



Q2

Second quarter 2020

## Second quarter and first half year 2020

“Through our business solutions we contribute to handling society's debt problems, bridging the gap that a defaulted debt represents in the credit chain.”

Erik Just Johnsen, CEO

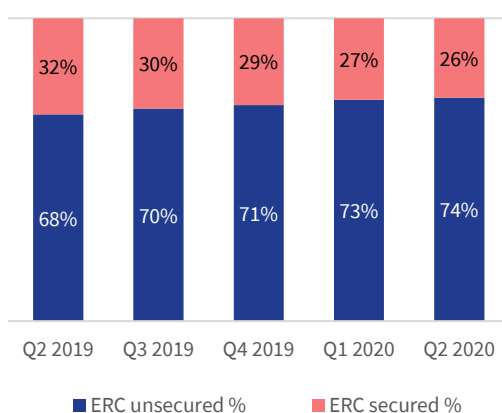
### QUARTERLY EVENTS

- Unsecured collections were satisfactory, although slightly impacted by Covid-19
- Recoveries on secured portfolios remain broadly on target
- Operating expenses reduced in Q2 in accordance with cost savings targets
- Portfolio purchases kept low during the second quarter and first half year to preserve liquidity and monitor the impact of Covid-19
- Cashflow from operations in line with Q2 last year and Q1
- Harald Thorstein was on 27 May 2020 elected as the Chair of the board. Trygve Lauvdal, Trond Kristian Andreassen and Grethe Meier were elected as board members

### QUARTERLY SUMMARY

NOK million	2020 Quarter 2	2019 Quarter 2	% Change	2020 6 months	2019 6 months	% Change	2019 Full year
Total revenues	702	379	85 %	1 477	1 174	26 %	2 874
Operating profit/(loss)	245	-69		500	281	78 %	959
Profit/(loss) after tax	34	-270		58	-164		107
Cash revenue	1 331	1 414	-6 %	2 779	2 797	-1 %	5 763
Cash EBITDA	916	993	-8 %	1 882	1 957	-4 %	3 982
Cash margin	69 %	70 %	-1 pp	68 %	70 %	-2 pp	69 %
Cost to collect %	21,7 %	21,6 %	0,2 pp	22,3 %	21,8 %	0,5 pp	22,5 %
Basic earnings per share, NOK	0,08	-0,66		0,14	-0,40		0,26
Return on equity	7,7 %	3,9 %	3,8 pp	7,7 %	3,9 %	3,8 pp	2,5 %
Gross cash collection from purchased loan portfolios <sup>1)</sup>	1 277	1 328	-4 %	2 709	2 607	4 %	5 425
Portfolio purchases <sup>2)</sup>	473	1 667	-72 %	964	2 237	-57 %	4 034

### ERC - ASSET CLASS SPLIT



### KEY PERFORMANCE FIGURES

NOK million	2020 30 Jun	2019 31 Dec	% Change
ERC (at end of month) <sup>3)</sup>	25 298	23 809	6 %
Net interest bearing debt	12 175	11 379	7 %
Liquidity reserve	3 001	2 308	30 %
Equity ratio <sup>4)</sup>	25,7 %	25,2 %	0,5 pp
Leverage ratio	3,12x	2,86x	0,26x
Total Loan to Value % (TLTV)	73,7 %	74,2 %	-0,5 pp
Number of employees (FTEs)	2 280	2 517	-9 %

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

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

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

4) Equity ratio as defined in the RCF agreement

**Comment by the CEO****Challenging times, but still many positives**

The second quarter has been dominated by the Covid-19 pandemic, and our main focus during the quarter has been to safeguard the health and safety of our employees and at the same time being able to maintain operations at a close to normal level. As stated in our first quarter presentation, ethical and responsible collection has been more important than ever, and we as an organisation have had even stronger focus on our ethical guidelines to ensure that we fulfil our social responsibility.

The response to the pandemic throughout the organisation has been nothing but impressive. I am humbled by the effort shown by our employees, and I am very grateful for the agility and flexibility we have seen from them in a very challenging period.

During the second quarter, we have made various stress test scenarios, and collections have exceeded our expectations in these scenarios. At the same time, we have introduced cost saving programs, and I am pleased to see that we have reached our cost saving targets while ensuring limited impact on our work force.

Since the outbreak of the pandemic we have been in close dialogue with our banks, DNB, Nordea and Swedbank. The banks have reacted positively to our response to the pandemic and we have received good feedback for the detailed reports that we have shared with them. I am thankful for the trust and support they have shown us, and despite being in line with the original covenants, our banks have agreed to amend our covenant structure giving us increased headroom to maneuver through this challenging period.

On the Annual General Meeting on 27 May Harald Thorstein was elected as the new Chairman. I am very pleased to welcome Harald Thorstein on board with his strong industry experience. Furthermore, Trygve Lauvdal, Trond Kristian Andreassen and Grethe Meier were also elected as board members. Grethe Meier was previously a deputy board member. Former Chairman, Jon Harald Nordbrekken, was not available for re-election, and I would like to thank Jon Harald for all his efforts as Chairman since he established B2Holding in late 2011.

Going forward, we still see challenges with the pandemic being a dominating factor, and the macro economic consequences are still uncertain. However, we also see many positives. Our employees have responded in a fantastic manner, and we have introduced tools that enable us to collaborate better and work more efficiently. We have a healthy balance sheet, and with the support from our banks we have a good foundation to reach our strategic goals. I also believe that we will see improving market conditions for the industry, and that B2Holding will remain an important player in the European NPL market for years to come.

Oslo, 19 August 2020

**Erik Just Johnsen**  
CEO

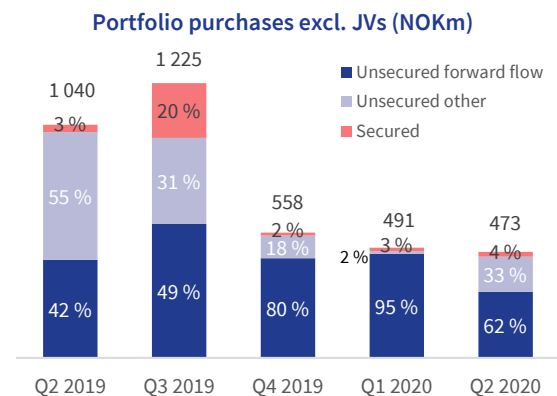


**“I am humbled by the effort shown by our employees, and I am very grateful for the agility and flexibility we have seen from them in a very challenging period.”**

## Operations

**B2Holding remains fully operational with collections and recoveries exceeding expectations in stress test scenarios following the outbreak of Covid-19. Portfolio purchases are kept at a lower level, while repossession of assets has slowed down due to the closures of legal systems during Q2. The Group has introduced cost saving programs but at the same time ensured limited impact on the workforce.**

### PORTFOLIO PURCHASES



Portfolio purchases were modest across all regions of B2Holding Group in Q2. Due to the Covid-19 pandemic and subsequent economic uncertainties, the Group has decided to significantly reduce its investments in non-performing loan portfolios in order to preserve investment capacity and to monitor market development. The majority of investments for the first half year 2020 are related to forward flow transactions in unsecured portfolios. However, during Q2 also those investments were reduced by approximately 40 % compared with the initially planned purchases. Many contracts have been put on hold or changed to temporary servicing agreements. In addition, prices have been renegotiated and purchase volumes have been reduced for certain transactions.

Apart from the forward flow transactions, the Group has closed the acquisition of an unsecured portfolio in Cyprus. While this portfolio will be serviced entirely by B2Holding going forward, the acquisition is part of a co-investment structure with Waterfall Asset Management and as such the portfolio will be moved to this structure during Q3 2020. Furthermore, the Group acquired a small portfolio in France comprised of secured and unsecured claims.

Expectation is that the investment level will remain low until the end of 2020. The Group is observing the markets very closely and anticipates a significant amount of NPL volumes coming to the market in 2021, due to the economic downturn. At the same time increased yields are expected to reflect the higher

volumes of non-performing loans in combination with uncertainty of portfolio cash flows in the medium term.

### COLLECTION, RECOVERIES, REPOSSESSION AND SERVICING

Gross cash collections ended at NOK 1,201 million, down NOK 73 million (6 %) versus Q2 2019, primarily due to the impact Covid-19 had on collections combined with modest portfolio purchases. Secured recoveries were NOK 279 million for the quarter, of which NOK 43 million (15 %) were repossessed assets that B2Holding has successfully taken legal ownership of.

In line with B2Holding's strategic direction to increase the revenues from servicing through leveraging on the servicing capabilities of existing platforms, Q2 came with a number of achievements. Amongst other, in two existing servicing agreements B2Holding has agreed with co-investors in the Greek portfolios to increase the portfolios under special servicing from EUR 1.4bn of asset under management (AuM) to EUR 5.5bn.

Cash EBITDA was NOK 916 million compared with NOK 993 million in Q2 2019 showing continued good cash flow from operations, despite impact of Covid-19.

#### Unsecured

B2Holding Group's gross cash collections from unsecured portfolios amounted to NOK 923m in the second quarter.

In general terms, the immediate impact of Covid-19 was visible, but lower than predicted in stress test scenarios. Impact of measures taken by the local governments on the legal systems across Europe differed between countries and in general, Northern Europe has been affected less than South Eastern and Central Europe. The largest unsecured operations of the Group performed broadly in line with pre-Covid-19 expectations (mainly Finland and Sweden) or experienced a moderate drop (Poland). At the same time, operations in South Eastern, Western and Central European countries faced more disruption, with the biggest impact in Croatia, where a possibility to deduct from debtors' salaries has been waived for three months (recently extended by at least another quarter).

For amicable collections the Group has taken several measures to adapt collection and negotiation strategies to the new circumstances, as well as improve the efficiency of operation teams working from home. The IT systems in all countries enabled continuing operations within the processes used prior to the migration to home office, practically without any major deviation. The primary focus during Q2 has been on adapting the collection strategies to the situation of the debtors. Contact centers have lowered the number of call attempts and staff have been trained to take into account Covid-19 in negotiations. The loss of personal income and related uncertainty for the future, has negatively impacted collections from individuals in certain markets. In other markets, however, experience is that higher contactability for debtors staying at home due to lockdowns, combined with better payment discipline, has led to increased efficiency in collections.

#### Recoveries from secured portfolios

The shutdown of the courts and bailiff systems in many European countries led to delays in enforcement and insolvency proceedings in most of the countries where the Group holds secured portfolios. These delays were mitigated by increasing the amicable efforts. As a result, April and June showed some significant achievements on certain larger claims while May was a month with lower activity.

The Group is closely monitoring changes in the legal system and governments' measures to the Covid-19 pandemic in order to protect the value of its assets and preserve recovery levels. A centralised asset management team continues to evaluate the Group's secured portfolios, prioritize the more mature cases, and adjust the strategies, where needed, based on the latest changes in each jurisdiction.

#### Collateral assets: repossessions and disposals

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

Following the above objective, the owned collateral assets reached NOK 512m by the end of Q2 2020, with the majority concentrated in Central Europe. Due to Covid-19 related restrictions and especially the lockdown measures in the legal systems across Europe, the activity levels, both with regards to sale of collateral assets and repossessions, slowed down compared with Q1. Repossessions for the quarter were NOK 43m while sales were NOK 14m.

## RISKS AND UNCERTAINTIES

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

Following the outbreak of the Covid-19 pandemic several risk factors, such as the temporary shutdowns and the resulting deterioration of legal operations and overall economic conditions, have become prominent.

The impact of the outbreak on the Q2 results has been fairly limited so far (and lower than originally estimated by the Group in the portfolio stress test analysis) due to the favourable composition of asset classes and diversification of exposures across markets. However, the outbreak may impact the Group in mid- to long-term, as economic slow-down and increased unemployment can have an effect on the disposable income of debtors.

B2Holding continuously analyses macroeconomic and internal data to address the potential impact as appropriate.

#### Operational risks

As described in the operational review, the Group has taken steps to mitigate operational risks caused by the pandemic and shifted operations to remote work already by mid-March 2020. Operational processes have been adjusted to "work from home" and the operating companies have the capacity necessary to maintain full activity, while safeguarding the health and safety of the employees.

#### Financial risks

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

Due to the outbreak of the pandemic, B2Holding has taken precautionary steps to mitigate financial effects and strengthen its liquidity position by temporarily reducing new investments to a minimum, cancelling the dividends and implementing cost reduction initiatives throughout the Group. Those initiatives have already started bringing visible results and will be continued throughout 2020.

The operations in Spain and Italy (7 % of the ERC) as well as in Central Europe (except Czech Republic) and South Eastern Europe (32 % of the ERC) have been affected more than others, while the negative effects have so far been low (and are expected to continue to be lower) in the Nordics, Finland & Baltics, France, Czech Republic and Poland (overall 61 % of the ERC).

The Group is in compliance with its original covenants as of 30 June 2020. Depending on the development of the pandemic and its impact on the economy the Group's results in the second half of 2020 may be charged with impairment. The Group is assessing the impact of the pandemic on its valuation models on an on-going basis.

#### Strategic risks

The Group expects the effects of the pandemic to last beyond 2020, and to influence the competitive landscape in the credit management sector. In the long-term, as a result of adverse economic conditions, higher supply and yields on NPLs, new types of portfolios and more servicing opportunities may appear, but funding options may also be more limited and more expensive. The Group has undertaken discussions with financing and JV partners to position itself to take advantage of the future opportunities and is currently revising its strategy and business plan.

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

#### **CORPORATE MATTERS**

Harald Thorstein was on 27 May 2020 elected as the chair of the board. Thorstein has broad industry experience and has previously held board positions in NPL companies such as Aktiv Kapital and Axactor.

On 8 May 2020 it was announced that André Adolfsen has been appointed as the Chief Financial Officer (CFO) effective from 1 November 2020 at the latest. Adolfsen has extensive industry experience from both Intrum and Lindorff and comes the position as Finance Director Group at Intrum.

The Group holds a EUR 510m senior secured revolving credit facility (RCF) with DNB Bank ASA, Nordea Bank AB and Swedbank AB with a final maturity date as of 31 May 2022. B2Holding was in compliance with the

original covenants at 30 June 2020 and covenant ratios were strengthened compared to Q1. B2Holding expects to be in compliance with the original covenants going forward, but to secure the headroom to covenants even further the Group has received a waiver from the bank consortium until 30 March 2021. The Equity ratio covenant is decreased from 25 % to 22.5 % and Total Loan to Value is increased from 75 % to 77.5 %.

In addition to the mentioned RCF, the Group held five listed senior unsecured bond loans of EUR 925m. The Group has during Q2 repurchased a nominal value of EUR 63.4m of its outstanding bond loan at par. In total the Group hold a nominal value of EUR 112.5m in treasury bonds at quarter end.

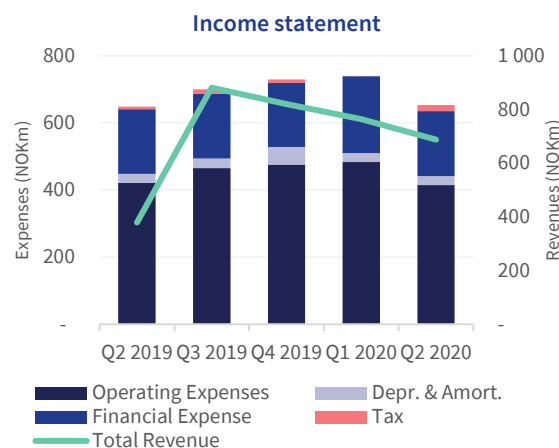
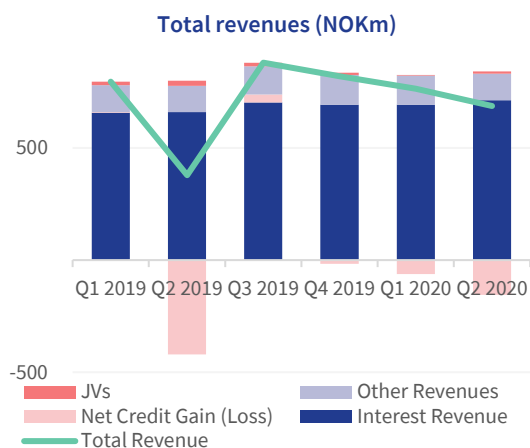
The S&P rating was downgraded from BB- (Stable outlook) to B+ (Negative outlook) in a general sector note on 15 April 2020. The main reason was potential impact of Covid-19 which put pressure on financial performance and increased liquidity risk.

The Moody's rating was affirmed at Ba3, but the outlook was changed to negative from stable in a general sector note on 15 June 2020. The negative outlook reflects Moody's view that material further delay in collection due to Covid-19 will increase the liquidity risk.

On 3 April 2020 the board announced to cancel the previously proposed dividend of NOK 0.08 per share due to the uncertainty associated with the Covid-19 pandemic and unknown macroeconomic consequences.

## Financials

**In the second quarter B2Holding Group reported profit before tax of NOK 52 million affected by Covid-19 outbreak and FX loss. Despite the Covid-19 effect, gross cash collections were satisfactory at NOK 1,201 million for the quarter, which was NOK 113 million lower than Q1.**



Since year-end 2019, and compared with Q2 2019, the Norwegian Krone has depreciated significantly against most other currencies. In 2019, approx. 99 % of revenues were related to operations outside Norway, hence changes in revenues, expenses and profits compared to same quarter last year are more affected than usual due to the change in foreign currency translation rates.

### REVENUES

Interest income from purchased loan portfolios remained stable in Q2 2020 at NOK 712m compared with NOK 693m in Q1 2020 and NOK 660m in same quarter last year. The main reason for increase compared to same quarter last year is weakening of NOK versus EUR and other currencies.

While the first quarter showed gross cash collections fairly close to expectations, B2Holding Group has seen some delayed collections in the second quarter due to the impact of Covid-19, leading to a net credit loss of NOK 155m in Q2 2020 compared with a net credit loss of NOK 421m in Q2 2019. The net credit loss in Q2 2019 of NOK 421m was mainly related to one-off write downs on secured portfolios in Croatia, Bulgaria and Romania of NOK 388m partly offset by positive revaluation in other countries, with Italy being the most significant.

Net credit loss on unsecured portfolios was NOK 125m in Q2 2020 compared with a net credit gain of 98 in Q2 2019. The loss is primarily explained by Covid-19 related delays in collections during Q2 as well as further delayed collections forecast for the second half of 2020.

Delayed Q2 collections had a net negative impact of approximately NOK 60m, while deferring collections for the second half of 2020 had a negative impact of NOK 30m. Other revisions mainly in Norway, Latvia and Hungary had a negative impact of approximately NOK 35m. In general, Northern Europe and Poland experienced minimal disruption to collections from Covid-19, while Central Europe, South Eastern Europe and Western Europe were impacted to a greater extent.

Net credit loss on secured portfolios of NOK 31m in Q2 2020 (519) is mainly reflecting delays in recoveries due to the closure of legal systems from late Q1 and much of Q2. The closure of the legal system is also expected to have an impact on Q3 2020 recoveries and curves have been updated accordingly. Keeping in mind the Covid-19 impact, recoveries in Q2 were ahead of expectations.

Profit from shares in associated parties/joint ventures and participation loan/notes for the quarter was NOK 10m (22) for the quarter. B2Holding's JVs cover portfolios in Croatia, Greece, Romania and Sweden. While collections for the JV in Sweden remained stable during the period, the Covid-19 impact has been felt to a greater extent further south in Europe and resulted in net credit losses on certain underlying portfolios and negative reported numbers for the JVs in that region.

Interest income from loan receivables for Q2 2020 was NOK 58m (74), the reduction compared with same quarter last year is reflecting lower loan balances and a lower interest rate during 2020. Net credit loss from

loan receivables of NOK 28m (52), primarily related to delays and expected delays in collection.

Revenue from sale of collateral assets for the quarter was NOK 14m with assets sold in Italy and Serbia during the quarter as well as some smaller sales in Poland, Romania and Croatia. The sales resulted in a net loss of NOK 1m in the quarter.

Other revenues were NOK 91m (95) for the quarter. Other revenues are mainly comprised of revenue from external collection which was stable year on year at NOK 75m in Q2 2020 (74). Credit information services and factoring are also included under other revenues.

#### OPERATING EXPENSES

In Q2 2020 the Group's operating expenses excluding cost of collateral assets sold, depreciation, amortization and impairment losses were NOK 415 m and a decrease of NOK 68m compared with Q1 2020. Q1 2020 included NOK 15m of non-recurring expenses mainly relating to organizational changes. Active cost control measures across the Group initiated as a response to the Covid-19 pandemic, as well as reduced cost due to closure of the legal systems around Europe, ensured delivery of targeted savings in Q2. Compared with Q2 2019 the Group achieved an FX adjusted saving of approximately 10 %.

Prior period has not been restated to reflect the cost of collateral assets sold in 2019.

Of the Group's operating expenses approximately 50 % are personnel costs, 25 % variable costs related to collection / recovery activity and 10 % office-related costs including premises, equipment, telecommunications, IT & postage. The year on year savings were delivered by a combination of cost and efficiency measures already undertaken in 2019, measures planned in 2020 and new initiatives introduced as a result of the Covid-19 situation.

#### NET FINANCIAL ITEMS

Net financial items for the quarter amounted to a negative NOK 193m (193) comprised of NOK 207m (195) in interest expenses, NOK 20m (14) in net exchange gain and NOK 5m in negative change in fair value of interest rate derivatives (-10). The net exchange gain is mainly due to the Croatian Kuna appreciating against the Euro, while the increase in interest expenses is relating to depreciation of the Norwegian Krone against the Euro.

Net financial items for the first half of 2020 amounted to a negative NOK 422m (412).

#### PROFIT FOR THE PERIOD AND TAX

The income tax expense for the quarter amounts to NOK 19m (8) and is 35.5 % of profit before tax. Profit after tax for the quarter ended at NOK 34 million (loss of NOK 270m).

The significant increase in tax expense and profit after tax compared to same quarter last year is primarily explained by one-off write downs on secured portfolios in Q2 2019.

#### BALANCE SHEET

At the end of the quarter, total assets amount to NOK 18,159m compared with NOK 16,942m at the end of 2019. The change is mainly related to purchased loan portfolios, see note 4 for details, as well as an increase in collateral assets due to repossession in the first half year of 2020.

Net debt amount to NOK 12,175m, up NOK 796m compared with the end of 2019. The change is primarily explained by changes in foreign currency translation rates. During the first half year 2020 the Group repurchased outstanding bonds with a nominal value of EUR 28.1m in Q1 and EUR 63.4 in Q2, this explains the reduction in short-term interest bearing loans and borrowings.

#### CASH FLOW

Operating cash flow was NOK 839m (863) in the second quarter of 2020. The 3 % decrease compared with the same period last year mainly relates to reduction in gross cash collection from purchased loan portfolios, combined with unrealized foreign exchange differences, partly offset by repayments on loan receivables and profit participation loan/notes.

Cash flow from investing activities ended at NOK -448m (- 1,645) and is mainly related to portfolio purchases.

Net cash flow from financing activities ended at NOK -224m (947) and is explained by net repayment on external borrowing in the quarter.

#### 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, 19 August 2020

## **Responsibility Statement**

We confirm, to the best of our knowledge, that the Condensed Interim Consolidated Financial Information for the six months ended 30 June 2020 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group’s assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that arose during the first six months of the financial year 2020, and their impact on the Condensed Interim Consolidated Financial Information, and accounts properly for the principal risks and uncertainties for the remaining six months of the financial year 2020, as well as major related parties transactions.

Board of Directors, B2Holding ASA, 19 August 2020

## Consolidated income statement

All figures in NOK million unless otherwise stated

	Notes	2020 Quarter 2	2019 Quarter 2	2020 6 months	2019 6 months	2019 Full Year
Interest income from purchased loan portfolios		712	660	1 405	1 318	2 713
Net credit gain/(loss) from purchased loan portfolios	4	-155	-421	-217	-419	-400
Profit from shares in associated parties/joint ventures and participation loan/notes		10	22	13	37	64
Interest income from loan receivables		58	74	123	145	294
Net credit gain/(loss) from loan receivables		-28	-52	-58	-98	-178
Revenue from sale of collateral assets		14		26		
Other revenues		91	95	185	192	381
<b>Total revenues</b>	3	<b>702</b>	<b>379</b>	<b>1 477</b>	<b>1 174</b>	<b>2 874</b>
External expenses of services provided		-102	-100	-222	-202	-447
Personnel expenses		-212	-217	-456	-432	-888
Other operating expenses		-101	-104	-220	-206	-446
Cost of collateral assets sold, including impairment		-15		-26		
Depreciation and amortisation		-27	-27	-53	-53	-107
Impairment losses						-27
<b>Operating profit/(loss)</b>	3	<b>245</b>	<b>-69</b>	<b>500</b>	<b>281</b>	<b>959</b>
Financial income		0	1	55	3	13
Financial expenses		-213	-209	-421	-398	-794
Net exchange gain/(loss)		20	14	-56	-16	-12
<b>Net financial items</b>	5	<b>-193</b>	<b>-193</b>	<b>-422</b>	<b>-412</b>	<b>-794</b>
<b>Profit/(loss) before tax</b>		<b>52</b>	<b>-262</b>	<b>78</b>	<b>-131</b>	<b>165</b>
Income tax expense		-19	-8	-19	-33	-58
<b>Profit/(loss) after tax</b>		<b>34</b>	<b>-270</b>	<b>58</b>	<b>-164</b>	<b>107</b>
<b>Profit/(loss) attributable to:</b>						
Parent company shareholders		34	-270	58	-164	107
Non-controlling interests		0	0	0	0	0
<b>Earnings per share (in NOK):</b>						
Basic		0,08	-0,66	0,14	-0,40	0,26
Diluted		0,08	-0,65	0,14	-0,40	0,26

## Consolidated statement of comprehensive income

All figures in NOK million

	2020 Quarter 2	2019 Quarter 2	2020 6 months	2019 6 months	2019 Full Year
<b>Profit/(loss) after tax</b>	<b>34</b>	<b>-270</b>	<b>58</b>	<b>-164</b>	<b>107</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations	-157	33	305	-73	-23
Hedging of currency risk in foreign operations	-35	-1	38	-1	-37
Tax attributable to items that may be reclassified to profit or loss	0	0	-11	0	9
<b>Other comprehensive income</b>	<b>-192</b>	<b>32</b>	<b>332</b>	<b>-73</b>	<b>-51</b>
<b>Total comprehensive income for the period</b>	<b>-159</b>	<b>-238</b>	<b>390</b>	<b>-237</b>	<b>56</b>
<b>Total comprehensive income attributable to:</b>					
Parent company shareholders	-159	-238	390	-237	56
Non-controlling interests	0	0	0	0	0

## Consolidated statement of financial position

All figures in NOK million

	Notes	2020	2019	2019
		30 Jun	30 Jun	31 Dec
Deferred tax asset		215	108	189
Goodwill		845	769	778
Tangible and intangible assets		364	371	363
Investments in associated companies and joint ventures		372	637	387
Purchased loan portfolios	3,4,5	14 280	12 986	13 420
Loan receivables		304	347	345
Participation loan/notes	3	546	569	542
Other non-current financial assets		6	8	5
<b>Total non-current assets</b>		<b>16 932</b>	<b>15 796</b>	<b>16 027</b>
Other short-term assets		270	307	240
Collateral assets		512	171	319
Cash and short-term deposits		445	541	356
<b>Total current assets</b>		<b>1 227</b>	<b>1 019</b>	<b>914</b>
<b>Total assets</b>		<b>18 159</b>	<b>16 815</b>	<b>16 942</b>
Equity attributable to parent company's shareholders	7	4 627	3 941	4 236
Equity attributable to non-controlling interests		1	0	1
<b>Total equity</b>		<b>4 628</b>	<b>3 942</b>	<b>4 237</b>
Deferred tax liabilities		178	167	171
Long-term interest bearing loans and borrowings	6	11 771	11 725	10 141
Other non-current liabilities		137	144	160
<b>Total non-current liabilities</b>		<b>12 086</b>	<b>12 037</b>	<b>10 472</b>
Short-term interest bearing loans and borrowings	6	767		1 498
Bank overdraft	6	81	176	97
Account payables and other payables		218	309	265
Income taxes payable		26	10	29
Other current liabilities		353	340	345
<b>Total current liabilities</b>		<b>1 445</b>	<b>836</b>	<b>2 233</b>
<b>Total equity and liabilities</b>		<b>18 159</b>	<b>16 815</b>	<b>16 942</b>

## Consolidated statement of changes in equity

All figures in NOK million

	Notes	2020			2019		
		Attributable to parent company's shareholders	Non-controlling interests	Total equity	Attributable to parent company's shareholders	Non-controlling interests	Total equity
<b>At 1 January</b>		<b>4 236</b>	<b>1</b>	<b>4 237</b>	<b>4 355</b>	<b>1</b>	<b>4 355</b>
Profit/(loss) after tax		58	0	58	-164	0	-164
Other comprehensive income		332	0	332	-73	0	-73
<b>Total comprehensive income</b>		<b>390</b>	<b>0</b>	<b>390</b>	<b>-237</b>	<b>0</b>	<b>-237</b>
Issue of share capital	7				8		8
Share based payments		1		1	1		1
Dividend paid to parent company's shareholders					-184		-184
Dividends to non-controlling interests			0			-0	-0
Acquisition of non-controlling interests					-1	-0	-1
Capital contribution from non-controlling interests						0	0
<b>At 30 June</b>		<b>4 627</b>	<b>1</b>	<b>4 628</b>	<b>3 941</b>	<b>0</b>	<b>3 942</b>

## Consolidated statement of cash flows

All figures in NOK million

	Notes	2020 Quarter 2	2019 Quarter 2	2020 6 months	2019 6 months	2019 Full Year
<b>Cash flow from operating activities</b>						
Profit/(loss) before tax		52	-262	78	-131	165
Amortisation/revaluation of purchased loan portfolios		644	1 035	1 329	1 623	2 889
Adjustment other non-cash items		18	30	47	58	124
Interest expenses		212	205	419	393	802
Unrealised foreign exchange differences		-139	-19	-56	65	-15
Income tax paid		-30	-59	-67	-107	-194
Change in working capital		20	-26	-229	-137	-292
Change in other balance sheet items		62	-42	127	-8	131
<b>Net cash flow from operating activities</b>		<b>839</b>	<b>863</b>	<b>1 647</b>	<b>1 756</b>	<b>3 609</b>
<b>Cash flow from investing activities</b>						
Net portfolio purchases	3,4	-443	-1 025	-1 008	-1 605	-3 117
Net investments in tangible and intangible assets		-9	-13	-21	-30	-49
Investments in subsidiary companies, joint ventures and associated companies		26	-519	33	-624	-371
Payment of contingent consideration		-22	-88	-22	-88	-88
<b>Net cash flow from investing activities</b>		<b>-448</b>	<b>-1 645</b>	<b>-1 017</b>	<b>-2 348</b>	<b>-3 624</b>
<b>Cash flow from financing activities</b>						
Net new share issue	7				8	8
Capital contribution from non-controlling interests			0		0	0
Net receipts/(payments) on interest bearing loans and borrowings		-29	1 315	-162	1 165	851
Interest paid		-195	-183	-383	-365	-737
Dividends paid to parent company's shareholders			-184		-184	-184
Dividends paid to non-controlling interests		-0	-0	-0	-0	-0
<b>Net cash flow from financing activities</b>		<b>-224</b>	<b>947</b>	<b>-545</b>	<b>623</b>	<b>-63</b>
<b>Net cash flow during the period</b>		<b>167</b>	<b>165</b>	<b>86</b>	<b>31</b>	<b>-77</b>
Cash and cash equivalents at the beginning of the period		199	196	259	339	339
Exchange rate difference on cash and cash equivalents		-2	3	19	-6	-2
<b>Cash and cash equivalents at the end of the period</b>		<b>364</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>259</b>
<i>Cash and cash equivalents comprised of:</i>						
Cash and short-term deposits		445	541	445	541	356
Bank overdraft		-81	-176	-81	-176	-97

## Notes to the interim consolidated financial statements

### Note 1 – General information and basis for preparation

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

These interim condensed consolidated financial statements (interim report) for the second quarter and first half year ended 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statement for 2019. The annual consolidated financial statements for 2019 are available upon request from the Company and at [www.b2holding.no](http://www.b2holding.no).

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

The interim financial information for the quarters ended 30 June 2020 and 30 June 2019 are unaudited. The 2019 audited financial statements were approved by the Board of Directors on 29 April 2020.

#### **Adjustment of presentation of consolidated statement of cash flows**

From the second quarter 2020 the presentation of consolidated statement of cash flows for the Group has been updated. The presentation was changed to better reflect "cash flow from operating activities" by making it more comparable to Cash EBITDA, through reclassifying interest paid to "cash flow from financing activities". Comparable numbers are updated.

### Note 2 – Estimates and critical accounting judgements

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

### Note 3 – Segment reporting

For management purposes, the Group is organized into different geographical regions corresponding to the countries where the Group operates. The Executive Management monitors the operating results of these geographical regions separately for the purposes of making decisions about resource allocation and performance assessment. The segment reporting is presented in the same manner as presented to the Executive Management. The Executive Management reporting differs from the reported numbers in the interim consolidated financial statements. The differences are related to the line item presentation of revenue from purchased loan portfolios and the presentation of operating expenses. Total revenues and operating profit are equal in segment reporting and in the interim consolidated income statement. See explanation of the differences in definitions on page 23.

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 2, 2020**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income from purchased loan portfolios	225	146	154	92	95		712
Net credit gain/(loss) from purchased loan portfolios	-28	-17	-35	-30	-46		-155
<b>Revenue from purchased loan portfolios</b>	<b>197</b>	<b>129</b>	<b>120</b>	<b>62</b>	<b>49</b>		<b>557</b>
Profit from shares in associated parties/joint ventures and participation loans/notes	3		7		0		10
<b>Total revenue from purchased loan portfolios</b>	<b>200</b>	<b>129</b>	<b>126</b>	<b>62</b>	<b>50</b>		<b>568</b>
Revenue from external collection	38	0	0	30	7		75
Revenue from loan receivables		29			0		29
Revenue from sale of collateral assets		1	5	5	2		14
Other operating revenues	5	0	3	7	1		15
<b>Total other revenues</b>	<b>43</b>	<b>30</b>	<b>8</b>	<b>42</b>	<b>11</b>		<b>134</b>
<b>Total revenues</b>	<b>243</b>	<b>159</b>	<b>135</b>	<b>105</b>	<b>60</b>		<b>702</b>
Cost to collect	-63	-78	-39	-36	-45		-261
Cost of collateral assets sold, including impairment		-1	-5	-6	-3		-15
Cost other revenues	-38	-13	-5	-40	-15		-110
Administration and management costs	-3	-1	-1	-1	-1	-36	-43
<b>EBITDA</b>	<b>140</b>	<b>66</b>	<b>84</b>	<b>22</b>	<b>-3</b>	<b>-36</b>	<b>272</b>
Depreciation, amortisation and impairment losses	-4	-9	-2	-6	-4	-2	-27
<b>Operating profit/(loss)</b>	<b>136</b>	<b>57</b>	<b>82</b>	<b>16</b>	<b>-7</b>	<b>-38</b>	<b>245</b>

**Quarter 2, 2019**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income from purchased loan portfolios	176	132	187	72	93		660
Net credit gain/(loss) from purchased loan portfolios	45	22	-488	124	-124		-421
<b>Revenue from purchased loan portfolios</b>	<b>221</b>	<b>154</b>	<b>-301</b>	<b>196</b>	<b>-31</b>		<b>239</b>
Profit from shares in associated parties/joint ventures and participation loans/notes			4		18		22
<b>Total revenue from purchased loan portfolios</b>	<b>221</b>	<b>154</b>	<b>-296</b>	<b>196</b>	<b>-13</b>		<b>261</b>
Revenue from external collection	29	0	0	36	10		74
Revenue from loan receivables	-2	23	0		0		22
Other operating revenues	4	0	2	14	1		21
<b>Total other revenues</b>	<b>32</b>	<b>24</b>	<b>2</b>	<b>50</b>	<b>11</b>		<b>118</b>
<b>Total revenues</b>	<b>253</b>	<b>178</b>	<b>-294</b>	<b>245</b>	<b>-3</b>		<b>379</b>
Cost to collect	-54	-76	-58	-38	-49		-275
Cost other revenues	-32	-17	-4	-46	-16		-115
Administration and management costs	-1	-1	-1	-1	0	-27	-31
<b>EBITDA</b>	<b>165</b>	<b>84</b>	<b>-357</b>	<b>161</b>	<b>-69</b>	<b>-27</b>	<b>-42</b>
Depreciation and amortisation	-3	-11	-3	-6	-4	0	-27
<b>Operating profit (EBIT)</b>	<b>162</b>	<b>73</b>	<b>-360</b>	<b>155</b>	<b>-73</b>	<b>-27</b>	<b>-69</b>

**6 months, 2020**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income from purchased loan portfolios	438	293	312	181	182		1 405
Net credit gain/(loss) from purchased loan portfolios	-26	-14	-74	-51	-53		-217
<b>Revenue from purchased loan portfolios</b>	<b>412</b>	<b>279</b>	<b>238</b>	<b>130</b>	<b>129</b>		<b>1 188</b>
Profit from shares in associated parties/joint ventures and participation loans/notes	7		6		1		13
<b>Total revenue from purchased loan portfolios</b>	<b>418</b>	<b>279</b>	<b>244</b>	<b>130</b>	<b>130</b>		<b>1 201</b>
Revenue from external collection	72	0	1	60	16		149
Revenue from loan receivables		64			1		65
Revenue from sale of collateral assets		4	10	9	3		26
Other operating revenues	9	1	6	18	2		36
<b>Total other revenues</b>	<b>82</b>	<b>69</b>	<b>16</b>	<b>87</b>	<b>22</b>		<b>276</b>
<b>Total revenues</b>	<b>500</b>	<b>348</b>	<b>260</b>	<b>216</b>	<b>153</b>		<b>1 477</b>
Cost to collect	-125	-160	-100	-75	-101		-562
Cost of collateral assets sold, including impairment		-4	-9	-9	-4		-26
Cost other revenues	-74	-30	-10	-86	-37		-239
Administration and management costs	-8	-3	-3	-2	-2	-81	-97
<b>EBITDA</b>	<b>292</b>	<b>150</b>	<b>139</b>	<b>44</b>	<b>8</b>	<b>-81</b>	<b>553</b>
Depreciation, amortisation and impairment losses	-7	-17	-5	-12	-9	-3	-53
<b>Operating profit (EBIT)</b>	<b>285</b>	<b>133</b>	<b>134</b>	<b>32</b>	<b>-1</b>	<b>-84</b>	<b>500</b>

**6 months, 2019**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income from purchased loan portfolios	345	263	383	143	184		1 318
Net credit gain/(loss) from purchased loan portfolios	47	33	-507	136	-128		-419
<b>Revenue from purchased loan portfolios</b>	<b>392</b>	<b>295</b>	<b>-123</b>	<b>279</b>	<b>56</b>		<b>899</b>
Profit from shares in associated parties/joint ventures and participation loans/notes			4		33		37
<b>Total revenue from purchased loan portfolios</b>	<b>392</b>	<b>295</b>	<b>-119</b>	<b>279</b>	<b>89</b>		<b>936</b>
Revenue from external collection	59	0	0	72	18		150
Revenue from loan receivables	-2	47	0		1		46
Other operating revenues	7	1	3	30	1		42
<b>Total other revenues</b>	<b>65</b>	<b>47</b>	<b>4</b>	<b>102</b>	<b>20</b>		<b>238</b>
<b>Total revenues</b>	<b>456</b>	<b>342</b>	<b>-115</b>	<b>381</b>	<b>109</b>		<b>1 174</b>
Cost to collect	-109	-162	-111	-70	-97		-550
Cost other revenues	-61	-34	-6	-92	-30		-223
Administration and management costs	-2	-2	-2	-1	-1	-60	-68
<b>EBITDA</b>	<b>284</b>	<b>144</b>	<b>-233</b>	<b>219</b>	<b>-19</b>	<b>-60</b>	<b>334</b>
Depreciation and amortisation	-6	-21	-7	-11	-8	-1	-53
<b>Operating profit (EBIT)</b>	<b>278</b>	<b>123</b>	<b>-240</b>	<b>207</b>	<b>-27</b>	<b>-61</b>	<b>281</b>

**Quarter 2, 2020**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	247	19		36	171		473
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	5 358	2 022	3 315	2 136	1 448		14 280
Participation loan/notes to SPV's for purchase of loan portfolios					546		546
Purchased loan portfolios held through joint venture <sup>1)</sup>	107		257		7		371
<b>Purchased loan portfolios at 30 June</b>	<b>5 465</b>	<b>2 022</b>	<b>3 572</b>	<b>2 136</b>	<b>2 001</b>		<b>15 197</b>

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

**Quarter 2, 2019**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	733	78	12	125	94		1 042
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	4 466	1 995	3 233	1 952	1 340		12 986
Participation loan/notes to SPV's for purchase of loan portfolios					569		569
Purchased loan portfolios held through joint venture <sup>1)</sup>			628		6		634
<b>Purchased loan portfolios at 30 June</b>	<b>4 466</b>	<b>1 995</b>	<b>3 862</b>	<b>1 952</b>	<b>1 915</b>		<b>14 189</b>

**6 months, 2020**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	588	80		77	218		964
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	5 358	2 022	3 315	2 136	1 448		14 280
Participation loan/notes to SPV's for purchase of loan portfolios					546		546
Purchased loan portfolios held through joint venture <sup>1)</sup>	107		257		7		371
<b>Purchased loan portfolios at 30 June</b>	<b>5 465</b>	<b>2 022</b>	<b>3 572</b>	<b>2 136</b>	<b>2 001</b>		<b>15 197</b>

**6 months, 2019**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	1 138	171	13	159	133		1 613
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	4 466	1 995	3 233	1 952	1 340		12 986
Participation loan/notes to SPV's for purchase of loan portfolios					569		569
Purchased loan portfolios held through joint venture <sup>1)</sup>			628		6		634
<b>Purchased loan portfolios at 30 June</b>	<b>4 466</b>	<b>1 995</b>	<b>3 862</b>	<b>1 952</b>	<b>1 915</b>		<b>14 189</b>

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

	2020 Quarter 2	2019 Quarter 2	2020 6 months	2019 6 months	2019 Full Year
Opening balance	15 077	12 900	13 420	13 346	13 346
Acquired in business combinations					
Portfolio purchases in the period	473	1 042	964	1 613	3 409
Gross cash collection from purchased loan portfolios	-1 201	-1 274	-2 516	-2 521	-5 202
Interest income from purchased loan portfolios	712	660	1 405	1 318	2 713
Net credit gain/(loss) from purchased loan portfolios	-155	-421	-217	-419	-400
Book value of sold loan portfolios					-311
Exchange rate differences	-626	78	1 225	-351	-135
<b>Closing balance</b>	<b>14 280</b>	<b>12 986</b>	<b>14 280</b>	<b>12 986</b>	<b>13 420</b>

The face value of purchased loan portfolios at 30 June 2020 amounts to NOK 152,000m including accrued interest (2019: NOK 130,874m).

The fair value of unquoted financial assets has been estimated using valuation techniques based on assumptions that are not supported by observable market prices. The fair value of purchased loan portfolios (level 3) has been calculated by discounting the expected net future cash flows from collection less cost to collect and tax with the estimated weighted average cost of capital for the countries where the purchased portfolios are originated. The calculated fair value as of 30.06.2020 is NOK 14,558m

**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 2, 2020**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Gross cash collection from purchased loan portfolios	1	11	143	84	39		279
Collection above/(below) estimates	0	5	84	42	21		152
Changes in future collection estimates	0	-16	-89	-60	-17		-182
Net credit gain/(loss) from secured portfolios	0	-11	-6	-18	4		-31
<i>Unsecured portfolios:</i>							
Gross cash collection from purchased loan portfolios	449	244	97	50	83		923
Collection above/(below) estimates	-5	-16	-2	-13	-36		-73
Changes in future collection estimates	-23	10	-26	1	-14		-52
Net credit gain/loss from unsecured portfolios	-28	-6	-29	-12	-50		-125
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>-28</b>	<b>-17</b>	<b>-35</b>	<b>-30</b>	<b>-46</b>		<b>-155</b>

**Quarter 2, 2019**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Gross cash collection from purchased loan portfolios	2	6	301	65	55		429
Collection above/(below) estimates	0	-7	-430	6	-95		-525
Changes in future collection estimates	0	6	-73	108	-35		6
Net credit gain/(loss) from secured portfolios	0	0	-503	114	-130		-519
<i>Unsecured portfolios:</i>							
Gross cash collection from purchased loan portfolios	372	238	96	36	103		845
Collection above/(below) estimates	11	17	3	7	-1		37
Changes in future collection estimates	34	6	12	2	7		61
Net credit gain/loss from unsecured portfolios	45	23	15	10	6		98
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>45</b>	<b>22</b>	<b>-488</b>	<b>124</b>	<b>-124</b>		<b>-421</b>

**6 months, 2020**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Gross cash collection from purchased loan portfolios	3	20	374	174	98		669
Collection above/(below) estimates	0	9	202	39	41		291
Changes in future collection estimates	1	-21	-242	-60	-36		-358
Net credit gain/(loss) from secured portfolios	1	-12	-40	-20	5		-66
<i>Unsecured portfolios:</i>							
Gross cash collection from purchased loan portfolios	874	489	191	99	194		1 848
Collection above/(below) estimates	8	-12	-6	-31	-41		-82
Changes in future collection estimates	-35	10	-28	1	-17		-69
Net credit gain/loss from unsecured portfolios	-27	-2	-34	-30	-58		-151
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>-26</b>	<b>-14</b>	<b>-74</b>	<b>-51</b>	<b>-53</b>		<b>-217</b>

**6 months, 2019**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Gross cash collection from purchased loan portfolios	5	15	603	182	99		904
Collection above/(below) estimates	0	-2	-641	15	-164		-793
Changes in future collection estimates	-6	1	125	107	28		254
Net credit gain/(loss) from secured portfolios	-6	-1	-516	121	-137		-539
<i>Unsecured portfolios:</i>							
Gross cash collection from purchased loan portfolios	698	463	188	68	200		1 617
Collection above/(below) estimates	15	28	-6	14	0		52
Changes in future collection estimates	38	6	15	1	9		68
Net credit gain/loss from unsecured portfolios	53	34	10	15	9		120
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>47</b>	<b>33</b>	<b>-507</b>	<b>136</b>	<b>-128</b>		<b>-419</b>

**Purchase of loan portfolios, cash flow statement**

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

All figures in NOK million

	2020 Quarter 2	2019 Quarter 2	2020 6 months	2019 6 months	2019 Full Year
Portfolio purchases in the period	-473	-1 042	-964	-1 613	-3 409
Investment in JV for purchase of portfolio					311
Sale price sold portfolios					-19
Change in prepaid amounts and amounts due on portfolio purchases	29	18	-44	7	
<b>Net portfolio purchases, cash flow statement</b>	<b>-443</b>	<b>-1 025</b>	<b>-1 008</b>	<b>-1 605</b>	<b>-3 117</b>

**Note 5 – Financial instruments**

Specific disclosures regarding purchased loan portfolios see note 4.

**Fair value of financial instruments**

The fair value of interest-bearing loans and borrowings is equal to the carrying amount (NOK 3,826m) for the Multi-currency revolving credit facility (level 2) as the loans are based on one to six month floating interest. The fair value (NOK 7,365m) of bond loans (level 1) were determined by obtaining quoted market prices for the bond loans from the Norwegian Stock Exchange. The carrying amount is NOK 8,794m. Participation loan/notes are measured at fair value through profit or loss. For loan receivables the carrying value is the best estimate of fair value.

**Financial risk**

The strategy of the Group is to manage and limit both currency and interest rate risk. The Group holds various derivative financial instruments with the purpose of reducing its interest rate exposure and achieving a suitable currency ratio between its assets and liabilities. At quarter end the fair value of the currency derivatives was negative NOK 2m and the fair value of the interest rate hedging derivatives was negative NOK 17m. The interest rate hedging ratio was 78 %.

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

**Net financial items**

All figures in NOK million

	2020 Quarter 2	2019 Quarter 2	2020 6 months	2019 6 months	2019 Full Year
Interest income	0	1	1	2	3
Other financial income	0	0	54	1	10
<b>Financial income</b>	<b>0</b>	<b>1</b>	<b>55</b>	<b>3</b>	<b>13</b>
Interest expenses	-207	-195	-415	-358	-771
Change in fair value of interest rate derivatives	-5	-10	-3	-35	-31
Other financial expenses	-1	-4	-3	-5	7
<b>Financial expenses</b>	<b>-213</b>	<b>-209</b>	<b>-421</b>	<b>-398</b>	<b>-794</b>
Realised exchange gain/(loss)	181	7	157	40	16
Unrealised exchange gain/(loss)	-143	37	-216	-92	-76
Change in fair value of currency derivatives	-18	-30	3	36	47
<b>Net exchange gain/(loss)</b>	<b>20</b>	<b>14</b>	<b>-56</b>	<b>-16</b>	<b>-12</b>
<b>Net financial items</b>	<b>-193</b>	<b>-193</b>	<b>-422</b>	<b>-412</b>	<b>-794</b>

**Note 6 - Interest bearing loans and borrowings**

All figures in NOK million

	30 June 2020		31 December 2019	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility		3 744		2 805
Bond loan	767	8 027	1 498	7 336
Short term interest bearing loans & borrowings				
Bank overdraft	81		97	
<b>Total</b>	<b>849</b>	<b>11 771</b>	<b>1 594</b>	<b>10 141</b>

The Group is financed by a mix of Multi Currency Revolving Credit Facility (RCF) and Bond loans. At quarter end EUR 355m was utilised from the EUR 510m RCF, leaving an available, undrawn amount of EUR 155m. Total outstanding bond loans was EUR 925m where EUR 113m was held as Treasury Bonds.

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

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

**Note 7 - Share Capital and other paid-in capital**

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

	Share capital Number of shares	Share capital NOK million	Other paid-in capital <sup>1)</sup> NOK million
<b>At 31 December 2019</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>
<b>At 30 June 2020</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>
<b>At 19 August 2020 (date of completion of these interim condensed financial statements)</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>

1) Net proceeds after transaction costs

**Note 8 – Share based payments**

8,300,000 share options granted in 2015 expired 30 June 2020.

1 July 2020, 3,050,000 share options were granted at a strike price of 4.5683 NOK. Each option, when exercised, will give the right to acquire one share in B2Holding ASA. Pursuant to the vesting schedule 1/3 of the options will vest one, two and three years after the day of granting. The options that have not been exercised will lapse five (5) years after the date of granting.

At the date of these interim financial statements there are 14,735,000 share options outstanding.

**Note 9 – Subsequent events**

There have been no events after the balance sheet date with significant impact on the interim financial statements for the second quarter and first half year of 2020.

**Alternative performance measures**

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

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

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

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

**Alternative performance measures - reconciliation:**

All figures in NOK million

	2020 Quarter 2	2019 Quarter 2	2020 6 months	2019 6 months	2019 Full Year
<b>Operating profit/(loss)</b>	245	-69	500	281	959
Add back depreciation, amortisation and impairment losses	27	27	53	53	134
<b>EBITDA</b>	<b>272</b>	<b>-42</b>	<b>553</b>	<b>334</b>	<b>1 093</b>
<b>Total revenues</b>	702	379	1 477	1 174	2 874
Add back amortisation/revaluation of purchased loan portfolios	644	1 035	1 329	1 623	2 889
Adjusted for cost of sales collateral assets	-15		-26		
<b>Cash revenue</b>	<b>1 331</b>	<b>1 414</b>	<b>2 779</b>	<b>2 797</b>	<b>5 763</b>
<b>Operating profit/(loss)</b>	245	-69	500	281	959
Add back amortisation/revaluation of purchased loan portfolios	644	1 035	1 329	1 623	2 889
Add back depreciation and amortisation	27	27	53	53	134
<b>Cash EBITDA</b>	<b>916</b>	<b>993</b>	<b>1 882</b>	<b>1 957</b>	<b>3 982</b>

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

All figures in NOK million

	2020 30 Jun	2020 31 Mar	2019 31 Dec	2019 30 Sep
<b>Total assets</b>	18 159	19 196	16 942	17 133
<b>Total equity</b>	4 628	4 786	4 237	4 122
<b>Equity ratio</b>	<b>25,5 %</b>	<b>24,9 %</b>	<b>25,0 %</b>	<b>24,1 %</b>
<b>Total assets</b>	18 159	19 196	16 942	17 133
Excluding IFRS 16 right-of-use asset	-126	-140	-134	-114
<b>Total assets excl IFRS 16 right-of-use asset</b>	<b>18 033</b>	<b>19 056</b>	<b>16 808</b>	<b>17 020</b>
<b>Equity ratio</b>	<b>25,7 %</b>	<b>25,1 %</b>	<b>25,2 %</b>	<b>24,2 %</b>

All figures in NOK million

	2020 30 Jun	2020 31 Mar	2019 31 Dec	2019 30 Sep
Bond loan (nominal value) <sup>1)</sup>	8 866	10 082	8 917	8 945
Revolving Credit Facility (nominal value) <sup>1)</sup>	3 796	3 255	2 863	3 013
Contingent consideration (earn out)	43	68	59	73
Vendor loan	72	64	121	153
FX Derivatives (MTM)	2	-18	5	-2
Net cash balance including overdraft	-364	-199	-259	-114
<b>Total loan</b>	<b>12 416</b>	<b>13 253</b>	<b>11 705</b>	<b>12 068</b>
Purchased loan portfolios	14 280	15 077	13 420	13 749
Investment and participation in joint ventures <sup>2)</sup>	910	988	922	872
Other assets <sup>3)</sup>	1 652	1 683	1 433	1 375
<b>Book value</b>	<b>16 843</b>	<b>17 748</b>	<b>15 775</b>	<b>15 995</b>
<b>Total Loan to Value % (TLTV)</b>	<b>73,7 %</b>	<b>74,7 %</b>	<b>74,2 %</b>	<b>75,4 %</b>

- 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/Liquidity reserve

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

### Cash EBITDA

Cash EBITDA consists of EBIT added back depreciation and amortisation of tangible and intangible assets, 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 and cost of sales collateral assets. Cash revenue is a measure of actual revenues (cash business) from the collection business and other business areas.

### Collateral asset

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

### Cost other revenues

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

### Cost to collect

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

### EBITDA

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

### Estimated Remaining Collection (ERC)

Estimated remaining collection (ERC) expresses the gross 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 and assets recovered from purchased portfolios before costs related to collect the cash received.

### Interest income from loan receivables

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

### Interest income from purchased portfolios

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

### Leverage ratio

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

### Net debt

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

### Net interest-bearing debt

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

### Net credit gain/(loss) from purchased loan portfolios

The Group's exposure to credit risk from the purchased loan portfolios is related to actual gross 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.

### Net credit gain/(loss) from loan receivables

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

### Non-recurring

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

### Operating cash flow per share

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

### Other revenues

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

### Participation loan/notes

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

**Portfolio purchases**

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

**Profit margin**

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

**Return on equity (ROE)**

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

**Revaluation**

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

**Total Loan to Value (TLTV)**

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

**Segment reporting**

The presentation of segment information is in the same format as reported to management. This is different from the financial statement presentation due to management focus on actual gross 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 2020**

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

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

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