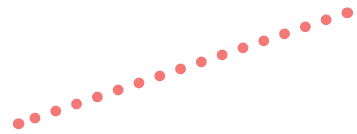


Q4

Fourth quarter 2021



Fourth quarter 2021

“Going into 2022, we see an improving pipeline and signs of a more normalized market”

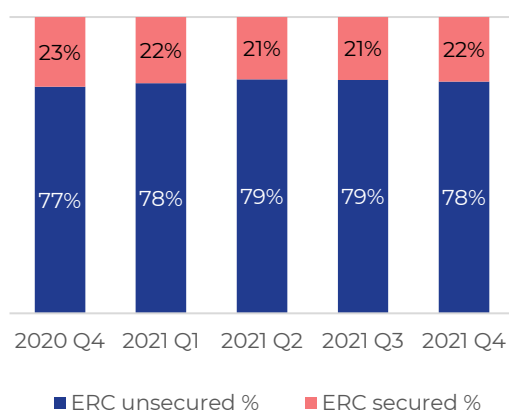
Erik Just Johnsen, CEO

QUARTERLY EVENTS

- Unsecured collections at 102 % of the forecast
- Secured recoveries at 122% of the forecast
- Low cost level sustained
- Continued deleveraging and strong cash generation
- Recovered NPL market
- Proposed dividend per share of NOK 0.42
- Signed non-recourse senior financing with PIMCO in February 2022

QUARTERLY SUMMARY	2021	2020	%	2021	2020	%
	Q4	Q4	Δ	FY	FY	Δ
<i>NOK million</i>						
Net revenues	726	831	-13 %	3 036	3 095	-2 %
Adj. EBIT	297	363	-18 %	1 333	1 246	7 %
Adj. EBIT %	41 %	44 %	-3 pp	44 %	40 %	4 pp
EBIT	267	355	-25 %	1 308	1 224	7 %
Profit/(loss) after tax	120	123	-3 %	573	309	86 %
Cash revenue	1 268	1 349	-6 %	5 402	5 403	0 %
Cash EBITDA	862	910	-5 %	3 779	3 664	3 %
Cash margin	68 %	67 %	1 pp	70 %	68 %	2 pp
Cost to collect %	21 %	23 %	-2 pp	19 %	21 %	-2 pp
Gross collections ¹⁾	1 266	1 315	-4 %	5 435	5 659	-4 %
Portfolio purchases ²⁾	552	437	26 %	1 202	1 664	-28 %
EPS	0.29	0.30		1.40	0.75	
Return on equity	12.2 %	6.9 %	5.3 pp	12.2 %	6.9 %	5.3 pp

ERC - ASSET CLASS SPLIT



KEY PERFORMANCE FIGURES

<i>NOK million</i>	2021	2020	%
	31 Dec	31 Dec	Change
ERC (at end of month) ⁴⁾	19 918	23 100	-14 %
Net interest bearing debt	9 067	11 068	-18 %
Liquidity reserve	2 218	3 078	-28 %
Equity ratio ⁵⁾	32.8 %	27.7 %	5.1 pp
Leverage ratio ¹⁾	2.40x	3.04x	-0.64x
Total Loan to Value % (TLTV)	65.4 %	71.1 %	-5.7 pp
Number of employees (FTEs)	1 979	2 191	-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 both wholly owned portfolios and 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

Strong momentum going into 2022

With another solid quarter behind us we have closed the year on a good note. As expected, we have seen more investment activity in the fourth quarter and we see a much improved pipeline entering 2022 compared with a year ago. The unsecured collections and secured recoveries have been strong throughout 2021 and the fourth quarter was no exception. We are pleased to report that the fourth quarter repeated the strong performance seen in previous quarters, with unsecured collections showing continued improvement and secured recoveries also above expectations.

The fourth quarter was another strong quarter within unsecured collections, with performance 2% above expectations. We have seen solid performance in most of our markets during the quarter, and the increased activity we have seen in Central and South Eastern Europe continued in the fourth quarter. The cost levels have been maintained at a low level through cost discipline and operational improvements, among other things via automation and process optimization.

Within Corporate and Secured Asset Management (CSAM), the fourth quarter was once again a quarter where recoveries were above expectations. REO sales were lower than expected, but this was mainly due to some larger REO sales being pushed into 2022 in order to maximize value. Throughout 2021 REOs sold have been at values well above book value and that was also the case in the fourth quarter. We have carried out a comprehensive re-underwriting process on our secured assets. The process has identified additional values in the secured portfolios. However, based on a prudent approach, the realization of cash has been pushed out in time leading to a negative net-impact of the re-underwriting. We are very pleased to enter 2022 with updated expectations of our cash recoveries in our secured portfolios going forward.

As previously announced, B2Holding has been engaged in discussions with reputable institutional investment partners to establish a co-investment partnership predominantly for B2Holding's back book in secured assets. I am pleased to announce that we have agreed a non-recourse senior financing with PIMCO, one of the largest asset managers and capital providers in the world. In addition to being a credible and sought-after capital provider, PIMCO has strong experience and competence within non-performing assets which we believe is setting the grounds for a mutually beneficial cooperation with B2Holding going forward.

Market activity picked up in the fourth quarter and portfolio acquisitions more than doubled compared with the previous quarter. Going into 2022, we see an improving pipeline which signals a more normalized market this year. With a strong balance sheet, a decreasing cost of capital, and one of the lowest leverage ratios in the industry, we are well positioned to take part in what we believe will be a more active market going forward.

Finally, I would like to thank all our shareholders, bond holders and other stakeholders for the continued trust you show us. I would once again also express my gratitude towards all our employees for their hard work and great effort in another unusual year with many challenges. We are entering 2022 with good momentum and we are excited about the opportunities we see going forward.

Oslo, 9 February 2022

Erik Just Johnsen
CEO

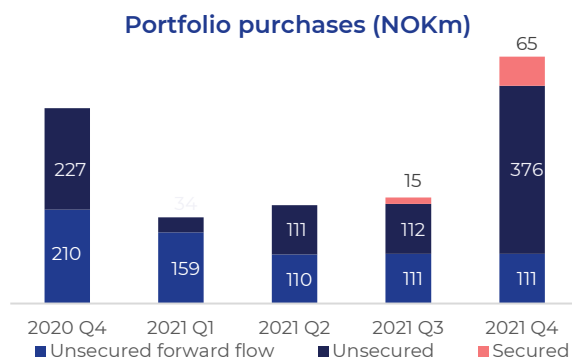


"I am pleased to announce that we have agreed a non-recourse senior financing with PIMCO, one of the largest asset managers and capital providers in the world."

Operations

Collections and recoveries continue to exceed expectations, REOs once again sold at a sizable premium, scalability remains a key focus, funding costs reduced, and a selective approach to new investments continued in Q4 2021.

PORTFOLIO INVESTMENTS



The normalisation of the NPL transaction market continued into Q4, with a notable increase in activity and a step up in investment volumes compared with previous quarters.

During 2021 Q4, the Group invested NOK 552 million in new portfolios. This was more than twice the volume in the prior quarter and an increase of 26% versus 2020 Q4.

The investments were mainly unsecured one-time and forward flow deals in consumer finance and banking NPLs, with unsecured assets accounting for 88% of investments in the quarter. Geographically, Poland accounted for more than 50% of total investments in the quarter, with the remainder split across Northern Europe, South Eastern Europe, Central Europe, and Western Europe.

On the back of normalising supply in the NPL markets, the Group has observed increased activity and a greater supply of portfolios. Throughout the quarter, the Group has maintained its disciplined approach to investments and continues to see a healthy development in expected returns for new investments.

The Group works actively with partners and on solutions to optimize overall asset risk exposure, to expand the Group's total investment capacity, and to enhance capital light servicing models.

COLLECTION, RECOVERIES, REPOSSESSION AND SERVICING

Fourth quarter gross collection in unsecured portfolios reached NOK 853m, 2% better than expected and in line with the trend from previous quarters.

Good performance in most markets of the Group continued, also with visible improvements in those hit by the first waves of the pandemic. The performance was driven by an overall improvement in economic activity in Europe together with improvements in the Group's collection processes and good progress within data and analytics.

The Group's focus on scalability and maintaining costs at a low level continued, both by the means of general cost discipline as well as targeted optimization actions implemented in selected markets. The Group's commitment to constant innovation in strategy development, automation of contact channels and optimization of processes continued delivering tangible results in terms of unsecured collection efficiency and effectiveness.

The outlook for the future development in the unsecured markets remains positive, with a visible improvement of the counter-pandemic measures taken by the governments. The recent development of inflation rates in several jurisdictions, fuelled to a large extent by the increasing cost of utilities, may pose new challenges to the collection processes, however their effects have not yet been visible. At the same time those new macroeconomic trends should increase activity in the unsecured NPL market and the Group is well prepared to participate in the growth of the market. Improvements in Group processes have also resulted in good performance and created a strong foundation for the further growth of the unsecured business.

Recoveries from secured portfolios

Secured recoveries were NOK 342m for the quarter and 22% above expectations. NOK 126 million of the recoveries were repossessed assets that B2Holding has successfully taken legal ownership of.

During the year, the Corporate and Secured Asset Management (CSAM) team has undergone a process of re-underwriting all assets under management. The net result of this re-underwriting is a notable increase in estimated remaining recoveries. Under IFRS, the cashflow is discounted using the gross IRR on each portfolio as the discounting factor. The net impact from the re-underwriting is thus negative despite the improved expected cash. The cash impact of higher ERR is positive by NOK 431m and the non-cash impact from timing is negative by NOK 596m. Net credit loss from the Secured business was NOK 104m in Q4 after NOK 62m of over-recovery in Q4, and NOK 129m for the full year 2021.

The re-underwriting process also revealed a number of assets mainly in Western Europe, which were either under-targeted or valued at zero.

Repossessed assets: new repossessions and disposals

Repossessions were NOK 126m in Q4 2021 and NOK 559m for the full year.

Proceeds from sales of REOs were NOK 24m in the quarter and 164m in the full year, with respective net gains of NOK 7m (43%) and NOK 46m (38%).

The sales activity on REOs was intensified during the course of Q4 and we have a number of significant signed and progressed agreements to be monetarised in the first half of 2022.

The value of repossessed assets increased from NOK 1 192m at the end of 2021 Q3 to NOK 1 284m at the end of Q4 2021. Offsetting this were sales of REOs during the quarter of NOK 24m with a book value of NOK 17m, resulting in a gain on sale of 43%.

RISKS AND UNCERTAINTIES

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

The pandemic, with new virus variants and new measures taken to mitigate the spread and impact, continues to affect the economies of the countries where B2Holding operates. The ultimate impact on both NPL supply and collections, as well as timing of full economic recovery, remains uncertain. We are seeing a migration to a “new normal” with governments dealing with the pandemic through vaccination programs rather than via lockdowns.

Banks across the Eurozone are in a relatively good standing compared to prior years in terms of overall NPL ratios, capital ratios and their capacity to absorb credit losses. However, both the primary and the secondary NPL markets in Europe are expected to show high activity post pandemic.

Courts and bailiffs are operating in all the countries where the Group is present, and further impacts of the pandemic on the business are expected to be limited in the short term.

Current macroeconomic indicators predict economies to continue to rebound during 2022, but at a slower rate than previously expected. On the back of the pandemic, we are seeing inflation rising and a more cautious investment sentiment. Historically, inflation has been a positive factor contributing to better debt repayment capacity due to higher incomes i.e. positively impacting collections. This effect can be countered by the risk of higher living costs. B2Holding continues to actively monitor both the pandemic and the macroeconomic developments, together with internal data analysis to understand potential impacts.

Operational risks

The Group was able to mitigate operational risks caused by the pandemic in 2020 and 2021. Operational processes were adjusted to flexible work arrangements in order to safeguard the health and safety of the Group's employees. Those measures continue to be in force.

During Q4, the various Covid safety measures still in place have not materially impacted the operating capacity of the Group. Collections and recoveries were aligned with expectations in the quarter and reflect the Group's improved internal operations.

Financial risks

B2Holding's geographically diversified investment portfolio limits the Group's overall exposure to risks in individual economies, asset classes or portfolios.

B2Holding continued to apply precautionary measures to strengthen its liquidity position in Q4 and these are expected to continue throughout 2022. Investments in Q4 doubled compared with the average of the previous three quarters, with management continuing to focus on strong price and underwriting discipline in a lower volume and highly competitive market. Transactions in pipeline continued to increase with the upward trend expected to continue going forward.

The Group is in compliance with all of its covenants as of 31 December 2021.

Strategic risks

The investment pipeline continued to increase in Q4 compared the first three quarters of the year and this upward trend is expected to continue. However, there is still evidence of a cautious approach by some vendors, arising from continued ambiguity on the classification of NPLs and continued benefits from relief measures.

With its stronger financial position and good collection results in Q4, the Group expects to be able to take advantage of a re-bounding NPL market in 2022.

For detailed assessment of risks, please refer to the Risk Management and Board of Directors sections of the Annual Report for 2020.

CORPORATE MATTERS

B2Holding has a solid funding base to support future growth. The Group's healthy funding structure and gearing ensures liquidity and financial flexibility to deliver on the strategy. The combination of equity, bank financing and bonds provides access to capital when larger opportunities arise, while steady collections across the Group provide a strong operating cash flow.

On 4 October, Bond 2 (B2H02) of EUR 175m (whereof EUR 111m was outstanding) was repaid by a combination of the Bridge facility and the RCF. At quarter end the outstanding loan balance of the RCF was EUR 328m and the Bridge facility was EUR 50m. During the quarter EUR 50m of the original Bridge facility line has been cancelled.

On top of the mentioned RCF and Bridge facility, the Group holds three listed senior unsecured bond loans for a total of EUR 600m. A nominal value of EUR 27m is held

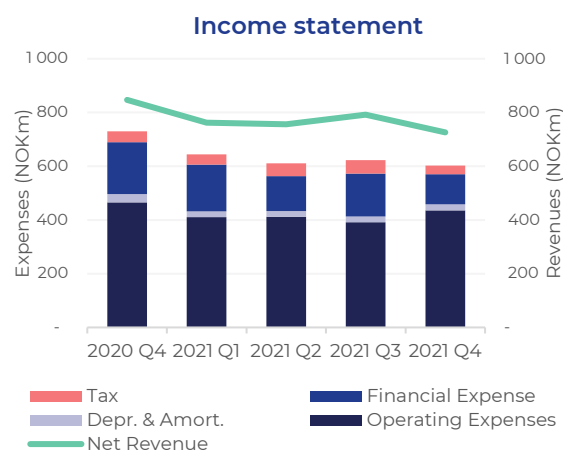
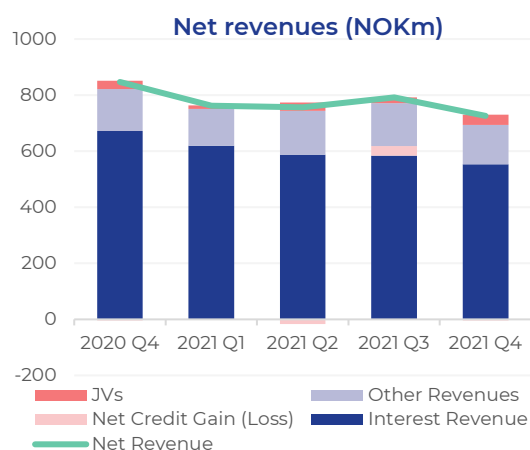
as treasury bonds, of which EUR 9m is held in Bond 3 maturing in November 2022.

The rating agencies Moody's and S&P upgraded their outlook in their latest review in November. Moody's affirmed the Ba3 rating and changed their outlook to stable, while S&P affirmed the B+ rating and changed their outlook to positive. The upgrade in outlook reflects a combination of the Group's improved liquidity profile, its headroom to financial covenants, the solid collection performance and the affirmation of the values of the Group's REOs and secured portfolios.

B2Holding has been engaged in discussions with reputable institutional investment partners to establish a co-investment partnership predominantly for B2Holding's back book in secured assets. B2Holding have in February 2022 completed the first milestone of this partnership through the signing of a non-recourse senior financing structure with a company managed and advised by Pacific Investment Management Company LLC ("PIMCO"), one of the largest asset managers and capital providers in the world. The senior financing, approximately EUR 200m, will represent approximately 50% of book value of the assets included in the structure at an interest rate of 5%. Included in the structure will be most of the countries in the Central and South Eastern Europe region with the inclusion of France and Italy. The unsecured assets in these countries will also be included in the structure. The structure provides for a redeployment of capital from collection and recoveries under an agreed framework, in addition to potential co-investments with PIMCO and/or its affiliates for larger portfolios. B2Holding will be the master and/or the special servicer of the portfolios included in the structure.

Financials

B2Holding reported gross collections including share of co-investments of NOK 1,266m for the quarter. Net revenues were lower than the previous quarter due to the impact of revised timing on the Group's future recoveries on secured portfolios which resulted in a Net credit loss in the quarter. Other revenues and profit from JVs were broadly in line with previous quarters. Q4 2021 Operating expenses remained at the low level achieved since Q2 2020 and were in line with Q2 2020.



Fluctuations in the Norwegian Krone impact the Group's numbers since approximately 99% of revenues were related to operations outside Norway. The weighted average impact on Group Net revenues from a stronger Norwegian Krone in 2021 Q4 compared with 2020 Q4 was approximately 10% or NOK 83m, while full year net revenues were impacted by approximately 6% or NOK 196m.

REVENUES

Collections on unsecured portfolios came in at 102% of forecast, continuing the over-performance from previous quarters. Northern Europe, Poland and Central Europe continue to deliver strong collections performance, with South Eastern Europe in line with expectations but Western Europe slightly below.

Overall recoveries on secured portfolios were also higher than expected for the quarter by over 122% with over-performance in all segments.

Interest revenue from purchased loan portfolios for Q4 was NOK 119m (18%) lower than Q4 2020. Adjusted for FX, the decrease was approximately NOK 68m (10%). For the full year, it was NOK 421m (15%) lower than 2020. Adjusted for FX, for the full year it was approximately NOK 267m (10%) lower in 2021 than 2020. The reduction

in revenues is mainly the result of low investment levels since early 2020 and during the pandemic.

The Net credit gain on unsecured portfolios of NOK 99m in Q4 reflects overperformance of NOK 17m mainly driven by Poland and a positive revaluation of NOK 82m. The positive revaluation was mainly in South Eastern Europe where improved collection performance has led to an increase in expected remaining collections.

Secured revisions in Q4 followed a re-underwriting exercise carried out by the CSAM team which predicts 13% more cash recovery but a significant timing delay. The net impact in Q4 was a Net credit loss of NOK 104m.

Profit from shares in associated parties/joint ventures was NOK 37m in the quarter compared with NOK 29m in Q4 2020. An assessment of the future cashflows on the underlying portfolios and changes to the fair value calculations led to positive adjustments in Central Europe and negative adjustment in South Eastern Europe, with an overall net positive outcome of NOK 28m.

Revenue from loan receivables (comprised of interest revenue from loan receivables and net credit gain/(loss) from loan receivables) was NOK 21m in Q4 2021 and NOK 93m for the full year 2021 compared with NOK 29m in Q4 2020 and NOK 137m for the full year 2020. The decrease

compared with prior periods is mainly due to lower activity in new loans granted during the pandemic period and the impact of relief packages on the consumer credit industry in Poland.

Revenue from sale of REOs of NOK 24m in Q4 resulted in a net gain of NOK 7m on book value of NOK 17m and a gain on sale of 43%. For the full year the Group made a gain on sale of NOK 46m (38%). The Group expects to see increasing volumes of sales in the future and continued gains although not at such high margins. Other revenues were in line with 2020 Q4.

OPERATING EXPENSES

In Q4 2021 the Group's operating expenses excluding cost of collateral assets sold, depreciation, amortization and impairment losses were NOK 438m which was a decrease of NOK 6m compared with Q4 2020. In 2021 Q4 the Group recorded net negative non-recurring items impacting EBIT of NOK 30m. The non-recurring items mainly impacted other operating expenses and were linked to Group projects of which NOK 26m in 2021 Q4 was related to the announced transaction. In 2020 Q4 the Group also had non-recurring items of NOK 5m impacting other operating expenses. Adjusting for FX and non-recurring items, 2021 Q4 operating expenses were NOK 6m lower than 2020 Q4. For the full year, also adjusted for FX and non-recurring items, operating expenses were NOK 41m lower than the prior year. The reduction in underlying costs reflects continued focus on cost control, efficiency and effectiveness in operations.

Of the Group's operating expenses excluding cost of collateral assets sold, depreciation, amortisation, impairment and non-recurring items in the full year 2021, 53% are personnel costs, 27% variable costs related to collection/recovery activities and 20% office-related costs including premises, equipment, telecommunications, IT and postage.

NET FINANCIAL ITEMS

Net financial items for the quarter were NOK -112m in Q4 compared with NOK -193m in Q4 2020. The main variance versus Q4 2020 was due to significantly lower interest expenses on a lower net debt level in 2021 as result of strong cashflow and debt repayments during a period of low re-investment during the pandemic.

PROFIT FOR THE PERIOD AND TAX

The income tax expense for the quarter amounted to NOK 35m (39) and was 23% of profit before tax. Profit after tax for the quarter ended at NOK 120m (123).

BALANCE SHEET

At the end of the quarter, total assets amounted to NOK 15 315m compared with NOK 17,169m at the end of 2020. Amortisation of NPL portfolios following strong collections during the quarter combined with low investments were the major impact on Total Assets, with approximately NOK 700m (4.8%) of the decrease being the result of a stronger NOK. Collateral assets (REOs) increased by NOK 411m since the end of 2020 following successful repossessions of NOK 559m offset by REOs sold as NOK 164m with a book value of NOK 119m and the impact of a stronger NOK.

Net interest-bearing debt amounted to NOK 9,067m, down NOK 2,001m compared with the end of 2020. Approximately NOK 600m (5.4%) of the decrease was a result of the strengthening of the NOK against the EUR, PLN and SEK in particular. The remaining reduction of Net Debt was the result of strong cashflow performance during the period.

CASH FLOW

Operating cash flow was NOK 619m in the fourth quarter and down from 678m in 2020 Q4.

Cash flow from investing activities ended at NOK -482m compared with NOK -446m in Q4 2020, mainly impacted by the higher investments in 2021.

Net cash flow from financing activities ended at NOK -252m following further voluntary repayments of debt during Q4.

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, 9 February 2022

Consolidated income statement

All figures in NOK million unless otherwise stated

	Notes	2021 Quarter 4	2020 Quarter 4	2021 Full Year	2020 Full Year
Interest revenue from purchased loan portfolios		553	672	2 344	2 765
Net credit gain/(loss) from purchased loan portfolios	4	-5	1	11	-230
Profit from shares in associated parties/joint ventures and participation loan/notes		37	29	99	45
Interest revenue from loan receivables		18	43	99	217
Net credit gain/(loss) from loan receivables		3	-13	-6	-79
Revenue from sale of collateral assets		24	19	164	72
Other revenues		113	101	444	385
Total revenues	3	743	852	3 155	3 174
External expenses of services provided		-110	-115	-420	-454
Personnel expenses		-215	-229	-870	-893
Other operating expenses		-112	-99	-350	-411
Cost of collateral assets sold, including impairment		-17	-20	-119	-78
Depreciation and amortisation		-20	-27	-85	-108
Impairment losses		-1	-5	-3	-6
Operating profit/(loss)	3	267	355	1 308	1 224
Financial income		0	1	1	56
Financial expenses		-106	-192	-572	-805
Net exchange gain/(loss)		-6	-1	5	-64
Net financial items	5	-112	-193	-566	-814
Profit/(loss) before tax		155	162	742	411
Income tax expense		-35	-39	-169	-102
Profit/(loss) after tax		120	123	573	309
Profit/(loss) attributable to:					
Parent company shareholders		120	123	573	309
Non-controlling interests		0	0	0	0
Earnings per share (in NOK):					
Basic		0.29	0.30	1.40	0.75
Diluted		0.29	0.30	1.39	0.75

Consolidated statement of comprehensive income

All figures in NOK million

	2021 Quarter 4	2020 Quarter 4	2021 Full Year	2020 Full Year
Profit/(loss) after tax	120	123	573	309
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	-64	-216	-217	129
Hedging of currency risk in foreign operations	-3	-7	15	52
Tax attributable to items that may be reclassified to profit or loss		0		-11
Other comprehensive income	-67	-223	-202	170
Total comprehensive income for the period	53	-100	371	479
Total comprehensive income attributable to:				
Parent company shareholders	52	-101	371	479
Non-controlling interests	1	0	0	0

Consolidated statement of financial position

All figures in NOK million

	Notes	2021 31 Dec	2020 31 Dec
Deferred tax asset		279	323
Goodwill		787	824
Tangible and intangible assets		295	330
Investments in associated companies and joint ventures		432	349
Purchased loan portfolios	3,4,5	10 921	13 033
Loan receivables		206	235
Participation loan/notes	3	422	522
Other non-current financial assets		54	3
Total non-current assets		13 396	15 620
Other short-term assets		260	253
Collateral assets		1 284	873
Cash and short-term deposits		376	423
Total current assets		1 920	1 549
Total assets		15 315	17 169
Equity attributable to parent company's shareholders	7	4 992	4 718
Equity attributable to non-controlling interests		1	1
Total equity		4 993	4 719
Deferred tax liabilities		291	295
Long-term interest bearing loans and borrowings	6	6 825	10 116
Other non-current liabilities		93	131
Total non-current liabilities		7 208	10 542
Short-term interest bearing loans and borrowings	6	2 400	1 153
Bank overdraft	6	219	222
Account payables and other payables		173	154
Income taxes payable		13	39
Other current liabilities		309	339
Total current liabilities		3 114	1 908
Total equity and liabilities		15 315	17 169

Consolidated statement of changes in equity

All figures in NOK million

	Notes	2021			2020		
		Attributable to parent company's shareholders	Non-controlling interests	Total equity	Attributable to parent company's shareholders	Non-controlling interests	Total equity
At 1 January		4 718	1	4 719	4 236	1	4 237
Profit/(loss) after tax		573	0	573	309	0	309
Other comprehensive income		-202	0	-202	170	0	170
Total comprehensive income		371	0	371	479	0	479
Buy-pack share programme	7	-31		-31			
Share based payments		-4		-4	4		4
Dividend paid to parent company's shareholders		-61		-62			
Dividends to non-controlling interests			0	0		-0	-0
Sale and acquisition of non-controlling interests			0	0	0	-0	
At 31 December		4 992	1	4 993	4 718	1	4 719

Condensed consolidated statement of cash flows

All figures in NOK million

	Notes	2021 Quarter 4	2020 Quarter 4	2021 Full year	2020 Full Year
Cash flows from operating activities					
Profit for the period before tax		155	162	742	411
<u>Adjustment for non-cash items:</u>					
Amortisation/revaluation of purchased loan portfolios		647	531	2 714	2 743
Repossession of collateral assets		-126	-33	-559	-619
Disposal of REOs sold, including write-downs		17	16	119	74
Share of profit in associated parties/joint ventures/participation notes	3	-37	-29	-99	-45
Interest expense on interest bearing loans		109	187	568	796
Unrealised foreign exchange differences		-21	-161	44	-208
Other non-cash items		95	109	170	199
<u>Operating cash flows:</u>					
Income tax paid		-51	-29	-153	-112
Change in working capital		20	4	-5	-83
Change in non-current financial assets/liabilities		-188	-78	-84	92
Net cash from operating activities		619	678	3 457	3 248
Cash flows from investing activities					
Payment of loan portfolios	3, 4	-529	-438	-1 192	-1 756
Investments/divestments in subsidiaries, joint ventures and associated companies		72	14	100	64
Net investments in intangible and tangible assets		-26	-22	-50	-45
Payment of contingent consideration		-	-	-14	-22
Net cash from investing activities		-482	-446	-1 155	-1 760
Cash flows from financing activities					
Payment buy-back share programme	7	-31	-	-31	-
Capital contribution from non-controlling interests		-	-	-	-
Net drawdowns/(repayments) on interest bearing loans and borrowings		-15	81	-1 654	-808
Interest paid on interest bearing loans & borrowings		-145	-175	-581	-736
Termination of issued options		-	-	-10	-
Dividends paid to parent company's shareholders		-61	-	-61	-
Dividends paid to non-controlling interests		0	-	-	-0
Net cash from financing activities		-252	-93	-2 338	-1 544
Net increase/(decrease) in cash and cash equivalents		-115	139	-35	-56
Cash and cash equivalents at the beginning of the period		273	76	201	259
Exchange rate difference on cash and cash equivalents		-1	-14	-9	-2
Cash and cash equivalents at the end of the period		157	201	157	201
<i>Cash and cash equivalents comprised of:</i>					
Cash and short-term deposits		376	423	376	423
Bank overdraft		-219	-222	-219	-222

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) is a debt solutions provider specialized in investing in, and the recovery of, non-performing debt portfolios in addition to providing third-party debt collection services. 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 fourth quarter ended 31 December 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report does 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 2020. The annual consolidated financial statements for 2020 are available at the company's website (www.b2holding.no).

The accounting policies applied in the preparation of the interim report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020; the only exceptions to this are given below and relate to the adoption of new IFRS standards.

Adoption of new IFRS standards

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2 (effective from 1 January 2021)

The relevant reference rates for the Group are EURIBOR, NIBOR, STIBOR, CIBOR and WIBOR. Although with a reformed methodology, these reference rates will remain in 2021 and for the foreseeable future¹. Therefore, the adoption of the amended standards has not had any material impact on the disclosures or on the amounts reported in the interim report ended 31 December 2021, nor is it expected to have any material impact on the financial statements of the Group in future periods.

Change in presentation of financial information

Consolidated statement of cash flows

The presentation of the Condensed consolidated statement of cash flows has been changed (with comparable numbers for 4th quarter and full year 2020). Repossession of collateral assets, Disposals of REOs sold including write-downs and Share of profit in associated parties/joint ventures/participation notes are now presented in separate lines under Cash flows from operating activities. Previously these were presented under "Change in working capital" and "Change in other balance sheet items".

The interim financial information for the quarters ended 31 December 2021 and 31 December 2020 are unaudited. The 2020 audited financial statements were approved by the Board of Directors on 21 April 2021.

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, 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 the year ending 31 December 2020. However, in the light of uncertainty arising from the COVID-19 pandemic there is clearly a significant level of judgement required in the assessment of future collections/cash flows/forecasts. Management have assessed the data and information available at the balance date.

1) <https://nordeamarkets.com/ibor/>, <https://gpwbenchmark.pl/Papers>

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 performance assessment and making decisions about resource allocation. 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 pages 22-23.

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 4, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest revenue from purchased loan portfolios	185	120	98	74	77		553
Net credit gain/(loss) from purchased loan portfolios	-1	32	25	-132	71		-5
Revenue from purchased loan portfolios	184	151	123	-58	148		548
Profit from shares in associated parties/joint ventures and participation loans/notes	2		59		-25		37
Total revenue from purchased loan portfolios	187	151	182	-58	123		585
Revenue from external collection	33	0	2	27	24		87
Revenue from loan receivables		20			0		21
Revenue from sale of collateral assets	0	1	15	2	6		24
Other operating revenues	4	0	5	9	8		26
Total other revenues	37	21	22	39	38		158
Total revenues	224	173	204	-20	162		743
Cost to collect	-53	-71	-42	-38	-47		-251
Cost of collateral assets sold, including impairment	-1	-1	-11	-1	-3		-17
Cost other revenues	-32	-11	-9	-34	-28		-114
Administration and management costs	-6	-3	-6	-8	-6	-44	-72
EBITDA	131	88	137	-101	78	-44	288
Depreciation, amortisation and impairment losses	-3	-7	-2	-5	-3	-2	-22
Operating profit (EBIT)	127	81	135	-105	75	-45	267

Quarter 4, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest revenue from purchased loan portfolios	217	141	130	88	96		672
Net credit gain/(loss) from purchased loan portfolios	-12	16	31	-19	-15		1
Revenue from purchased loan portfolios	204	157	161	69	81		673
Profit from shares in associated parties/joint ventures and participation loans/notes	2		2		26		29
Total revenue from purchased loan portfolios	207	157	163	69	107		702
Revenue from external collection	36	0	7	29	12		84
Revenue from loan receivables		29			0		30
Revenue from sale of collateral assets	0	0	21	2	-4		19
Other operating revenues	5	0	-3	11	2		17
Total other revenues	41	29	26	42	11		150
Total revenues	248	186	189	111	118		852
Cost to collect	-67	-74	-48	-42	-47		-279
Cost of collateral assets sold, including impairment		0	-22	-2	4		-20
Cost other revenues	-37	-13	-7	-39	-24		-121
Administration and management costs	-9	-4	-6	-2	-8	-16	-46
EBITDA	135	94	106	26	42	-16	387
Depreciation, amortisation and impairment losses	-6	-9	-2	-10	-3	-2	-32
Operating profit (EBIT)	129	85	103	16	39	-18	355

Full Year, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest revenue from purchased loan portfolios	777	505	430	308	324		2 344
Net credit gain/(loss) from purchased loan portfolios	58	102	33	-206	23		11
Revenue from purchased loan portfolios	835	607	463	101	348		2 355
Profit from shares in associated parties/joint ventures and participation loans/notes	6		65		27		99
Total revenue from purchased loan portfolios	842	607	528	101	375		2 453
Revenue from external collection	150	0	9	110	93		362
Revenue from loan receivables		92			1		93
Revenue from sale of collateral assets	2	3	98	11	51		164
Other operating revenues	19	1	17	30	16		83
Total other revenues	171	95	124	151	160		702
Total revenues	1 013	702	652	253	535		3 155
Cost to collect	-220	-259	-167	-150	-183		-981
Cost of collateral assets sold, including impairment	-1	-3	-72	-10	-33		-119
Cost other revenues	-135	-42	-27	-133	-110		-447
Administration and management costs	-24	24	-21	-16	-15	-160	-213
EBITDA	632	422	365	-58	195	-160	1 396
Depreciation, amortisation and impairment losses	-14	-25	-8	-19	-14	-9	-88
Operating profit (EBIT)	618	397	356	-76	181	-169	1 308

Full Year, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest revenue from purchased loan portfolios	873	576	585	357	374		2 765
Net credit gain/(loss) from purchased loan portfolios	-36	20	-72	-65	-78		-230
Revenue from purchased loan portfolios	837	597	513	292	296		2 535
Profit from shares in associated parties/joint ventures and participation loans/notes	11		5		29		45
Total revenue from purchased loan portfolios	848	597	518	292	325		2 579
Revenue from external collection	152	0	8	120	35		315
Revenue from loan receivables		136			1		137
Revenue from sale of collateral assets	0	6	44	10	10		72
Other operating revenues	19	1	6	37	7		70
Total other revenues	171	144	58	167	54		594
Total revenues	1 019	740	577	460	379		3 174
Cost to collect	-252	-309	-192	-152	-198		-1103
Cost of collateral assets sold, including impairment		-6	-49	-11	-12		-78
Cost other revenues	-146	-57	-21	-167	-79		-471
Administration and management costs	-20	-8	-10	-4	-12	-130	-184
EBITDA	601	360	304	125	78	-130	1 338
Depreciation, amortisation and impairment losses	-18	-35	-9	-27	-17	-7	-113
Operating profit (EBIT)	583	325	295	98	61	-137	1 224

Quarter 4, 2021

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	90	319	47	12	85		552
Purchased loan portfolios, book value							
Purchased loan portfolios	4 352	1 874	2 025	1 534	1 136		10 921
Participation loan/notes to SPV's for purchase of loan portfolios					422		422
Purchased loan portfolios held through joint venture ¹⁾	83		344		6		432
Purchased loan portfolios at 31 December	4 435	1 874	2 369	1 534	1 563		11 775

Quarter 4, 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	147	237		11	42		437
Purchased loan portfolios, book value							
Purchased loan portfolios	5 046	1 967	2 763	1 948	1 309		13 033
Participation loan/notes to SPV's for purchase of loan portfolios					522		522
Purchased loan portfolios held through joint venture ¹⁾	102		240		6		348
Purchased loan portfolios at 31 December	5 148	1 967	3 004	1 948	1 837		13 903

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

Full Year, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	427	458	73	32	213		1 202
Purchased loan portfolios, book value							
Purchased loan portfolios	4 352	1 874	2 025	1 534	1 136		10 921
Participation loan/notes to SPV's for purchase of loan portfolios					422		422
Purchased loan portfolios held through joint venture ¹⁾	83		344		6		432
Purchased loan portfolios at 31 December	4 435	1 874	2 369	1 534	1 563		11 775

Full Year, 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	898	362		93	311		1 664
Purchased loan portfolios, book value							
Purchased loan portfolios	5 046	1 967	2 763	1 948	1 309		13 033
Participation loan/notes to SPV's for purchase of loan portfolios					522		522
Purchased loan portfolios held through joint venture ¹⁾	102		240		6		348
Purchased loan portfolios at 31 December	5 148	1 967	3 004	1 948	1 837		13 903

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

NOTE 4 – PURCHASED LOAN PORTFOLIOS**Purchased loan portfolios**

All figures in NOK million

	2021 Quarter 4	2020 Quarter 4	2021 Full Year	2020 Full Year
Opening balance	11 222	13 827	13 033	13 420
Portfolio purchases in the period	552	437	1 202	1 664
Gross collection from purchased loan portfolios	-1 195	-1 203	-5 068	-5 278
Interest revenue from purchased loan portfolios	553	672	2 344	2 765
Net credit gain/(loss) from purchased loan portfolios	-5	1	11	-230
Exchange rate differences	-206	-701	-600	692
Closing balance	10 921	13 033	10 921	13 033

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 31 December 2021 is NOK 11,370m.

Net credit gain/loss from purchased portfolios

The Group purchases materially impaired loan portfolios at significant discounts and as such 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 collections deviating from collection estimates, as well as from changes in future collection estimates. The Group regularly evaluates the future collection estimates (ERC / ERR) at portfolio level and the estimate is adjusted if expected future collections is determined to materially deviate from the previous estimate. The adjusted collection estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimates 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". Both secured and unsecured portfolios are evaluated quarterly. Gross collection above collection estimates and upward adjustments of future collection estimates increase revenue, while conversely gross collection below collection estimates and downward adjustments of future collection estimates decrease revenue.

Quarter 4, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Gross collection from purchased loan portfolios	2	15	143	119	64		342
Collection above/(below) estimates	1	7	7	17	30		62
Changes in future collection estimates	0	-13	14	-131	-35		-166
Net credit gain/(loss) from secured portfolios	0	-6	21	-115	-5		-104
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	378	236	79	39	121		853
Collection above/(below) estimates	-2	33	4	-18	-1		17
Changes in future collection estimates	0	5	0	0	77		82
Net credit gain/loss from unsecured portfolios	-1	37	4	-18	76		99
Net credit gain/(loss) from purchased loan portfolios	-1	32	25	-132	71		-5

Quarter 4, 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 collection from purchased loan portfolios	2	16	103	94	61		276
Collection above/(below) estimates	-1	9	49	-11	22		69
Changes in future collection estimates	0	-9	-26	0	-24		-59
Net credit gain/(loss) from secured portfolios	-1	1	23	-11	-2		10
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	425	257	77	53	116		927
Collection above/(below) estimates	9	15	-2	-8	-6		9
Changes in future collection estimates	-22	0	10	0	-6		-17
Net credit gain/loss from unsecured portfolios	-12	16	7	-7	-12		-9
Net credit gain/(loss) from purchased loan portfolios	-13	16	30	-18	-14		1

Full Year, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Gross collection from purchased loan portfolios	10	48	859	294	215		1 427
Collection above/(below) estimates	4	19	30	-44	24		34
Changes in future collection estimates	-3	-26	2	-107	-29		-163
Net credit gain/(loss) from secured portfolios	1	-7	32	-150	-5		-129
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	1 691	1 004	324	168	454		3 641
Collection above/(below) estimates	70	106	4	-56	-43		81
Changes in future collection estimates	-13	2	-3	0	72		59
Net credit gain/loss from unsecured portfolios	58	108	1	-56	29		140
Net credit gain/(loss) from purchased loan portfolios	58	102	33	-206	23		11

Full Year, 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 collection from purchased loan portfolios	8	46	955	348	223		1 580
Collection above/(below) estimates	1	23	683	44	90		842
Changes in future collection estimates	0	-36	-712	-80	-83		-911
Net credit gain/(loss) from secured portfolios	1	-12	-29	-36	7		-69
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	1 778	987	324	201	409		3 698
Collection above/(below) estimates	34	22	-28	-30	-54		-55
Changes in future collection estimates	-72	10	-14	1	-31		-105
Net credit gain/loss from unsecured portfolios	-37	33	-43	-28	-85		-161
Net credit gain/(loss) from purchased loan portfolios	-36	20	-72	-65	-78		-230

Purchase of loan portfolios, cash flow statement

The following table reconciles the difference between “Purchase of loan portfolios” in cash flow statement and other statements:

All figures in NOK million

	2021	2020	2021	2020
	Quarter 4	Quarter 4	Full Year	Full Year
Portfolio purchases in the period	-552	-437	-1 202	-1 664
Change in prepaid amounts and amounts due on portfolio purchases	23	-1	10	-92
Purchase of loan portfolios, cash flow statement	-529	-438	-1 192	-1 756

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 (level 2) for the Multi-currency revolving credit facility (NOK 3,030m) and Bridge facility (NOK 497m) as the loans are based on one to six months floating interest. The fair value (NOK 5,815m) of bond loans (level 1) were determined by obtaining quoted market prices for the bond loans from Refintiv EIKON. The carrying amount is NOK 5,697m. 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 positive NOK 18m and the fair value of the interest rate hedging derivatives was positive NOK 48m. The interest rate hedging ratio was 90%.

For more details refer to the Risk Management section in the Group's 2020 Annual Report.

Net financial items

All figures in NOK million

	2021	2020	2021	2020
	Quarter 4	Quarter 4	Full Year	Full Year
Interest revenue	0	0	1	1
Other financial income	-0	1	0	55
Financial income	0	1	1	56
Interest expenses	-146	-188	-632	-786
Change in fair value of interest rate derivatives	36	4	62	-1
Interest expense on leases	-2	-2	-7	-9
Other financial expenses	5	-5	5	-9
Financial expenses	-106	-192	-572	-805
Realised exchange gain/(loss)	-17	-2	-16	71
Unrealised exchange gain/(loss)	-7	-28	22	-162
Change in fair value of currency derivatives	18	28	-1	26
Net exchange gain/(loss)	-6	-1	5	-64
Net financial items	-112	-193	-566	-814

NOTE 6 - INTEREST BEARING LOANS AND BORROWINGS*All figures in NOK million*

	31 December 2021		31 December 2020	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility including Bridge	497	3 030		4 162
Bond loan	1 903	3 794	1 153	5 954
Bank overdraft	219		222	
Total	2 619	6 825	1 375	10 116

The Group is financed by a combination of multi-currency Revolving Credit Facility (RCF), Bridge Facility and Bond loans. At quarter end EUR 328m was utilised from the EUR 510m RCF and EUR 50m was utilised from the EUR 50m Bridge Facility, leaving total available, undrawn facility lines of EUR 182m.

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 the Group's 2020 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 ¹⁾	Share capital NOK million	Other paid-in capital ²⁾ NOK million
At 31 December 2020	409 932 598	41	2 843
At 31 December 2021	409 932 598	41	2 843
At 9 February 2022 (date of completion of these interim condensed financial statements)	409 932 598	41	2 843

1) Including 3,043,082 shares purchased in share buy-back program, of which 102,451 shares is not settled transactions as at 31 December 2021

2) Net proceeds after transaction costs

A share buy-back program started on 8 November 2021 and ending 31 March 2022. The purpose of the program is to reduce the capital of the Company. The share buy-back program will be for a maximum of 10,000,000 shares and will comprise acquisitions of own shares for an aggregate amount of up to NOK 90,000,000.

In the period 8 November - 31 December 2021 3,043,082 shares were bought back at an average price of NOK 10.37 per share. Of these 2,940,631 shares were settled transactions as at 31 December 2021, decreasing the equity attributable to parent company shareholders by NOK 31m.

As of Friday 4 February 2022, total buy backs under the programme are 4,469,915 shares at an average price of NOK 10.22.

NOTE 8 – SHARE BASED PAYMENTS

In fourth quarter, no share options were granted, exercised, or terminated. On 31 December 2021, 1,350,000 share options issued in 2018 expired.

At the date of these interim financial statements there are 9,260,000 share options outstanding.

NOTE 9 – SUBSEQUENT EVENTS

The Board of Directors proposes a cash dividend of NOK 0.42 per share based on the financial year of 2021.

B2Holding have in February 2022 signed a non-recourse senior financing structure with a company managed and advised by Pacific Investment Management Company LLC (“PIMCO”). The senior financing, approximately EUR 200m, will represent approximately 50% of book value of the assets included in the structure at an interest rate of 5%.

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 Group presents alternative performance measures (APMs) which 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 the 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 the 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

	2021 Quarter 4	2020 Quarter 4	2021 Full Year	2020 Full Year
Total revenues	743	852	3 155	3 174
Adjust for cost of collateral assets sold, including impairment	-17	-20	-119	-78
Net revenues	726	831	3 036	3 095
Operating profit/(loss)	267	355	1 308	1 224
Non-recurring items	30	8	25	22
Adjusted EBIT	297	363	1 333	1 246
Operating profit/(loss)	267	355	1 308	1 224
Add back depreciation, amortisation and impairment losses	22	32	88	113
EBITDA	288	387	1 396	1 338
Total revenues	743	852	3 155	3 174
Add back amortisation/revaluation of purchased loan portfolios	647	531	2 714	2 743
Adjust for repossession of collateral assets	-126	-33	-559	-619
Adjust for profit from shares in associated parties/joint ventures and participation loan/notes	-37	-29	-99	-45
Add cash received from shares in associated parties/joint ventures and participation loan/notes	43	29	184	150
Adjust for Non-recurring items	-2		7	
Cash revenue	1 268	1 349	5 402	5 403
Operating profit/(loss)	267	355	1 308	1 224
Add back amortisation/revaluation of purchased loan portfolios	647	531	2 714	2 743
Add back depreciation and amortisation	22	32	88	113
Adjust for repossession of collateral assets	-126	-33	-559	-619
Add back for cost of collateral assets sold, including impairment	17	20	119	78
Adjust for profit from shares in associated parties/joint ventures and participation loan/notes	-37	-29	-99	-45
Add cash received from shares in associated parties/joint ventures and participation loan/notes	43	29	184	150
Adjust for Non-recurring items	29	5	24	18
Cash EBITDA	862	910	3 779	3 664

The following APMs are financial covenants in the RCF agreement and are calculated accordingly.

Equity Ratio

All figures in NOK million

	2021 31 Dec	2021 30 Sep	2021 30 Jun	2021 31 Mar
Total assets	15 315	15 500	15 825	15 873
Total equity	4 993	5 031	4 900	4 626
Equity ratio	32.6 %	32.5 %	31.0 %	29.1 %
Total assets	15 315	15 500	15 825	15 873
Excluding IFRS 16 right-of-use asset	-108	-85	-95	-103
Total assets excl IFRS 16 right-of-use asset	15 208	15 415	15 730	15 770
Equity ratio	32.8 %	32.6 %	31.2 %	29.3 %

Total Loan to Value

All figures in NOK million

	2021 31 Dec	2021 30 Sep	2021 30 Jun	2021 31 Mar
Bond loan (nominal value) ¹⁾	5 725	6 950	6 955	6 834
Revolving Credit Facility (nominal value) ¹⁾	3 062	2 280	2 752	3 342
Bridge Facility (nominal value) ¹⁾	500	250	250	250
Contingent consideration (earn out)	11	17	30	30
Vendor loan	36	18	13	27
FX Derivatives (MTM)	-18	-0	5	-3
Net cash balance including overdraft	-157	-274	-214	-402
Total loan	9 157	9 241	9 792	10 079
Purchased loan portfolios	10 921	11 222	11 597	11 772
Investment and participation in joint ventures ²⁾	854	773	836	803
Other assets ³⁾	2 226	2 141	2 114	1 987
Book value	14 001	14 136	14 547	14 562
Total Loan to Value % (TLTV)	65.4 %	65.4 %	67.3 %	69.2 %

1) Bond loans and revolving credit facility (RCF) are measured at nominal value according to the definitions of financial covenants.

In the Consolidated statement of financial position this is included in "long-term interest bearing loans and borrowings" and "short-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 "collateral 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.

Adjusted EBIT (Adj. EBIT)

Adjusted EBIT consists of EBIT adjusted for Non-recurring items.

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

Cash EBITDA

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

Cash margin

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

Cash revenue

Cash revenue consists of "Total revenues" added back amortisation and revaluation of purchased loan portfolios and adjusted for repossession of collateral asset and the difference between cash received and recognised profit from shares in associated parties/joint ventures and participation loan/notes. Cash revenue is a measure of actual revenues (cash business) from the collection business and other business areas. Cash Revenue is adjusted for Non-recurring items.

Collateral asset

In connection with 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 excluding Administration and management costs and not related to the collection of B2Holding's purchased loan portfolios.

Cost to collect

Cost to collect is all external and internal operating costs related to the collection of B2Holding's purchased loan portfolios.

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

Net credit gain/(loss) from purchased loan portfolios

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

Significant profit and loss items that are not included in the Group's normal recurring operations, which are difficult to predict and are considered to have low forecast value for the future earnings trend. Non-recurring items may include but are not limited to restructuring costs, acquisition and divestment costs, advisory costs for discontinued acquisition projects, integration costs, termination costs for Group Management and country managers, non-portfolio related write offs, unusual legal expenses, extraordinary projects, and material income or expenses relating to prior years.

Net revenues

Net revenues are the Total revenues reported less the Cost of collateral assets sold, including impairment.

Operating cash flow per share

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

Other revenues

Other revenues include revenue from external 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 2022

Annual report 2021 29.04.2022
Annual General Meeting 24.05.2022
Half-yearly report 23.08.2022

Quarterly report - Q1 12.05.2022
Quarterly report - Q3 10.11.2022
Quarterly report - Q4 15.02.2023

B2HOLDING ASA

Head office

Postal address:
PO Box 1726 vika
0121 Oslo
Norway

Visiting address:

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