



Q3

Third quarter 2019

B2 HOLDING®
Making each other better

Summary

In the third quarter B2Holding Group continued to show growth in gross cash collection and cash EBITDA and reports a profit after tax for the quarter of NOK 181 million. Cost to collect is down by 2.2% points compared to the same period last year and following a long period of high growth the Group will further increase focus on operational efficiency and delivery on financial targets.

Third quarter 2019

- ERC¹⁾ at end of period was NOK 24,708 million (20,608), an increase of 20% compared to third quarter 2018
- Continuing strong gross cash collection from purchased loan portfolios, an increase of 36% to NOK 1,386 million (1,022)
- Total revenues increased by 18% to NOK 880 million (746)
- Operating profit increased by 5% to NOK 387 million (370)
- Cash EBITDA increased by 37% to NOK 1,062 million (778)
- Cost to collect reduced to 22.4% (24.6%)
- Portfolio purchases²⁾ ended at NOK 1,231 million (988), an increase of 25%
- Leverage ratio 3.0x
- The Equity Ratio (excluding book value of IFRS 16 right-of-use asset) has increased from 23,6% to 24,2% and the Total Loan to Value ratio has decreased from 76,2% to 75,4% compared to second quarter 2019

YTD September 2019

- Gross cash collection from purchased loan portfolios ended at NOK 3,907 million (2,829), an increase of 38%
- Portfolio purchases²⁾ ended at NOK 3,468 million (4,746), a reduction of 27%

(Comparable numbers for Q3 2018/YTD September 2018 in brackets)

(NOK million)	2019 Quarter 3	2018 Quarter 3	Change %	2019 9 months	2018 9 months	Change %	2018 Full year
Total revenues excl. net credit gain/(loss)	845	799	6 %	2 438	2 213	10 %	2 963
Net credit gain/(loss) from purchased loan portfolios ³⁾	36	-53		-383	-60	536 %	-58
Total revenues ³⁾	880	746	18 %	2 054	2 153	-5 %	2 906
EBITDA	415	382	9 %	749	1 090	-31 %	1 434
Operating profit/(loss)	387	370	5 %	667	1 052	-37 %	1 378
Profit margin	44 %	50 %		32 %	49 %		47 %
Cash revenue	1 527	1 141	34 %	4 324	3 181	36 %	4 424
Cash EBITDA	1 062	778	37 %	3 019	2 118	42 %	2 952
Cash margin	70 %	68 %		70 %	67 %		67 %
Profit/(loss) after tax	181	159	14 %	17	492	-97 %	649
Basic earnings per share, NOK	0,44	0,39	13 %	0,04	1,24	-97 %	1,63
Cash flow from operating activities	775	686	13 %	2 166	1 759	23 %	2 291
Operating cash flow per share, NOK	1,89	1,68	12 %	5,29	4,45	19 %	5,74
Portfolio purchases ²⁾	1 231	988	25 %	3 468	4 746	-27 %	6 380
Gross cash collection from purchased loan portfolios	1 386	1 022	36 %	3 907	2 829	38 %	3 997
ERC (at end of month) ¹⁾	24 708	20 608	20 %	24 708	20 608	20 %	22 262

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

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

3) Including one-off net write down of NOK 388 million in YTD September 2019

Operations

B2Holding Groups' gross cash collections continued to increase reaching NOK 1,386 million for the third quarter and the Group reported a profit after tax for the quarter of NOK 181 million. Continued focus during the quarter on efficiency in operations and best practice collection and recovery procedures.

Operational review

B2Holding Groups' gross cash collections continued to increase reaching NOK 1,386 million for the third quarter. The Group reported a profit for the quarter of NOK 181 million bringing the accumulated result back to a profit after tax of NOK 17 million after the net write downs in Q2.

Focus during the quarter has continued to be on efficiency in operations and best practice collection and recovery procedures. The changes to the Group's organisation and management structure announced on 9 October formalised the Group structure and reporting lines to drive delivery on these initiatives.

Unsecured portfolios continued to overperform in most markets and at the Group level. The platforms are focused on improving their collection strategies, business models and the tools that they use.

The Recovery Support Team (RST) has now reviewed most of the Group's secured portfolios, identifying opportunities to realise higher value and/or faster recovery times on claims. The Group has implemented new operational targets to track and follow up on the recovery progress.

Other revenues were NOK 126 million for the quarter, compared with NOK 115 million in Q3 2018. Expectation is that other revenues will increase going forward as the Group will take on more Asset Under Management.

The Group's joint ventures contributed NOK 16 million in the quarter compared with NOK 4 million in Q3 2018. The increase comes from the Group's new joint ventures in Greece and Croatia.

Cash EBITDA was NOK 1 062 million compared with NOK 778 million in Q3 2018 following continued strong underlying performance of the business.

Portfolio purchases were NOK 1,231 million during Q3, where 80% was unsecured portfolios mainly acquired in Northern Europe and Western Europe, with NOK 245 million of secured portfolios booked in Q3 in Central Europe.

The number of FTEs in the Group was 2,534 at the end of September 2019, up from 2,284 at the end of September 2018. The main increases in FTE numbers were the result of new business in Spain, strengthening of our teams in Romania, Greece, Croatia, Bulgaria and our pre-existing team in Spain as well as some additional roles in Central

Functions. FTE numbers in Poland decreased by 86 year-on-year following restructuring and efficiency initiatives implemented during the period.

Corporate matters

The share price closed at NOK 6.235 on 30 September 2019 and with 410 million shares outstanding, the market cap for the group was NOK 2,556 million.

The new Executive Group Management was announced on 9 October 2019 and intends to underpin the company's future strategy.

The new organization structure will ensure increased focus on operational efficiency, risk management and delivery on financial targets, in combination with future growth through own investments and co-investment structures. The new structure represents a clear distinction between asset classes through a top down approach and with increased operational focus and control as a result.

The Group holds a EUR 510 million senior secured revolving credit facility (RCF) with DNB Bank ASA, Nordea Bank AB and Swedbank AB with an ultimate maturity date as of 31 May 2022. B2Holding has received a waiver from the bank consortium until 30 March 2020. The temporary waiver secures the Group sufficient headroom to continue to comply with the financial covenants and we have strengthened our covenants compared to Q2 2019. The Equity Ratio (excluding book value of IFRS 16 right-of-use asset) has increased from 23,6% to 24,2% and the Total Loan to Value ratio has decreased from 76,2% to 75,4%.

In addition to the mentioned RCF, the Group hold five listed senior unsecured bond loans of EUR 925 million. The Group's fifth bond loan issued on 28 May 2019 with maturity in 28 May 2024 was listed on Oslo Stock Exchange on 22 Oct 2019. The Group has during Q3 repurchased EUR 15.2 million of its outstanding bond loans to an average price of 94.51. In total the Group hold EUR 21 million in Treasury Bonds at quarter end.

The Group has NOK 1.8 billion in available investment capacity at the end of the quarter adjusted for deferred payment for portfolio purchases of NOK 153 million, in addition to a strong operating cash flow from gross cash collections of purchased loan portfolios.

Net interest-bearing debt as of 30 September 2019 was NOK 11,687 million and the Leverage Ratio of the Group was 3.0x, down from 3.2x in Q2 2019.

Outlook

B2Holding is experiencing improved portfolio pricing conditions in several of its markets.

With platforms in most of the largest markets for Non-performing loans in Europe, the Group sees a strong pipeline of both secured and unsecured portfolios going forward and should be well positioned for further growth.

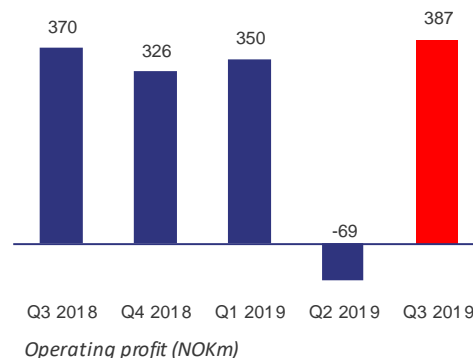
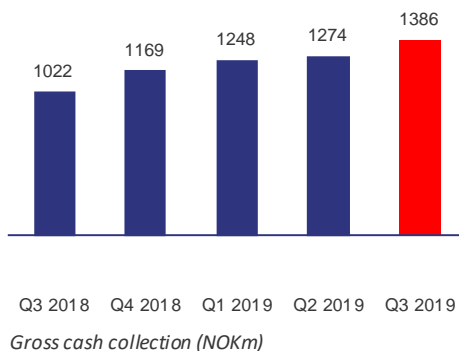
The Group will continue to evaluate more co-investments in existing markets which is expected to increase revenue from Asset Under Management

(AUM). Furthermore, the Group sees a continued positive development for forward flow deals.

After a period with strong growth the Group has entered a phase where a lower growth rate should be expected, with increased focus on operational efficiency and on continued delivery of financial targets. By leveraging on the existing collection platforms, streamlining and automatizing processes, in addition to centralization of some functions, profitability and cash flow is expected to increase further going forward.

Financials

B2Holding Group continued to improve Cash EBITDA in the third quarter of 2019, an increase of NOK 284 million (37%) compared with the third quarter of 2018. Strong collection performance for unsecured portfolios (46%) and operational efficiency led to lower cost to collect (-2.3% points) and a higher cash margin (+1.4% points) compared to same quarter last year.



Revenues, expenses and profits

Gross cash collections increased by NOK 364 million (36%), the increase was mainly coming from unsecured portfolios. Total revenues ended at NOK 880 million (+18%) including a net credit gain from purchased loan portfolios of NOK 36 million which primarily relates to over-performance in Northern Europe and Central Europe. Cash EBITDA increased by NOK 284 million (34%) to NOK 1,062 million mainly due to higher volume of purchased loan portfolios, strong collections in Finland related to tax refunds during the third quarter and economies of scale.

Operating expenses excluding depreciation and amortisation increased by NOK 102 million (28%) which mainly relates to an increase of 250 FTEs due to acquisitions and strengthening of pre-existing teams. Other operating expenses were up NOK 17 million (17%), amongst other due to non-recurring restructuring cost in Q3 2019 and build-up of servicing platform in Greece.

Cost to collect was down to 22.4% (24.6%) due to economies of scale and improved efficiency.

Northern Europe continued to perform well with high collections due to tax refunds in Finland and a stable cost level. Total revenues were up NOK 86 million (49%), whereof net credit gain from purchased loan portfolios was positive by NOK 17 million in Q3 2019 due to over-performance on collections. Cash EBITDA was up NOK 212 million (96%) versus the same quarter in 2018, with cost to collect down to 12% (19%).

Central Europe minor reduction in collections with NOK 4 million (-1%), mainly on secured portfolios, however total revenues were up NOK 40 million following net credit gain from secured portfolios of NOK 35 million in Q3 2019. Costs increased by NOK 21 million (42%) due to non-recurring restructuring costs and increased FTEs in connection with write downs of secured portfolios communicated in Q2 2019. Cash EBITDA decreased by

NOK 18 million (-7%) and cost to collect increased to 21% (16%) compared to third quarter 2018. Profit from the JV with DDM was NOK 2.4 million for the quarter.

Western Europe increased collections by NOK 51 million (49%) and total revenues were up NOK 37 million (41%). Net credit loss from purchased loan portfolios of NOK 5 million in Q3 2019 was mainly due to negative revaluation of secured portfolios in France, partly offset by overperformance on secured portfolios in Italy. Increased cost to collect from 23% to 35% is related to the start-up phases of new portfolios in Spain and Portugal and non-recurring costs in the period. The increase in other cost was mainly related to the acquisition of Acreditia in Spain. Cash EBITDA was up NOK 20 million (24%) mainly due to portfolio purchases and increased efficiency with in-house collections in Italy.

South Eastern Europe increased collections by NOK 66 million (20%) with a steady cost level, however total revenues were down NOK 41 million. This is primarily due to lower book value of purchased loan portfolios which impact the interest revenues from purchased loan portfolios, additionally there is an increase in

net credit loss from purchased loan portfolios. Cash EBITDA increased by NOK 61 million (73%) due to higher collections combined with increased efficiency, with cost to collect coming down to 27% (41%). Profit from joint ventures increased by NOK 9 million due to the establishment of two joint ventures during 2018.

Poland shows steadily increasing collections and lower cost to collect versus Q3 2018. Total revenues were NOK 12 million (7%) higher than same period last year, whilst net credit gain was NOK 8 million in Q3 2019 due to over-performance on unsecured portfolios. Increased Cash EBITDA of 13 million (8%) was mainly due to higher gross cash collections.

Financial items ended the quarter at a net expense of NOK 192 million comprised of financial income of NOK 8 million due to repurchase of outstanding bond loans, financial expenses of NOK 211 million and a net exchange gain of NOK 11 million. The financial expenses included a loss of NOK 5 million due to a decrease in the market value of the Group's interest rate derivatives caused by a negative shift in long term interest rate curves.

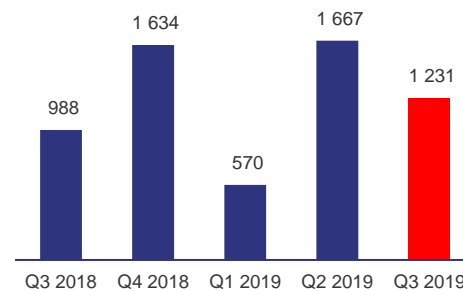
Profit after tax for the period ended at NOK 181 million,

An increase of NOK 22 million (14%) compared to Q3 2018.

Cash flows

Operating cash flow was NOK 775 million (NOK 686 million) in the third quarter 2019. The 13% increase from the same period last year mainly related to increased collections partly offset by unrealised FX difference, and change in working capital.

Cash flow used in investing activities ended at NOK -907 million, this is primarily related to portfolio purchases, partly offset by repayment from the JV in Croatia. The JV obtained third party financing of EUR 75 million in July, which was used to repay the Group and its JV partner DDM. The difference between the reported portfolio purchases and the cash flow investments was due to a change in deferred payments on portfolio purchases. At the end of the third quarter 2019 deferred payments for portfolio purchases amounted to NOK 153 million and the liability was included in the condensed balance sheet in "accounts payables and other payables".



Portfolio purchases (NOKm)

Net cash flow from financing activities ended at NOK -118 million, a decrease of NOK 1.407 million compared to Q3 2018. This is explained by repayment on external borrowing. At the end of the quarter, interest bearing debt amounted to NOK 12,003 million compared to NOK 10,828 million at year-end 2018.

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, 5 November 2019

Consolidated income statement

All figures in NOK '000s unless otherwise stated

	Notes	2019	2018	2019	2018	2018
		Quarter 3 IFRS 16	Quarter 3 IAS 17	9 months IFRS 16	9 months IAS 17	Full year IAS 17
Interest income from purchased loan portfolios		703 238	679 505	2 020 861	1 860 953	2 537 113
Net credit gain/(loss) from purchased loan portfolios	4	35 805	-52 932	-383 164	-60 270	-57 625
Profit from shares in associated parties/joint ventures and participation loan/notes		15 532	4 035	52 869	23 893	47 757
Other revenues		125 885	115 449	363 909	328 499	378 376
Total revenues	3	880 460	746 056	2 054 475	2 153 075	2 905 622
External expenses of services provided		-121 047	-90 664	-323 233	-266 021	-363 312
Personnel expenses		-226 882	-172 981	-659 047	-498 162	-691 678
Other operating expenses		-117 345	-99 937	-323 180	-298 625	-416 651
Depreciation and amortisation		-28 342	-12 811	-81 567	-38 439	-56 126
Operating profit/(loss)	3	386 844	369 663	667 449	1 051 827	1 377 856
Financial income		8 011	1 671	10 674	4 203	4 652
Financial expenses		-210 806	-166 416	-609 217	-429 357	-618 378
Net exchange gain/(loss)		10 724	-18 515	-5 158	4 429	43 973
Net financial items	5	-192 070	-183 260	-603 702	-420 725	-569 753
Profit/(loss) before tax		194 774	186 402	63 747	631 102	808 103
Income tax expense		-14 063	-27 668	-46 639	-138 843	-159 370
Profit/(loss) after tax		180 711	158 734	17 108	492 260	648 732
Profit/(loss) attributable to:						
Parent company shareholders		180 595	158 676	16 813	492 149	648 582
Non-controlling interests		115	58	295	110	151
Earnings per share (in NOK):						
Basic		0,44	0,39	0,04	1,24	1,63
Diluted		0,44	0,38	0,04	1,22	1,60

Consolidated statement of comprehensive income

All figures in NOK '000s

	2019	2018	2019	2018	2018
	Quarter 3 IFRS 16	Quarter 3 IAS 17	9 months IFRS 16	9 months IAS 17	Full year IAS 17
Profit/(loss) after tax	180 711	158 734	17 108	492 260	648 732
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations	1 325	18 549	-71 240	-188 540	-13 860
Hedging of currency risk in foreign operations	-4 445	-7 264	-5 551	9 444	12 237
Tax attributable to items that may be reclassified to profit or loss	914	1 816	1 184	-2 361	-2 983
Other comprehensive income	-2 206	13 101	-75 607	-181 457	-4 606
Total comprehensive income for the period	178 505	171 835	-58 499	310 802	644 126
Total comprehensive income attributable to:					
Parent company shareholders	178 382	171 787	-58 790	310 650	643 906
Non-controlling interests	123	48	291	152	221

Consolidated statement of financial position

All figures in NOK '000s

	Notes	2019	2018	2018
		30 Sep IFRS 16	30 Sep IAS 17	31 Dec ¹⁾ IAS 17
Deferred tax asset		160 285	58 909	97 219
Goodwill		776 216	715 708	785 230
Tangible and intangible assets		366 072	240 730	273 812
Investments in associated companies and joint ventures		315 039	9 926	12 144
Purchased loan portfolios	3,4,5	13 748 924	12 641 704	13 346 098
Loan receivables		356 632	328 326	357 801
Participation loan/notes	3	565 264	132 497	588 846
Other long-term financial assets		4 748	35 071	34 582
Total non-current assets		16 293 180	14 162 872	15 495 732
Other short-term assets		524 075	276 475	280 300
Cash and short-term deposits		316 131	673 309	397 702
Total current assets		840 206	949 785	678 002
Total assets		17 133 385	15 112 657	16 173 734
Equity attributable to parent company's shareholders	7	4 121 024	4 011 619	4 354 889
Equity attributable to non-controlling interests		533	-334	601
Total equity		4 121 557	4 011 285	4 355 489
Deferred tax liabilities		180 800	174 263	162 925
Long-term interest bearing loans and borrowings	6	11 800 708	9 664 850	10 768 808
Other long-term liabilities		145 788	100 915	97 757
Total non-current liabilities		12 127 297	9 940 028	11 029 489
Short-term interest bearing loans and borrowings	6			363
Bank overdraft	6	202 068	216 245	59 115
Account payables and other payables		305 265	527 792	300 536
Income taxes payable		27 878	37 809	47 121
Other current liabilities		349 320	379 498	381 621
Total current liabilities		884 531	1 161 343	788 756
Total equity and liabilities		17 133 385	15 112 657	16 173 734

1) See note 1 for details regarding implementation effect of new IFRS standard

Consolidated statement of changes in equity

All figures in NOK '000s

	Notes	2019			2018		
		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		4 354 889	601	4 355 489	3 148 569	-189	3 148 380
Implementation effect IFRS 9					-69 476	-24	-69 500
Restated at 1 January		4 354 889	601	4 355 489	3 079 093	-213	3 078 880
Profit/(loss) after tax		16 813	295	17 108	492 149	110	492 260
Other comprehensive income		-75 603	-4	-75 607	-181 499	42	-181 457
Total comprehensive income		-58 790	291	-58 499	310 650	152	310 802
Issue of share capital	7	7 520		7 520	760 994		760 994
Transaction costs	7				-19 015		-19 015
Share based payments		2 407		2 407	1 827		1 827
Dividend paid to parent company's shareholders		-184 470		-184 470	-121 930		-121 930
Dividends to non-controlling interests			-269	-269		-273	-273
Acquisition of non-controlling interests		-532	-214	-746			
Capital contribution from non-controlling interests			123	123			
At 30 September		4 121 024	533	4 121 557	4 011 619	-334	4 011 285

Consolidated statement of cash flows

All figures in NOK '000s

	Notes	2019 Quarter 3	2018 Quarter 3	2019 9 months	2018 9 months	2018 Full year
Cash flow from operating activities						
Profit/(loss) before tax		194 774	186 402	63 747	631 102	808 103
Amortisation/revaluation of purchased loan portfolios	3	646 890	395 366	2 269 661	1 028 182	1 517 891
Adjustment other non-cash items		28 700	14 609	87 016	44 898	127 088
Interest expenses		210 203	165 482	603 168	426 317	610 560
Interest paid		-190 196	-142 907	-555 167	-382 265	-525 265
Unrealised foreign exchange differences		-58 066	77 152	7 272	137 893	18 064
Income tax paid		-39 325	-33 759	-146 584	-125 436	-175 719
Change in working capital		-60 004	10 628	-197 196	15 367	-30 261
Change in other balance sheet items		42 190	13 012	34 334	-17 485	-59 894
Net cash flow from operating activities		775 165	685 984	2 166 250	1 758 573	2 290 567
Cash flow from investing activities						
Net portfolio purchases	3,4	-1 225 526	-2 059 148	-2 830 957	-4 498 539	-5 878 642
Net investments in tangible and intangible assets		-5 201	-37 803	-35 488	-68 376	-86 363
Investments in subsidiary companies, joint ventures and associated companies		323 680		-300 820	-273 655	-288 245
Payment of contingent consideration				-87 698	-20 838	-20 838
Net cash flow from investing activities		-907 047	-2 096 951	-3 254 962	-4 861 407	-6 274 088
Cash flow from financing activities						
Net new share issue	7		12 115	7 520	741 979	752 529
Capital contribution from non-controlling interests				123		
Net receipts/(payments) on interest bearing loans and borrowings		-118 367	1 276 715	1 046 756	2 639 168	3 355 756
Dividends paid to parent company's shareholders				-184 470	-121 930	-121 960
Dividends paid to non-controlling interests				-269	-273	-273
Net cash flow from financing activities		-118 367	1 288 829	869 661	3 258 944	3 986 052
Net cash flow during the period		-250 247	-122 137	-219 051	156 110	2 531
Cash and cash equivalents at the beginning of the period		364 020	584 001	338 587	326 345	326 345
Exchange rate difference on cash and cash equivalents		289	-4 798	-5 472	-25 388	9 711
Cash and cash equivalents at the end of the period		114 063	457 065	114 063	457 065	338 587
<i>Cash and cash equivalents comprised of:</i>						
Cash and short-term deposits		316 131	673 309	316 131	673 309	397 702
Bank overdraft		-202 068	-216 245	-202 068	-216 245	-59 115

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 for the first quarter ended 30 September 2019 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 2018. The annual consolidated financial statements for 2018 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 2018, with the exceptions given below in the section "Adoption of new IFRS standards".

The interim financial information for the quarters ended 30 September 2019 and 30 September 2018 are unaudited. The financial report was approved by the Board of Directors on 5 November 2019.

Adoption of new IFRS standards:

Information regarding new IFRS standards is disclosed in the first quarter 2019 interim financial statements. The Group has adopted IFRS 16 from 1 January 2019 using the modified retrospective approach, which requires no restatement of comparative periods. The overall implementation effect from IFRS 16 was not material for the Group. The consolidated interim financial statements are available upon request from the company and at www.b2holding.no.

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 2018.

Note 3 – Segment reporting

For management purposes, the Group is organised 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 18.

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 3, 2019

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	487 624	238 560	307 729	156 566	195 455		1 385 933
<i>Of which, secured portfolios</i>	3 375	6 603	209 369	104 519	83 485		407 350
<i>Of which, unsecured portfolios</i>	484 249	231 957	98 360	52 048	111 970		978 584
Amortisation/revaluation of purchased loan portfolios	-263 895	-91 621	-93 916	-75 511	-121 946		-646 890
Revenue from purchased loan portfolios	223 728	146 939	213 813	81 056	73 509		739 043
Profit from shares in associated parties/joint ventures and participation loans/notes			2 375		13 158		15 532
Total revenue from purchased loan portfolios	223 728	146 939	216 188	81 056	86 667		754 575
Revenue from external collection	33 878	43	160	34 240	7 872		76 194
Other operating revenues	4 083	28 144	5 469	12 712	-718		49 690
Total other revenues	37 961	28 187	5 629	46 952	7 154		125 885
Total revenues	261 690	175 126	221 817	128 008	93 821		880 460
Cost to collect	-59 553	-77 591	-65 480	-54 661	-52 723		-310 009
Cost other revenues	-30 940	-20 985	-4 020	-44 396	-17 689		-118 030
Administration and management costs	-896	-905	-1 009	-596	-436	-33 394	-37 235
EBITDA	170 301	75 644	151 308	28 355	22 973	-33 394	415 186
Depreciation and amortisation	-3 142	-10 715	-3 845	-5 634	-4 077	-929	-28 342
Operating profit/(loss)	167 158	64 929	147 463	22 721	18 897	-34 324	386 844

Quarter 3, 2018

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	265 678	210 061	311 422	105 165	129 613		1 021 938
<i>Of which, secured portfolios</i>	2 663	7 651	226 870	81 758	30 573		349 516
<i>Of which, unsecured portfolios</i>	263 014	202 409	84 552	23 407	99 040		672 423
Amortisation/revaluation of purchased loan portfolios	-122 160	-83 079	-131 384	-56 651	-2 091		-395 366
Revenue from purchased loan portfolios	143 517	126 982	180 038	48 514	127 522		626 573
Profit from shares in associated parties/joint ventures and participation loans/notes					4 035		4 035
Total revenue from purchased loan portfolios	143 517	126 982	180 038	48 514	131 556		630 607
Revenue from external collection	28 519		440	29 909	2 684		61 551
Other operating revenues	3 796	36 502	1 267	12 118	216		53 898
Total other revenues	32 314	36 502	1 706	42 027	2 899		115 449
Total revenues	175 832	163 484	181 744	90 541	134 456		746 056
Cost to collect	-49 218	-75 815	-49 259	-23 994	-53 447		-251 733
Cost other revenues	-26 609	-16 533	-296	-39 229	503		-82 164
Administration and management costs	-273					-29 412	-29 685
EBITDA	99 731	71 136	132 189	27 318	81 511	-29 412	382 474
Depreciation and amortisation	-1 792	-5 629	-1 043	-3 086	-1 124	-136	-12 811
Operating profit/(loss)	97 939	65 506	131 146	24 232	80 388	-29 548	369 663

9 months, 2019

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	1 189 796	716 486	1 099 358	407 098	494 620		3 907 358
<i>Of which, secured portfolios</i>	8 035	21 568	812 511	286 682	182 754		1 311 551
<i>Of which, unsecured portfolios</i>	1 181 761	694 918	286 847	120 416	311 866		2 595 807
Amortisation/revaluation of purchased loan portfolios	-574 451	-274 379	-1 008 880	-46 731	-365 218		-2 269 661
Revenue from purchased loan portfolios	615 345	442 107	90 478	360 367	129 402		1 637 697
Profit from shares in associated parties/joint ventures and participation loans/notes			6 869		46 000		52 869
Total revenue from purchased loan portfolios	615 345	442 107	97 347	360 367	175 402		1 690 566
Revenue from external collection	92 651	91	499	106 475	26 222		225 937
Other operating revenues	9 815	75 336	9 211	42 654	956		137 972
Total other revenues	102 466	75 427	9 709	149 129	27 178		363 909
Total revenues	717 811	517 534	107 056	509 496	202 580		2 054 475
Cost to collect	-168 989	-239 970	-176 049	-124 376	-150 204		-859 588
Cost other revenues	-92 028	-55 467	-10 064	-136 372	-47 199		-341 131
Administration and management costs	-2 749	-2 707	-3 001	-1 816	-1 325	-93 142	-104 742
EBITDA	454 045	219 388	-82 058	246 932	3 851	-93 142	749 016
Depreciation and amortisation	-9 116	-31 750	-10 456	-16 767	-11 615	-1 863	-81 567
Operating profit/(loss)	444 928	187 638	-92 514	230 165	-7 764	-95 005	667 449

9 months, 2018

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	780 493	655 877	849 306	180 585	362 605		2 828 865
<i>Of which, secured portfolios</i>	14 875	20 244	595 778	131 481	88 427		850 804
<i>Of which, unsecured portfolios</i>	765 618	635 632	253 528	49 105	274 178		1 978 061
Amortisation/revaluation of purchased loan portfolios	-393 627	-289 268	-297 649	-51 020	3 382		-1 028 182
Revenue from purchased loan portfolios	386 865	366 609	551 657	129 565	365 987		1 800 683
Profit from shares in associated parties/joint ventures and participation loans/notes	13				23 880		23 893
Total revenue from purchased loan portfolios	386 879	366 609	551 657	129 565	389 867		1 824 576
Revenue from external collection	82 753		1 616	85 548	10 541		180 458
Other operating revenues	10 841	94 397	2 573	40 153	77		148 041
Total other revenues	93 594	94 397	4 189	125 700	10 618		328 499
Total revenues	480 473	461 006	555 846	255 265	400 485		2 153 075
Cost to collect	-145 775	-227 366	-131 157	-53 453	-139 729		-697 480
Cost other revenues	-84 635	-46 047	-1 453	-112 392	-3 207		-247 735
Administration and management costs	-2 983					-114 612	-117 595
EBITDA	247 079	187 594	423 235	89 421	257 549	-114 612	1 090 266
Depreciation and amortisation	-5 031	-19 456	-2 921	-8 155	-2 504	-372	-38 439
Operating profit/(loss)	242 048	168 138	420 314	81 266	255 045	-114 984	1 051 827

Quarter 3, 2019

All figures in NOK'000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	593 809	122 054	264 044	188 729	62 174		1 230 809
Purchased loan portfolios, book value							
Purchased loan portfolios	4 865 198	2 006 819	3 464 688	2 106 128	1 306 091		13 748 924
Participation loan/notes to SPV's for purchase of loan portfolios					565 264		565 264
Purchased loan portfolios at 30 September	4 865 198	2 006 819	3 464 688	2 106 128	1 871 355		14 314 188

Quarter 3, 2018

All figures in NOK'000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	363 174	80 043	217 359	259 631	68 110		988 318
Purchased loan portfolios, book value							
Purchased loan portfolios	2 950 973	1 874 367	4 087 888	1 608 727	2 119 748		12 641 704
Participation loan/notes to SPV's for purchase of loan portfolios					115 105		115 105
Purchased loan portfolios at 30 September	2 950 973	1 874 367	4 087 888	1 608 727	2 234 853		12 756 809

9 months, 2019

All figures in NOK'000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	1 731 811	292 793	276 930	347 319	194 847		2 843 701
Purchased loan portfolios, book value							
Purchased loan portfolios	4 865 198	2 006 819	3 464 688	2 106 128	1 306 091		13 748 924
Participation loan/notes to SPV's for purchase of loan portfolios					565 264		565 264
Purchased loan portfolios at 30 September	4 865 198	2 006 819	3 464 688	2 106 128	1 871 355		14 314 188

9 months, 2018

All figures in NOK'000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	1 048 098	497 535	1 396 588	608 655	1 194 759		4 745 634
Purchased loan portfolios, book value							
Purchased loan portfolios	2 950 973	1 874 367	4 087 888	1 608 727	2 119 748		12 641 704
Participation loan/notes to SPV's for purchase of loan portfolios					115 105		115 105
Purchased loan portfolios at 30 September	2 950 973	1 874 367	4 087 888	1 608 727	2 234 853		12 756 809

Note 4 – Purchased loan portfolios

Purchased loan portfolios

All figures in NOK '000s

	2019 Quarter 3	2018 Quarter 3	2019 9 months	2018 9 months	2018 Full year
Opening balance	12 985 599	12 076 694	13 346 098	8 731 632	8 731 632
Acquired in business combinations				671 215	618 111
Portfolio purchases in the period	1 230 809	988 318	2 843 701	4 745 634	6 212 604
Gross cash collection from purchased loan portfolios	-1 385 933	-1 021 938	-3 907 358	-2 828 865	-3 997 380
Interest income from purchased loan portfolios	703 238	679 505	2 020 861	1 860 953	2 537 113
Net credit gain/(loss) from purchased loan portfolios	35 805	-52 932	-383 164	-60 270	-57 625
Book value of sold loan portfolios ¹⁾					-866 195
Exchange rate differences	179 406	-27 943	-171 214	-478 596	167 837
Closing balance	13 748 924	12 641 704	13 748 924	12 641 704	13 346 098

1) Book value of sold loan portfolios is at an arm's length transaction price and are the sales of two entire loan portfolios

The face value of purchased loan portfolios at 30 September 2019 amounts to NOK 136,666 million including accrued interest (2018: NOK 151,753 million).

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 cash collection deviating from collection estimates and from changes in future cash 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. Cash collection above collection estimates and upward adjustments of future collection estimates, increase revenue. Cash collection below collection estimates and downward adjustments of future collection estimates, decrease revenue.

Quarter 3, 2019

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Collection above/(below) estimates	1 460	-2 943	59 488	21 005	2 569		81 580
Changes in future collection estimates	-730	-937	-24 281	-32 842	-19 706		-78 497
Net credit gain/(loss) from secured portfolios	730	-3 880	35 207	-11 837	-17 137		3 083
<i>Unsecured portfolios:</i>							
Collection above/(below) estimates	77 779	12 918	1 722	7 964	2 824		103 207
Changes in future collection estimates	-61 900	-955	-1 853	-1 096	-4 681		-70 484
Net credit gain/loss from unsecured portfolios	15 879	11 963	-131	6 867	-1 856		32 723
Net credit gain/(loss) from purchased loan portfolios	16 609	8 083	35 076	-4 969	-18 993		35 805

Quarter 3, 2018

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Collection above/(below) estimates	-147	1 458	98 561	60 524	-29 132		131 265
Changes in future collection estimates	-246	5 027	-117 727	-73 860	21 546		-165 260
Net credit gain/(loss) from secured portfolios	-393	6 485	-19 166	-13 335	-7 586		-33 995
<i>Unsecured portfolios:</i>							
Collection above/(below) estimates	-6 360	-8 379	-7 275	1 943	-3 674		-23 745
Changes in future collection estimates	5 163	-2 288	818	623	493		4 808
Net credit gain/loss from unsecured portfolios	-1 197	-10 667	-6 457	2 566	-3 182		-18 937
Net credit gain/(loss) from purchased loan portfolios	-1 590	-4 182	-25 623	-10 770	-10 768		-52 932

9 months, 2019

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Collection above/(below) estimates	1 058	-4 829	-581 672	35 709	-161 874		-711 608
Changes in future collection estimates	-6 672	-409	100 651	73 821	8 115		175 505
Net credit gain/(loss) from secured portfolios	-5 615	-5 238	-481 022	109 530	-153 759		-536 103
<i>Unsecured portfolios:</i>							
Collection above/(below) estimates	92 792	41 329	-3 911	21 913	3 095		155 218
Changes in future collection estimates	-23 852	4 547	13 469	-448	4 006		-2 278
Net credit gain/loss from unsecured portfolios	68 941	45 876	9 558	21 465	7 101		152 940
Net credit gain/(loss) from purchased loan portfolios	63 326	40 638	-471 464	130 995	-146 658		-383 164

9 months, 2018

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Collection above/(below) estimates	6 281	5 035	185 393	44 046	-52 100		188 655
Changes in future collection estimates	-8 141	-3 766	-223 993	-56 264	42 518		-249 646
Net credit gain/(loss) from secured portfolios	-1 860	1 269	-38 600	-12 218	-9 582		-60 990
<i>Unsecured portfolios:</i>							
Collection above/(below) estimates	-20 665	-6 409	9 899	6 757	14 286		3 868
Changes in future collection estimates	1 381	-14 937	133	2 577	7 699		-3 148
Net credit gain/loss from unsecured portfolios	-19 284	-21 345	10 032	9 333	21 985		720
Net credit gain/(loss) from purchased loan portfolios	-21 144	-20 076	-28 568	-2 885	12 403		-60 270

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 '000s

	2019 Quarter 3	2018 Quarter 3	2019 9 months	2018 9 months	2018 Full year
Portfolio purchases in the period	-1 230 809	-988 318	-2 843 701	-4 745 634	-6 212 604
Participation notes to SPV for purchase of portfolio					-167 033
Net cash effect from portfolio sold to SPV					509 912
Sale price sold portfolios					-4 458
Change in prepaid amounts and amounts due on portfolio purchases	5 283	-1 070 830	12 744	247 095	-4 459
Net portfolio purchases, cash flow statement	-1 225 526	-2 059 148	-2 830 957	-4 498 539	-5 878 642

Note 5 – Financial instruments

Specific disclosures regarding purchased loan portfolios see note 4.

Fair value of financial instruments

	Carrying amount			Fair value			
	Fair value over profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
As at 30 September 2019							
<i>All figures in NOK '000s</i>							
Financial assets							
Purchased loan portfolios		13 748 924	13 748 924			14 053 612	14 053 612
Loans receivable		356 632	356 632			356 632	356 632
Derivatives	10 152		10 152		10 152		10 152
Participation loan/notes	565 264		565 264			565 264	565 264
Other financial assets	151	1 123	1 274		151	1 123	1 274
Total	575 568	14 106 679	14 682 247		10 303	14 976 632	14 986 936

Financial liabilities							
Interest bearing loans and borrowings		12 002 776	12 002 776	9 003 874	3 148 751		12 152 625
Derivatives	28 127		28 127		28 127		28 127
Contingent consideration	72 863		72 863			72 863	72 863
Total	100 990	12 002 776	12 103 766	9 003 874	3 176 878	72 863	12 253 615

	Carrying amount			Fair value			
	Fair value over profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
As at 31 December 2018							
<i>All figures in NOK '000s</i>							
Financial assets							
Purchased loan portfolios		13 346 098	13 346 098			13 759 437	13 759 437
Loans receivable		357 801	357 801			357 801	357 801
Derivatives	30 128		30 128		30 128		30 128
Participation loan/notes	588 846		588 846			588 846	588 846
Other financial assets	11 592	3 101	14 692		11 592	3 101	14 692
Total	630 565	13 707 000	14 337 565		41 719	14 709 186	14 750 905

Financial liabilities							
Interest bearing loans and borrowings		10 828 286	10 828 286	7 059 811	3 733 667		10 793 478
Derivatives	63 239		63 239		63 239		63 239
Contingent consideration	157 342		157 342			157 342	157 342
Total	220 581	10 828 286	11 048 867	7 059 811	3 796 906	157 342	11 014 059

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 has been calculated by discounting the expected net future cash flows from collection less operating expenses and tax with the estimated weighted average cost of capital for the countries in question. In order to show the sensitivity in the fair value calculation of the purchased loan portfolio, a 1%-point increase in the discount rate used would decrease the fair value of purchased portfolios with NOK 386 million (3%). The fair value of interest-bearing loans is equal to book value for the Multi-currency revolving credit facility as the loans are based on 1 to 6-month floating interest, and the fair value of bond loans were determined by obtaining quoted market prices for the bond loans from the Norwegian Stock Exchange. The fair value of derivatives is set by calculating the present value of future cash flows using market rates for interest and currencies. In the case of the derivatives the fair value is confirmed by the financial institution that is the counterparty.

Financial risk

Currency and interest rate 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.

Currency risk

Net debt adjusted for derivative financial instruments are made in relevant currencies reflecting the underlying expected future cash flows from loans and receivables. The exceptions are Croatian Kuna (HRK), Romanian Leu (RON), Bulgarian Lev (BGN), Hungarian Forint (HUF), Bosnian Convertible Mark (BAM), Czech Koruna (CZK) and Serbian Dinar (RSD) where all borrowing is done in EUR.

The Group's bond loans are denominated in EUR and borrowings under the multi-currency revolving credit facility are drawn in NOK and PLN. To obtain a more balanced currency basket, the Group has entered into the following currency derivatives at 30 September 2019: (i) FX Forward of NOK 250 million against DKK, (ii) FX Forward of EUR 25 million against DKK, (iii) FX Forward of EUR 45 million against SEK, (iv) FX Forward of NOK 300 million against SEK and (v) FX Forward of NOK 600 million against SEK. The fair value of the currency derivatives was NOK 2.2 million at quarter end.

Interest rate risk

The Group uses interest rate swaps and interest rate caps to reduce its interest rate exposure. The Group's strategy is to hedge between 60% and 120% of net debt up to a maximum period of 5 years. The hedging ratio at 30 September 2019 was 69 % with a duration of 3.4 years and the fair value of the interest rate hedging derivatives was NOK -20.1 million.

Net financial items

All figures in NOK '000s

	2019 Quarter 3	2018 Quarter 3	2019 9 months	2018 9 months	2018 Full year
Interest income	825	1 633	2 679	3 879	4 183
Other financial income	7 186	38	7 995	325	469
Financial income	8 011	1 671	10 674	4 203	4 652
Interest expenses	-205 620	-175 262	-564 056	-435 750	-607 961
Change in fair value of interest rate derivatives	-4 584	9 780	-39 112	9 433	-2 599
Other financial expenses	-603	-934	-6 049	-3 041	-7 817
Financial expenses	-210 806	-166 416	-609 217	-429 357	-618 378
Realised exchange gain/(loss)	1 101	19 916	40 849	77 879	48 645
Unrealised exchange gain/(loss)	-7 844	14 469	-99 889	-84 122	34 639
Change in fair value of currency derivatives	17 467	-52 900	53 882	10 671	-39 311
Net exchange gain/(loss)	10 724	-18 515	-5 158	4 429	43 973
Net financial items	-192 070	-183 260	-603 702	-420 725	-569 753

Note 6 - Interest bearing loans and borrowings

All figures in NOK '000s

	As at 30 September 2019		As at 31 December 2018	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility		2 987 765		3 674 189
Bond loan		8 812 944		7 094 618
Short term interest bearing loans & borrowings			363	
Bank overdraft	202 068		59 115	
Total	202 068	11 800 708	59 478	10 768 808

The Group is financed by the following loans; (i) a EUR 510 million senior secured multi-currency revolving credit facility agreement, including a multi-currency cash pool with a EUR 40 million overdraft, which matures in May 2022, (ii) a EUR 150 million senior unsecured bond with maturity in December 2020, (iii) a EUR 175 million senior unsecured bond with maturity in October 2021, (iv) a EUR 200 million senior unsecured bond with maturity in November 2022, (v) a EUR 200 million senior unsecured bond with maturity in May 2023, and (vi) a EUR 200 million senior unsecured bond with maturity in May 2024.

The multi-currency revolving credit facility and the bond loan carry a variable interest rate based on the interbank rate in each currency plus a margin supplement. In addition, there is a commitment fee which is calculated as a percentage of the loan margin on the undrawn part of the credit facility and term loan. The overdraft carries a facility line fee. The loan agreements have several operational and financial covenants, including limits on certain key indicators, which have all been complied with as of 30 September 2019. There are no instalments required to be paid before maturity.

At 30 September 2019, NOK 1,250 million and PLN 780 million, in total EUR 305 million, was utilised from the EUR 470 million multi-currency revolving credit facility, leaving an available, undrawn amount of EUR 165 million. The multi-currency overdraft facility of EUR 40 million was utilised with EUR 20 million, leaving an available, undrawn amount of EUR 20 million at 30 September 2019.

The EUR 510 million multi-currency revolving credit is secured by guarantees issued by B2Holding ASA and a security package including some predefined guarantees, share pledges, bank account charges and pledge in intercompany loans. The bond loans are unsecured.

B2Holding is in compliance with all financial covenants in relation to the RCF and the bond loans as of Q3 2019. B2Holding has received a waiver from the bank consortium until 30 March 2020, which decrease the minimum equity ratio (excluding book value of IFRS 16 right-of-use asset) from 25.0% to 23.5% and increase the maximum "Total Loan to Value" ratio from 75.0% to 76.5%. The temporary change secures the Group sufficient headroom to continue to comply with the financial covenants. The Equity Ratio (excluding book value of IFRS 16 right-of-use asset) is 24,2% at 30 September 2019 while the Total Loan to Value ratio is 75,4%.

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'000s	Other paid-in capital ¹⁾ NOK'000s
At 31 December 2018	409 032 598	40 903	2 835 895
Exercise of employee share options on 25 January 2019 at an average subscription of 8,356	900 000	90	7 430
At 30 September 2019	409 932 598	40 993	2 843 325
At 5 November 2019 (date of completion of these interim condensed financial statements)	409 932 598	40 993	2 843 325

1) Net proceeds after transaction costs

Note 8 – Share based payments

Due to changes in Group Management 330,000 share options were terminated in third quarter 2019. No new share options were granted.

At the date of these interim financial statements there are 19,995,000 share options outstanding.

Note 9 – Subsequent events

On 9 October it was announced that there are changes to the Group's organization and management structure, intended to underpin the company's strategy. The changes will increase focus on operational efficiency and delivery on financial targets, in combination with future growth through own investments and co-investment structures.

The Group's fifth bond loan issued on 28 May 2019 with maturity in 28 May 2024 was listed on Oslo Stock Exchange on 22 Oct 2019.

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

	2019 Quarter 3	2018 Quarter 3	2019 9 months	2018 9 months	2018 Full year
Operating profit/(loss)	387	370	667	1 052	1 378
Add back depreciation and amortisation	28	13	82	38	56
EBITDA	415	382	749	1 090	1 434
Total revenues	880	746	2 054	2 153	2 906
Add back amortisation/reevaluation of purchased loan portfolios	647	395	2 270	1 028	1 518
Cash revenue	1 527	1 141	4 324	3 181	4 424
Operating profit/(loss)	387	370	667	1 052	1 378
Add back amortisation/reevaluation of purchased loan portfolios	647	395	2 270	1 028	1 518
Add back depreciation and amortisation	28	13	82	38	56
Cash EBITDA	1 062	778	3 019	2 118	2 952

The following APM's are financial covenants in the RCF agreement and are calculated accordingly.

All figures in NOK million

	2019 30 Sep	2019 30 Jun
Total assets	17 133	16 815
Total equity	4 122	3 942
Equity ratio	24,1 %	23,4 %
Total assets	17 133	16 815
Excluding IFRS 16 right-of-use asset	-114	-114
Total assets excl IFRS 16 right-of-use asset	17 020	16 701
Equity ratio	24,2 %	23,6 %

All figures in NOK million

	2019 30 Sep	2019 30 Jun
Bond loan (nominal value) ¹⁾	8 945	8 918
Revolving Credit Facility (nominal value) ¹⁾	3 013	2 979
Contingent consideration (earn out)	73	71
Vendor loan	153	165
FX Derivatives (MTM)	-2	15
Net cash balance including overdraft	-114	-364
Total loan	12 068	11 785
Purchased loan portfolios	13 749	12 986
Investment and participation in joint ventures ²⁾	872	1 200
Other assets ³⁾	1 375	1 278
Book value	15 995	15 464
Total Loan to Value % (TLTV)	75,4 %	76,2 %

- 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", 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

Available investment capacity includes cash and short-term deposit (less NOK 200 million to cover working capital) plus unutilised bank overdraft, plus unutilised multi-currency revolving credit facility 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 and added back amortisation and revaluation of purchased loan portfolios. 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. 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

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 cash 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 cash collection on portfolios purchased and held in joint ventures. ERC includes ERR.

Estimated Remaining Recoveries (ERR)

Estimated remaining recoveries (ERR) expresses the gross cash 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 cash 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 cash collection

Gross cash collection is the actual cash collected 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.

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 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 cash collection deviating from collection estimates and from changes in future cash 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". Cash collection above collection estimates and upward adjustments of future collection estimates increase revenue. Cash 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 include 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.

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 cash collected. Gross cash 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 2019

Half-yearly Report 30.08.2019
Annual Report 30.04.2019
Annual General Meeting 24.05.2019

Quarterly report – Q1 24.05.2019
Quarterly report – Q3 06.11.2019
Quarterly report – Q4 28.02.2020

B2Holding ASA

Head office
Postal address:
PO Box 1726 Vika
0121 Oslo
Norway

Visiting address:
Stortingsgaten 22, 7th floor, Oslo
Tel: +47 22 83 39 50
Fax: +47 22 83 39 51
E-mail: post@b2holding.no