

Q4

FOURTH QUARTER 2018



Summary

The fourth quarter continued to show high growth with record high gross cash collection in the fourth quarter. The Group entered into new strategic joint venture corporations to build asset under management and leverage on the scalable collection platforms. In line with the strategy the Group has made its first portfolio purchases in Spain and Portugal, an important addition to the Western Europe region for the Group. B2Holding is continuously working to improve operations, and cost to collect was down with 4% points in the past year to 25%, with potential for further reduction going forward.

Fourth quarter 2018

- ERC¹⁾ at end of period was NOK 22,262 million (15,264), an increase of 46% compared to end of period 2017
- All-time high gross cash collection from purchased portfolios, an increase of 62% to NOK 1,169 million (723)
- Total revenues increased by 21% to NOK 753 million (622)
- Operating profit increased by 8% to NOK 326 million (301)
- Cash EBITDA increased by 59% to NOK 833 million (524)
- Cost to collect reduced to 24% (30%)
- Portfolio purchases³⁾ ended at NOK 1,634 million (1,951), a reduction of 16%

Full year 2018

- Gross cash collection from purchased portfolios increased by 57% to NOK 3,997 million (2,552)
- Portfolio purchases³⁾ for the period ended at NOK 6,380 million (4,112)
- Cost to collect reduced to 25% (29%)
- Proposed dividend of NOK 0.45 per share for 2018

(Comparable numbers for Q4 2017/YTD Full year 2017 in brackets)

| (NOK million) | 2018 Quarter 4 | 2017 Quarter 4 | Change % | 2018 Full year | 2017 Full year | Change % |
|--|-------------------|-------------------|-------------|-------------------|-------------------|-------------|
| Total revenues ²⁾ | 753 | 622 | 21 % | 2,906 | 2,083 | 40 % |
| EBITDA | 344 | 311 | 10 % | 1,434 | 1,020 | 41 % |
| Operating profit (EBIT) | 326 | 301 | 8 % | 1,378 | 984 | 40 % |
| Profit margin ²⁾ | 43 % | 48 % | | 47 % | 47 % | |
| Cash revenue ²⁾ | 1,242 | 835 | 49 % | 4,424 | 2,878 | 54 % |
| Cash EBITDA | 833 | 524 | 59 % | 2,952 | 1,815 | 63 % |
| Cash margin | 67 % | 63 % | | 67 % | 63 % | |
| Profit for the period after tax | 156 | 157 | 0 % | 649 | 481 | 35 % |
| Basic earnings per share, NOK | 0.38 | 0.42 | -9 % | 1.63 | 1.30 | 25 % |
| Cash flow from operating activities | 532 | 432 | 23 % | 2,291 | 1,289 | 78 % |
| Operating cash flow per share, NOK | 1.31 | 1.17 | 12 % | 5.74 | 3.49 | 64 % |
| Portfolio purchases ³⁾ | 1,634 | 1,951 | -16 % | 6,380 | 4,112 | 55 % |
| Gross cash collection from purchased loan portfolios | 1,169 | 723 | 62 % | 3,997 | 2,552 | 57 % |
| ERC (at end of month) ¹⁾ | 22,262 | 15,264 | 46 % | 22,262 | 15,264 | 46 % |

1) Including the Group's share of portfolios purchased 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 19 for reconciliation of APMs to the financial statements and page 20 for definition of APMs)

3) Including the Group's participation notes issued to joint venture for portfolio purchases in 2018

Operations

The fourth quarter represented another strong quarter for the Group with all time high gross cash collections from purchased loan portfolios and portfolio purchases. Portfolios were mainly purchased in Northern Europe, and 74% of the purchases in the quarter were unsecured portfolios. During the fourth quarter the Group made its first portfolio purchases in both Spain and Portugal. Cost to collect was reduced from 30% in Q4 2017 to 24% in Q4 2018.

Operational review

The fourth quarter represented a 62% increase in gross cash collections from fourth quarter 2017. The B2Holding Group has grown substantially to a 23-country pan European platform enabling the company to take full advantage of economies of scale and to allocate capital to the most prosperous markets. Current market trends with more attractive returns combined with a more focused growth strategy has reduced portfolio purchases in fourth quarter. The portfolio investment ended at NOK 1,634 million, down by 16% from fourth quarter 2017. Portfolios were purchased in all the Group's main markets, with the highest activity in the Nordic markets.

During the fourth quarter the Group continue to strengthen its position in the Nordic Market with the purchase of a portfolio from Nordea in Denmark, consisting of approximately 12,000 unsecured non-performing loans with an aggregate face value of EUR 388 million. This purchase combined with other purchases in 2018 has balanced the overall risk in the Group. Group EBIT for the full year 2018 excluding Central functions shows that 24% is originated from Northern Europe, 35% from Central Europe, 15% from Poland, 9% from Western Europe and 17% from South Eastern Europe.

The Group announced the signing of two co-investment structures in October related to portfolio purchases in Greece. The first was with Waterfall Asset Management ("Waterfall") and the European Bank for Reconstruction and Development ("EBRD") related to the portfolio the Group purchased from Alpha-Bank earlier this year, and the second one was with Waterfall for a portfolio purchased from Eurobank. The co-investment structures are important milestones in building scale by increasing assets under management, utilizing the broad platform base of the Group, and thus increases the revenues from third party collection business. Total book value of participation notes in joint venture structures was NOK 589 million at the end of the quarter with a corresponding expected ERC of NOK 1,166 million.

The Group has seen a strong development in both the number and size of forward flow deals in several regions in the fourth quarter, particularly in Northern Europe.

The Group continue to focus on reducing the cost to collect and increase operational efficiency. Thirty-one

best practice programs are running with good results, and the Group expects to continue to show improved efficiency and cost to collect going forward.

The number of FTEs in the Group was 2,420 at the end of December 2018, up from 2,067 at the end of December 2017. The increase relates mainly to the expansion in the Western European region and the Greek operation.

Corporate matters

The shares of B2Holding ASA were listed on the Oslo Stock Exchange on 8 June 2016 at NOK 12.00 per share. On 28 December 2018 the share price closed at NOK 12.30 and with 409 million shares outstanding the market cap for the group was NOK 5,031 million.

On 13 December 2018, B2Holding's Ba3 Corporate Family Rating (CFR) from Moody's was maintained upon application of their new rating methodology. B2Holding maintain a BB- rating from S&P. None of the bond loans are rated.

The Group hold a EUR 510 million Senior Secured Revolving Credit Facility agreement (RCF) with DNB Bank ASA, Nordea Bank AB and Swedbank AB with ultimate maturity date as of 31 May 2022.

In addition to the mentioned RCF, the Group hold four listed senior unsecured bond loans of EUR 725 million combined issued on 8 December 2015 (EUR 150 million, 2015/2020), 4 October 2016 (EUR 175 million, 2016/2021) and 14 November 2017 (EUR 200 million, 2017/2022) and 23 May 2018 (EUR 200 million, 2018/2023). The two bond loans from 2015 and 2016 became callable on 8 December 2018.

Adjusted for deferred payment for portfolio purchases of NOK 145 million, at the end of the fourth quarter the Group has NOK 1.3 billion available for investments in addition to strong operating cash flow from collections of purchased loan portfolios. Based on the current financing of the Group and estimated cash flow in 2019, the Group has investment capacity for 2019 of approximately NOK 5.4 billion.

Net interest-bearing debt as of 31 December 2018 was NOK 10,430 million and the equity ratio was 26.9%.

Outlook

With operations in all the largest markets for non-performing loans in Europe, the Group see a strong

pipeline of both secured and unsecured portfolios going forward. The Group also see a continued positive development for forward flow deals especially. The Group experience improved portfolio pricing conditions in several of its markets.

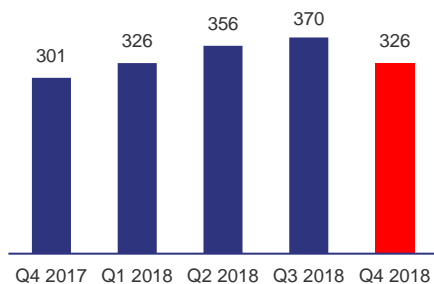
After a period with strong growth the Group now enters a phase where operational efficiency will have increased focus and a slightly lower growth rate should be expected. By leveraging on the existing collection platforms, streamlining and automatizing some routines, in addition to centralizing of some functions,

profitability and cash flow will increase further going forward.

In January 2019, the Group announced an agreement with HETA Asset Resolution for the purchase of a non-performing loan portfolio in Croatia composed of secured corporate loans, in a 50/50 joint venture structure with DDM Group. The portfolio has a face value of approximately EUR 800 million and is expected to be closed in Q2 2019. The revenue from joint ventures is expected to increase in the coming quarters.

Financials

The Group achieved a record high gross cash collection of NOK 1,169 million in the fourth quarter of 2018, an increase of NOK 445million (62%) compared to the fourth quarter of 2017. The Group's collection performance has been strong throughout all quarters of 2018.

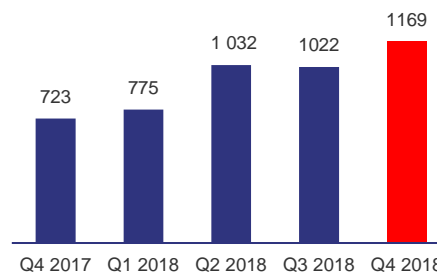


Operating profit (NOKm)

Revenues, expenses and profits

Total operating revenues for the fourth quarter amounted to NOK 753 million, an increase of NOK 130 million (21%) from the fourth quarter of 2017. Interest revenues from purchased portfolios increased with 38% to NOK 676 million in the same period due to increased portfolio purchases and expansion into new markets in 2017 and 2018. In Q4 2018, the Group had a net credit gain from purchased portfolios of NOK 3 million, mainly due to earlier collection than expected in Western Europe and tax returns in Northern Europe, offset by delayed collection for secured portfolios in Central Europe. Collection was below estimate of NOK 320 million and changes in future collections estimates amounted to NOK 323 million. Changes in future estimates and collection below 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 at NOK 1,169 million in the fourth quarter 2018, an increase of NOK 445 million (62%) with growth in all segments and for both secured and unsecured compared to the same quarter in 2017. Portfolio amortisation and revaluation increased with NOK 277 million (130%) compared to same quarter in 2017. The increase is related to strong collection performance in Central, Northern and

Western Europe. Total amortisation and revaluation are still at the lower end, 42% (29%) of gross collection, mainly due to the amortisation profile on secured portfolios.



Gross cash collection (NOKm)

The portfolios held in joint venture continue to perform, and the revenue of NOK 24 million increased with NOK 2 million compared to fourth quarter 2017. Other revenues decreased with NOK 40 million (44%) due to an accounting loss on the sale of a purchased loan portfolio in Greece to the joint venture of NOK 67 million. The portfolio has developed well and is currently performing according to expectations. This accounting loss is due to booking of interest income in accordance with the effective interest method. The sale of the portfolio generated a net positive cash gain when taking net gross cash collection and purchase price into consideration. The accounting loss related to the Group's share of the total portfolio will be recaptured and be reflected on the joint venture line in the profit and loss statement in the future. Excluding loss on sale, other revenues increased by NOK 27 million mainly due to the acquisition of Verifica, Spain, at the end of 2017.

Operating expenses excluding depreciation and amortisation increased by NOK 98 million (32%) compared to fourth quarter 2017, and profit margin ended at 43% (48%). Operating expenses increased due

to entry into new markets, increased number of FTE's and high collection. The cost related to gross collection from purchased portfolios (cost to collect %) decreased from 29% in the fourth quarter 2017 to 24% in fourth quarter 2018 due to improved efficiency in operations, volume effect in collection and economics of scale.

Net financial items ended the quarter with a net expense of NOK 149 million, of which NOK 189 million in interest expenses were related to the external financing of the Group, and a net exchange gain of NOK 40 million.

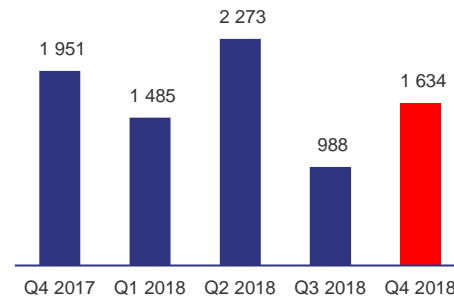
In the second half of 2018 the Group reorganised to a structure that will more efficiently match the income streams with the costs as well as utilizing the tax losses carried forward in the Group. The successful reorganisation is one of the reasons behind the reduction in the effective tax rate for the Group to 20% (26% in 2017).

Profit after tax for the period ended at NOK 156 million, including the accounting loss on sale of the portfolio to the joint venture in Greece, compared to NOK 157 million in the fourth quarter 2017.

Cash flows

Operating cash flow of NOK 532 million in the fourth quarter 2018 increased by NOK 100 million (23%) compared to the same period in 2017. The increase is mainly due to growth in gross cash collection and other non-cash items, reduced by increased interest payments and change in working capital.

Cash flow used in investment activities ended at NOK 1,413 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. At the end of fourth quarter 2018 deferred payments for portfolios purchases amounts to NOK 145 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 727 million, down by NOK 878 million (55%) after less external borrowings compared to fourth quarter 2017. At the end of the quarter, interest bearing debt amounted to NOK 10,828 million compared to NOK 6,854 million at year-end 2017.

Full year 2018

The full year 2018 showed a strong operating profit of NOK 1,378 million, which is an increase of NOK 394 million (40%) from the same period in 2017. The profit margin in 2018 remains stable at 47%, the same as in 2017. Gross cash collection amounts to NOK 3,997 million compared to NOK 2,552 million in 2017 (57%). Net financial items ended at NOK 570 million and is mainly related to the financing of the Group. Profit after tax ended at NOK 649 million which is an increase of NOK 168 million (35%) from same period 2017.

Disclaimer

This report contains forward-looking statements that reflect management's current view with respect to future events. All such statements are subject to inherent risks and uncertainties, and many factors can lead to developments deviating from what has been expressed or implied in such statements.

Board of Directors, B2Holding ASA, 27 February 2019

Condensed consolidated income statement ¹⁾

All figures in NOK '000s unless otherwise stated

| | Notes | 2018 Quarter 4 IFRS 9 | 2017 Quarter 4 IAS 39 | 2018 Full year IFRS 9 | 2017 Full year IAS 39 |
|--|-------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Interest income from purchased loan portfolios | | 676,160 | 488,286 | 2,537,113 | 1,680,221 |
| Net credit gain/loss purchased loan portfolios | 4 | 2,645 | 22,363 | -57,625 | 76,919 |
| Profit from shares and participation loan/notes in associated companies and joint ventures | | 23,864 | 21,671 | 47,757 | 70,083 |
| Other revenues | | 49,877 | 89,746 | 378,376 | 255,538 |
| Total revenues | 3 | 752,547 | 622,066 | 2,905,622 | 2,082,762 |
| External expenses of services provided | | -97,290 | -68,614 | -363,312 | -285,539 |
| Personnel expenses | | -193,516 | -154,553 | -691,678 | -490,287 |
| Other operating expenses | | -118,026 | -87,478 | -416,651 | -286,837 |
| Depreciation and amortisation of tangible and intangible assets | | -17,687 | -10,399 | -56,126 | -35,893 |
| Operating profit (EBIT) | 3 | 326,028 | 301,022 | 1,377,856 | 984,205 |
| Financial income | | 449 | 1,404 | 4,652 | 3,290 |
| Financial expenses | | -189,020 | -107,447 | -618,378 | -358,157 |
| Net exchange gain/(loss) | | 39,544 | 19,986 | 43,973 | 18,283 |
| Net financial items | 5 | -149,028 | -86,056 | -569,753 | -336,583 |
| Profit before tax | | 177,000 | 214,965 | 808,103 | 647,622 |
| Income tax expense | | -20,527 | -58,200 | -159,370 | -166,391 |
| Profit for the period after tax | | 156,473 | 156,764 | 648,732 | 481,231 |
| Profit attributable to: | | | | | |
| Parent company shareholders | | 156,432 | 156,732 | 648,582 | 481,651 |
| Non-controlling interests | | 41 | 32 | 151 | -420 |
| Basic earnings per share, NOK | | 0.38 | 0.42 | 1.63 | 1.30 |
| Diluted earnings per share, NOK | | 0.38 | 0.41 | 1.60 | 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 Quarter 4 IFRS 9 | 2017 Quarter 4 IAS 39 | 2018 Full year IFRS 9 | 2017 Full year IAS 39 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Profit for the period after tax | 156,473 | 156,764 | 648,732 | 481,231 |
| Other comprehensive income | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Exchange differences on translation of foreign operations | 174,680 | 177,194 | -13,860 | 304,408 |
| Hedging of currency risk in foreign operations | 2,793 | -13,764 | 12,237 | -19,828 |
| Tax attributable to items that may be reclassified to profit or loss | -622 | 3,441 | -2,983 | 4,957 |
| Other comprehensive income for the period, net of tax | 176,851 | 166,871 | -4,606 | 289,537 |
| Total comprehensive income for the period, net of tax | 333,324 | 323,635 | 644,126 | 770,769 |
| Profit attributable to: | | | | |
| Parent company shareholders | 333,255 | 323,593 | 643,906 | 771,234 |
| Non-controlling interests | 69 | 42 | 221 | -465 |

Condensed consolidated statement of financial position

All figures in NOK '000s

| | Notes | 2018 | 2017 |
|--|-------|-------------------|--------------------------------|
| | | 31 Dec IFRS 9 | 31 Dec ¹⁾ IAS 39 |
| Tangible and intangible assets | | 273,812 | 201,015 |
| Goodwill | | 785,230 | 522,366 |
| Purchased loan portfolios | 3,4,5 | 13,346,098 | 8,731,632 |
| Other long term financial assets | | 993,373 | 617,766 |
| Deferred tax asset | | 97,219 | 65,778 |
| Total non-current assets | | 15,495,732 | 10,138,557 |
| Other short term assets | | 280,300 | 206,873 |
| Cash and short term deposits | | 397,702 | 452,000 |
| Total current assets | | 678,002 | 658,874 |
| Total assets | | 16,173,734 | 10,797,431 |
| Equity attributable to parent company's shareholders | 7 | 4,354,889 | 3,148,569 |
| Equity attributable to non-controlling interests | | 601 | -189 |
| Total equity | | 4,355,489 | 3,148,380 |
| Long term interest bearing loans and borrowings | 6 | 10,768,808 | 5,738,696 |
| Deferred tax liabilities | | 162,925 | 95,709 |
| Other long term liabilities | | 97,757 | 70,207 |
| Total non-current liabilities | | 11,029,489 | 5,904,612 |
| Short term interest bearing loans and borrowings | 6 | 363 | 989,436 |
| Bank overdraft | 6 | 59,115 | 125,655 |
| Accounts and other payables | | 300,536 | 266,603 |
| Income taxes payable | | 47,121 | 56,531 |
| Other current liabilities | | 381,621 | 306,213 |
| Total current liabilities | | 788,756 | 1,744,439 |
| Total equity & liabilities | | 16,173,734 | 10,797,431 |

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 |
| At 1 January | | 3,148,569 | -189 | 3,148,380 | 2,426,417 | -1,528 | 2,424,889 |
| Implementation effect IFRS 9 | 1 | -69,476 | -24 | -69,500 | | | |
| Restated at 1 January | | 3,079,093 | -213 | 3,078,880 | 2,426,417 | -1,528 | 2,424,889 |
| Profit for the period after tax | | 648,582 | 151 | 648,732 | 481,651 | -420 | 481,231 |
| Other comprehensive income for the period, net of tax | | -4,676 | 70 | -4,606 | 289,582 | -45 | 289,537 |
| Total comprehensive income | | 643,906 | 221 | 644,126 | 771,234 | -465 | 770,769 |
| Issue of share capital | 7 | 771,544 | | 771,544 | 4,140 | | 4,140 |
| Transaction costs | 7 | -19,015 | | -19,015 | | | |
| Share based payments | | 2,584 | | 2,584 | 3,985 | | 3,985 |
| Dividend paid to parent company's shareholders | | -121,960 | | -121,960 | -55,368 | | -55,368 |
| Dividends to non-controlling interests | | | -273 | -273 | | -176 | -176 |
| Acquisition of non-controlling interests | | -1,263 | 866 | -397 | -1,840 | 1,821 | -19 |
| Non-controlling interest arising on business combinations | | | | | | 160 | 160 |
| At 31 December | | 4,354,889 | 601 | 4,355,489 | 3,148,569 | -189 | 3,148,380 |

Condensed consolidated statement of cash flows

All figures in NOK`000s

| | Notes | 2018 Quarter 4 | 2017 Quarter 4 | 2018 Full year | 2017 Full year |
|--|-------|-------------------|-------------------|-------------------|-------------------|
| Cash flow from operating activities | | | | | |
| Profit for the period before tax | | 177,000 | 214,965 | 808,103 | 647,622 |
| Amortisation/revaluation of purchased loan portfolios | 3 | 489,709 | 212,804 | 1,517,891 | 795,141 |
| Adjustment other non-cash items | | 82,189 | 10,442 | 127,088 | 36,485 |
| Interest expenses | | 184,243 | 107,276 | 610,560 | 357,153 |
| Interest paid | | -143,000 | -96,976 | -525,265 | -317,953 |
| Unrealised foreign exchange differences | | -119,828 | -68,744 | 18,064 | -97,515 |
| Income tax paid during the year | | -50,283 | -25,109 | -175,719 | -138,139 |
| Change in working capital | | -45,628 | 131,718 | -30,261 | 68,665 |
| Change in other balance sheet items | | -42,409 | -54,138 | -59,894 | -62,122 |
| Net cash flow from operating activities | | 531,994 | 432,237 | 2,290,567 | 1,289,337 |
| Cash flow from investing activities | | | | | |
| Net purchase of purchased loan portfolios | 4 | -1,380,103 | -1,767,155 | -5,878,642 | -4,072,940 |
| Net investments in intangible and tangible assets | | -17,988 | -32,472 | -86,363 | -52,814 |
| Investments in business acquisitions, net of cash acquired | | -14,590 | -114,758 | -309,083 | -144,355 |
| Net cash flow from investing activities | | -1,412,681 | -1,914,385 | -6,274,088 | -4,270,109 |
| Cash flow from financing activities | | | | | |
| Net new share issue | 7 | 10,550 | 4,140 | 752,529 | 4,140 |
| Net receipts/(payments) on interest bearing loans and borrowings | | 716,588 | 1,600,623 | 3,355,756 | 3,114,991 |
| Dividend paid to parent company's shareholders | | -30 | | -121,960 | -55,368 |
| Dividends paid to non-controlling interests | | | | -273 | -176 |
| Net cash flow from financing activities | | 727,108 | 1,604,763 | 3,986,052 | 3,063,587 |
| Net cash flow during the period | | -153,577 | 122,614 | 2,531 | 82,816 |
| Cash and cash equivalents at beginning of the period | | 457,065 | 185,745 | 326,345 | 217,608 |
| Exchange rate difference on cash and cash equivalents | | 35,099 | 17,986 | 9,711 | 25,921 |
| Cash and cash equivalents at end of the period | | 338,587 | 326,345 | 338,587 | 326,345 |
| <i>Cash and cash equivalents comprised of:</i> | | | | | |
| Cash and short term deposits | | 397,702 | 452,000 | 397,702 | 452,000 |
| Bank overdraft | | -59,115 | -125,655 | -59,115 | -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 purchase, 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 fourth quarter ended 31 December 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 annual financial statement. Accordingly, this report should be read in conjunction with the Annual Report 2017 for the B2Holding Group. The consolidated financial statements for 2017 are available upon request from the Company and at 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 2018, 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 31 December 2018 and 31 December 2017, and this interim financial report are unaudited. The financial report was approved by the Board of Directors on 27 February 2019.

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 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 | |
| Total operating revenues | 446 402 | | 466 310 | | 499 572 | | 600 395 | | 2 012 678 | |
| 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 |
| Total revenues | | 459 008 | | 482 293 | | 519 396 | | 622 066 | | 2 082 762 |
| Operating profit (EBIT) | 212 979 | 212 979 | 217 202 | 217 202 | 253 003 | 253 003 | 301 022 | 301 022 | 984 205 | 984 205 |
| Operating margin | 48 % | 46 % | 47 % | 45 % | 51 % | 49 % | 50 % | 48 % | 49 % | 47 % |

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.

IFRS 16 Leases (standard issued and effective from 1 January 2019)

IFRS 16 replaces IAS 17 Leases and provides a single lessee accounting model, requiring lessees to recognise an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset) and a liability for the future lease payments. The standard applies for all lease agreements previously recognized as operating leases except leases where the lease term is below 12 months (short-term leases) or the underlying asset has a low value (low-value leases). The Group will implement IFRS 16 on 1 January 2019 using the modified retrospective approach, which requires no restatement of comparative periods. The right-of-use asset will be measured at an amount equal to the lease liability adjusted by the amount of any previously recognized prepaid or accrued lease payments. Consequently, equity as of 1 January 2019 will not be impacted by the implementation of IFRS 16. The Group will elect to apply the exemptions for short-term leases and low-value leases. The Group expects to recognize lease liabilities and right-of-use assets of approximately NOK 130 million upon implementation of IFRS 16. The majority of the Group's leases are leases of office buildings. In the consolidated income statement, operating lease expense will be replaced with depreciation of right-of-use asset and interest expense of lease liability. Profit before tax will not be materially affected as the total of the depreciation and interest expenses are expected to increase by approximately the same amount as the decrease in other operating expenses. In the consolidated statement of cash flows, net cash flow from operating activities will increase and net cash flow from financing activities will decrease comparatively, as lease payments after implementation of IFRS 16 will be presented as a part of net cash flow from financing activities.

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 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 interim condensed consolidated income statement. Amortisation/revaluation of purchased loan portfolios shows the difference between gross cash collection and revenue from purchased loan portfolios recognised in the condensed interim consolidated income statement. See further explanation of the differences in definitions on page 20.

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.

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 have been restated to be consistent with the 2018 presentation.

Quarter 4, 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 | 366,898 | 221,975 | 296,209 | 121,802 | 161,630 | | 1,168,514 |
| <i>Of which, secured portfolios</i> | 1,968 | 8,383 | 201,994 | 86,007 | 62,094 | | 360,446 |
| <i>Of which, unsecured portfolios</i> | 364,931 | 213,592 | 94,214 | 35,795 | 99,537 | | 808,069 |
| Amortisation/revaluation of purchased loan portfolios | -189,168 | -86,017 | -130,509 | -26,151 | -57,864 | | -489,709 |
| Revenue from purchased loan portfolios | 177,730 | 135,959 | 165,700 | 95,650 | 103,767 | | 678,806 |
| Profit from shares and participation in associated companies and joint ventures | 67 | | | | 23,797 | | 23,864 |
| Total revenue from purchased loan portfolios | 177,797 | 135,959 | 165,700 | 95,650 | 127,564 | | 702,670 |
| Revenue from external collection | 31,745 | | 522 | 37,741 | 5,195 | | 75,203 |
| Other operating revenues ¹⁾ | 10,040 | 23,384 | -7,257 | 14,442 | -65,935 | | -25,327 |
| Total other revenues | 41,786 | 23,384 | -6,735 | 52,183 | -60,741 | | 49,877 |
| Total revenues | 219,582 | 159,342 | 158,965 | 147,834 | 66,823 | | 752,547 |
| Cost to collect | -60,564 | -73,957 | -52,835 | -41,445 | -56,738 | | -285,540 |
| Cost other revenues | -27,438 | -14,922 | 33 | -43,312 | -10,547 | | -96,185 |
| Administration & management costs | -4,330 | -3,606 | -3,996 | -2,349 | -1,531 | -11,296 | -27,107 |
| EBITDA | 127,250 | 66,857 | 102,168 | 60,727 | -1,992 | -11,296 | 343,715 |
| Depreciation and amortisation of tangible and intangible fixed assets | -1,777 | -8,142 | -2,351 | -3,648 | -1,652 | -116 | -17,687 |
| Operating profit (EBIT) | 125,473 | 58,715 | 99,817 | 57,080 | -3,644 | -11,412 | 326,028 |

1) Included gain/(loss) on sale of two purchased loan portfolios in Q4 2018, net loss amounts to NOK -61 million

Quarter 4, 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 | 273,431 | 199,962 | 151,378 | 14,854 | 83,827 | | 723,453 |
| <i>Of which, secured portfolios</i> | 285 | 6,703 | 102,883 | 9,508 | 15,388 | | 134,766 |
| <i>Of which, unsecured portfolios</i> | 273,147 | 193,259 | 48,495 | 5,346 | 68,439 | | 588,685 |
| Amortisation/revaluation of purchased loan portfolios | -144,939 | -76,430 | 17,288 | 1,413 | -10,135 | | -212,804 |
| Revenue from purchased loan portfolios | 128,492 | 123,532 | 168,666 | 16,267 | 73,693 | | 510,650 |
| Profit from shares and participation in associated companies and joint ventures | 317 | | | | 21,353 | | 21,671 |
| Total revenue from purchased loan portfolios | 128,809 | 123,532 | 168,666 | 16,267 | 95,045 | | 532,321 |
| Revenue from external collection | 28,873 | | 1,273 | 6,980 | 2,849 | | 39,975 |
| Other operating revenues | 4,189 | 42,346 | -1,435 | 4,616 | 55 | | 49,772 |
| Total other revenues | 33,063 | 42,346 | -162 | 11,596 | 2,904 | | 89,746 |
| Total revenues | 157,682 | 123,532 | 169,939 | 23,247 | 97,895 | | 622,066 |
| Cost to collect | -48,459 | -72,131 | -47,496 | -7,249 | -40,232 | | -215,567 |
| Cost other revenues | -30,075 | -15,425 | -181 | -8,141 | 1,240 | | -52,583 |
| Administration & management costs | -1,830 | | | | | -40,664 | -42,494 |
| EBITDA | 77,318 | 35,976 | 122,261 | 7,857 | 58,902 | -40,664 | 311,420 |
| Depreciation and amortisation of tangible and intangible fixed assets | -1,429 | -6,951 | -835 | -657 | -511 | -15 | -10,399 |
| Operating profit (EBIT) | 75,887 | 29,025 | 121,427 | 7,201 | 58,391 | -40,679 | 301,022 |

Full year, 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 | 1,147,391 | 877,852 | 1,145,515 | 302,387 | 524,235 | | 3,997,380 |
| <i>Of which, secured portfolios</i> | 16,842 | 28,627 | 797,773 | 217,488 | 150,520 | | 1,211,250 |
| <i>Of which, unsecured portfolios</i> | 1,130,549 | 849,225 | 347,742 | 84,899 | 373,715 | | 2,786,129 |
| Amortisation/revaluation of purchased loan portfolios | -582,796 | -375,285 | -428,158 | -77,171 | -54,482 | | -1,517,891 |
| Revenue from purchased loan portfolios | 564,596 | 502,567 | 717,357 | 225,216 | 469,753 | | 2,479,489 |
| Profit from shares and participation in associated companies and joint ventures | 80 | | | | 47,677 | | 47,757 |
| Total revenue from purchased loan portfolios | 564,675 | 502,567 | 717,357 | 225,216 | 517,431 | | 2,527,246 |
| Revenue from external collection | 114,499 | | 2,138 | 123,289 | 15,736 | | 255,662 |
| Other operating revenues ¹⁾ | 20,881 | 117,781 | -4,684 | 54,595 | -65,858 | | 122,714 |
| Total other revenues | 135,380 | 117,781 | -2,545 | 177,884 | -50,123 | | 378,376 |
| Total revenues | 700,055 | 620,348 | 714,811 | 403,099 | 467,308 | | 2,905,622 |
| Cost to collect | -206,339 | -301,323 | -183,992 | -94,898 | -196,467 | | -983,019 |
| Cost other revenues | -112,074 | -60,969 | -1,420 | -155,704 | -13,754 | | -343,920 |
| Administration & management costs | -7,313 | -3,606 | -3,996 | -2,349 | -1,531 | -125,907 | -144,702 |
| EBITDA | 374,329 | 254,451 | 525,404 | 150,148 | 255,556 | -125,907 | 1,433,981 |
| Depreciation and amortisation of tangible and intangible fixed assets | -6,808 | -27,598 | -5,273 | -11,803 | -4,156 | -488 | -56,126 |
| Operating profit (EBIT) | 367,521 | 226,853 | 520,131 | 138,346 | 251,401 | -126,396 | 1,377,856 |

1) Included gain/(loss) on sale of two purchased loan portfolios in Q4 2018, net loss amounts to NOK -61 million

Full year, 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 | 829,860 | 838,186 | 621,681 | 19,508 | 243,045 | | 2,552,281 |
| <i>Of which, secured portfolios</i> | 859 | 24,687 | 418,716 | 10,505 | 30,979 | | 485,746 |
| <i>Of which, unsecured portfolios</i> | 829,000 | 813,500 | 202,965 | 9,003 | 212,066 | | 2,066,534 |
| Amortisation/revaluation of purchased loan portfolios | -419,492 | -334,085 | -33,677 | 15,366 | -23,252 | | -795,141 |
| Revenue from purchased loan portfolios | 410,368 | 504,101 | 588,004 | 34,874 | 219,794 | | 1,757,140 |
| Profit from shares and participation in associated companies and joint ventures | -77 | | | | 70,160 | | 70,083 |
| Total revenue from purchased loan portfolios | 410,290 | 504,101 | 588,004 | 34,874 | 289,954 | | 1,827,222 |
| Revenue from external collection | 101,443 | | 5,225 | 6,980 | 10,427 | | 124,075 |
| Other operating revenues | 15,658 | 111,118 | -17 | 4,616 | 88 | | 131,464 |
| Total other revenues | 117,101 | 111,118 | 5,208 | 11,596 | 10,515 | | 255,538 |
| Total revenues | 527,391 | 615,219 | 593,212 | 46,470 | 300,469 | | 2,082,762 |
| Cost to collect | -162,002 | -312,354 | -143,316 | -15,245 | -115,251 | | -748,168 |
| Cost other revenues | -103,723 | -59,093 | -9,321 | -8,270 | -10,832 | | -191,239 |
| Administration & management costs | -4,451 | | | | | -118,805 | -123,256 |
| EBITDA | 257,215 | 243,772 | 440,575 | 22,955 | 174,386 | -118,805 | 1,020,098 |
| Depreciation and amortisation of tangible and intangible fixed assets | -5,557 | -24,382 | -3,534 | -690 | -1,431 | -299 | -35,893 |
| Operating profit (EBIT) | 251,658 | 219,390 | 437,042 | 22,265 | 172,954 | -119,104 | 984,205 |

Quarter 4, 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 | 836,440 | 159,734 | 57,879 | 196,174 | 216,743 | | 1,466,970 |
| Purchased loan portfolios, book value | | | | | | | |
| Purchased loan portfolios | 3,764,203 | 2,034,868 | 4,231,599 | 1,811,326 | 1,504,101 | | 13,346,098 |
| Share of participation in joint ventures ¹⁾ | | | | | 588,846 | | 588,846 |
| Purchased portfolios at 31 December | 3,764,203 | 2,034,868 | 4,231,599 | 1,811,326 | 2,092,948 | | 13,934,944 |

Quarter 4, 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 | 368,492 | 187,975 | 948,651 | 94,096 | 351,479 | | 1,950,693 |
| Purchased loan portfolios, book value | | | | | | | |
| Purchased loan portfolios | 2,438,754 | 1,777,929 | 3,126,004 | 414,956 | 973,990 | | 8,731,632 |
| Share of participation in joint ventures ¹⁾ | | | | | 161,167 | | 161,167 |
| Purchased portfolios at 31 December | 2,438,754 | 1,777,929 | 3,126,004 | 414,956 | 1,135,157 | | 8,892,799 |

Full year, 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 | 1,884,537 | 657,269 | 1,454,467 | 804,830 | 1,411,502 | | 6,212,604 |
| Purchased loan portfolios, book value | | | | | | | |
| Purchased loan portfolios | 3,764,203 | 2,034,868 | 4,231,599 | 1,811,326 | 1,504,101 | | 13,346,098 |
| Share of participation in joint ventures ¹⁾ | | | | | 588,846 | | 588,846 |
| Purchased portfolios at 31 December | 3,764,203 | 2,034,868 | 4,231,599 | 1,811,326 | 2,092,948 | | 13,934,944 |

Full year, 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 | 1,452,986 | 348,760 | 1,155,918 | 378,069 | 776,020 | | 4,111,752 |
| Purchased loan portfolios, book value | | | | | | | |
| Purchased loan portfolios | 2,438,754 | 1,777,929 | 3,126,004 | 414,956 | 973,990 | | 8,731,632 |
| Share of participation in joint ventures ¹⁾ | | | | | 161,167 | | 161,167 |
| Purchased portfolios at 31 December | 2,438,754 | 1,777,929 | 3,126,004 | 414,956 | 1,135,157 | | 8,892,799 |

1) Refers to the book value of participation loan/notes in joint ventures with purchased loan portfolios

Note 4 – Purchased loan portfolios

Purchased loan portfolios

Purchased loan portfolios

All figures in NOK '000s

| | 2018 Quarter 4 | 2017 Quarter 4 | 2018 Full year | 2017 Full year |
|---|-------------------|-------------------|-------------------|-------------------|
| Opening balance | 12,641,704 | 6,577,177 | 8,731,632 | 4,751,878 |
| Acquired in business combinations | -53,104 | | 618,111 | |
| Purchase of loan portfolios | 1,466,970 | 1,950,693 | 6,212,604 | 4,111,752 |
| Gross cash collection from purchased loan portfolios | -1,168,514 | -723,453 | -3,997,380 | -2,552,281 |
| Interest income from purchased loan portfolios | 676,160 | 488,286 | 2,537,113 | 1,680,221 |
| Net credit gain/loss purchased loan portfolios | 2,645 | 22,363 | -57,625 | 76,919 |
| Book value sold purchased loan portfolios ¹⁾ | -866,195 | | -866,195 | |
| Exchange rate differences | 646,433 | 416,566 | 167,837 | 663,143 |
| Closing balance | 13,346,098 | 8,731,632 | 13,346,098 | 8,731,632 |

1) Book value of sold purchased loan portfolios is at an arm's length transaction price and is the sale of the entire portfolio

The face value of the closing balance of purchased loan portfolios amounts to NOK 131,935 million including accrued interest at 31 December 2018 (2017: NOK 95,681million).

Net credit gain/loss from purchased portfolios

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 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 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 revenues.

Quarter 4, 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 | -682 | 126 | -343,729 | 24,276 | -40,038 | -360,048 |
| Changes in future collection estimates | 273 | 1,959 | 310,245 | -9,331 | 42,503 | 345,648 |
| Net credit gain/(loss) from secured portfolios | -409 | 2,084 | -33,484 | 14,945 | 2,465 | -14,399 |
| <i>Unsecured portfolios:</i> | | | | | | |
| Collection above/(below) estimates | 28,435 | -322 | -5,328 | 9,793 | 7,413 | 39,990 |
| Changes in future collection estimates | -15,575 | 2,486 | -3,055 | 3,754 | -10,555 | -22,946 |
| Net credit gain/loss from unsecured portfolios | 12,860 | 2,164 | -8,383 | 13,546 | -3,142 | 17,044 |
| Net credit gain/(loss) from purchased loan portfolios | 12,451 | 4,248 | -41,868 | 28,491 | -677 | 2,645 |

Quarter 4, 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 | 217 | 788 | 39,613 | 5,817 | -1,141 | 45,294 |
| Changes in future collection estimates | 32 | 819 | -22,115 | -6,467 | 1,427 | -26,304 |
| Net credit gain/(loss) from secured portfolios | 249 | 1,607 | 17,499 | -650 | 286 | 18,990 |
| <i>Unsecured portfolios:</i> | | | | | | |
| Collection above/(below) estimates | 3,526 | -5,270 | -3,119 | 2,134 | 7,066 | 4,337 |
| Changes in future collection estimates | -469 | -2,539 | -685 | 308 | 2,421 | -964 |
| Net credit gain/(loss) from secured portfolios | 3,056 | -7,809 | -3,804 | 2,442 | 9,487 | 3,373 |
| Net credit gain/(loss) from purchased loan portfolios | 3,305 | -6,202 | 13,695 | 1,792 | 9,773 | 22,363 |

Full year, 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 | 5,599 | 5,161 | -158,336 | 68,322 | -92,138 | -171,392 |
| Changes in future collection estimates | -7,868 | -1,807 | 86,252 | -65,595 | 85,021 | 96,003 |
| Net credit gain/(loss) from secured portfolios | -2,269 | 3,353 | -72,084 | 2,727 | -7,117 | -75,390 |
| <i>Unsecured portfolios:</i> | | | | | | |
| Collection above/(below) estimates | 7,770 | -6,731 | 4,571 | 16,549 | 21,699 | 43,858 |
| Changes in future collection estimates | -14,194 | -12,451 | -2,922 | 6,330 | -2,856 | -26,094 |
| Net credit gain/loss from unsecured portfolios | -6,424 | -19,182 | 1,648 | 22,880 | 18,843 | 17,765 |
| Net credit gain/(loss) from purchased loan portfolios | -8,693 | -15,828 | -70,436 | 25,607 | 11,726 | -57,625 |

Full year, 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 | 629 | 8,992 | 162,818 | 6,814 | -933 | 178,320 |
| Changes in future collection estimates | -236 | 1,412 | -97,547 | -7,289 | 1,806 | -101,854 |
| Net credit gain/(loss) from secured portfolios | 393 | 10,404 | 65,271 | -475 | 873 | 76,466 |
| <i>Unsecured portfolios:</i> | | | | | | |
| Collection above/(below) estimates | 995 | -6,877 | 8,038 | 1,894 | 16,235 | 20,285 |
| Changes in future collection estimates | -3,396 | -20,878 | -10,762 | 779 | 14,425 | -19,833 |
| Net credit gain/(loss) from secured portfolios | -2,402 | -27,755 | -2,724 | 2,673 | 30,661 | 452 |
| Net credit gain/(loss) from purchased loan portfolios | -2,009 | -17,351 | 62,547 | 2,198 | 31,533 | 76,919 |

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 4 | 2017 Quarter 4 | 2018 Full year | 2017 Full year |
|---|-------------------|-------------------|-------------------|-------------------|
| Purchase of loan portfolios | -1,466,970 | -1,950,693 | -6,212,604 | -4,111,752 |
| Share of acquisition of portfolio in joint ventures | -167,033 | | -167,033 | |
| Net cash effect from portfolio sold to joint venture | 509,912 | | 509,912 | |
| Sale price sold loan portfolios | -4,458 | | -4,458 | |
| Change in prepaid/amounts due on purchase of loan portfolios | -251,554 | 183,538 | -4,459 | 38,813 |
| Net purchase of purchased loan portfolios, cash flow statement | -1,380,103 | -1,767,155 | -5,878,642 | -4,072,940 |

Note 5 – Financial instruments

Specific disclosures regarding purchased loan portfolios see note 4.

Fair value of financial instruments

| | Carrying amount | | | Fair value | | | |
|---------------------------------------|--------------------------------------|-------------------|-------------------|------------------|-------------------|----------------|-------------------|
| | Fair value over profit or loss | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| As at 31 December 2018 | | | | | | | |
| <i>All figures in NOK '000s</i> | | | | | | | |
| Financial assets | | | | | | | |
| Purchased loan portfolios | | 13,346,098 | 13,346,098 | | | 13,759,437 | 13,759,437 |
| Loans receivable | | 357,801 | 357,801 | | | 357,801 | 357,801 |
| Derivatives | 30,128 | | 30,128 | | 30,128 | | 30,128 |
| Other financial assets | 600,438 | 3,101 | 603,539 | 11,592 | 591,947 | | 603,539 |
| Total | 630,565 | 13,707,000 | 14,337,565 | 41,719 | 14,709,186 | | 14,750,905 |
| Financial liabilities | | | | | | | |
| Interest bearing loans and borrowings | | 10,828,286 | 10,828,286 | 7,059,811 | 3,733,667 | | 10,793,478 |
| Derivatives | 63,239 | | 63,239 | | 63,239 | | 63,239 |
| Contingent consideration | 157,342 | | 157,342 | | | 157,342 | 157,342 |
| Total | 220,581 | 10,828,286 | 11,048,867 | 7,059,811 | 3,796,906 | 157,342 | 11,014,059 |

| | Carrying amount | | | Fair value | | | | |
|---------------------------------------|---------------------|------------------------|-----------------------------------|------------------|------------------|------------------|------------------|------------------|
| | Held for trading | Loans & receivables | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| As at 31 December 2017 | | | | | | | | |
| <i>All figures in NOK '000s</i> | | | | | | | | |
| Financial assets | | | | | | | | |
| 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 |
| Total | 34,443 | 9,321,281 | | 9,355,724 | | 34,443 | 9,827,625 | 9,862,068 |
| Financial liabilities | | | | | | | | |
| 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 consideration | | | 75,592 | 75,592 | | | 75,592 | 75,592 |
| Total | 40,238 | | 6,929,379 | 6,969,617 | 5,467,590 | 1,849,027 | 75,592 | 7,392,209 |

Other financial assets include participation loan/notes 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 328 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 6-month floating interest, and the fair value of bond loans 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 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 is done in EUR.

The Group's bond loans are denominated in EUR and borrowings under the multi-currency revolving credit facility are drawn in NOK and PLN. To obtain a more balanced currency basket, the Group has entered into the following currency derivatives at 31 December 2018: (i) FX Forward of NOK 450 million against DKK, (ii) FX Forward of NOK 125 million against DKK, (iii) FX Forward of NOK 200 million against EUR, (iv) FX Forward of NOK 400 million against EUR, (v) FX Forward of NOK 284 million against SEK and (vi) FX Forward of NOK 425 million against SEK. The fair value of the currency derivatives was NOK -52.7 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 31 December 2018 was 79% with a duration of 4,15 years and the fair value of the interest rate hedging derivatives was NOK 19.6 million.

Net financial items

All figures in NOK '000s

| | 2018 | 2017 | 2018 | 2017 |
|---|-----------------|-----------------|-----------------|-----------------|
| | Quarter 4 | Quarter 4 | Full year | Full year |
| Interest income | 304 | 1,138 | 4,183 | 2,907 |
| Other financial income | 144 | 266 | 469 | 383 |
| Financial income | 449 | 1,404 | 4,652 | 3,290 |
| Interest expenses | -172,211 | -104,411 | -607,961 | -348,753 |
| Change in fair value of interest rate derivatives | -12,032 | -2,864 | -2,599 | -8,400 |
| Other financial expenses | -4,776 | -171 | -7,817 | -1,003 |
| Financial expenses | -189,020 | -107,447 | -618,378 | -358,157 |
| Realised exchange gain/(loss) | -29,234 | -17,767 | 48,645 | -39,039 |
| Unrealised exchange gain/(loss) | 118,760 | 52,123 | 34,639 | 90,787 |
| Change in fair value of currency derivatives | -49,983 | -14,370 | -39,311 | -33,465 |
| Net exchange gain/(loss) | 39,544 | 19,986 | 43,973 | 18,283 |
| Net financial items | -149,028 | -86,056 | -569,753 | -336,583 |

Note 6 - Interest bearing loans and borrowings

All figures in NOK '000s

| | As at 31 December 2018 | | As at 31 December 2017 | |
|--|------------------------|-------------------|------------------------|------------------|
| | Current | Non-current | Current | Non-current |
| Multi-currency revolving credit facility | | 3,674,189 | | 693,622 |
| Bond loan | | 7,094,618 | | 5,044,999 |
| Loans from non-controlling interests | | | | 76 |
| Multi-currency revolving term loan | | | 989,436 | |
| Short term interest bearing loans & borrowings | 363 | | | |
| Bank overdraft | 59,115 | | 125,655 | |
| Total | 59,478 | 10,768,807 | 1,115,091 | 5,738,696 |

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 2022, (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 several operational and financial covenants, including limits on certain key indicators, which have all been complied with as of 31 December 2018. There are no instalments required to be paid before maturity.

At 31 December 2018, NOK 1,950 million and PLN 780 million, in total EUR 377 million, was utilised from the EUR 470 million multi-currency revolving credit facility, leaving an available, undrawn amount of EUR 93 million. The multi-currency overdraft facility of EUR 40 million was utilised with EUR 6 million, leaving an available, undrawn amount of EUR 34 million at 31 December 2018.

The EUR 510 million multi-currency revolving credit is secured by guarantees issued by B2Holding ASA and a security packaged including some predefined guarantees, share pledges, bank account charges and pledge in intercompany 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 ¹⁾ NOK'000s |
|---|-----------------------------------|---------------------------|--|
| At 31 December 2017 | 369,520,598 | 36,952 | 2,087,317 |
| 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 |
| Exercise of employee share options on 24 August at an average subscription of 8.08 | 1,500,000 | 150 | 11,965 |
| Exercise of employee share options on 2 October at an average subscription of 10.55 | 1,000,000 | 100 | 10,450 |
| At 31 December 2018 | 409,032,598 | 40,903 | 2,835,895 |
| Exercise of employee share options on 25 January 2019 at an average subscription of 8,356 | 900,000 | 90 | 7,430 |
| At 28 February 2019 (date of completion of these interim condensed financial statements) | 409,932,598 | 40,993 | 2,843,325 |

1) Net proceeds after transaction costs

Note 8 – Share based payments

In October 2018, 450,000 new share options were granted at a weighted average exercise price of NOK 19.39. In September 2018 1,000,000 share options was exercised at a subscription price per share of NOK 10.55 and in January 2019 900,000 share options were exercised at a subscription price per share of NOK 8,356, both share price per share adjusted for dividends paid in June 2017 and 2018. At the date of these interim financial statements there are 17,275,000 share options outstanding.

Note 9 – Business combinations

Acquisition of NACC, France

On 14 March 2018, the Group acquired 100% of the shares in Negociation et Achat de Creances Contentieuses (“NACC”). The Q1 2018 interim financial statements presented a preliminary purchase price allocation of the NACC acquisition. At the beginning of Q4, the preliminary purchase price allocation was adjusted according to updated information on fair value of purchased loan portfolio and contingent consideration at acquisition date. As a result, the purchased loan portfolio net of deferred tax decreased with NOK 35 million and contingent consideration decreased with NOK 10 million, with a corresponding increase in goodwill of NOK 25 million. The changes have no material effects on reported profit or loss amounts in previous interim consolidated financial statements.

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 4 | 2017 Quarter 4 | 2018 Full year | 2017 Full year |
|--|-------------------|-------------------|-------------------|-------------------|
| Operating profit (EBIT) | 326 | 301 | 1,378 | 984 |
| Add back depreciation and amortisation of tangible and intangible assets | 18 | 10 | 56 | 36 |
| EBITDA | 344 | 311 | 1,434 | 1,020 |
| Total revenues¹⁾ | 753 | 622 | 2,906 | 2,083 |
| Add back amortisation/revaluation of purchased loan portfolios | 490 | 213 | 1,518 | 795 |
| Cash revenue¹⁾ | 1,242 | 835 | 4,424 | 2,878 |
| Operating profit (EBIT) | 326 | 301 | 1,378 | 984 |
| Add back amortisation/revaluation of purchased loan portfolios | 490 | 213 | 1,518 | 795 |
| Add back depreciation & amortisation | 18 | 10 | 56 | 36 |
| Cash EBITDA | 833 | 524 | 2,952 | 1,815 |

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

Administration & management costs

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

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.

Available investment capacity

Available investment capacity includes cash and short-term deposit (less NOK 200million 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.

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.

Cash margin

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

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.

Cost other revenues

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

Cost to collect

Cost to collect is all external and internal operating costs related to the Group's collection business.

EBITDA

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

ERC

Estimated remaining collection (ERC) expresses the gross cash collection in nominal values expected to be collected in the future from the purchased loan portfolios owned at the reporting date and the Group's share of gross cash collection on portfolio purchased and held in joint ventures.

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.

Gross cash collection

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

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 borrowing

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

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 decreases revenues.

Operating cash flow per share

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

Other operating revenues

Other operating revenues includes revenue from external collection, interest on loan receivables as well as subscription income for credit information, telemarketing and other services which is recognised proportionately over the term of the underlying service contract which is usually one year.

Profit margin

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

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).

Segment Central Europe

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

Segment Northern Europe

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

Segment South Eastern Europe

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

Segment Western Europe

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

Financial year 2019

| | |
|------------------------|------------|
| Quarterly report – Q1 | 24.05.2019 |
| Half-yearly report | 30.08.2019 |
| Quarterly report – Q3 | 22.11.2019 |
| Quarterly report – Q4 | 28.02.2020 |
| Annual General Meeting | 24.05.2019 |

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