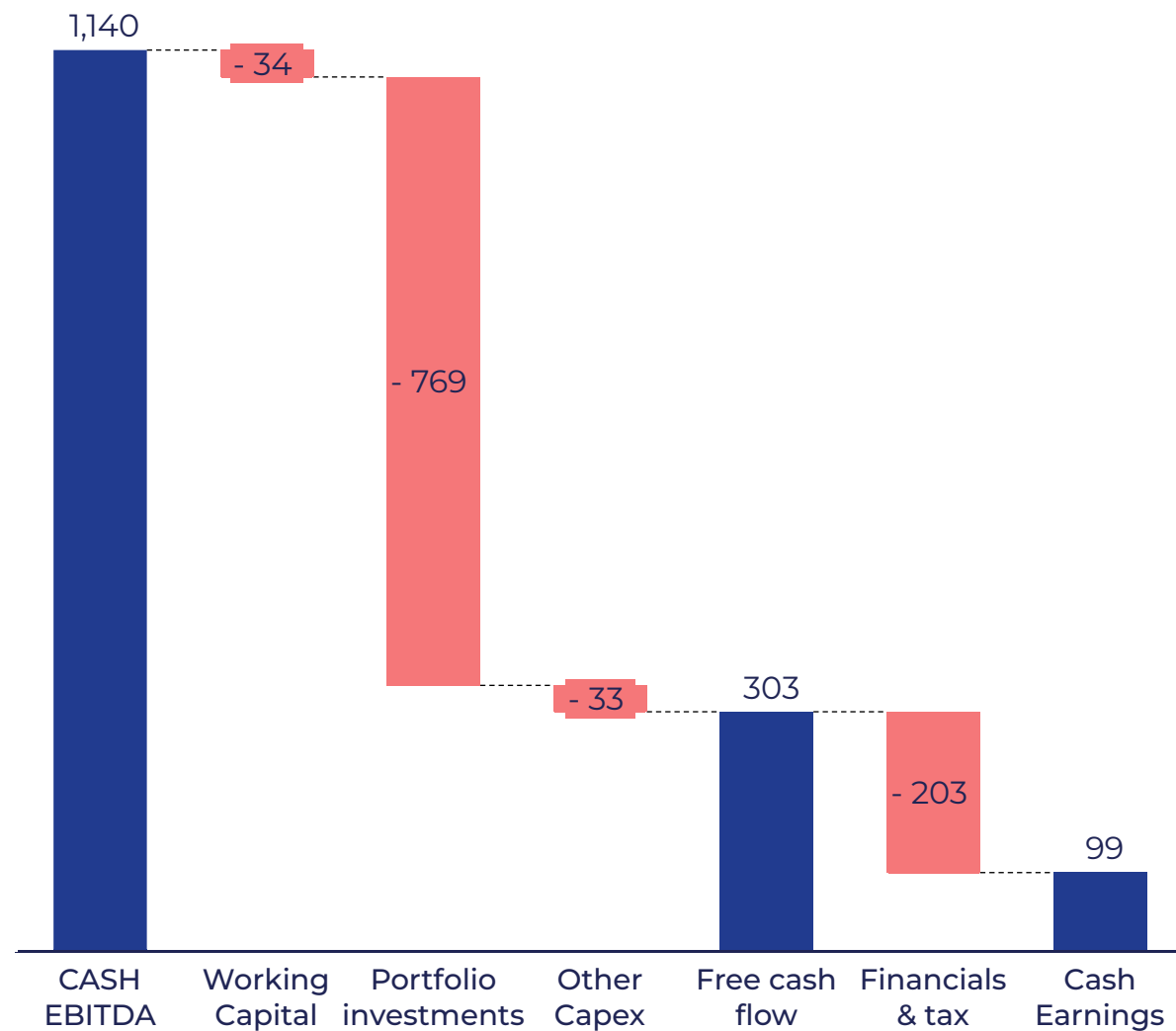


- Continued Unsecured overperformance – 103.4% for 2022 FY
- Secured cash collections up 26% for 2022 FY
- REO sales above expectations at strong margins to book value

Strong cash earnings and low leverage

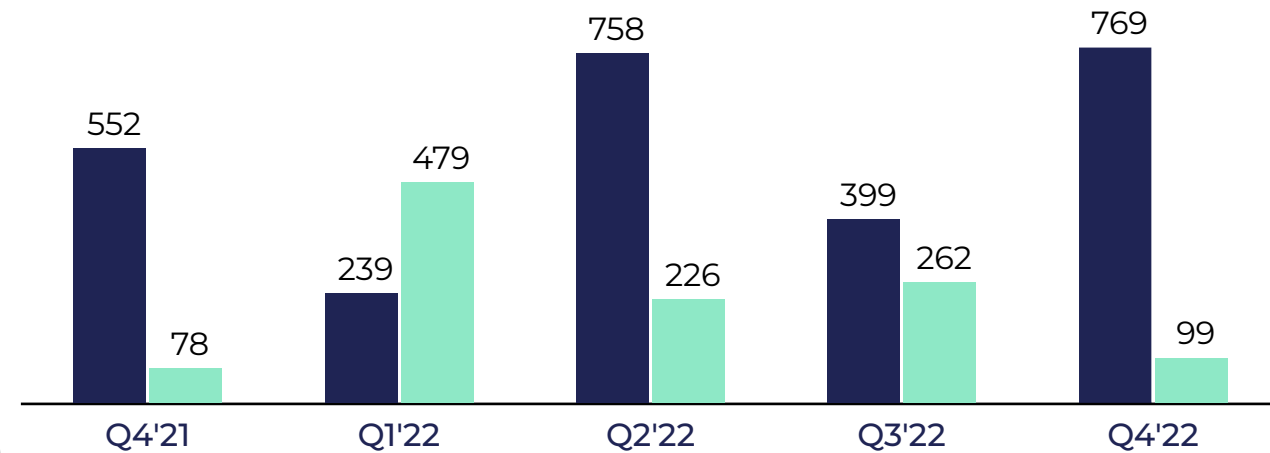
Cash flow Q4 2022

NOKm Increase Decrease Total



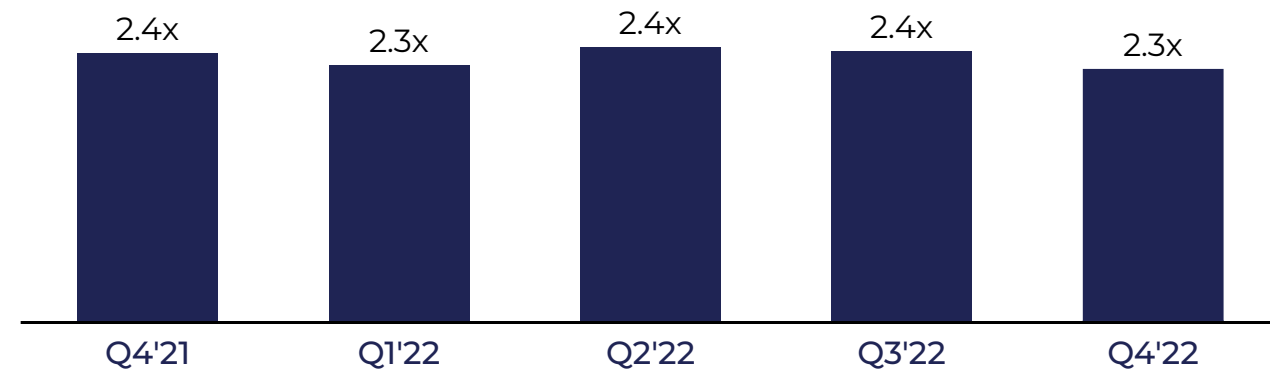
Additional investment capacity

NOKm Portfolio investments Cash Earnings



Stable leverage ratio

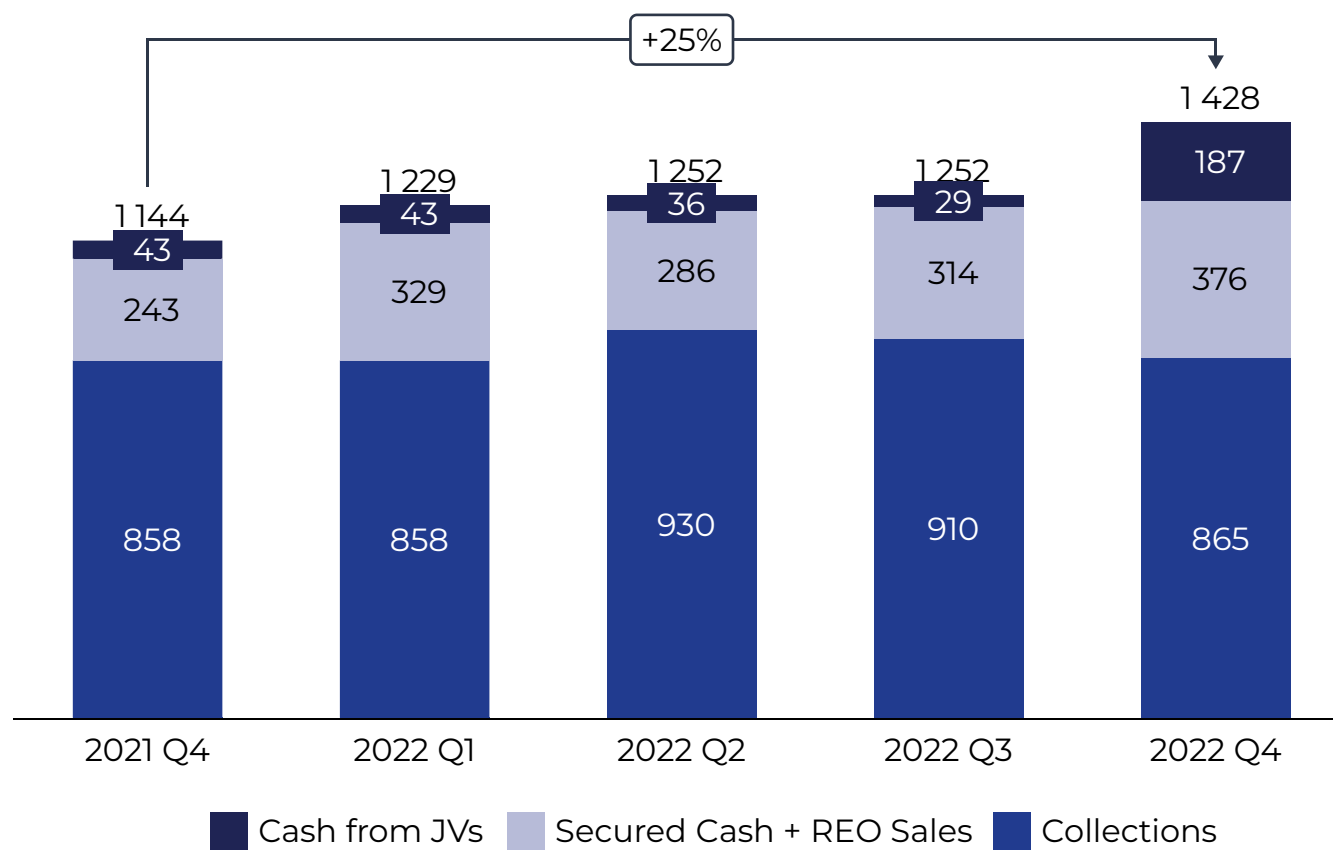
Lev.ratio



Strong cash collections and stable underlying cost base

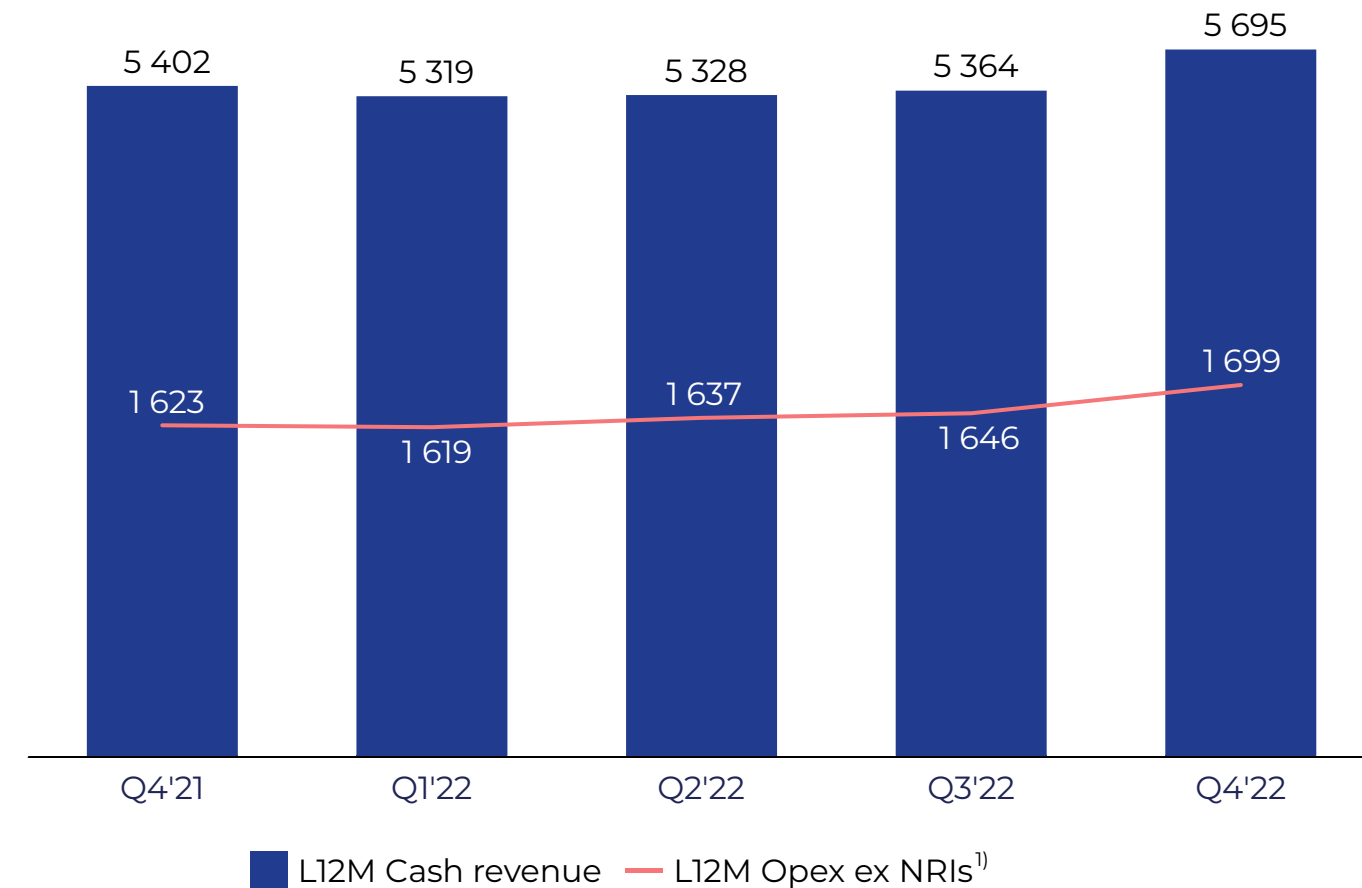
Cash collections (constant FX)

- Growth in unsecured collections and ERC
- Significant cash contribution from REOs and secured JVs



Cash margin maintained despite inflationary pressure

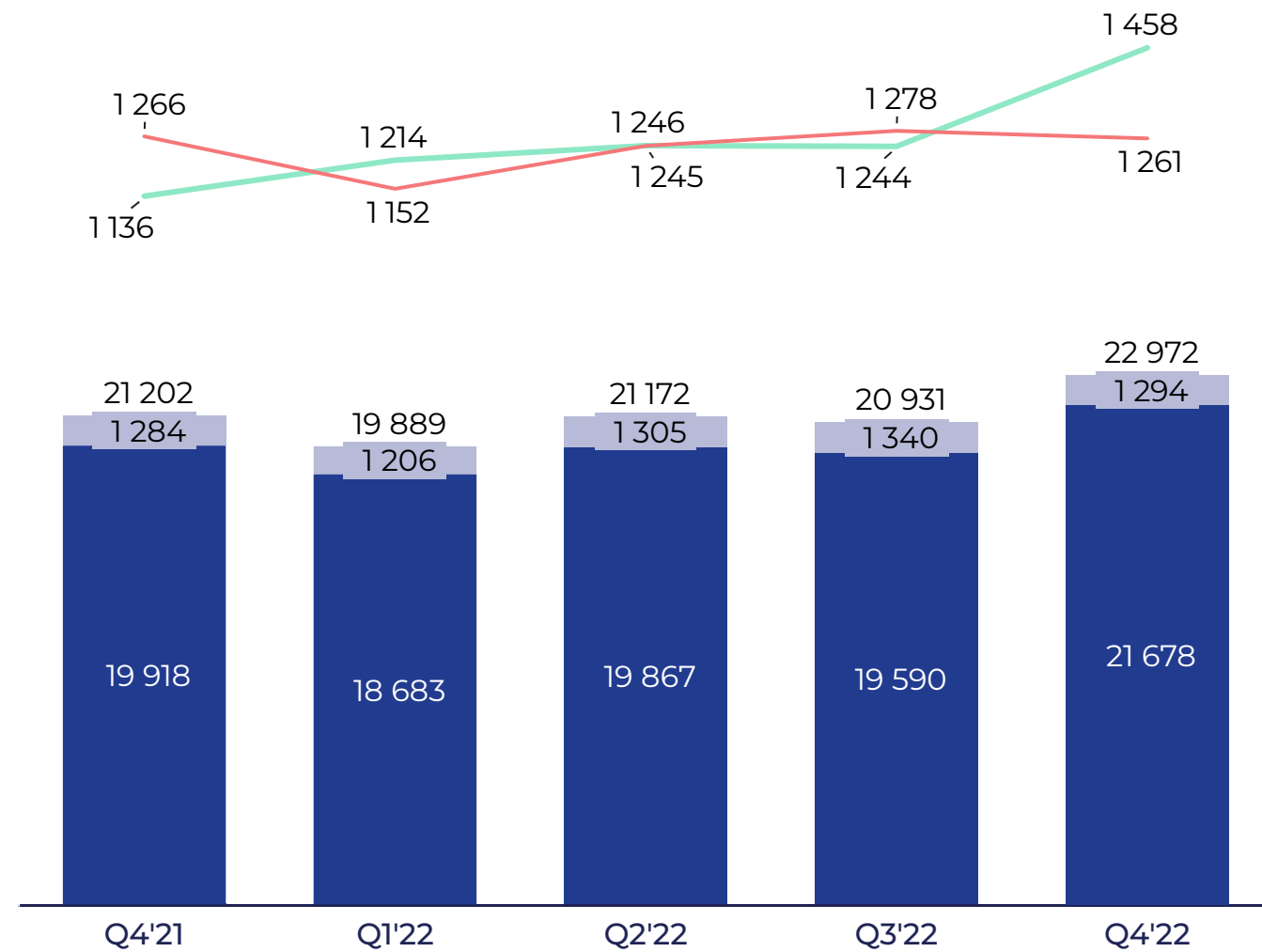
- Opex ex NRIs up 5% for 2022 FY compared to 2021...
- ...with cash margin slightly increased at 70%
- Personnel expenses for 2022 FY is flat compared to 2021



Portfolio investments and Estimated Remaining Collections (ERC)

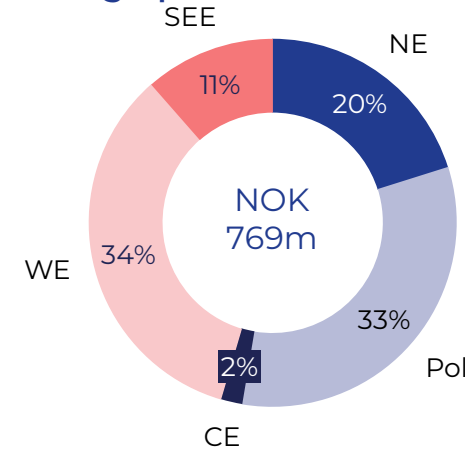
Growing cash collections and growth in ERC

NOKm ■ NPL¹ ■ REOs ■ Cash collection ■ Gross collections

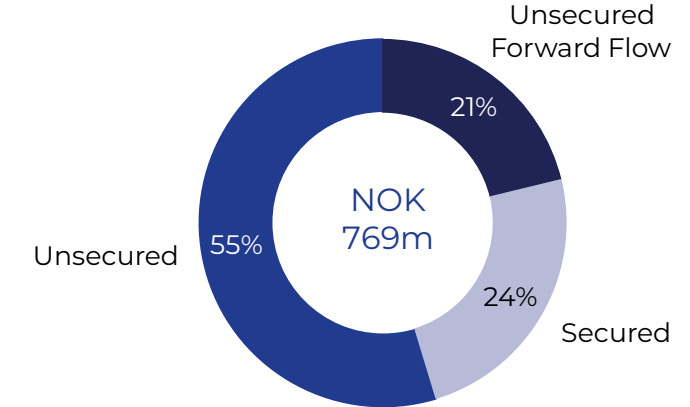


Portfolio investments in Q4

Geographical distribution

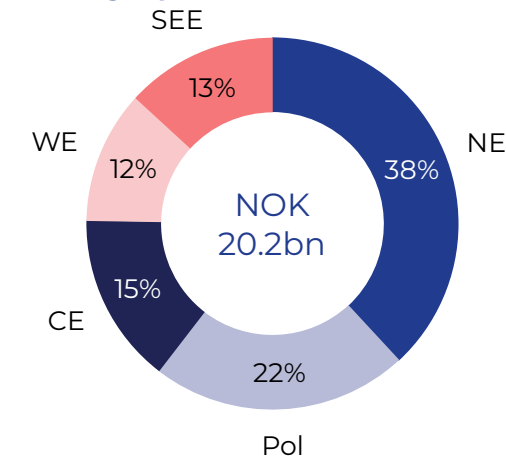


Asset class distribution

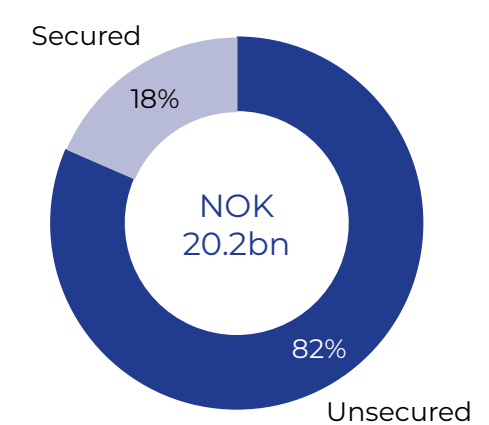


Total ERC as of Q4

Geographical distribution



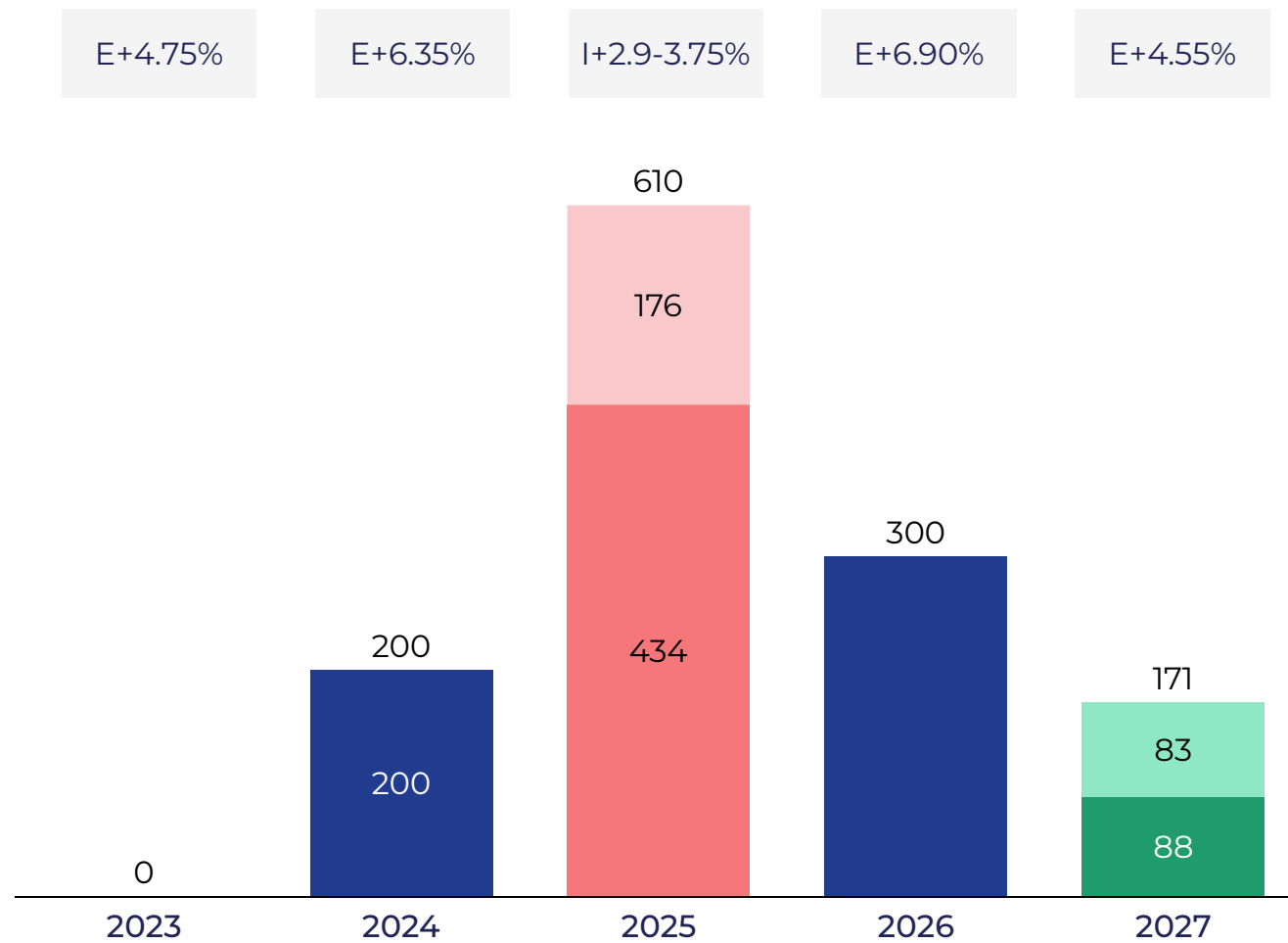
Asset class distribution



New capital structure post refinancing

Debt maturity profile, EURm¹

■ Outstanding bonds
 ■ Utilised RCF
 ■ Unutilised RCF
■ Utilised SFA
 ■ Unutilised SFA



Healthy maturity profile

- Extensive bond refinancing completed
 - B2H03 fully repaid in October (EUR 145m)
 - New EUR 150m tap issue in Jan/Feb
 - B2H04 called in February with full repayment in March (EUR 95m)

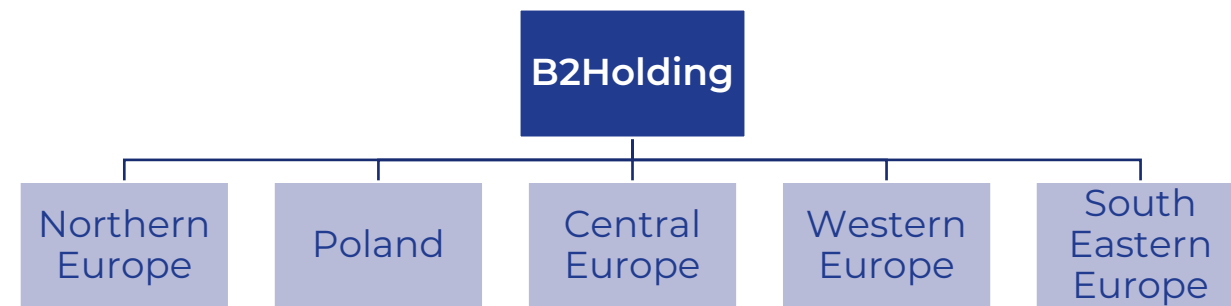
- Liquidity reserve around EUR 320m (pro forma adj)

- Leverage ratio 2.26x at year end - increases to 2.37x in Jan'23

1) Adjusted for bond refinancing (EUR 150m tap issue, EUR 43m portfolio purchase and B2H04 call of EUR 95m) and repayment of SFA in January not adjusted for Bulgaria

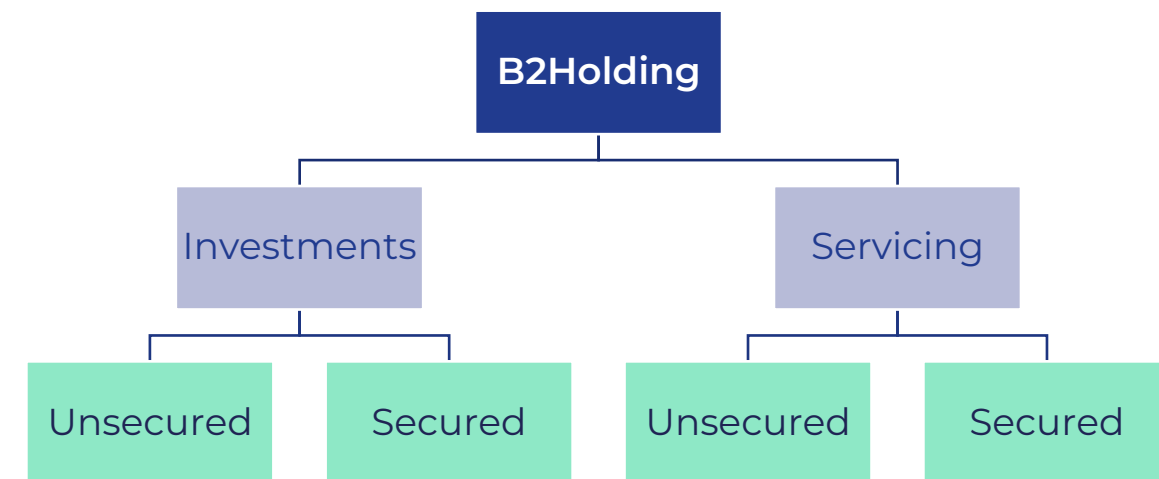
New segment reporting from Q1 2023

Current structure



- Geographical regions corresponding to the countries where the Group operates

New structure

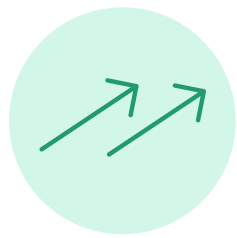


- Focus on our two main business lines: Investments and Servicing
- Introducing segment margins and a total EBIT for the Group including overheads
- Aligning our reporting with our operating model

Summary



Key takeaways



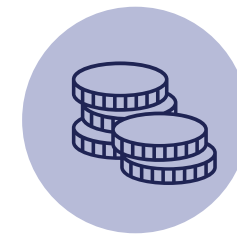
Solid performance in cash collections and secured recoveries



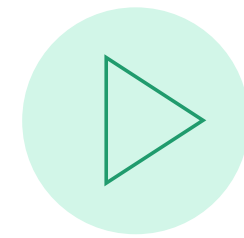
Strongest quarterly Cash EBITDA to date



ERC growth after a period of deleveraging



Proposed dividend and share buyback of NOK 0.62 per share (0.20 and 0.42 respectively)



Maintaining capital discipline in changing market dynamics

Q&A



ESG commitment showing results

Substantially improved the ESG Risk rating from Sustainalytics, ranking us at the top of our industry and within the top 1 % of rated companies globally

- On December 21 2022, the ESG Risk Rating was improved from 9.3 to 8.7
- B2Holding is at negligible ESG risk:
 - Low exposure of material ESG issues such as Business Ethics, Data Privacy and Security and Product Governance
 - Material ESG risks have been managed through suitable policies, programmes or initiatives
- Improved the rating from C to B in The Position Green Group’s ESG 100 report on the largest companies on Oslo Stock Exchange
- B2Holding has reinforced its focus on sustainable development and mission to bridge the gap that defaulted debt represents in the credit chain between lenders and customers
 - European bank’s ability to deal with NPLs is a priority for the ECB’s Banking Supervision as it is vital for a functioning bank sector and hence the growth of the economy

ESG Risk rating

8.7

Negligible Risk

(assessment dated Dec 2022)



Universe	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	115 / 15,613	2nd
Diversified Financials INDUSTRY	8 / 914	2nd
Consumer Finance SUBINDUSTRY	1 / 233	1st

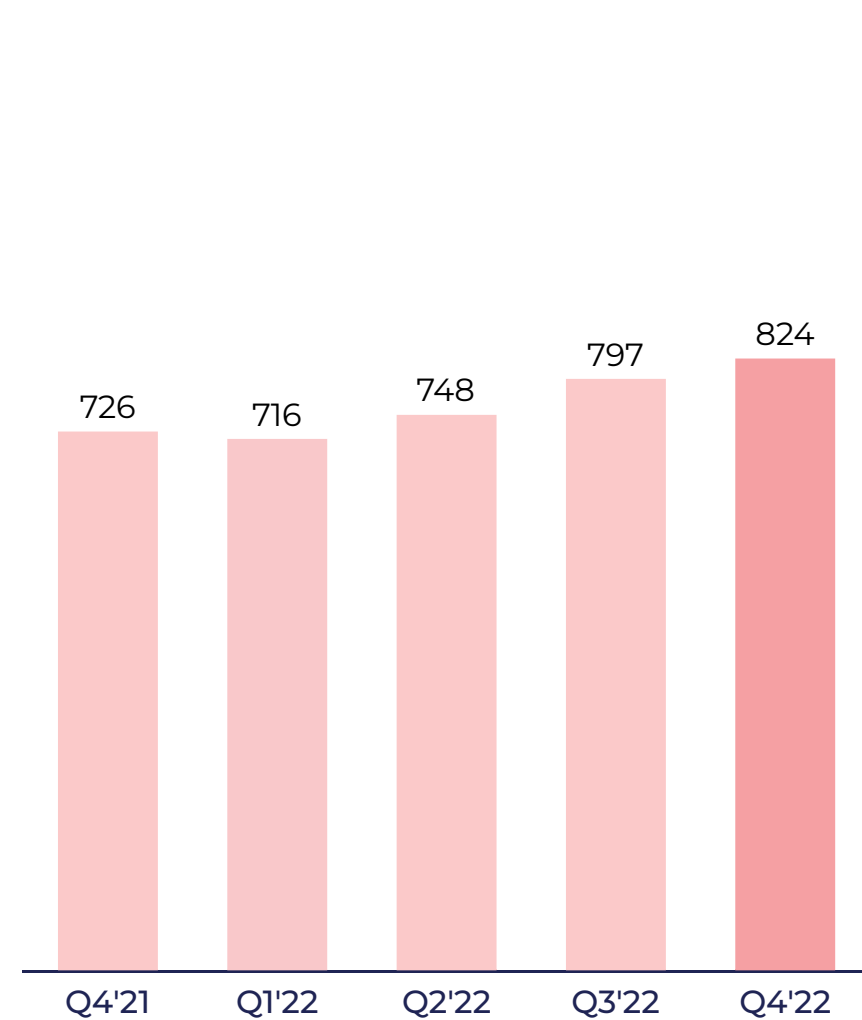
Quarterly trends

<i>NOK million</i>	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4
Cash collections	1 234	1 222	1 206	1 219	1 301	1 229	1 191	1 136	1 214	1 246	1 244	1 458
Net revenues	764	687	813	831	762	756	792	726	716	748	797	824
Adj. EBIT	268	245	369	363	330	321	385	297	289	330	373	343
Adj. EBIT %	35%	36%	45%	44%	43%	43%	49%	41%	40%	42%	47%	42%
EBIT	255	245	369	355	330	341	370	267	249	139	337	303
Adj. Net profit	35	34	128	129	130	147	174	143	128	173	171	92
Cash revenue	1 364	1 342	1 348	1 349	1 424	1 369	1 341	1 268	1 341	1 379	1 377	1 599
Cash EBITDA	895	927	932	910	1 014	957	946	862	934	949	973	1 140
Cash margin	66%	69%	69%	67%	71%	70%	71%	68%	70%	69%	71%	71%
Gross collections ¹⁾	1 433	1 277	1 636	1 315	1 494	1 407	1 269	1 266	1 152	1 245	1 278	1 261
Amortisation of own portfolios	-492	-410	-371	-454	-862	-647	-537	-564	-465	-458	-455	-520
Portfolio purchases ²⁾	491	473	264	437	192	220	237	552	239	758	399	769
Cost to collect %	22.9 %	21.7 %	16.9 %	23.2 %	18.3 %	20.0 %	18.2 %	21.0 %	20.5 %	22.3 %	22.0 %	24.4 %
Adj. EPS	0.08	0.08	0.31	0.32	0.32	0.36	0.42	0.35	0.32	0.43	0.43	0.23
Adj. ROE	0.8 %	7.9 %	6.4 %	7.3 %	8.9 %	11.2 %	11.8 %	12.2 %	12.4 %	12.2 %	11.7 %	10.7 %

Quarterly financial performance

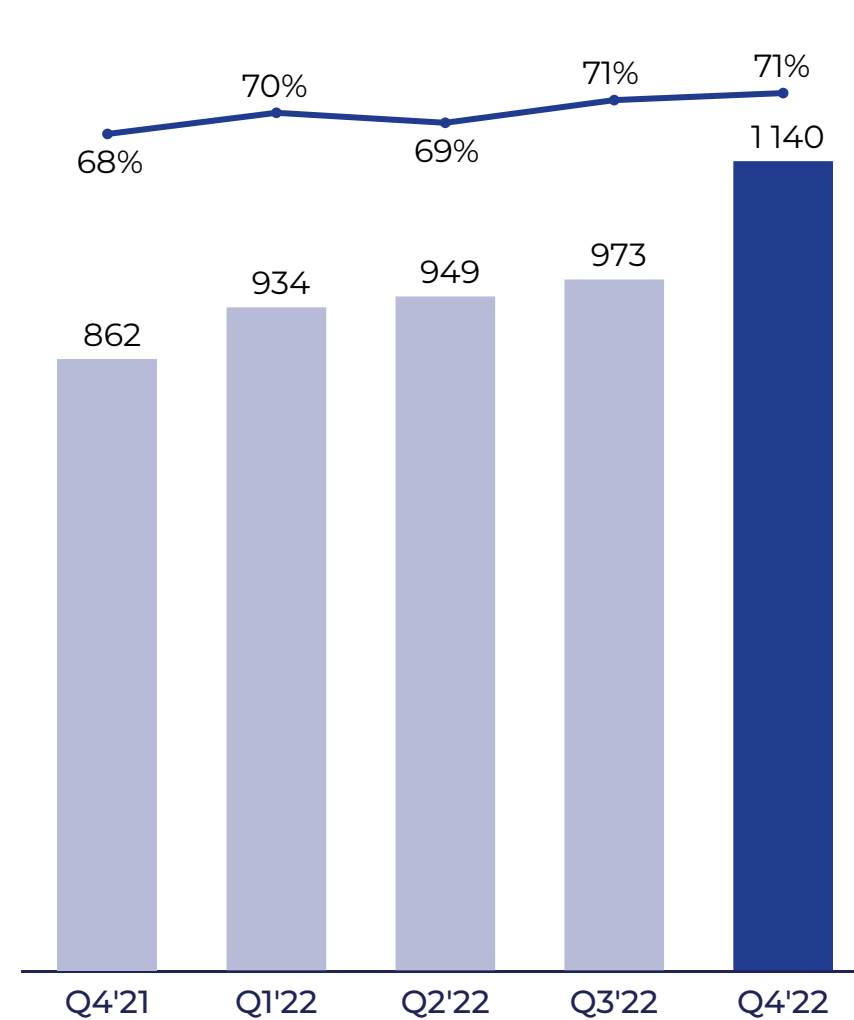
Net revenues

NOKm ■ Net revenues



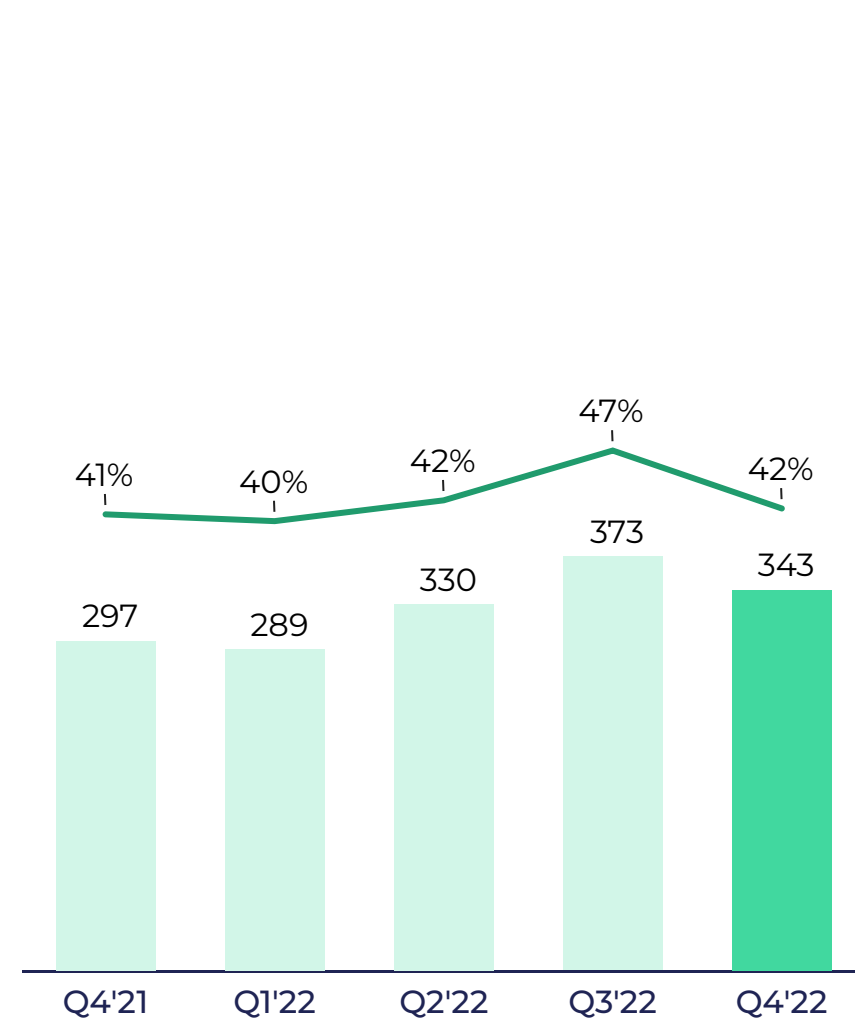
Cash EBITDA

NOKm ■ Cash EBITDA —●— Cash margin



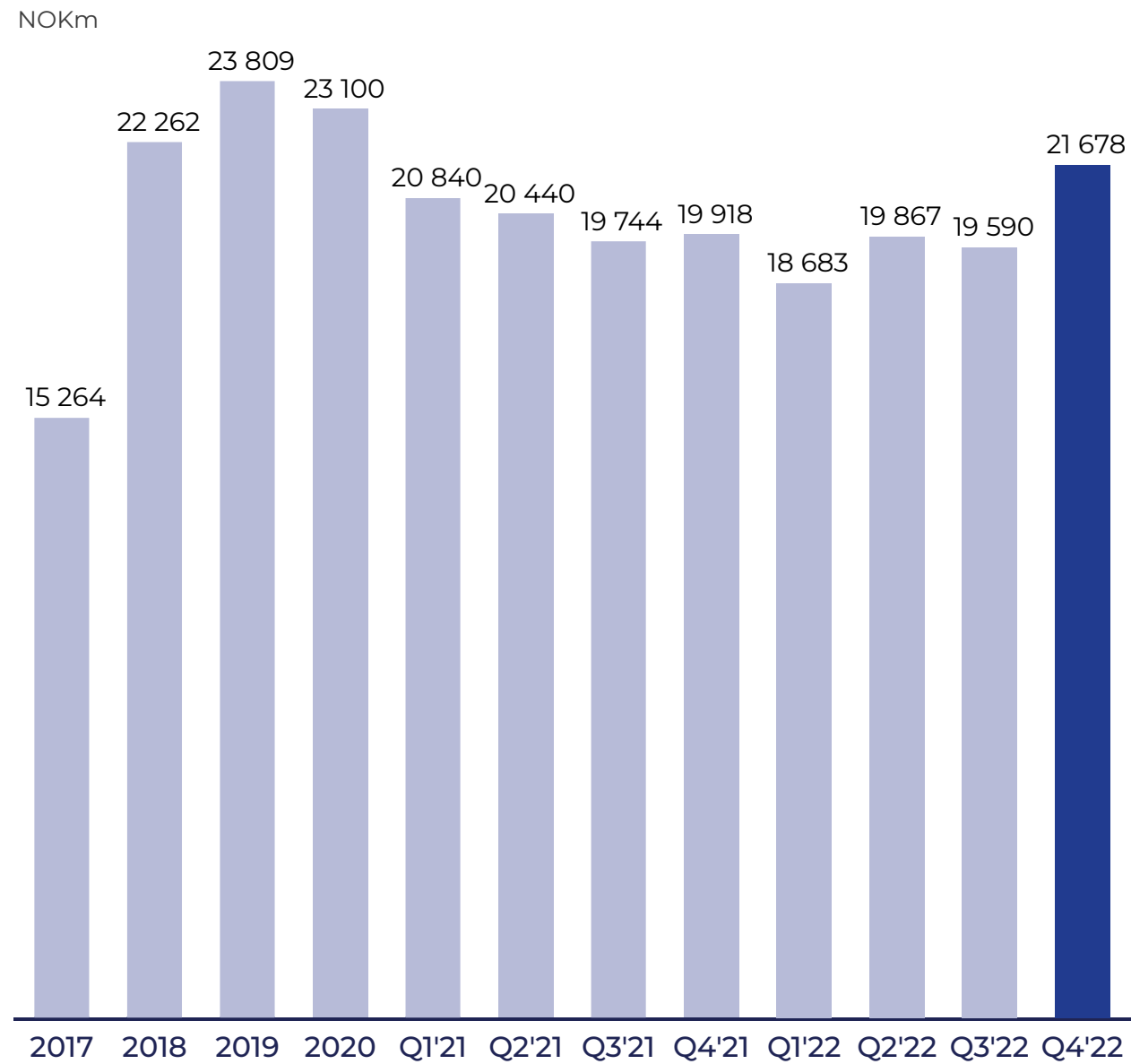
Adjusted EBIT

NOKm ■ Adj. EBIT —●— Adj. EBIT margin

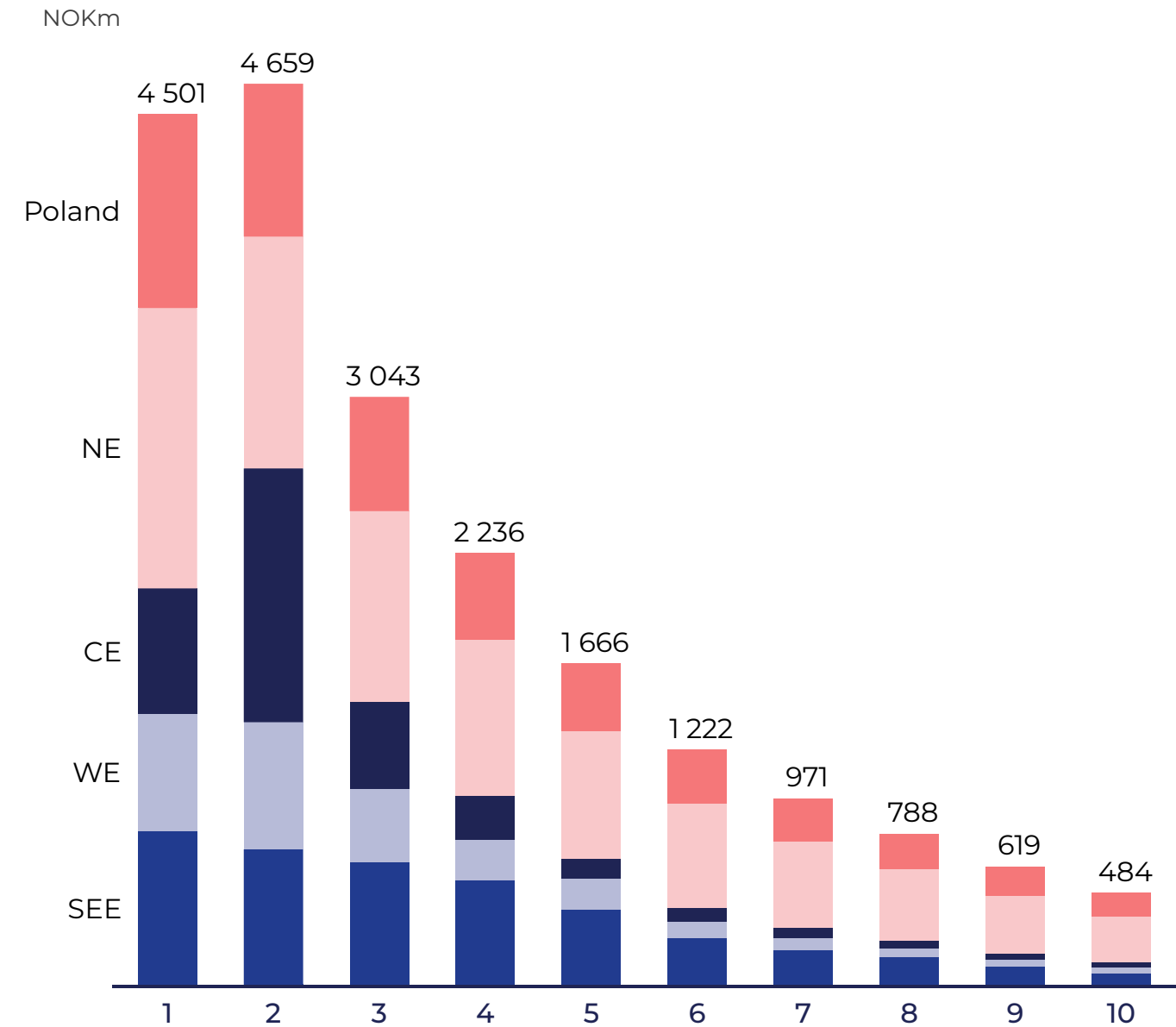


ERC development

Development in total gross ERC¹⁾



Forward 120m ERC profile by year¹⁾



¹⁾Including the Company's share in JVs and NOK 862m in Bulgaria and investments of NOK 435m signed late December, closed in January

Portfolio diversification¹⁾

Unsecured ERC	Year 1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	893	725	577	443	348	276	221	182	149	122	3 936	4 328
NE	1 441	1 193	982	799	654	541	445	366	299	238	6 959	7 689
CE	270	210	161	129	93	67	51	40	31	23	1 074	1 123
WE	174	163	130	104	85	59	45	36	32	29	856	899
SEE	719	640	610	530	392	248	188	151	101	66	3 645	3 898
Total	3 497	2 930	2 460	2 004	1 573	1 191	950	776	612	478	16 470	17 937

Secured ERC	Year 1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	106	65	13	5	1	1	1	0	0	0	192	192
NE	6	4	3	3	2	2	2	1	1	1	25	28
CE	376	1 100	287	99	10	1	2	1	0	0	1 877	1 877
WE	432	493	250	109	78	26	17	9	6	4	1 425	1 444
SEE	82	67	30	16	2	2	-	-	-	-	199	199
Total	1 004	1 729	583	232	93	32	21	12	7	6	3 718	3 741

Total	4 501	4 659	3 043	2 236	1 666	1 222	971	788	619	484	20 188	21 678
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Northern Europe (NE)

NOKm	2022 Q4	2021 Q4	Change %
Net revenues	160	223	-28%
Adj. EBIT	53	127	-58%
Adj. EBIT margin (%)	33%	57%	-24pp
ERC	7 718	7 750	-0%

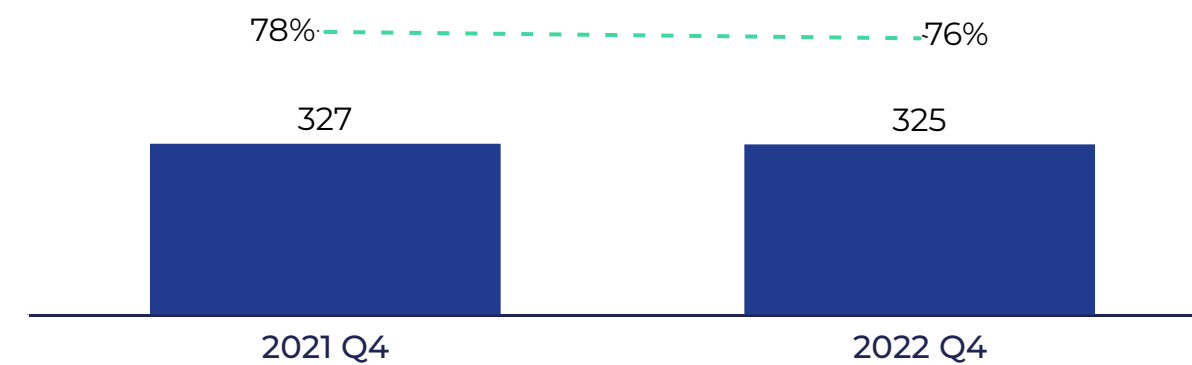
Highlights & KPIs

- Portfolio purchases of NOK 155m in the quarter
- Gross collection of NOK 383m

Portfolio purchases



Cash EBITDA & margin



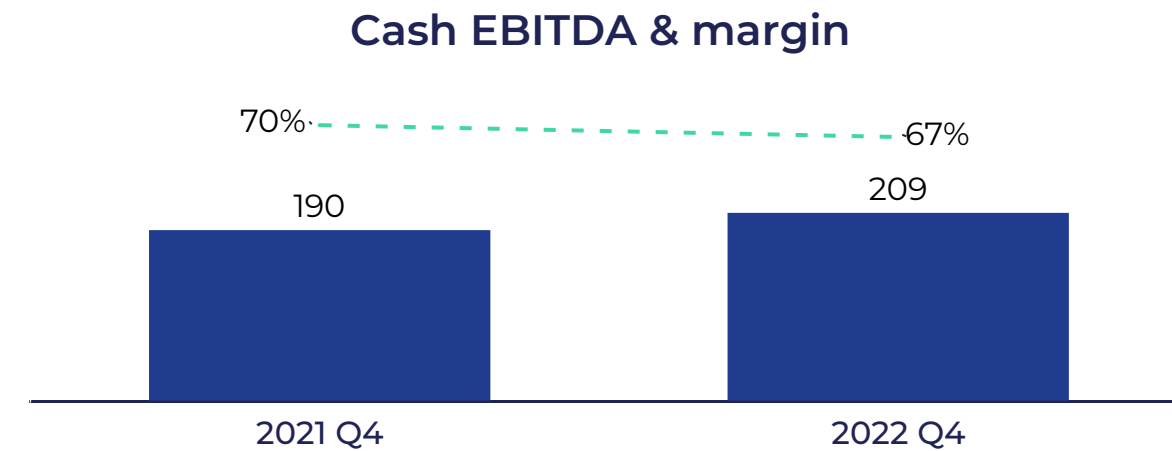
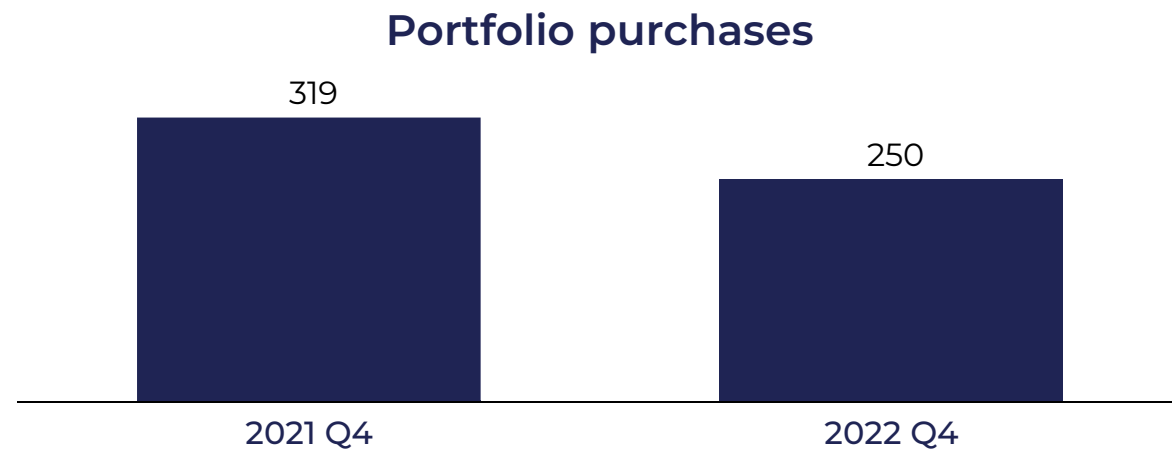
Poland



NOKm	2022 Q4	2021 Q4	Change %
Net revenues	327	172	90%
Adj. EBIT	221	82	168%
Adj. EBIT margin (%)	67%	48%	20pp
ERC	4 521	3 615	25%

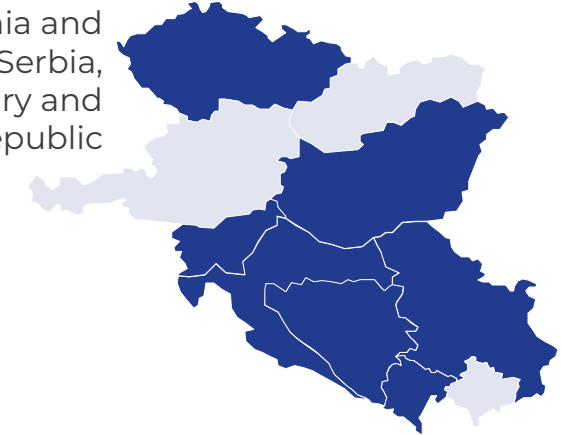
Highlights & KPIs

- Portfolio purchases of NOK 250m in the quarter
- Gross collection of NOK 276m



Central Europe (CE)

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

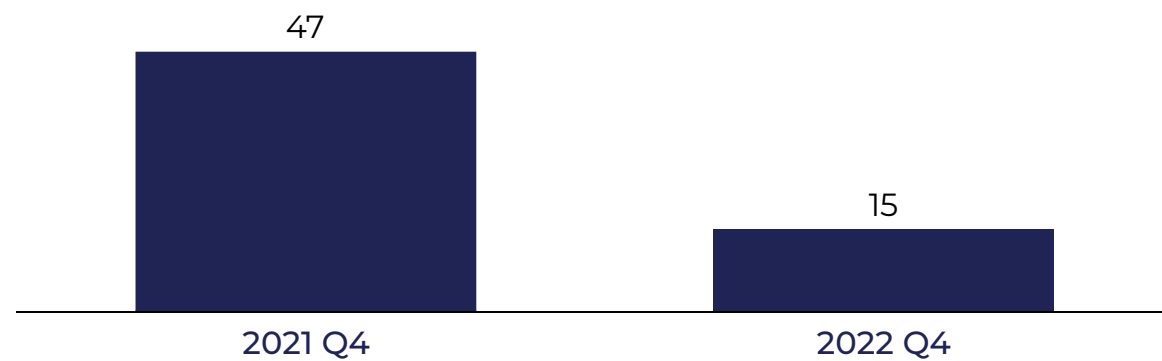


NOKm	2022 Q4	2021 Q4	Change %
Net revenues	194	193	1%
Adj. EBIT	119	135	-12%
Adj. EBIT margin (%)	61%	70%	-9pp
ERC	3 000	3 483	-14%

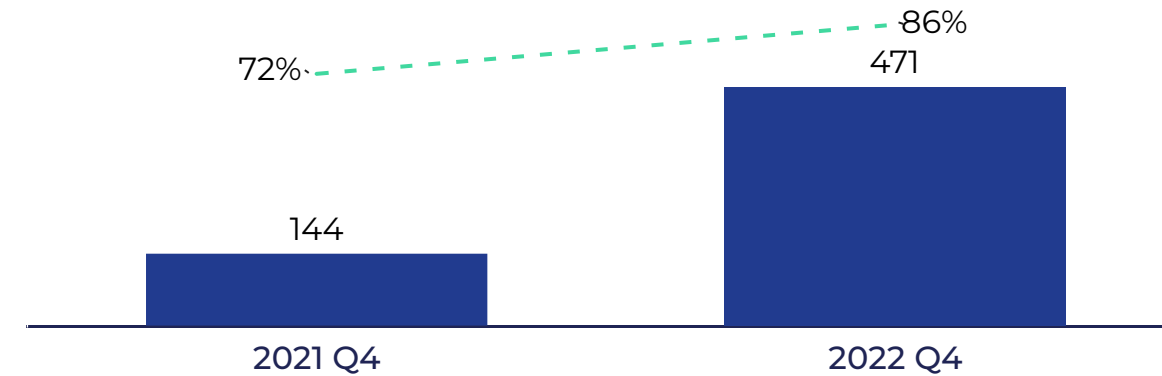
Highlights & KPIs

- Portfolio purchases of NOK 15m in the quarter
- Gross collection of NOK 232m

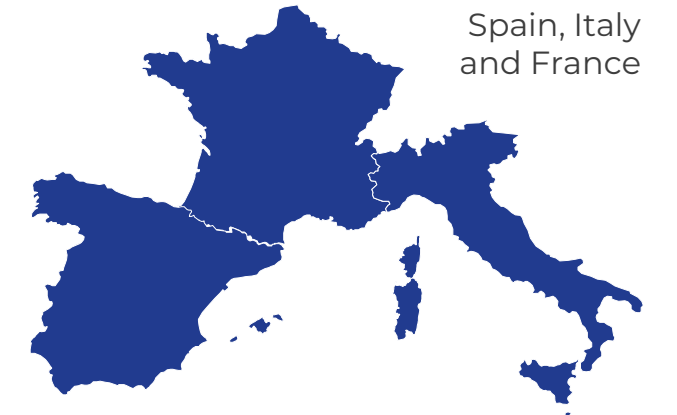
Portfolio purchases



Cash EBITDA & margin



Western Europe (WE)



NOKm	2022 Q4	2021 Q4	Change %
Net revenues	-25	-20	21%
Adj. EBIT	-108	-100	8%
Adj. EBIT margin (%)	435%	489%	-54pp
ERC	2 343	2 376	-1%

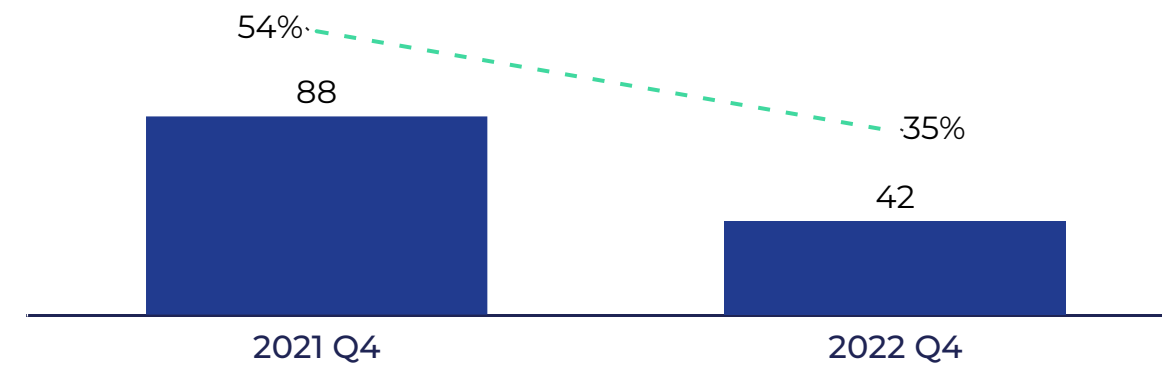
Highlights & KPIs

- Portfolio purchases of NOK 261m in the quarter
- Gross collection of NOK 136m

Portfolio purchases



Cash EBITDA & margin



Romania, Bulgaria, Greece and Cyprus



South Eastern Europe (SEE)

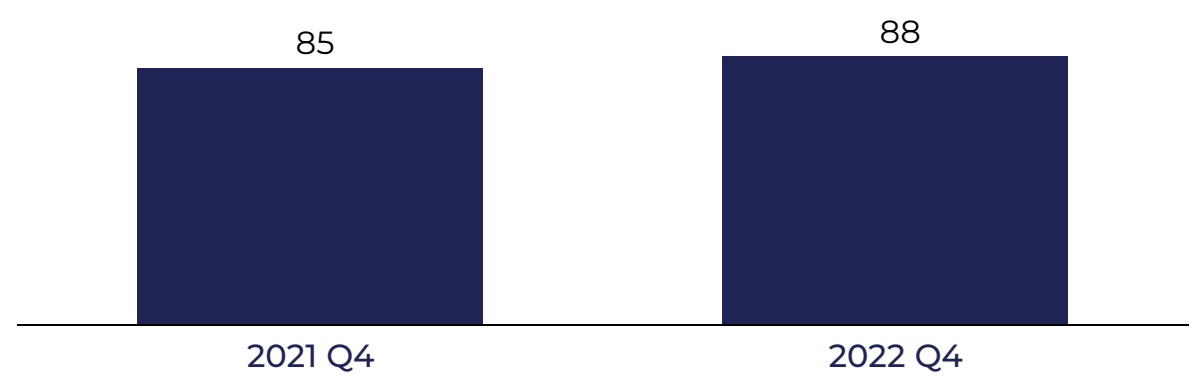
NOKm	2022 Q4	2021 Q4	Change %
Net revenues	167	159	5%
Adj. EBIT	93	72	28%
Adj. EBIT margin (%)	55%	46%	10pp
ERC	2 667	2 695	-1%

Highlights & KPIs

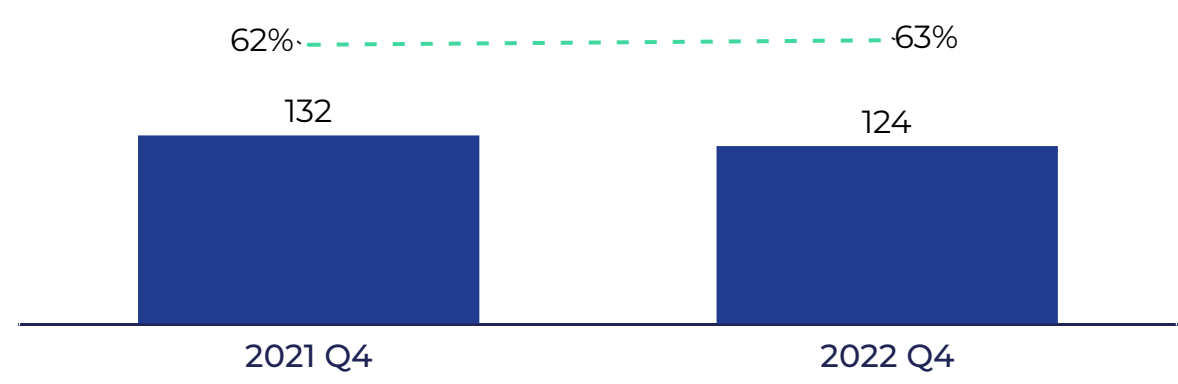
- Portfolio purchases of NOK 88m in the quarter
- Gross collection of NOK 152m



Portfolio purchases



Cash EBITDA & margin



20 largest shareholders

#	Shareholder	No. of shares	Percentage
1	PRIORITET GROUP AB	52 913 000	13.18 %
2	RASMUSSENGRUPPEN AS ¹⁾	51 373 266	12.80 %
3	STENSHAGEN INVEST AS	26 500 143	6.60 %
4	VALSET INVEST AS	26 000 000	6.48 %
5	DNB MARKETS AKSJEHANDEL/-ANALYSE	21 558 475	5.37 %
6	B2HOLDING ASA	14 184 000	3.53 %
7	SKANDINAVISKA ENSKILDA BANKEN AB	12 849 468	3.20 %
8	DUNKER AS	8 207 124	2.04 %
9	RUNE BENTSEN AS	8 191 680	2.04 %
10	VERDIPAPIRFONDET STOREBRAND NORGE	7 329 736	1.83 %
11	VERDIPAPIRFONDET ALFRED BERG GAMBAK	6 760 996	1.68 %
12	VERDIPAPIRFONDET DNB NORGE	6 156 354	1.53 %
13	GREENWAY AS	5 802 368	1.45 %
14	VPF DNB AM NORSKE AKSJER	5 172 336	1.29 %
15	VERDIPAPIRFONDET ALFRED BERG NORGE	4 331 916	1.08 %
16	VERDIPAPIRFONDET ALFRED BERG AKTIV	4 049 949	1.01 %
17	LIN AS	3 500 000	0.87 %
18	F2KAPITAL AS	3 000 000	0.75 %
19	RANASTONGJI AS	2 847 048	0.71 %
20	VERDIPAPIRFONDET ALFRED BERG NORGE	2 706 374	0.67 %
	OTHER	127 930 591	31.87 %
	TOTAL	401 364 824	100.00 %

Definitions

- **Actualisation:** Actualisation is the difference between actual and forecasted collections for purchased loan portfolios for the reporting period.
- **Adjusted EBIT (Adj. EBIT):** Adjusted EBIT consists of Operating profit/(loss) (EBIT) adjusted for Non-recurring items.
- **Adjusted EBIT % (Adj. EBIT %):** Adjusted EBIT % is Adjusted EBIT expressed as a percentage of Net revenues excluding Non-recurring items.
- **Adjusted EPS (Adj. EPS):** Adjusted earnings per share is calculated based on Adjusted Net profit (Adj. Net profit) for the period divided by the weighted average number of outstanding shares during the respective period.
- **Adjusted Net profit (Adj. Net profit):** Adjusted Net profit consists of Profit/(loss) after tax adjusted for Non-recurring items reduced by the tax rate for the period.
- **Adjusted Return on equity (Adj. ROE):** Adjusted Return on equity is calculated based on rolling 12-months Adjusted Net profit divided by the average equity attributable to parent company shareholders (also adjusted for Non-recurring items), with average equity calculated as a simple average based on opening and closing balances for the respective 12-month period.
- **Administration & management costs:** Administration and management cost include Head Office and other Group costs such as Investment Office.
- **Amortisation:** Amortisation is the amount of the gross collections that are used to reduce the book value of the purchased portfolios.
- **Cash collections:** Cash collections include unsecured collections, secured cash recoveries, cash received from SPVs and joint ventures, and REO sales proceeds.
- **Cash EBITDA:** Cash EBITDA consists of EBIT added back amortisation and revaluation of purchased loan portfolios, depreciation, amortisation and impairment of tangible and intangible assets and cost of collateral assets sold, adjusted for repossession of collateral assets and the difference between cash received and recognised profit 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 EBITDA is adjusted for Non-recurring items.
- **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 and adjusted for repossession of collateral asset and the difference between cash received and recognised profit 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. Cash Revenue is adjusted for Non-recurring items.
- **Collateral asset:** In connection with the acquisition and recovery of purchased loan portfolios, the Group may become owner of assets such as land, buildings or other physical goods. These assets are only acquired as part of the recovery strategy for the purpose of being divested within the Group's ongoing operations to maximize the value of recoveries. Such assets are classified as inventories and recognised in the balance sheet at the lower of cost and net realisable value in accordance with IAS 2 Inventories.
- **Cost other revenues:** Cost other revenues is all external and internal operating costs excluding Administration and management costs and not related to the collections of B2Holding's purchased loan portfolios.
- **Cost to collect:** Cost to collect is all external and internal operating costs related to the collections of B2Holding's purchased loan portfolios.
- **EBITDA:** Operating profit before depreciation and amortisation (EBITDA) consists of operating profit (EBIT) adding back depreciation, amortisation and impairment of tangible and intangible assets.
- **Estimated Remaining Collections (ERC):** Estimated remaining collections (ERC) expresses the gross collections 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 collections on portfolios purchased and held in joint ventures. ERC includes ERR.
- **Estimated Remaining Recoveries (ERR):** Estimated remaining recoveries (ERR) expresses the gross collections 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 collections 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 collections:** Gross collections are the actual cash collected and assets recovered from purchased portfolios.
- **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.
- **Liquidity reserve:** Cash and short-term deposits (less NOK 200 million to cover working capital) plus unutilised credit facility lines, plus fair value of treasury bonds and less short-term vendor loans. Cash flow from future operations is not included in the number.
- **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 carrying 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 collections deviating from collections estimates and from changes in future collections estimates. The Group regularly evaluates the current collections estimates at the individual portfolio level and the estimate is adjusted if collections is determined to deviate from current estimate over time. The adjusted collections 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". Collections above collections estimates and upward adjustments of future collections estimates increase revenue. Collections below collections estimates and downward adjustments of future collections 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 items:** Significant profit and loss items that are not included in the Group's normal recurring operations, which are difficult to predict and are considered to have low forecast value for the future earnings trend. Non-recurring items may include but are not limited to restructuring costs, acquisition and divestment costs, advisory costs for discontinued acquisition projects, integration costs, termination costs for Group Management and country managers, non-portfolio related write offs, unusual legal expenses, extraordinary projects, and material income or expenses relating to prior years.
- **Net revenues:** Net revenues are the Total revenues reported less the Cost of collateral assets sold, including impairment.
- **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 collections, 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 Net profit for the Group 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 carrying value of the purchased loan portfolios attributable to changes in forecasts of future collections.
- **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).

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