All figures in NOK million unless otherwise stated

Consolidated income statement

Year ended 31 December	Notes	2020	2019
Interest income from purchased loan portfolios	4	2 765	2 713
Net credit gain/(loss) purchased loan portfolios	4	-230	-400
Profit from shares in associated parties/joint ventures and participation loans/notes	17	45	64
Interest income from loan receivables	7	217	294
Net credit gain/(loss) from loan receivables	7	-79	-178
Income from sale of collateral assets	20	72	
Other revenues	7	385	381
Total revenues	6	**3 174**	**2 874**
External expenses of services provided	8	-454	-447
Personnel expenses	9	-893	-888
Other operating expenses	10	-411	-446
Cost of collateral assets sold, including impairment	20	-78	
Depreciation and amortisation	15	-108	-107
Impairment losses	14,15	-6	-27
Operating profit/(loss)		**1 224**	**959**
Financial income		56	13
Financial expenses		-805	-794
Net exchange gain/(loss)		-64	-12
Net financial items	11	**-814**	**-794**
Profit/(loss) before tax		**411**	**165**
Income tax expense	12	-102	-58
Profit/(loss) after tax		**309**	**107**
Profit/(loss) attributable to:			
Parent company shareholders		309	107
Non-controlling interests		0	0
Earnings per share (in NOK):			
Basic	13	0.75	0.26
Diluted	13	0.75	0.26

All figures in NOK million unless otherwise stated

Consolidated statement of comprehensive income

Year ended 31 December	Notes	2020	2019
Profit/(loss) after tax		**309**	**107**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		129	-23
Hedging of currency risk in foreign operations	4	52	-37
Tax attributable to items that may be reclassified to profit or loss		-11	9
Other comprehensive income		**170**	**-51**
Total comprehensive income		**479**	**56**
Total comprehensive income attributable to:			
Parent company shareholders		479	56
Non-controlling interests		0	0

All figures in NOK million unless otherwise stated

Consolidated statement of financial position

As at 31 December	Notes	2020	2019
Deferred tax asset	12	323	189
Goodwill	14	824	778
Tangible and intangible assets	15,16	330	363
Investments in associated companies and joint ventures	17	349	387
Purchased loan portfolios	4	13 033	13 420
Loan receivables	18	235	345
Participation loans/notes	17	522	542
Other non-current financial assets	18	3	5
Total non-current assets		**15 620**	**16 027**
Other short-term assets	19	253	240
Collateral assets	20	873	319
Cash and short-term deposits	21	423	356
Total current assets		**1 549**	**914**
Total assets		**17 169**	**16 942**
Share capital	22	41	41
Other paid in capital	22	2 843	2 843
Other capital reserves	23	39	24
Foreign currency translation reserve		433	263
Other equity, including net profit for the year		1 362	1 065
Equity attributable to parent company's shareholders		**4 718**	**4 236**
Equity attributable to non-controlling interests		1	1
Total equity		**4 719**	**4 237**
Deferred tax liabilities	12	295	171
Long-term interest bearing loans and borrowings	24	10 116	10 141
Other non-current liabilities	16,25	131	160
Total non-current liabilities		**10 542**	**10 472**
Short-term interest bearing loans and borrowings	24	1 153	1 498
Bank overdraft	24	222	97
Accounts and other payables	26	154	265
Income taxes payable	12	39	29
Other current liabilities	16,27	339	345
Total current liabilities		**1 908**	**2 233**
Total equity & liabilities		**17 169**	**16 942**

Oslo, 21 April 2021

/sign/
Harald L. Thorstein
Chair of the Board

/sign/
Adele Bugge Norman Pran
Board Member

/sign/
Niklas Wiberg
Board Member

/sign/
Trygve Lauvdal
Board Member

/sign/
Kari Skeidsvoll Moe
Board Member

/sign/
Grethe Wittenberg Meier
Board Member

/sign/
Trond Kristian Andreassen
Board Member

/sign/
Erik J. Johnsen
Chief Executive Officer

All figures in NOK million unless otherwise stated

Consolidated statement of changes in equity

		Attributable to parent company's shareholders							
	Notes	**Share capital**	**Other paid-in capital**	**Other capital reserves**	**Foreign currency translation reserve**	**Other equity**	**Total**	**Non-controlling interests**	**Total equity**
At 1 January 2019		**41**	**2 836**	**20**	**314**	**1 143**	**4 355**	**1**	**4 355**
Profit for the year after tax						107	107	0	107
Other comprehensive income					-51		-51	0	-51
Total comprehensive income					**-51**	**107**	**56**	**0**	**56**
Issue of share capital	22	0	7				8		8
Share based payments	23			3			3		3
Dividend paid to parent company's shareholders	22					-184	-184		-184
Dividends to non-controlling interests							0	0	0
Acquisition of non-controlling interests	5				0	-1	-1	0	-1
Capital contribution from non-controlling interests							0	0	0
At 31 December 2019		**41**	**2 843**	**24**	**263**	**1 065**	**4 236**	**1**	**4 237**
Profit for the year after tax						309	309	0	309
Other comprehensive income					170		170		170
Total comprehensive income					**170**	**309**	**479**	**0**	**479**
Issue of share capital	22						0		0
Share based payments	23			4			4		4
Other restricted capital				11		-11	0		0
Dividend paid to parent company's shareholders	22						0		0
Dividends to non-controlling interests							0	0	0
Sale of non-controlling interests					0		0		0
At 31 December 2020		**41**	**2 843**	**39**	**433**	**1 362**	**4 718**	**1**	**4 719**

All figures in NOK million unless otherwise stated

Consolidated statement of cash flows

Year ended 31 December	Notes	2020	2019
Cash flow from operating activities			
Profit before tax		411	165
Adjustment for non-cash items:			
Interest income from purchased loan portfolios		-2 765	-2 713
Net credit (gain)/loss purchased loan portfolios	4	230	400
Depreciation, amortisation and impairment losses	15	117	134
Interest expenses	11	796	802
Unrealised foreign exchange differences		-209	-15
Share based payment expense	23	4	3
(Profit)/loss on sale of tangible and intangible assets		0	0
Operating cashflows:			
Gross collection from purchased loan portfolios	4	5 278	5 202
Income tax paid during the year		-112	-194
Operating capital adjustments:			
Decrease/(increase) in current assets		-568	-239
Decrease/(increase) in other non-current financial assets		173	85
Increase/(decrease) in current liabilities		-79	-101
Increase/(decrease) in non-current liabilities		2	94
Other items		-30	-13
Net cash flow from operating activities		**3 248**	**3 609**
Cash flow from investing activities			
Net payment for purchased loan portfolios	4	-1 756	-3 117
Investment in subsidiary companies and joint ventures	5	64	-371
Payment of contingent consideration	5	-22	-88
Purchase of tangible and intangible assets	15	-45	-52
Proceeds from the sale of tangible and intangible assets			4
Net cash flow from investing activities		**-1 760**	**-3 624**
Cash flow from financing activities			
Proceeds from the issue of new shares	22		8
Proceeds from new external loans during the year	24	15 577	16 858
Repayment of external loans during the year	24	-16 346	-15 972
Repayment of principal amount on lease liabilities	16	-39	-34
Interest paid		-736	-737
Dividend paid to parent company's shareholders	22		-184
Dividends paid to non-controlling interest		0	0
Net cash flow from financing activities		**-1 544**	**-63**
Net cash flow during the year		**-56**	**-77**
Cash and cash equivalents at 1 January		259	339
Exchange rate difference on cash and cash equivalents		-2	-2
Cash and cash equivalents at 31 December		**201**	**259**
Cash and cash equivalents comprised of:			
Cash and short-term deposits	21	423	356
Bank overdraft	24	-222	-97
		201	**259**

Notes to the consolidated financial statements

NOTE 1 GENERAL INFORMATION, BASIS OF PREPARATION, CONSOLIDATION PRINCIPLES, NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP AND NEW AND AMENDED STANDARDS ISSUED BUT NOT YET EFFECTIVE

1.1 General information

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 Norwegian public limited company listed on the Oslo Stock Exchange (Oslo Børs) with ticker B2H. The Company's registered office is at Stortingsgaten 22, 0161 Oslo, Norway.

The consolidated financial statements of the Group for the year ending 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 21 April 2021.

1.2 Basis of preparation

The consolidated financial statements of the Group have 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 consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and approved by the EU.

Preparation of the financial statements, including note disclosures, requires management to make estimates and assumptions that affect amounts reported. Actual results may differ. See note 3 "Critical accounting judgments and key sources of estimation uncertainty".

The consolidated financial statements have been prepared on a historical cost basis except for the following assets and liabilities that are measured at fair value:

- derivatives,
- contingent considerations arising from business combinations,
- participation loan/notes, and
- structured bond and investment funds

The functional currency of B2Holding ASA is the Norwegian krone (NOK). The B2Holding Group consolidated financial statements are presented in NOK and all values are rounded to the nearest million (NOK'000 000) except when otherwise indicated. B2Holding ASA has been granted permission from the Norwegian authorities to publish the Group accounts in English only.

The Group consolidated financial statements are prepared on the basis of uniform accounting principles for similar transactions and events. Unless otherwise stated the accounting policies as set out below have been consistently applied to all reporting periods presented. Presentation and classification of items in the financial statements is also consistent for the periods presented.

1.3 Consolidation principles

The consolidated financial statements comprise of the financial statements of the Group and its subsidiaries at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee,
- rights arising from other contractual arrangements, and
- the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

1.4 New and amended standards adopted by the Group

The adoption of the following standards and interpretations has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 – Definition of a Business
- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

1.5 New and amended standards issued but not yet effective

At the date of the authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2 (effective on or after 1 January 2021)
- Amendments to IFRS 3 – Reference to the Conceptual Framework (effective on or after 1 January 2022)
- Amendments to IAS 37 – Cost of Fulfilling a Contract (effective on or after 1 January 2022)
- Amendments to IAS 16 – Proceeds before Intended use (effective on or after 1 January 2022)
- Amendments to IFRS 17 Insurance Contracts (effective on or after 1 January 2023)
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current (effective on or after 1 January 2023)

The Group does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Group when preparing its consolidated financial statements.

2.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. According to this method, acquisitions of subsidiaries are viewed as transactions by which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities, and values those assets and liabilities meeting the conditions for recognition under IFRS 3, *Business Combinations*, at their fair value on the acquisition date.

The Group's cost of the subsidiary's shares or operations consists of the fair value of the consideration given on the transfer date, including any conditional purchase consideration which is recognised as a liability at fair value at the acquisition date, as well as the amount of any non-controlling interest in the subsidiary. Contingent consideration is a financial instrument and falls within the scope of IFRS 9 *Financial Instruments*. Any changes in the fair value of contingent consideration are recognised in the consolidated income statement. A contingent payment that is considered to be remuneration for future services of employees or former owners of the acquiree is recognised as personnel costs.

Non-controlling interests arise in cases where the Group acquires less than 100 % of the shares in the subsidiary. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in other operating expenses in accordance with the acquisition method.

In business combinations where the Group's cost exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is reported as goodwill. If the difference is negative, it is recognised directly in the consolidated income statement.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU), or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, by comparing the carrying amount of the CGU, including goodwill, with the recoverable amount of the CGU. The Group calculates the recoverable amount of the CGU by determining the higher of the fair value less cost to sell and its value in use. The key assumption for the value in use calculation is the forecasted cash flows during the forecast period. If the recoverable amount of the CGU is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is recognised immediately in the consolidated income statement and is not reversed in a subsequent period.

On disposal of an operating unit within a CGU to which goodwill has been allocated, the goodwill associated with that operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

2.2 Investments in associated companies and joint arrangements

An associated company is an entity over which the Group has significant influence and that is not a subsidiary or a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without the ability to have control over those policies. Significant influence normally exists when the Group has 20 % to 50 % voting power through ownership or agreements. Investments in associated companies are accounted for using the equity method.

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. That is when the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. If the parties to the joint arrangement have rights to the net assets of the arrangement, the arrangement is classified as a joint venture and accounted for using the equity method. If the parties have rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is classified as a joint operation. The Group's participation in joint arrangements are all classified as joint ventures. See further details about investments in associated companies and joint ventures in note 17.

Under the equity method the investment is recognised at cost and subsequently adjusted to the Group's share of the change in the investment's net assets since acquisition date. The equity method is applied from the date a significant influence arises until the time it ceases, or the associated company or joint venture becomes a subsidiary. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The financial statements of the associates and joint ventures are prepared for the same reporting period as the Group, except for the Joint Venture EOS Credit Funding BL DAC, which prepare financial statements for the period 1 March to 28 February. Adjustments are made for the effects of transactions or events that occur between the date of the Group's consolidated financial statements and that date.

If the Group's share of reported losses in the investment exceeds its carrying value, the carrying value is reduced to zero. Losses can be offset against the Group's unsecured receivables from the investment if they constitute a part of the net investment. Further losses are not recognised provided the Group has not issued guarantees to cover them.

2.3 Foreign currencies

The consolidated financial statements are presented in NOK, which is B2Holding ASA's functional currency. Transactions in foreign currencies are initially recognised in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All exchange differences are recognised in the income statement with the exception of exchange differences on foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. These exchange differences are recognised as a separate component of other comprehensive income until the disposal of the net investment or settlement of the monetary item, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in other comprehensive income. Non-monetary items measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial recognition. The date of initial recognition for non-monetary assets on which the Group has paid an advance consideration is the date of the payment of the advanced consideration.

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

2.4 Purchased loan portfolios

Purchased loan portfolios consist of portfolios of non-performing loans and debt, purchased at prices significantly below the nominal receivable. They are recognised at amortised cost according to the credit-adjusted effective interest method in accordance with the rules for credit-impaired receivables set out in IFRS 9. Purchased loan portfolios are classified as non-current assets in the statement of financial position.

The credit-adjusted effective interest method is a method of calculating the amortised cost of a credit-impaired financial asset and of allocating the interest income to the income statement over the relevant period. The credit-adjusted effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or when appropriate a shorter period, to the net carrying amount of the financial asset.

In connection with purchased loan portfolios, the effective interest rate is calculated provisionally based on the acquisition cost, including all transaction costs, and estimated future cash flows which includes the nominal amount, reminder fees, collection fees and late interest that, based on a probability assessment, are expected to be received from debtors.

Each portfolio is initially recorded in the statement of financial position at cost, including all transaction costs. Subsequent price adjustments for portfolios acquired are recorded as an adjustment to the statement of financial position. Interest income on purchased loan portfolios is accrued monthly in the income statement based on each portfolios credit adjusted effective interest rate. Monthly cash flows greater than the cash flow forecast for the same period are recorded as part of the "Net credit gain/loss purchased loan portfolios" in the period. Likewise, monthly cash flows that are less than the monthly cash flow forecast for the same period are also classified as part of the "Net credit gain/loss purchased loan portfolios" in the period.

Portfolios are defined to be the lowest reliable level for aggregating accounts with similar attributes, such as accounts in the same jurisdiction or similar types or classes of debt. Typically, each portfolio consists of an individual acquisition of receivables. The portfolio is accounted for as a single unit for the recognition of income, principal payments and adjustments due to the recalculation of the estimated future cash flows.

The Group also acquires portfolios on a forward flow basis. This means that a contract is established for purchases of loan portfolio at an agreed price as a percentage of a nominal receivable, but where the volumes of debts are not fully known at the time of agreement. The acquisition (delivery) of forward flow debts can be done on a monthly basis. For reporting and IFRS evaluation purposes, the Group combines these acquisitions into portfolio pools by vendor and sets future collection expectations based on these combined pools. The internal rate of return can therefore vary from each pool based on content of the pool.

<u>Unidentified receipts and excess payments</u>

The Group receives large volumes of payments from debtors. There are instances where the sender's reference information is missing or incorrect making it difficult to allocate the payment to the right case. There are also situations where payments are received on closed cases. In such instances, a liability is recognised in the statement of financial position for unidentified or incorrectly received payments. A reasonable search and attempt to contact the payment sender is made but, failing this, the payment is recognised as income at intervals that are permitted according to the rules and business practices of the local jurisdiction.

<u>Collateral assets</u>

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. They have been acquired for the purpose of being divested within the Group's ongoing operations, and are therefore classified as inventories in accordance with IAS 2. These are reported in the balance sheet at the lower of cost and net realisable value.

2.5 Segments

An operating segment is a part of the Group that generates income and incurs expenses, and for which separate financial information is available that is evaluated regularly by the chief operating decision maker, the Chief Executive Officer, in deciding how to assess performance and allocate resources to the operating segment.

The Group's operating segments are the geographical regions:

- Northern Europe (NE)
  - Norway, Sweden, Denmark, Finland, Estonia, Latvia and Lithuania
- Poland
- Central Europe (CE)
  - Croatia, Slovenia, Serbia, Montenegro, Bosnia and Herzegovina, Austria, Czech Republic, and Hungary
- Western Europe (WE)
  - Spain, Portugal, Italy and France
- Southeastern Europe (SEE)
  - Bulgaria, Romania, Greece and Cyprus
- Central Functions (CF)
  - including the Parent company and Group functions in Luxembourg.

Results from purchased loan portfolios are included in the region where the portfolio is originated. The breakdown by geographical region is also used for internal monitoring in the Group.

Revenue and operating profits are reported by geographical region. Financial income and expenses are not as the allocation of financial items is dependent on the Group structure and financing and is not affected by the actual performance of the regions.

2.6 Revenue from contracts with customer

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties. Revenue from contracts with customers are mainly revenue from external collection, telemarketing, fraud prevention and credit information services. Revenue from contracts with customers is presented in one-line item in the consolidated income statement as part of "Other revenues" and specified in note 7 Other revenues.

2.7 Taxes

<u>Current income tax:</u>

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. When there is uncertainty regarding if particular tax treatments made in tax filings will be accepted by the tax authorities, but acceptability is probable, accounting tax positions are determined consistently with the treatment in the tax filings. If acceptability is not probable, the uncertainty is reflected when determining the accounting tax positions.

Income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the income statement.

<u>Deferred tax:</u>

Deferred income tax is computed using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts in the statement of financial position at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or in respect of temporary differences associated with investments in subsidiaries, associates or joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised in the statement of financial position to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rates at the end of the reporting period and undiscounted amounts are used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax:

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- where the sales tax incurred on the purchase of assets or services is not recoverable from the tax authority so that the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item. This is the case in many of the tax jurisdictions in which the Group operates where the collection of debts is not subject to sales tax; and
- receivables and payables which are subject to sales tax are stated with the amount of sales tax included.

The net amount of the sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

2.8 Tangible assets

Tangible assets, such as improvements to rented offices, equipment, fixtures and fittings are recognised at cost less accumulated depreciation and accumulated impairment, if any. Cost includes the purchase price and costs directly attributable to installing the asset in the way intended. Repair and maintenance costs are expensed as incurred.

Depreciation is calculated on a straight-line basis over the useful life of these assets, and for improvements to rented offices, over the remaining expected term of the property lease, if this is less than the useful life. For practical reasons, the residual value of the asset is set to zero.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The tangible assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of tangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is reported as other revenues or other operating expenses in the income statement as part of operating profit or loss.

2.9 Leases

The Group leases various office buildings, vehicles and smaller equipment. Rental contracts are typically made for fixed periods of 6 months to 10 years but may have extension or termination options.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments should be discounted using:
- the interest rate implicit in the lease; or
- if the interest rate implicit in the lease cannot be readily determined, the lessee's incremental borrowing rate.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. For the classification in the statement of cash flow the interest payments on the lease liabilities follow the same principles as other interests.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2.10 Intangible assets
Intangible assets include purchase of software and intangible assets acquired separately or in a business combination. Internal expenses for IT development and internal and external maintenance expenses are expensed as incurred.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The intangible assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The amortisation expense on intangible assets with finite lives is presented in the income statement as part of "Depreciation and amortisation".

The gain or loss arising from derecognition of an intangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is reported as other revenues or other operating expenses in the income statement as part of operating profit or loss.

2.11 Impairment of tangible assets and other non-current assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's (or cash-generating unit's) recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment is recognised in the income statement. If the impairment is subsequently reversed, for assets other than goodwill, the carrying amount of the asset (cash-generating unit) is increased to the updated estimate of its recoverable amount to the extent the increased carrying amount does not exceed the carrying amount that would have been recognised had no impairment losses been recognised for the asset (or cash-generating unit) in prior years. Reversals of impairments are recognised in the income statement.

See also section 2.1 Business combinations and goodwill and section 2.10 Intangible assets for the specific criteria which is applied in determining the impairment of these classes of asset.

2.12 Financial assets and liabilities: classification, measurement and impairment
A financial instrument is defined as any form of agreement giving rise to a financial asset in a company and a financial liability or equity instrument in a counterparty. The Group has classified financial assets and liabilities into the following classes: purchased loan portfolios, participation loan/notes, other long-term assets, accounts and other receivables, cash and cash equivalents, interest-bearing loans and borrowings, accounts and other payables, and other long-term liabilities. The Group also uses derivative financial instruments for purposes of risk management which are described in section 2.13.

Within the scope of IFRS 9, financial assets are classified as either financial assets at fair value through profit or loss (FVTPL), financial assets at fair value over other comprehensive income (FVOCI) or at amortised cost. Financial assets at FVTPL are equity-traded instruments and other investments not meeting the criteria of cash flows consisting of solely payments of principle and interest (SPPI). Financial assets at FVOCI meet the SPPI criteria and have a business model of Hold to collect and sell. All other financial assets are those meeting the SPPI criteria and with a business model of Hold to collect and are measured at amortised cost. Financial liabilities are classified as either financial liabilities at fair value through profit or loss (if so designated at FVTPL by management) or at amortised costs. Financial assets and liabilities measured at FVTPL include derivatives not designated for hedging purposes, assets held for trading and financial assets and liabilities that are not classified in one of the other categories.

Financial assets and liabilities are recognised by the Group when it becomes party to the contractual provisions of the instrument and are initially measured at fair value, which normally equals the transaction price. The Group determines the classification of its financial assets and financial liabilities at the point in time of initial recognition.

Purchased loan portfolios:
Purchased loan portfolios are measured at amortised cost. Their accounting treatment is described in more detail in section 2.4 and note 3.

Participation loan/notes:
Participation loans/notes are measured at FVTPL. See note 17 Investments in associated companies and joint ventures and participation loan/notes for additional information about participation loan/notes.

Other long-term financial assets:
Long-term receivables have an anticipated maturity of more than one year. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method, less impairment which is the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. See note 18 Loan receivables and Other non-current financial assets for additional information about fair value financial assets.

Other short-term assets:
Accounts and other receivables are recognised when the Group has performed and there is a contractual obligation on the counterparty

to pay, even if an invoice has not yet been received. Accounts receivable are recognised when an invoice has been sent. Accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost less any loss allowance. The loss allowance is based on a lifetime credit loss (ECL) model. The anticipated maturity of these receivables is short, so their carrying values are not discounted.

Customer cash accounts represent cash received on collection of a specific debt on behalf of a client and payable to the client within a specific period of time. The same amount is reported within other payables.

Cash and cash equivalents:

Cash and cash equivalents consist of cash and short-term deposits as well as immediately available balances with banks and similar institutions. Short-term deposits are easily and readily convertible to a known amount of cash and have a maturity of not more than three months.

Interest bearing loans and borrowings:

Bonds are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowing, are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net financial items when the liabilities are derecognised as well as through the amortisation process. The upfront fees are a part of the borrowing cost and are recognised as part of the interest expense in accordance with the effective interest method. Due to their nature, other loans and borrowings are recognised at nominal value with accrued interest in the balance sheet. Directly attributable transaction costs for these loans are recognised as an asset with linear down-writing following the lifetime of loans.

Accounts and other payables:

Payables are recognised when the counterparty has performed and there is a contractual obligation on the Group to pay, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received.

Accounts and other payables are recognised initially at fair value and subsequently measured at amortised cost. The anticipated maturity of these payables is short, so their carrying values are not discounted.

Impairment of financial assets

IFRS 9 requires recognition of expected credit losses (ECL) for the Group's investments in debt instruments measured at amortised cost. The Group applies the practical expedient of the lifetime ECL model for accounts receivable. For loan receivables at amortised cost, the ECL 3-stage model is applied. In stage 1, ECL from default events that are possible within the next 12 months is recognised. In stage 2 and 3 (credit risk has increased significantly since initial recognition), lifetime ECL is recognised. Loan receivables are transferred from stage 1 to stage 2 when days past due before default are 11 days. The purchased loan portfolios are considered to be credit-impaired at acquisition and are out of scope for the general ECL impairment model. Full lifetime ECL is included in the estimated cash flows when calculating the effective interest rate on initial recognition, and no additional loss allowance recognition is required.

2.13 Derivatives

The Group uses the following derivative financial instruments to hedge its risks associated with interest rates and foreign exchange rates: interest rate swaps (with or without cap), interest rate caps, foreign exchange swaps and cross currency rate swaps (with or without cap).

The derivative financial instruments are measured at fair value. Any gains or losses arising from changes in fair value on derivatives that are not cash flow hedges or hedges of net investments are recognised in the income statement as financial income or expense.

Derivatives are recognised without any offsetting; as assets when the value is positive and as liabilities when the value is negative, unless the Group has the intention or legally enforceable right to settle the contracts net.

2.14 Derecognition of financial assets and liabilities

The Group derecognizes a financial asset when the contractual rights to the cash flow from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.16 Fair value of financial instruments

The fair value of financial instruments that are traded on active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments that are not traded on an active market, the fair value is determined using appropriate valuation techniques which include:

- using recent arm's length market transactions;
- reference to the current fair value of another instrument that is substantially the same; and
- a discounted cash flow analysis or other valuation model.

An analysis of the fair values of financial instruments and further details as to how they are measured are provided in note 4 Financial risk management.

2.17 Provisions

Provisions such as workforce reductions, onerous contracts and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value. Where the Group expects full or partial reimbursement of the expense related to the provision, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.18 Pensions and other post-employment liabilities

Defined contribution pension plans:

The Group has a series of defined contribution pension plans which are pension plans under which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods, and therefore does not record a pension liability in the statement of financial position.

Other post-employment liabilities:

The Group's employees in certain jurisdictions are entitled to one month's severance pay in the event of old-age or disability retirement, in accordance with national labour regulations. This post-employment liability is based on a valuation carried out by a professional actuarial firm.

Provisions for other termination benefits are created once employment is terminated.

2.19 Share based payments

Members of the Group management and some key employees may receive remuneration in the form of share-based payments that are considered as equity-settled share-based payments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made, see further details in note 23 Share based payments. The fair value reflects market performance conditions, while service and non-market performance conditions are not considered. The cost is recognised as personnel costs, with a corresponding increase in other capital reserves, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Group is obliged to withhold and pay an amount, and report the full amount, to local tax authorities for the employee's tax obligations associated with redemption of vested share options. In addition, the Group may be obliged to report and pay social security tax.

No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions not being met. Where an award is cancelled by the entity, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. For further details, see note 13 Earnings per share.

2.20 Equity and net investment hedge

Share capital is stated at the nominal value of the shares that have been issued.

Other paid-in capital consists of any premiums received in connection with the initial issue of share capital. Any transaction costs associated with the issuing of shares are deducted from other paid-in capital, net of any related income tax benefits.

Other capital reserves represents the cumulative cost of share-based payments, as described in note 2.19 above.

The effects of exchange differences on translation of foreign currency are included as a separate component of equity.

The Group hedges net investments in foreign operations when feasible. The hedged risk is the foreign currency translation risk caused by the consolidation of an investment in a foreign subsidiary with a different functional currency than the parent. Under the hedge accounting, a larger share of exchange rate fluctuations will be reported as "Hedging of currency risk in foreign operations" in Other comprehensive income. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as Other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss. For further details, see note 4 Financial risk management.

Other equity includes current and prior period results as disclosed in the consolidated statement of profit or loss and other comprehensive income.

2.21 Dividends

The Group recognises a liability to pay a dividend to owners of equity once it has been approved by the shareholders at the Shareholders' General Meeting. A corresponding amount is recognised directly in equity.

Dividend revenue is recognised when the Group's right to receive the payment is established, which is generally when the shareholders have approved the dividend.

2.22 Classification in the statement of financial position

Current assets and liabilities include items due less than one year from the reporting date, and items tied to the operating cycle, if longer. Other assets are classified as non-current assets. The current portion of long-term debt is included as current liabilities.

2.23 Related parties

Parties are defined as related parties if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between the related parties are based on the principle of 'arm's length' (estimated market value).

2.24 Consolidated statement of cash flows

The indirect method is used for the consolidated statement of cash flows which reconciles the change in cash and cash equivalents to the profit for the year before tax. For the purpose of the consolidated statement of cash flows, cash and cash equivalents, defined in section 2.12 Financial assets and liabilities, are shown net of any outstanding bank overdrafts.

Foreign subsidiary transactions are translated in the cash flow statement at the average exchange rate for the period. Acquired and divested subsidiaries are recognised as cash flow from investing activities on a net basis after deducting cash and cash equivalents in the acquired or divested company.

NOTE 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements requires management to make judgements and assumptions that can significantly affect the amounts recognised in the financial statements. Additionally, major sources of estimation uncertainty at the end of the reporting period can have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities in future periods.

Key sources of estimation uncertainty and critical judgements are continually evaluated and updated based on expectations about future events that are believed by Management to be reasonable under the circumstances.

When applying the Group's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Purchased loan portfolios – classification

Purchased loan portfolios are the primary business activity of the Group, and consist of portfolios of non-performing loans and debt, purchased at prices significantly below the nominal value of the receivable. After adoption of IFRS 9 on 1 January 2018, these portfolios are defined as credit-impaired at acquisition, and classification under IFRS 9 is dependent on an evaluation of the B2Holding business model and whether these portfolios meet the SPPI criteria (cash flows are solely payments of principal and interest). If these portfolios are determined to meet the criteria for a business model of Hold to collect and the cash flows consist of only principal and interest, then the classification is amortised cost. If not amortised cost, then the classification would be measurement at fair value over other comprehensive income (FVOCI), as the SPPI criteria are met and the business model would be Hold to collect and sell. Management has performed a detailed analysis and exercised significant judgement related to the classification of the purchased loan portfolios upon implementation of IFRS 9. Management reviewed the portfolio cash flows, collection methods, and strategies as well as the infrequency of sales of individual receivables claims in the process of coming to a classification decision. It is management's conclusion that the IFRS 9 criteria for a business model of Hold to collect and the SPPI criteria are satisfied for these portfolios. Purchased loan portfolios will continue to be measured at amortised cost using the effective interest method in accordance with the rules for credit-impaired at acquisition financial assets as set out in IFRS 9.

Purchased loan portfolios – recognition in the income statement

The Group uses a credit-adjusted effective interest rate method to account for the loan receivables in the purchased loan portfolios. The use of the credit-adjusted effective interest rate method requires the Group to estimate future cash flows at each balance sheet reporting date. The underlying estimates that form the basis for interest income recognition and impairment losses on the portfolios depends on variables such as the ability to contact the customer and reach an agreement, estimated timing of cash flows, the general economic environment and statutory regulations. 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 in the consolidated income statement. If the estimations for future periods are revised, the Group adjusts the carrying amount of the portfolios and loans to reflect actual and revised estimated cash flows in accordance with IFRS 9.B5.4.6. This adjustment, due to changes in the actual and estimated cash flows, is recognised in the consolidated income statement as "Net credit gain/loss purchased loan portfolios". Events or changes in assumptions and Management's assessments and judgement will affect the amount and timing of the recognition of interest income and impairment losses. For further details, see note 4 Financial risk management.

Purchased loan portfolios – measurement

Purchased loan portfolios consist mainly of acquired credit-impaired (non-performing) loans and receivables (non-derivative financial assets). When these portfolios meet the definition of having cash flows that are payments of solely principal and interest and are managed in a business model of Hold to collect they are measured at amortised cost. The initial book value of the purchased loan portfolios is at fair value, defined as the acquisition cost plus transaction expenses at the time of purchase. Subsequent measurement is at amortised cost using the credit-adjusted effective interest rate established as of the date of initial acquisition of the portfolio. Events or changes in actual versus estimated collections and Management's assessment of future cash flows will impact the net present value of future cash flows and therefore the amortised cost book value of the purchased loan portfolios. Significant estimates have been made by management with respect to the collectability of future cash flows from portfolios. The cash flow estimates are prepared by management over a forecast period of time. If the cash flow estimates are revised, the carrying amount is recalculated by computing the present value of estimated future cash flows using the original credit-adjusted effective interest rate.

Management's interpretations of historical cash flows, type of receivable, age, face value of the individual account, collaterals and experience from other portfolios form the basis for the cash flow estimates. Actual results may differ from the estimates, making it reasonably possible that a change in estimates could occur and impact the carrying value of the related purchased loan portfolio. On a quarterly basis for unsecured portfolios and a monthly basis for secured portfolios, Management reviews the estimates of future cash flows and whether it is reasonably possible that its assessment of collectability may change based on actual results and other factors that may have an impact on the estimates. Where management is made aware of special circumstances relating to a purchased loan portfolio that may affect the reliability of previous assumptions, they will review and, if necessary, change the future cash flow estimates

For further details, see notes 2.4 Purchased loan portfolios and 4 Financial risk management.

Goodwill impairment testing

In accordance with IAS 36, goodwill is tested at least on an annual basis for impairment. If a loss in value is indicated, the recoverable amount is the cash-generating unit's (CGU's) fair value less the cost of disposal or its value in use. When testing goodwill for impairment, Management defines the recoverable amount as the estimated value in use. The value in use is the net present value of the estimated cash flows before tax. The discount rate used is the weighted average cost of capital (WACC) before tax calculated for each CGU. Estimating the financial assets' recoverable amount is based on Management's judgements related to estimates of future performance and cash flows, the interest income generating capacity of the assets and assumptions related to future market conditions. A possible impairment of goodwill is determined by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. For specific details related to the testing of goodwill, see note 14 Goodwill.

Contingent consideration

Contingent consideration, resulting from business combinations, is initially recognised at fair value as of the acquisition date as part of the business combination and is classified either as "Other long-term liabilities" or "Other current liabilities", depending on the contractually agreed payment dates. As the contingent consideration payable meets the definition of a financial liability, it is subsequently measured at fair value through profit or loss (FVTPL) at each reporting date. The determination of the fair value is based on a discounted cash flow model that includes a probability weighting of the assessed outcomes of the contractually agreed performance targets over the contractually agreed payment dates. Post-acquisition performance or other events can change the assumptions used by Management to assess the inputs used in the fair value estimate of the contingent consideration liability. For further details, see note 5 Business combinations and acquisition of non-controlling interests.

Share-based payments

Estimating the fair value for share-based payment transactions requires judgement as to the use of the most appropriate valuation model, which depends on the terms and conditions of the option program agreements. Management has decided to use the Black-Scholes option-pricing model. The estimate of the option's fair value requires Management judgement related to the definition and estimation of the inputs to the option-pricing model, which include the expected life of the share option, as well as the estimated volatility of the underlying share price and determination of the risk-free rate of return. The assumptions and model used for estimating the fair value for share based payments are discussed in more detail in note 23 Share based payments.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that will be recognised, based upon the reliable evidence as to the estimated timing and amount of the future taxable profits. Further details are included in note 2.7 and note 12 Income tax.

NOTE 4: FINANCIAL RISK MANAGEMENT

4.1 Financial risk

The Group's activities are exposed to financial risks: market risk, currency and interest rate risk, credit risk, liquidity risk and cash flow risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market and regulatory environment:
The primary market risk for the Group is related to general economic conditions and statutory regulations in various geographical markets which have an impact on the debtors' ability to pay and vendors' criteria for selling portfolios of loans and receivables. The services and products offered in the respective geographical markets are subject to strict local laws and regulations, including requirements for lending, ownership and debt collection licenses, as well as legislation concerning personal data protection. Any legislative changes concerning consumer credit could affect the Group's earnings, market position and range of products and services.

Currency and interest rate risk:
The strategy of the Group is to manage and limit both currency and interest rate risk. The Group holds various derivative financial instruments with the purpose of reducing its interest rate exposure and achieving a suitable currency ratio between its assets and liabilities.

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

The Group's bond loans is denominated in EUR and borrowings under the multi-currency revolving credit facility and the bridge facility are drawn in PLN, SEK and NOK. To obtain a more balanced currency basket, the Group has entered into the following currency derivatives at 31 December 2020: (i) FX Forward of NOK 660 million bought against DKK, (ii) FX Forward of NOK 380 million bought against EUR, (iii) FX Forward of NOK 700 million bought against SEK, (iv) FX Forward of EUR 4 million sold against PLN and (v) FX Forward of RON 4.6 milion bought against EUR. At 31 December 2020, Net debt amounted to NOK 11,207 million. Adjusted for the currency derivatives mentioned above, the net debt represented a currency basket comprising EUR: 67 %, PLN: 15 %, SEK: 12 % and DKK: 6 %.

Interest rate risk:
The Group uses interest rate swaps and interest rate caps to reduce its interest rate exposure. The Group's strategy is to hedge between 60 % and 120 % of Net debt up to a maximum period of 5 years. The hedging ratio at 31 December 2020 was 77 % with a duration of 2.4 years.

Under the arrangements in effect at 31 December 2020, a 1 %-point decrease in market interest rates is estimated to have a negative effect on net financial items of NOK 37 million, including a decrease in the fair value of the derivatives of NOK 37 million. A 1 %-point increase in market interest rates is estimated to have a negative effect on net financial items of NOK 22 million, including an increase in the fair value of the derivatives of NOK 41 million. The reason for the negative effect if interest rates fall is that the interest bearing loan agreements (both the multi-currency revolving credit facility, the bridge facility and the bond loans) have capped the floating rate to zero, which means that the benefit of any current negative interest rates is not fully matched by the derivatives whose main purpose is to avoid increased financing costs if interest rates rise.

In general, changes in macroeconomic factors such as interest rates may impact the debtors' ability to repay their debt and thereby influence the future cash flow received from the portfolios.

The currency sensitivity analysis shown below is based on book value of loans and receivables at 31 December 2020, net of Net debt and the effect of currency derivatives.

All figures in NOK million unless otherwise stated

Currency	Closing rate at 31 December 2020 against NOK	NOK strengthens by 20 %	NOK strengthens by 10 %	NOK weakens by 10 %	NOK weakens by 20 %
DKK	1.4071	-29	-15	15	29
EUR	10.4703	421	210	-210	-421
HRK	1.3864	-598	-299	299	598
SEK	1.0435	-60	-30	30	60
HUF	0.0288	-12	-6	6	12
BAM	5.3535	-7	-3	3	7
RSD	0.0891	-28	-14	14	28
PLN	2.2963	-116	-58	58	116
RON	2.1507	-133	-66	66	133
BGN	5.3535	-135	-67	67	135
CZK	0.3990	-70	-35	35	70
Total impact on book values		**-766**	**-383**	**383**	**766**

The EUR has an opposite effect to the other currencies in the table above because EUR net borrowings, including derivatives, exceeds the book value of EUR loans and receivables. The reason for this is that all borrowings relating to the acquisition of loan portfolios in Czech Republic, Croatia, Serbia, Bosnia and Herzegovina, Hungary, Romania and Bulgaria are done in EUR and not in their local currency, as mentioned in the currency risk paragraph above.

Credit risk:
Most of the loans and receivables are unsecured. As long as there is uncertainty about the ability of debtors to fulfil their obligations, there will also be considerable risk linked to cash collected from the Group's loans and receivables. Management's view is that the real credit risk exposure is reduced through the price discount paid on acquisition of the portfolios.

In order to minimise the credit risk exposure, the Group continues to invest in staff with broad experience in credit management, and focus on increased analytical approaches to portfolio assessments. In addition, the Group's investment in effective IT systems and a more uniform cross-border business model will result in better control of the Group's business, which in turn will also help reduce the risk of credit losses.

Refer to note 32 for subsequent events impact on credit risk.

Maximum exposure to credit risk	2020	2019
Purchased loan portfolios	13 033	13 420
Loan receivables	235	345
Participation loans/notes	522	542
Other non-current financial assets	3	5
Accounts receivable	33	49
Other short-term assets	220	191
Cash and short-term deposits	423	356
Total at 31 December	**14 470**	**14 907**

Liquidity risk:
The Group's multi-currency revolving credit facility of EUR 510 million, the EUR 100 million bridge facility and the four senior unsecured bond loans of in total EUR 775 million, and cash and cash equivalents, totalling NOK 14,925 million at 31 December 2020, ensures necessary funding to meet future payment obligations. At 31 December 2020, the Group had an unused part of the revolving credit facility totalling EUR 88 million or NOK 922 million, an unused part of the bridge facility totalling EUR 76 million or NOK 797 million, an unused part of the multi-currency overdraft totalling EUR 19 million or NOK 197 million and cash and cash equivalents of NOK 423 million.

All figures in NOK million unless otherwise stated

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	12 months or less	1-2 years	2-5 years	More than 5 years
Interest bearing loans & borrowings (short term and long term)	1 840	2 769	8 312	
Other non-current liabilities		56	58	15
Bank overdraft	222			
Accounts and other payables	154			
Other current liabilities	313			
Total at 31 December 2020	**2 529**	**2 825**	**8 371**	**15**
Interest bearing loans & borrowings (short term and long term)	2 299	2 267	9 217	
Other non-current liabilities		22	17	
Bank overdraft	97			
Accounts and other payables	265			
Other current liabilities	198			
Total at 31 December 2019	**2 859**	**2 290**	**9 234**	**0**

Refer to note 32 for subsequent events impact on liquidity risk.

Capital structure:
The Group's Net interest bearing debt was NOK 11,068 million at 31 December 2020. Total equity, net of intangible assets (incl. goodwill), was NOK 3,746 million and total assets, net of intangible assets (incl. goodwill), was NOK 16,196 million.

The Group monitors its capital structure by calculating a total loan to value ratio, defined as Net debt, adjusted for vendor financing, earn out, financial lease, fair value of hedging instrument, less cash and deposits divided by the carrying value of purchased loan portfolios, loan receivables, joint venture investments, REO and goodwill. The total loan to value ratio at 31 December 2020 was 71.1 % which is lower than the maximum allowed loan to value covenant requirement under the multi-currency revolving credit facility of 75 %.

Refer to note 24 for more information about the Group's financial covenants.

4.2 Derivative financial instruments and net investment hedge

At 31 December 2020, the Group had the following derivative financial instruments:

Instrument	Currency	Notional amount in currency	Notional amount in NOK	Fixed rate	Strike	Floating 3M IBOR	Fair value NOK	Start	Due
Interest rate derivatives:									
Interest rate swap with cap	EUR	60	628		1.1695 %	-0.55 %	-1	10.04.2017	11.04.2022
Interest rate swap with cap	PLN	100	230		3.8880 %	0.21 %	-1	10.04.2017	11.04.2022
Interest rate swap with cap	SEK	100	104		1.3180 %	-0.05 %	0	10.04.2017	11.04.2022
Interest rate swap	DKK	350	492	0.2540 %		-0.23 %	-8	21.12.2018	14.12.2023
Interest rate swap	PLN	75	172	0.6850 %		0.21 %	-1	14.07.2020	14.07.2025
Interest rate swap	PLN	75	172	0.6670 %		0.21 %	-1	15.06.2020	16.06.2025
Interest rate swap	PLN	75	172	0.6650 %		0.21 %	-1	14.05.2020	15.05.2025
Interest rate cap	EUR	65	681		1.0000 %	-0.55 %	0	22.12.2017	22.12.2022
Interest rate cap	EUR	65	681		1.0000 %	-0.55 %	0	22.12.2017	22.12.2022
Interest rate cap	EUR	100	1 047		1.0000 %	-0.55 %	0	28.08.2017	29.08.2022
Interest rate cap	EUR	100	1 047		1.0000 %	-0.55 %	0	10.07.2018	10.07.2023
Interest rate cap	EUR	100	1 047		1.0000 %	-0.55 %	0	10.07.2018	10.07.2023
Interest rate cap	EUR	75	785		1.0000 %	-0.55 %	0	21.12.2018	14.02.2024
Interest rate cap	EUR	75	785		1.0000 %	-0.55 %	0	21.12.2018	14.02.2024
Interest rate cap	SEK	300	313		1.0000 %	-0.05 %	0	28.08.2017	28.08.2022
Interest rate cap	SEK	300	313		1.0000 %	-0.05 %	0	21.12.2018	14.03.2024
							-14		

All figures in NOK million unless otherwise stated

	Currency pair	Buy amount in currency	Buy amount in NOK	Forward rate	Sell amount currency	Spot rate	Fair value NOK	Start date	Due date
Currency derivatives:									
FX forward	DKK/NOK	160	160	1.4294	112	1.4263	13	07.12.2020	15.03.2021
FX forward	DKK/NOK	500	500	1.4457	347	1.4425	2	12.11.2020	16.02.2021
FX forward	EUR/NOK	250	250	10.7143	23	10.6982	4	10.12.2020	16.02.2021
FX forward	EUR/NOK	130	130	10.6270	12	10.6045	2	07.12.2020	15.03.2021
FX forward	SEK/NOK	100	100	1.0561	95	1.0548	1	12.11.2020	16.02.2021
FX forward	SEK/NOK	600	600	1.0433	576	1.0419	-1	07.12.2020	15.03.2021
FX forward	EUR/PLN	18	41	4.4328	4 000	4.4299	-1	11.12.2020	20.01.2021
FX forward	EUR/RON	5	10	4.8837	1	4.8701	0	10.12.2020	20.01.2021
							20		

The Group uses interest rate swaps and caps to hedge (from floating to fixed) its interest rate risk exposure, and foreign exchange forward contracts to hedge its currency exposure. The fair value of the interest swaps and caps at 31 December 2020 was negative with NOK 14 million and the fair value of the foreign exchange forward contracts at 31 December 2020 was positive with NOK 20 million. In total the fair value of all derivatives at 31 December 2020 was positive with NOK 7 million.

In addition to changes in fair value, net financial items is also affected by the interest paid and received under the interest rate swaps and foreign exchange forwards. The net interest cost from the interest rate swaps was NOK 7 million in 2020 and the net interest income from foreign exchange forwards was NOK 4 million.

Financial instruments designated as hedging instruments of net investment in foreign operations

The Group applies hedge accounting to hedges of net investments in foreign subsidiaries. The hedged risk is the foreign currency translation risk caused by the consolidation of an investment in a foreign subsidiary with a different functional currency than the parent. Foreign currency borrowings are used as hedging instruments. These instruments are presented as long-term interest bearing debt in the balance sheet. Instruments in EUR, PLN and SEK are used to hedge the investments in the Group's subsidiaries with functional currencies EUR, PLN and SEK. Hedge ineffectiveness may arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the debt and derivatives designated as hedging instruments.

The total hedged exposure in the net investment hedges amounted to NOK 1,574 million at 31 December 2020. There was no hedge ineffectiveness recorded in the years ending 31 December 2020 and 2019, since the foreign currency gains and losses on the hedged items are offset by the foreign currency gains and losses on the hedging instruments. The hedge ratio is 1:1. The effects of the net investment hedge can be seen in the Consolidated statement of changes in equity. Any reclassifications from net investment hedge reserve to the income statement, due to for instance sales of subsidiaries, can be seen in the Consolidated statement of comprehensive income and the Consolidated statement of changes in equity.

Net investment hedging relationships	2020	2019
Change in carrying amount of net investment hedge instruments as a result of foreign currency movements since 1 January, recognised in OCI	52	-37
Change in value of hedged item used to determine hedge effectiveness	-52	37

Interest bearing debt designated as hedging instruments in net investment hedges (only effective part of instruments are included):

As of 31 December	2020	2019
Nominal amounts net investment hedge instruments	1 574	1 300

Debt designated as hedging instruments in net investment hedges are recognised on the line item Long-term interest bearing loans and borrowings in the Consoldiated statement of financial position.

The following table shows the maturity profile (in nominal values) of the Group's net investment hedge instruments (only effective part of instruments are included):

	<1 year	2 years	3 years	4 years	Total
As of 31 December 2020			1 522	52	**1 574**
As of 31 December 2019			1 221	79	**1 300**

All figures in NOK million unless otherwise stated

4.3 Purchased loan portfolios

Purchased loan portfolios at 31 December

	2020	2019
At 1 January	**13 420**	**13 346**
Purchase of loan portfolios [1]	1 664	3 409
Gross collection from purchased loan portfolios	-5 278	-5 202
Interest income from purchased loan portfolios	2 765	2 713
Net credit gain/loss purchased loan portfolios	-230	-400
Book value of sold loan portfolios		-311
Exchange rate differences	692	-135
At 31 December	**13 033**	**13 420**

1) *Not included purchased loan portfolios held in SPV and joint ventures*

<u>Gross collection from purchased loan portfolios:</u>
Gross collection is the actual cash collected and assets recovered from purchased portfolios before costs related to collect the cash received.

<u>Net credit gain/loss from purchased portfolios:</u>
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 cash collection estimates. The Group regularly evaluates the current collection estimates on single portfolios and the estimate is adjusted if collection is determined to deviate from current estimate over time. The adjusted collection estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimate adjusts the book value of the portfolio and is included in the profit and loss statement in the line item "Net credit gain/loss from purchased loan portfolios". Due to volatility towards the timing of collection, secured portfolios are evaluated monthly. Unsecured portfolios are evaluated quarterly. Cash collection above collection estimates and upwards adjustment of future collection estimates increase revenue. Cash collection below collection estimates and downwards adjustment of future collection estimates decreases revenue.

Net credit gain/loss from purchased portfolios is specified in the table below. Covid-19 impacted the Group by delaying collections and recoveries and was the main factor leading to the total net credit loss of NOK 230 million for full year 2020. Net credit loss on secured portfolios of NOK 69 million mainly reflected Covid-19 related delays in recovery processes during the first three quarters of 2020. The net credit loss on unsecured portfolios of NOK 161 million mainly reflecting delays in recoveries due to closure of legal systems from late Q1, through most of Q2 and also on into Q3 in some of the Group's markets.

Year ended 31 December 2020	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Total
<u>Secured portfolios:</u>						
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
<u>Unsecured portfolios:</u>						
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**

All figures in NOK million unless otherwise stated

Year ended 31 December 2019	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Total
Secured portfolios:						
Gross collection from purchased loan portfolios	11	36	968	435	246	1 696
Collection above/(below) estimates	2	2	-514	73	-136	-573
Changes in future collection estimates	-8	-12	30	26	-17	19
Net credit gain/(loss) from secured portfolios	-6	-10	-485	99	-152	-554
Unsecured portfolios:						
Gross collection from purchased loan portfolios	1 569	934	386	187	430	3 506
Collection above/(below) estimates	81	50	-3	28	9	165
Changes in future collection estimates	-31	5	13	-2	4	-11
Net credit gain/loss from unsecured portfolios	50	55	10	26	13	154
Net credit gain/(loss) from purchased loan portfolios	**44**	**44**	**-475**	**125**	**-139**	**-400**

Net purchase of purchased loan portfolios, cash flow statement:

	2020	2019
Purchase of loan portfolios [1)]	-1 664	-3 409
Sale price sold purchased loan portfolios		311
Change in prepaid/amounts due on purchase of purchased loan portfolios	-92	-19
Net purchase of purchased loan portfolios, cash flow statement	**-1 756**	**-3 117**

1) Not included purchased loan portfolios held in SPV and joint ventures

4.4 Fair value estimation purchased loan portfolios

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as net present value of estimated cash flows. For purchased loan portfolios, the discount rate used is the weighted average cost of capital, which is the weighted value of the cost of debt and the cost of equity in each particular country. The cost of equity is estimated by applying the capital asset pricing model.

As described in note 3, the preparation of cash flow estimates requires significant estimates to be made by management regarding future cash flows from purchased loan portfolios. The fair value of the purchased loan portfolios is estimated to be approximately NOK 13,255 million and is based on net future estimated cash flows after tax, discounted with the estimated WACC for the countries in question. The corresponding carrying amount is NOK 13,033 million which is based on IFRS 9 using the estimated gross future cash flows, where the discount factor is the individual IRR for each portfolio. The future gross cash flow forecasts used to estimate the fair value are the same as the cash flow forecasts used in the accounting for purchased loan portfolios at 31 December 2020.

The fair value estimation is based on estimated monthly net cash flows from the purchased loan portfolios per subsidiary and type of portfolio (unsecured/secured). The estimated monthly net cash flows from purchased loan portfolios is the assumed monthly future gross collection less assumed monthly cost to collect. Cost to collect is a percentage of the gross collection and differ from 5 % to 45 % depending on the stage of development of the subsidiary in its local market. In addition, the country specific marginal tax rate is applied. This individual cost to collect and tax rate is applied to each estimated future cash flow, adding up to an estimated total net cash flow (CF3) for the Group, presented in the table below.

Table showing CF1, CF2 & CF3 for the years from 2020 to 2040 for purchased loan portfolios owned at 31 December 2019	2021	2022	----------->	2041	Total
Gross collection (CF1)	5 556	4 799	10 945		21 301
Cost to collect	-1 026	-846	-2 243		-4 115
Gross collection less cost to collect (CF2)	4 530	3 953	8 703	0	17 186
Tax	-173	-111	-294		-578
Net cash flow from purchased loan portfolios (CF3)	**4 356**	**3 842**	**8 409**	**0**	**16 607**

All figures in NOK million unless otherwise stated

The weighted average cost of capital after tax is estimated for each country where the cash flow is generated. Based on this rate, the discounted value of the estimated net cash flows for the forecast period indicates that the fair value of the purchased loan portfolios is NOK 13,255 million.

To evaluate this calculation, a sensitivity analysis is presented in the table below in order to see the effect of deviations in the cash flow estimates and effects of variations in the cost of capital used as discount rate.

Fair value of purchased loan portfolios at 31 December 2020 assuming different % forecast collection levels and discount rates		% forecast collection		
		90 %	100 %	110 %
Discount rate	WACC -1.5 %	12 039	13 812	15 584
	WACC -1.0 %	11 873	13 621	15 369
	WACC -0.5 %	11 711	13 435	15 159
	WACC used	11 554	**13 255**	14 956
	WACC +0.5 %	11 402	13 080	14 758
	WACC +1.0 %	11 253	12 910	14 566
	WACC +1.5 %	11 109	12 744	14 379

Cost of capital:
The cost of equity (R_S) was assessed by applying the Capital Asset Pricing Model, which assumes that the shareholders demand a risk premium in addition to the return on a risk-free (R_F) investment. The risk premium was estimated based on a general market risk (MRP), which was adjusted up or down depending on the industry's risk profile through multiplying by the β-risk. Empirical studies indicate that investors demand a higher rate of return from small companies. The cost of equity was modified to reflect this. An additional common adjustment to the traditional CAPM equation is a country risk premium, CRP. This expands our specification of the CAPM to:

$$R_S = R_F + MRP * \beta + SSP + CRP$$

The weighted average cost of capital is estimated as:

$$WACC = \frac{\text{Equity}}{\text{Equity + Debt}} * R_S + \frac{\text{Debt}}{\text{Equity + Debt}} R_B * (1 - \text{corporate tax rate})$$

Where R_B is the cost of debt. The cost of debt was estimated on the basis of long term swap yields, adding a debt premium to compensate the financial creditor for the risk of the company's assets and future cash flows.

Risk free rate:
The risk free rate was estimated as the effective rate of return on long-term government bonds in the countries where the collection is generated.

Market risk premium:
The market risk premium is defined as:

$MRP = (R_M - R_F)$
where R_M = Market return and R_F = Risk free rate

A market risk premium of 5 % was applied.

Equity beta:
The beta coefficient is a measure of systematic risk. The value expresses the combination of the stock's risk and to what extent the stock correlates with the market. Beta was determined based on stock price statistics for quoted, comparable companies. Weekly observations over a two-year period was used to estimate beta. The Morgan Stanley World ACWI index was used as reference index. Bayesian adjusted betas were applied. The effect of debt on β was eliminated through the Harris and Pringle formula.

Small Stock Premium (SSP):
Several institutions perform regular studies as to the effect of company size on stock returns, i.e., small stock premium. The SSP for the Group was estimated using a methodology developed by IbbotsonAssociates.

All figures in NOK million unless otherwise stated

Country Risk Premium (CRP):
A country risk premium is often added when the target company is located in or operating in a geographical area that is subject to additional political and economic risks compared to a similar company based in, for instance, Western Europe. There are several sources and methodologies available for estimating CRP. CRP for the Group was estimated using the Damodaran model, which is an extension of the sovereign spread model (Goldman model) where credit default risk for sovereign bonds is estimated based on sovereign bond credit ratings. The Damodaran model adjusts the bond default risk with a factor for assumed equity markets standard deviation divided by bond markets standard deviation (usually assumed to be 1.5).

Future cash flow estimates:
The future cash flow estimates are based on the forecast for the portfolio base as of 31 December 2020.

Weighted average cost of capital calculation:

	2020
Risk free rate (long term government bond yields)	-1.0 % to 2.2 %
Equity Beta	1.45
Country risk premium	0 % - 11.9 %
Market risk premium	5.0 %
Additional liquidity risk premium/small stock premium	2.0 %
Total risk premium	7.0 %
Tax rate Group	25 %
Cost of equity	9.1 % to 27.4 %
Cost of debt	5.5 %
Equity weight	44 %
Debt weight	56 %
WACC (after tax)	**6.4 % - 14.4 %**

All figures in NOK million unless otherwise stated

4.5 Fair value of financial instruments

As at 31 December 2020	Carrying amount: Fair value through profit or loss	Carrying amount: Amortised cost	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial assets							
Purchased loan portfolios		13 033	13 033			13 255	13 255
Loans receivable		235	235			235	235
Derivatives	23		23		23		23
Participation loans/notes (note 17.2)	522		522			522	522
Other financial assets	0		0			0	0
Total	**544**	**13 269**	**13 813**	**0**	**23**	**14 012**	**14 035**
Financial liabilities							
Interest bearing loans and borrowings		11 491	11 491	6 953	4 162		11 115
Derivatives	16		16		16		16
Contingent consideration (note 5.2)	31		31			31	31
Total	**47**	**11 491**	**11 538**	**6 953**	**4 178**	**31**	**11 162**

As at 31 December 2019	Carrying amount: Fair value through profit or loss	Carrying amount: Amortised cost	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial assets							
Purchased loan portfolios		13 420	13 420			14 005	14 005
Loans receivable		345	345			345	345
Derivatives	8		8		8		8
Participation loans/notes (note 17.2)	542		542			542	542
Other financial assets	0	1	1			1	1
Total	**549**	**13 766**	**14 315**	**0**	**8**	**14 893**	**14 901**
Financial liabilities							
Interest bearing loans and borrowings		11 735	11 735	8 777	2 901		11 678
Derivatives	24		24		24		24
Contingent consideration (note 5.2)	59		59			59	59
Total	**83**	**11 735**	**11 818**	**8 777**	**2 926**	**59**	**11 761**

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 gross collection less cost to collect and tax with the estimated weighted average cost of capital for the countries where the purchased loan portfolio is originated.

The fair value of interest bearing loans and borrowings is equal to book value for the Multi-currency revolving credit facility (level 2) as the loans are based on one to six month floating interest, and the fair value for the bond loans (level 1) were determined by obtaining quoted market prices for the bond loans from the Norwegian Stock Exchange. The fair value of derivatives is set by calculating the present value of future cash flow using market rates for interest and currencies. In the case of the derivatives the fair value is confirmed by the financial institution that is the counterparty.

The Group classifies fair value measurements by using a fair value hierarchy that reflects the significance of the input that is used in preparing the measurements. The fair value hierarchy has the following levels:

Level 1: the input is quoted prices (unadjusted) in an active market for identical assets or liabilities.
Level 2: the input is prices, other than quoted prices included in level 1, that are observable for the asset or liability either directly (as prices) or indirectly (calculated from prices).
Level 3: the input to the asset or liability is not based on observable market data (non-observable input).

All figures in NOK million unless otherwise stated

NOTE 5: BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

5.1 Acquisitions in 2020

The Group made no business acquisitions in 2020 and there were no new business combinations completed during the year.

5.2 Contingent consideration

As part of the purchase agreements with the previous owners of the NACC, contingent consideration is due based on the achievement of certain post-acquisition performance targets for a limited period of time.

NACC, France, which was acquired in March 2018. As at the acquisition date, the fair value of the contingent consideration was estimated and accounted for as a non-current or current liability depending on the payment date of the various installments.

A reconciliation of the fair value measurement of the contingent consideration liability is set out below:

	NACC
At 1 January 2019	**91**
Payments during the year	-29
Fair value adjustments during the year	-2
Exchange differences	-1
At 31 December 2019	**59**
Payments during the year	-22
Fair value adjustments during the year	-11
Exchange differences	5
At 31 December 2020	**31**

The contingent consideration to former NACC owners is based on gross collection from portfolios NACC held at 31 December 2017 for the period 30 September 2017 to 31 December 2021. In addition, if cost to collect in relation to the gross collection from portfolios held at 31 December 2017 exceed the target threshold, cost to collect will reduce the gross collection constituting the calculation basis for the contingent consideration. Per 31 December 2020, the nominal value to be expensed through the income statement will be approximately NOK 14 million if maximum contingent consideration is to be paid for the full period.

All figures in NOK million unless otherwise stated

NOTE 6: OPERATING SEGMENTS

For management purposes, the Group is organised into different geographical regions corresponding to the countries where the Group operates. The Executive Management monitors the operating results of these geographical regions separately for the purposes of making decisions about resource allocation and performance assessment. The segment reporting is presented in the same manner as presented to the Executive Management. The Executive Management reporting differs from the reported numbers in the consolidated financial statements. The differences are related to the line item presentation of revenue from purchased loan portfolios and the presentation of operating cost. Total revenues and operating profit are equal in segment reporting and in the consolidated income statement. Amortisation/revaluation of purchased loan portfolios shows the difference between gross collection and revenue from purchased loan portfolios recognised in the condensed interim consolidated income statement.

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.

Year ended 31 December 2020	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income 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
Income 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		-1 103
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**

All figures in NOK million unless otherwise stated

Year ended 31 December 2019	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income from purchased loan portfolios	764	542	724	319	364		2 713
Net credit gain/(loss) from purchased loan portfolios	44	44	-475	125	-139		-400
Revenue from purchased loan portfolios	**808**	**587**	**250**	**444**	**224**		**2 313**
Profit from shares in associated parties/joint ventures and participation loans/notes	0		7		57		64
Total revenue from purchased loan portfolios	**808**	**587**	**256**	**444**	**282**		**2 377**
Revenue from external collection	124	0	1	139	35		299
Revenue from loan receivables	-2	115	0		2		116
Other operating revenues	16	1	9	56	0		82
Total other revenues	**138**	**116**	**10**	**196**	**36**		**497**
Total revenues	**946**	**703**	**266**	**640**	**318**		**2 874**
Cost to collect	-233	-321	-240	-169	-208		-1 170
Cost other revenues	-126	-72	-8	-187	-55		-448
Administration and management costs	-11	-5	-4	-5	-6	-133	-163
EBITDA	**577**	**306**	**15**	**280**	**48**	**-133**	**1 093**
Depreciation, amortisation and impairment losses	-13	-40	-35	-23	-16	-9	-134
Operating profit (EBIT)	**564**	**266**	**-20**	**258**	**33**	**-142**	**959**

Year ended 31 December 2020	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	102		240		6		348
Purchased loan portfolios at 31 December	**5 148**	**1 967**	**3 004**	**1 948**	**1 837**		**13 903**

Year ended 31 December 2019	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	2 108	401	283	372	245		3 409
Purchased loan portfolios, book value							
Purchased loan portfolios	4 745	2 057	3 365	1 991	1 262		13 420
Participation loan/notes to SPV's for purchase of loan portfolios					542		542
Purchased loan portfolios at 31 December	**4 745**	**2 057**	**3 365**	**1 991**	**1 804**		**13 961**

All figures in NOK million unless otherwise stated

NOTE 7: OTHER REVENUES

	2020	2019
Revenue from external collection	315	299
Other revenues from contracts with customers	60	77
Revenues from contracts with customers	**375**	**376**
Interest income from loan receivables [1)]		294
Net credit gain/(loss) from loan receivables [1)]		-178
Revenues from loan receivables		**116**
Income from sale of collateral assets [1)]		-2
Other revenues	10	7
Other revenues	**385**	**497**

1) *Reported in seperate lines in Consolidated Financial Statement 2020.*

Revenue from external collection consists of commissions and collection fees. These contracts contain one performance obligation, i.e. debt collection on behalf of the creditor, and the collection of a seperate claim is considered to be a seperate transaction. The consideration is variable and based on actual debt collection. Revenue from external collection is recognised over time, due the character of the consideration it will be recognised on collection of the debt. Other revenues from contracts with customers consists mainly of telemarketing, fraud prevention and credit information services.

Interest income from loan receivables are accrued monthly in the income statement and are calculated using the effective interest rate method. Net credit gain/(loss) from loan receivables include changes in future cash flow estimates and expected credit losses. Other revenues also include net result collateral assets and other operating revenues.

NOTE 8: EXPENSES FROM EXTERNAL SERVICES PROVIDED

	2020	2019
Fees to court and bailiffs for collection services	-335	-326
External cost portfolio acquisition & search	-4	-15
Other fees for external services, including fees to lawyers for collection services	-115	-106
	-454	**-447**

NOTE 9: PERSONNEL EXPENSES

	2020	2019
Wages, salaries and other benefits paid	-669	-651
Social security costs & payroll taxes	-129	-129
Defined contribution pension costs	-29	-10
Cost of external temporary staff	-37	-64
Other personnel costs, including training and recruitment costs	-28	-33
	-893	**-888**
Number of full time equivalents (FTEs) at 31 December	2 191	2 517

The pension schemes of the Norwegian companies in the Group follow the requirements in the Act on Mandatory company pension.

All figures in NOK million unless otherwise stated

NOTE 10: OTHER OPERATING EXPENSES

	2020	2019
Printing, postage	-55	-54
IT, telecommunications	-102	-96
Cost of office premises	-32	-35
Travel, vehicles, accomodation	-17	-40
Marketing, business entertaining, meetings, arrangements	-11	-27
Consultancy fees - non collection services	-80	-77
Statutory and other corporate costs, including business insurance and trade licences	-36	-41
Office equipment and supplies	-13	-16
Impairment of receivables	-5	1
Bank charges	-7	-6
Other expenses	-52	-55
	-411	**-446**

NOTE 11: NET FINANCIAL ITEMS

	2020	2019
Interest income	1	3
Gain on purchase of bonds in own bond loans (note 24)	54	8
Gain on other financial instruments (excluding derivatives)	1	1
Other financial income	0	0
Financial income	**56**	**13**
Interest expenses	-795	-771
Change in fair value of interest rate derivatives	-1	-31
Loss on purchase of bonds in own bond loans (note 24)	-12	0
Loss on other financial instruments (excluding derivatives)	-3	-1
Adjustment of contingent consideration (note 5.2)	11	9
Other financial expenses	-5	-1
Financial expenses	**-805**	**-794**
Realised exchange gain/(loss)	71	16
Unrealised exchange gain/(loss)	-162	-76
Change in fair value of currency derivatives	26	47
Net exchange gain/(loss)	**-65**	**-12**
Net financial items	**-814**	**-794**

All figures in NOK million unless otherwise stated

NOTE 12: INCOME TAX

The major components of income tax reported in the income statement for the years ended 31 December 2020 and 2019 are set out below.

Income tax expense:	**2020**	**2019**
Current year income tax payable	124	132
Change in deferred tax	-22	-74
Total tax expense reported in the income statement	**102**	**58**

Reconciliation between the expected tax expense and the actual tax expense

	2020	**2019**
Profit before tax	411	165
Expected tax expense at Norwegian nominal tax rate of 22 %	**90**	**36**
Difference between local tax rates and the Norwegian nominal tax rate	-29	-34
Tax effect of permanent differences	-23	9
Tax effect of change in unrecognised deferred taxes	47	68
Tax effect of merger		-29
Other differences	17	9
Actual tax expense	**102**	**58**
Effective rate of tax	**25 %**	**35 %**

The nominal tax rate in Norway was 22 % in 2020. Subsidiaries outside Norway are subject to local tax rates in their country of operation. The effective taxation of operations outside Norway depends on both local tax rules and on whether it is possible to avoid double taxation. The tax expense is also dependent on whether or not to recognise a deferred tax asset from carry forward losses in the individual entity.

All figures in NOK million unless otherwise stated

Analysis of deferred tax assets and liabilities

Tax effect of temporary differences	2020	2019
Taxable temporary differences - non-current items		
Tangible and intangible assets	43	46
Purchased loan portfolios	236	194
Loans to group companies and other long-term assets	156	73
Long-term interest bearing loans and borrowings	8	0
Loans from group companies and other non-current liabilities	11	4
	454	**318**
Taxable temporary differences - current items		
Other short-term assets	6	1
Other current liabilities	0	0
	7	**2**
Deductible temporary differences - non-current items		
Tangible and intangible assets	0	0
Purchased loan portfolios	-176	-158
Loans to group companies and other long-term assets	-2	-1
Long-term interest bearing loans and borrowings	-113	-46
Loans from group companies and other non-current liabilities	-1	-18
	-292	**-223**
Deductible temporary differences - current items		
Other short-term assets	-6	-3
Other current liabilities	-12	-27
	-17	**-30**
Tax losses carried forward	-530	-383
Gross deferred tax liabilities/(assets)	**-379**	**-316**
Deferred taxes not recognised	351	299
Net deferred tax liabilities/(assets)	**-28**	**-17**

Due to the right to offset deferred tax assets and liabilities within the same tax jurisdiction, the presentation of net deferred tax in the consolidated statement of financial position for each year end was as follows:

	2020	2019
Deferred tax assets	-323	-189
Deferred tax liabilities	295	171
	-28	**-17**
Deferred tax liabilities/(assets) at 1 January	-17	66
Deferred tax expense recognised in the income statement	-22	-74
Deferred tax expense recognised in other comprehensive income	11	-9
Exchange differences	0	0
Deferred tax liabilities at 31 December	**-28**	**-17**

All figures in NOK million unless otherwise stated

Analysis of tax losses available for offset against future taxable income, by year of expiration:

	2020	2019
Within 5 years	268	168
After 5 years	746	408
No time limit	1 245	1 048
Total tax losses available for offset	**2 259**	**1 624**
Tax effect of tax losses, before consideration of whether the losses are recognisable or not	**530**	**383**

Tax losses carried forward at 31 December 2020 relate mainly to the Group's subsidiary companies in Luxembourg (NOK 1,372 million) and the Parent company in Norway (NOK 498 million). The tax losses in the Group's subsidiary companies in Luxembourg are partly recognised as deferred tax asset, based on the Group's expectation of taxable profit in the coming five years. The tax losses in the Group's parent company in Norway and NOK 486 million in Luxembourg are not recognised as deferred tax assets.

NOTE 13: EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit after tax for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit after tax for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive ordinary shares into ordinary shares.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	2020	2019
Profit after tax attributable to parent company shareholders	**309**	**107**
Number of shares outstanding at 1 January	409 932 598	409 032 598
New shares issued during the year (note 22)		900 000
Number of shares outstanding at 31 December	**409 932 598**	**409 932 598**
Weighted average number of shares during the year	**409 932 598**	**409 870 098**
Effect of dilution: Option programmes (note 23)	337 732	1 312 702
Weighted average number of shares during the year adjusted for the effect of dilution	**410 270 330**	**411 182 801**
Earnings per share (in NOK): - Basic	0.75	0.26
- Diluted	0.75	0.26

Options granted to employees are considered to be potential ordinary shares. Accordingly, they have not been included in the determination of basic earnings per share, but have been included in the determination of diluted earnings per share to the extent that they are dilutive. 11,360,000 options granted in the period 2015 - 2020 are not included in the calculation of diluted earnings per share because exercise price is higher than average stock price 2020 and therefor they are not considered dilutive for the year ended 31 December 2020. These options could potentially dilute basic earnings per share in the future.

All figures in NOK million unless otherwise stated

NOTE 14: GOODWILL

	Goodwill
Acquisition/purchase cost	
At 1 January 2019	787
Exchange differences	-4
At 31 December 2019	**783**
Exchange differences	50
At 31 December 2020	**833**
Impairment	
At 1 January 2019	2
Impairment	4
Exchange differences	0
At 31 December 2019	**6**
Impairment	3
Exchange differences	0
At 31 December 2020	**9**
Net book value	
At 31 December 2019	**778**
At 31 December 2020	**824**

Goodwill acquired through business combinations has been tested for impairment at the end of 2020. The recoverable amount is set to the estimated value in use. The value in use is the net present value of the estimated cash flow before tax. The discount rate used is the weighted cost of capital before tax calculated for each Cash Generating Unit (CGU). Reference to note 4.4 for further details on cost of capital and WACC calculation.

The CGUs have been tested using a 5 or 10 year cash flow model discounted at a country spesific pre-tax WACC ranging from 9.1 % to 11.5 % by the end of December 2020. A 5 or 10 year cash flow model has been used based on expected life time for the individual CGUs portfolios, as well as the expected recoverable cash flows arising from the invidual CGUs loan portfolio investment program. The terminal value for loan portfolios has been set to estimated portfolio book value at the end of the 5 or 10 year cash flow model. For portfolios with an expected stable life also after 10 years, the terminal value is calculated by using estimated portfolio book value after 10 year less estimated costs to collect multiplied by a total gross cash-on cash multiple ranging from 1.71 - 2.2, and then discounted at the local pre-tax WACC. The cash-on cash multiple represents a best estimate of the average multiple of expected future cash flow over portfolio book value for loan portfolios in the country-specific market.

The basis for the expected future cash flow is management approved investment allocation plan for the Group, forecast 2021 for the individual CGU and in general a 0 % growth rate in other revenue. The sum of the future expected gross cash flows, less estimated costs to collect and costs related to other revenue, forms the basis for the net cash flow estimates used in the 5 or 10 year cashflow model and estimated terminal value. The impact of changes to key assumptions have been considered and assessed for each individual CGU, and there have not been identified any instances that should cause the carrying amount to exceed the recoverable amount.

The following cash generating units epresents 69 % of the carrying value of goodwill at the end of December 2020:

Poland Group
At 31 December 2020, the carrying value of goodwill allocated to Poland Group amounts amounts to NOK 300 million (NOK 280 million in 2019). The CGUs have been tested using a 10 year cash flow model based on a stable loan portfolio investment program and with a terminal value after 10 years. The terminal value of loan receivables are estimated to be equal to book value as of beginning of cash flow period.

Négociation et Achat de Créances Contentieuses (NACC), France, and its subsidiary Tahiti Encaissements Services, Tahiti
At 31 December 2020, the carrying value of goodwill allocated to NACC, France, and its subsidiary amounts to NOK 267 million (NOK 251 million in 2019). The CGUs have been tested using a 10 year cash flow model with a terminal value after 10 years based on a stable loan portfolio investment program.

All figures in NOK million unless otherwise stated

In addition, the following cash generating units have been tested for impairment:

Company name	Region	Allocated goodwill	
		At December 2020	At December 2019
Debt Collection Agency AD, Bulgaria	South Eastern Europe	115	109
Confirmaciónde Solicitudes de Crédito Verifica S.A. (Verifica), Spain	Western Europe	86	81
Creditreform Latvia SIA, Latvia, and its subsidiaries	Northern Europe	31	29
Interkreditt AS, Norway	Northern Europe	11	11
OK Perinta OY, Finland, and its subsidiaries	Northern Europe	5	5
Nordic Debt Collection A/S, Denmark	Northern Europe	2	2
B2Kapital UAB, Lithuania	Northern Europe	6	6
Verifica Portugal S.A., Portugal	Western Europe	0	3
Total		**256**	**246**

The result of the impairment tests showed that in 2020 there was a requirement to fully impair the goodwill created on the acquisition of Verifica Portugal S.A. Consequence Europe and Credit-cash Faktoring was fully impaired in 2019. There was no requirement to impair the goodwill in any of the other cash generating units.

All figures in NOK million unless otherwise stated

NOTE 15: TANGIBLE AND INTANGIBLE ASSETS

	Improvements to rented offices	Equipment, fixtures & fittings	RoU asset office premises	RoU asset vehicles & equipment	Intangible assets	Total
Acquisition/purchase cost						
At 1 January 2019	**29**	**138**	**123**	**4**	**324**	**617**
Additions	4	21	46	3	30	103
Disposals	0	-17	-2	0		-19
Exchange differences	0	-1	-1	0	-2	-4
At 31 December 2019	**32**	**142**	**165**	**6**	**352**	**698**
Additions	3	18	24	2	22	70
Disposals	-1	-15	-13	0	-4	-33
Exchange differences	1	3	7	0	16	28
At 31 December 2020	**34**	**149**	**184**	**8**	**387**	**763**
Depreciation and impairment						
At 1 January 2019	**18**	**66**		**1**	**135**	**219**
Depreciation / amortisation charge for the year	3	27	36	1	43	111
Impairment losses for the year					23	23
Disposals	0	-13	-1	0		-14
Exchange differences	0	0	0	0	-4	-4
At 31 December 2019	**21**	**79**	**36**	**2**	**198**	**335**
Depreciation / amortisation charge for the year	3	29	41	2	33	108
Impairment losses for the year		0			2	2
Disposals	-3	-11	-6	0	-3	-23
Exchange differences	1	1	1	0	9	11
At 31 December 2020	**22**	**97**	**72**	**3**	**238**	**433**
Net book value						
At 31 December 2019	**11**	**63**	**130**	**4**	**154**	**363**
At 31 December 2020	**12**	**51**	**112**	**5**	**149**	**330**
Depreciation method	Straight line	Straight line	Straight line	Straight line	Straight line	
Economic useful lives	2-10 years	2-10 years	2-10 years	2-10 years	2-12 years	

Intangible assets are the capitalised costs related to the software systems used throughout the Group, client relationships and licenses. The Group has also invested in development of a group data warehouse.

All figures in NOK million unless otherwise stated

NOTE 16: LEASES

The Group's lease agreements mainly relates to the lease of office premises and vehicles.

Lease liabilities	2020	2019
Current lease liabilities	41	39
Non-current lease liabilities	87	103
	128	**141**

Maturity analysis contractual undiscounted cash flows	2020	2019
Amounts due within one year	49	46
Amounts due between one and five years	85	98
Amounts due later than five years	15	18
	149	**162**

Effects on income statement	2020	2019
Depreciation of right-of-use assets	-43	-38
Interest expense on lease liabilities	-9	-9
Expense relating to short-term leases	-9	-12
Expense relationg to leases of low value assets	-11	-12
	-73	**-70**

Cash outflows for leases	2020	2019
Interest paid on lease liabilities	-9	-9
Principle paid on lease liabilities	-39	-34
Expense relating to short-term leases	-9	-12
Expense relationg to leases of low value assets	-11	-12
	-69	**-67**

All figures in NOK million unless otherwise stated

NOTE 17: INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES AND PARTICIPATION LOAN/NOTES

17.1 Investments in associated companies and joint ventures and participation loan/notes

Profit from shares in associated companies/joint ventures and participation loans/notes	2020	2019
Share of profit from participation loan/notes (note 17.2)	19	56
Share of result from joint ventures	26	11
Share of result from associated companies	0	0
Impairment of shares in associated companies	0	-2
	45	**64**

Investments in associated companies and joint ventures	2020	2019
Joint ventures (note 17.3)	348	386
Associated companies (note 17.4)	1	1
At 31 December	**349**	**387**

Participation loan/notes	2020	2019
Participation loan/notes (note 17.2)	522	542
At 31 December	**522**	**542**

All figures in NOK million unless otherwise stated

17.2 Participation loan/notes

	2020	2019
Participation loan in EOS Credit Funding BL DAC	31	47
Participation notes in Hellas 3P Investment DAC (H3P)	303	305
Participation notes in Hellas 2P Investment DAC (H2P)	188	190
At 31 December	**521**	**542**

	2020	2019
At 1 January	542	589
Repayments	-38	-59
Change in fair value of participation loan/notes	9	17
Exchange rate differences	9	-5
At 31 December	**521**	**542**

The Group has three investment agreements with co-investors for purchase of loan portfolios through SPVs, fully financed through participation loan/notes from the investors. The contractual arrangement of the participation loan/notes is directly linked to the performance of the portfolios purchased in the SPVs. All collections in the SPVs from the portfolios are paid monthly to the investors pro rata after deduction of cost to collect and overhead costs in the SPVs. The payments are split between interest income and repayments according to the amortisation of the portfolio, so the repayments of the loan are equal to the amortisation of the portfolio. If the SPVs need additional funding, the investors are obliged to contribute pro rata, but since the SPVs are self-funding through their operations this is not expected to occur. The particiapition loan/notes are measured at fair value through profit or loss. The Group considers the best estimate of fair value to be equal to the book value of the portfolios after amortised cost, since the remunerations is directly based on the portfolios. The profit from participation loan/notes is presented as a part of "Profit from shares in associated companies/joint ventures and participation loans/notes" in the Group's consolidated income statement.

For EOS Credit Funding BL DAC, the Group has both investment in joint venture and a share of participation loans. See note 17.3 for further information regarding the joint venture. The Group's share of the participation loan is 50 %.

In 2018, the Group entered into two agreements for co-investments through SPV's. The Group's share of the participation notes in the SPV's was 35 % for the H3P portfolio purchase and 30 % for the H2P porfolio purchase. The Group has the daily servicing of the H3P portfolio, together with local licensed partners and is the master servicer for the H2P porfolio.

17.3 Investments in joint ventures

In 2018 the Group became owner of 50 % of the share capital and voting rights in the SPV, EOS Credit Funding BL DAC with offices in Dublin, Ireland (portfolio owner), and ENB Properties Solutions srl with offices in Bucharest, Romania, and has joint control in these two companies. The two companies are accounted for using the equity method in the consolidated financial statements.

During 2019 the Group entered a joint venture with DDM Group, holding portfolios in Croatia, an investment of NOK 276 million. The Group holds 50 % of the share capital and voting rights in CE Partner S.à.r.l. and CE Holding Invest S.C.S. with offices in Luxembourg. The Group is master servicer for the joint venture.

In December 2019 a joint venture agreement with Waterfall Asset Management for portfolios in Sweden, was completed. The Group has subscribed to 30 % of the shares, an investment of NOK 96 million, in Glencar 3, a sub-fund of Glencar ICAV. Glencar ICAV with offices in Dublin, Ireland. Operations in the joint venture started in 2020, with the daily servicing of the portfolio being performed by the Group.

The Group does not have goodwill or other adjustments related to the joint ventures.

All figures in NOK million unless otherwise stated

Investments in joint ventures	2020	2019
At 1 January	386	9
Additions		372
Repayments	-56	
The Group's share of the joint venture's result after tax	16	11
Dividends received	-5	-5
Exchange differences	7	0
At 31 December	**348**	**386**

17.4 Investments in associates companies

In December 2020 the Group sold the 34.72 % interest in Creditreform UAB, Lithuania, one of the two associated companies owened by Creditreform Latvija SIA, Latvia, which was acquired by the Group in 2014. The interest was sold with a loss of NOK 0.8 million after receiving a total profit of NOK 0.6 during the ownership period. Thus by the end of 2020 the Group only holds 26 % interest in Creditreform OU, Estonia, owned by Creditreform Latvija SIA. The company specialises in the collection of third party debt within their respective countries.

In 2018 the Group acquired a 28.02 % interest in Linjiska Nacionalna Plovidba d.d., Croatia. The investment was impaired from NOK 2 million to 0 during 2019.

The Group does not have goodwill or other adjustments related to the associated companies.

Investments in associated companies	2020	2019
At 1 January	1	4
Disposals	-1	
The Group's share of the associate's result after tax	0	0
Impairment of shares in associated companies	0	-2
Dividend received	0	0
Exchange differences	0	0
At 31 December	**1**	**1**

All figures in NOK million unless otherwise stated

NOTE 18: LOAN RECEIVABLES AND OTHER NON-CURRENT FINANCIAL ASSETS

Note 18.1: Loan receivables

	2020	2019
Loan receivables - gross	967	1 041
Loss allowance	-731	-696
At 31 December	**235**	**345**

Loan receivables are interest bearing loans that normally are granted for a period of few years, with monthly installments and no up-front payment. The Group collects contractual cash flow according to loan schedules. The Group currently only has such business in Poland. The average loan ticket amounts to PLN 4,800 and the average installment number is 40 months at the end of 2020. Products are sold via several distribution channels including internet, call center, and external brokers. The Group sold approximately 11,000 loans to individual clients in 2020. There is no single debtor who represents a large share of the loan receivables and therefore pose a material credit risk.

The Group measures the impairment loss on loan receivables using a 3-stage model for expected credit loss (ECL) according to IFRS 9. For loan receivables in stage 1 (performing, i.e. days past due between 0-10 days), ECL for default events that are possible within the next 12 months are recognised. The Group consider that credit risk has increased significantly since initial recognition for loan receivables in stage 2 and 3 (underperforming and non-performing, i.e. days past due over 10 days), and lifetime ECL is recognised.

At 31 December, the analysis of loan receivables was as follows:

	Total	Stage 1	Stage 2 and 3
Loan receivables - gross	967	143	823
Loss allowance	-731	-23	-708
Loan receivables - net, 31 December 2020	**235**	**120**	**115**
Loan receivables - gross	1 041	238	803
Loss allowance	-696	-39	-656
Loan receivables - net, 31 December 2019	**345**	**198**	**147**

Note 18.2: Other non-current financial assets

	2020	2019
Financial assets at fair value through profit or loss:		
Derivatives (note 4)	1	2
	1	**2**
Financial assets at amortised cost: Other	2	3
	2	**3**
At 31 December	**3**	**5**

All figures in NOK million unless otherwise stated

NOTE 19: OTHER SHORT-TERM ASSETS

19.1: Accounts receivable

	2020	2019
Accounts receivable from contract revenues - gross	32	48
Accounts receivable from single transactions - gross	5	3
Loss allowance	-4	-3
	33	**49**

There is no single customer who represents a large share of the accounts receivable and therefore pose a material credit risk.

Accounts receivable are non-interest bearing and are generally on terms of 30-90 days. At 31 December, the ageing analysis of accounts receivables was as follows:

	Total	Not due	0-30 days	31-60 days	61-90 days	>90 days
Accounts receivable - gross, 31 December 2020	37	25	4	1	1	5
Loss allowance	-4	-0	-0	-0	-0	-3
Accounts receivable - net, 31 December 2020	**33**	**25**	**4**	**1**	**1**	**1**
Accounts receivable - gross, 31 December 2019	52	40	5	3	0	4
Loss allowance	-3	-0	-0	-0	-0	-3
Accounts receivable - net, 31 December 2019	**49**	**40**	**5**	**3**	**0**	**1**

19.2: Other short-term assets

	2020	2019
Value added, sales or other taxes receivable	67	65
Amounts due from previous owners of purchased loan portfolios	2	6
Advances & security deposits paid to suppliers	41	36
Prepayments	24	20
Amounts due from employees	1	2
Derivatives (note 4)	22	5
Amounts due from joint venture (note 17)	8	17
Accrued income not yet invoiced	18	15
Other	35	25
	220	**191**

All figures in NOK million unless otherwise stated

NOTE 20: COLLATERAL ASSETS

Collateral assets are assets, mainly real estate, repossessed as part of the management of secured non-performing loan portfolios. Collateral assets are acquired with the purpose of subsequent resale in the near future.

	2020	2019
At 1 January	319	120
Additions	631	231
Disposals	-69	-25
Write-down	-9	-6
Exchange differences	2	-1
At 31 December	**873**	**319**

Which consists of:

	2020	2019
Retail Properties	206	152
Non-retail properties	648	158
Other	19	9
	873	**319**

Of the collateral assets NOK 696 million is located in Central Europe (2019: 228 million), NOK 120 million is located in South Eastern Europe (2019: 43 million), NOK 45 million is located in Western Europe (2019: 31 million) and NOK 9 million is located in Poland (2019: 15 million). Retail properties is related to private housing and non-retail properties to commercial buildings.

The Group has specific pre-emption rights on the realisability of some of its collateral assets if the offered sales prices are below what has been agreed with interested stakeholders. These rights are only applicable for a period of 18-36 months from the granting of such rights which was in Q3 2020.

The Group has no contractual obligations for construction, development, repairs or maintainance.

	2020	2019
Rental income	2	2
Income Revenue from sale of collateral assets	72	
Cost of collateral assets sold, including impairment	-78	
Gain/(loss) from disposal and write-down	0	-3
Direct operating expenses	-11	-8
Operating profit/(loss) from collateral assets	**-15**	**-9**

From 2020 the presentation of consolidated income statement for the Group has been updated. The presentation was changed to better reflect revenues and cost from sale of collateral assets, separating this from “Other revenues”. Comparable numbers are not updated, and gain/(loss) from disposal and write-down of collateral assets is for 2019 included in the line “Other revenues” in the consolidated income statement.

Rental income is presented in the line “Other revenues” in the consolidated income statement. Direct operating expenses are directly related to the collateral assets and include repairs and maintenance costs, insurance, valuation costs and other similar types of running costs. Direct operating expenses are included in either “Expenses of external services provided” or “Other operating expenses” depending upon the nature of the expense.

All figures in NOK million unless otherwise stated

NOTE 21: CASH AND SHORT-TERM DEPOSITS

	2020	2019
Cash at banks		
- unrestricted balances	407	339
- tax deductions from employee payroll	3	3
- other restricted balances	7	8
	417	351
Short term deposits	6	5
	423	**356**

Cash at banks earns interest at floating rates which are based on bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Other restricted balances represent deposits paid into a short term escrow account in connection with, for example, the acquisition of loan portfolios or guarantees provided by third parties.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the cash and short-term deposit balances in the table above.

NOTE 22: 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 mill	Other paid-in capital [1)] NOK mill
At 1 January 2019	**409 032 598**	**41**	**2 836**
Exercise of employee share options on 25 January 2019 at an average subscription of 8.356	900 000	0	7
At 31 December 2019	**409 932 598**	**41**	**2 843**
At 31 December 2020	**409 932 598**	**41**	**2 843**
At 21 April 2021 (the date of completion of these financial statements)	**409 932 598**	**41**	**2 843**

1) Net proceeds after transaction costs

For further information regarding shares and shareholders, see note 12 to the parent company financial statements.

Dividend paid to parent company's shareholders in 2020, for 2019, amounted to NOK 0.00 per share. Proposed dividend for 2020 is NOK 0.00 per share.

All figures in NOK million unless otherwise stated

Mandates granted to the Board of Directors:
On 27 May 2020 the General Meeting of the shareholders of B2Holding ASA granted the Board a right to increase the share capital (i) in connection with acquisitions and raising of equity, by a maximum of NOK 4,099,325 which is equal to 10 % of the Company's share capital, and (ii) in connection with the Company's share option programme, by a maximum of NOK 2,233,449.40.

The General Meeting on 27 May 2020 also granted the Board a right to acquire own shares in B2Holding ASA from the shareholders in the company up to a total nominal value of NOK 4,099,325. The maximum amount that can be paid for each share is the volume weighted average price as quoted on the stock exchange for the five business days prior to the time of the acquisition plus 5 %, and the minimum amount to be paid is NOK 0.10 per share.

Each of the said authorisations provided to the Board are all effective until the earliest of the Company's 2021 Annual General Meeting and 30 June 2021 and replaces the authorisations issued by the General Meeting on 24 May 2019.

NOTE 23: SHARE BASED PAYMENTS

23.1 Option program
The Group has granted share options to management and selected key employees according to the Remuneration Policy in note 30.1. As of the date of completion of these financial statements, there were 14,410,000 options outstanding.

All of the Company's option agreements include a clause regarding accelerated vesting meaning that if 50.1 % (75 % for options issued before 2019, expiring Dec 2021) of the shares in the Company are sold to an acquirer, all outstanding options are vested. In case of a merger, the grantee shall if possible be granted an equal share option in the merged company. If this is not possible, the grantee will have the right to exercise all the options prior to the merger.

Movements during the year
The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2020 Number	2020 WAEP	2019 Number	2019 WAEP
Outstanding 1 January	19 125 000	10.077	18 175 000	9.530
Granted during the year	5 150 000	6.264	3 050 000	10.140
Exercised during the year			-900 000	8.356
Forfeited during the year	-1 240 000	13.777	-600 000	10.140
Expired during the year	-8 625 000	9.467	-600 000	12.100
Outstanding at 31 December	**14 410 000**	**90.510**	**19 125 000**	**10.077**
Exercisable at 31 December	**7 536 666**	**10.112**	**15 400 000**	**9.370**

In August 2019 the BoD decided to further extend the expiry date from 30 June 2020 until 30 June 2022 at the latest, for 6,000,000 share options originally expired 1 July 2018. As compensation for the extended expiration date the exercise price shall increase with 7.5 % annually interest rate calculated from the original expiry date up until the actual exercise date.

Due to changes in the Group Management in 2019, 1,240,000 share options was cancelled during 1st quarter of 2020. Further, 8,625,000 options granted in 2015 and 2017 expired during 2020, including 8,300,000 share options granted in June 2015 with extended expiry date until 30 June 2020.

The weighted average fair value of options granted in 2020 was NOK 6.26 (2019: 1.82) per option and the cost of the options recognised in personnel costs together with a corresponding increase in other capital reserves was NOK 4 million in 2020 (2019: NOK 3 million).

The fair value of options awarded is calculated using the Black-Scholes option pricing model. The risk-free interest rate on the award date has been obtained from Norges Bank and weighted average for options awarded in 2020 was 0.63 % (2019: 1.21 %). The weighted average expected volatility for the options granted in 2020 was 45.07 % (2019: 30.68 %), and the expected lifetime has been set as the vesting date.

All figures in NOK million unless otherwise stated

At 31 December 2020, the range of exercise prices and weighted average remaining contractual life of the options were as follows:

	Outstanding options			Vested options		
Exercise price	Outstanding options as of 31.12.2020	Weighted average remaining contractual life	Weighted average exercise price	Outstanding options as of 31.12.2020	Weighted average remaining contractual life	Weighted average exercise price
0.00 - 8.00	3 050 000	4.5	4.57	-	-	-
8.01 - 8.50	2 000 000	1.5	8.34	2 000 000	1.5	8.34
8.51 - 9.99	6 100 000	2.2	9.06	4 000 000	1.5	9.23
10.00 - 12.99	1 910 000	3.5	10.14	636 666	3.5	10.14
13.00 - 17.99	600 000	1.0	16.21	450 000	1.0	15.90
18.00 - 23.99	750 000	1.0	20.63	450 000	1.0	19.99
Total	**14 410 000**	**2.6**	**9.05**	**7 536 666**	**1.6**	**10.11**

At 31 December 2019, the range of exercise prices and weighted average remaining contractual life of the options were as follows:

	Outstanding options			Vested options		
Exercise price	Outstanding options as of 31.12.2019	Weighted average remaining contractual life	Weighted average exercise price	Outstanding options as of 31.12.2019	Weighted average remaining contractual life	Weighted average exercise price
0.00 - 8.00	4 000 000	1.5	7.90	4 000 000	1.5	7.90
8.01 - 8.50	4 000 000	1.5	8.46	4 000 000	1.5	8.46
8.51 - 9.99	4 766 666	1.3	9.14	4 766 666	1.3	9.14
10.00 - 12.99	3 983 334	3.0	10.62	1 533 334	0.5	11.40
13.00 - 17.99	1 375 000	1.4	15.55	825 000	1.4	15.18
18.00 - 23.99	1 000 000	1.8	20.05	275 000	1.5	19.08
Total	**19 125 000**	**1.8**	**10.08**	**15 400 000**	**1.3**	**9.37**

See note 30 for information on share options to Board of Directors and Group management.

NOTE 24: INTEREST BEARING LOANS AND BORROWINGS

	2020	2019
Non-current		
Multi-currency revolving credit facility	3 912	2 805
Bridge Facility	250	0
Bond loan	5 954	7 336
	10 116	**10 141**

	2020	2019
Current		
Bond loan	1 153	1 498
Bank overdraft	222	97
	1 375	**1 594**

All figures in NOK million unless otherwise stated

Interest bearing loans

The Group is financed by the following loans; (i) a EUR 510 million senior secured multi-currency revolving credit facility agreement, including a multi-currency cash pool with a EUR 40 million overdraft, which matures in May 2023, (ii) a EUR 100 million bridge facility with maturity in May 2022, (iii) a EUR 175 million senior unsecured bond with maturity in October 2021, (iv) a EUR 200 million senior unsecured bond with maturity in November 2022, (v) a EUR 200 million senior unsecured bond with maturity in May 2023 and (vi) a EUR 200 million senior unsecured bond with maturity in May 2024. The Group holds EUR 91 million in treasury bonds, which is not included in tables below.

The multi-currency revolving credit facility, the bridge facility and the bond loans carry a variable interest rate based on the interbank rate in each currency plus a margin supplement. In addition, there is a commitment fee, which is calculated as a percentage of the loan margin on the undrawn part of the credit facilities. The overdraft carries a facility line fee. The loan agreements have a number of operational and financial covenants, including limits on certain key indicators, which have all been complied with as of 31 December 2020. There are no instalments to be paid before maturity.

At 31 December 2020, PLN 780 million, SEK 650 million and NOK 1,530 million, in total EUR 382 million, was utilised from the EUR 470 million multi-currency revolving credit facility, leaving an available, undrawn amount of EUR 88 million. The multi-currency overdraft facility of EUR 40 million was utilised with EUR 21 million, leaving an available, undrawn amount of EUR 19 million. The bridge facility was utilised with EUR 24 million, leaving an available, undrawn amount of EUR 76 million.

The EUR 470 million multi-currency revolving credit facility and the EUR 100 million bridge facility are secured by guarantees issued by B2Holding ASA, a share pledge over B2Holding ASA's 100 % directly owned subsidiaries, an account charge over a number of pre-defined B2Holding ASA bank accounts and a pledge over the intra-group loan receivables from B2Holding ASA to its subsidiaries. The Bond Loans are unsecured.

Details of the interest rates, maturity and outstanding nominal values by currency at 31 December 2020 and 31 December 2019 are summarised below:

At 31 December 2020	Currency	Interest rate %	Maturity	Outstanding nominal value
Multi-currency revolving credit facility	PLN	Floating	May 2023	1 791
	SEK	Floating	May 2023	678
	NOK	Floating	May 2023	1 530
Bridge Facility	NOK	Floating	May 2022	250
Bond loans	EUR	7.00 %	October 2021	1 832
	EUR	4.25 %	November 2022	2 094
	EUR	4.75 %	May 2023	2 094
	EUR	6.35 %	May 2024	2 094
				12 364

At 31 December 2019	Currency	Interest rate %	Maturity	Outstanding nominal value
Multi-currency revolving credit facility	PLN	Floating	May 2022	1 807
	SEK	Floating	May 2022	755
	NOK	Floating	May 2022	300
Bond loans	EUR	7.50 %	December 2020	1 480
	EUR	7.00 %	October 2021	1 726
	EUR	4.25 %	November 2022	1 973
	EUR	4.75 %	May 2023	1 973
	EUR	6.35 %	May 2024	1 973
				11 987

All figures in NOK million unless otherwise stated

The repayment schedule by currency at 31 December 2020 and 31 December 2019 is shown in the table below:

At 31 December 2020		Multi-currency revolving credit facility		Bridge Facility	Bond loan	Total
	SEK	NOK	PLN	NOK	EUR	
2021					1 832	1 832
2022				250	2 094	2 344
2023	678	1 530	1 791		2 094	6 093
2024					2 094	2 094
	678	**1 530**	**1 791**	**250**	**8 114**	**12 364**

At 31 December 2019		Multi-currency revolving credit facility		Bond loan	Total
	SEK	NOK	PLN	EUR	
2020				1 480	1 480
2021				1 726	1 726
2022	755	300	1 807	1 973	4 836
2023				1 973	1 973
After 2023				1 973	1 973
	755	**300**	**1 807**	**9 124**	**11 987**

Financial covenants

The financial covenants at 31 December 2020 for the bond loans are summarised below. All covenants have been met at 31 December 2020 and 31 December 2019.

The financial covenants for the bond loan are as follows:

	Requirement	2020	2019
Secured loan to value	Maximum 65 %	25 %	17 %
Leverage ratio	Maximum 4.0	2.7	2.9
Net interest cover ratio	Minimum 4.0	5.4	5.1

The financial covenants for the multi-currency revolving credit facility include covenants for the borrowing base ratio, the equity ratio and the ratio of actual NPL portfolio cash collection compared to cash collection forecasts. In addition to this, the covenants for the borrowing base ratio and the ratio of actual NPL portfolio cash collection compared to cash collection forecasts are measured at the "Restricted Group" level, which comprises B2Kapital Holding S.à r.l. and its directly and indirectly owned subsidiaries. If the group fails to comply with the financial covenants, both the multi-currency revolving credit facility agreement and the bond loan agreements have a grace period after notice thereof is given to the counterparties before default is declared.

Bank borrowings secured by pledged assets	2020	2019
Multi-currency revolving credit facility	4 162	2 805
	4 162	**2 805**

Balance sheet value of pledged assets	2020	2019
Share Pledge	3 622	3 433
Account charge over bank accounts	13	-224
Intra Group Loan receivable	6 930	9 188
	10 565	**12 397**

All figures in NOK million unless otherwise stated

At 31 December 2020, the multi-currency revolving credit facility and the bridge facility is secured by a share pledge over B2Holding ASA's shares in B2Kapital Holding S.à r.l., an account charge over a number of pre-defined B2Holding ASA bank accounts and a pledge over the intra-group loan receivables from B2Holding ASA to B2Kapital Holding S.à r.l.. The Bond Loans are unsecured.

Changes in liabilities arising from financing activities

The table below shows a reconciliation of the opening and closing balance for liabilities arising from financing activities.

	2020	2019
As of 1 January	**11 780**	**10 771**
Implementation effect IFRS 16		128
Principal repayments (lease liabilities)	-39	-34
Additions (lease liabilities)	26	49
Proceeds from new external loans during the year	15 577	16 858
Repayment of external loans during the year	-16 346	-15 972
Changes in foreign exchange rates	393	-52
Other changes	6	33
As of 31 December	**11 398**	**11 780**

«Other changes» consist of non-cash effects from utilizing amortised cost principal.

Interest bearing liabilities	2020	2019
Interest bearing loans and borrowings	11 270	11 639
Lease liabilities	128	141
	11 398	**11 780**

Lease liabilities are included in Other current and non-current liabilities in the Consolidated statement of financial position. Refer to note 16 for more information about lease liabilities.

NOTE 25: OTHER LONG TERM LIABILITIES

	2020	2019
Financial liabilities at fair value through profit or loss		
Contingent consideration (note 5.2)	17	39
Derivatives (note 4)	14	13
Other	6	0
	37	**53**
Financial liabilities at amortised cost		
Lease liabilities (note 16)	87	103
	87	**103**
Other non-financial liabilities		
Post-employment liabilities	6	4
	6	**4**
	131	**160**

Contingent consideration due within one year is classified within other current liabilities.

All figures in NOK million unless otherwise stated

NOTE 26: ACCOUNTS AND OTHER PAYABLES

	2020	2019
Accounts payable	59	64
Vendor financing	23	121
Amounts owed to third party collection customers	14	30
Amounts prepaid by loan debtors	55	51
Other payables	4	0
	154	**265**

Accounts payable, amounts prepaid by loan debtors and amounts owed to third party collection customers are non-interest bearing and are normally settled within 30 days. Vendor financing is non-interest bearing and relates to portfolio purchases not yet fully paid but normally due within 6 months.

NOTE 27: OTHER CURRENT LIABILITIES

	2020	2019
Financial liabilities at fair value through profit or loss		
Contingent consideration (note 5.2)	14	19
Derivatives (note 4)	2	11
	16	**30**
Other liabilities at amortised cost		
Amounts due to employees	110	99
Accrued interest on external loans	71	85
Accrued costs of external collection services and other expenses	42	31
Lease liabilities (note 16)	41	39
Other	14	10
	279	**264**
Indirect taxes payable		
Value added taxes / sales taxes payable	6	13
Payroll taxes payable	15	12
Social security payable	21	21
Other indirect taxes payable	3	4
	45	**51**
	339	**345**

Contingent consideration due within one year is classified as other current liabilities.

Amounts due to employees are accruals for fixed and variable salaries and includes accruals for holiday entitlements according to local regulations and practices.

Interest payable on loans and borrowings is normally paid quarterly throughout the financial year.

Indirect taxes are non-interest bearing and are payable on a regular basis to the relevant national tax authority.

Social security payable at 31 December 2020 and 31 December 2019 includes the accrued social security costs of the share option programmes and described in more detail in note 23.

All figures in NOK million unless otherwise stated

NOTE 28: COMMITMENTS

28.1 Lease commitments - Group as lessee

The Group has entered into leases for office premises, motor vehicles and office equipment. The lease payments for the majority of the office premises lease contracts are adjusted according to the consumer price index, have an extension option and have an average life of between 12 months and 9 years. There are no restrictions placed upon the lessee under the lease contracts to use the office premises in the normal course of business. The commitments related to future payments on lease agreements are presented in note 16.

28.2 Forward flow commitments

The Group has committed to buy non-performing debt portfolios for delivery in future years ("forward flow" contracts) in the following segments. The estimated face value and purchase price of contracts is based on the maximum face value in the purchase agreement or best estimate if there are not any maximum amounts in the purchase agreements. At 31 December, the non-cancellable part of these commitments were as follows:

	2020		2019	
	Face value	**Purchase price**	**Face value**	**Purchase price**
Northern Europe	230	121	1 040	636
Poland	202	34	421	100
Western Europe	0	0	223	33
Southeastern Europe	115	27	92	23
	547	**182**	**1 776**	**791**

NOTE 29: RELATED PARTY DISCLOSURE

The Group's related parties include the Group management team, Board of Directors of the parent company, associated companies and joint ventures (note 17).

Related party transactions with Group management team and Board of Directors are set out in note 30.

Transactions with associated companies and joint ventures

See note 17 and 18 for transactions with associated companies and joint ventures.

Group companies

Companies in the Group are also related parties. Intra-group related party transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements of the Group. Sales to and purchases from intra-group related parties are made at normal market prices as the transactions are performed on the same terms as unrelated parties.

Outstanding intra-group balances at the year end are unsecured and interest free, other than for interest bearing loans. At 31 December 2020 the Group has impaired approximately NOK 80 million for loss relating to intra-group related party balances. At 31 December 2019, the Group didn't do any provision of doubtful debts relating to intra-group related party balances. This assessment has been undertaken for each period end based on an examination of the financial position of the related party and the market in which the related party operates.

B2Holding ASA, with its registered office in Oslo is the Parent Company of the Group. The list of Group subsidiaries is provided below. All subsidiaries are included in the B2Holding Group consolidated financial statements

All figures in NOK million unless otherwise stated

Company name	Country of incorporation	Segment	Directly owned by B2Holding ASA	% equity interest 2020	2019
B2Holding ASA					
Interkreditt AS	Norway	Northern Europe		100 %	100 %
Interkreditt Kapital AS	Norway	Northern Europe		100 %	100 %
B2Kapital Holding S.a.r.l	Luxembourg	Central functions	√	100 %	100 %
ULTIMO Portfolio Investment SA	Luxembourg	Central functions		100 %	100 %
ULTIMO SA	Poland	Poland		100 %	100 %
ULTIMO Securitisation Fund	Poland	Poland		100 %	100 %
ULTIMO Legal Office	Poland	Poland		99 %	99 %
ULTIMO TFI SA	Poland	Poland		100 %	100 %
TAKTO Group comprising TAKTO Sp z.o.o,					
TAKTO Securitisation Fund & Invest TAKTO SKA	Poland	Poland		100 %	100 %
Sileo Holding AB	Sweden	Northern Europe		100 %	100 %
Sileo Kapital AB	Sweden	Northern Europe		100 %	100 %
Interkredit Sverige AB (earlier Sileo Finans AB)	Sweden	Northern Europe		100 %	100 %
Sileo Förvaltning AB (earlier Kontant Finans Sverige AB)	Sweden	Northern Europe	√	100 %	100 %
OK Perintä OY	Finland	Northern Europe		100 %	100 %
Nordic Debt Collection A/S	Denmark	Northern Europe		100 %	100 %
OK Incure OÜ	Estonia	Northern Europe		100 %	100 %
TCM Estonia OÜ	Estonia	Northern Europe		100 %	100 %
B2Kapital SIA	Latvia	Northern Europe		100 %	100 %
Creditreform Latvija SIA	Latvia	Northern Europe		99.5 %	99.5 %
Crefo Rating SIA	Latvia	Northern Europe		100 %	100 %
AS Crefo Birojs	Latvia	Northern Europe		100 %	100 %
UAB B2Kapital (earlier UAB Skolu valdymo centras)	Lithuania	Northern Europe		100 %	100 %
B2 Kapital d.o.o	Croatia	Central Europe		100 %	100 %
B2 Real Estate d.o.o	Croatia	Central Europe		100 %	100 %
B2 Portfolio d.o.o.	Croatia	Central Europe		100 %	100 %
B2Kapital d.o.o	Bosnia and Herzegovina	Central Europe		100 %	100 %
B2Kapital d.o.o	Slovenia	Central Europe		100 %	100 %
B2 Holding Kapital d.o.o	Serbia	Central Europe		100 %	100 %
B2Kapital d.o.o	Montenegro	Central Europe		100 %	100 %
B2Kapital GmbH [1)]	Austria	Central Europe		100 %	100 %
B2Kapital Czech Republic s.r.o	Czech Republic	Central Europe		100 %	100 %
Consequence Europe MKFT	Hungary	Central Europe		100 %	100 %
B2Kapital Hungary Zrt	Hungary	Central Europe		100 %	100 %
B2Kapital Porfolio Management S.R.L	Romania	South Eastern Europe		100 %	100 %
B2 Real Estate Management S.R.L.	Romania	South Eastern Europe		100 %	100 %
B2 Kapital Finance I.F.N. S.A.	Romania	South Eastern Europe		100 %	100 %
Freyja Development S.R.L	Romania	South Eastern Europe		100 %	
Acatoen Development S.R.L	Romania	South Eastern Europe		100 %	
Joro Assets S.R.L.	Romania	South Eastern Europe		100 %	
Advanced Holding Three S.R.L	Romania	South Eastern Europe		100 %	
Debt Collection Agency S.R.L [2)]	Romania	South Eastern Europe			100 %
Debt Collection Agency EAD	Bulgaria	South Eastern Europe		100 %	100 %
Smart Collect EOOD	Bulgaria	South Eastern Europe		100 %	100 %
B2Kapital AE	Greece	South Eastern Europe		100 %	100 %
B2Kapital Cyprus LTD	Cyprus	South Eastern Europe		100 %	100 %
Gabuyd Ltd	Cyprus	South Eastern Europe		100 %	
B2 Kapital S.r.l	Italy	Western Europe		100 %	100 %
B2 Kapital Investment S.r.l.	Italy	Western Europe		100 %	100 %
B2 Kapital RE S.r.l.	Italy	Western Europe		100 %	100 %
B2Kapital 7.1 S.r.l	Italy	Western Europe		100 %	
Confirmación de Solicitudes de Crédito Verifica S.A.	Spain	Western Europe		100 %	100 %
Verifica Portugal S.A. [3)]	Portugal	Western Europe			100 %
Négociation et Achat de Créances Contentieuses	France	Western Europe		100 %	100 %
Tahiti Encaissements Services	French Polynesia	Western Europe		100 %	100 %

1) In process of liquidation
2) Merged into B2Kapital Portfolio Management S.R.L during 2020
3) In process of liquidation

NOTE 30: REMUNERATION

30.1 Remuneration policy

1. Purpose

B2Holding ASA's reward policy is a management tool that shall contribute to Group profit and increased shareholder value and to attract, retain and develop qualified people with the right managerial and professional competencies. This reward policy applies to the Chief Executive Officer of B2Holding ASA (the "CEO"), the Managers in B2Holding ASA and the Directly Reporting Business Units Managers.

"Managers in B2Holding ASA" means managers employed by B2Holding ASA who report directly to the CEO, and the "Directly Reporting Business Units Managers" means managers employed by other group companies and who report directly to the CEO.

"Management" means the CEO, Managers in B2Holding ASA and the Directly Reporting Business Units Managers, and a "Manager" shall mean a member of the Management.

2. Reward Strategy

The fundamental principle in B2Holding's determination of salary and other remuneration for the Management is that the terms are to be competitive with terms in positions with similar responsibility, workload and complexity in the local markets. B2Holding ASA and its subsidiaries (the "Group") will adapt to the local market practices to the extent the Group find expedient.

3. Reward System

All positions relevant for this policy shall be objectively evaluated and given a job grade. The rating of each unique position is determined from the level of accountability, the level of problem solving, and the know-how requirements in the role.

For each job grade, there is a salary band. The midpoint for each salary band is determined regularly, per country, with reference to the external marked and the Group's remuneration strategy. Each salary band will have a maximum and a minimum pay level, which is +/- 30 % from the midpoint.

4. Reward

Reward includes all the instruments the organization and its managers have at hand, and utilize to encourage and reward performance. Monetary reward includes:

Base Salary
Benefits – e.g. Pension Scheme, Personnel Insurances, Car Scheme, etc.
Annual Bonus – Short Term Incentive
Share Options – Long Term Incentive

5. Determining Base Salary

The base salary will be determined based on the following criteria's: Job level, Local competition, Salary band for the job, Performance level, Budget and guidelines for annual salary review.

Determining annual base salary movements - the following criteria will apply: Performance level, Present position in salary band, Budget and guidelines for annual salary review.

Expatriates are subject to tailor-made arrangements.

6. Determining Benefits

Benefits will be related to local market standards and job level.

7. Determining Annual Bonus

a. All Managers subject to this reward policy are eligible for an annual bonus subject to achievement of an agreed set of targets. Performance level related to the set of targets will be the criterion determining the size of the annual bonus. The target structure will comprise Group targets, Business Unit targets and individual targets when appropriate.

A target level expressed in % of base salary will be defined for each Manager. Determination of the target will be based on local market standard for each individual managerial position.

The Board of Directors of B2Holding ASA (the "BoD") will set the target bonus level for the CEO. The BoD will furthermore decide the target bonus level for the other Managers following a recommendation of the CEO.

b. The target structure will include 2-3 independent weighted components:

i) Group targets (when appropriate with a weight up to 60 %) - The Group targets will be determined by the BoD

ii) Business unit targets (when appropriate with a weight up to 60 %) - The business unit targets are to be decided by the BoD following the recommendation of the CEO.

iii) Individual targets (when appropriate with a weight up to 40 %) - The individual targets will be decided by the CEO.

The CEO's performance will be measured against targets i) and iii). The Business Unit Managers performance will be measured against i), ii), and iii) when an individual target has been decided. The Managers in B2Holding ASA will be measured against i), and iii) when an individual target has been decided.

c. The bonus level matrix will be reviewed year over year to be in line with the local market and the Group's reward strategy.

d. The BoD shall approve any annual bonus in excess of target bonus for the individual.

e. Managers subject to an earn-out model as a result of an acquisition or merger are not eligible for Annual bonus before the earn-out period is over.

f. Manager having submitted notice of resignation is not eligible for Annual Bonus.

8. Determining Share options

a. B2Holding has implemented a Share Option Program, based on the approval from the Annual General Meeting on 24 May 2019, under which options for B2Holding shares may be granted by the BoD to the CEO, Managers in B2Holding ASA and Business Unit Managers responsible for an operating profit above NOK 50 mill. (each an "option candidate").

b. The Share Option Program does not have any effect on the remaining outstanding share options granted under earlier share-based incentive programs. No new options shall be granted under these earlier programs, and the BoD shall otherwise manage such programs and the terms and conditions thereof as it deems appropriate (including inter alia by amending exercise periods or extending the term of options granted, but not by agreeing reduction of strike prices).

c. The intention is to grant new options on an annual basis, awarded on the same date unless in the opinion of the BoD there are circumstances that should indicate otherwise. The BoD shall on an individual basis consider and determine the number of share options, if any, to be granted to each option candidate that year. When making its decision, the BoD shall inter alia take into consideration the potential impact the option candidate may have on the value creation for the shareholders and the Group's earnings performance over time.

d. The BoD will not in any single calendar year grant share options representing in total more than 0.75 % of the share capital of B2Holding ASA as at the date of the Annual General Meeting in that year.

e. Granted share options shall vest with one-third on each of the first, second and third anniversary of the grant unless otherwise resolved by the BoD. The share options shall expire no later than on the fifth anniversary of the grant.

f. The strike price of the options shall be equal to volume weighted average price quoted on the Oslo Stock Exchange for the B2Holding shares in the last twenty trading days prior to the date on which the BoD grants the options ("VWAP"). The strike price shall be adjusted for dividend distribution and mathematical effects from rights issues and other dilutive corporate actions.

g. Unless otherwise follows from applicable securities law or B2Holding's insider trading rules or policies, the participants in the Share Option Program may sell his/her shares at any time after exercising the option.

h. Managers who may become entitled to earn-out payments as a result of an acquisition or merger are not eligible for participation in the Stock Option Program before the earn-out period is over.

i. If a participant dies while being part of the Stock Option Program, the participants' heirs shall inherit the vested options. B2Holding ASA will not withdraw any grants under the Stock Option Program in case of a participants' disability.

9. Rights and obligations

The Reward Policy is a policy that the company intend to comply with. The policy does however not create any rights for the Managers or obligations for B2Holding ASA or its affiliates and may be deviated from, amended, replaced or terminated by B2Holding ASA at its sole discretion at any point in time and without notice.

10. Governance

Any amendments to this policy shall be approved by the BoD.

The Group has been compliant to the above the last year.

30.2 Group management and Board of Directors

Remuneration 2020 (All figures in NOK'000s)	Salary 9)	Bonus earned in 2020 10)	Pension expense	Other benefits 11)	Total	Share option cost 12)	Directors fee 17)
Group Management							
Erik Just Johnsen, Chief Executive Officer 1)	4 015	1 092	175	25	5 307	1 962	
Andrè Adolfsen, Chief Financial Officer 2)	449	649	29	4	1 132	154	
Cecilie Kjelland, Chief Legal and Compliance Officer	2 326	772	175	26	3 300	124	
Rasmus Hansson, Head of M&A and Investor Relations	2 208	602	175	20	3 005	225	
Jeremi Bobowski, Chief Risk Officer	2 489	649	169	467	3 774	287	
Tore Krogstad, Head of Personnel, Improvement & Restructuring 3)	1 778	560	175	33	2 546	454	
Adam Parfiniewicz, Head of Unsecured Asset Management 4)	2 607	1 058			3 665	334	
Georgios Christoforou, Head of Secured Asset Management 5)	1 823	1 089	858	97	3 867	676	
Maria Haddad, Head of Corporate Development 6)	2 467	691			3 158	472	
Former members of Group Management							
Johannes Raschke, Chief Investment Officer 7)	2 020		148	103	2 271	58	
J. Harald Henriksen, Chief Governance Officer 8)	398	98	29	3	528	17	
Board of Directors							
Harald L. Thorstein, Chair of the Board					0		467
Kari Skeidsvoll Moe					0		315
Niklas Wiberg 13)					0		315
Adele Bugge Norman Pran					0		340
Grethe Wittenberg Meier					0		300
Trond Kristian Andreassen					0		175
Trygve Lauvdal 14)					0		175
Former Board of Directors 15)							
Jon Harald Nordbrekken, Chair of the Board 16)				2	2		333
Kjetil A. Garstad, Deputy member					0		125
Per Kristian Spone					0		165
Total	**22 580**	**7 260**	**1 934**	**780**	**32 554**	**4 764**	**2 710**

1) Erik J. Johnsen, took up the position as Chief Executive Officer with permanent effect from 5 February 2020, after having the position as interim Chief Executive Officer from 15 August 2019. Until 1 November 2020 he also held the position as Chief Financial Officer

2) Andrè Adolfsen took up the position as Chief Financial Officer with effect from 1 November 2020

3) Tore Krogstad, formerly Regional Director Scandinaiva, took up the new position as Head of Personnel, Improvement & Restructuring with effect from 2 January 2020

4) Adam Parfiniewicz, formerly Regional Director Poland and later Head of Unsecured and Regional Director Poland, Finland & Baltics, took up the new position as Head of Unsecured Asset Management with effect from 2 January 2020

5) Georgios Christoforou, formerly Regional Director South East Europe and later Head of Secured and Regional Director Central and South East Europe, took up the new posisition as Head of Secured Asset Management with effect from 2 January 2020

6) Maria Haddad, formerly Regional Director Western Europe, took up the new position as Head of Corporate Developement with effect from 2 January 2020

7) Johannes Raschke, held the position as Chief Investment Officer until 11 November 2020

8) J. Harald Henriksen, holds the position as Chief Governance Officer and was a member of the Executive Managment Group until 19 February 2020.

9) Salary is basic salary and if applicable earned, not paid, holiday allowance for 2020

10) Provision for holiday allowance, if any, is not included

11) Other benefits including amongst others company car, telecom and insurances

12) Accrued social security costs are not included in the share option cost. Total cost deviate from cost recognised as personnel cost due to forfeited share options (see note 23).

13) Niklas Wiberg, representing shareholder Prioritet Group AB

14) Trygve Lauvdal, representing shareholder Rasmussengruppen AS

15) Until Annual General Meeting 27 May 2020

16) Jon Harald Nordbrekken, recieved in addition to the amounts stated in the table above, a total amount of NOK 2.0 million from B2Holding ASA in accordance with a consultancy agreement for services in 2019 and 2020

17) Directors fee includes any additional fees for members of Audit Committee and Remuneration Committee

Current CEO and Group Management have received bonus according to the bonus program described in the Remuneraton Policy, see note 30.1.

Group Managment has not received remuneration or financial benefits from other B2H Group companies than the one listed above, and no additional remuneration are paid for special services outside the normal functions within the given mangager positions.

No loans or guarantees have been given to members of the Managment, the Board of Directors or other elected corporate bodies.

The employment agreements of the CEO and Managment have a mutual 6-month period of notice from the last day of the month/the day in which the written notice is received by the other party. If the Company terminates the employment agreement, the CEO/Manager is entitled to ordinary salary and agreed benefits throughout the period of notice and the right to severance pay from the date of termination corresponding to 12 months' base salary without the addition of holiday pay and other benefits (such as pension costs, car schemes, telephone etc.). For the CEO the severance is paid in 12 monthly rates starting from the time of ended 6-month notice period. Same for Managment, but there is an option that it could instead be paid in one total amount at the time of ended 6-months notice period. The right to severance pay is conditional upon the CEO/Manager not committing a serious breach of duty or other material breach of his duties.

Remuneration 2019 (All figures in NOK'000s)	Salary	Bonus earned in 2019	Pension expense	Other benefits	Total	Share option cost	Directors fee
Group Management							
Erik Just Johnsen, Chief Executive Officer	3 247	450	172	25	3 894	144	
Cecilie Kjelland, Chief Legal and Compliance Officer	746	84	57	8	895		
Rasmus Hansson, Head of M&A and Investor Relations	2 287	271	172	19	2 748	101	
Jeremi Bobowski, Chief Risk Officer	2 283	268	152	390	3 093	144	
Johannes Raschke, Chief Investment Officer	690	261	51		1 001		
Tore Krogstad, Head of Personnel, Improvement & Restructuring	2 069	252	172	29	2 522	429	
Adam Parfiniewicz, Head of Unsecured Asset Management	2 269	312		23	2 604	144	
Georgios Christoforou, Head of Secured Asset Management	1 675	310	788	107	2 880	871	
Maria Haddad, Head of Corporate Development	2 266	245			2 510	498	
J. Harald Henriksen, Chief Governance Officer	2 215	265	174	19	2 673	53	
Former members of Group Management							
Olav Dalen Zahl, Chief Executive Officer	2 518		132	139	2 789		
Thor Christian Moen, General Counsel	1 899		146	20	2 065	74	
Danckert P. Mellbye, Chief Operations Officer	1 805		144	21	1 969	304	
Ilija Plavcic, Regional Director Central Europe	1 986				1 986		
Kari Ahlström, Regional Director Finland & Baltics	2 651		663	106	3 420	117	
Board of Directors							
Jon Harald Nordbrekken, Chair of the Board				5	5		800
Per Kristian Spone							340
Kari Skeidsvoll Moe							315
Niklas Wiberg							315
Adele Bugge Norman Pran							340
Kjetil A. Garstad, Deputy member							300
Grethe Wittenberg Meier, Deputy member							300
Total	**30 605**	**2 718**	**2 823**	**911**	**37 056**	**2 879**	**2 710**

All figures in NOK million unless otherwise stated

Shares owned by Group management and Board of Directors

The number of shares owned directly or indirectly by the Board of Directors and Group Management at 31 December 2020 were as set out below. For details of options granted to the Board of Directors and Group Management, see note 21.

Name	Position	Number of shares
Erik Just Johnsen [1)]	Chief Excecutive Officer	2 225 680
Rasmus Hansson [2)]	Head of M&A and Investor Relations	100 057
Tore Krogstad [3)]	Head of Personnel, Improvement & Restructuring	120 000
Adam Parfiniewicz [4)]	Head of Unsecured Asset Management	6 000
Maria Haddad	Head of Corporate Development	100 000
Harald L. Thorstein	Chair of Board of Directors	125 000
Kari Skeidsvoll Moe	Board member	6 200
Adele Bugge Norman Pran	Board member	90 000
Grethe Wittenberg Meier	Board member	25 000
Trond Kristian Andreassen [5)]	Board member	165 000

1) Erling Johnsen AS, an entitiy controlled by Erik J. Johnsen holds 2,080,000 shares. In addition, persons related to Johnsen holds 145,680 shares.
2) RMH Invest AS, an entitiy controlled by Rasmus Hansson, holds 100,057 shares
3) Engelia Invest AS, an entity controlled by Tore Krogstad, holds 120,000 shares
4) Adam Parfiniewicz holds 6,000 shares through a nominee account
5) Vimar AS, an entity controlled by Trond Kristian Andreassen, holds 165,000 shares

Prioritet Group AB holds 52,913,000 shares represented by board member Niklas Wiberg.
Rasmussengruppen AS with subsidiaries holds 51,573,266 shares represented by board member Trygve Lauvdal.

All figures in NOK million unless otherwise stated

Share options owned by Group management and Board of Directors

The following members of the Board and Management participate in the option programs:

	Grant date	Number of options granted	Number of options vested at 31.12.20	Number of options vested at 31.12.19	Expiry date	Exercise price range NOK
Erik Just Johnson (Chief Excecutive Officer)	25.06.19	270 000	90 000		25.06.24	10.14
	04.02.20	2 100 000			25.06.24	8.726
Andrè Adolfsen (Chief Financial Officer)	01.07.20	500 000			30.06.25	4.568
Cecilie Kjelland (Chief Legal and Compliance Officer)	01.07.20	400 000			30.06.25	4.568
Rasmus Hansson (Head of M&A and Investor Relations)	25.06.19	190 000	63 333		25.06.24	10.14
	01.07.20	250 000			30.06.25	4.568
Jeremi Bobowski (Chief Risk Officer)	25.06.19	270 000	90 000		25.06.24	10.14
	01.07.20	250 000			30.06.25	4.568
Tore Krogstad, (Head of Personnel, Improvement & Restructuring)	01.04.18	450 000	300 000	150 000	31.12.21	20.60-23.75
	25.06.19	270 000	90 000		25.06.24	10.14
	01.07.20	300 000			30.06.25	4.568
Adam Parfiniewicz (Head of Unsecured Asset Management)	25.06.19	270 000	90 000		25.06.24	10.14
	01.07.20	400 000			30.06.25	4.568
Georgios Christoforou, (Head of Secured Asset Management)	01.09.18	450 000	300 000	150 000	31.12.21	17.81-20.58
	25.06.19	270 000	90 000		25.06.24	10.14
	01.07.20	400 000			30.06.25	4.568
Maria Haddad, (Head of Corporate Development)	01.10.18	450 000	300 000	150 000	31.12.21	15.22-17.59
	25.06.19	270 000	90 000		25.06.24	10.14
	01.07.20	250 000			30.06.25	4.568
Total		**8 010 000**	**1 503 333**	**450 000**		

See note 23 for further information of the Group share option program.

30.3 Fees to auditors

The table below summarises audit fees, fees for further assurance services and tax services incurred by the Group during 2020 and 2019 from Ernst & Young, who were appointed the Group auditors in December 2014. Fees include all companies in the Group.

	2020	2019
Audit fees	9	9
Fees for further assurance services	1	1
Fees for tax services	0	0
	11	**10**

VAT is both included and not included in the fees specified above, depending on if the receiving company has deduction for VAT.

NOTE 31: GUARANTEES

B2Holding ASA has issued a guarantee limited to EUR 900 million with the addition of any and all interests, default interests, costs and expenses to DNB Bank ASA as Agent on behalf of itself, Nordea Bank ABP, branch of Norway and Swedbank AB in connection with the provision of the Group's senior secured multi-currency revolving credit facility of EUR 510 million and the Group's EUR 100 million bridge facility. The guarantee was issued on behalf of the borrower under the multi-currency revolving credit facility and the bridge facility, B2Holding ASA's 100 % directly owned subsidiary, B2Kapital Holding S.à r.l. The total utilised amount under the facilities at 31 December 2020 was EUR 427 million.

B2Holding ASA has issued an office rental guarantee with effect from 10 October 2017 in favour of the lessor of the Group's offices in Gothenburg, Sweden. The rental agreement matures in September 2021 with the option of extending for an additional 3 years if not cancelled within a specified date. Although the guarantee is unlimited, the Group estimates that its exposure for the remaining rental period is limited to the monthly rental cost for the period, which amounts to SEK 2 million.

B2Holding ASA has issued an office rental guarantee with effect from 19 December 2017 in favour of the lessor of the Group's offices in Wroclaw, Poland. The guarantee agreement is limited to the aggregated amount of EUR 402 thousand, which are ment to cover 3 months office rental cost, and are valid until 90 days following the rental agreement maturing in June 2023.

NOTE 32: SUBSEQUENT EVENTS

Under the current uncertainty and market conditions the Board of Directors' propose for the Annual General Meeting not to pay dividend for the year 2020.

The Board will assess the situation on an ongoing basis and will ask the Annual General Meeting for authorization to reconsider dividends for 2020 if the situation should return to a more predictable situation during the year.

NOTE 33: CONTINGENCIES

One of the Groups subsidiaries is involved in a court case related to the reimbursement model and commission paid.

As the Group believes the probability for winning the case is more than 50 %, no material provisions are made as of year-end 2020.