

# Q2

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SECOND QUARTER 2018



## Summary

The second quarter continued the positive operational growth for B2Holding and represented another record quarter for the Group. Gross cash collections and portfolio acquisitions reached all-time highs, and portfolios acquisitions was well diversified in both asset classes and regions. In the second quarter B2Holding strengthened the financial position through an increased and amended RCF and a EUR 200 million bond issue in May. B2Holding has a solid investment capacity in the 23 markets in which the Group currently operate.

### Second quarter 2018

- ERC<sup>1)</sup> at end of period was NOK 20,119 million (11,881), an increase of 69% compared to the same period in 2017
- All time high gross cash collection from purchased portfolios, an increase of 71% to NOK 1,032 million (604)
- Revenues increased by 58% to NOK 761 million (482)
- Operating profit increased by 64% to NOK 356 million (217) after record strong operations
- Cash EBITDA increased by 81% to NOK 759 million (420)
- Portfolio acquisitions ended at NOK 2,273 million (1,120), an increase of 103%. Portfolios were acquired in all major markets.

### Half year 2018

- Gross cash collection from purchased portfolios increased by 53% to NOK 1,807 (1,179)
- Portfolio acquisitions for the period ended at NOK 3,757 (1,460)

(Comparable numbers for Q2 2017/half year 2017 in brackets)

(NOK million)	2018 Quarter 2	2017 Quarter 2	Change %	2018 6 months	2017 6 months	Change %	2017 Full year
Total revenues <sup>2)</sup>	761	482	58 %	1,407	941	49 %	2,083
EBITDA	370	226	63 %	708	447	58 %	1,020
Operating profit (EBIT)	356	217	64 %	682	430	59 %	984
Profit margin <sup>2)</sup>	47 %	45 %		48 %	46 %		47 %
Cash revenue <sup>2)</sup>	1,151	676	70 %	2,040	1,313	55 %	2,878
Cash EBITDA	759	420	81 %	1,341	819	64 %	1,815
Cash margin	66 %	62 %		66 %	62 %		63 %
Profit for the period after tax	182	107	69 %	334	211	58 %	481
Basic earnings per share, NOK	0.45	0.29	55 %	0.86	0.57	50 %	1.30
Cash flow from operating activities	616	247	149 %	1,073	542	98 %	1,289
Operating cash flow per share, NOK	1.51	0.67	126 %	2.75	1.47	88 %	3.49
Portfolio acquisitions	2,273	1,120	103 %	3,757	1,460	157 %	4,112
Gross cash collection from purchased loan portfolios	1,032	604	71 %	1,807	1,179	53 %	2,552
ERC (at end of month) <sup>1)</sup>	20,119	11,881 <sup>1)</sup>	69 %	20,119	11,881	69 %	15,264

1) Including the Group's share of portfolio acquired and held in joint venture

2) Figures and alternative performance measures (APMs) for 2017 have been restated due to change in classification of "Profit from shares and participation in associated companies and joint ventures", see note 1 for further information (see page 18 for reconciliation of APMs to the financial statements and page 19 for definition of APMs)

## Operations

**The second quarter represented another record quarter for B2Holding in terms of gross cash collections from purchased portfolios and portfolio acquisitions. Portfolio acquisitions was well diversified in asset classes and regions. During the quarter B2Holding also strengthened the financial position through increased and amended RCF and a EUR 200 million bond issue.**

### Operational review

The second quarter B2Holding was another active quarter with record high gross cash collections and portfolio acquisitions. Portfolio acquisition activity more than doubled compared with the second quarter of 2017, with total portfolio acquisitions amounting to NOK 2,273 million. Portfolios were acquired in all of our main markets, with high activity in the Nordics, Poland, Croatia and Italy. In the first six month of 2018, B2Holding purchased portfolios for NOK 3,757 million.

In May, B2Holding announced the acquisition of 100% of the shares in GI Capital Solutions S.A. ("GICS"), a 3rd party collection company with 8 employees located in Lisbon, Portugal. The acquisition of GICS is in line with the strategy to expand in the Iberian region, as previously communicated in connection with the acquisition of Verifica in Spain. The operation in Portugal is organized as part of the Spanish operation and the Portuguese entity is renamed Verifica Portugal.

In Poland we have experienced a positive development in the market. The Polish market has been highly competitive the last couple of years, resulting in pressure on prices paid for portfolios. The latest development in Poland indicates that the market is being normalized with reduced prices paid for portfolios. At the same time, our organisation in Poland shows an improving trend as a result of the efficiency program launched in 2017.

Number of FTEs in the Group was 2,235 at end of June 2018, up 37% from the end of June 2017.

### Corporate matters

The shares of B2Holding ASA were listed on the Oslo Stock Exchange on 8th June 2016 at NOK 12 per share. The share price as of 30 June 2018 was NOK 17.02 (adjusted for the dividend of NOK 0.30 per share paid out on 6 June 2018).

The Group completed an agreement in the second quarter with DNB Bank ASA, Nordea Bank AB and Swedbank AB whereby the banks have increased the current Revolving Credit Facility (RCF) by EUR 250 million, which includes refinancing of the existing EUR 100 million Term Loan into the RCF. The margin structure is unchanged. The new restated and amended

RCF of EUR 510 million supports the Company's growth ambitions going forward.

In order to further support the growth strategy, the Group issued on 23rd May 2018 a EUR 200 million senior unsecured bond loan with maturity in 2023. The bond has a coupon of 3 months EURIBOR + 4.75%, and was listed on the Oslo Stock Exchange on 5 July 2018. The Group have in addition to the new Bond three listed senior unsecured bond loans of EUR 525 million combined issued on 4th December 2015 (EUR 150, 2015/2020), 4th October 2016 (EUR 175, 2016/2021) and 14th November 2017 (EUR 200, 2017/2022).

B2Holding ASA was early May 2018 assigned with a public rating: Moody's assigned a "Ba3" corporate family rating with a stable outlook. S&P has assigned a "BB-" long-term issuer credit rating with a stable outlook. None of the bond loans are rated.

Following the RCF increase, the Bond proceeds and adjusted for deferred payment for portfolios purchases of 1.5 billion, the Group has NOK 2.1 billion available for investments at the end of the second quarter in addition to the strong operating cash flow from collections of purchased loan portfolios.

Net interest bearing debt as of 30 June 2018 was NOK 7.806 million and the equity ratio was 26.4%.

### Outlook

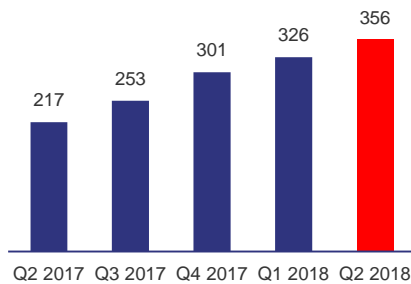
The third quarter is normally a quarter with lower activity in portfolio acquisitions, but B2Holding see a strong pipeline of both secured and unsecured portfolios going forward and expects good activity for the remainder of 2018. With platforms in 23 markets, including access to the largest markets in Europe (Italy, Spain and Greece), and signs of reduced price pressure in some markets such as Poland, we believe B2Holding is well positioned for further growth in 2018.

As communicated in previous quarters, we will continue to focus on operational efficiency and focus on delivery of financial targets.

The board emphasizes that every assessment of future conditions necessarily involves an element of uncertainty.

## Financials

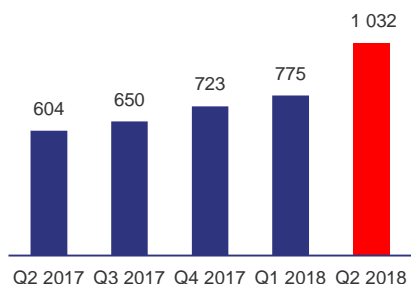
**The Group achieved a record high operating profit of NOK 356 million in the second quarter of 2018, an increase of NOK 139 million (64 %) compared to the second quarter of 2017. The strong collection performance from the first quarter of 2018 continued through the second quarter of 2018, with all time high gross cash collection.**



Operating profit (NOKm)

### Revenues, expenses and profits

Total operating revenues for the quarter amounted to NOK 761 million, an increase of NOK 279 million (58%) from the second quarter of 2017. Interest revenues from purchased portfolios increased with 62% to NOK 639 million in the same period due to increased portfolio acquisitions and expansion into new markets in 2017 and 2018. In Q2 2018 the Group experienced a net credit gain from purchased portfolios of NOK 3 million, of which NOK 85 million is related to collection above estimates and NOK -82 million is due to changes in future collection estimates. Changes in future estimates and collection above estimates is mainly related to timing effects in cash collection from secured portfolios in Central Europe. Total gross cash collections from purchased loan portfolios ended in Q2 at NOK 1,032 million, an increase of NOK 428 million (71%) compared to the same period in 2017. Portfolio amortisation and revaluation increased with NOK 197 million (102%) compared to same quarter in 2017. A major part of the increase is related to strong collection performance and amortisation profile from secured portfolios in Central Europe. Total amortisation and revaluation is still in the lower end, 38% (32%) of gross collection, mainly due to the amortisation profile on secured portfolios in Western Europe and gross collection in Southeastern Europe continuing to perform above expectations.



Gross cash collection (NOKm)

Cash collection in the joint venture continue according to plan, and the revenue ended at NOK 11 million. The amortisation of the portfolio in the joint venture is expected to increase in the coming quarters. Other revenues shows positive effects from the acquisition of Verifica (Spain) in the end of 2017 and increased activity in the lending business in Poland (Takto), and increases with NOK 53 million (95%).

Operating expenses excluding depreciation and amortisation increased with NOK 136 million (53%) compared to Q2 2017, and profit margin ended at 47% (45%). Operating expenses increased due to entry into new markets, high collection numbers and several Group projects related to structure, operations and financing. Q2 2018 is also the first quarter with the effect of the NACC Group in France, which was acquired in March 2018. The cost related to gross collection from purchased portfolios (cost to collect %) decreased from 29% in Q2 2017 to 24% in Q2 2018 due to improved efficiency in operations and volume effect in collection from purchased portfolios.

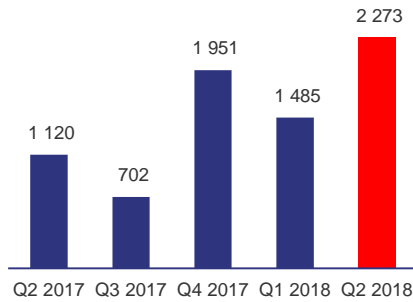
Net financial items ended the quarter with a net expense of NOK 114 million, of which NOK 137 million in interest expenses was related to the external financing of the Group, and a net exchange gain of NOK 22 million.

Profit after tax for the period ended at NOK 182 million, representing an increase of NOK 75 million (69%) when comparing to the same period last year.

### Cash flows

Operating cash flow of NOK 616 million in the period was NOK 368 million (149%) above the same period in 2017. The increase is mainly due to growth in gross cash collection and improved operating margins, reduced by increased interest payments and working capital items.

Cash flow used in investment activities ended at NOK 1,498 million, mainly related to portfolio purchases. The difference between the reported investments in portfolios and the cash flow investments is due to deferred payments on portfolio purchases. As at end of June deferred payments for portfolios purchases amounts to 1,467 million and the liability is included in the condensed balance sheet in "accounts and other payables".



Portfolio purchases (NOKm)

Net cash flow from financing activities ended at NOK 913 after increased external borrowings of 1,034 million and NOK 122 million in dividend payment from B2Holding ASA. Interest bearing debt at the end of the quarter amounted to NOK 8,420 million compared to NOK 6,854 million at year-end 2017.

### Half year 2018

The first half year of 2018 showed a solid operating profit of NOK 682 million, which is an increase of NOK 252 million (59%) from the same period in 2017. The profit margin increase in the same period from 46% to 48% due to focus on operational efficiency and growth in key markets, somewhat reduced by high Group project cost in Q2 2018. Gross cash collected amounts to NOK 1,807 million compared to NOK 1,179 million in 2017 (53%). Net financial items ended at NOK 237 million and is mainly related to the financing of the Group and positive FX of NOK 23 million. Profit after tax ended at NOK 334 million an increase of NOK 122 million (58%) from same period 2017.

Board of Directors, B2Holding ASA, 30<sup>th</sup> August 2018

## Responsibility Statement

We confirm, to the best of our knowledge, that the Condensed Interim Consolidated Financial Information for the six months ended 30 June 2018 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the group’s assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important event that arose during the first six months of the financial year 2018, and their impact on the Condensed Interim Consolidated Financial Information, and accounts properly for the principal risks and uncertainties for the remaining six months of the financial year 2018, as well as major related parties transactions.

Oslo, 30<sup>th</sup> August 2018

Jon H. Nordbrekken  
Chairman of the Board

Kari Skeidsvoll Moe  
Board Member

Niklas Wiberg  
Board Member

Per Kristian Spone  
Board Member

Adele Norman Pran  
Board Member

Olav Dalen Zahl  
Chief Executive Officer

## Condensed consolidated income statement <sup>1)</sup>

All figures in NOK '000s unless otherwise stated

	Notes	2018	2017	2018	2017	2017
		Quarter 2	Quarter 2	6 months	6 months	Full year
		IFRS 9	IAS 39	IFRS 9	IAS 39	IAS 39
Interest income from purchased loan portfolios		638,571	393,646	1,181,448	755,217	1,680,221
Net credit gain/loss purchased loan portfolios	4	3,333	17,233	-7,338	52,172	76,919
Profit from shares and participation in associated companies and joint ventures		11,339	15,984	19,858	28,590	70,083
Other revenues		107,899	55,430	213,050	105,321	255,538
<b>Total revenues</b>	3	<b>761,142</b>	<b>482,293</b>	<b>1,407,019</b>	<b>941,300</b>	<b>2,082,762</b>
External expenses of services provided		-101,044	-67,242	-175,357	-152,144	-285,539
Personnel expenses		-172,455	-119,425	-325,181	-213,122	-490,287
Other operating expenses		-118,141	-69,459	-198,688	-128,880	-286,837
Depreciation and amortisation of tangible and intangible assets		-13,319	-8,965	-25,627	-16,975	-35,893
<b>Operating profit (EBIT)</b>	3	<b>356,183</b>	<b>217,202</b>	<b>682,165</b>	<b>430,180</b>	<b>984,205</b>
Financial income		1,138	579	2,533	974	3,290
Financial expenses		-137,218	-85,529	-262,941	-159,743	-358,157
Net exchange gain/(loss)		22,181	10,704	22,944	9,986	18,283
<b>Net financial items</b>	5	<b>-113,899</b>	<b>-74,246</b>	<b>-237,465</b>	<b>-148,783</b>	<b>-336,583</b>
<b>Profit before tax</b>		<b>242,284</b>	<b>142,956</b>	<b>444,700</b>	<b>281,397</b>	<b>647,622</b>
Income tax expense		-60,571	-35,728	-111,175	-70,338	-166,391
<b>Profit for the period after tax</b>		<b>181,713</b>	<b>107,228</b>	<b>333,525</b>	<b>211,059</b>	<b>481,231</b>
<b>Profit attributable to:</b>						
Parent company shareholders		181,627	107,343	333,473	211,364	481,651
Non-controlling interests		86	-115	53	-305	-420
Basic earnings per share, NOK		0.45	0.29	0.86	0.57	1.30
Diluted earnings per share, NOK		0.44	0.29	0.84	0.56	1.27

1) See note 1 for details regarding change in presentation of financial information

## Consolidated statement of comprehensive income

All figures in NOK '000s

	2018	2017	2018	2017	2017
	Quarter 2	Quarter 2	6 months	6 months	Full year
	IFRS 9	IAS 39	IFRS 9	IAS 39	IAS 39
<b>Profit for the period after tax</b>	<b>181,713</b>	<b>107,228</b>	<b>333,525</b>	<b>211,059</b>	<b>481,231</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations	-124,539	106,124	-207,089	209,214	304,408
Hedging of currency risk in foreign operations	20,002	3,069	16,708	-13,281	-19,828
Tax attributable to items that may be reclassified to profit or loss	-5,001	-767	-4,177	3,320	4,957
<b>Other comprehensive income for the period, net of tax</b>	<b>-109,537</b>	<b>108,425</b>	<b>-194,558</b>	<b>199,253</b>	<b>289,537</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>72,175</b>	<b>215,654</b>	<b>138,967</b>	<b>410,312</b>	<b>770,769</b>
<b>Profit attributable to:</b>					
Parent company shareholders	72,075	215,846	138,863	410,705	771,234
Non-controlling interests	100	-193	104	-393	-465

## Condensed consolidated statement of financial position

All figures in NOK '000s

	Notes	2018	2017	2017
		30 Jun IFRS 9	30 Jun IAS 39	31 Dec <sup>1)</sup> IAS 39
Tangible and intangible assets		214,633	97,280	201,015
Goodwill		713,174	430,736	522,366
Purchased loan portfolios	3,4,5	12,076,694	6,242,186	8,731,632
Other long term financial assets	5	500,434	551,608	617,766
Deferred tax asset		57,815	71,900	65,778
<b>Total non-current assets</b>		<b>13,562,750</b>	<b>7,393,710</b>	<b>10,138,557</b>
Other short term assets		300,204	213,495	206,873
Cash and short term deposits		613,866	350,719	452,000
<b>Total current assets</b>		<b>914,070</b>	<b>564,214</b>	<b>658,874</b>
<b>Total assets</b>		<b>14,476,819</b>	<b>7,957,924</b>	<b>10,797,431</b>
Equity attributable to parent company's shareholders	7	3,827,166	2,783,673	3,148,569
Equity attributable to non-controlling interests		-382	-2,097	-189
<b>Total equity</b>		<b>3,826,784</b>	<b>2,781,576</b>	<b>3,148,380</b>
Long term interest bearing loans and borrowings	5,6	8,389,939	4,429,529	5,738,696
Deferred tax liabilities		179,739	44,760	95,709
Other long term liabilities	5	98,600	63,677	70,207
<b>Total non-current liabilities</b>		<b>8,668,277</b>	<b>4,537,966</b>	<b>5,904,612</b>
Short term interest bearing loans and borrowings	5,6			989,436
Bank overdraft	5,6	29,865		125,655
Accounts and other payables		1,602,823	281,090	266,603
Income taxes payable		31,553	53,888	56,531
Other current liabilities	5	317,517	303,404	306,213
<b>Total current liabilities</b>		<b>1,981,758</b>	<b>638,381</b>	<b>1,744,439</b>
<b>Total equity &amp; liabilities</b>		<b>14,476,819</b>	<b>7,957,924</b>	<b>10,797,431</b>

1) See note 1 for details regarding implementation effect of new IFRS standards

## Condensed consolidated statement of changes in equity

All figures in NOK '000s

	Notes	2018			2017		
		Attributable to parent company's shareholders	Non-controlling interests	Total equity	Attributable to parent company's shareholders	Non-controlling interests	Total equity
<b>At 1 January</b>		<b>3,148,569</b>	<b>-189</b>	<b>3,148,380</b>	<b>2,426,417</b>	<b>-1,528</b>	<b>2,424,889</b>
Implementation effect IFRS 9	1	-69,476	-24	-69,500			
<b>Restated at 1 January</b>		<b>3,079,093</b>	<b>-213</b>	<b>3,078,880</b>	<b>2,426,417</b>	<b>-1,528</b>	<b>2,424,889</b>
Profit for the period after tax		333,473	53	333,525	211,364	-305	211,059
Other comprehensive income for the period, net of tax		-194,610	51	-194,558	199,341	-88	199,253
<b>Total comprehensive income</b>		<b>138,863</b>	<b>104</b>	<b>138,967</b>	<b>410,705</b>	<b>-393</b>	<b>410,312</b>
Dividend paid to parent company's shareholders		-121,930		-121,930	-55,368		-55,368
Issue of share capital	7	748,879		748,879			
Transaction costs	7	-19,015		-19,015			
Share based payments		1,276		1,276	1,921		1,921
Dividends to non-controlling interests			-273	-273		-176	-176
<b>At 30 June</b>		<b>3,827,166</b>	<b>-382</b>	<b>3,826,784</b>	<b>2,783,673</b>	<b>-2,097</b>	<b>2,781,576</b>

## Condensed consolidated statement of cash flows

All figures in NOK '000s

	Notes	2018 Quarter 2	2017 Quarter 2	2018 6 months	2017 6 months	2017 Full year
<b>Cash flow from operating activities</b>						
Profit for the period before tax		242,284	142,956	444,700	281,397	647,622
Amortisation/revaluation of purchased loan portfolios	3	389,929	193,459	632,816	371,745	795,141
Adjustment other non-cash items		15,604	10,028	30,290	16,703	36,485
Interest expenses		136,155	85,521	260,835	158,604	357,153
Interest paid		-128,354	-78,374	-239,358	-143,237	-317,953
Unrealised foreign exchange differences		62,332	-40,614	60,740	-47,640	-97,515
Income tax paid during the year		-52,507	-77,160	-91,677	-88,691	-138,139
Change in working capital		-53,471	31,612	4,738	-9,084	68,665
Change in other balance sheet items		3,674	-20,187	-30,496	2,321	-62,122
<b>Net cash flow from operating activities</b>		<b>615,646</b>	<b>247,240</b>	<b>1,072,588</b>	<b>542,119</b>	<b>1,289,337</b>
<b>Cash flow from investing activities</b>						
Purchase of loan portfolios	3,4	-1,451,517	-998,769	-2,439,391	-1,422,316	-4,072,940
Net investments in intangible and tangible assets		-21,193	-8,792	-30,572	-15,833	-52,814
Investments in business acquisitions		-25,482	-29,597	-294,493	-29,597	-144,355
<b>Net cash flow from investing activities</b>		<b>-1,498,191</b>	<b>-1,037,158</b>	<b>-2,764,456</b>	<b>-1,467,746</b>	<b>-4,270,109</b>
<b>Cash flow from financing activities</b>						
Net new share issue	7	1,411		729,864		4,140
Net receipts/(payments) on interest bearing loans and borrowings		1,034,150	843,391	1,362,453	968,509	3,114,991
Dividend paid to parent company's shareholders		-121,930	-55,368	-121,930	-55,368	-55,368
Dividends paid to non-controlling interests		-273	-176	-273	-176	-176
<b>Net cash flow from financing activities</b>		<b>913,359</b>	<b>787,847</b>	<b>1,970,115</b>	<b>912,965</b>	<b>3,063,587</b>
<b>Net cash flow during the period</b>		<b>30,812</b>	<b>-2,071</b>	<b>278,246</b>	<b>-12,663</b>	<b>82,816</b>
Cash and cash equivalents at beginning of the period		565,306	212,947	326,345	217,608	217,608
Exchange rate difference on cash and cash equivalents		-12,118	15,915	-20,591	21,846	25,921
<b>Cash and cash equivalents at end of the period</b>		<b>584,001</b>	<b>226,791</b>	<b>584,001</b>	<b>226,791</b>	<b>326,345</b>
<i>Cash and cash equivalents comprised of:</i>						
Cash and short term deposits		613,866	350,719	613,866	350,719	452,000
Bank overdraft		-29,865	-123,928	-29,865	-123,928	-125,655

## Notes to the interim consolidated financial statements

### Note 1 – General information and Basis for preparation

B2Holding ASA (the Company or Parent) and its subsidiaries (together the Group) operates in the Portfolio business. The Portfolio business consists of the acquisition, management and collection of unsecured and secured non-performing loans.

B2Holding ASA is a public limited liability company incorporated and domiciled in Norway. The Company's registered office is at Stortingsgaten 22, 0119 Oslo, Norway.

These interim condensed consolidated financial statements for the first quarter ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures of the type normally included in an annual financial statements. Accordingly, this report should be read in conjunction with the Annual Report 2017 B2Holding Group. The consolidated financial statements for 2017 are available upon request from the company and at [www.b2holding.no](http://www.b2holding.no). The condensed consolidated interim financial statements consist of the Group and the Group's interests in associated companies and joint arrangements.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2017, with the exceptions given below in the section Adoption of new IFRS standards. As a result of rounding differences, numbers or percentages may not add up to the total.

The financial information for the quarters ended 30 June 2018 and 30 June 2017, and this interim financial report are unaudited. The financial report was approved by the Board of Directors on 30 August 2018.

#### Change in presentation of financial information:

In connection with the adoption of IFRS 9 "Financial instruments" and the new presentation requirements of IAS 1.82(a)(i) and IAS 1.82(ba), the Group has from the first quarter 2018 restated the line item presentation within total operating revenues in the condensed consolidated interim income statement. The changes in presentation include the new line, "Interest income from purchased loan portfolios", which is the interest revenue using the effective interest method from the purchased loan portfolios. The new line item "Net credit gain /loss purchased loan portfolios" which is the credit gain/ loss recognised for the reporting period for the purchased loan portfolios, this was previously part of "Revenue from purchased portfolios". In addition, the line item "Profit from shares and participation in associated companies and joint ventures" is moved from the section "Operating profit (EBIT)" to the section "Total revenues". There is no impact on "Operating profit (EBIT)", "Profit after tax" or "Total equity" from these reclassifications. Profit margin decreases in all periods due to due to reclassification of the joint venture revenue. The previously reported and reclassified revenues are given in the table below:

#### Condensed consolidated income statement, reclassified

All figures in NOK '000s

	Q1 2017	Q1 2017	Q2 2017	Q2 2017	Q3 2017	Q3 2017	Q4 2017	Q4 2017	Year 2017	Year 2017
	Reported	Reclass.	Reported	Reclass.	Reported	Reclass.	Reported	Reclass.	Reported	Reclass.
Revenue from purchased loan portfolios	396 511		410 880		439 100		510 649		1 757 140	
Other operating revenues	49 891		55 430		60 471		89 746		255 538	
<b>Total operating revenues</b>	<b>446 402</b>		<b>466 310</b>		<b>499 572</b>		<b>600 395</b>		<b>2 012 678</b>	
Interest income from purchased loan portfolios		361 571		393 646		436 718		488 286		1 680 221
Net credit gain/loss purchased loan portfolios		34 940		17 233		2 384		22 363		76 919
Profit from shares and participation in associated companies and joint ventures		12 606		15 984		19 823		21 671		70 083
Other revenues		49 891		55 430		60 471		89 746		255 538
<b>Total revenues</b>		<b>459 008</b>		<b>482 293</b>		<b>519 396</b>		<b>622 066</b>		<b>2 082 762</b>
<b>Operating profit (EBIT)</b>	<b>212 979</b>	<b>212 979</b>	<b>217 202</b>	<b>217 202</b>	<b>253 003</b>	<b>253 003</b>	<b>301 022</b>	<b>301 022</b>	<b>984 205</b>	<b>984 205</b>
<b>Operating margin</b>	<b>48 %</b>	<b>46 %</b>	<b>47 %</b>	<b>45 %</b>	<b>51 %</b>	<b>49 %</b>	<b>50 %</b>	<b>48 %</b>	<b>49 %</b>	<b>47 %</b>

#### Adoption of new IFRS standards:

Information regarding new IFRS standards is disclosed in the first quarter 2018 interim financial statements. The consolidated interim financial statements are available upon request from the company and at [www.b2holding.no](http://www.b2holding.no).

## Note 2 – Estimates and critical accounting judgements

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. The important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for the interim financial statements as for the consolidated financial statements for 2017 except for the judgement described below with the implementation of IFRS 9.

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 receivable. Under IAS 39 these portfolios were carried at amortised cost using the effective interest method to measure and recognise income and adjustments in book value due to changes in estimated future cash flows. Under IFRS 9, 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. 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), implying a business model of Hold to collect and sell, or at fair value over the income statement. Management has performed a detailed analysis and exercised significant judgement related to the classification of their 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.

## Note 3 – Segment reporting

For management purposes, the Group is organised into different geographical regions corresponding to the countries where the Group has its operations. 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 is equal in segment reporting and in the consolidated income statement. See further explanation of the differences in definitions on page 19.

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 is included in the region where the portfolio is originated.

From 1 January 2018, the Group presents Western Europe as a new geographical region. Western Europe includes operations in Spain, Portugal, Italy and France. Comparable numbers for 2017 has been restated to be consistent with the 2018 presentation.

**Quarter 2, 2018**

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South- eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	276 331	217 362	339 882	66 375	131 882		1 031 833
Of which, secured portfolios	6 495	8 582	255 290	45 841	29 608		345 816
Of which, unsecured portfolios	269 836	208 780	84 592	20 534	102 274		686 017
Amortisation/revaluation of purchased loan portfolios	-145 139	-103 656	-152 424	-3 038	14 328		-389 929
<b>Revenue from purchased loan portfolios</b>	<b>131 192</b>	<b>113 706</b>	<b>187 458</b>	<b>63 337</b>	<b>146 210</b>		<b>641 904</b>
Profit from shares and participation in associated companies and joint ventures	13				11 326		11 339
<b>Total revenue from purchased loan portfolios</b>	<b>131 206</b>	<b>113 706</b>	<b>187 458</b>	<b>63 337</b>	<b>157 536</b>		<b>653 244</b>
Other revenues	32 750	26 617	808	43 523	4 201		107 899
<b>Total revenues</b>	<b>163 956</b>	<b>140 322</b>	<b>188 266</b>	<b>106 861</b>	<b>161 737</b>		<b>761 142</b>
Cost to collect	-52 462	-77 527	-53 010	-20 624	-47 324		-250 946
Cost other revenues	-28 788	-14 593	1 026	-40 383	-1 516		-84 255
Administration & management costs	-1 066					-55 373	-56 439
<b>EBITDA</b>	<b>81 640</b>	<b>48 203</b>	<b>136 282</b>	<b>45 854</b>	<b>112 897</b>	<b>-55 373</b>	<b>369 502</b>
Depreciation and amortisation of tangible and intangible fixed assets	-1 692	-6 736	-930	-3 033	-800	-129	-13 319
<b>Operating profit (EBIT)</b>	<b>79 948</b>	<b>41 467</b>	<b>135 352</b>	<b>42 820</b>	<b>112 097</b>	<b>-55 502</b>	<b>356 183</b>

**Quarter 2, 2017**

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South- eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	191 563	226 755	134 249	854	50 916		604 337
Of which, secured portfolios	14	6 947	77 864		2 338		87 162
Of which, unsecured portfolios	191 549	219 809	56 385	854	48 578		517 176
Amortisation/revaluation of purchased loan portfolios	-102 830	-102 154	15 960	2 544	-6 977		-193 459
<b>Revenue from purchased loan portfolios</b>	<b>88 733</b>	<b>124 602</b>	<b>150 209</b>	<b>3 398</b>	<b>43 938</b>		<b>410 880</b>
Profit from shares and participation in associated companies and joint ventures	-503				16 487		15 984
<b>Total revenue from purchased loan portfolios</b>	<b>88 230</b>	<b>124 602</b>	<b>150 209</b>	<b>3 398</b>	<b>60 424</b>		<b>426 863</b>
Other revenues	28 180	23 344	1 616		2 291		55 430
<b>Total revenues</b>	<b>116 409</b>	<b>147 946</b>	<b>151 825</b>	<b>3 398</b>	<b>62 715</b>		<b>482 293</b>
Cost to collect	-40 211	-70 538	-34 398	-2 008	-25 727		-172 882
Cost other revenues	-26 338	-15 939	-2 169	-11	-6 843		-51 300
Administration & management costs	-796					-31 147	-31 943
<b>EBITDA</b>	<b>49 064</b>	<b>61 469</b>	<b>115 258</b>	<b>1 379</b>	<b>30 145</b>	<b>-31 147</b>	<b>226 168</b>
Depreciation and amortisation of tangible and intangible fixed assets	-1 397	-5 970	-1 284	21	-240	-96	-8 965
<b>Operating profit (EBIT)</b>	<b>47 667</b>	<b>55 499</b>	<b>113 974</b>	<b>1 401</b>	<b>29 904</b>	<b>-31 244</b>	<b>217 202</b>

6 months, 2018

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South- eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	514 815	445 816	537 884	75 420	232 992		1 806 927
<i>Of which, secured portfolios</i>	12 211	12 593	368 908	49 723	57 854		501 289
<i>Of which, unsecured portfolios</i>	502 604	433 223	168 976	25 698	175 138		1 305 638
Amortisation/revaluation of purchased loan portfolios	-271 467	-206 189	-166 265	5 631	5 474		-632 816
<b>Revenue from purchased loan portfolios</b>	<b>243 348</b>	<b>239 627</b>	<b>371 619</b>	<b>81 052</b>	<b>238 465</b>		<b>1 174 111</b>
Profit from shares and participation in associated companies and joint ventures	13				19 845		19 858
<b>Total revenue from purchased loan portfolios</b>	<b>243 361</b>	<b>239 627</b>	<b>371 619</b>	<b>81 052</b>	<b>258 310</b>		<b>1 193 969</b>
Other revenues	61 280	57 895	2 483	83 673	7 719		213 050
<b>Total revenues</b>	<b>304 641</b>	<b>297 522</b>	<b>374 102</b>	<b>164 725</b>	<b>266 029</b>		<b>1 407 019</b>
Cost to collect	-96 557	-151 551	-81 898	-29 459	-86 282		-445 746
Cost other revenues	-58 027	-29 513	-1 158	-73 163	-3 710		-165 571
Administration & management costs	-2 710					-85 200	-87 909
<b>EBITDA</b>	<b>147 348</b>	<b>116 458</b>	<b>291 046</b>	<b>62 103</b>	<b>176 037</b>	<b>-85 200</b>	<b>707 792</b>
Depreciation and amortisation of tangible and intangible fixed assets	-3 239	-13 826	-1 878	-5 069	-1 380	-236	-25 627
<b>Operating profit (EBIT)</b>	<b>144 109</b>	<b>102 631</b>	<b>289 168</b>	<b>57 034</b>	<b>174 657</b>	<b>-85 436</b>	<b>682 165</b>

6 months, 2017

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South- eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	340 932	435 597	301 172	1 331	100 104		1 179 135
<i>Of which, secured portfolios</i>	14	13 624	198 656		9 353		221 646
<i>Of which, unsecured portfolios</i>	340 918	421 973	102 516	1 331	90 751		957 489
Amortisation/revaluation of purchased loan portfolios	-171 715	-159 200	-29 189	4 053	-15 693		-371 745
<b>Revenue from purchased loan portfolios</b>	<b>169 217</b>	<b>276 396</b>	<b>271 984</b>	<b>5 384</b>	<b>84 410</b>		<b>807 391</b>
Profit from shares and participation in associated companies and joint ventures	-503				29 093		28 590
<b>Total revenue from purchased loan portfolios</b>	<b>168 714</b>	<b>276 396</b>	<b>271 984</b>	<b>5 384</b>	<b>113 503</b>		<b>835 980</b>
Other revenues	53 498	43 990	3 413		4 420		105 321
<b>Total revenues</b>	<b>222 212</b>	<b>320 387</b>	<b>275 397</b>	<b>5 384</b>	<b>117 924</b>		<b>941 300</b>
Cost to collect	-72 992	-162 628	-64 179	-2 585	-46 432		-348 815
Cost other revenues	-51 218	-29 223	-3 963	-11	-10 019		-94 432
Administration & management costs	-1 274					-49 623	-50 898
<b>EBITDA</b>	<b>96 727</b>	<b>128 536</b>	<b>207 255</b>	<b>2 788</b>	<b>61 473</b>	<b>-49 623</b>	<b>447 154</b>
Depreciation and amortisation of tangible and intangible fixed assets	-2 683	-11 498	-2 022	-19	-569	-184	-16 975
<b>Operating profit (EBIT)</b>	<b>94 045</b>	<b>117 038</b>	<b>205 233</b>	<b>2 769</b>	<b>60 903</b>	<b>-49 807</b>	<b>430 180</b>

**Quarter 2, 2018**

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South- eastern Europe	Central functions / eliminations	Total
Purchase of loan portfolios in the period	416 008	330 377	922 412	338 235	265 498		2 272 530
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	2 712 816	1 843 590	4 040 710	1 414 831	2 064 746		12 076 694
Share of participation in joint ventures <sup>1)</sup>					132 497		132 497
<b>Purchased portfolios at 31 March</b>	<b>2 712 816</b>	<b>1 843 590</b>	<b>4 040 710</b>	<b>1 414 831</b>	<b>2 197 243</b>		<b>12 209 191</b>

**Quarter 2, 2017**

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South- eastern Europe	Central functions / eliminations	Total
Purchase of loan portfolios in the period	687 180	82 567	112 144	201 592	36 194		1 119 676
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	2 035 258	1 672 837	2 028 673	234 506	270 912		6 242 186
Share of participation in joint ventures <sup>1)</sup>					156 324		156 324
<b>Purchased portfolios at 31 March</b>	<b>2 035 258</b>	<b>1 672 837</b>	<b>2 028 673</b>	<b>234 506</b>	<b>427 236</b>		<b>6 398 510</b>

**6 months, 2018**

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South- eastern Europe	Central functions / eliminations	Total
Purchase of loan portfolios in the period	684 923	417 492	1 179 229	349 024	1 126 649		3 757 316
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	2 712 816	1 843 590	4 040 710	1 414 831	2 064 746		12 076 694
Share of participation in joint ventures <sup>1)</sup>					132 497		132 497
<b>Purchased portfolios at 31 March</b>	<b>2 712 816</b>	<b>1 843 590</b>	<b>4 040 710</b>	<b>1 414 831</b>	<b>2 197 243</b>		<b>12 209 191</b>

**6 months, 2017**

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South- eastern Europe	Central functions / eliminations	Total
Purchase of loan portfolios in the period	847 990	139 096	156 792	220 806	94 850		1 459 533
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	2 035 258	1 672 837	2 028 673	234 506	270 912		6 242 186
Share of participation in joint ventures <sup>1)</sup>					156 324		156 324
<b>Purchased portfolios at 31 March</b>	<b>2 035 258</b>	<b>1 672 837</b>	<b>2 028 673</b>	<b>234 506</b>	<b>427 236</b>		<b>6 398 510</b>

1) Refers to the value of share of participation in joint ventures with purchased loan portfolios and is therefore not equivalent to corresponding item in the balance sheet.

## Note 4 – Purchased loan portfolios

### Purchased loan portfolios

All figures in NOK '000s

	2018 Quarter 2	2017 Quarter 2	2018 6 months	2017 6 months	2017 Full year
Opening balance	10,417,614	5,050,551	8,731,632	4,751,878	4,751,878
Acquired in business combinations			671,215		
Purchase of loan portfolios	2,272,530	1,119,676	3,757,316	1,459,533	4,111,752
Gross cash collection from purchased loan portfolios	-1,031,833	-604,337	-1,806,927	-1,179,135	-2,552,281
Interest income from purchased loan portfolios	638,571	393,646	1,181,448	755,217	1,680,221
Net credit gain/loss purchased loan portfolios	3,333	17,233	-7,338	52,172	76,919
Exchange rate differences	-223,522	265,418	-450,653	402,521	663,143
<b>Closing balance</b>	<b>12,076,694</b>	<b>6,242,186</b>	<b>12,076,694</b>	<b>6,242,186</b>	<b>8,731,632</b>

The face value of the closing balance of purchased loan portfolios amounts to NOK 143,992 million including accrued interest at 30 June 2018 (2017: NOK 74,117 million).

### Net credit gain/loss from purchased portfolios

The Group purchases materially impaired loan portfolios at significant discounts and impairment 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 cash 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 adjust 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 decrease revenues.

#### Quarter 2, 2018

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South- eastern Europe	Total
<i>Secured portfolios:</i>						
Collection above/(below) estimates	3 618	2 957	99 047	-16 296	-24 443	64 882
Changes in future collection estimates	-6 099	-9 858	-106 762	19 070	23 185	-80 465
Net credit gain/(loss) from secured portfolios	-2 482	-6 901	-7 715	2 774	-1 259	-15 581
<i>Unsecured portfolios:</i>						
Collection above/(below) estimates	941	1 869	3 576	2 483	11 214	20 083
Changes in future collection estimates	-1 220	-8 494	2 388	1 954	4 204	-1 168
Net credit gain/loss from unsecured portfolios	-279	-6 625	5 964	4 437	15 418	18 915
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>-2 761</b>	<b>-13 526</b>	<b>-1 751</b>	<b>7 211</b>	<b>14 159</b>	<b>3 333</b>

**Quarter 2, 2017**

All figures in NOK`000s

	Northern Europe	Poland	Central Europe	Western Europe	South- eastern Europe	Total
<i>Secured portfolios:</i>						
Collection above/(below) estimates	-85	2 770	7 411		-3 455	6 641
Changes in future collection estimates		-116	13 042		2 320	15 246
Net credit gain/(loss) from secured portfolios	-85	2 654	20 453		-1 135	21 887
<i>Unsecured portfolios:</i>						
Collection above/(below) estimates	-251	-7 863	6 856	-358	2 500	884
Changes in future collection estimates	-2 254	-4 578	-1 936		3 231	-5 538
Net credit gain/(loss) from secured portfolios	-2 506	-12 441	4 920	-358	5 731	-4 654
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>-2 591</b>	<b>-9 787</b>	<b>25 373</b>	<b>-358</b>	<b>4 596</b>	<b>17 233</b>

**6 months, 2018**

All figures in NOK`000s

	Northern Europe	Poland	Central Europe	Western Europe	South- eastern Europe	Total
<i>Secured portfolios:</i>						
Collection above/(below) estimates	6 428	3 577	86 832	-16 479	-22 968	57 390
Changes in future collection estimates	-7 895	-8 793	-106 266	17 596	20 972	-84 386
Net credit gain/(loss) from secured portfolios	-1 467	-5 216	-19 434	1 117	-1 996	-26 995
<i>Unsecured portfolios:</i>						
Collection above/(below) estimates	-14 305	1 970	17 174	4 814	17 960	27 614
Changes in future collection estimates	-3 782	-12 648	-685	1 954	7 206	-7 956
Net credit gain/loss from unsecured portfolios	-18 087	-10 678	16 489	6 768	25 166	19 658
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>-19 554</b>	<b>-15 895</b>	<b>-2 945</b>	<b>7 885</b>	<b>23 171</b>	<b>-7 338</b>

**6 months, 2017**

All figures in NOK`000s

	Northern Europe	Poland	Central Europe	Western Europe	South- eastern Europe	Total
<i>Secured portfolios:</i>						
Collection above/(below) estimates	-85	7 520	74 452		3 262	85 149
Changes in future collection estimates		2 172	-39 670		-1 422	-38 920
Net credit gain/(loss) from secured portfolios	-85	9 692	34 782		1 840	46 230
<i>Unsecured portfolios:</i>						
Collection above/(below) estimates	-2 772	10 317	6 923	-394	3 618	17 693
Changes in future collection estimates	1 742	-6 624	-10 033		3 165	-11 750
Net credit gain/(loss) from secured portfolios	-1 029	3 693	-3 109	-394	6 783	5 943
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>-1 114</b>	<b>13 385</b>	<b>31 673</b>	<b>-394</b>	<b>8 624</b>	<b>52 172</b>

### Purchase of loan portfolios, cash flow statement

The following table reconciles the difference between purchase of portfolios in cash flow statement and other statements:

All figures in NOK '000s

	2018 Quarter 2	2017 Quarter 2	2018 6 months	2017 6 months	2017 Full year
Purchase of loan portfolios	-2,272,530	-1,119,676	-3,757,316	-1,459,533	-4,111,752
Change in prepaid/amounts due on purchase of loan portfolios	821,013	120,906	1,317,925	37,217	38,813
<b>Purchase of loan portfolios, cash flow statement</b>	<b>-1,451,517</b>	<b>-998,769</b>	<b>-2,439,391</b>	<b>-1,422,316</b>	<b>-4,072,940</b>

### Note 5 – Financial instruments

Specific disclosures regarding purchased loan portfolios see note 4.

#### Fair value of financial instruments

	Carrying amount				Fair value			
	Held for trading	Loans & receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>As at 30 June 2018</b>								
<i>All figures in NOK '000s</i>								
<b>Financial assets</b>								
Purchased loan portfolios		12 076 694		12 076 694			12 522 855	12 522 855
Loans receivable		328 326		328 326			328 326	328 326
Derivatives	71 316			71 316		71 316		71 316
Other financial assets		151 146		151 146			151 146	151 146
<b>Total</b>	<b>71 316</b>	<b>12 556 165</b>		<b>12 627 481</b>		<b>71 316</b>	<b>13 002 326</b>	<b>13 073 642</b>
<b>Financial liabilities</b>								
Interest bearing loans and borrowings			8 419 804	8 419 804	7 105 685	1 645 680		8 751 365
Derivatives	14 698			14 698		14 698		14 698
Contingent considerations			153 443	153 443			153 443	153 443
<b>Total</b>	<b>14 698</b>		<b>8 573 246</b>	<b>8 587 944</b>	<b>7 105 685</b>	<b>1 660 378</b>	<b>153 443</b>	<b>8 919 506</b>

	Carrying amount				Fair value			
	Held for trading	Loans & receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2017</b>								
<i>All figures in NOK '000s</i>								
<b>Financial assets</b>								
Purchased loan portfolios		8 731 632		8 731 632			9 237 976	9 237 976
Loans receivable		414 580		414 580			414 580	414 580
Derivatives	34 443			34 443		34 443		34 443
Other financial assets		175 068		175 068			175 068	175 068
<b>Total</b>	<b>34 443</b>	<b>9 321 281</b>		<b>9 355 724</b>		<b>34 443</b>	<b>9 827 625</b>	<b>9 862 068</b>
<b>Financial liabilities</b>								
Interest bearing loans and borrowings			6 853 787	6 853 787	5 467 590	1 808 788		7 276 379
Derivatives	40 238			40 238		40 238		40 238
Contingent considerations			75 592	75 592			75 592	75 592
<b>Total</b>	<b>40 238</b>		<b>6 929 379</b>	<b>6 969 617</b>	<b>5 467 590</b>	<b>1 849 027</b>	<b>75 592</b>	<b>7 392 209</b>

Other financial assets includes participation loan to joint venture in both tables.

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 has been calculated by discounting the expected net future cash flows from collection less operating expenses and tax with the estimated weighted average cost of capital for the countries in question. In order to show the sensitivity in the fair value calculation of the purchased loan portfolio, a 1%-point increase in the discount rate used would decrease the fair value of purchased portfolios with NOK 297 million (2%). The fair value of interest-bearing loans is equal to book value for the Multi-currency revolving credit facility as the loans are based on 1 to 3 month floating interest, and market value for the bond loan listed on Oslo Stock Exchange. The fair value of derivatives is set by calculating the present value of

future cash flows 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.

### Financial risk

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 borrowings (nominal value of interest bearing loans less cash) adjusted for derivative financial instruments 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 are done in EUR.

The Group's bond loan is denominated in EUR and borrowings under the multi-currency revolving credit facility are drawn in PLN. To obtain a more balanced currency basket, the Group has entered into the following currency derivatives at 30 June 2018: (i) Cross currency rate swap of SEK 225 million against EUR, (ii) Cross currency rate swap of NOK 425 million against SEK and (iii) Cross currency rate swap of NOK 125 million against DKK and FX Forward of 750mNOK against EUR. The fair value of the currency derivatives was NOK 55.4 million at quarter end.

#### 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 borrowings up to a maximum period of 5 years. The hedging ratio at 30 June 2018 was 68% with a duration of 3.05 years and the fair value of the interest rate hedging derivatives was NOK 1.2 million.

### Net financial items

All figures in NOK '000s

	2018	2017	2018	2017	2017
	Quarter 2	Quarter 2	6 months	6 months	Full year
Interest income	1,105	550	2,246	920	2,907
Other financial income	33	29	287	54	383
<b>Financial income</b>	<b>1,138</b>	<b>579</b>	<b>2,533</b>	<b>974</b>	<b>3,290</b>
Interest expenses	-136,334	-81,018	-260,488	-154,155	-348,753
Change in fair value of derivative financial instruments	179	-4,503	-347	-4,449	-8,400
Other financial expenses	-1,064	-8	-2,107	-1,139	-1,003
<b>Financial expenses</b>	<b>-137,218</b>	<b>-85,529</b>	<b>-262,941</b>	<b>-159,743</b>	<b>-358,157</b>
Realised exchange gain/(loss)	80,703	-17,041	57,963	-17,058	-39,039
Unrealised exchange gain/(loss)	-82,096	8,866	-98,591	42,337	90,787
Change in fair value of derivative financial instruments	23,574	18,879	63,572	-15,292	-33,465
<b>Net exchange gain/(loss)</b>	<b>22,181</b>	<b>10,704</b>	<b>22,944</b>	<b>9,986</b>	<b>18,283</b>
<b>Net financial items</b>	<b>-113,899</b>	<b>-74,246</b>	<b>-237,465</b>	<b>-148,783</b>	<b>-336,583</b>

## Note 6 - Interest bearing loans and borrowings

All figures in NOK '000s

	As at 30 June 2018		As at 31 December 2017	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility		1 615 815		693 622
Bond loan		6 774 124		5 044 999
Loans from non-controlling interests				76
Multi-currency revolving term loan			989 436	
Bank overdraft	29 865		125 655	
<b>Total</b>	<b>29 865</b>	<b>8 389 939</b>	<b>1 115 091</b>	<b>5 738 696</b>

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 August 2019, (ii) a EUR 150 million senior unsecured bond with maturity in December 2020, (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 and (v) a EUR 200 million senior unsecured bond with maturity in May 2023.

The multi-currency revolving credit facility and the bond loan 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 facility and term loan. 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 30 June 2018. There are no instalments required to be paid before maturity.

At 30 June 2018, PLN 760 million, in total EUR 174 million, was utilised from the EUR 470 million multi-currency revolving credit facility, leaving an available, undrawn amount of EUR 296 million. The multi-currency overdraft facility of EUR 40 million was utilised with EUR 3 million, leaving an available, undrawn amount of EUR 37 million at 30 June 2018.

The EUR 510 million multi-currency revolving credit is secured by guarantees issued by B2Holding ASA and a security packaged incl. some predefined guarantees, share pledges, bank account charges and pledge in IC Loans. The Bond loans are unsecured.

## Note 7 - Share Capital and other paid-in capital

Ordinary shares have a nominal value of NOK 0.10 each. The number and value of authorised and registered shares, and the amount of other paid-in capital, being the premium on shares issued less any transaction costs of new shares issued, was as follows:

	Share capital Number of shares	Share capital NOK'000s	Other paid-in capital <sup>1)</sup> NOK'000s
<b>At 31 December 2017</b>	<b>369 520 598</b>	<b>36 952</b>	<b>2 087 317</b>
Share issue on 13 March at NOK 20.25 per share in connection with the private placement	36 912 000	3 691	724 762
Exercise of employee share options on 28 May at an average subscription price of 14.11	100 000	10	1 401
<b>At 30 June 2018</b>	<b>406 532 598</b>	<b>40 653</b>	<b>2 813 480</b>
Exercise of employee share options on 24 August at an average subscription of 8.08	1 500 000	150	11 965
<b>At 30 August 2018 (date of completion of these interim condensed financial statements)</b>	<b>408 032 598</b>	<b>40 803</b>	<b>2 825 445</b>

1) Net proceeds after transaction costs

## Note 8 – Share based payments

In April 450,000 new share options was granted to a weighted average exercise price of NOK 22.15. In May 100,000 share options was exercised at an average subscription price of 14.11. In July 1,500,000 share options was exercised at an average subscription price of NOK 8.08. At the date of these interim financial statements there are 18,275,000 share options outstanding.

In May the Board of Directors modified the existing share option program. To harmonise the remaining contractual life of outstanding options 14,400,000 options with expiry date 30<sup>th</sup> of June 2018 and 3,300,000 options with expiry date 31<sup>st</sup> December 2018 where modified. New expiry date for these 17,700,000 options are set to the earliest date of the General Meeting of the shareholders in B2Holding ASA or 30<sup>th</sup> of June 2019. As a compensation for the prolonged contractual life of the options, the exercised price for the options will be increased pro-rata with an annual interest of 7.5% from 1<sup>st</sup> of July 2018 for the first 14.400.000 options and from 1<sup>st</sup> January 2019 for the remaining 3.300.000 options, to the date of exercise. The modification have no effect on cost recognised in the consolidated income statement.

## Alternative performance measures

The Group's condensed interim financial information is prepared in accordance with IAS 34 Interim Financial Reporting. In addition, the Group presents alternative performance measures (APM). These measures do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies.

The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the Group's performance.

The APMs provide a basis to evaluate operating profitability and performance trends, excluding the impact of items which distort the performance of our operations. The APMs also provide measures commonly reported and widely used by investors as an indicator of the Group's operating performance and as a valuation metric. Furthermore those measures are also used to assess our ability to incur and service debt.

APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described below.

Reconciliation of alternative performance measures to the most directly line items in the interim financial statements:

*All figures in NOK million*

	2018 Quarter 2	2017 Quarter 2	2018 6 months	2017 6 months	2017 Full year
<b>Operating profit (EBIT)</b>	356	217	682	430	984
Add back depreciation and amortisation of tangible and intangible assets	13	9	26	17	36
<b>EBITDA</b>	<b>370</b>	<b>226</b>	<b>708</b>	<b>447</b>	<b>1,020</b>
<b>Total revenues<sup>1)</sup></b>	761	482	1,407	941	2,083
Add back amortisation/revaluation of purchased loan portfolios	390	193	633	372	795
<b>Cash revenue<sup>1)</sup></b>	<b>1,151</b>	<b>676</b>	<b>2,040</b>	<b>1,313</b>	<b>2,878</b>
<b>Operating profit (EBIT)</b>	356	217	682	430	984
Add back amortisation/revaluation of purchased loan portfolios	390	193	633	372	795
Add back depreciation & amortisation	13	9	26	17	36
<b>Cash EBITDA</b>	<b>759</b>	<b>420</b>	<b>1,341</b>	<b>819</b>	<b>1,815</b>

1) Figures and alternative performance measures (APMs) for 2017 have been restated due to change in classification of "Profit from shares and participation in associated companies and joint ventures", see note 1 for further information

## Definitions

### Interest income from purchased portfolios

Interest income from purchased loan portfolios is the calculated amortised cost interest revenue from the purchased loan portfolios using the credit-adjusted effective interest rate that are set at initial acquisition.

### Net credit gain/loss from purchased portfolios

The Group's exposure to credit risk from the purchased loan portfolios is related to actual gross cash 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 adjust 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". 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 decrease revenues.

### Profit margin

Profit margin consists of operating profit (EBIT) expressed as a percentage of total operating revenues.

### Cash margin

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

### EBITDA

Operating earnings before depreciation and amortisation (EBITDA) consists of operating profit (EBIT) added back depreciation and amortisation of tangible and intangible assets.

### Gross cash collection

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

### Amortisation and revaluation

Amortisation is the amount of the cash collections that are used to reduce the book value of the purchased portfolios. Revaluation is the change in portfolio value that comes from revised estimates on future remaining collection from the portfolio.

### Cash revenue

Cash revenue consists of total operating revenue added back amortisation and revaluation of purchased loan portfolios. Cash revenue is a measure on actual revenues (cash business) from the collection business included other business areas.

### Cash EBITDA

Cash EBITDA consists of EBIT added back depreciation and amortisation of tangible and intangible assets, and added back amortisation and revaluation of purchased loan portfolios. Cash EBITDA is a measure on actual performance from the collection business (cash business) included other business areas.

### ERC

Estimated remaining collection expresses the gross cash collection in nominal values expected to be collected in the future from the purchased portfolios owned at the reporting date.

### Operating cash flow per share

Operating cash flow per share is operating cash flow from consolidated statement of cash flows divided on the weighted average number of

shares outstanding in the reporting period. Operating cash flow per share is a measure on actual cash earned from operating business per share.

### Forward flow agreements

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

### Available investment capacity

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

### Net borrowing

Consist of nominal value of interest bearing loans and borrowings plus utilised bank overdraft less cash and short term deposits.

## Segment reporting

The presentation of segment information is in the same format as reported to management. This is different from the financial statement presentation due to management focus on actual gross cash collected as interest income from the purchased portfolios is a calculated number from utilising the amortised cost principle on purchased portfolios. Gross cash collection less amortisation/revaluation is equal to interest revenue adjusted for Net credit gain/(loss).

### Cost to collect

Cost to collect is all external and internal operating costs related to the Groups collection business.

### Cost other revenues

Cost other revenues is all external and internal operating costs related to the Groups other business areas.

### Administration & management costs

Administration and management includes head office and Group costs, investment office and holding companies, not allocated to business units.

### Segment Central Europe

The operating segment Central Europe includes; Austria, Czech republic, Croatia, Slovenia, Serbia, Montenegro, Bosnia-Hercegovina and Hungary.

### Segment Northern Europe

The operating segment Northern Europe includes; Norway, Sweden, Finland, Denmark, Estonia, Latvia and Lithuania.

### Segment Southeastern Europe

The operating segment Southeastern Europe includes; Bulgaria, Romania, Cyprus and Greece.

### Segment Western Europe

The operating segment Western Europe includes; Italy, Spain, Portugal and France.

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**Financial year 2018**

Quarterly report – Q1	25.05.2018
Half-yearly report	31.08.2018
Quarterly report – Q3	30.11.2018
Quarterly report – Q4	28.02.2019

Annual General Meeting	25.05.2018
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