

**Q1**

First quarter  
report 2017

## Summary

**B2Holding showed record strong operating performance in the first quarter of 2017, resulting in a record high EBITDA and operating margin. The gross collection was better than the expected gross collection curves, and good cost control was maintained. The Group is well positioned for further growth with operating platforms in 18 markets and with significant investment capacity.**

### First quarter 2017

- Gross cash collection from purchased portfolios increased with 39% to NOK 575 million (413), after all time high cash collection
- Revenues increased with 60% to NOK 446 million (279)
- Operating profit increased with 151% to NOK 213 million (85) after record strong operations
- Cash EBITDA ended at NOK 399 million (272) an increase of 47%
- Portfolio acquisitions ended at NOK 340 million, well diversified in all segments and includes portfolios acquired in new entered markets, Italy, Czech republic and Bosnia-Herzegovina
- ERC<sup>1)</sup> at period end of NOK 9,852 million (6,822) an increase of 44% compared to same period in 2016

(Comparable numbers for Q1 2016 in brackets)

(NOK million)	Quarter 1 2017	Quarter 1 2016	Change %	Full year 2016
Total operating revenues	446.4	279.1	59.9 %	1,396.1
EBITDA	221.0	92.1	139.9 %	545.5
Operating profit (EBIT)	213.0	84.8	151.3 %	515.7
Profit margin	47.7 %	30.4 %		36.9 %
Cash Revenue	624.7	458.7	36.2 %	2,060.6
Cash EBITDA	399.3	271.7	46.9 %	1,210.1
Profit for the period after tax	103.8	-1.9	n/a	181.1
Earnings per share (EPS), basic	0.28	-0.01	n/a	0.53
Cash flow from operating activities	211.2	135.2	56.2 %	802.4
Operating cash flow per share	0.57	0.43	32.6 %	2.34
Portfolio acquisitions <sup>1)</sup>	339.9	448.0	-24.1 %	2,583.6
Cash collection from portfolios	574.8	413.1	39.2 %	1,870.4
ERC (at end of month) <sup>1)</sup>	9,851.7	6,821.6	44.4 %	

1) Including the Group's share of portfolio acquired and held in joint venture  
(See page 14 for definition of alternative performance measures (APM) and note 7 for reconciliation of APMs to the financial statements)

## Operations

**The first quarter of 2017 showed strong operations. B2Holding acquired portfolios in all the groups markets, included portfolio purchase in three new countries in Central Europe. Portfolios purchases through forward flow arrangements and smaller portfolios increased significantly. Operations in Italy were established. B2Holding has now access to the largest NPL market in Europe.**

### Operational review

B2Holding showed high collection in the first quarter, and especially Poland and Central Europe achieved substantial higher gross cash collections than expected. Due to seasonality, the first quarter is normally a quarter with lower portfolio purchase activity. B2Holding successfully acquired portfolios for NOK 340 million in the quarter. There were no single large portfolio acquisitions in the quarter, as was the case in first quarter last year, and as such we have seen a significant increase in smaller portfolio purchases including portfolios from forward flow agreements. The Group acquired portfolios in all markets, including our first secured portfolio in Bulgaria. Furthermore, we also acquired portfolios in Italy, Czech Republic and Bosnia-Herzegovina.

During the first quarter, B2Holding continued its geographic expansion and established an operation in Italy with headquarters in Rome. We see Italy as a large potential market going forward, with an increasing number of portfolios being sold. We also acquired a 3rd party collection business in Lithuania, SVC (UAB Skolu Valdymo Centras). In connection with the acquisition of the secured portfolio in Bulgaria, a secured work out team has been established at DCA in Sofia. The secured portfolio acquired in the Czech Republic, will be serviced by our office in Prague. In Greece, the license application was submitted during the first quarter, and we are hopeful for a decision by the Bank of Greece during the third quarter. The Group will continue to focus on improving efficiency in its operations, and to further utilize the strong competence and resources we have in the group.

### Corporate matters

The shares of B2Holding ASA were from 1<sup>st</sup> December 2016 included in the Oslo Børs Benchmark Index (OSEBX) with a "market cap" of NOK 5,481 million as of end of March 2017. The paid in capital of NOK 2,120 million and accumulated profit as of end of March 2017, represents an equity ratio of 40.3%. In order to support the growth strategy, the Group issued on 4<sup>th</sup> October 2016 a EUR 175 million (2016/2021) senior unsecured bond loan, in addition to the unsecured bond loan issued 4<sup>th</sup> December 2015 of EUR 150 million (2015/2020). Both bond loans are listed on Oslo Stock Exchange.

The Group is further financed with a senior secured multi-currency revolving credit facility (RCF) of EUR 260 million with DNB Bank ASA and Nordea Bank Norge ASA, which includes a multi-currency cash pool with a EUR 20 million overdraft facility.

As of 31<sup>st</sup> March 2017 the Group had NOK 1,845 million in available investment capacity in addition to the strong operating cash flow from collection of the current portfolio investments.

### Outlook

As previously stated, the second half of the year is typically strongest in the debt purchasing industry. We do however see a large portfolio pipeline going forward, but the timing of the closing of transactions, especially in connection with larger acquisitions, is often something we cannot fully control. With an established operation in Italy, we have gained access to the largest NPL market in Europe. We have identified several opportunities in Italy going forward, and further portfolio purchases should be expected.

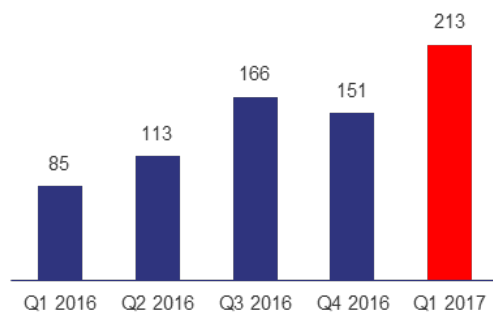
With the submission of the license application in Greece, we are set to increase activity in the Greek market during the second half of 2017. We see Greece as an interesting market with currently less competition than other markets of its size due to the licence requirements.

B2Holding is continuously evaluating new expansion opportunities in both existing and new markets, and further expansion can be expected if attractive opportunities are identified. As communicated in previous quarters, we will continue to focus on developing and streamlining our operations, in order to improve output and operating margin.

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

## Financials

**The Group recorded a record high operating profit of NOK 213 million in the first quarter 2017, an increase of NOK 128 million (151%) compared to the first quarter of 2016. The operations continued the strong collection performance from the fourth quarter of 2016 into the first quarter of 2017, with all time high gross cash collection.**

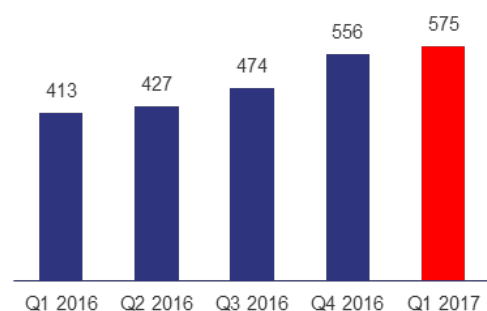


Operating profit (NOKm)

### Revenues, expenses and profits

Total operating revenues for the quarter amounted to NOK 446 million, an increase of NOK 167 million (60%) from the first quarter of 2016. This was mainly due to high activity in portfolio acquisitions and the entering of new markets in 2016. Compared to the fourth quarter of 2016 total operating revenues increased with NOK 31 million.

Gross cash collections from purchased loan portfolios ended in the quarter at NOK 575 million. This corresponds to an increase of NOK 162 million (39%) compared to the same period in 2016. Both Poland, Central Europe and Southeastern Europe collected more than expected and Northern Europe continued the solid performance from 2016. As the first quarter normally is a slow quarter, a collection of NOK 19 million above the fourth quarter 2016 is solid.



Gross cash collection (NOKm)

Operating expenses excluding depreciation and amortisation increased with NOK 51 million (27%) compared to the first quarter of 2016, and increased less than the increase in collections and revenues. Operating expenses increased due to entry into new markets, higher activity in collection and increased legal cost in

Poland. In Poland, the Group has continued the process from fourth quarter to invest in future cash collection by entering a high number of claims into the legal system. This is due to updated collection strategy and as a protection from potential new legislation that might cause certain claims to be time barred. It is expected that the extended filings are optimal for the legal collection process that will increase collections.

The Group's share of profit from the joint venture owning a secured portfolio in Romania ended in the first quarter on NOK 13 million.

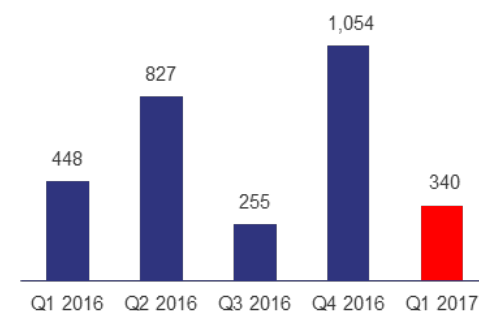
Net financial items ended in the first quarter with a net expense of NOK 75 million, of which NOK 74 million interest expenses related to the external financing of the Group and NOK 1 million in net exchange loss.

Profit after tax for the period ended at NOK 104 million, representing an increase of NOK 106 million when comparing to the same period last year.

### Cash flows

Operating cash flow of NOK 211 million in the period was NOK 76 million (56%) above the same period 2016. The increase is mainly due to higher cash collection, reduced by increased interest payments and change in working capital items mainly related to high activity in end of fourth quarter 2016 that was paid in first quarter 2017.

Cash flow used in investing activities ended at NOK 347 million, mainly related to portfolio purchases.



Portfolio purchases (NOKm)

Net cash flow from financing activities ended at NOK 125 million. Interest bearing loans at the end of the quarter amounted to NOK 3,406 million compared to NOK 3,218 million at year-end 2016.

Board of Directors, B2Holding ASA, 23<sup>rd</sup> May 2017

## Condensed consolidated income statement

All figures in NOK '000s unless otherwise stated

		2017	2016	2016
	Notes	Quarter 1	Quarter 1	Full year
Revenue from purchased loan portfolios		396,511	233,430	1,205,942
Other operating revenues		49,891	45,677	190,199
<b>Total operating revenues</b>	3	<b>446,402</b>	<b>279,107</b>	<b>1,396,141</b>
External expenses of services provided		-84,902	-52,627	-243,665
Personnel expenses		-93,696	-80,888	-358,824
Other operating expenses		-59,421	-53,491	-248,198
Depreciation and amortisation of tangible and intangible assets		-8,010	-7,334	-29,875
Profit from shares and participation in associated companies and joint ventures		12,606		152
<b>Operating profit (EBIT)</b>	3	<b>212,979</b>	<b>84,766</b>	<b>515,731</b>
Financial income		394	695	9,730
Financial expenses	4	-74,213	-56,979	-231,960
Net exchange gain/(loss)	4	-718	-22,656	-66,138
<b>Net financial items</b>		<b>-74,537</b>	<b>-78,940</b>	<b>-288,367</b>
<b>Profit before tax</b>		<b>138,441</b>	<b>5,826</b>	<b>227,364</b>
Income tax expense		-34,610	-7,714	-46,288
<b>Profit for the period after tax</b>		<b>103,831</b>	<b>-1,887</b>	<b>181,077</b>
<b>Profit attributable to:</b>				
Parent company shareholders		104,021	-1,840	181,575
Non-controlling interests		-190	-47	-498
Basic earnings per share		0.28	-0.01	0.53
Diluted earnings per share		0.28	-0.01	0.52

## Consolidated statement of comprehensive income

All figures in NOK '000s unless otherwise stated

		2017	2016	2016
		Quarter 1	Quarter 1	Full year
<b>Profit for the period after tax</b>		<b>103,831</b>	<b>-1,887</b>	<b>181,077</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		103,090	-5,748	-96,755
Hedging of currency risk in foreign operations		-16,350		
Tax attributable to items that may be reclassified to profit or loss		4,088		
<b>Other comprehensive income for the period, net of tax</b>		<b>90,828</b>	<b>-5,748</b>	<b>-96,755</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>194,659</b>	<b>-7,635</b>	<b>84,322</b>
<b>Profit attributable to:</b>				
Parent company shareholders		194,859	-7,608	84,741
Non-controlling interests		-200	-27	-419

## Condensed consolidated statement of financial position

All figures in NOK '000s unless otherwise stated

		2017	2016	2016
	Notes	31 March	31 March	31 December
Tangible and intangible assets		93,135	93,598	90,529
Goodwill		409,205	310,742	394,800
Purchased loan portfolios	3,4	5,050,551	3,379,207	4,751,878
Other long term financial assets	4	519,474	274,662	507,261
Deferred tax asset		72,570	23,731	64,004
<b>Total non-current assets</b>		<b>6,144,935</b>	<b>4,081,940</b>	<b>5,808,473</b>
Other short term assets		131,662	94,778	122,805
Cash and short term deposits		222,807	273,046	217,608
<b>Total current assets</b>		<b>354,468</b>	<b>367,824</b>	<b>340,413</b>
<b>Total assets</b>		<b>6,499,403</b>	<b>4,449,764</b>	<b>6,148,886</b>
Equity attributable to parent company's shareholders	6	2,622,149	1,667,772	2,426,417
Equity attributable to non-controlling interests		-1,728	-1,135	-1,528
<b>Total equity</b>		<b>2,620,421</b>	<b>1,666,637</b>	<b>2,424,889</b>
Long term interest bearing loans and borrowings	4,5	3,395,689	2,470,636	3,217,715
Deferred tax liabilities		56,272	54,949	51,027
Other long term liabilities	4	76,956	32,175	64,528
<b>Total non-current liabilities</b>		<b>3,528,918</b>	<b>2,557,760</b>	<b>3,333,270</b>
Accounts and other payables		82,105	68,277	156,486
Income taxes payable		83,028	28,936	62,097
Other current liabilities	4,5	184,931	128,154	172,142
<b>Total current liabilities</b>		<b>350,064</b>	<b>225,367</b>	<b>390,726</b>
<b>Total equity &amp; liabilities</b>		<b>6,499,403</b>	<b>4,449,764</b>	<b>6,148,886</b>

## Condensed consolidated statement of changes in equity

All figures in NOK '000s unless otherwise stated

	2017			2016		
	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>2,426,417</b>	<b>-1,528</b>	<b>2,424,889</b>	<b>1,672,820</b>	<b>-909</b>	<b>1,671,911</b>
Profit for the period after tax	104,021	-190	103,831	-1,840	-47	-1,887
Other comprehensive income for the period, net of tax	90,838	-10	90,828	-5,768	20	-5,748
<b>Total comprehensive income</b>	<b>194,859</b>	<b>-200</b>	<b>194,659</b>	<b>-7,608</b>	<b>-27</b>	<b>-7,635</b>
Issue of share capital				800		800
Share based payments	873		873	1,760		1,760
Dividends to non-controlling interests					-199	-199
<b>At 31 March</b>	<b>2,622,149</b>	<b>-1,728</b>	<b>2,620,421</b>	<b>1,667,772</b>	<b>-1,135</b>	<b>1,666,637</b>

## Condensed consolidated statement of cash flows

All figures in NOK`000s unless otherwise stated

	Notes	2017 Quarter 1	2016 Quarter 1	2016 Full year
<b>Cash flow from operating activities</b>				
Profit for the period before tax		138,441	5,826	227,364
Amortisation/revaluation of purchased loan portfolios	3	178,286	179,629	664,446
Adjustment other non-cash items		6,676	9,096	37,414
Interest expense on interest bearing loans		73,083	50,940	227,315
Interest paid on interest bearing loans and borrowings		-64,862	-46,540	-183,761
Unrealised foreign exchange differences		-7,026	24,753	180,046
Income tax paid during the year		-11,531	-5,798	-60,393
Change in working capital		-124,385	-64,660	-15,161
Change in other balance sheet items		22,508	-18,051	-274,865
<b>Net cash flow from operating activities</b>		<b>211,190</b>	<b>135,194</b>	<b>802,406</b>
<b>Cash flow from investing activities</b>				
Purchase of loan portfolios	3,4	-339,857	-447,985	-2,431,717
Net investments in intangible and tangible assets		-7,042	-2,877	-26,849
Investments in business acquisitions			-160,733	-254,642
<b>Net cash flow from investing activities</b>		<b>-346,899</b>	<b>-611,596</b>	<b>-2,713,208</b>
<b>Cash flow from financing activities</b>				
Net new share issue			800	662,151
Net receipts/(payments) on interest bearing loans and borrowings		125,118		738,135
Dividends paid to non-controlling interests			-199	-199
<b>Net cash flow from financing activities</b>		<b>125,118</b>	<b>601</b>	<b>1,400,087</b>
<b>Net cash flow during the period</b>		<b>-10,591</b>	<b>-475,801</b>	<b>-510,715</b>
Cash and cash equivalents at beginning of the period		217,608	764,678	764,678
Exchange rate difference on cash and cash equivalents		5,930	-15,831	-36,355
<b>Cash and cash equivalents at end of the period</b>		<b>212,947</b>	<b>273,046</b>	<b>217,608</b>
<i>Cash and cash equivalents comprised of:</i>				
Cash and short term deposits		222,807	273,046	217,608
Bank overdraft		-9,859		

## 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.

This condensed consolidated interim financial report for the first quarter ended 31 March 2017 has been prepared in accordance with Accounting Standard IAS 34 *Interim Financial Reporting*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2016, which has been prepared in accordance with IFRS, as adopted by the EU. The consolidated financial statements for 2016 are available upon request from the company and at [www.b2holding.no](http://www.b2holding.no).

The accounting policies adopted are consistent with those applied in the preparation of the consolidated financial statements for 2016 and no new amendments or standards in the current reporting period have material impact on the condensed consolidated interim financial statements.

The financial information for the quarters ended 31 March 2017 and 31 March 2016, and this interim financial report are unaudited. The financial report was approved by the Board of Directors on 23 May 2017.

#### **Change in presentation of financial information:**

From the first quarter 2017 the presentation of financial statements for the Group has been updated and is from first quarter presented in a more condensed version. The presentation was changed to emphasise the core business of the Group, and has no impact on equity or profit and loss. All comparable numbers are in the updated format. The Group has from first quarter updated segmental information, see note 3 for further information.

### Note 2 – Estimates

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 2016.

### Note 3 – Segment reporting

For management purposes, the Group is organised into a single business divided 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. Regional performance is evaluated based on the operating results and cash collections from purchased loan portfolios and is consistent with the equivalent figures that are reported in the consolidated financial statements. Internal transactions between the geographical regions are eliminated on consolidation and are reflected in the "Central functions/eliminations" column. They are transacted on an arm's length basis in a manner similar to transactions with fourth parties.

Financing and taxes are managed on a Group basis and are disregarded by Executive Management for decision making purposes at the regional level.

The results, assets and liabilities of the parent company, the holding company in the Netherlands, and the holding company and investment office in Luxembourg are reported as 'Central functions'.

Southeastern Europe was included as a segment after acquiring the DCA group of companies in second quarter 2016.

Northern Europe has previously been reported as Norway, Finland & Estonia, Sweden and Latvia. Central Europe has previously been reported as West SEE, and Southeastern Europe as East SEE.

#### Quarter 1, 2017

*All figures in NOK '000s unless otherwise stated*

	Northern Europe	Poland	Central Europe	South- eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	149,369	208,841	167,399	49,188		574,797
Amortisation/revaluation of purchased loan portfolios	-68,885	-57,047	-43,639	-8,715		-178,286
<b>Revenue from purchased loan portfolios</b>	<b>80,484</b>	<b>151,795</b>	<b>123,760</b>	<b>40,473</b>		<b>396,511</b>
Revenue from external collection	21,744		1,204	2,125		25,073
Other operating revenues	3,574	20,646	1,573	4	-979	24,817
<b>Total operating revenues</b>	<b>105,802</b>	<b>172,440</b>	<b>126,537</b>	<b>42,602</b>	<b>-979</b>	<b>446,402</b>
Depreciation and amortisation of tangible and intangible fixed assets	-1,286	-5,528	-779	-329	-88	-8,010
Profit from shares and participation in associated companies and joint ventures				12,606		12,606
<b>Operating profit (EBIT)</b>	<b>46,378</b>	<b>61,539</b>	<b>92,627</b>	<b>30,998</b>	<b>-18,564</b>	<b>212,979</b>

#### Quarter 1, 2016

*All figures in NOK '000s unless otherwise stated*

	Northern Europe	Poland <sup>1)</sup>	Central Europe	South- eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	123,401	212,303	77,355			413,059
Amortisation/revaluation of purchased loan portfolios	-55,265	-93,920	-30,444			-179,629
<b>Revenue from purchased loan portfolios</b>	<b>68,136</b>	<b>118,383</b>	<b>46,911</b>			<b>233,430</b>
Revenue from external collection	23,775					23,775
Other operating revenues	4,829	16,540	794		-261	21,902
<b>Total operating revenues</b>	<b>96,740</b>	<b>134,923</b>	<b>47,705</b>		<b>-261</b>	<b>279,107</b>
Depreciation and amortisation of tangible and intangible fixed assets	-1,339	-5,564	-365		-66	-7,334
Profit from shares and participation in associated companies and joint ventures						
<b>Operating profit (EBIT)</b>	<b>42,010</b>	<b>39,838</b>	<b>28,377</b>		<b>-25,459</b>	<b>84,766</b>

1) Included expenses from the holding company and investment office in Luxembourg. In 2017, these expenses are included in the segment Central functions. In addition; cash flow, revenue and expenses from purchased loan portfolio in Romania owned by Luxembourg are included in figures for 2016. In 2017, these figures are included in the operating segment Southeastern Europe. Cash collection from these portfolios amounted to NOK 9.2 million in first quarter 2016.

**Quarter 1, 2017**

All figures in NOK '000s unless otherwise stated

	Northern Europe	Poland	Central Europe	South- eastern Europe	Central functions / eliminations	Total
Purchase of loan portfolios in the period	160,810	56,530	63,862	58,655		339,857
<b>Purchased portfolios, book value</b>						
Purchased loan portfolios	1,375,531	1,621,747	1,821,900	231,373		5,050,551
Share of participation in joint ventures <sup>1)</sup>				152,612		152,612
<b>Purchased portfolios at 31 March</b>	<b>1,375,531</b>	<b>1,621,747</b>	<b>1,821,900</b>	<b>383,985</b>		<b>5,203,163</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.

**Quarter 1, 2016**

All figures in NOK '000s unless otherwise stated

	Northern Europe	Poland	Central Europe	South- eastern Europe	Central functions / eliminations	Total
Purchase of loan portfolios in the period	105,395	342,590				447,985
<b>Purchased portfolios, book value</b>						
Purchased loan portfolios	915,196	1,634,360	829,651			3,379,207
<b>Purchased portfolios at 31 March</b>	<b>915,196</b>	<b>1,634,360</b>	<b>829,651</b>			<b>3,379,207</b>

**Note 4 - Financial instruments**

**Purchased loan portfolios**

All figures in NOK '000s unless otherwise stated

	Quarter 1 2017	Quarter 1 2016	Full year 2016
Opening balance	4,751,878	3,167,628	3,167,628
Acquired in business combinations			96,472
Acquisition of portfolios, net of put-backs	339,857	447,985	2,431,717
Cash collections	-574,797	-413,059	-1,870,388
Interest recognised on portfolios	361,571	278,734	1,231,984
Net change in portfolio collection estimates	34,940	-45,304	-26,043
Exchange rate differences	137,102	-56,777	-279,492
<b>Closing balance</b>	<b>5,050,551</b>	<b>3,379,207</b>	<b>4,751,878</b>

Net change in portfolio collection estimates is the net amount of i) actual cash collection above/below the expected in the collection curves for the reporting period ii) less/added revaluation of expected future cash collection. Cash collection above or below the expected in the collection curves has previously been included in "interest recognised on portfolios". The positive amount in "net change in portfolio estimates" is mainly related to solid performance in Central Europe (NOK 6.3 million), Poland (NOK 23.2 million) and Southeastern Europe (NOK 4.0 million)

Management reviews and evaluates the cash flow forecast for all portfolios on a quarterly basis or more often for certain portfolios. The revaluation amount is calculated as the net present value of the difference in the cash flow from revised cash flow estimates.

**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 31 March 2017</b>								
<i>All figures in NOK '000s</i>								
<b>Financial assets</b>								
Purchased loan portfolios		5,050,551		5,050,551			5,268,455	5,268,455
Loans receivable		346,546		346,546			346,546	346,546
Other financial assets		168,578		168,578			168,578	168,578
<b>Total</b>		<b>5,565,675</b>		<b>5,565,675</b>			<b>5,783,578</b>	<b>5,783,578</b>
<b>Financial liabilities</b>								
Interest bearing loans and borrowings			3,405,548	3,405,548	3,161,001	513,981		3,674,982
Derivatives	19,211			19,211		19,211		19,211
Contingent considerations			68,615	68,615			68,615	68,615
<b>Total</b>	<b>19,211</b>		<b>3,474,164</b>	<b>3,493,375</b>	<b>3,161,001</b>	<b>533,192</b>	<b>68,615</b>	<b>3,762,808</b>

Other financial assets includes participation loan to joint venture.

	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 2016</b>								
<i>All figures in NOK '000s</i>								
<b>Financial assets</b>								
Purchased loan portfolios		4,751,878		4,751,878			5,089,454	5,089,454
Loans receivable		311,296		311,296			311,296	311,296
Derivatives	15,467			15,467		15,467		15,467
Other financial assets		192,030		192,030			192,030	192,030
<b>Total</b>	<b>15,467</b>	<b>5,255,205</b>		<b>5,270,672</b>		<b>15,467</b>	<b>5,592,780</b>	<b>5,608,247</b>
<b>Financial liabilities</b>								
Interest bearing loans and borrowings			3,217,715	3,217,715	3,036,528	352,010		3,388,537
Derivatives								
Contingent considerations			68,001	68,001			68,001	68,001
<b>Total</b>			<b>3,285,716</b>	<b>3,285,716</b>	<b>3,036,528</b>	<b>352,010</b>	<b>68,001</b>	<b>3,456,539</b>

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 271.6 million (5%). 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 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.

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

Level 1: the input is quoted prices (unadjusted) in an active market for identical assets or liabilities.

Level 2: the input is prices, other than quoted prices included in level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. calculated from prices).

Level 3: the input to the asset or liability is not based on observable market data (non-observable input).

#### Contingent considerations

All figures in NOK '000s

	Credit-reform	DCA	Consequence	Total
<b>At 31 December 2016</b>	<b>6,794</b>	<b>60,070</b>	<b>1,138</b>	<b>68,001</b>
Exchange differences	60	541	11	613
<b>At 31 March 2017</b>	<b>6,855</b>	<b>60,611</b>	<b>1,149</b>	<b>68,615</b>

#### 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), Bosnian Convertible Mark (BAM) 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 SEK and PLN. To obtain a more balanced currency basket, the Group has entered into the following currency derivatives at 31 March 2017 (i) Cross currency swap of SEK 225 million against EUR and (ii) FX Swaps of PLN 350 million against EUR. At 31 March 2017, net borrowings amounted to NOK 3,273 million. Adjusted for the currency derivatives mentioned above, the net borrowings represented a currency basket comprising EUR: 54%, PLN: 37% and SEK: 10%.

##### 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 March 2017 was 63% with a duration of 2.5 years.

#### Net gain/(loss) on financial instruments at fair value

All figures in NOK '000s

	Quarter 1 2017	Quarter 1 2016	Full year 2016
Interest derivatives	54	-5,948	2,738
Currency derivatives	-34,171	4,603	31,323
<b>Total</b>	<b>-34,117</b>	<b>-1,345</b>	<b>34,061</b>

Unrealised gain/(loss) on derivative financial instruments are presented as part of "Financial expenses" for interest contracts and "Net exchange gain/(loss)" for the currency contracts.

#### Note 5 - Interest bearing loans and borrowings

All figures in NOK '000s

	As at 31 March 2017		As at 31 December 2016	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility		503,603		351,495
Bond loan		2,891,567		2,865,705
Loans from non-controlling interests		519		515
Bank overdraft	9,859			
<b>Total</b>	<b>9,859</b>	<b>3,395,689</b>		<b>3,217,715</b>

The Group is financed by the following loans; (i) A EUR 260 million senior secured multi-currency revolving credit facility agreement, including a multi-currency cash pool with a EUR 20 million overdraft, which matures in August 2019, (ii) a EUR 150 million senior unsecured bond with maturity in December 2020, and issued in October 2016, and (iii) a EUR 175 million senior unsecured bond with maturity in October 2021.

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 facility. 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 March 2017. There are no instalments to be paid before maturity.

At 31 March 2017, PLN 210 million and SEK 100 million, in total EUR 60 million, was utilised from the EUR 240 million multi-currency revolving credit facility, leaving an available, undrawn amount of EUR 180 million. The multi-currency overdraft facility of EUR 20 million was utilised with EUR 1 million, leaving an available, undrawn amount of EUR 19 million at 31 March 2017.

The EUR 260 million multi-currency revolving credit facility is secured by guarantees issued by B2Holding ASA, a share pledge over B2Holding ASA's 100% directly owned subsidiaries, an account charge over a number of pre-defined B2Holding ASA bank accounts, and a pledge over the intra-group loan receivables from B2Holding ASA to its subsidiaries. The Bond Loans are unsecured.

## Note 6 – 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 NOK'000s
<b>At 31 December 2016</b>	369,120,598	36,912	2,083,216
<b>At 31 March 2017</b>	369,120,598	36,912	2,083,216
<b>At 23 May 2017 (date of completion of these interim condensed financial statements)</b>	369,120,598	36,912	2,083,216

## Note 7 – Alternative performance measures

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

*All figures in NOK million*

	Quarter 1 2017	Quarter 1 2016	Full year 2016
<b>Operating profit (EBIT)</b>	213.0	84.8	515.7
Add back depreciation and amortisation of tangible and intangible assets	8.0	7.3	29.9
<b>EBITDA</b>	<b>221.0</b>	<b>92.1</b>	<b>545.6</b>
<b>Total operating revenues</b>	446.4	279.1	1,396.1
Add back amortisation/revaluation of purchased loan portfolios	178.3	179.6	664.4
<b>Cash Revenue</b>	<b>624.7</b>	<b>458.7</b>	<b>2,060.6</b>
<b>Operating profit (EBIT)</b>	213.0	84.8	515.7
Add back amortisation/revaluation of purchased loan portfolios	178.3	179.6	664.4
Add back depreciation & amortisation	8.0	7.3	29.9
<b>Cash EBITDA</b>	<b>399.3</b>	<b>271.7</b>	<b>1,210.1</b>

## Definitions

### Profit margin

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

### 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 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. 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 Central Europe

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

### Segment Northern Europe

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

### Segment Southeastern Europe

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

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**Financial year 2017**

Quarterly report – Q1 24.05.2017  
Half-yearly report 25.08.2017  
Quarterly report – Q3 24.11.2017  
Quarterly report – Q4 28.02.2018

Annual General Meeting 24.05.2017

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