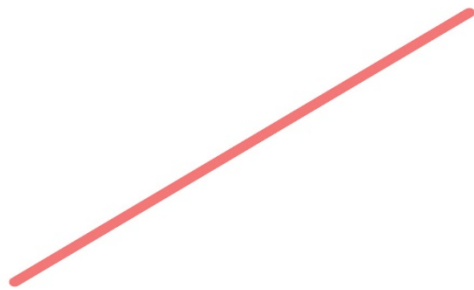


Secured Assets

Lessons learned and way forward

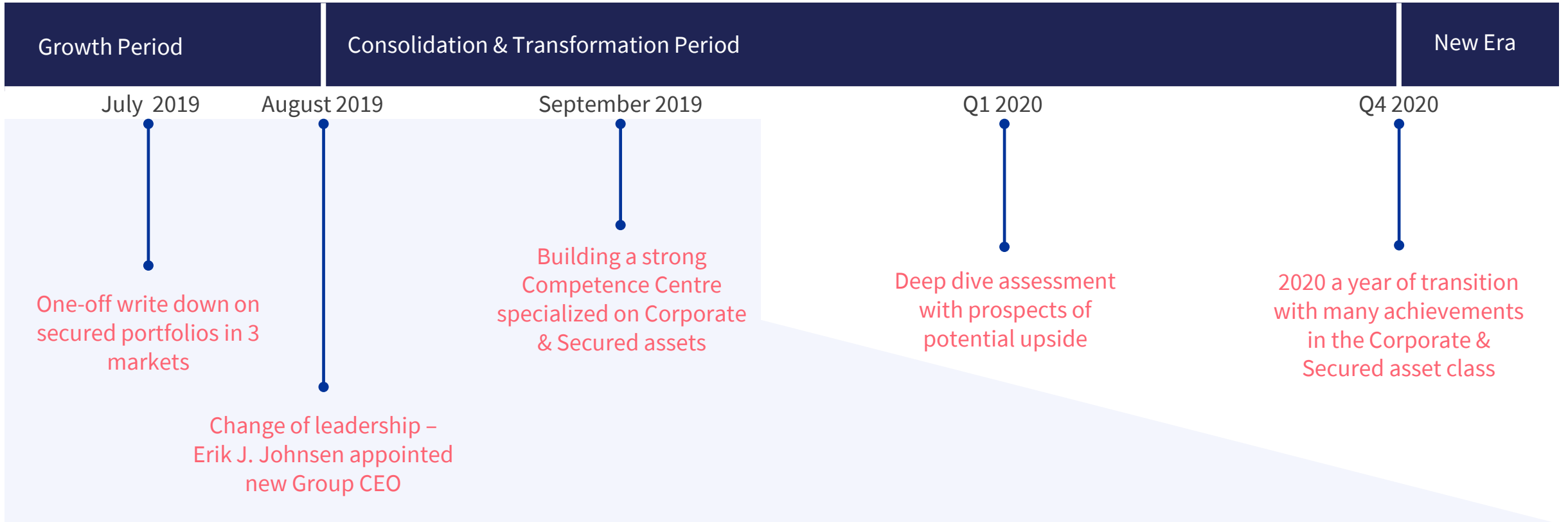
Erik Just Johnsen, Group CEO, 8 January 2021

B2HOLDING^{AS}



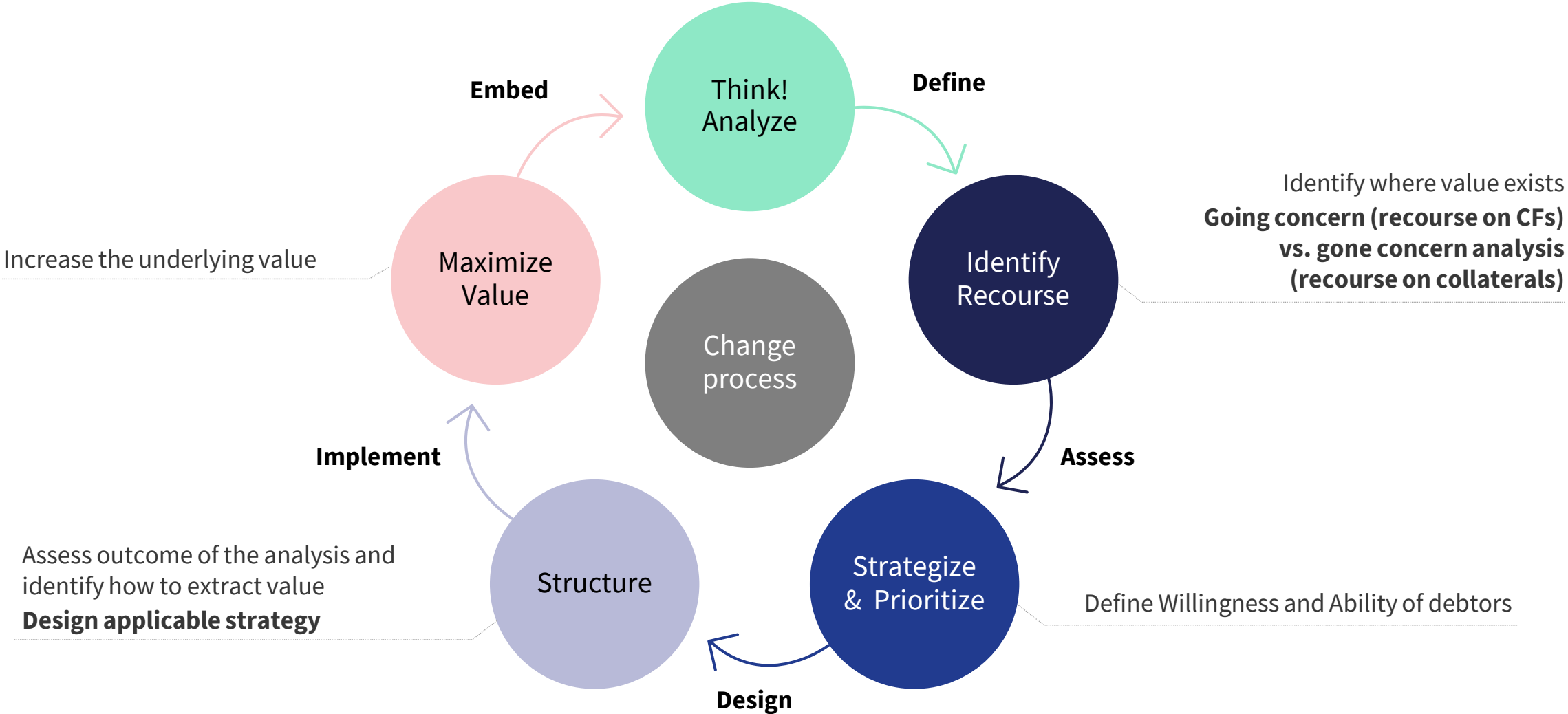
Transition Point for B2H | Key Milestones and changeover during a challenging period

Focus on the corporate & secured asset class



Built a Cross-Border Master Servicing Team for Corporate, Secured & REOs Assets

New philosophy and mindset for the Corporate & Retail Secured asset management

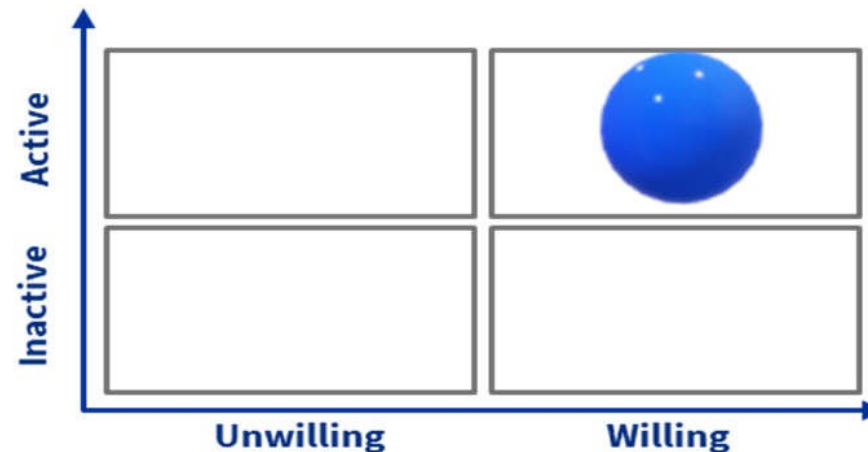


Real life example | Proper Analysis & Successful resolution (1/3)

Case summary

- Group consisting of two debtors: (i) AgroEntity in bankruptcy, engaged in production, sale and distribution of fruits and vegetables; and (ii) AgroProcess, engaged in processing and preserving of fruits and vegetables.
- Shareholder was a personal guarantor and interested to find a solution for the repayment of the debt.
- Secured with 1st rank mortgage over industrial/ agricultural real estate, owned by AgroProcess
- Total exposure > EUR 10 million
- Expected recoveries based on original strategy ~ EUR 3.7 million within 2 years

Classification Analysis | 1 Understanding of WILLINGNESS & ABILITY of debtor / customer



Real life example | Proper Analysis & Successful resolution (2/3)

Liquidation Value < or > Going Concern Value?

Liquidation Analysis | ② Understanding recourse on pledged and unpledged assets

- 1st lien collaterals consisting of industrial, production and commercial real estate
- Combined market value estimated at EUR 6.5 million
- Liquidation value estimated at EUR 4.5 million
- NPV of ~ EUR 3.5 million based on 18 -24 months to resolve

Going Concern analysis | ③ Understanding recourse on an active company

- 2nd largest company in its sector in the country
- Senior Creditor (B2Holding) was controlling the Solvency of the Group
- EBITDA of more than EUR 3 million
- Net profit barely positive due to high leverage
- Valuation of going concern multiple times higher than liquidation value

Do we liquidate such a company?
Do we exit at Liquidation Value or go for more?
Do we risk the jobs of more than 300 people?

Real life example | Proper Analysis & Successful resolution (3/3)

Original Strategy

- Based on liquidation of collaterals through auction proceedings without any further assessment of the company value or the recourse to the main guarantor.

Expected Results:

3.7m
Expected Recoveries
(EUR)

1-2 years
Expected Exit (timing)

Revised Strategy – New approach

- The case was analyzed both on an going and gone concern approach;
- Following a detailed financial due diligence and asset research of the debtor, B2 identified improvement potential for the commercial and financial position of the company;
- After several rounds of negotiations B2 reached an agreement with the debtor to receive a cash payment of 6.1 million EUR;
- More than 300 people kept their jobs;
- The ability to understand and analyze the refinancing possibilities was key to avoid a time consuming and value reducing liquidation process

Achieved Results:



6.1m
Recoveries (EUR)

9 months
Exit (timing)

165%
Improvement over
Original strategy

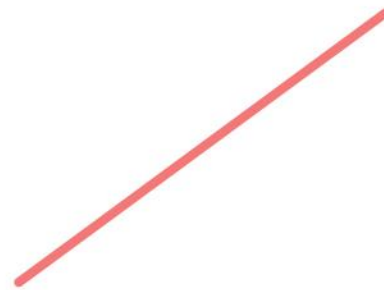
Key Takeaways | Lessons learned

- 1 | Unsecured and Secured Asset Management are two separate businesses
- 2 | Relevant expertise and capabilities is key to succeed in Secured Asset management
- 3 | The ability to measure systemic and individual risks is key to assess a portfolio and maximize value
- 4 | Always strive to find amicable solutions; a voluntary process normally extracts more value and give customers a 2nd chance



B2HOLDING[®]

B2HOLDING[®]



B2Holding ASA | Stortingsgaten 22
P.O. Box 1726 Vika | N-0121 Oslo

www.b2holding.no | Tel: +47 22 83 39 50
E-mail: post@b2holding.no

