

Investor presentation

Goldman Sachs - EMEA Leveraged Finance Conference

6 September 2022

B2HOLDING®

Today's presenters



Erik Johnsen
Chief Executive Officer



André Adolfsen
Chief Financial Officer



Rasmus Hansson
Head of Commercial
Strategy & Investor Relations

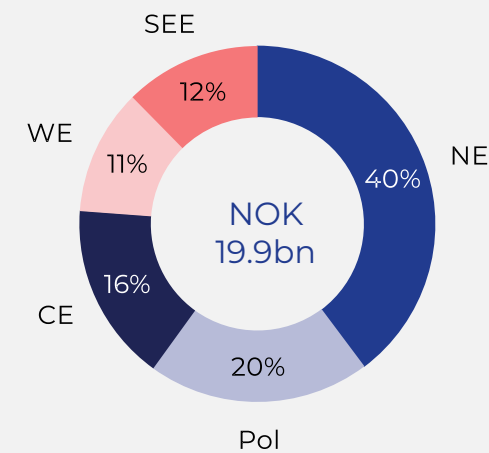
Company overview



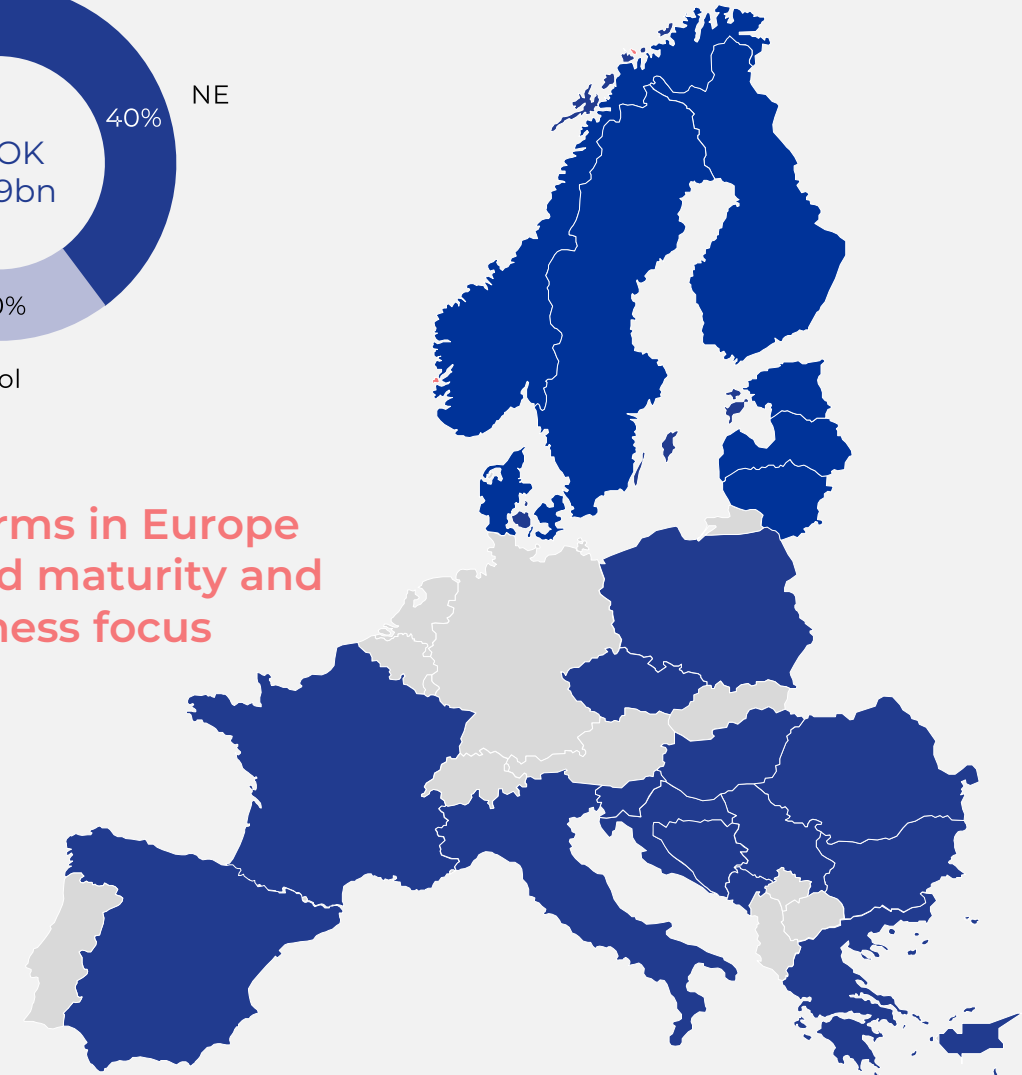
This is B2Holding

NOKm	Q2'22	Q2'21	Change %
Net revenues	748	756	-1%
Adjusted EBIT	330	321	3%
Adjusted EBIT Margin	42%	43%	0%
EBIT	139	341	-59%
ERC	19,867	20,440	-3%
Gross Collection	1,245	1,407	-12%
#FTEs	1,919	2,102	-9%
#Claims (millions)	8.4	8.2	3%

- Leading pan-European credit management servicer headquartered in Norway and listed on the Oslo Stock Exchange under the ticker B2H
- Focus: Granular consumer NPLs, and retail and corporate secured NPLs, owned and serviced for JV partners



22 platforms in Europe with varied maturity and business focus

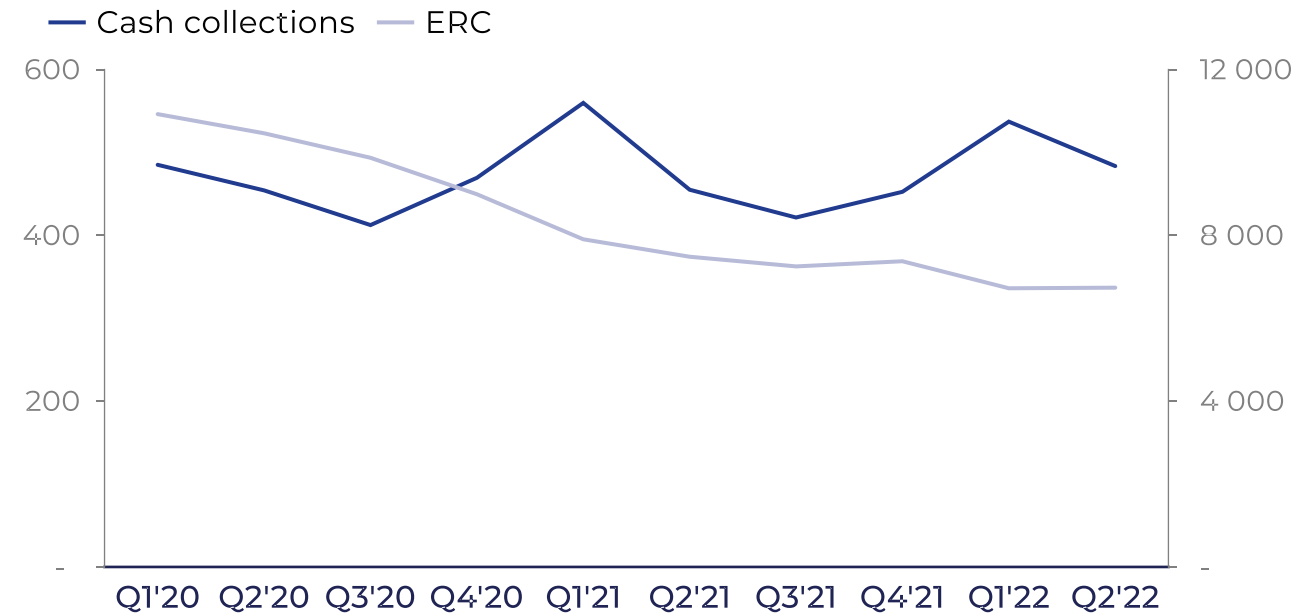


Strategic journey – New B2Holding is taking shape

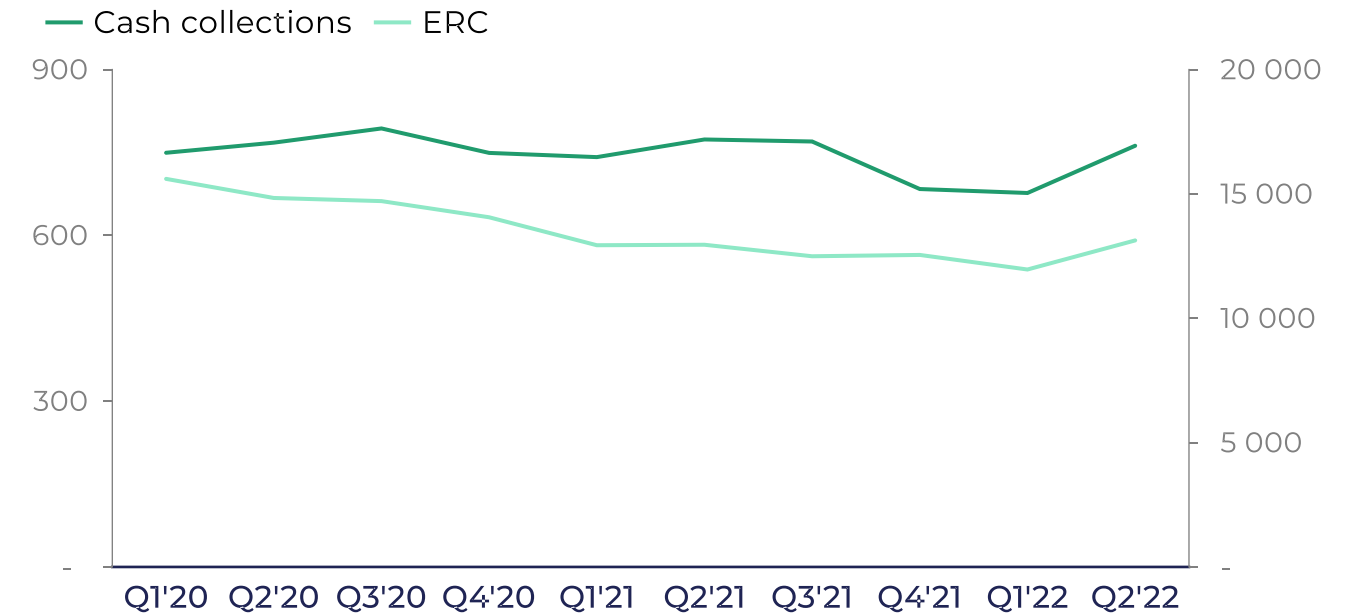


Improved scalability across our markets

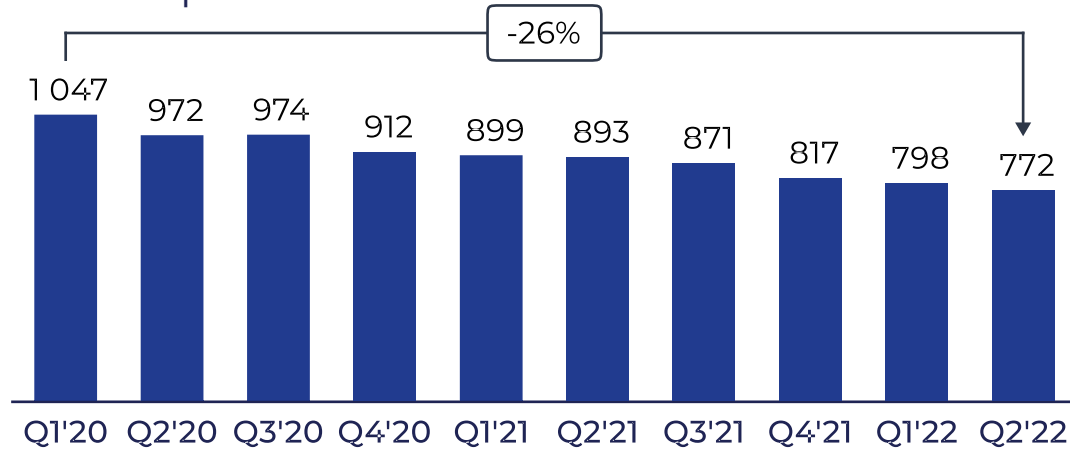
Secured markets (Veraltis Asset Management)



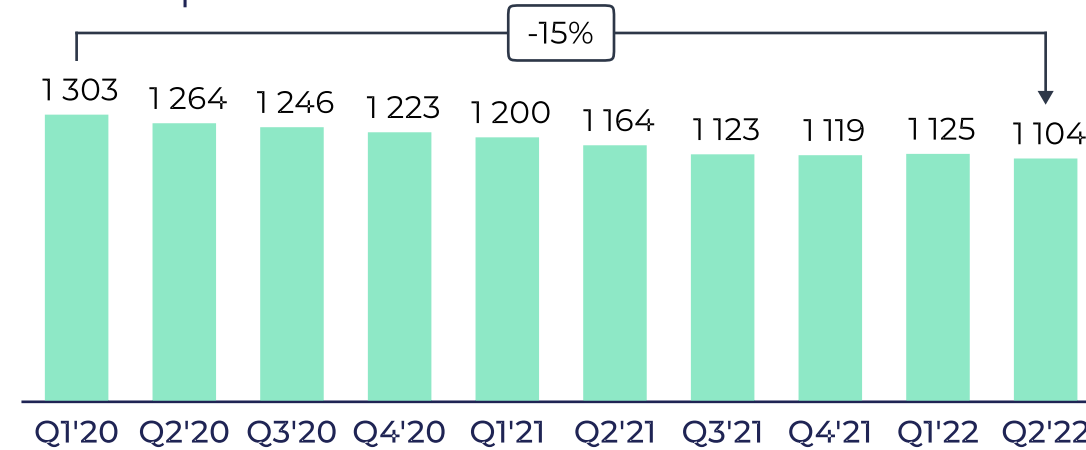
Unsecured markets



FTE development¹⁾



FTE development



1) FTEs for Veraltis Asset Management includes 172 FTEs from Bulgaria as Q2'22

Proven ability to deliver on set targets

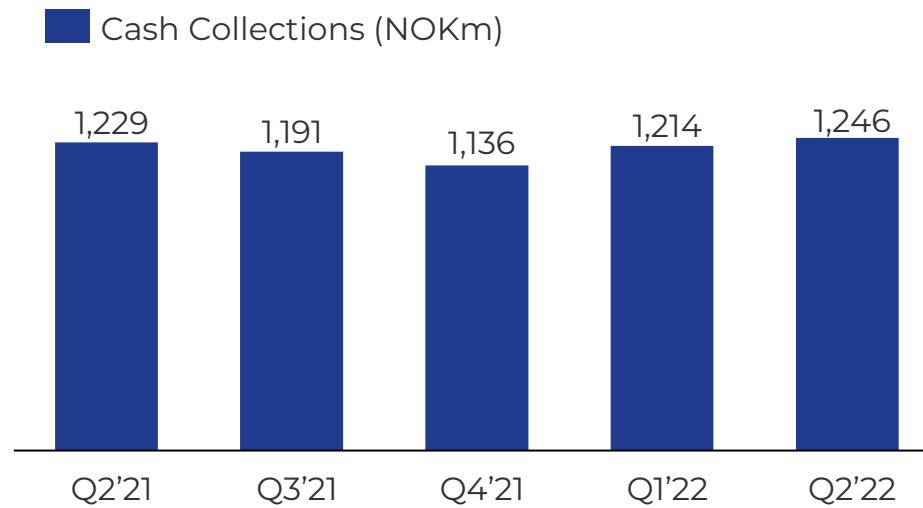
Targets

- Refinance RCF
- Repayment of existing bridge facility
- Extension of maturity profile
- Operational improvements
- Reduced leverage
- Improved performance
- Discontinuation of non-core geographical areas
- Co-investment partnerships

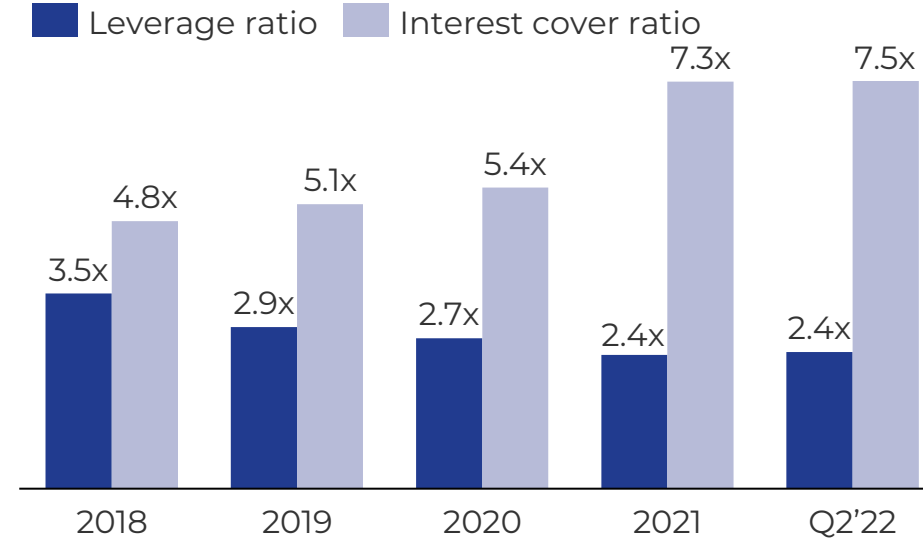
Achievements

- ✓ Improved flexibility and liquidity due to:
 - PIMCO funding
 - RCF extension
 - Divestment of DCA Bulgaria
- ✓ Final stage of strategic restructuring
- ✓ Improved scalability
- ✓ Strong collection performance and increased investment activity
- ✓ Margin improvements driven by sustainable lower cost base and improved collection efficiency

Strong collections¹⁾



Deleveraging



ESG commitment showing results

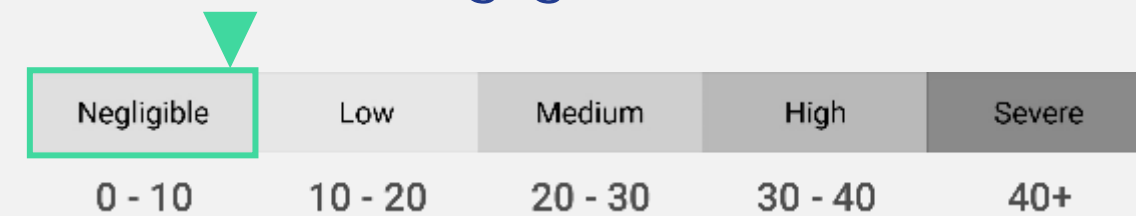
Substantially improved the ESG Risk rating from Sustainalytics, ranking us at the top of our industry and within the top 1 % of rated companies globally

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

ESG Risk rating

9.3

Negligible Risk



Universe	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	97 / 14,613	2nd
Diversified Financials INDUSTRY	6 / 889	2nd
Consumer Finance SUBINDUSTRY	1 / 227	1st

Highlights Q2 2022

Operations

- Unsecured collections and secured recoveries above the latest forecast
- Positive trend for REO sales continued

Effectiveness & efficiency

- In the final stages of the strategic restructuring period
- Continue to improve scalability across our markets

Investments

- Increased investment activity
- Growing pipeline indicates good activity in the second half of 2022

Capital & funding

- PIMCO funding closed in August
- Divestment of DCA Bulgaria
- Extended RCF completed

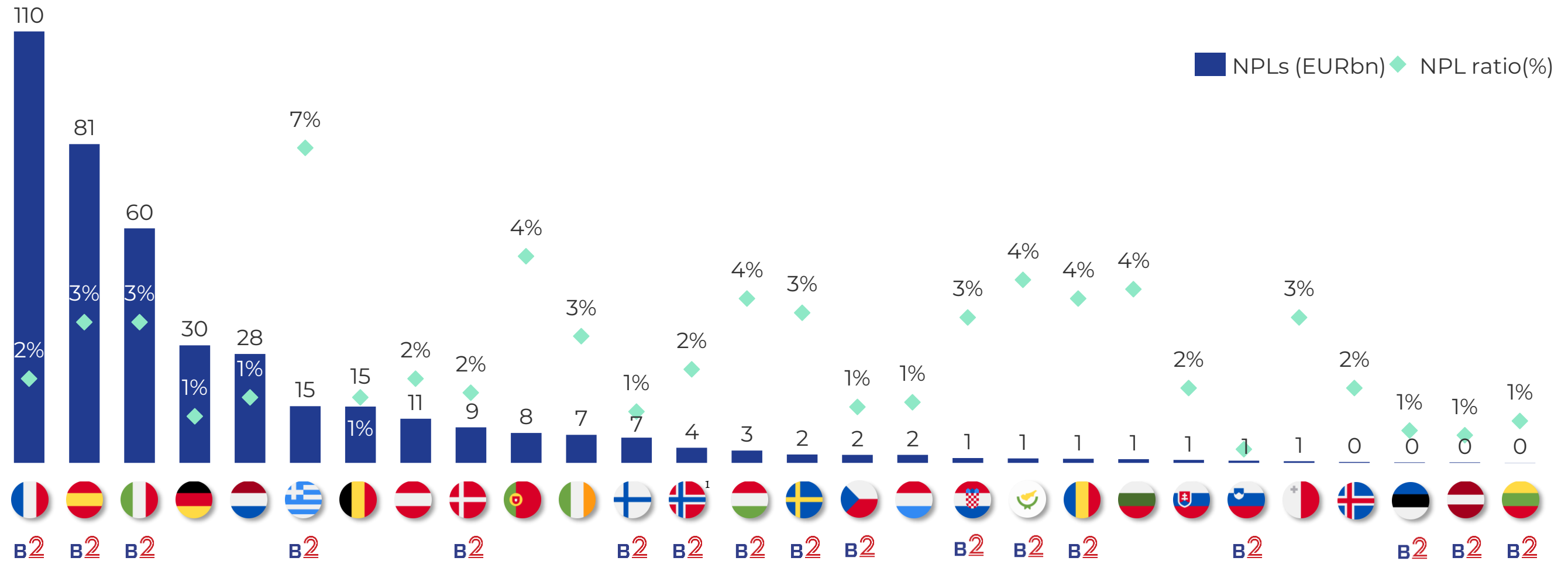
Market overview



Overview of the European NPL market (I/II)

B2Holding covers ~75% of the total EU NPL market

Total volume of bank NPLs in Europe exceed EUR 400bn. Three largest markets account for +60% as of Q1'22



Market activity and volumes are up



Active quarter with increase in number and volume of deals evaluated

Significant increase in portfolios acquired versus prior quarter and same quarter last year

At the end of second quarter, NOK 1bn were invested in new portfolios and NOK 350m committed for the remainder of 2022

Unsecured banking and consumer finance represents the majority of volume

Expected total investments of around NOK 3bn this year

- Dynamic approach to shifting market and economic developments
- Healthy pipeline and good activity into 2H 2022
- Continued disciplined approach towards new investments

Financial performance



Second quarter 2022 summary

Quarterly summary

NOKm	Q2 2022	Q2 2021	% Δ	H1 2022	H1 2021	LTM Q2 2022
Cash collections	1,246	1,229	1%	2,459	2,530	4,787
Net revenues	748	756	-1%	1,464	1,518	2,983
Adj. EBIT	330	321	3%	619	651	1,301
Adj. EBIT, %	42%	43%	0 pp	41%	43%	43%
EBIT	139	341	-59%	388	671	1,025
Adj. net profit	173	147	17%	300	277	617
Cash revenue	1,379	1,369	1%	2,720	2,793	5,328
Cash EBITDA	949	957	-1%	1,884	1,971	3,691
Cash margin	69%	70%	-1 pp	69%	71%	69%
Gross collections ¹⁾	1,245	1,407	-12%	2,397	2,901	4,932
Amortisation of own portfolios	-458	-647	-29%	-923	-1,508	-2,024
Portfolio investments ¹⁾	758	220	245%	996	412	1,786
Cost to collect, %	22%	20%	2 pp	21%	19%	21%

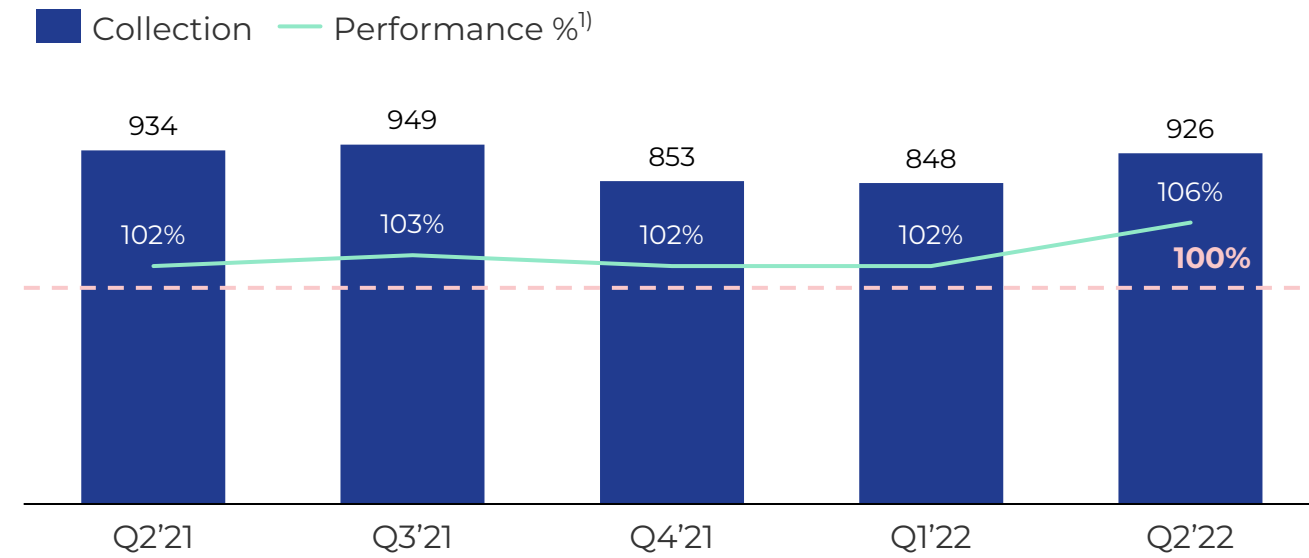
Comments

- Strong underlying collection performance
 - Unsecured collections at 106%
 - Secured collection at 231%
 - REO sales of NOK 103m at a 34% margin
- Net revenue adj. up 3% YoY
- One-off effect from sale of Bulgaria
 - Net revenue NOK -32m
 - EBIT NOK -135m and NOK -105m after tax
- Other NRIs of NOK 56m related to restructuring and senior financing
- Invested and committed capital in 2022 of more than NOK 1.35bn at the end of Q2
- Interest rate hedging ratio of 83%

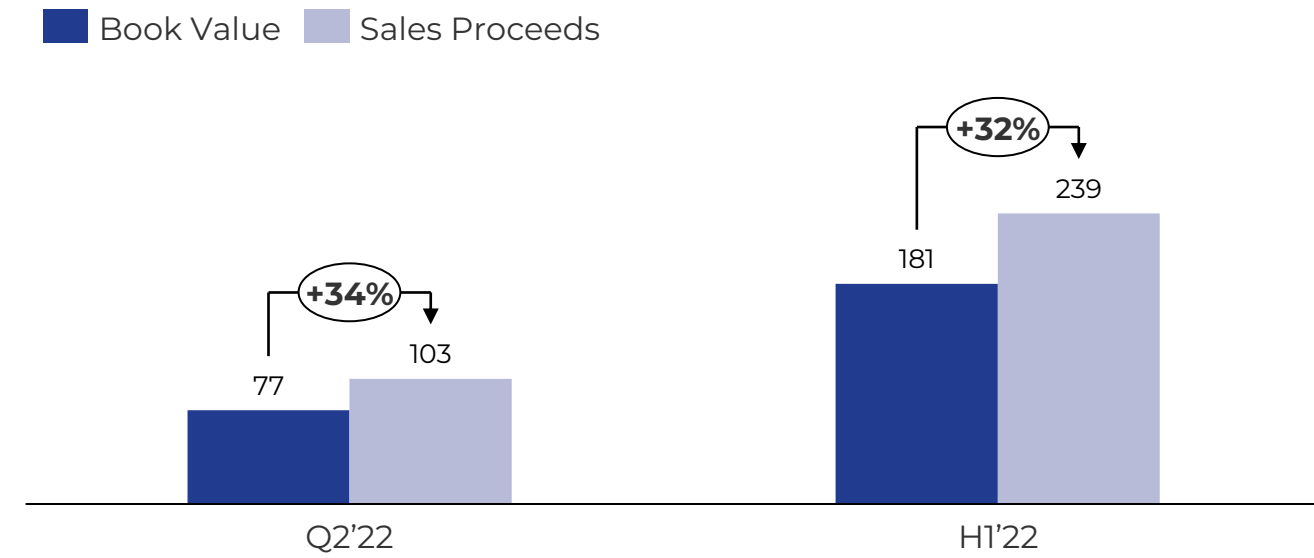
Operational improvements

Collection performance and improvements

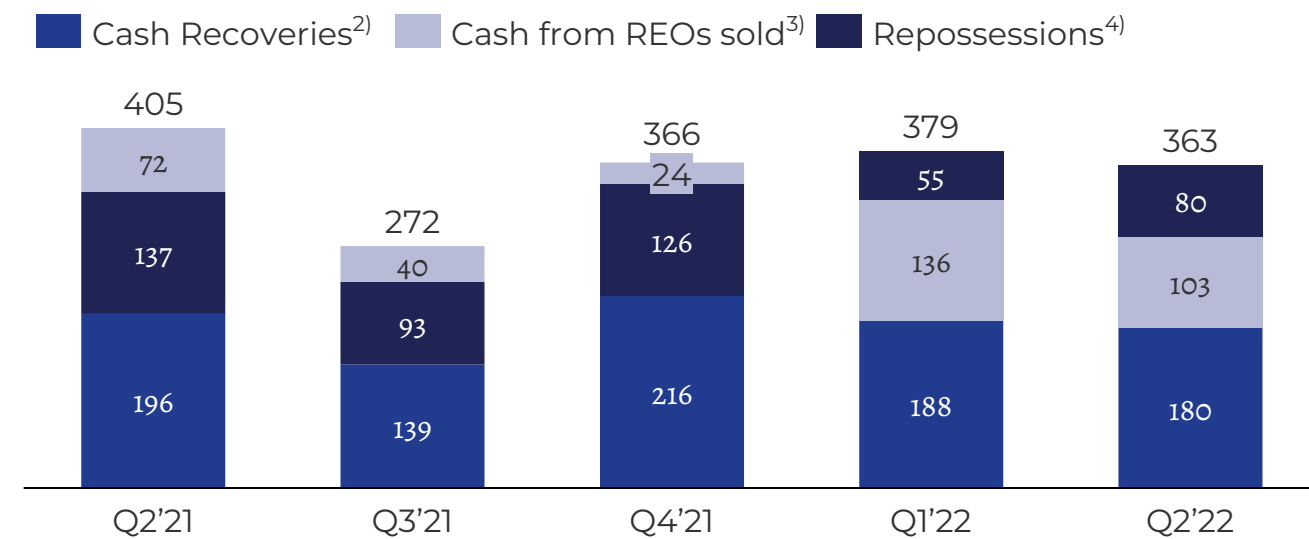
Unsecured collection performance, NOKm



REOs sold, NOKm



Secured recoveries, NOKm



Comments

- Continued strong trend in Unsecured collection performance
- Secured cash collections up 7% YoY
- REO sales YTD at 80% of communicated FY target of NOK 300m

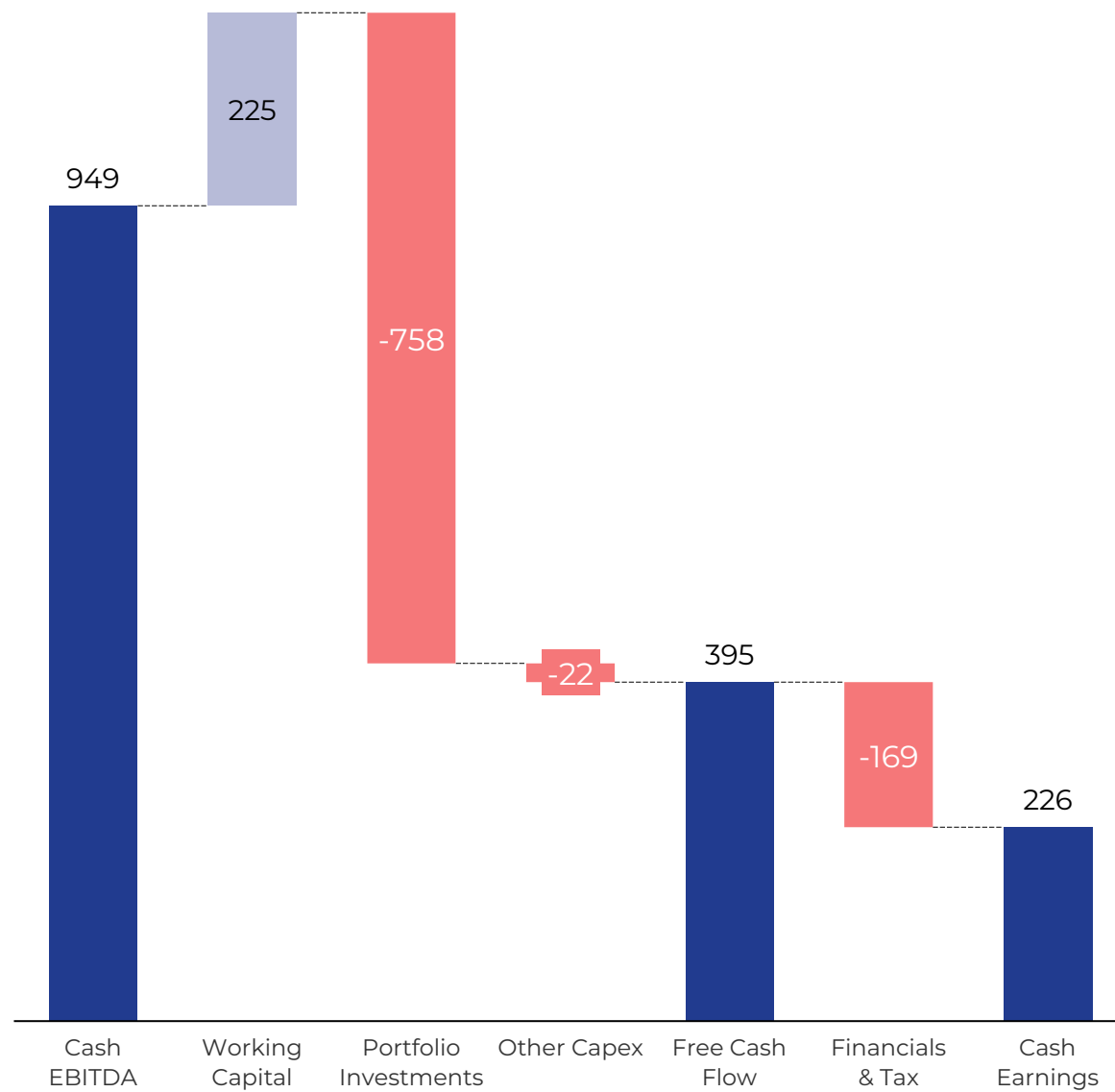
1) Measured as actual collection over estimated collection
 2) Cash recovered through direct payment of claims
 3) Cash collected from disposal of collateral assets
 4) Recoveries through repossession of collateral assets

Investments & capital funding

Improved cash earnings, investment capacity and deleveraging

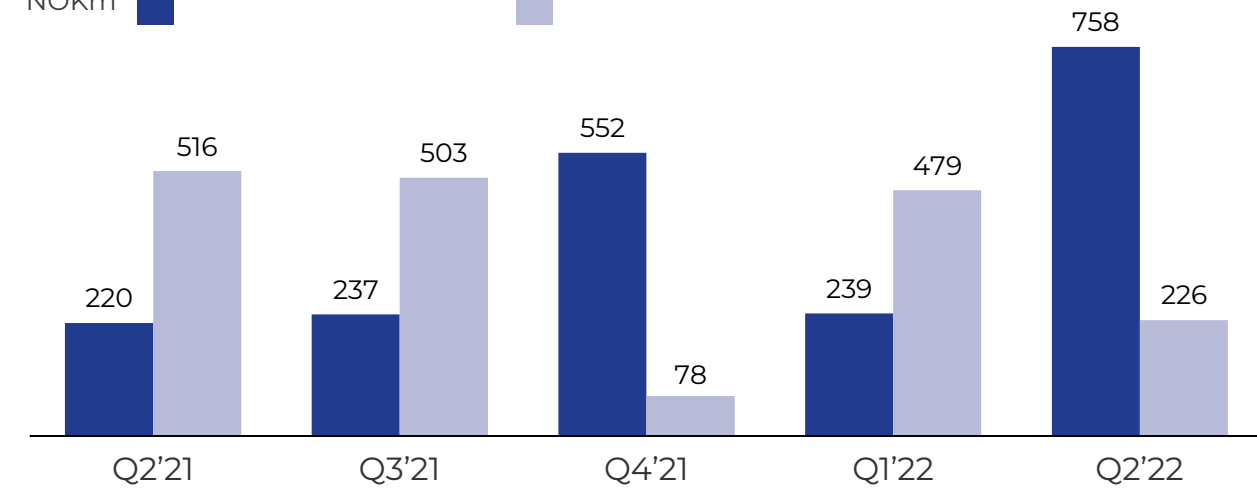
Cashflow Q2 2022

NOKm



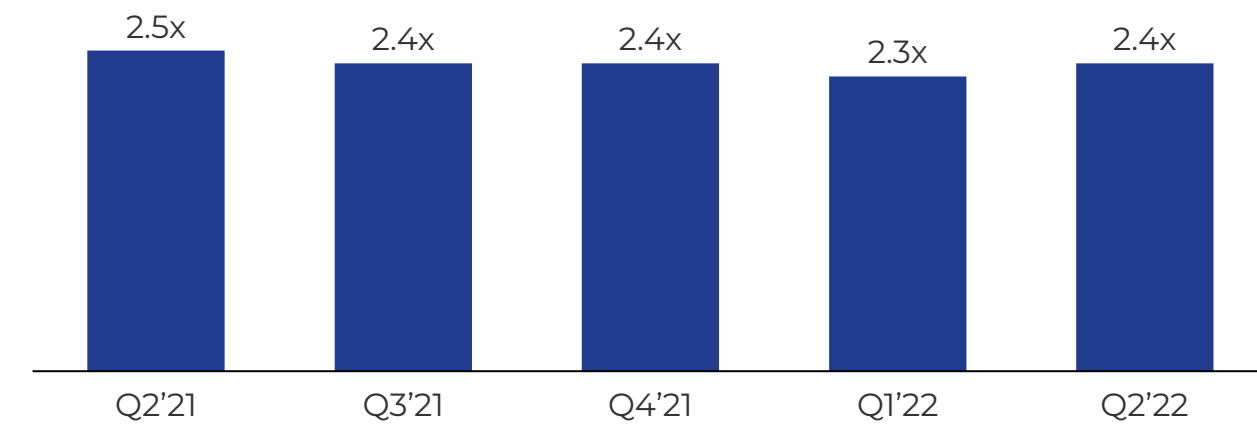
Additional investment capacity

NOKm



Leverage

Lev.ratio



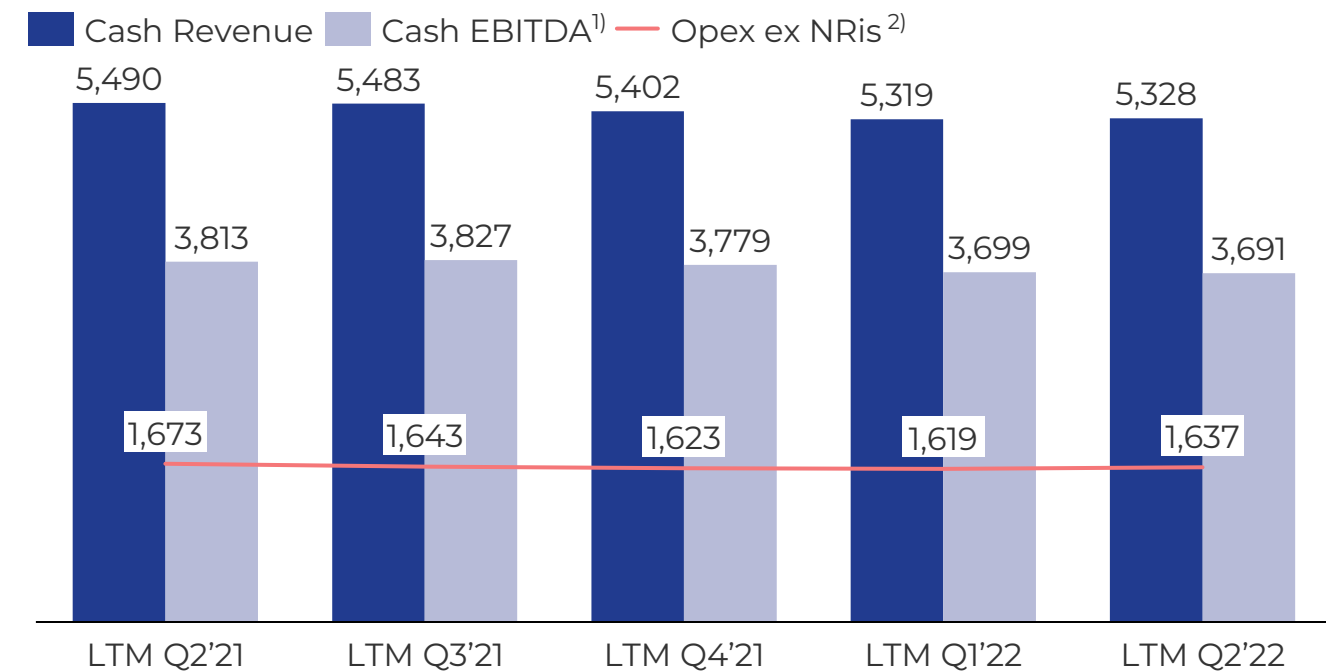
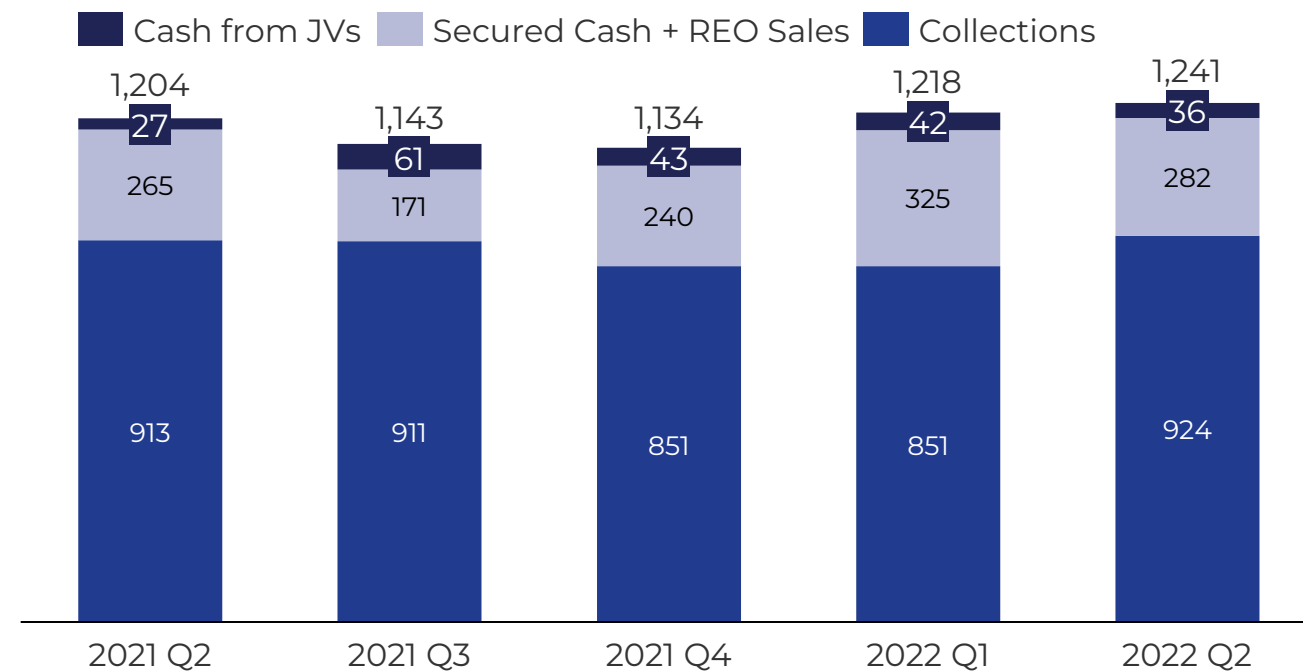
Strong cash collections and stable underlying cost base

Cash collections (constant FX), NOKm

- Strong collection performance in unsecured despite increased investment volume
- Total secured cash collection up 7% from last year

Stable development in cost to cash revenue, NOKm

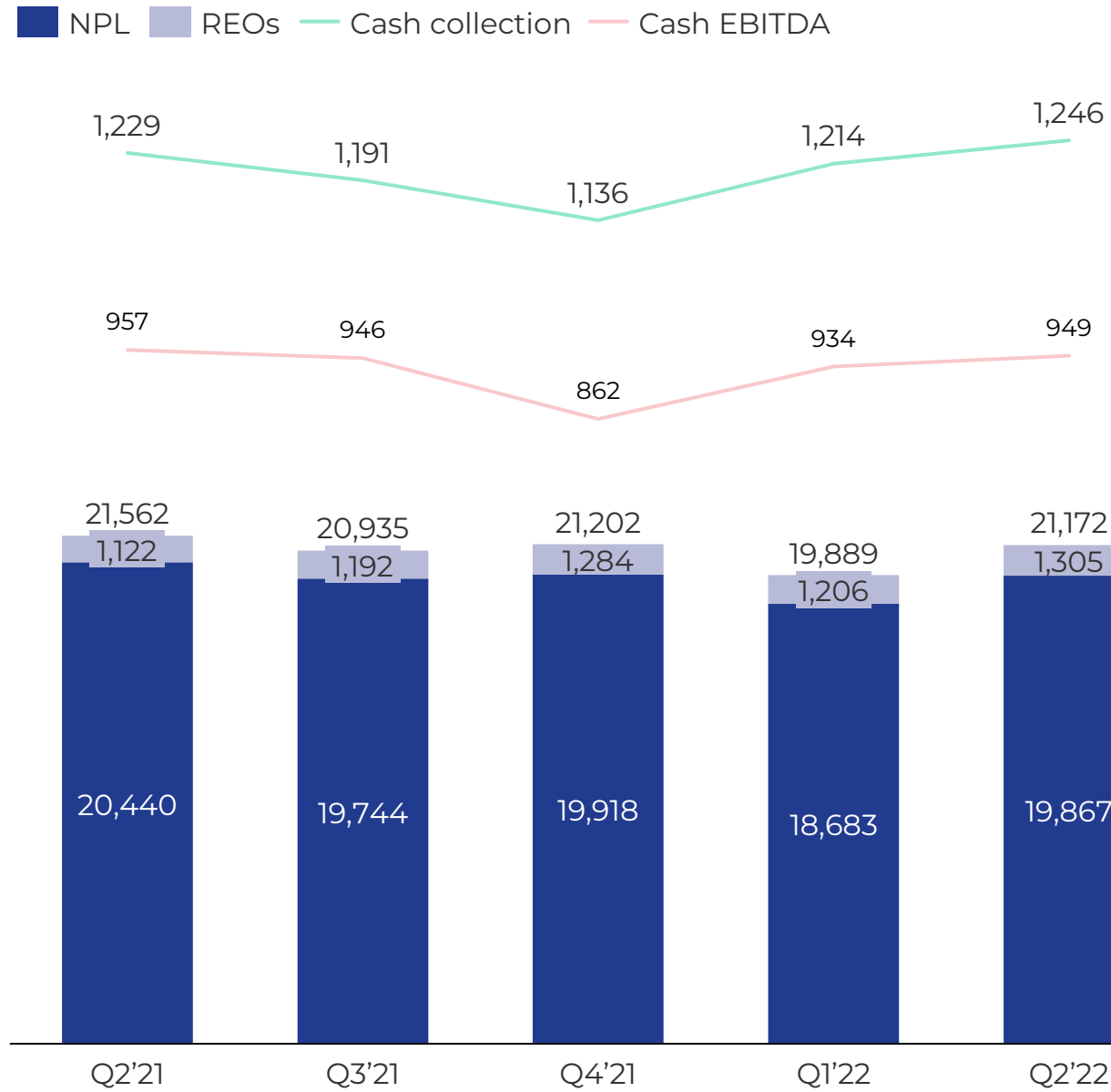
- Cash revenues and Cash EBITDA¹⁾ have remained stable over the years
- Q2 Opex excluding NRIs up 4.3% mainly due to higher activity; personnel costs 1.8% lower than Q2 2021
- Cash EBITDA for Q2 2022 was NOK 959m and, adjusted for FX, the underlying cash EBITDA is NOK 12m higher in Q2 2022 vs Q2 2021



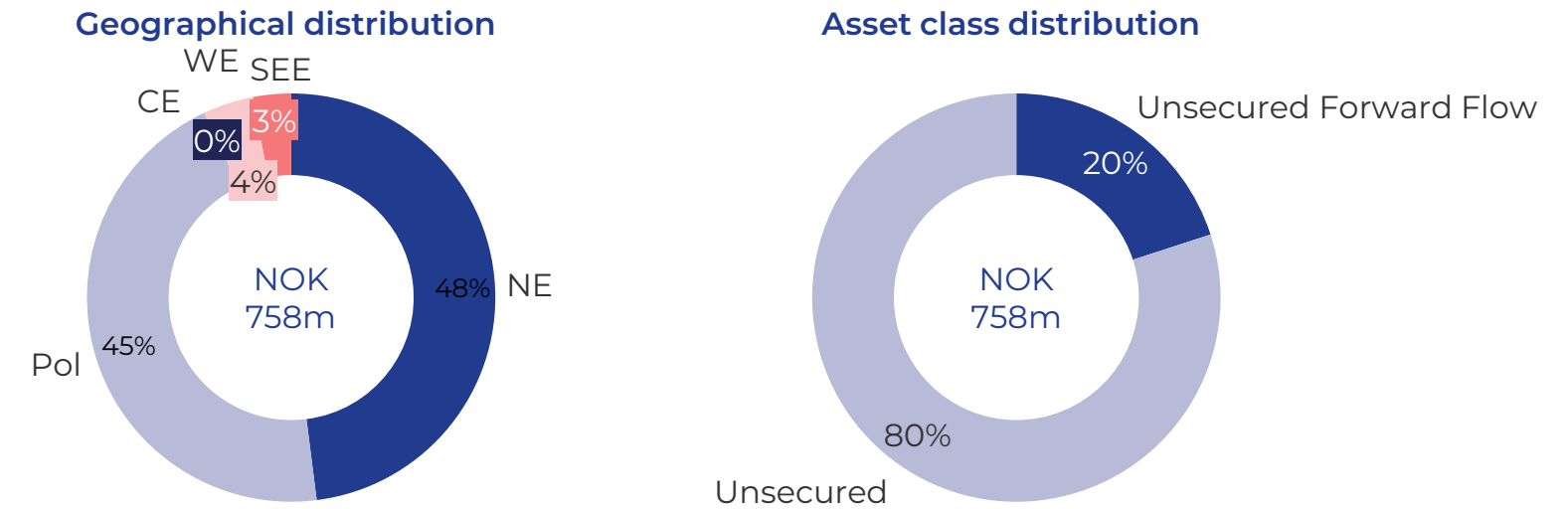
1) EBIT added back amortisation and revaluation of purchased loan portfolios, depreciation, amortisation and impairment of tangible and intangible assets and cost of collateral assets sold, adjusted for repossession of collateral assets and the difference between cash received and recognised profit from 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.
 2) Operating expenses excluding Depreciation, Amortisation, Impairment and Non Recurring Items

Portfolio investments and Estimated Remaining Collections (ERC)

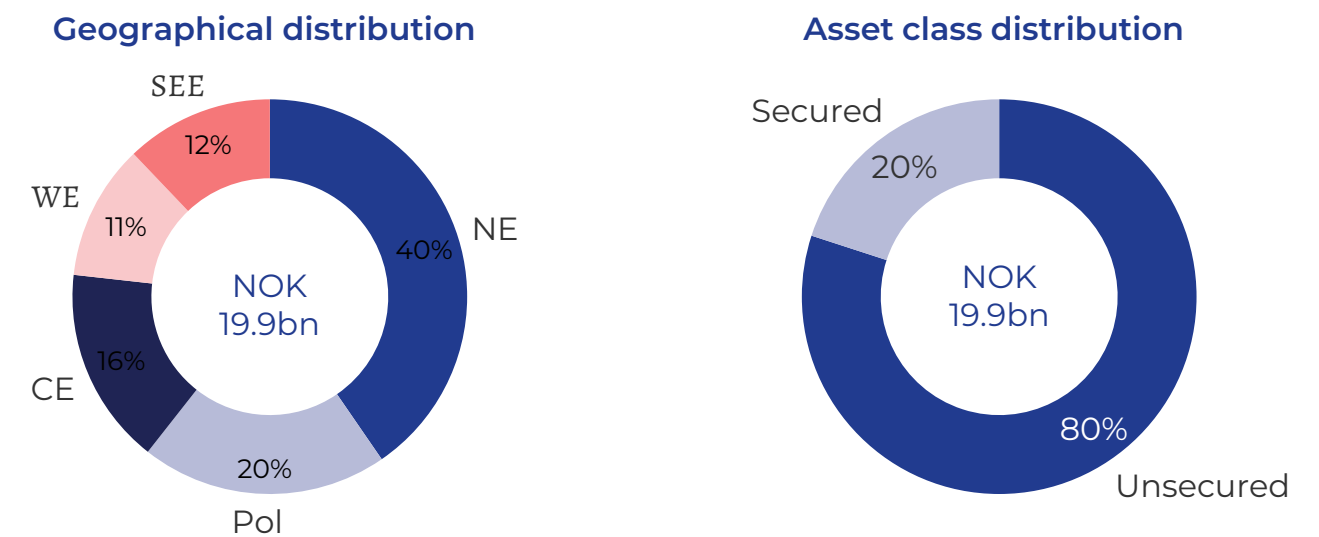
Cash collection, NOKm



Portfolio investments in Q2

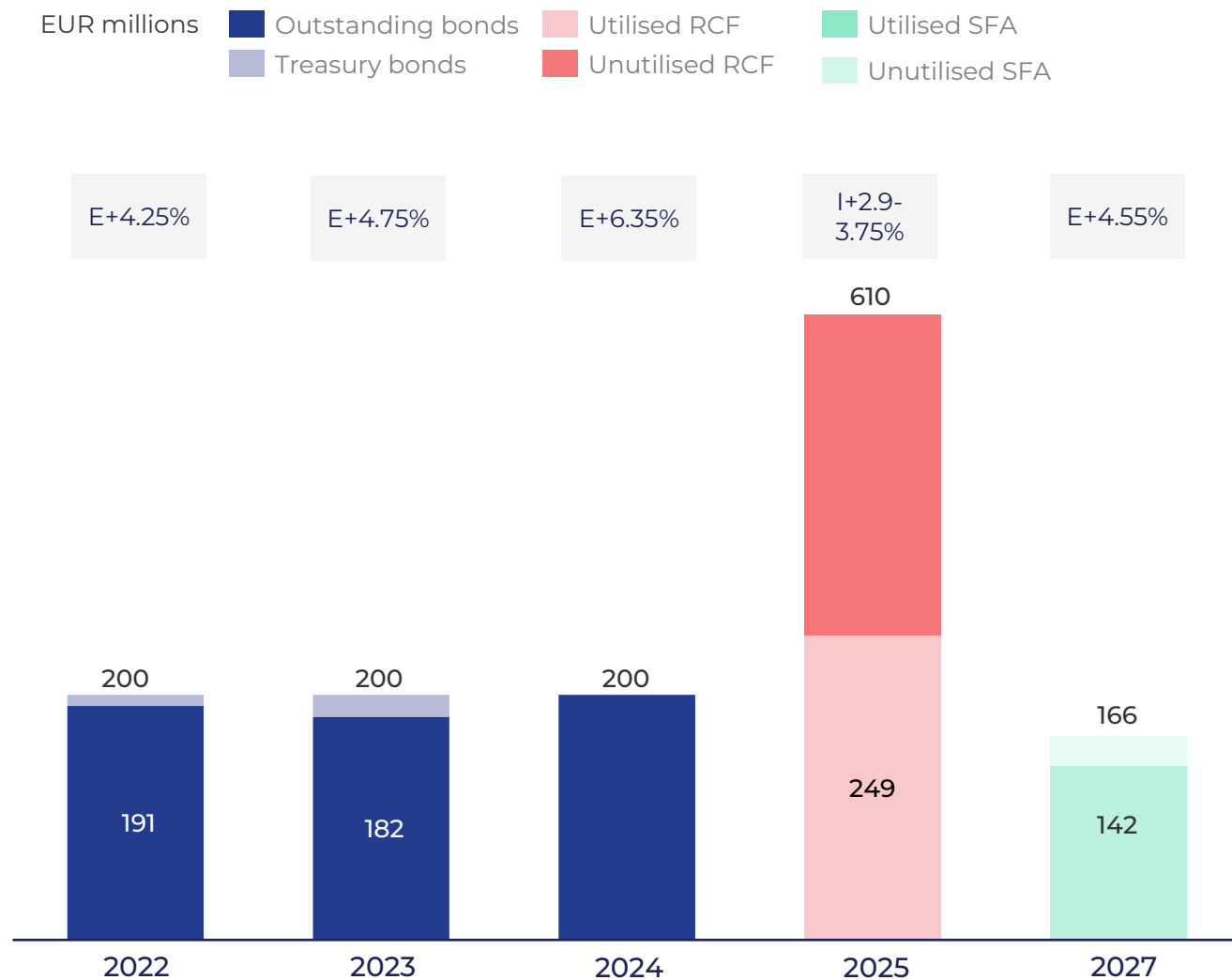


Total ERC as of Q2



New capital structure post funding

Debt maturity profile



Improved flexibility and liquidity

- Refinancing of the RCF¹ was completed in Q2
- Senior Financing Agreement closed
 - EUR 166m in Facility Line of which EUR 142m is currently drawn
- Bulgaria impact on capital structure
 - EUR 48.4m cash (expected October) will be used to repay RCF
- Available liquidity of around EUR 500m including Bulgaria
- Interest rate hedging ratio of 83%

Financial risk management

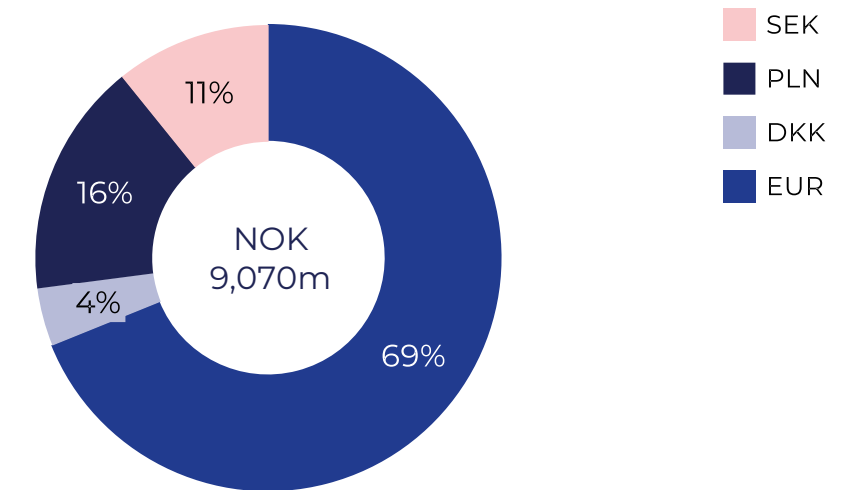
Interest rate risk

- Translational balance sheet exposure to main currencies hedged by Currency derivatives
- Currency derivatives are used to:
 - Obtain a balanced currency basket
 - Designed to utilize zero interest cap in RCF
- Cashflow hedging not performed due to high uncertainty in timing of cash flows

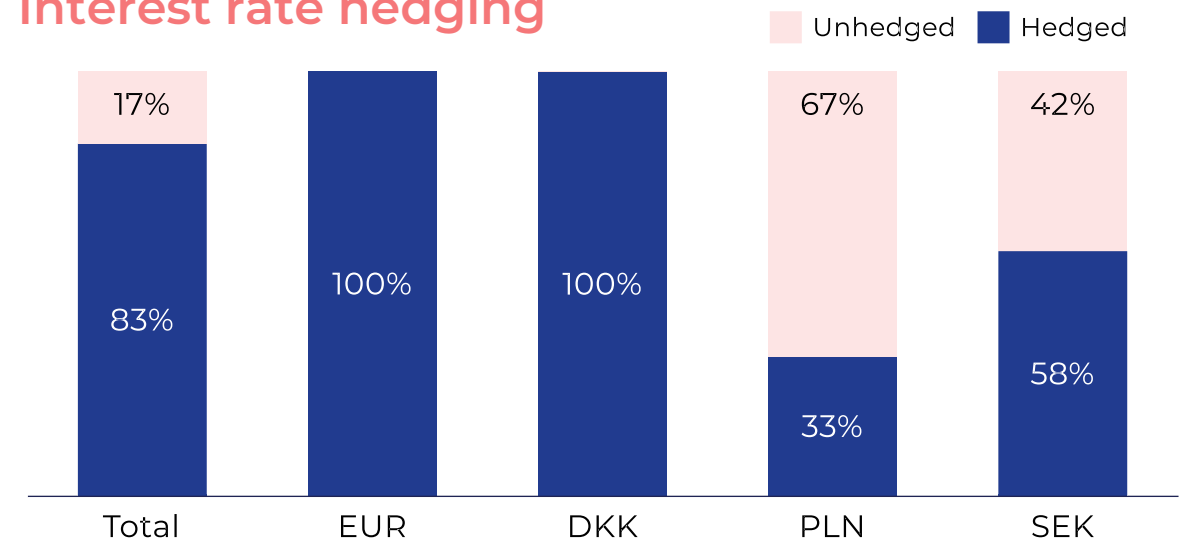
Currency risk

- Interest rate swaps and caps are used to reduce interest rate exposure
 - Interest Rate Swap is Back-to-back
 - Cap: Strike is set 1 % above floating rate (IBOR floor 0%)
- The strategy is to hedge between 60% and 120% of net borrowings (split as basket) up to a maximum period of 5 years
 - The hedging ratio at Q2 2022 was 83 % with a duration between 1-2 years

Net borrowing basket



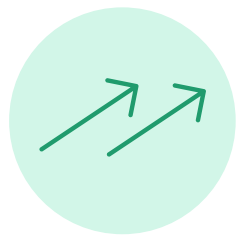
Interest rate hedging



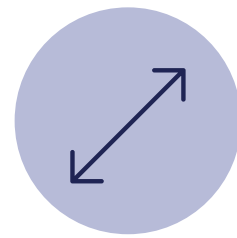
Summary



Key takeaways



Collections and recoveries continue on a positive trend



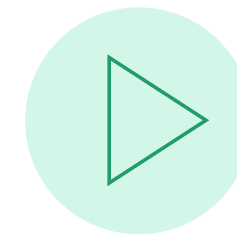
Improved scalability across markets



Increased market activity and volumes



Strong cash flow and proven ability to deleverage



Closed senior financing agreement and extended RCF



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