Q3

Third quarter 2020

B2HOLDING

Third quarter and YTD September 2020

"B2Holding has a healthy balance sheet, and through the renegotiated agreement with our banks, we are well positioned to meet the future."

Erik Just Johnsen, CEO

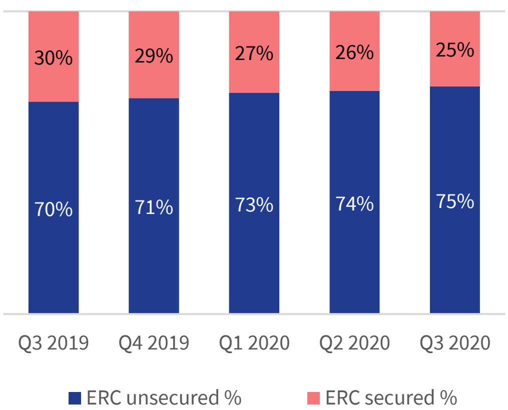
QUARTERLY EVENTS

- Unsecured collections were above the expectations in the curves for the quarter
- Successful execution of amicable recovery strategies for secured portfolios drove performance above target
- Operating expenses were in line with cost saving targets following continued focus on operational cost
- Portfolio purchases remained conservative to preserve liquidity and position the company for attractive future purchase opportunities
- Cashflow from operations in line with Q3 last year
- New bridge facility and extension and amendment of revolving credit facility (RCF) was concluded, establishing a good foundation for the future financing structure

QUARTERLY SUMMARY

NOK million	2020 Quarter 3	2019 Quarter 3	*% Change*	2020 9 months	2019 9 months	*% Change*	2019 Full year
Total revenues	845	880	*-4 %*	2 322	2 054	*13 %*	2 874
Operating profit/(loss)	369	387	*-4 %*	869	667	*30 %*	959
Profit/(loss) after tax	128	181	*-29 %*	186	17	*990 %*	107
Cash revenue[1)]	1 348	1 492	*-10 %*	4 054	4 247	*-5 %*	5 642
Cash EBITDA[1)]	932	1 034	*-10 %*	2 741	2 965	*-8 %*	3 905
Cash margin[1)]	69 %	69 %	*0 pp*	68 %	70 %	*-2 pp*	69 %
Cost to collect %	16,9 %	22,4 %	*-5,5 pp*	20,2 %	22,0 %	*-1,8 pp*	22,5 %
Basic earnings per share, NOK	*0,31*	0,44		*0,45*	*0,04*		*0,26*
Return on equity	6,2 %	4,3 %	*1,9 pp*	6,2 %	4,3 %	*1,9 pp*	2,5 %
Gross collection from purchased loan portfolios[2)]	1 636	1 448	*13 %*	4 345	4 055	*7 %*	5 425
Portfolio purchases[3)]	264	1 231	*-79 %*	1 227	3 468	*-65 %*	4 034

ERC - ASSET CLASS SPLIT



KEY PERFORMANCE FIGURES

NOK million	2020 30 Sep	2019 31 Dec	*% Change*
ERC (at end of month)[4)]	24 616	23 809	*3 %*
Net interest bearing debt	11 886	11 379	*4 %*
Liquidity reserve	3 652	2 308	*58 %*
Equity ratio[5)]	26,8 %	25,1 %	*1,7 pp*
Leverage ratio[1)]	3,23x	2,91x	*0,32x*
Total Loan to Value % (TLTV)	72,1 %	74,7 %	*-2,6 pp*
Number of employees (FTEs)	2 276	2 517	*-10 %*

1) Prior period numbers are updated in accordance with adjusted definition for Cash revenue and Cash EBITDA
2) Includes the Group's share of gross collection for portfolios purchased and held in SPVs and joint ventures
3)Including the Group's share of portfolios purchased in SPVs and joint ventures
4) Including the Group's share of portfolios purchased and held in SPVs and joint ventures
5) Equity ratio as defined in the RCF agreement

Comment by the CEO

Improved performance but still uncertain times

The third quarter showed better performance than expected, and I am once again very impressed by the effort shown by our employees and by their response to the pandemic. Around 50 % of the employees have been working from home during the quarter, working in shifts, and we maintain strong focus on the health and safety of our employees. In this challenging period our goal has also been to ensure that people keep their jobs, and this has been key when considering cost cutting measures. Letting people go is the last resort. We have continued focus on ethical and responsible collection, amongst other things through adapting payment plans rather than sending cases to legal collection.

"The third quarter showed better performance than expected, and I am once again very impressed by the effort shown by our employees and by their response to the pandemic."

During the third quarter we have continued with our mitigating actions. Consistent with the rest of the industry, B2Holding has limited its portfolio purchase activity. Cost cutting initiatives have been prioritized also during the third quarter and we have reached our targets.

As mentioned in the second quarter presentation, we introduced Program Foresight last year, where our target is to make use of the best AI technology available to ensure that we are well prepared to meet the future. We are making good progress, and I am excited about the future benefits this program should bring us. Continuous improvements in IT with a higher degree of standardisation remains a core focus going forward.

During the third quarter we have concluded the dialogue with our banks, DNB, Nordea and Swedbank regarding the RCF. The dialogue has resulted in a renegotiated RCF which includes an extension of the maturity by one year to May 2023. Furthermore, we have agreed a bridge facility of EUR 100 million from DNB and Nordea which gives us additional flexibility to refinance outstanding bonds. We are appreciative of the trust shown in us by our banks, which has materialized in a good and balanced agreement for B2Holding.

I am also pleased to welcome André Adolfsen as a new member of our Group Executive Management. As previously announced, André has joined as our new CFO starting from November.

Going forward, I am cautiously optimistic on the back of a solid quarter. However, we have recently seen a second wave of the pandemic, and this serves as a reminder that this crisis is by no means over. It remains to be seen what the long-term macroeconomic effects of the pandemic will be. What we have observed so far is that there are large variations across Europe, and we need to take this into account when we plan for the future. Finally, I would like to emphasize that B2Holding has a healthy balance sheet, and through the renegotiated agreement with our banks, we are well positioned to meet the future.

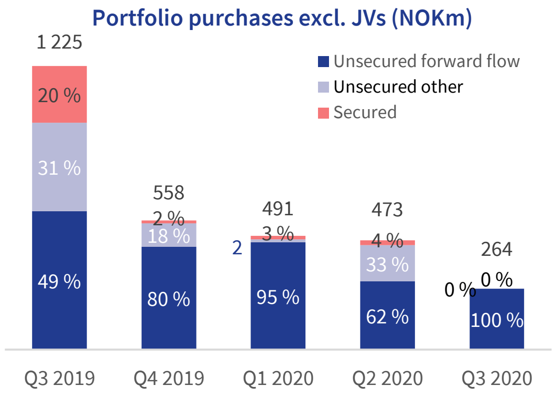
Oslo, 2 November 2020

Erik Just Johnsen
CEO

Operations

Operations are gradually returning to normal and overall had an increase in activity in Q3. Collections and recoveries have continued to exceed expectations in stress test scenarios, including solving some of the top claims within the secured business. Conclusion of discussion with banks for updated and new loan agreements, combined with low portfolio purchases the last quarters, has strengthened and will further strengthen the liquidity situation of the Group.

PORTFOLIO PURCHASES



Third quarter had the lowest portfolio purchases so far in 2020 and reflects the Group's decision to lower investment activities as a response to the Covid-19 pandemic. During Q2 the Group thoroughly reviewed a majority of its ongoing commitments. As a consequence, forward flow transactions were either put on hold, moved to temporary servicing agreements or terminated when necessary. Prices were also renegotiated. While Q3 is traditionally a quarter with lower purchasing volumes, it also shows the full effect of this revised investment plan.

Almost two thirds of all investments for the quarter represent forward flow transactions made in the Nordic markets, mainly in Finland and Sweden. These markets have seen relatively mild impacts from the pandemic and the Group has been able to continue investing at very favourable return levels. The remaining purchases cover smaller portfolio acquisitions in Poland, Western and South Eastern Europe.

Transfer of a portfolio purchased in Cyprus in Q2, mentioned in the Q2 report, to co-investment structure with Waterfall Asset Management is pending approval from the Bank of Cyprus.

Similar to Q2, the Group's position remains unchanged regarding new portfolio investments. With the uncertainty around a second wave of the pandemic, the Group will carefully monitor the market and keep purchases at modest levels while maintaining an opportunistic approach at the same time. Anticipation is that a significant amount of NPL volumes will be coming to the market in 2021 at increased yields.

COLLECTION, RECOVERIES, REPOSSESSION AND SERVICING

Gross collections ended at NOK 1,558m, up NOK 173m (12 %) versus Q3 2019, primarily due to significant recoveries for secured portfolios in the current quarter. Secured recoveries were NOK 635m (407) for the quarter, of which NOK 408 million (64 %) were repossessed assets that B2Holding has successfully taken legal ownership of.

The Group is observing increasing activity in the third party collections market, as the primary creditors have been striving to reduce their own costs of NPL management. This supports the identified potential reflected in B2Holding's strategy, where the aim is to increase servicing revenues. Also, in an effort to reduce the Group's investments in the early stage of the crisis, while continuing to support partners, some of the forward flow agreements have temporarily been converted into third party service agreements.

Cash EBITDA was NOK 932m compared with NOK 1,034m in Q3 2019 showing continued good cash flow from operations, despite impact of Covid-19.

Unsecured

Gross collections on unsecured portfolios reached NOK 923m (979) in the third quarter.

Trends observed in the second quarter continued. Overall, the impact of Covid-19 was below levels predicted in the stress test scenarios, though materially different between geographies. Countries with the most significant impact are those where legal systems were disrupted by government measures. Efficiency of government support and swiftness in reaction to the crisis also played an important role in minimizing impact on debtors, and thus supporting the cash flows of amicable collection. The Group's numerous adjustments to collection strategies and organization of operations has also contributed to reduce the impact of the pandemic.

Experience is that the contact rate and payment discipline within payment plans, remains at a level higher than expected at outbreak of Covid-19.

The impact of the crisis on amicable collection can in summary be considered as relatively low.

The largest unsecured markets in Northern Europe (mainly Sweden and Finland) delivered results comparable to pre-pandemic levels, while Poland has been very close to the original targets. Western Europe has performed reasonably well, with France overperforming compared with curves, partly offset by Italy which is still recovering from the pandemic. At the same time, Central and South Eastern Europe suffered notably more. Legal collection has been on hold for six months in Croatia, after the operations of the FINA agency (delivering services usually covered by the bailiff system in other countries) were stopped by the local authorities. These limitations are expected to be lifted by the end of October.

Lock-down measures were lifted in a majority of the Group's markets during Q3, however, approximately 50% of staff are still working from home. IT systems are fully adapted to the new circumstances. The collection strategies were tuned to the changing behaviours and situation of debtors during Q2 and continued in Q3.

Development of the pandemic, possible measures that may be taken by the authorities and related consequences for the European economies, may have an impact on the performance in the coming quarters, however B2 Holding is well prepared for the challenges to come.

Recoveries from secured portfolios

Recoveries from secured portfolios were strong and ahead of expectations for Q3 2020.

B2Holding amicably resolved some of its top claims with an average shortening in "Time-to-Asset" of 14 months, compared with expectations in the curves. A significant portion of the recoveries were in the form of collaterals.

Overall, there was an increase in activity during Q3, despite significant delays and interruptions in key public services necessary for progressing with recovery activities, more specifically the courts and bailiff system and operations related to the real estate transactions such as land books.

The Group is continuously 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 again increased and reached NOK 907m by the end of Q3 2020, with the majority concentrated in Central Europe, whereof NOK 348m for a few large cases in Croatia. 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 non-amicable repossessions, continues to be slow. Repossessions for the quarter were NOK 408m while sales were NOK 27m.

RISKS AND UNCERTAINTIES

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

The outbreak of the Covid-19 pandemic has had a profound impact on real economies of countries where B2Holding is operating. During Q3 the temporary lockdowns introduced in most European countries since March have been either lifted or revised to apply only locally or in a limited context. Even though the second wave of the pandemic has picked up in late Q3, the economic activity has shown a sharp rebound. However, the increase of new Covid-19 cases remains a significant risk. As of the end of Q3, the court and bailiff operations have been restored in all countries of B2Holding's presence.

The impact of the outbreak on the Q3 results has been limited (and lower than originally estimated by the Group in the portfolio stress test analysis) due to the favourable composition of asset classes, diversification of exposures and various fiscal support programmes extended by the governments across markets. However, we expect the outbreak to impact the Group in mid- to long-term, as protracted economic slow-down, increased unemployment and the resulting lowering of household incomes is expected to have an effect on debt repayments. According to the stress test conducted by the European Banking Authority, the government support measures in the Eurozone may mitigate 10% of the total expected impairment in banking credit assets, while long-term effects on both consumer and corporate debtors are expected to be significant.

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

Operational risks

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 since been adjusted to flexible work arrangements, promoting the health and safety of the employees. Future potential lockdowns are not expected to significantly affect the operating capacity of the Group in the short term.

Financial risks

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

Following the outbreak of the pandemic, B2Holding has continued to apply the precautionary measures to mitigate financial effects and strengthen its liquidity position in Q3. Temporary reductions of new investments and cost reduction initiatives have been maintained across the Group. The Group expects to extend the application of these measures throughout 2020.

The Group is in compliance with its original covenants as of 30 September 2020, while the available headroom has increased since Q2 2020.

Depending on the development of the pandemic and its effects on the economy the Group's results may be impacted in the coming quarters. In the medium term we may see a negative impact on unsecured collections, due to delayed effects of rising unemployment and lower disposable income. For secured recoveries (including REO disposals) decreasing liquidity and lower real estate prices could materialise in 2021 and may require adjustments to the book value of Group's assets. 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

The Group has completed an agreement with its banks, DNB, Nordea and Swedbank to amend and extend the EUR 510m senior secured revolving credit facility (RCF). The agreement provides an extension of the maturity date of the RCF with one year, from 31 May 2022 to 31 May 2023, which means that the ultimate maturity date is beyond the maturity of Bond 4. Part of the RCF (max EUR 50m) can also be utilised to refinance bond 2 which matures in Oct 2021. The margin structure and the financial covenants remains unchanged.

In addition to the RCF, the Group has completed an agreement for a EUR 100m Senior Secured bridge facility with DNB and Nordea. The margin is 4,5%, 18 months' tenor (mature on 3 May 2022) and the purpose of the loan is repurchase and refinancing of Bond 2 which matures in Oct 2021.

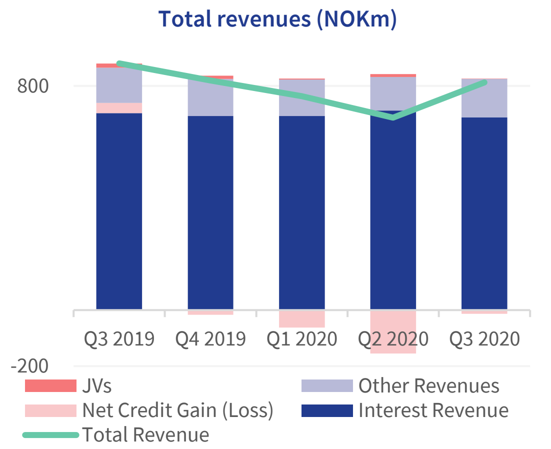
During the quarter B2Holding has strengthened its liquidity reserve and increased the headroom to financial covenants. The extended RCF in combination with the new bridge facility gives the Group increased flexibility. The new facility lines confirm the support from the syndicate and increase liquidity available for purchasing opportunities. However, the growth is forecasted to be organic, meaning that we expect liquidity and headroom to financial covenants to be strengthened even further going forward. The duration of debt increases with approx. 1,5 years and the cost of debt remains unchanged at the current level of approx. 5,5% on average.

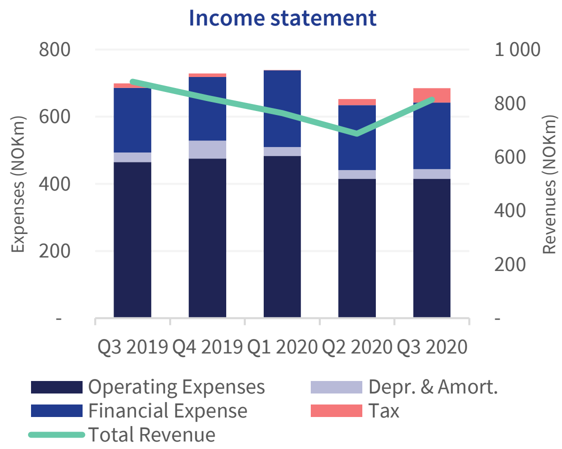
On top of the mentioned RCF and bridge facility, the Group held five listed senior unsecured bond loans of EUR 925m. The Group has during Q3 repurchased a nominal value of EUR 11.7m in Bond 2 at price 100,375, which means that the Group owns 10% of the current bond

In total the Group holds a nominal value of EUR 124.2m in treasury bonds at quarter end, of which EUR 79.8m is held in Bond 1 maturing in Dec 2020. The outstanding amount of EUR 70.2m will primarily be refinanced with the RCF.

Financials

In the third quarter B2Holding Group reported profit before tax of NOK 171 million. Revenues are impacted by Covid-19, but to a lesser extent than expected. Tight cost control compensates for the drop in revenues due to low portfolio purchases and some shortfall in collections and recoveries. Gross collections were solid at NOK 1,558 million for the quarter, which was NOK 357 million higher than in Q2.





Since year-end 2019, and compared with Q3 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 shows a reduction in Q3 2020 at NOK 688m compared with NOK 712m in Q2 2020 and NOK 703m in same quarter last year. The main reason for the decrease compared with last quarter is significant repossessions in the secured business combined with low portfolio purchases in 2020. Compared to same quarter last year the weakening of NOK versus EUR and other currencies is netting parts of the reduction due to repossessions.

While the first quarter showed gross collections fairly close to expectations, B2Holding Group has seen some delayed collections in the second quarter and third quarter due to the impact of Covid-19, leading to a net credit loss of NOK 14m in Q3 2020 compared with a net credit gain of NOK 36m in Q3 2019.

Net credit loss on unsecured portfolios was NOK 1m in Q3 2020 compared with a net credit gain of 33 in Q3 2019. The loss is primarily explained by Covid-19 related delays in collections during Q3 as well as further delayed collections forecast for Q4 2020 and 2021 for some regions, netted by higher than expected collections in other regions. In general, Northern Europe, Poland and most of Western Europe experienced minimal disruption to collections from Covid-19, while Central Europe and South Eastern Europe were impacted to a greater extent.

Net credit loss on secured portfolios of NOK 13m in Q3 2020 compared with a net credit gain of NOK 3m in the same quarter last year. The loss is mainly reflecting delays in recoveries due to closure of legal systems from late Q1, much of Q2 and also in Q3 in some of the Group's markets. Keeping in mind the Covid-19 impact, recoveries in Q3 were ahead of expectations, primarily due to a significant repossession in Croatia that was solved amicably.

Profit from shares in associated parties/joint ventures and participation loan/notes for the quarter was NOK 2m (16). B2Holding's co-investments cover portfolios in Croatia, Greece, Romania and Sweden. Collections in Sweden remained stable in Q3, with the Covid-19 impact continuing to be felt to a greater extent further south in Europe. Net credit loss were booked on the underlying portfolios and negative results reported for the co-investments in Greece in Croatia.

Interest income from loan receivables for Q3 2020 was NOK 51m (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 8m (46), primarily related to delays and expected delays in collection.

Revenue from sale of collateral assets for the quarter was NOK 27m with assets primarily sold in Croatia, Bulgaria and Romania. The sales resulted in a net gain of NOK 1m in the quarter, in addition collateral assets on the balance sheet were written down with NOK 6m.

Other revenues were NOK 99m (98) for the quarter. Other revenues are mainly comprised of revenue from external collection which was stable year on year. Credit information services and factoring are also included under other revenues.

OPERATING EXPENSES

In Q3 2020 the Group's operating expenses excluding cost of collateral assets sold, depreciation, amortization and impairment losses were NOK 416m, in line with Q2 and a decrease of NOK 67m 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. In Q3 there was more activity in the legal systems and the Group's external cost of services provided returned to Q1 levels, however reduction in discretional spend such as consultancy and marketing costs combined with continued restrictions to travel, delivered savings of NOK 20m versus Q1 2020. Personnel costs continued to deliver savings with NOK 36m compared with Q1. Compared with Q3 2019 the Group achieved an FX adjusted saving of approximately 16 %. Adjusted for non-recurring items in 2019, mainly in connection with organisational change, the year on year FX adjusted savings are approximately 11%.

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 from cost and efficiency measures already undertaken in 2019, measures planned in 2020 and new initiatives introduced as a result of the Covid-19 situation. Additionally, there were some non-recurring expenses in connection with organisational changes in Q3 2019 which did not repeat in Q3 2020.

NET FINANCIAL ITEMS

Net financial items for the quarter amounted to a negative NOK 199m (192) comprised of NOK 190m (206) in interest expenses, NOK 8m (+11) in net exchange loss and NOK 1m in negative change in fair value of interest rate derivatives (-5). The decrease in interest expenses is mainly related to reduced cost of debt and lower interest-bearing debt.

PROFIT FOR THE PERIOD AND TAX

The income tax expense for the quarter amounts to NOK 42m (14) and is 24.9 % of profit before tax. Profit after tax for the quarter ended at NOK 128m (NOK 180m).

The significant increase in tax expense compared with same quarter last year is primarily explained by capitalization of deferred tax assets in Q3 2019 relating to net credit losses in Q2 2019.

BALANCE SHEET

At the end of the quarter, total assets amount to NOK 18,102m 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 2020.

Net debt amount to NOK 11,886m, up NOK 507m compared with the end of 2019. The change is primarily explained by changes in foreign currency translation rates. During 2020 the Group repurchased outstanding short-term bonds with a nominal value of EUR 28.1m in Q1 and EUR 63.4m in Q2, explaining the reduction in short-term interest-bearing loans and borrowings. During Q3 2020 the Group repurchased outstanding long-term bonds with a nominal value of EUR 11.7m. The reduction in long-term interest-bearing loans and borrowings compared with Q2 2020 is primarily explained by operating cash flow exceeding cash flow from investing activities.

CASH FLOW

Operating cash flow was NOK 923m (965) in the third quarter of 2020. The 4% decrease compared with the same period last year mainly relates to a significant portion of the portfolio amortisation being repossession of collateral asset, hence non-cash. This is partly offset by amongst other reduced interest expenses and income tax paid.

Cash flow from investing activities ended at NOK -297m (–907) and is mainly related to portfolio purchases.

Net cash flow from financing activities ended at NOK -907m (-309) 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, 2 November 2020

Consolidated income statement

All figures in NOK million unless otherwise stated

	Notes	2020 Quarter 3	2019 Quarter 3	2020 9 months	2019 9 months	2019 Full Year
Interest income from purchased loan portfolios		688	703	2 093	2 021	2 713
Net credit gain/(loss) from purchased loan portfolios	4	-14	36	-231	-383	-400
Profit from shares in associated parties/joint ventures and participation loan/notes		2	16	15	53	64
Interest income from loan receivables		51	74	174	219	294
Net credit gain/(loss) from loan receivables		-8	-46	-66	-144	-178
Revenue from sale of collateral assets		27		53		
Other revenues		99	98	284	289	381
Total revenues	3	**845**	**880**	**2 322**	**2 054**	**2 874**
External expenses of services provided		-116	-121	-338	-323	-447
Personnel expenses		-207	-227	-664	-659	-888
Other operating expenses		-92	-117	-311	-323	-446
Cost of collateral assets sold, including impairment		-32		-58		
Depreciation and amortisation		-27	-28	-80	-82	-107
Impairment losses		-1		-1		-27
Operating profit/(loss)	3	**369**	**387**	**869**	**667**	**959**
Financial income		1	8	55	11	13
Financial expenses		-192	-211	-613	-609	-794
Net exchange gain/(loss)		-8	11	-63	-5	-12
Net financial items	5	**-199**	**-192**	**-621**	**-604**	**-794**
Profit/(loss) before tax		**171**	**195**	**248**	**64**	**165**
Income tax expense		-42	-14	-62	-47	-58
Profit/(loss) after tax		**128**	**181**	**186**	**17**	**107**
Profit/(loss) attributable to:						
Parent company shareholders		128	181	186	17	107
Non-controlling interests		0	0	0	0	0
Earnings per share (in NOK):						
Basic		0,31	0,44	0,45	0,04	0,26
Diluted		0,31	0,44	0,45	0,04	0,26

Consolidated statement of comprehensive income

All figures in NOK million

	2020 Quarter 3	2019 Quarter 3	2020 9 months	2019 9 months	2019 Full Year
Profit/(loss) after tax	**128**	**181**	**186**	**17**	**107**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	40	1	345	-71	-23
Hedging of currency risk in foreign operations	21	-4	59	-6	-37
Tax attributable to items that may be reclassified to profit or loss	0	1	-11	1	9
Other comprehensive income	**61**	**-2**	**393**	**-76**	**-51**
Total comprehensive income for the period	**189**	**179**	**579**	**-58**	**56**
Total comprehensive income attributable to:					
Parent company shareholders	189	178	579	-59	56
Non-controlling interests	0	0	0	0	0

Consolidated statement of financial position

All figures in NOK million

	Notes	2020 30 Sep	2019 30 Sep	2019 31 Dec
Deferred tax asset		224	160	189
Goodwill		854	776	778
Tangible and intangible assets		349	366	363
Investments in associated companies and joint ventures		358	315	387
Purchased loan portfolios	3,4,5	13 827	13 749	13 420
Loan receivables		284	357	345
Participation loan/notes	3	544	565	542
Other non-current financial assets		4	5	5
Total non-current assets		**16 444**	**16 293**	**16 027**
Other short-term assets		344	274	240
Collateral assets		907	250	319
Cash and short-term deposits		407	316	356
Total current assets		**1 658**	**840**	**914**
Total assets		**18 102**	**17 133**	**16 942**
Equity attributable to parent company's shareholders	7	4 817	4 121	4 236
Equity attributable to non-controlling interests		1	1	1
Total equity		**4 818**	**4 122**	**4 237**
Deferred tax liabilities		184	181	171
Long-term interest bearing loans and borrowings	6	11 180	11 801	10 141
Other non-current liabilities		142	146	160
Total non-current liabilities		**11 506**	**12 127**	**10 472**
Short-term interest bearing loans and borrowings	6	782		1 498
Bank overdraft	6	332	202	97
Account payables and other payables		241	305	265
Income taxes payable		53	28	29
Other current liabilities		371	349	345
Total current liabilities		**1 779**	**885**	**2 233**
Total equity and liabilities		**18 102**	**17 133**	**16 942**

Consolidated statement of changes in equity

All figures in NOK million

	Notes	2020 Attributable to parent company's shareholders	2020 Non-controlling interests	2020 Total equity	2019 Attributable to parent company's shareholders	2019 Non-controlling interests	2019 Total equity
At 1 January		**4 236**	**1**	**4 237**	**4 355**	**1**	**4 355**
Profit/(loss) after tax		186	0	186	17	0	17
Other comprehensive income		393	0	393	-76	0	-76
Total comprehensive income		**579**	**0**	**579**	**-59**	**0**	**-58**
Issue of share capital	7				8		8
Share based payments		2		2	2		2
Dividend paid to parent company's shareholders					-184		-184
Dividends to non-controlling interests						-0	-0
Acquisition of non-controlling interests					-1	-0	-1
Capital contribution from non-controlling interests						0	0
At 30 September		**4 817**	**1**	**4 818**	**4 121**	**1**	**4 122**

Consolidated statement of cash flows

All figures in NOK million

	Notes	2020 Quarter 3	2019 Quarter 3	2020 9 months	2019 9 months	2019 Full Year
Cash flow from operating activities						
Profit/(loss) before tax		171	195	248	64	165
Amortisation/revaluation of purchased loan portfolios		884	647	2 213	2 270	2 889
Adjustment other non-cash items		30	29	77	87	124
Interest expenses		191	210	609	603	802
Unrealised foreign exchange differences		8	-58	-48	7	-15
Income tax paid		-16	-39	-83	-147	-194
Change in working capital		-400	-60	-629	-197	-292
Change in other balance sheet items		56	42	183	34	131
Net cash flow from operating activities		**923**	**965**	**2 570**	**2 721**	**3 609**
Cash flow from investing activities						
Net portfolio purchases	3,4	-311	-1 226	-1 318	-2 831	-3 117
Net investments in tangible and intangible assets		-3	-5	-23	-35	-49
Investments in subsidiary companies, joint ventures and associated companies		17	324	50	-301	-371
Payment of contingent consideration				-22	-88	-88
Net cash flow from investing activities		**-297**	**-907**	**-1 314**	**-3 255**	**-3 624**
Cash flow from financing activities						
Net new share issue	7				8	8
Capital contribution from non-controlling interests					0	0
Net receipts/(payments) on interest bearing loans and borrowings		-728	-118	-889	1 047	851
Interest paid		-179	-190	-562	-555	-737
Dividends paid to parent company's shareholders					-184	-184
Dividends paid to non-controlling interests				-0	-0	-0
Net cash flow from financing activities		**-907**	**-309**	**-1 451**	**314**	**-63**
Net cash flow during the period		**-281**	**-250**	**-195**	**-219**	**-77**
Cash and cash equivalents at the beginning of the period		364	364	259	339	339
Exchange rate difference on cash and cash equivalents		-7	0	12	-5	-2
Cash and cash equivalents at the end of the period		**76**	**114**	**76**	**114**	**259**
Cash and cash equivalents comprised of:						
Cash and short-term deposits		407	316	407	316	356
Bank overdraft		-332	-202	-332	-202	-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 third quarter ended 30 September 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.

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 September 2020 and 30 September 2019 are unaudited. The 2019 audited financial statements were approved by the Board of Directors on 29 April 2020.

Adjustment of alternative performance measures
From the third quarter 2020 the calculation of the alternative performance measures, Cash Revenues and Cash EBITDA, for the Group has been updated. The presentation was changed to better reflect the increasing amount of repossessions included in gross collections and investments in shares in associated parties/joint ventures and participation loan/notes. See further details in the section of the report covering alternative performance measures.

The term "gross cash collections" was updated accordingly to "gross collections", to reflect that parts of the collections are non-cash.

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. 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 3, 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	219	143	142	88	96		688
Net credit gain/(loss) from purchased loan portfolios	2	18	-29	5	-10		-14
Revenue from purchased loan portfolios	**220**	**161**	**113**	**93**	**86**		**674**
Profit from shares in associated parties/joint ventures and participation loans/notes	3		-2		2		2
Total revenue from purchased loan portfolios	**223**	**161**	**111**	**93**	**88**		**676**
Revenue from external collection	43	0	0	31	7		81
Revenue from loan receivables		42			0		43
Revenue from sale of collateral assets	0	3	13	0	11		27
Other operating revenues	5	0	3	7	3		18
Total other revenues	**48**	**45**	**16**	**39**	**20**		**169**
Total revenues	**271**	**206**	**128**	**132**	**108**		**845**
Cost to collect	-60	-74	-45	-34	-50		-263
Cost of collateral assets sold, including impairment		-2	-18	0	-12		-32
Cost other revenues	-35	-14	-4	-42	-17		-112
Administration and management costs	-3	-1	-1	0	-1	-34	-41
EBITDA	**174**	**115**	**60**	**55**	**27**	**-34**	**398**
Depreciation, amortisation and impairment losses	-5	-9	-2	-6	-5	-2	-28
Operating profit/(loss)	**169**	**106**	**58**	**50**	**23**	**-35**	**370**

Quarter 3, 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	207	139	179	86	93		703
Net credit gain/(loss) from purchased loan portfolios	17	8	35	-5	-19		36
Revenue from purchased loan portfolios	**224**	**147**	**214**	**81**	**74**		**739**
Profit from shares in associated parties/joint ventures and participation loans/notes			2		13		16
Total revenue from purchased loan portfolios	**224**	**147**	**216**	**81**	**87**		**755**
Revenue from external collection	34	0	0	34	8		76
Revenue from loan receivables	0	28	0		0		28
Other operating revenues	4	0	5	13	-1		21
Total other revenues	**38**	**28**	**6**	**47**	**7**		**126**
Total revenues	**262**	**175**	**222**	**128**	**94**		**880**
Cost to collect	-60	-78	-65	-55	-53		-310
Cost other revenues	-31	-21	-4	-44	-18		-118
Administration and management costs	-1	-1	-1	-1	0	-33	-37
EBITDA	**170**	**76**	**151**	**28**	**23**	**-33**	**415**
Depreciation and amortisation	-3	-11	-4	-6	-4	-1	-28
Operating profit (EBIT)	**167**	**65**	**147**	**23**	**19**	**-34**	**387**

9 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	656	435	454	269	278		2 093
Net credit gain/(loss) from purchased loan portfolios	-24	5	-102	-46	-63		-231
Revenue from purchased loan portfolios	**632**	**440**	**352**	**223**	**215**		**1 862**
Profit from shares in associated parties/joint ventures and participation loans/notes	9		3		3		15
Total revenue from purchased loan portfolios	**641**	**440**	**355**	**223**	**218**		**1 877**
Revenue from external collection	115	0	1	91	23		230
Revenue from loan receivables		107			1		108
Revenue from sale of collateral assets	0	6	23	9	14		53
Other operating revenues	14	1	8	26	4		54
Total other revenues	**130**	**114**	**32**	**125**	**43**		**445**
Total revenues	**771**	**554**	**388**	**348**	**261**		**2 322**
Cost to collect	-185	-234	-145	-109	-151		-824
Cost of collateral assets sold, including impairment	0	-6	-27	-9	-16		-58
Cost other revenues	-110	-44	-14	-128	-55		-351
Administration and management costs	-10	-4	-4	-2	-4	-114	-138
EBITDA	**466**	**265**	**199**	**99**	**35**	**-114**	**951**
Depreciation, amortisation and impairment losses	-12	-26	-7	-17	-14	-5	-81
Operating profit (EBIT)	**454**	**240**	**192**	**82**	**22**	**-119**	**870**

9 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	552	401	562	229	276		2 021
Net credit gain/(loss) from purchased loan portfolios	63	41	-471	131	-147		-383
Revenue from purchased loan portfolios	**615**	**442**	**90**	**360**	**129**		**1 638**
Profit from shares in associated parties/joint ventures and participation loans/notes			7		46		53
Total revenue from purchased loan portfolios	**615**	**442**	**97**	**360**	**175**		**1 691**
Revenue from external collection	93	0	0	106	26		226
Revenue from loan receivables	-2	75	0		1		75
Other operating revenues	11	1	9	43	0		63
Total other revenues	**102**	**75**	**10**	**149**	**27**		**364**
Total revenues	**718**	**518**	**107**	**509**	**203**		**2 054**
Cost to collect	-169	-240	-176	-124	-150		-860
Cost other revenues	-92	-55	-10	-136	-47		-341
Administration and management costs	-3	-3	-3	-2	-1	-93	-105
EBITDA	**454**	**219**	**-82**	**247**	**4**	**-93**	**749**
Depreciation and amortisation	-9	-32	-10	-17	-12	-2	-82
Operating profit (EBIT)	**445**	**188**	**-93**	**230**	**-8**	**-95**	**667**

Quarter 3, 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	163	45		5	51		264
Purchased loan portfolios, book value							
Purchased loan portfolios	5 339	1 971	2 935	2 140	1 442		13 827
Participation loan/notes to SPV's for purchase of loan portfolios					544		544
Purchased loan portfolios held through joint venture [1]	106		244		7		356
Purchased loan portfolios at 30 September	**5 445**	**1 971**	**3 179**	**2 140**	**1 993**		**14 728**

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

Quarter 3, 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	594	122	264	189	62		1 231
Purchased loan portfolios, book value							
Purchased loan portfolios	4 865	2 007	3 465	2 106	1 306		13 749
Participation loan/notes to SPV's for purchase of loan portfolios					565		565
Purchased loan portfolios held through joint venture [1]			306		6		312
Purchased loan portfolios at 30 September	**4 865**	**2 007**	**3 770**	**2 106**	**1 877**		**14 626**

9 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	751	125		82	269		1 227
Purchased loan portfolios, book value							
Purchased loan portfolios	5 339	1 971	2 935	2 140	1 442		13 827
Participation loan/notes to SPV's for purchase of loan portfolios					544		544
Purchased loan portfolios held through joint venture [1]	106		244		7		356
Purchased loan portfolios at 30 September	**5 445**	**1 971**	**3 179**	**2 140**	**1 993**		**14 728**

9 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	1 732	293	277	347	195		2 844
Purchased loan portfolios, book value							
Purchased loan portfolios	4 865	2 007	3 465	2 106	1 306		13 749
Participation loan/notes to SPV's for purchase of loan portfolios					565		565
Purchased loan portfolios held through joint venture [1]			306		6		312
Purchased loan portfolios at 30 September	**4 865**	**2 007**	**3 770**	**2 106**	**1 877**		**14 626**

Note 4 – Purchased loan portfolios

Purchased loan portfolios

All figures in NOK million

	2020 Quarter 3	2019 Quarter 3	2020 9 months	2019 9 months	2019 Full Year
Opening balance	14 280	12 986	13 420	13 346	13 346
Acquired in business combinations					
Portfolio purchases in the period	264	1 231	1 227	2 844	3 409
Gross collection from purchased loan portfolios	-1 559	-1 386	-4 075	-3 907	-5 202
Interest income from purchased loan portfolios	688	703	2 093	2 021	2 713
Net credit gain/(loss) from purchased loan portfolios	-14	36	-231	-383	-400
Book value of sold loan portfolios					-311
Exchange rate differences	168	179	1 393	-171	-135
Closing balance	**13 827**	**13 749**	**13 827**	**13 749**	**13 420**

The face value of purchased loan portfolios at 30 September 2020 amounts to NOK 153,114m including accrued interest (2019: NOK 136,666m).

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 of purchased loan portfolios as of 30 September 2020 is NOK 14,094m.

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

Quarter 3, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Secured portfolios:							
Gross collection from purchased loan portfolios	3	10	478	80	64		635
Collection above/(below) estimates	2	5	432	16	27		482
Changes in future collection estimates	-1	-6	-444	-20	-23		-494
Net credit gain/(loss) from secured portfolios	1	-1	-12	-5	4		-13
Unsecured portfolios:							
Gross collection from purchased loan portfolios	479	241	56	49	99		923
Collection above/(below) estimates	17	19	-20	9	-7		18
Changes in future collection estimates	-15	0	4	0	-8		-19
Net credit gain/loss from unsecured portfolios	2	19	-16	9	-15		-1
Net credit gain/(loss) from purchased loan portfolios	**3**	**18**	**-28**	**5**	**-11**		**-14**

Quarter 3, 2019

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Secured portfolios:							
Gross collection from purchased loan portfolios	3	7	209	105	83		407
Collection above/(below) estimates	1	-3	59	21	3		82
Changes in future collection estimates	-1	-1	-24	-33	-20		-78
Net credit gain/(loss) from secured portfolios	1	-4	35	-12	-17		3
Unsecured portfolios:							
Gross collection from purchased loan portfolios	484	232	98	52	112		979
Collection above/(below) estimates	78	13	2	8	3		103
Changes in future collection estimates	-62	-1	-2	-1	-5		-70
Net credit gain/loss from unsecured portfolios	16	12	0	7	-2		33
Net credit gain/(loss) from purchased loan portfolios	**17**	**8**	**35**	**-5**	**-19**		**36**

9 months, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Secured portfolios:							
Gross collection from purchased loan portfolios	6	30	852	254	162		1 304
Collection above/(below) estimates	2	14	634	55	68		773
Changes in future collection estimates	0	-27	-686	-80	-59		-852
Net credit gain/(loss) from secured portfolios	2	-13	-52	-25	9		-79
Unsecured portfolios:							
Gross collection from purchased loan portfolios	1 353	730	247	148	293		2 771
Collection above/(below) estimates	25	7	-26	-22	-48		-64
Changes in future collection estimates	-50	10	-24	1	-25		-88
Net credit gain/loss from unsecured portfolios	-25	17	-50	-21	-73		-152
Net credit gain/(loss) from purchased loan portfolios	**-23**	**4**	**-102**	**-46**	**-64**		**-231**

9 months, 2019

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Secured portfolios:							
Gross collection from purchased loan portfolios	8	22	813	287	183		1 312
Collection above/(below) estimates	1	-5	-582	36	-162		-712
Changes in future collection estimates	-7	0	101	74	8		176
Net credit gain/(loss) from secured portfolios	-6	-5	-481	110	-154		-536
Unsecured portfolios:							
Gross collection from purchased loan portfolios	1 182	695	287	120	312		2 596
Collection above/(below) estimates	93	41	-4	22	3		155
Changes in future collection estimates	-24	5	13	0	4		-2
Net credit gain/loss from unsecured portfolios	69	46	10	21	7		153
Net credit gain/(loss) from purchased loan portfolios	**63**	**41**	**-471**	**131**	**-147**		**-383**

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 3	2019 Quarter 3	2020 9 months	2019 9 months	2019 Full Year
Portfolio purchases in the period	-264	-1 231	-1 227	-2 844	-3 409
Investment in JV for purchase of portfolio					
Sale price sold portfolios					311
Change in prepaid amounts and amounts due on portfolio purchases	-47	5	-91	13	-19
Net portfolio purchases, cash flow statement	**-311**	**-1 226**	**-1 318**	**-2 831**	**-3 117**

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 3,468m) for the Multi-currency revolving credit facility (level 2) as the loans are based on one to six months floating interest. The fair value (NOK 8,292m) of bond loans (level 1) were determined by obtaining quoted market prices for the bond loans from Reuters. The carrying amount is NOK 8,825m. 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 8m and the fair value of the interest rate hedging derivatives was negative NOK 18m. The interest rate hedging ratio was 81 %.

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 3	2019 Quarter 3	2020 9 months	2019 9 months	2019 Full Year
Interest income	0	1	1	3	3
Other financial income	0	7	54	8	10
Financial income	**1**	**8**	**55**	**11**	**13**
Interest expenses	-190	-206	-605	-564	-771
Change in fair value of interest rate derivatives	-1	-5	-5	-39	-31
Other financial expenses	-1	-1	-4	-6	7
Financial expenses	**-191**	**-211**	**-613**	**-609**	**-794**
Realised exchange gain/(loss)	-84	1	74	41	16
Unrealised exchange gain/(loss)	82	-8	-134	-100	-76
Change in fair value of currency derivatives	-6	17	-2	54	47
Net exchange gain/(loss)	**-7**	**11**	**-63**	**-5**	**-12**
Net financial items	**-199**	**-192**	**-621**	**-604**	**-794**

Note 6 - Interest bearing loans and borrowings

All figures in NOK million

	30 September 2020		31 December 2019	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility		3 137		2 805
Bond loan	782	8 043	1 498	7 336
Short term interest bearing loans & borrowings				
Bank overdraft	332		97	
Total	**1 113**	**11 180**	**1 594**	**10 141**

The Group is financed by a mix of Multi Currency Revolving Credit Facility (RCF) and Bond loans. At quarter end EUR 317m was utilised from the EUR 510m RCF, leaving an available, undrawn amount of EUR 193m. Total outstanding bond loans was EUR 925m where EUR 124m 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 [1)] NOK million
At 31 December 2019	**409 932 598**	**41**	**2 843**
At 30 September 2020	**409 932 598**	**41**	**2 843**
At 2 November 2020 (date of completion of these interim condensed financial statements)	**409 932 598**	**41**	**2 843**

1) Net proceeds after transaction costs

Note 8 – Share based payments

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

The Group has completed an agreement with its banks, DNB, Nordea and Swedbank to amend and extend the EUR 510m senior secured revolving credit facility (RCF). The agreement provides an extension of the maturity date of the RCF with one year, from 31 May 2022 to 31 May 2023, which means that the ultimate maturity date is beyond the maturity of Bond 4. Part of the RCF (max EUR 50m) can also be utilised to refinance bond 2 which matures in Oct 2021. The margin structure and the financial covenants remains unchanged.

In addition to the RCF, the Group has completed an agreement for a EUR 100m Senior Secured bridge facility with DNB and Nordea. The margin is 4,5%, 18 months' tenor (mature on 3 May 2022) and the purpose of the loan is repurchase and refinancing of Bond 2 which matures in Oct 2021.

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 3	2019 Quarter 3	2020 9 months	2019 9 months	2019 Full Year
Operating profit/(loss)	369	387	869	667	959
Add back depreciation, amortisation and impairment losses	28	28	81	82	134
EBITDA	**398**	**415**	**951**	**749**	**1 093**
Total revenues	845	880	2 322	2 054	2 874
Add back amortisation/revaluation of purchased loan portfolios	884	647	2 213	2 270	2 889
Adjusted for cost of sales collateral assets	-32		-58		
Cash revenue (Old)	**1 697**	**1 527**	**4 477**	**4 324**	**5 763**
Adjusted for repossession of collateral assets	-408	-49	-586	-93	-183
Add back profit from shares in associated parties/joint ventures and participation loan/notes	-2	-16	-15	-53	-64
Adjusted for cash received from shares in associated parties/joint ventures and participation loan/notes	29	30	121	68	127
Add back cost of sales collateral assets	32		58		
Cash revenue (New)	**1 348**	**1 492**	**4 054**	**4 247**	**5 642**
Operating profit/(loss)	369	387	869	667	959
Add back amortisation/revaluation of purchased loan portfolios	884	647	2 213	2 270	2 889
Add back depreciation and amortisation	28	28	81	82	134
Cash EBITDA (Old)	**1 282**	**1 062**	**3 163**	**3 019**	**3 982**
Adjusted for repossession of collateral assets	-408	-49	-586	-93	-183
Add back for cost of collateral assets sold, including impairment	32	7	58	23	44
Add back profit from shares in associated parties/joint ventures and participation loan/notes	-2	-16	-15	-53	-64
Adjusted for cash received from shares in associated parties/joint ventures and participation loan/notes	29	30	121	68	127
Cash EBITDA (New)	**932**	**1 034**	**2 741**	**2 965**	**3 905**

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

All figures in NOK million

	2020 30 Sep	2020 30 Jun	2020 31 Mar	2019 31 Dec
Total assets	18 102	18 159	19 196	16 942
Total equity	4 818	4 628	4 786	4 237
Equity ratio	***26,6 %***	***25,5 %***	***24,9 %***	**25,0 %**
Total assets	18 102	18 159	19 196	16 942
Excluding IFRS 16 right-of-use asset	-124	-126	-140	-134
Total assets excl IFRS 16 right-of-use asset	17 978	18 033	19 056	16 808
Equity ratio	***26,8 %***	***25,7 %***	***25,1 %***	***25,2 %***

All figures in NOK million

	2020 30 Sep	2020 30 Jun	2020 31 Mar	2019 31 Dec
Bond loan (nominal value)[1)]	8 890	8 866	10 082	8 917
Revolving Credit Facility (nominal value)[1)]	3 187	3 796	3 255	2 863
Contingent consideration (earn out)	44	43	68	59
Vendor loan	25	72	64	121
FX Derivatives (MTM)	8	2	-18	**5**
Net cash balance including overdraft	-75	-364	-199	**-259**
Total loan	12 079	12 416	13 253	11 705
Purchased loan portfolios	13 827	14 280	15 077	13 420
Investment and participation in joint ventures[2)]	894	910	988	922
Other assets[3)]	2 037	1 652	1 683	1 433
Book value	16 758	16 843	17 748	15 775
Total Loan to Value % (TLTV)	***72,1 %***	***73,7 %***	***74,7 %***	***74,2 %***

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 positionthis 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 it the reduction in the current value of the purchased loan portfolios during the period, which is attributable to collection taking place as planned.

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

Cash EBITDA
Cash EBITDA consists of EBIT added back depreciation and amortisation of tangible and intangible assets, amortisation and revaluation of purchased loan portfolios, profit from shares in shares in associated parties/joint ventures and participation loan/notes and cost of collateral assets sold. Adjusted for repossession of collateral assets and cash received from shares in associated parties/joint ventures and participation loan/notes. Cash EBITDA is a measure of actual performance from the collection business (cash business) and other business areas.

Cash margin
Cash margin consists of cash EBITDA expressed as a percentage of cash revenue.

Cash revenue
Cash revenue consists of "Total revenues" added back amortisation and revaluation of purchased loan portfolios, profit from shares in shares in associated parties/joint ventures and participation loan/notes. Adjusted for repossession of collateral assets and cash received from shares in associated parties/joint ventures and participation loan/notes. Cash revenue is a measure of actual revenues (cash business) from the collection business and other business areas.

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 collection in nominal values expected to be collected in the future from the purchased loan portfolios owned at the reporting date and the Group's share of gross collection on portfolios purchased and held in joint ventures. ERC includes ERR.

Estimated Remaining Recoveries (ERR)
Estimated remaining recoveries (ERR) expresses the gross collection in nominal values expected to be recovered in the future from the purchased secured loan portfolios owned at the reporting date and the Group's share of gross collection on secured portfolios purchased and held in joint ventures.

Forward flow agreements
Forward flow agreements are agreements where the Group agrees with the portfolio provider that it will, over some period in fixed intervals, transfer its non-performing loans of a certain characteristics to the Group.

Gross collection
Gross collection is the actual cash collected and assets recovered from purchased portfolios before costs related to collect the cash received.

Interest income from 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 interesting-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 collection deviating from collection estimates and from changes in future collection estimates. The Group regularly evaluates the current collection estimates at the individual portfolio level and the estimate is adjusted if collection is determined to deviate from current estimate over time. The adjusted collection estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimate adjust the book value of the portfolio and are included in the profit and loss statement in the line item "Net credit gain/(loss) from purchased loan portfolios". Collection above collection estimates and upward adjustments of future collection estimates increase revenue. Collection below collection estimates and downward adjustments of future collection estimates decrease revenue. Net credit gain/(loss) equals net actualisation/revaluation.

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 collection. Gross 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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