

**1,224**  
**1,331**  
EMPLOYEES

---

**3.45**  
**3.99**  
MILLION CLAIMS

---

**4,430**  
**6,492**  
ESTIMATED REMAINING COLLECTIONS

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## This is B2Holding

### A leading pan-European debt specialist

B2Holding AS ("B2Holding" or "Company") provides debt solutions for banks and institutional vendors.

Since starting its activities at the end of 2011, B2Holding has grown rapidly and has established itself as one of the leading players in the markets where the Group operates.

B2Holding's head office is located in Oslo. The Group has full operations in 10 European countries, portfolios in 4 countries and offices in 4 additional countries. B2Holding has a stated strategy for further growth, mainly in Central and Eastern Europe.



#### Operations and portfolios:

Norway  
Sweden  
Finland  
Estonia  
Latvia  
Poland  
Croatia  
Serbia  
Slovenia  
Montenegro

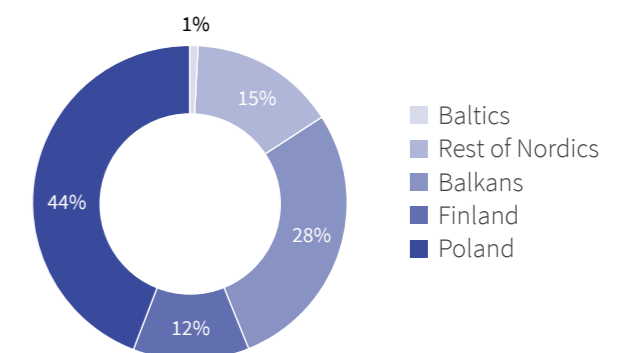
#### Portfolios – no operations:

Italy  
Lithuania  
Denmark  
Romania

#### Offices:

Austria  
Luxembourg  
Netherlands  
Czech Republic

#### Estimated remaining collections (ERC) per 31.12.15



## Making each other better

### We share expertise, data and best practice

across the B2Holding companies and in so doing build better local operations within the Group.

### We are a reliable business partner

for banks and other institutional vendors, providing professional solutions for non-performing and other debt.

### We have the ability to find amicable solutions

for individual debtors with payment challenges, to help them back on track.

**We help manage society's debt problems,** and through our operations, we contribute towards greater capital efficiency in the economy.

## Key figures

Purchased loan portfolios  
NOKm

2013  
562

2014  
2,016

2015  
3,168

**6,492**  
ERC

Gross collection from purchased loan portfolios  
NOKm

2013  
331

2014  
630

2015  
1,339

We own  
**3.99**  
million claims

Cash EBITDA  
NOKm

2013  
241

2014  
333

2014  
829

Face value  
**44,221**  
acquired portfolio

**1,331**  
employees

### Key financial figures

	2014	2015
Total operating revenues	510,226	1,076,239
Operating profit	91,484	377,204
Profit before tax	71,551	243,300
Net interest bearing debt		
Total assets	2 960,142	4,707,985
Equity ratio	46 %	36 %
EPS	0.24	0.63

## Message from the CEO: Strong platform for further growth



**Although B2Holding remains a relatively young venture, the Group's management and many of its subsidiaries have significant industry experience. We have now completed the first stage of our growth strategy. We have secured a solid platform for further growth, and will take the next step forward in 2016. This will include an initial public offering (IPO) on the Oslo Stock Exchange.**

2015 was a busy year for B2Holding. The Group owns portfolios in 14 European countries, and has collection platforms in ten countries. During the year we made a number of major portfolio acquisitions, primarily in the Balkans, Finland and Poland.

One of the Group's stated strategies is to pursue continued strong growth. We will expand by acquiring both portfolios and companies. This growth will be achieved in the countries in which B2Holding is already established, and at the same time we will seek to identify new opportunities in geographical proximity to our existing markets.

B2Holding operates in a capital-intensive and knowledge-based industry, in which individual employees will continue to play a key role in creating a strong and competitive Group with an excellent reputation. During 2015, we have built the Group further, both in terms of capital and knowledge base.

In November we completed a refinancing arrangement with two leading Nordic banks which significantly increased the Group's investment capacity. In the same month, B2Holding issued its first bond loan. Together with the strong cash flow expected in 2016, this will provide the Group with the financial muscle to continue its strategy for further growth.

In 2015 we also made significant progress in establishing efficient systems and a shared expertise base at Group level. During the year we established our new Investment Office in Luxembourg. This office, which we will present in further detail in this annual report, will make a key contribution to the further development of B2Holding.

Local businesses play a decisive role in our sector. B2Holding fully acknowledges this, and our local

offices will continue to play a major role going forward. We are strengthening the Group by hiring key personnel, and through the sharing of expertise. Furthermore, we are establishing systems at the Group level which will enable us to strengthen the local offices and achieve our goal of helping each other to improve.

With the Group currently in a major growth and expansion phase, B2Holding still has some way to go in terms of cost-efficiency. We have spent significant time and energy on new acquisitions and new markets, and have incurred one-off costs to generate further growth. This situation will change over the next few years. We are currently establishing Best Practice throughout the Group, and will in future devote more attention to efficiency improvements.

The markets in our industry vary significantly. B2Holding benefits from its presence in different markets and the risk diversification this entails. Competition increased in the Polish market during 2015, leading to lower yields for the portfolios sold. Consequently, we focused on specific types of portfolio acquisitions still offering satisfactory returns. In this respect, the value of the portfolios that we own in this market have increased. We expect the Polish market to return to a more normal situation over time. With the Group established in markets representing varying stages of development, we were able to leverage this diversification by focusing more on other markets in 2015.

At the end of 2015, B2Holding made the decision to establish an office in Prague which is responsible for analysis of portfolios containing secured assets. Key personnel have already been hired. Secured port-

folios typically include larger claims, which mainly are secured through real estate collateral. The rationale for building up competence within secured assets, is that we in certain regions see combined portfolios being offered to the market that include both secured and unsecured claims. We are therefore in the process of building up expertise on collection of secured claims, so called work out teams, in selected markets. With these teams in place, B2Holding will be better positioned to buy secured assets going forward.

The Board of B2Holding has decided that the Group should maintain a solid equity ratio (30 per cent) and in accordance with its strategy, B2Holding is planning to list its shares on the Oslo Stock Exchange during 2nd quarter 2016. Even with the current listing on the Norwegian Over the Counter Market (NOTC), B2Holding's shares are traded on an almost daily basis. An IPO would further boost the liquidity of our shares and thus provide greater opportunities to raise new equity in the future. At the time of writing, everyone at B2Holding is focusing on the imminent IPO and look forward to taking another major step forward for the Group. ■

Oslo, 15 March 2016

**Olav Dalen Zahl**  
Chief Executive Officer

# Staff in the head office



**1. Jon Brede Smith**  
Group Accounting Manager  
Joined B2Holding in January 2016.

**2. Ingeborg Andresen**  
Office Manager  
Joined B2Holding in July 2014.

**3. Olav Dalen Zahl**  
Chief Executive Officer  
Co-founder of B2Holding in 2011  
together with Jon Harald Nordbrekken  
and Ole Grøterud.

**4. Thor Christian Moen**  
Head of Legal  
Has worked with B2Holding since 2012.

**5. J. Harald Henriksen**  
Chief Financial Officer  
Joined B2Holding in January 2015.

**6. Tom Stian Haugerud**  
Chief Compliance Officer  
Joined B2Holding in October 2015.

**7. Jeremi Bobowski**  
Chief Investment Officer  
Joined B2Holding in June 2015.

**8. Rasmus Hansson**  
Director Strategy and M&A  
Joined B2Holding in January 2015.

**9. Erik Just Johnsen**  
Chief Group Controller  
Joined B2Holding in 2013.

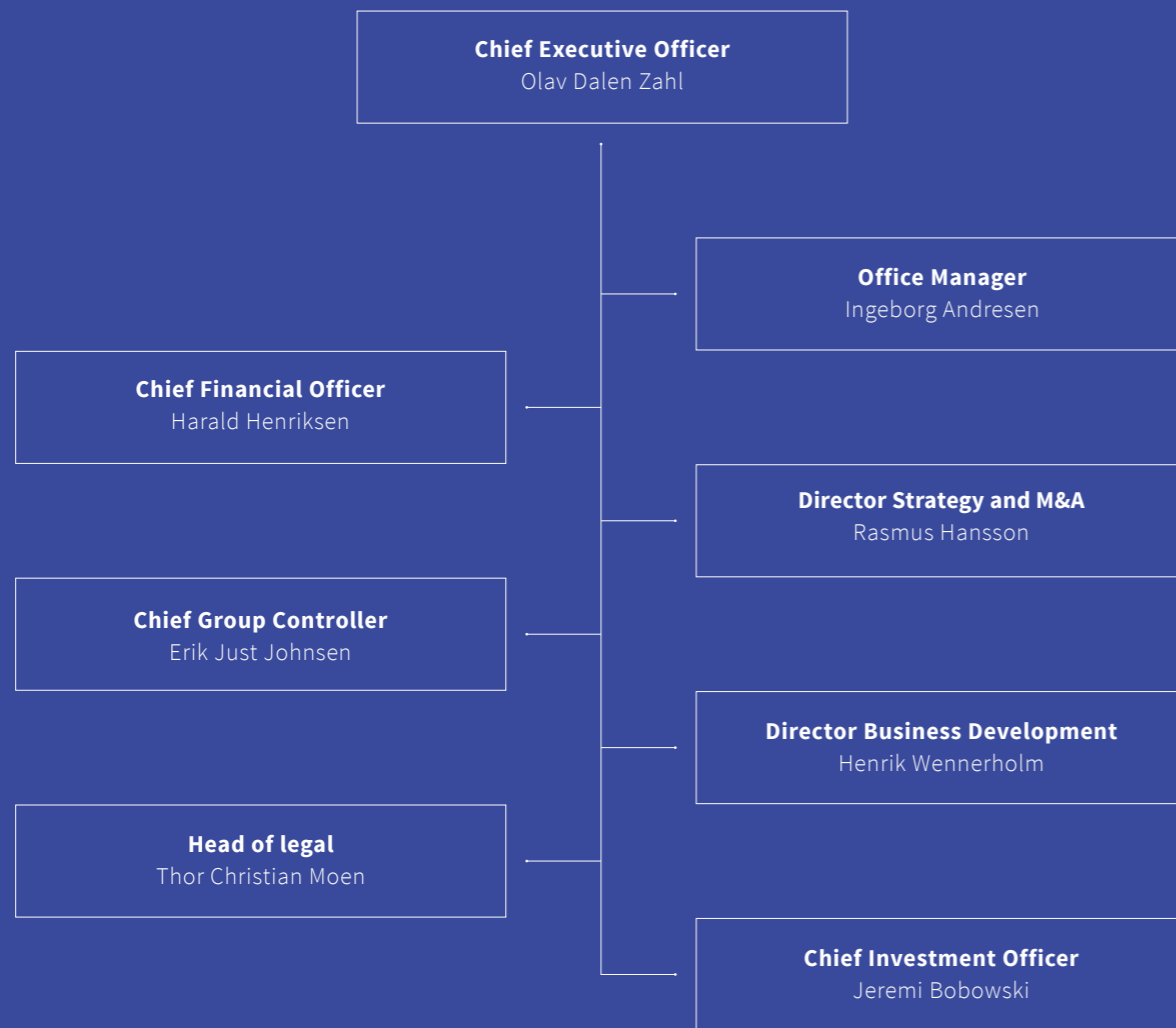
**10. Irene Berge**  
Financial Controller  
Joined B2Holding in August 2016.

**11. Henrik Wennerholm**  
Director Business Development  
Joined B2Holding in June 2015.

**12. Bente Annie Hansen**  
Office assistant  
Joined B2Holding in January 2016.

**13. Amar Dash**  
Group Accounting Manager  
- interim  
Joined B2Holding as a  
consultant in October 2014.

# Management

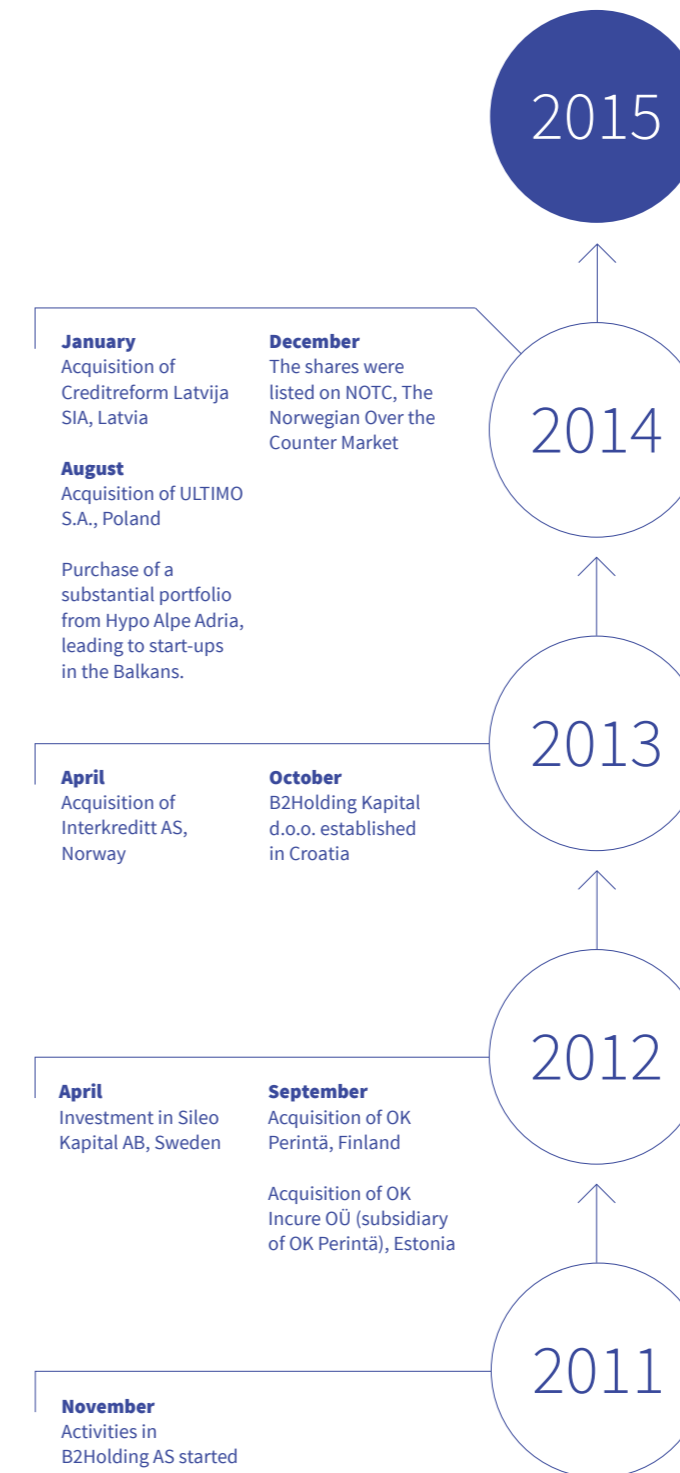


B2Holding's head office is located in Oslo. The head office is supporting all the group companies, and includes group functions such as group accounting and reporting, compliance and legal. Furthermore, all financing activities are carried out by the head office, including bank financing, issuing of bonds and all activities in connection

with the planned IPO. B2Holding's Chief Investment Officer (CIO), Jeremi Bobowski, is part of Group management, and is located in Luxembourg (which is described in more detail in this Annual Report). The CIO is supporting all the group companies in pricing and structuring of larger portfolio acquisitions, and

is also responsible for the Investment Committee. Other functions that are carried out by head office include strategy development, business development and mergers and acquisitions (M&A) activities in connection with further expansion.

# History



## Highlights

In November, B2Holding completed **refinancing** with a new EUR 260 million syndicated loan, increasing the investment capacity by approximately EUR 100 million.

In November, B2Holding also successfully completed a EUR 150 million **senior unsecured bond** issue with maturity in December 2020.

At the end of 2015 the Group established an **Investment Office in Luxembourg**. From here analysis, valuation, scoring and benchmarking is being carried out by an experienced team.

**Significant increase in portfolio purchase activities.** Portfolios with a total purchase price of NOK 1.36 billion were acquired.

# The B2Holding Group

## Norway

Head office/B2Holding AS  
CEO: Olav Dahlen Zahl  
Established: 2011  
Employees: 9

Interkreditt AS  
CEO: Jens Ivar Grytten Skarbø  
Established: 2009  
Employees: 4

## Sweden

Sileo Kapital AB  
CEO: Jan Pettersson  
Established: 2012  
Employees: 33

Kontant Finans Sverige AB  
CEO: Niklas Thünström  
Established: 2011  
Employees: 3

## Poland

ULTIMO S.A.  
CEO: Anna Gawęska-Dąbrowska  
Established: 2002  
Employees  
(Including TAKTO): 809

## Netherlands

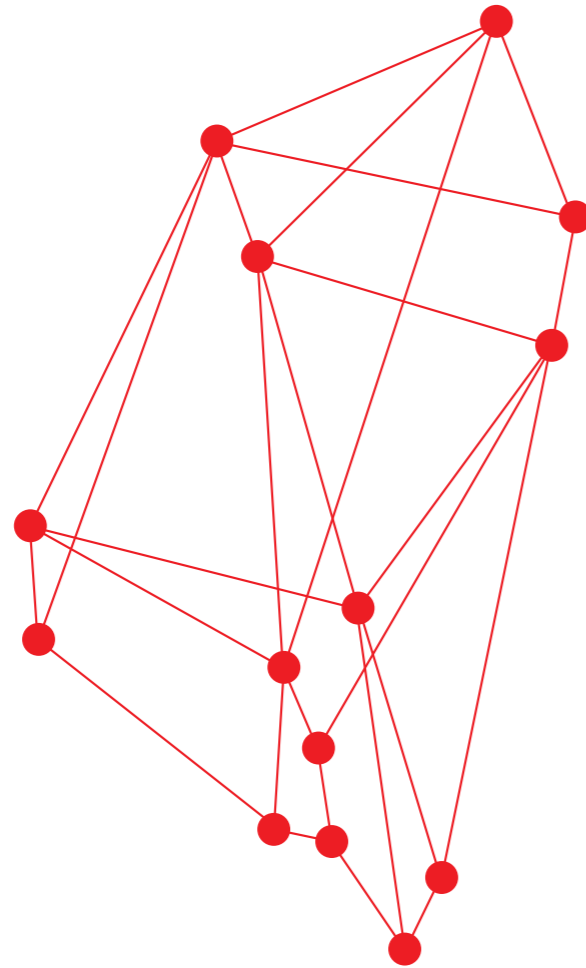
Ultimo Netherlands B.V.  
Established: 2014

## Luxembourg

Ultimo Portfolio Investment  
(Luxembourg) S.A.  
CEO: Malgorzata Popienia  
Established: 2003  
Employees: 4

## Austria

Regional Office Balkans  
Regional Manager Balkans:  
Ilija Plavcic  
Established: 2015  
Employees: 3



## Finland

OK Perintä Oy  
CEO: Kari Ahlström  
Established: 1991  
Employees: 128

## Estonia

OK Incure OÜ  
CEO: Marko Ilves  
Established: 1997  
Employees: 21

## Latvia

SIA Creditreform Latvija  
CEO: Maris Baidekalns  
Established: 1995  
Employees: 77

B2Kapital SIA  
CEO: Gints Vins  
Established: 2013  
Employees: 1

## Slovenia

B2 Kapital d.o.o.  
Managing Director: Eva Potokar Cuzak  
Established: 2014  
Employees: 7

## Croatia

B2 Kapital d.o.o.  
CEO: Tanja Miljanić Presečki  
Established: 2013  
Employees: 108

## Serbia & Montenegro

B2 Holding Kapital d.o.o.  
CEO: Kristina Marković  
Established: 2014  
Employees: 31

## Czech Republic

B2 Kapital Czech Republic s.r.o.  
Directors: Frank Nosek, Brian Wilson  
Established: 2016  
Employees: 3

# Country management



From left: Kari Ahlström, Gints Vins, Jan Pettersson, Ilija Plavcic,  
Jens Ivar Grytten Skarbø and Maris Baidekalns.  
(Anna Gawęska-Dąbrowska was not present when the picture was taken.)

## The industry

MILLION CLAIMS 2014

3.45

3.99

MILLION CLAIMS 2015

## An expanding industry

Increasing regulations and shortage of capital among banks are main drivers for the debt purchasing industry throughout Europe. Still there are some significant differences between European countries.

Just as for all other functions in an advanced credit market, specialised expertise in following up defaulted loan agreements is essential.

Banks and other creditors are increasingly aware that this is not being part of their core business, and therefore choose professional business partners. Throughout Europe debt purchasers act as an integrated part of banks' outsourcing model, and the debt purchasing industry has become an important part of the finance sector.

### Capital efficiency

This trend provides greater capital efficiency in the economy. Banks that sell such portfolios, achieve better liquidity and risk management, putting them in a better position to distribute new capital and fulfil their true role.

Customers with payment problems will at the same time get a new opportunity to pay back their debt. While banks must largely treat all their loan customers the same, our industry can show flexibility and go far to help debtors who are willing to discuss solutions. However, effective systems have been established to recover debt through legal action when necessary.

### Continued growth

As we enter 2016, there are certain fundamental characteristics common to the entire European region that indicate continued growth for our industry:

- The financial crisis in 2008-2009 led to a significant increase in the number of non-performing loans (NPLs). This still has an impact on bank portfolios throughout Europe.

- Following the financial crisis, banks were subject to new and stricter requirements for capital adequacy. This has led to an increasing need for banks to get Non-performing loans (NPLs) off their balance sheet.
- The banking sector is still adapting to increasing regulations and capital ratios. (Such as Basel III and implementation of IFRS 9 in 2018, and implementation of various regulations and reviews like "Vienna initiative", "Comprehensive assessment by the ECB" and "ECB's Asset Quality Review".)
- Increased growth in a number of European countries will lead to increased consumption, which in turn will lead to a growth in consumer loans which have a far higher degree of default than traditional bank loans. At the same time an economic upturn means that more people will be able to repay their debts, and collection rates will tend to rise.

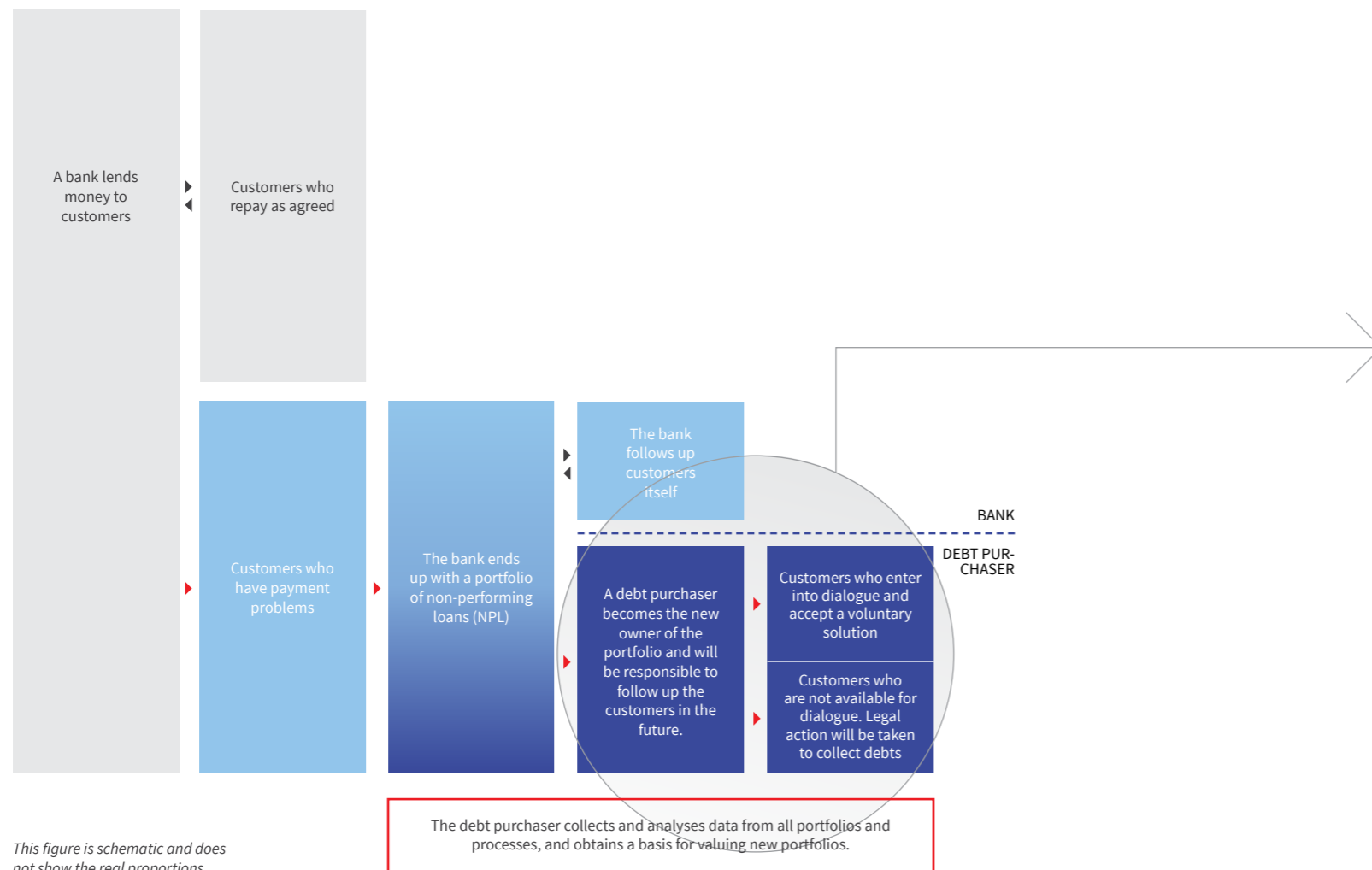
### DEBT PURCHASE INDUSTRY REFLECTS THE SOCIETY WE LIVE IN.

Our industry provides assistance in situations where payment problems have become an issue for one reason or another.

In an ideal world, there would be no need for our services. In an imaginary perfect market, all debtors would meet their obligations and all loan agreements would run smoothly.

However, when loan agreements are breached and credit is defaulted, that is when we can play an important role.

A specialised part of the financial sector



This figure is schematic and does not show the real proportions.

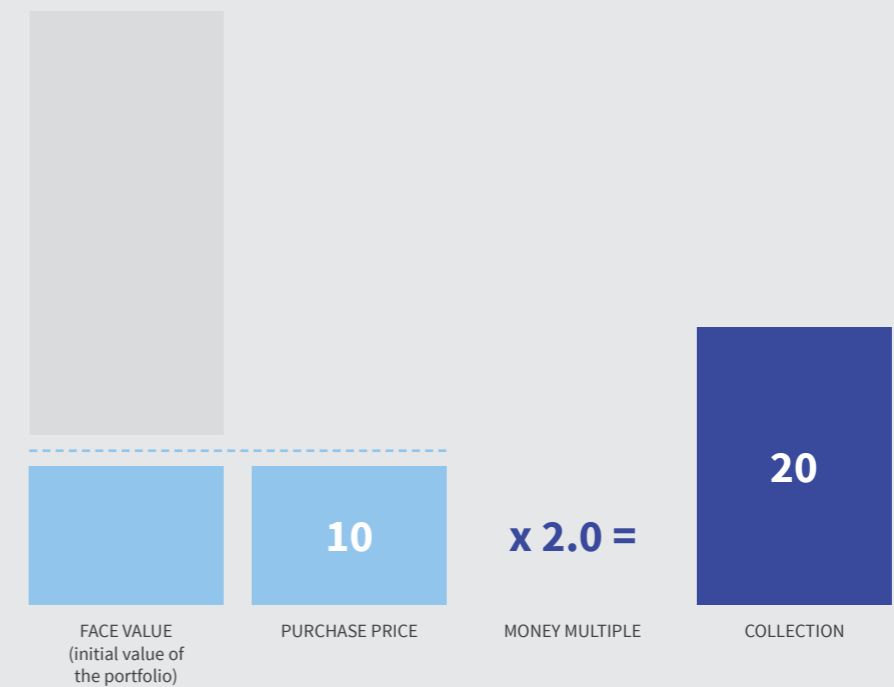
Portfolios of non-performing loans are purchased at a deep discount

STEP 1: BUY

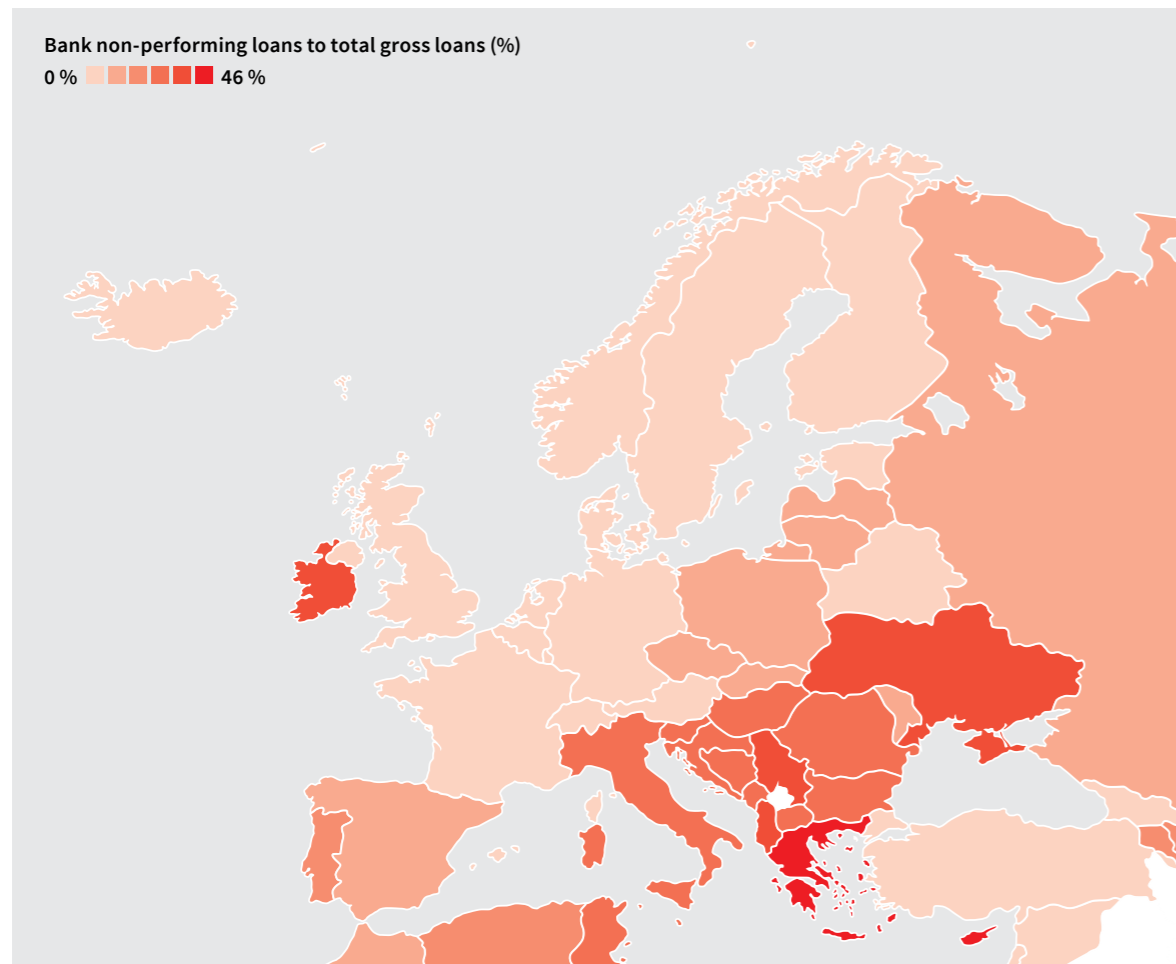
Banks, credit card companies, telecom companies or others sell their claims, and the debt purchase company will buy the portfolio at a major discount to face value (5 - 15 % in Eastern Europe, or around 50 % in Scandinavia).

STEP 2: COLLECT

The debt purchase company will then collect the debt, typically at a multiple of 2-3x of the purchase price.



### High ratio of non-performing loans in Central and Eastern Europe (2011-2015)



Source: World Bank

### Significant differences

Within Europe there are also significant differences when it comes to buying and selling non-performing loans. Typically, you will find the most mature markets for such transactions in the UK and the Nordic region, whereas the highest ratio of non-performing loans will be found in Central Eastern Europe.

### Knowledge industry

Previously, there were many small companies offering services within the administration and follow-up of non-performing loans and credit. The situation has changed and what we are seeing today is a knowledge industry with clear economies of scale. By collecting and organising data from many portfolios, the largest companies have a solid basis for making a qualified valuation of new portfolios.

In our industry, we are brought in to take over credit from banks and other companies with broad customer contact. To safeguard their own reputation, our business partners can only resell non-performing loans and credit to well-established, serious buyers. Those who want to survive in this industry, must have at least the same high ethical standards and professionalism as the banks and other players from whom the loan portfolios are purchased.

We see that our industry is moving in the direction of larger companies, and we believe that this is a trend that will continue. ■

### Abbreviations and definitions

ARM	Accounts receivables management
CF	Cash flow
DP	Debt purchase
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ERC	Estimated remaining collections
FV	Face value (= unpaid principal balance plus interest and fees)
IVA	Individual voluntary arrangement
IRR	Internal rate of return (the interest rate that gives a net present value of zero)
Net CF	Net cash flow (= cash flow less collection cost)
NPL	Non-performing loan
UPB	Unpaid principal balance

**SEEN FROM A MACRO-ECONOMIC PERSPECTIVE, A NON-PERFORMING LOAN REPRESENTS POOR USE OF CAPITAL AND IS DETRIMENTAL TO THE ECONOMY.**

- For creditors, it means additional work, a risk of financial losses and weakened liquidity.
- For debtors, it can be a stressful and socially stigmatising situation that makes it difficult to get ahead in life.

## Our services

EMPLOYEES 2014

# 1,224

# 1,331

EMPLOYEES 2015

## High quality services

B2Holding specialises in purchasing and collecting consumer debts. We offer extensive operational knowledge and the use of advanced data analysis to provide high quality services.

Our vendors are primarily banks and financing companies, but also telecom operators, retail and utility companies.

In our activities we focus on

- high quality services to our business partners
- a consulting and at the same time effective approach towards the debtors

### Debt purchase

At B2Holding we have built strong relationships with financial institutions and other large corporate customers. The number of completed transactions of NPLs, as well as the scale of the Group's operations, guarantee an efficient and professional handling. We have the necessary know-how to conduct the entire process of purchasing debt portfolios.

Our long-term experience of NPL portfolio pricing provides an efficient and reliable pricing for any industry, resulting in a realistic market value of the portfolios.

### Debt collection

B2Holding offers tailored collection strategies for the follow-up of unsettled claims. We help debtors back on track, and provide optimal collections through amicable solutions or legal processes.

B2Holding presents a flexible approach to the restructuring of debts. Such an approach is often of considerable benefit to a debtor, whose goal, despite temporary problems, is to restore his/her financial credibility and status as a reliable consumer.

In our communication with the debtor, we will focus on understanding and co-operation, rather than denying that a debt problem exists.

B2Holding has two main collection strategies:

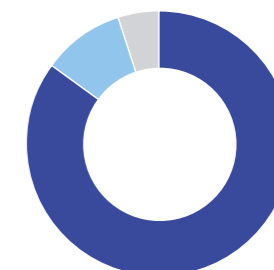
- **Amicable collection** – for debtors who are willing to co-operate and are ready for negotiations and settlement.
- **Legal collection** – for debtors with fixed income (salary, pension) who are unreachable and thus prevent the repayment of their debt through an amicable negotiation and settlement process.

### B2HOLDING'S BUSINESSES, RANKED BY IMPORTANCE

1. The core business: Purchasing and collecting unsecured and secured non-performing consumer and non-retail debt.
2. Other services related to recovery of consumer debts, such as third party debt collection (in the Baltics, Finland, Norway and Sweden) and credit information (Latvia)
3. Consumer lending (in Poland and Sweden)

### B2HOLDING'S REVENUE

- 85 % from purchased portfolios
- 10 % from collection for external parties and credit information
- 5 % from consumer lending



A strategy of actions depends on the nature of the debt and an individual analysis of the debtor's financial capability. B2Holding offers a wide scope of debt collection methods. Regardless of method, the most important principles are compliance with ethical and moral standards, protection of our partners' and vendors' reputation, and respect of debtor rights.

**Other services**

**Credit information and Third party debt collection**

B2Holding offers credit information as a service through Creditreform in Latvia. Creditreform is the leading player within credit information in Latvia, and has a large data base of credit information where

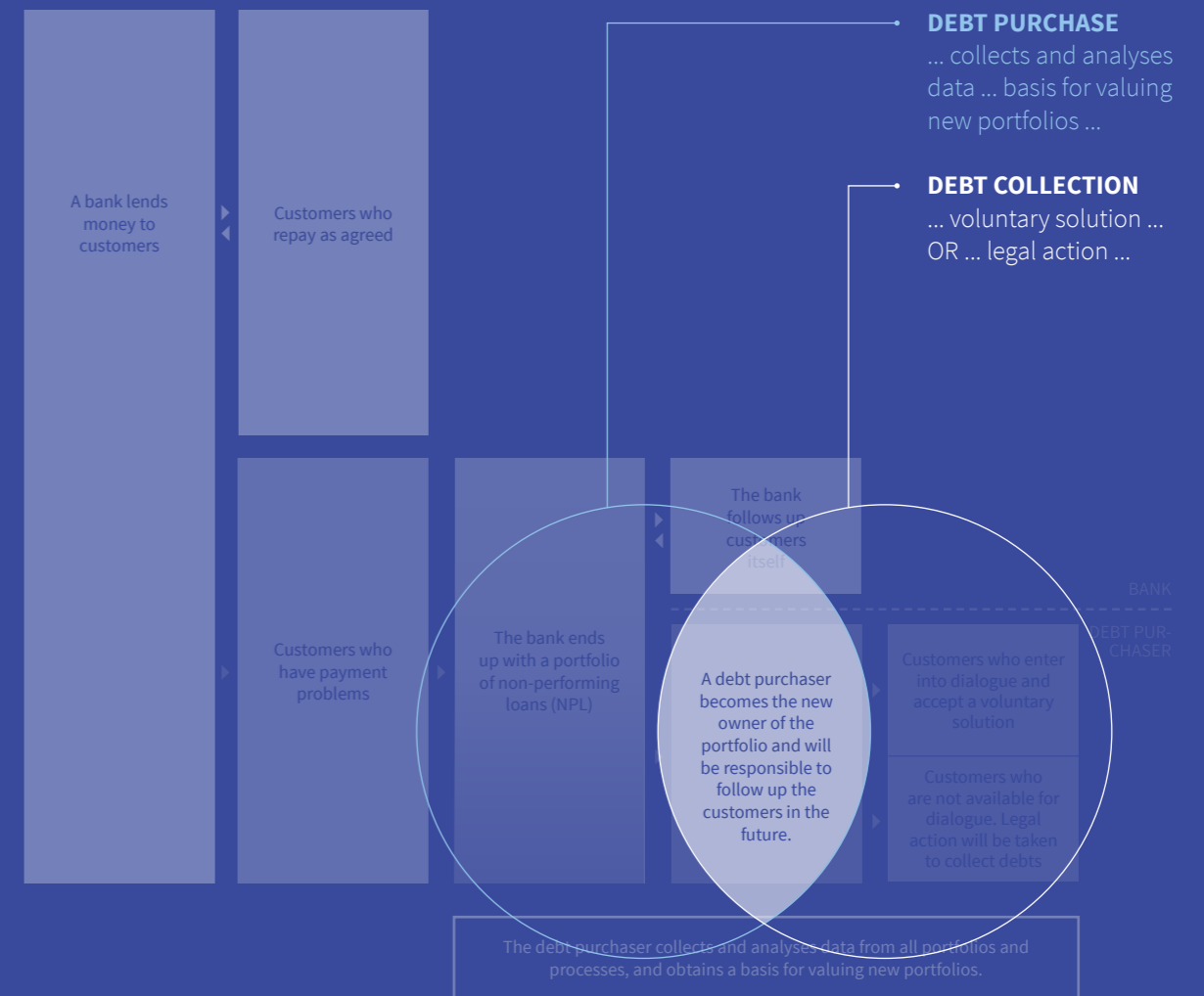
credit reports are prepared and sold to customers.

Third party debt collection is offered as a service in the Baltics, Finland, Norway and Sweden. As opposed to debt purchasing, third party debt collection is collection of debt on behalf of customers. In some of the markets where B2Holding operates, we carry out third party debt collection and purchase debt from the same customers.

**Consumer lending**

Consumer lending is an area where B2Holding offers products in selected markets. As of today, B2Holding has two consumer lending companies, Takto in Poland, and Kontant Finans in Sweden. ■

# Debt purchase and debt collection



## Our strategy

ESTIMATED REMAINING COLLECTIONS 2014

4,430  
6,492

ESTIMATED REMAINING COLLECTIONS 2015

## Growth in existing and new markets

B2Holding's strategy of further growth in existing markets and expansion into new markets is still valid going into 2016.

2015 was a busy year with regards to portfolio acquisitions, and we have spent a considerable amount of time evaluating new opportunities in Central and Eastern Europe.

B2Holding's strategy is to become one of the leading European players within the debt purchasing and debt collection industry. 2015 showed that B2Holding is well under way to achieving its goals. Local presence in the markets where we operate is one of our core strengths, in order to control the collection process of the portfolios we have acquired.

The ambition of B2Holding is to be among the leading players in each of the markets where the Group is operating. Through the acquisition of Ultimo in 2014, B2Holding became one of the market leaders in Poland, and with several portfolio acquisitions in the Balkans during 2015, we further strengthened our position as one of the leading players in this region.

In the Nordics and the Baltics B2Holding has cemented its position as one of the leading players in the region throughout 2015, and we have entered into strategic forward flow agreements for the acquisitions of portfolios during the year.

### The European NPL industry

The European NPL industry shows no signs of slowing down in 2016.

2015 was an active year in several markets, and the European regulators are continuously pushing banks to deleverage and to carry out necessary provisioning in their balance sheets through tighter cap-

ital requirements and Asset Quality Reviews (AQR's). We believe this trend will just continue going forward, and B2Holding will play an important role as a buyer of NPL portfolios from banks and financial institutions in the markets where we operate.

### Increasing capability requirements

B2Holding sees an increased focus from the sellers of NPL's that the buyers of portfolios are capable of collecting the claims in a professional manner. Any unprofessional behaviour from the buyers of NPL's could severely hurt the reputation of the selling financial institution. B2Holding is continuously striving to comply with all the requirements set by the sellers, and this also includes a rigid approach to settling the payment for portfolios in a timely manner. B2Holding believe that being a large player in the industry is a key factor. We can utilize our best practice across the Group, and through the strengthened financing of B2Holding, the Group is well positioned to be an active and professional player in this market going forward.

At B2Holding we also see that regulators have an increasing focus on the regulatory requirements for debt purchasers and collection companies, and as one of the leading players in the markets where we operate B2Holding is well positioned to be a qualified and preferred buyer in these markets.

Through its strong track record B2Holding has built excellent relations and a position as a trustworthy portfolio buyer with a professional and cautious approach to collecting debt.

## Luxembourg Investment Office

Strong competence around in-depth analysis of large data sets is a key strategic advantage. In 2015 B2Holding established a new Investment Office in Luxembourg.

Making long-term profitable investments requires local expertise and a sound basis for decision making about the available data. Developing significant local competence in portfolio valuation and collections is therefore critical to our strategy. On the other hand, at the Group level we are building up advanced analytical capabilities and governance structures to effectively manage the investment processes across different countries and asset classes.

Following a reorganisation process, B2Holding established a new Investment Office in Luxembourg in 2015. The goal is to build on the significant expertise

gained in the local markets and facilitate the management of the Group's investment portfolio.

### Investment pricing

The main focus of the Investment Office is to ensure a disciplined approach to investment pricing by providing an effective investment approval and performance monitoring process for the entire Group. The Investment Office analyses and approves investments proposed by B2Holding Group companies according to a set investment strategy through an Investment Committee.



From left: Dounia Messai (Corporate Affairs), Jeremy Bobowski (Chief Investment Officer), Kristine Vanaga-Mihailova (Head of Legal), Malgorzata Popienia (CEO).

### Focus going forward

B2Holding will continue to focus on its growth strategy in existing and new markets. Our focus going forward is to employ our available capital in an efficient way, and we see several promising investment opportunities in existing and new markets both for portfolios and for new collection platforms. B2Holding's ambition is to continue to strengthen its position in its core markets, and to expand into new markets where attractive opportunities are identified. The second half of 2015 was an active period for portfolio acquisitions, and we believe this trend will continue throughout 2016.

### Key elements

These are the key elements of B2Holding's strategy going forward:

- Maintain an efficient capital structure enabling B2Holding to reach its strategic goals.
- Employ available capital across the markets where we operate in an efficient and risk balanced manner.
- Expansion into new markets, either by using the Group's current companies as a platform or through acquisitions.
- Establish strategic alliances with companies that provide B2Holding with an increased ability to invest in existing and new markets.
- Transferring expertise and best practice to new geographical markets and businesses and thereby utilising B2Holding's comparative advantages.
- Continuing to develop B2Holding's analysis functions to capitalise on this unique expertise within the group.
- Continuing to develop B2Holding's organisational structure to position the Group for further growth.

### Funding, timeline

2015 → 2016 → 2017

- Bank loan (RCF) of 260 mill. EUR in place
- Bond issue of 150 mill. EUR successfully completed in November
- Initial Public Offering (IPO) planned for Q2 raising additional equity
- Further growth according to strategy, based on available funding and Cash flow from operations

# Company highlights

The tasks of the Investment Office include:

- Organising and supporting the Investment Committee, a B2Holding body responsible for approving the Group's investment strategy and key investment decisions
- Providing a framework for optimal capital allocation on a Group level
- Monitoring performance of past investments
- Building best practice, transferring knowledge in advanced analytics
- Supporting large acquisition projects, especially outside of the established B2Holding markets
- Developing a central data analytics platform to improve the reporting and analytical capability of the Group

### Advanced analytics

B2Holding's Luxembourg unit is developing an analytical and reporting platform for the Group to provide best practice data analysis, transfer knowledge and drive innovation across all units.

B2Holding's companies manage 4 million outstanding claims with a face value of 44.2 billion (as of EOY 2015). Being able to draw conclusions based on

the analysis of the past performance of loan portfolios enables us to mitigate the risk of overpricing while at the same time maximising the return on investments.

B2Holding's units are constantly developing and optimising advanced collection strategies using scoring models based on advanced statistical algorithms. These methods allow for automated and mathematically optimised selection of cases that require certain actions (such as a telephone call or starting a legal procedure). Thus, cases are processed in a more timely and efficient manner compared to the typical collection strategies based on "best judgement".

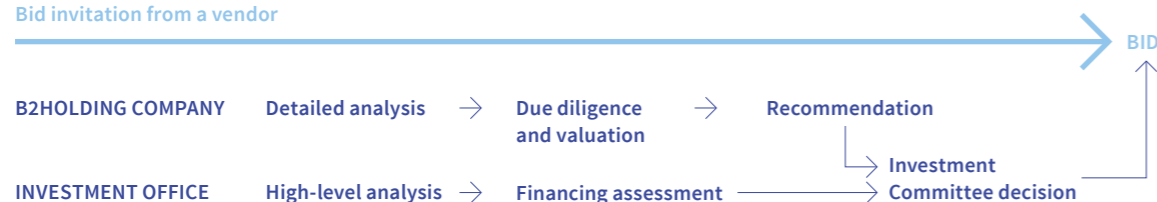
This approach allows B2Holding companies to significantly reduce collection costs and optimise resource allocation, and it is transferable across the Group to new units.

### New reporting platform

The Group is planning to implement a new centralised reporting platform in 2016 that will significantly improve time-to-market for in-depth analyses performed on a Group level and will further enhance decision making processes.

### INVESTMENT PROCESS

Bid invitation from a vendor



1

Leading debt purchase company in the Nordics and Central Eastern Europe

- Leading position in Poland, the Nordics and Balkans within debt purchase and collection
- Established relationships with key providers of non-performing loan ("NPL") portfolios
- Best in class data capabilities support strong performance in NPL origination and collection

2

Highly diversified portfolio with solid cash flow

- Diversified portfolio with ~4 million claims and total gross ERC of NOK 6.5 billion
- Relative portfolio risk low due to diversity in claim / geography and low average claim amount
- Strong collection from portfolios, NOK 1,339 million in 2015

3

Attractive industry with sound market outlook

- Attractive market with significant strategic entry barriers
- Stable, cash-generative industry – macroeconomic drivers are to some extent off-setting
- Favourable market outlook with increased demand for B2Holding's services across Group locations due to regulation, outsourcing trends, and capital efficiency improvements amongst the credit originators

4

Healthy financials and on track for IPO in 2016

- Solid equity of 35.5% and NOK 765 million cash as of 31 December 2015
- Low leverage compared to industry peers
- EUR 260 mill. multi-currency revolving credit facility in place with DNB and Nordea
- EUR 150 mill. Bond loan listed on Oslo Stock Exchange on 3 March 2016

5

Strong management team with unique industry track record and experience

- Extensive industry experience from positions and ownership in Aktiv Kapital and Gothia
- Demonstrated track record of value creation for both shareholders and creditors for previous pursuits within debt purchase and collection
- Highly skilled local organisations stemming from strategic acquisitions and organic growth

## CSR: The privilege of mutual trust

Within B2Holding, we define Corporate Social Responsibility (CSR) as the responsibility we must take every single day to ensure that we build, maintain and win the privilege of mutual trust from our stakeholders while performing our business.

B2Holding is made up of companies that each possesses extensive experience and a well-established reputation in their respective local markets. By conducting our business and sharing our values, we believe we will contribute to well-functioning credit markets in the countries in which we operate.

In B2Holding we believe that the highest ethical standards in our approach to dealing with customers combined with being in compliance with regulatory frameworks are key competitive advantages. This approach supports our debtors in finding amicable and realistic payment plans which is highly valued by vendors, who can be confident that their former customers will be treated fairly.

### Focus Areas and Achievements 2015

The United Nation's Global Compact on socially responsible business practices is based on ten principles that are grouped within the following four areas a) Human rights, b) Labour Standards, c) Environment and d) Anti-Corruption, and is the framework we have worked with when initiating the centrally coordinated compliance function.

Our local offices in 14 countries have implemented various sets of standards and regulations which

reflects the intention of these four areas.

Our goal for 2015 was to strengthen the Group by placing greater emphasis on setting common standards and reporting how we follow up our corporate social responsibility within these four areas. We have established a Group compliance function in 2015 and initiated a Group survey in the countries in which we operate evaluating various set of standards already established within the B2Holding Group.

### Target for 2016

The purpose of the Group survey performed by external advisors is to assess various set of standards already established, adopting the principles of best practice within the Group and by using this assessment as a platform, establishing and embedding our corporate CSR policy in all regions.

We recognise that assessing, implementing and complying with the UN's initiative may take more than a year. Hence, our goal for 2016 is to conclude the centrally coordinated CSR policy reflecting the ten principles under UN Global Compact and implement and integrate the same set of principles in jurisdictions that don't yet meet these standards.

## We believe in

### Acting professionally

- We respect our debtors, customers, vendors, business partners, co-workers and investors.
- We protect business information by complying with relevant legal regulations and Best Practice.
- We actively communicate with officials, authorities and participate in national debt association activities when appropriate.
- We preserve the reputation of all our stakeholders.

### Helping debtors back on track

- We restructure debt by finding solutions adapted to our debtors' current status and specific issues when interacting with our debtors by using best practices and good judgement.
- We are flexible to the needs of our stakeholders where this makes good business sense.

### Aiming for best practice

- We abide by collector's Best Practice Codes defined by international and local authorities.
- We comply with external regulations and internal laws and policies and ensure their observance.
- B2 Holding's important business partners attach great importance to fulfilling their corporate social responsibility, and this also places an obligation on us to perform our business under these same standards.
- We have initiated, though in an early stage a centrally coordinated compliance monitoring program, which assesses compliance with legal, regulatory and industry best practices.

# Directors' report: The nature of the business and its operations

B2Holding AS is the parent company of a group of companies within the debt management/service industry. The company started its activities in 2011, and has since then experienced a strong growth. The B2Holding Group aims to build a multijurisdictional platform with focus on partly and non-performing loans (NPLs), debt restructuring and debt refinancing, with ability to serve as a debt solution provider to both retail and corporate clients. In addition, the Group also provides third party debt collection and offer credit information in some of the companies in the Group. B2Holding is headquartered in Oslo and the Group has operations in the Nordic countries, the Baltics, Poland and the Balkans, and is targeting continued growth in existing and new markets. In addition, the B2Holding Group is building an Investment Office in Luxembourg (please see the separate presentation in this report).

An essential component of the Group's strategy is to have market presence through ownership of companies that can administer and collect both their own and others' loan portfolios. After B2Holding completed two strategically important acquisitions in 2014, the Polish Ultimo Group and Creditreform Latvija SIA, and purchased a substantial portfolio from Hypo Alpe Adria in the Balkans, B2Holding has during the year established itself as one of the leading players in the markets where the Group operates. In 2015 the Group has continued to grow through high activity in purchasing of loan portfolios in all the markets where it has presence. The Group views this as a good sign that the current geographic footprint is a solid platform for further growth. At the end of 2015 the Group was established with operations in ten countries.

Operations in the Nordics and the Baltics show satisfactory profits. In Finland the operational efficiency program has resulted in strong improvement in earnings from last year. Important forward flow agreements were signed representing a good basis for collection revenues going forward.

2015 is the first full year after the acquisition of the Polish Ultimo Group in August 2014. Poland is the largest market for the Group and the Polish operation has been in line with expectations. The performance is satisfactory in a market where the Group faces increased competition and higher prices in certain segments. Poland successfully acquired portfolios at satisfactory return levels, and we believe the slightly cautious approach is the right behaviour under the current market conditions.

In the Balkans activity is high, and the organisation is growing on the back of new portfolio acquisitions. As the Balkan companies are the youngest of the companies in the Group, a continuous focus on operational improvements is being prioritised, which includes adoption of best practices from other companies in the B2Holding Group.

The growth strategy since 2012 has been financed by paid in equity of NOK 1,458 million as well as NOK 1,683 million in three separate project and acquisition loan facilities in three different loan structures. The Group concluded in November 2015 a new senior secured multicurrency revolving credit facility (RCF) of EUR 260 million (NOK 2,500.9 million) with DNB Bank ASA and Nordea Bank Norge ASA replacing the three project and acquisition facilities. The new corporate facility added new investment capacity at a reduced margin. In December 2015 a senior unsecured bond issue was successfully com-

pleted, raising EUR 150 million in total. The bond loan was listed on the Oslo Stock Exchange on 3 March 2016.

## Financial statements

The Board of Directors is of the opinion that the annual financial statements provide a true and fair view of the net assets, financial position and result of B2Holding AS and the Group for the year. The Group's consolidated financial statements are presented in compliance with International Financial Reporting Standards (IFRS) as adopted by EU.

## Profit and loss

B2Holding (the Group) recorded a full year operating profit of NOK 377.2 million for the year 2015, an increase of NOK 285.7 million (312.3%) from NOK 91.5 million in 2014. The main reasons for this growth are the full-year effect of the ULTIMO Group acquired in August 2014 as well as the growth of operations in the Balkan countries Croatia, Serbia, Slovenia and Montenegro. The operating profit for the segments Poland and Balkan increased with NOK 243.5 million (419.5%) and other segments with operating platforms with NOK 38.3 million (33.1%).

Net operating revenues for the year amounted to NOK 1,076.2 million compared to NOK 510.7 million in 2014. Before adjusting for changes in portfolio cashflow estimates, the increase in revenues from purchased loan portfolios amounted to NOK 510.2 million of which Poland accounted for NOK 350.3 million and Balkans NOK 135.8 million.

Operating expenses, excluding depreciation and amortisation, increased with NOK 263.8 million in 2015 compared to 2014, an increase of 64.8%. This

is mainly due to higher personnel cost and external cost of services provided due to acquisitions in 2014 and high activity in 2015. The number of full-time equivalents (FTE) increased from 961 at the end of 2014 to 1 178 at the end of 2015, mainly related to employees involved in the collection process in the Balkans and in Poland. B2Holding Group does not conduct any research activities. Expenses related to development of IT-systems and the Group's services are expensed when incurred.

Net financial expenses ended on NOK 133.9 million in 2015, of which interest expenses on interest bearing loans amounted to NOK 104.2 million, loss on derivative financial instruments NOK 16.8 million and adjustments of contingent considerations to former owners of acquired subsidiaries with NOK 45.4 million, offset by net exchange gain of NOK 34.2 million.

Profit for the year after tax ended at NOK 198.2 million compared to NOK 52.1 million in 2014.

## Cash flows and cash collection

Gross cash collections in 2015 increased with NOK 709.5 million from NOK 629.6 million in 2014 to NOK 1,339.1 million in 2015 due to a significant increase in purchased loan portfolios in 2014 and 2015 from purchases and acquisitions. Poland accounted for 75.5% of the increase, Balkans for 20.1% and the other segments for 4.4%.

Cash flow from operating activities for the year ended at NOK 591,1 million which is NOK 381,3 million higher than 2014. The difference between operating cash flows and the operating profit of NOK 377 million is mainly related to high cash collection from purchased loan portfolios offset by unrealised foreign exchange balances and timing differences.

Cash outflows from investing activities ended at NOK 1,387.7 million in 2015 compared to NOK 1,155.1 million in 2014. Investing activities in 2015 are mainly related to the purchase of loan portfolios. Net cash inflows from financing activities in 2015 were NOK 1,232.8 million after the bond issue and refinancing of credit facilities.

#### Balance sheet and liquidity

Total assets at 31 December 2015 amounted to NOK 4,708.0 million compared to NOK 2,960.1 million in 2014. The equity amounted to NOK 1,671.9 million and the equity ratio was 35.5%.

Portfolio purchases in 2015 totalled NOK 1,358.3 million of which 46.7% were in the Balkans, 24.6% in Finland & Estonia and 22.8% in Poland. The total book value of purchased loan portfolios were NOK 3,167.6 million at end of year 2015, an increase of NOK 1,150.9 million from year end 2014. Loans receivables in the balance sheet increased from NOK 168.2 million in 2014 to NOK 259.8 million in 2015 with the majority of the growth in TAKTO Poland.

After refinancing the three acquisition and country specific loans into a EUR 260 million senior secured multicurrency revolving credit facility and completing the EUR 150 million senior unsecured bond issue, interest bearing loans amounted at the end of 2015 to NOK 2,526.1 million compared to NOK 1,212.8 million at the end of 2014.

Cash and cash equivalents amounted to NOK 764.7 million at the balance sheet date compared to NOK 294.2 million at the end of 2014. Of this amount NOK 7.4 million were restricted balances. The Group's liquidity situation is satisfactory and the ability to finance future investments is solid.

#### Parent company

Due to the restructuring of the Group in November 2015 where B2Holding AS transferred the shares in all of its subsidiaries (except Sileo Finans AB), to its 100% owned subsidiary, Ultimo Netherlands B.V, the Company recorded a full year profit after tax of NOK 327.5 million for the year 2015 compared to NOK 33.8 million in 2014.

After the bond issue, the repayment of interest bearing loans and the increase in long term loans to group companies, net cash flow for the year ended at NOK 69.5 million compared to NOK 55.2 million for 2014.

Total assets at 31 December 2015 amounted to NOK 3,361.2 million compared to NOK 1,774.4 million in 2014. The equity amounted to NOK 1,849.5 million and the equity ratio was 55.0%.

Cash and cash equivalents amounted to NOK 186.8 million at the balance sheet date compared to NOK 117.3 million at the end of 2014. Of this amount, NOK 1.8 million were restricted balances. The Company's liquidity situation is satisfactory and the ability to finance future investments is good.

#### Financial risk

The Group's activities are exposed to a number of financial risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The prime market risk for the Group is related to general economic conditions and statutory regulations in various geographical markets which have an impact on the debtors' ability to pay and vendors' criteria for selling portfolios of loans and receivables. Any legislative changes concerning consumer credit could affect the Group's earnings, market position and range of products and services.

The Group is exposed to changes in foreign exchange rates, especially changes in the Polish Zloty, Euro, Croatian Kuna and Swedish Krona, as a substantial share of the Group's revenues and costs are in these local currencies. The Group uses derivative financial instruments and is holding the Group's bond loan in EUR and borrowings under the multi-currency revolving credit facility are drawn in PLN to manage and limit the currency risk.

The Group's interest-bearing debt attracts interest rate exposure. The Group uses interest rate swaps and interest rate caps to reduce its interest rate exposure. Change in interest rates will also affect the investment opportunities going forward. In general, changes in macroeconomic factors such as interest rates may also impact the debtors' ability to repay their debt and thereby influence the future cash flow received from the Group's loan portfolios.

The Group is exposed to acquisition risk in buying companies and loan portfolios. This risk is managed through continuous monitoring of performance measured against plan. All investments in the Group are within a small variance of the plan, with most investments performing better than the plan.

As long as there is uncertainty about the ability of debtors to fulfil their obligations, there will also be considerable credit risk linked to cash collected from the Group's loans and receivables. Management's view is that the real credit risk exposure is reduced through the price discount paid on the acquisition of the portfolios. In order to minimise the credit risk exposure, the Group continues to invest in staff with broad experience in credit management, and focus on increased analytical approaches to portfolio assessments.

The Group's multi-currency revolving credit facility and bond loan ensures necessary funding to meet future payment obligations. At 31 December 2015, the Group had an unused part of the revolving credit facility totalling EUR 137 million or NOK 1,318 million, in addition to cash and short-term deposits of NOK 765 million. The board considers the Group's liquidity to be sufficient.

#### Environment and employees

##### Administration

There was no sick leave in B2Holding AS in 2015. Throughout 2015, no accidents resulting in serious injury or material damage have been reported. The workplace environment is considered to be positive, and improvements are made on a continuous basis. B2Holding AS, the Group's headquarters located in Oslo, had 9 employees at the end of the year, of which two were women and seven were men. At 31 December 2015, the Board of Directors consisted of five members which were all men.

##### Equality and discrimination

In the B2Holding Group the total number of employees at year end was 1,331, comprised of 805 women and 526 men. The Group aims to be a workplace where there is gender equality. The Group employs a policy where no discrimination is allowed in issues relating to wages, promotion, or recruitment.

The Discrimination Act aims to promote equal opportunities and rights, and prevent discrimination based on ethnicity, nationality, lineage, skin colour, language, religion or spiritual affiliation. The Group works actively, purposefully, and systematically to promote and ensure the Group adheres to the laws laid out by the Discrimination Act. These activities are targeted at recruitment, wage and working conditions, promotion, development, and protection

against harassment.

The Group strives to be a workplace where no discrimination is made as a result of mental disability or physical limitations. The Group works actively and systematically to design and facilitate the physical environment in a way so that it can be utilised by as many as possible. Employees and applicants with physical disabilities will receive individual solutions in order to facilitate their workplace environment and responsibilities.

#### Environment and corporate social responsibility (CSR)

As part of the work to strengthen the Group, emphasis will be placed on setting group standards within the areas of human rights, employee rights and social conditions, the environment, anti-corruption and ethics. The Group is not regulated by licenses or restrictions associated with activities that pollute the environment and do not pollute the external environment to any material extent.

For further information regarding CSR see the separate section in these annual accounts.

#### Corporate Governance

##### Risk Management and internal control

The internal control and risk management policy adopted by the Board of Directors on 15 February 2016 establishes the processes and policies for managing and controlling the risks faced by the Company.

On 15 February 2016, the Board of Directors also established an Audit Committee, as required by the regulations due to the Oslo Stock Exchange listing of the EUR 150 mill bond loan in March 2016.

The members of the audit committee are:

- Per Kristian Spone, chair of the audit committee (elected for a period of 2 years); and
- Kjetil Garstad, (elected until 15 February 2018.)

The objective for the adopted risk management and internal control policy is to manage, rather than eliminate, exposure to risks related to the successful conduct of the Company's business and to support the quality of its financial reporting. Effective risk management and good internal control contribute to securing shareholders' investment in the Company and the Company's assets.

The Company's scope of business is to generate values for the shareholders through its expertise in the acquisition and management of non-performing loan and hence manage or cover unacceptable risks involved with performing its business. B2Holding is for internal reporting purposes organised in distinct markets as defined by geographical segments. Each segment and company is fully accountable for its own profitability. The structure facilitates closeness between management and the operation, which in turn provides good oversight and adequate internal business control. For investment in and evaluation of loan portfolios, the Group has established a separate internal control framework including an Investment Committee rooted in the Board of Directors and an Investment Office in Luxembourg. This framework is established to control the specific operational risks and risks related to financial reporting of purchased loan portfolios.

The Group has established a decentralised management model featuring delegated responsibility for profits. As a result, the control function parallels the Group's management model, and it is the individual unit's responsibility to make sure that it has the capacity and expertise it requires to carry out responsible internal control.

Management prepares monthly consolidated financial reports that are sent to the Board of Directors. When the Group's quarterly financial reports are to be presented, the Audit Committee reviews the reports prior to the board meeting.

The Board annually reviews the strategic plan. In addition, as part of the preparation to the strategic discussion, the Board also reviews the group risks. The Group's financial position and risks are described in a separate section of the Board of Directors' Report.

The external auditor, EY, will participate in meetings with the audit committee when matters falling within the scope of the external auditors responsibilities are considered.

#### Nomination committee

B2Holding's nomination committee is stated in the articles of association. The committee shall have three members, including the head of the committee. As to the composition of the nomination committee, the interests of the shareholders will be taken into account, as well as the members' independence

of the board and of the executive management. The Chairman of the Board and CEO shall be invited to a minimum of one meeting of the nomination committee before it gives its final recommendation. They will have the right to address the committee, but have no voting rights.

The nomination committee shall propose and present to the general meeting candidates for election to the board.

The nomination committee members are:

- Ole Grøterud, elected at the annual general meeting 2015 and Head of committee;
- Albert Collett, elected at the annual general meeting 2015; and
- Egil Dahl, elected at the annual general meeting 2015

The committee's members are independent of the B2Holding management and Board of Directors.

#### Equity

The parent company's share capital at 31 December 2015 amounted to NOK 31.2 million. Total equity for the Group at 31 December 2015 was NOK 1,671.9 million corresponding to an equity ratio of 35.5 per cent. Considering the nature and scope of B2Holding's business, the board considers that the Company has adequate equity.

Mandates granted to the Board of Directors:

The General Meeting of shareholders on 26 June 2015 granted the Board a right to increase share capital up to NOK 3,113,470.05 by issuing up to 31,134,701 new shares with par value 0.10 at a subscription rate of a minimum of NOK 7.50 to a maximum of NOK 15.00 per share. This authorisation replaces the authorisation issued by the general meeting on 3 December 2014 and is effective until 26 June 2017.

The General Meeting on 26 June 2015 also granted the Board a right to acquire own shares in B2Holding from the shareholders in the company up to a total par value of NOK 3,113,470. The maximum amount which can be paid per share is NOK 15.00 while minimum amount which can be paid is NOK 1.00 per share. This authorisation is effective until 26 June 2017.

#### Going concern

The annual accounts have been prepared on a going concern basis and in the opinion of the Board the accounts provide a fair presentation of the Company's business and financial results. The Board confirms that the going concern assumption has been satisfied.

#### Outlook

B2Holding AS and Group will in 2016 continue to focus on its growth strategy in existing and new markets. Our focus going forward is to employ our available capital in an efficient way, and we see a significant supply of promising investment opportunities in existing and new markets both for portfolios and for new collection platforms. Our ambition is to con-

tinue to strengthen our position in our core markets, and to expand into new markets where attractive opportunities are identified. The second half of 2015 was an active period for portfolio acquisitions, and we believe this trend will continue throughout 2016.

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

#### Annual profits and distributions

The Board has proposed to allocate the 2015 net income of the parent company B2Holding AS as follows:

Allocated to retained earnings:	NOK 327 512 000
<b>Total distributions:</b>	<b>NOK 327 512 000</b>

Oslo, 15 March 2016



Jon Harald Nordbrekken  
Chairman of the Board



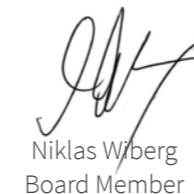
Kjetil Garstad  
Board Member



Trygve Lauvdal  
Board Member



Per Kristian Spone  
Board Member



Niklas Wiberg  
Board Member



Olav Dalen Zahl  
Chief Executive Officer

## The Board of Directors



From left: Niklas Wiberg,  
Trygve Lauvdal, Jon Harald  
Nordbrekken, Per Kristian Spone,  
Kjetil Garstad.

# Financial statements

## Consolidated statement of profit or loss and other comprehensive income

All figures in NOK'000s unless otherwise stated

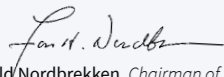
Year ended 31 December	Notes	2015	2014
<b>Operating revenue</b>			
Interest income on purchased loan portfolios	5	909,544	399,388
Revenue from external collection		104,101	90,939
Other operating revenues		57,296	19,899
		<b>1,070,941</b>	<b>510,226</b>
Changes in portfolio cashflow estimates	5	5,298	518
<b>Net operating revenues</b>	<b>7</b>	<b>1,076,239</b>	<b>510,744</b>
<b>Operating expenses</b>			
External cost of services provided	8	-189,304	-118,901
Personnel costs	9	-294,184	-136,206
Depreciation of tangible fixed assets	14	-8,529	-4,097
Amortisation of intangible assets and impairment of goodwill	15	-19,424	-7,889
Other operating expenses	10	-187,594	-152,167
<b>Total operating expenses</b>		<b>-699,035</b>	<b>-419,260</b>
<b>Operating profit</b>		<b>377,204</b>	<b>91,484</b>
Share of results in associated companies		230	283
Net realised and unrealised exchange gains	11	34,189	28,309
Other interest income	11	2,200	1,845
Other interest expenses	11	-104,582	-43,905
Other financial expenses	11	-65,941	-6,465
<b>Net financial items</b>		<b>-133,904</b>	<b>-19,933</b>
<b>Profit for the year before tax</b>		<b>243,300</b>	<b>71,551</b>
Income tax payable	12	-41,646	-12,519
Change in deferred taxes	12	-3,479	-6,940
<b>Profit for the year after tax</b>		<b>198,175</b>	<b>52,092</b>
<b>Other comprehensive income, net of tax</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		78,586	52,686
<b>Total comprehensive income for the year, net of tax</b>		<b>276,761</b>	<b>104,778</b>
Profit for the year after tax attributable to:			
Parent company shareholders		197,211	46,773
Non-controlling interests		964	5,319
		<b>198,175</b>	<b>52,092</b>
Total comprehensive income for the year, net of tax attributable to:			
Parent company shareholders		275,852	99,384
Non-controlling interests		909	5,394
		<b>276,761</b>	<b>104,778</b>
<b>Earnings per share attributable to parent company shareholders (in NOK):</b>			
Basic	13	0.63	0.24
Diluted	13	0.63	0.24

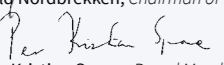
## Consolidated statement of financial position

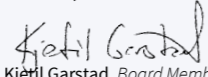
All figures in NOK'000s unless otherwise stated

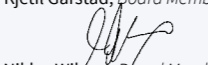
At 31 December	Notes	2015	2014
<b>Non-current assets</b>			
Tangible fixed assets	14	28,821	22,807
Intangible assets	15	71,461	82,022
Goodwill	15	317,675	302,122
Investments in associated companies	16	1,598	1,895
Purchased loan portfolios	5	3,167,628	2,016,705
Loan receivables	5	259,819	168,182
Deferred tax asset	12	26,349	11,930
<b>Total non-current assets</b>		<b>3,873,351</b>	<b>2,605,663</b>
<b>Current assets</b>			
Accounts receivable	17	20,432	27,985
Other short term assets	18	49,524	32,346
Cash and short term deposits	19	764,678	294,148
<b>Total current assets</b>		<b>834,634</b>	<b>354,479</b>
<b>Total assets</b>		<b>4,707,985</b>	<b>2,960,142</b>
<b>Equity</b>			
Share capital	20	31,187	30,904
Other paid in capital	20	1,426,790	1,403,198
Other capital reserves	21	7,162	1,415
Foreign currency translation reserve		126,368	47,847
Other equity		81,313	-109,540
<b>Total equity attributable to parent company shareholders</b>		<b>1,672,820</b>	<b>1,373,824</b>
Equity attributable to non-controlling interests		-909	-1,672
<b>Total equity</b>		<b>1,671,911</b>	<b>1,372,152</b>
<b>Non-current liabilities</b>			
Long term interest bearing loans and borrowings	22	2,526,121	1,053,475
Deferred tax liabilities	12	59,307	32,417
Post-employment liabilities	23	380	323
Other long term liabilities	24	31,047	34,241
<b>Total non-current liabilities</b>		<b>2,616,855</b>	<b>1,120,456</b>
<b>Current liabilities</b>			
Short term interest bearing loans and borrowings	22	0	159,336
Accounts and other payables	25	107,703	121,223
Income taxes payable	12	25,825	8,949
VAT, payroll and other indirect taxes	26	33,460	22,405
Other current liabilities	27	252,231	155,621
<b>Total current liabilities</b>		<b>419,219</b>	<b>467,534</b>
<b>Total liabilities</b>		<b>3,036,074</b>	<b>1,587,990</b>
<b>Total equity &amp; liabilities</b>		<b>4,707,985</b>	<b>2,960,142</b>

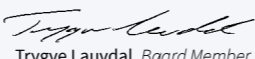
Oslo, 15 March 2016

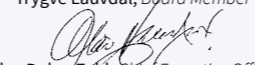
  
Jon Harald Nordbrekken, Chairman of the Board

  
Per Kristian Spone, Board Member

  
Kjetil Garstad, Board Member

  
Niklas Wiberg, Board Member

  
Trygve Lauvdal, Board Member

  
Olav Dalen Zahl, Chief Executive Officer

## Consolidated statement of changes in equity

All figures in NOK'000s unless otherwise stated

	Attributable to parent company shareholders					Total	Non-controlling interests	Total equity
	Share capital	Other paid-in capital	Other capital reserves	Foreign currency translation reserve	Other equity			
<b>At 1 January 2014</b>	14,767	406,695	1,415	-4,301	-126,068	292,508	-12,672	279,836
Profit for the year after tax					46,773	46,773	5,319	52,092
Other comprehensive income, net of tax				52,611		52,611	75	52,686
<b>Total comprehensive income</b>				52,611	46,773	99,384	5,394	104,778
Issue of share capital (note 20)	16,137	1,020,860				1,036,997		1,036,997
Transaction costs (note 20)		-24,357				-24,357		-24,357
Non-controlling interest arising on business combinations (note 6)							355	355
Acquisition of non-controlling interests (note 6)				-463	-30,245	-30,708	5,251	-25,457
<b>At 31 December 2014</b>	<b>30,904</b>	<b>1,403,198</b>	<b>1,415</b>	<b>47,847</b>	<b>-109,540</b>	<b>1,373,824</b>	<b>-1,672</b>	<b>1,372,152</b>
Profit for the year after tax					197,211	197,211	964	198,175
Other comprehensive income, net of tax				78,641		78,641	-55	78,586
<b>Total comprehensive income</b>				78,641	197,211	275,852	909	276,761
Issue of share capital (note 20)	283	23,592				23,875		23,875
Share based payments (note 21)			5,747			5,747		5,747
Acquisition of non-controlling interests (note 6)				-120	-6,358	-6,478	-86	-6,564
Dividends to non-controlling interests					0	0	-60	-60
<b>At 31 December 2015</b>	<b>31,187</b>	<b>1,426,790</b>	<b>7,162</b>	<b>126,368</b>	<b>81,313</b>	<b>1,672,820</b>	<b>-909</b>	<b>1,671,911</b>

# Consolidated statement of cash flows

All figures in NOK'000s unless otherwise stated

Year ended 31 December	Notes	2015	2014
<b>Cash flow from operating activities</b>			
Profit for the year before tax		243,300	71,551
<b>Adjustment for non-cash items:</b>			
Interest income on purchased loan portfolios and change in portfolio cashflow estimates	5	-914,842	-399,906
Depreciation and amortisation of assets	14,15	27,953	11,986
Interest expense on interest bearing loans	11	104,582	43,905
Unrealised foreign exchange differences		-111,239	-70,247
Fair value adjustment of contingent consideration	11	45,350	0
Share based payment expense	21	5,747	0
Loss/(profit) on sale of tangible and intangible fixed assets		502	-82
<b>Operating cashflows:</b>			
Cash collection from purchased loan portfolios	5	1,339,083	629,627
Interest paid on interest bearing loans and borrowings		-91,269	-32,866
Income tax paid during the year		-26,583	-10,819
<b>Operating capital adjustments:</b>			
Decrease/(increase) in current assets		-9,625	-31,306
Decrease/(increase) in other non-current financial assets		-74,593	-26,939
Increase/(decrease) in current liabilities		33,109	42,193
Increase/(decrease) in non-current liabilities		19,260	-17,216
Other items		388	-67
<b>Net cash flow from operating activities</b>		<b>591,123</b>	<b>209,814</b>
<b>Cash flow from investing activities</b>			
Purchase of loan portfolios	5	-1,358,266	-526,639
Acquisition of subsidiary companies, net of cash acquired	6	0	-605,694
Payment of contingent consideration	6	-13,164	-10,787
Purchase of tangible and intangible fixed assets	14,15	-17,501	-12,537
Proceeds from the sale of tangible and intangible fixed assets		1,198	550
<b>Net cash flow from investing activities</b>		<b>-1,387,733</b>	<b>-1,155,107</b>
<b>Cash flow from financing activities</b>			
Proceeds from the issue of new shares, net of transaction costs		17,311	1,004,177
Proceeds from new external loans during the year		4,424,756	926,797
Repayment of external loans during the year		-3,209,171	-805,825
Acquisition of non-controlling interest	6	0	-16,992
Dividends paid to non-controlling interest		-60	0
<b>Net cash flow from financing activities</b>		<b>1,232,836</b>	<b>1,108,157</b>
<b>Net cash flow during the year</b>		<b>436,226</b>	<b>162,864</b>
Cash and cash equivalents at 1 January		294,148	117,660
Exchange rate difference on cash and cash equivalents		34,304	13,624
<b>Cash and cash equivalents at 31 December</b>	<b>19</b>	<b>764,678</b>	<b>294,148</b>

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

## NOTE 1 General information, basis of preparing the consolidated financial statements and consolidation principles

### 1.1 General information

B2Holding AS (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 non-performing loans.

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

The consolidated financial statements of the Group for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 15 March 2016.

### 1.2 Basis of preparing the consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and interpretations set by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments which are recorded at fair value. The consolidated financial statements are presented in Norwegian kroner (NOK) and all values are rounded to the nearest thousand (NOK'000) except when otherwise indicated. B2Holding AS has from the year end 31 December 2014 been permitted by the Norwegian authorities to publish its financial statements in English only.

The consolidated financial statements of the Group have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

The policies set out below have been consistently applied to all the years presented unless otherwise stated.

### 1.3 Consolidation principles

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and

circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

## NOTE 2 Summary of significant accounting policies

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

### 2.1 Business combinations and goodwill

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

The Group's cost of the subsidiary's shares or operations consists of the fair value of the consideration given on the transfer date, including any conditional purchase consideration which is recognised as a liability at fair value at the acquisition date, as well as the amount of any non-controlling interest in the subsidiary. Contingent consideration is a financial instrument and falls within the scope of IAS 39, Financial Instruments: recognition and measurement. Any changes in the fair value of contingent consideration is recognised in the income statement. A contingent payment that is considered to be remuneration for future services of employees or former owners of the acquiree is recognised as personnel costs.

Non-controlling interests arise in cases where the acquisition does not relate to the entire subsidiary. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

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

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

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units ('CGU'), that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment as defined by IFRS 8, Operating Segments.

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

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

## 2.2 Investments in associated companies

Associated companies are companies that are not subsidiaries but where the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over these policies.

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

Investments in associated companies are recognised in the consolidated accounts according to the equity method, which means that the investment is recognised at cost and subsequently adjusted to the Group's share of the change in the associated company's net assets since acquisition date. The equity method is applied from the date a significant influence arises until the time it ceases or the associated company becomes a subsidiary.

The Group's share of the profit or loss after tax is shown on the face of the income statement on the line 'Share of results in associated companies'. Dividends received from the associate are not recognised in the income statement but instead reduce the carrying value of the investment.

The financial statements of the associates are prepared for the same reporting period as the Group.

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

and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in the income statement.

## 2.3 Foreign currencies

The Group's consolidated financial statements are presented in Norwegian kroner, which is also the parent Company's functional currency. Each entity in the Group determines its own functional currency based on local operations, and items included in the financial statements of each entity are measured using that functional currency.

Transactions in a currency other than the local functional currency are recognised at the exchange rate in effect on the transaction date. When such transactions are settled, any difference in the exchange rate will give rise to a realised exchange rate gain or loss. Monetary assets or liabilities in a currency other than the local functional currency are translated at the exchange rates on each balance sheet date and will give rise to an unrealised exchange rate gain or loss. Both realised and unrealised exchange rate differences are recognised in net financial items in the income statement.

On consolidation, the income statements and balance sheets of Group companies with functional currencies other than Norwegian kroner are translated as follows. The assets and liabilities for each balance sheet presented (including comparatives) are translated at the closing rate at the relevant balance sheet date, and income and expenses for each income statement (including comparatives) are translated using the average of the monthly average rates for the relevant period, which serves as an approximation of the rate that applied on each transaction date.

Translation differences arise on the translation of foreign operations in part because the exchange rates on the balance sheet dates change each year and in part because the average rate for the period differs from the exchange rate on the balance sheet date. All translation differences are recognised in other comprehensive income as the year's change in the foreign currency translation reserve. On the disposal of a net investment, the cumulative amount in the translation reserve related to the foreign operation is reclassified to the income statement as part of the gain or loss on disposal.

Any goodwill arising on the acquisition of a foreign operation, and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition, are treated as assets and liabilities of the foreign operation and are translated at the closing rate.

When the settlement of a monetary item receivable from or payable to a foreign subsidiary is neither planned nor likely in the foreseeable future, the unrealised exchange rate gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented as part of the foreign currency translation reserve component of equity.

## 2.4 Purchased loan portfolios

Purchased loan portfolios consist of portfolios of non-performing loans and debt, purchased at prices significantly below the nominal receivable. They are recognised at amortised cost according to the effective interest method in accordance with the rules for loans and receivables set out in IAS 39. All portfolios are classified as non-current assets in the statement of financial position.

The effective interest method is a method of calculating the amortised

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

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

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

Each portfolio is initially recorded in the statement of financial position at cost, including all transaction costs. Subsequent price adjustments for portfolios acquired are recorded as an adjustment to the statement of financial position. Interest income on purchased loan portfolios is accrued quarterly in the income statement based on each portfolio's effective interest rate. Monthly cash flows greater than the cash flow forecast for the same period are recorded as income in the period. Likewise, monthly cash flows that are less than the monthly cash flow forecast for the same period are recorded as a reduction of income in the period.

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

Significant estimates have been made by Management with respect to the collectability of future cash flows from portfolios. The cash flow estimates are prepared by Management over a forecast period of time. If the cash flow estimates are revised, the carrying amount is recalculated by computing the present value of estimated future cash flows using the original effective interest rate. A reduction in the carrying amount is recorded as a reduction in income while an increase in the carrying amount is recognised as an increase in income. Both are recorded as an adjustment to "Changes in portfolio cashflow estimates" in the income statement.

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

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

Secured loan portfolios are loans with collateral in property or other assets. Where the Group takes possession of collateral, mainly property, it will be made available for sale as there is no intention on the part of the Group to own the collateral asset. Accordingly, collateral is derecognized from the purchased loan portfolios and classified and measured as either a current held for sale asset or a non-current held for sale asset in the statement of financial position, depending on whether the sale of collateral is expected to take place within 12 months or in more than 12 months respectively. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Proceeds from sale of the collateral assets are used to repay or reduce the outstanding amount receivable from the underlying debtor.

## 2.5 Segments

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

The Group's operating segments are the geographical regions, Norway, Sweden, Finland including Estonia, Poland/Luxembourg (geographical regions of the Ultimo group of companies acquired in 2014), Latvia, Balkans (Croatia, Slovenia, Serbia, Montenegro and Austria) and Other (including the parent company and the Netherlands). The breakdown by geographical region is also used for internal monitoring in the Group.

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

## 2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties. The following specific recognition criteria must also be met before revenue is recognised:

### *Income on purchased loan portfolios:*

The method of accounting for interest income is explained in more detail in section 2.4 above.

### *Revenue from external collection:*

Revenue, consisting of commissions and collection fees, is recognised on collection of the debt.

### *Unidentified receipts and excess payments:*

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

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

## Other revenue:

This includes interest on loan receivables as well as subscription income for credit information and other services which is recognised proportionately over the term of the underlying service contract which is usually one year.

## Dividends:

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

## 2.7 Taxes

### Current income tax:

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income.

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

### Deferred tax:

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and the carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

### Sales tax:

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

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

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

## 2.8 Tangible fixed assets

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

Depreciation is calculated on a straight-line basis over the useful life of these assets, and for improvements to rented offices, over the remaining expected term of the property lease, if this is less than the useful life. The useful lives of these tangible fixed assets mentioned above are from three to ten years. For practical reasons, the residual value of the asset is set to zero.

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

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the tangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the tangible asset) is included in the income statement on derecognition.

## 2.9 Leases

A lease is classified as either a finance or operating lease. Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. The leased asset is recognised in the statement of financial position as a fixed asset and the future lease payments are recognised as a liability, with the portion falling due for payment within one year recognised as a current liability and the remaining

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

portion recognised as a long term liability. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are expensed on a straight-line basis over the lease term.

## 2.10 Intangible assets

Intangible assets include purchase software and intangible assets acquired separately or in a business combination.

Expenditures for IT development and maintenance are expensed as incurred.

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

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

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

Any gain or loss arising on derecognition of an intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in the income statement in the year the intangible asset is derecognised.

## 2.11 Impairment of fixed assets and other non-current assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGUs fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the income statement in those expense categories consistent with the nature of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount of the asset or CGU is estimated. A previously recognised impairment loss is reversed only if there has been a

change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

## 2.12 Financial assets and liabilities

A financial instrument is defined as any form of agreement giving rise to a financial asset in a company and a financial liability or equity instrument in a counterparty. Financial instruments include, as assets, accounts and other receivables, purchased loan portfolios, other long term assets and cash and short term deposits, and as liabilities and equity, accounts and other payables, and loan and other long term liabilities. The Group also uses derivative financial instruments which are described in section 2.13.

Within the scope of IAS 39, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The Group determines the classification of its financial assets and financial liabilities after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial assets and liabilities are recognised by the Group when it becomes party to the contractual provisions of the instrument and are initially measured at fair value, which normally will be transaction price, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Subsequent measurement of the Group's financial assets and liabilities depends on their classification, as described below.

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that has occurred after the initial recognition of the asset that has an impact on the estimated future cash flows.

### Accounts and other receivables:

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

Accounts and other receivables are recognised initially at fair value and subsequently measured at the amount expected to be received after deducting impaired receivables. The anticipated maturity of these receivables is short, so their carrying values are not discounted.

### Purchased loan portfolios:

Purchased loan portfolios are designated as loans and receivables. Their accounting treatment is described in more detail in section 2.4.

### Long term receivables:

Long term receivables have an anticipated maturity of more than one

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year. After initial measurement, they are subsequently measured at amortised cost using the effective interest rate method, less impairment which is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

#### Cash and short term deposits:

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

#### Client funds:

Client funds represent cash received on collection of a specific debt on behalf of a client and payable to the client within a specific period of time. Client funds are liquid funds with a restricted disposition right. The same amount is reported within other payables.

#### Accounts and other payable:

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

Accounts and other payables are recognised initially at fair value and subsequently measured at the amount expected to be paid. The anticipated maturity of these payables is short, so their carrying values are not discounted.

#### Interest-bearing debt:

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net financial items when the liabilities are derecognised as well as through the amortisation process.

The upfront fees are a part of the borrowing cost and are recognised as part of the interest expense in accordance with the effective interest method.

#### 2.13 Derivative financial instruments

The Group uses the following derivative financial instruments to hedge its risks associated with interest rates and foreign exchange rates: interest rate swaps (with or without cap), foreign exchange swap and cross currency rate swap with cap. Such derivative financial instruments are initially and subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to other financial income or other financial expenses in the income statement.

#### 2.14 Derecognition of financial assets and liabilities

##### Financial assets:

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In such cases, the Group also recognises an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

##### Financial liabilities:

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

#### 2.15 Offsetting of financial instruments

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

#### 2.16 Fair value of financial instruments

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

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

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

An analysis of the fair values of financial instruments and further details as to how they are measured are provided in note 5.

#### 2.17 Provisions and contingencies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the

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risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost. Contingent liabilities and contingent assets are a possible obligation or possible income depending on whether some uncertain future event occurs, or a present obligation, whose payment is not probable or amount cannot be measured reliably, or a possible inflow of economic benefit that is not certain. Contingent liabilities and assets are not recognised in the balance sheet but are disclosed in the notes to the accounts.

#### 2.18 Pensions and other post-employment liabilities

##### Defined contribution pension plans:

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

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

##### Other post-employment liabilities:

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

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

#### 2.19 Share based payments

Members of the group management team and selected key employees receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in note 21. That cost is recognised in personnel costs, together with a corresponding increase in other capital reserves within equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in the cumulative expense recognised at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award,

provided the original terms of the award are met. An additional expense, measured at the date of modification is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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

#### 2.20 Equity

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

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

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

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

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

#### 2.21 Dividends

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

#### 2.22 Balance sheet classification

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

#### 2.23 Related parties

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

#### 2.24 Consolidated statement of cash flows

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

Cash flows are divided into cash flows from operating activities, investing activities and financing activities.

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

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after deducting cash and short term deposits in the acquired or divested company.

## ■ NOTE 3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. As regards estimates and assumptions concerning the future, the resulting accounting estimates will, by definition, seldom equal the related actual results.

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

### Revenue recognition:

The Group uses the effective interest rate method to account for loans and receivables. The initial book value of purchased loan portfolios are recognised at cost plus transaction expenses at the time of purchase. The use of the effective interest rate method requires the Group to estimate future cash flows from loans and receivables at each balance sheet date. The underlying estimates that form the basis for revenue recognition depends on variables such as the ability to contact the customer and reach an agreement, timing of cash flows, general economic environment and statutory regulations. Deviations between the estimated future cash flows and actual cash flows for a period are recognised as "Interest income on purchased loan portfolios" in the income statement. If the estimations for future periods are revised, the Group adjusts the carrying amount of the portfolios and loans to reflect actual and revised estimated cash flows in accordance with IAS 39 paragraph AG8. The book value of purchased loan portfolios at any given balance sheet day will be equal to the discounted value of each portfolio discounted at the initial internal rate of return calculated from the initial cashflow forecast. Events or changes in assumptions and Management's judgement will affect the recognition of revenue in the period. Further details are included in note 2.4.

### Book value of purchased loan portfolios:

Purchased loan portfolios consist mainly of acquired non-performing unsecured loans and non-derivative financial assets without fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Events or changes in assumptions and Management's judgement will affect the estimated cash flow for the portfolios and therefore also the net present value of future cash flows and the book value of the portfolios. Further details are included in note 2.4.

### Impairment of goodwill:

The Group determines whether goodwill is impaired when circumstances indicate that there may be a potential impairment. Estimating recoverable amounts of assets are partly based on Management's evaluation, including estimates of future performance, revenue generating capacity of the assets, and assumptions of the future market conditions. Changes

in circumstances and in Management's estimation of future events may give rise to impairment losses. Impairment of goodwill is evaluated on an annual basis and determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Estimating the recoverable amount requires the Group to make assumptions regarding the expected future cash flow and the discount rate used to calculate the net present value of those cash flows. Further details are included in note 2.1.

### Contingent consideration:

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination and is classified as either long term liability or other current liabilities depending on the contractually agreed payment dates. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows as well as the probability of meeting the contractually agreed performance targets. Post-acquisition performance or other events can change the assumptions used by Management to assess the fair value of the contingent consideration liability. Further details are included in note 2.1.

### Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model and includes Management assumptions regarding the expected life of the share option or instrument, as well as its volatility and the risk free rate of return. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 21.

### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 2.7.

## ■ NOTE 4 New and amended standards issued, but not yet effective

Standards and interpretations that are issued but not yet effective up to the date of the issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

### IFRS 9 Financial Instruments

IFRS 9 will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. In order to expedite the replacement of IAS 39, the IASB divided the project into phases: classification and measurement, hedge accounting and impairment. New principles for impairment were published in July 2014 and the standard is now completed. The parts of IAS 39 that have not been amended as part of this project have been transferred into IFRS 9. IFRS 9 will be effective on 1 January 2018 with early adoption permitted, subject to EU endorsement.

The company's assessment is that the new standard will not have a significant impact on the financial statements.

### IFRS 15 Revenue from Contracts with Customers

The IASB and the FASB have issued their joint revenue recognition stand-

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ard, IFRS 15 Revenue from Contracts with Customers. The standard replaces existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment). IFRS 15 will be effective on 1 January 2018 with early adoption permitted, subject to EU endorsement.

The company's preliminary assessment is that the new standard will not have a significant impact on the financial statements.

### IFRS 16 Leases

IFRS 16 replaces the existing IFRS requirements, IAS 17 Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, namely the customer ('lessee') and the supplier ('lessor'). The new leases standard requires lessees to recognise assets and liabilities for most leases, which is a significant change from current requirements. For lessors, IFRS 16 substantially carries forward the accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The company's preliminary assessment is that the new standard will not have a significant impact on the financial statements.

## ■ NOTE 5 Financial risk management

### 5.1 Financial risk

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

### Market and regulatory environment:

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

### Currency and interest rate risk:

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

### Currency risk

Net borrowings (nominal value of interest bearing loans less cash) ad-

justed for derivative financial instruments are made in relevant currencies reflecting the underlying expected future cashflows from loans and receivables. One exception is Croatian Kuna (HRK) where all borrowing is done in EUR.

The Group's bond loan is denominated in EUR and borrowings under the multi-currency revolving credit facility are drawn in PLN. To obtain a more balanced currency basket, the Group has entered into the following currency derivatives at 31 December 2015: a cross currency swap of SEK 225 million against EUR and a foreign exchange forward of PLN 100 million against EUR. At 31 December 2015, net borrowings amounted to NOK 1,862 million. Adjusted for the currency derivatives mentioned above, the net borrowings represented a currency basket comprising PLN: 51%, EUR: 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 40% of the total multi-currency revolving credit facility commitment and two-thirds of other financial indebtedness, mainly the bond loan, for a minimum duration of 3 years. The hedging requirement at 31 December 2015 was NOK 1,962 million while the nominal amount of the derivatives entered into was NOK 2,151 million. The nominal amount of the derivatives exceeded the net interest bearing debt, though this situation is expected to be normalised as the group grows and uses external loan financing to fund future portfolio purchases and no further hedging requirements are needed with the current facility lines.

Under the arrangements in effect at 31 December 2015, a 1%-point increase in market interest rates is estimated to have a positive effect on net financial items of NOK 36 million, including an increase in the fair value of the derivatives of NOK 33 million. The reason for the positive effect if interest rates increase is that the nominal amount of the derivatives at 31 December 2015 exceeded the net interest bearing debt, as mentioned above. A 1%-point decrease in market interest rates is estimated to have a negative effect on net financial items of NOK 43 million, including a reduction in the fair value the derivatives of NOK 34 million. The reason for the negative effect if interest rates fall is that the interest bearing loan agreements (both the multi-currency revolving credit facility and the bond loan) have capped the floating rate to zero, which means that the benefit of any current negative interest rates is not fully matched by the derivatives whose main purpose is to avoid increased financing costs if interest rates rise.

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

The currency sensitivity analysis shown below is based on book value of loans and receivables at 31 December 2015, net of net borrowings and the effect of currency derivatives.

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Currency	Closing rate at 31 Dec 2015	NOK strengthens by 20%	NOK strengthens by 10%	NOK weakens by 10%	NOK weakens by 20%
EUR	9.6190	40,427	20,214	-20,214	-40,427
SEK	1.0475	-46,585	-23,293	23,293	46,585
PLN	2.2627	-133,713	-66,857	66,857	133,713
HRK (Croatian Kuna)	1.2598	-155,558	-77,779	77,779	155,558
DKK	1.2891	-1,695	-847	847	1,695
RSD (Serbian Dinar)	0.0790	-7,086	-3,543	3,543	7,086
RON (Romanian Leu)	2.1300	-12,833	-6,417	6,417	12,833
<b>Total impact on book values</b>		<b>-317,043</b>	<b>-158,521</b>	<b>158,521</b>	<b>317,043</b>

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

#### Credit risk:

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

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

#### Maximum exposure to credit risk

	2015	2014
Purchased loan portfolios	3,167,628	2,016,705
Loan receivables	259,819	168,182
Investment in associated companies	1,598	1,895
Accounts receivable	20,432	27,985
Other short term assets	49,524	32,346
Cash and short term deposits	764,678	294,148
<b>Total at 31 December</b>	<b>4,263,679</b>	<b>2,541,261</b>

#### Liquidity risk:

The Group's multi-currency revolving credit facility of EUR 260 million and the Bond Loan of EUR 150 million (as described in note 22), totalling NOK 3,944 million at 31 December 2015, ensures necessary funding to meet future payment obligations. At 31 December 2015, the Group had an unused part of the revolving credit facility totalling EUR 137 million or NOK 1,318 million, in addition to cash and short-term deposits of NOK 765 million.

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

At 31 December 2015	12 months or less	1-2 years	2-5 years	More than 5 years
Interest bearing loans & borrowings (short term and long term)	189,239	186,130	3,083,883	551
Other long term liabilities	4,569	15,797	8,786	
Accounts and other payables	107,703			
Income taxes payable	25,825			
Payroll, social and other indirect taxes	31,203	1,461	796	
Other current liabilities	230,993			
<b>Total</b>	<b>589,532</b>	<b>203,388</b>	<b>3,093,465</b>	<b>551</b>

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At 31 December 2014	12 months or less	1-2 years	2-5 years	More than 5 years
Interest bearing loans & borrowings (short term and long term)	159,336	343,466	761,556	509
Other long term liabilities		18,800	15,441	
Accounts and other payables	121,223			
Income taxes payable	8,949			
Payroll, social and other indirect taxes	22,271	133		
Other current liabilities	155,621			
<b>Total</b>	<b>467,400</b>	<b>362,400</b>	<b>776,997</b>	<b>509</b>

#### Capital structure:

The Group's interest-bearing debt net of cash and cash equivalents was NOK 1,761 million at 31 December 2015. Total equity, net of intangible assets, was NOK 1,283 million and total assets, net of intangible assets, was NOK 4,319 million.

The Group monitors its capital structure by calculating a total loan to value ratio, defined as the total nominal amount of net interest bearing debt, adjusted for vendor financing and contingent consideration, less cash and deposits divided by the carrying value of purchased loan portfolios, loan receivables and goodwill. The total loan to value ratio at 31 December 2015 was 56% which is lower than the maximum allowed loan to value covenant requirement under the multi-currency revolving credit facility and the bond loan of 75%.

#### 5.2 Fair value estimation

The fair value of financial instruments that are not traded in an active market (e.g. loans and receivables) is determined by using valuation techniques such as net present value of estimated cash flows. For loans and receivables, the discount rate used is the weighted average cost of capital, which is the weighted value of the cost of debt and the cost of equity in each particular country. The cost of equity is estimated by applying the capital asset pricing model. Market values of interest and currency derivatives are calculated using mid-rates (excluding margins) based on available market rates where each cash flow is discounted by the zero-coupon rate for the date of the payment.

As described in note 3, the preparation of cash flow estimates requires significant estimates to be made by management regarding future cash flows from portfolios. The fair value of the purchased loan portfolios is estimated to be approximately NOK 3,460 million and is based on net future estimated cash flows after tax, discounted with the estimated WACC for the countries in question. The corresponding carrying amount is NOK 3,168 million which is based on IAS 39 using the estimated gross future cash flows, where the discount factor is the individual IRR for the each portfolio. The future cash flow forecasts used to estimate the fair market value are the same as the cash flow forecasts used in the accounting for purchased loan portfolios at 31 December 2015.

The fair value estimation is based on estimated annual net cash flows from the purchased loan portfolios. The estimated annual net cash flows from portfolios is the assumed annual future collection per country, less assumed annual collection costs per country before tax. The collection costs as a percentage of the portfolio collection differ from country to country, ranging from 15% to 35% depending on the stage of development of the subsidiary in its local market. In addition, the country specific marginal tax rate is applied. This individual collection cost and tax rate is applied to each country's estimated future cash flow, adding up to an estimated total net cash flow (CF3) for the Group, presented in the table below.

#### Table showing CF1, CF2 & CF3 for the years from 2016 to 2025 for purchased loan portfolios owned at 31 December 2015

	2016	2017	----->	2025	Total
Collection (CF1)	1,679,238	1,344,533	3,341,957	57,721	6,423,450
Operating expenses	482,653	386,690	912,834	15,479	1,797,656
Collection less operating expenses (CF2)	1,196,585	957,843	2,429,123	42,242	4,625,793
Tax	90,523	66,833	114,914	2,038	274,308
<b>Collection less operating expenses and tax (CF3)</b>	<b>1,106,063</b>	<b>891,010</b>	<b>2,314,209</b>	<b>40,204</b>	<b>4,351,485</b>

The weighted average cost of capital after tax is estimated for each country where the cash flow is generated. Based on this rate, the discounted value of the estimated net cash flows for a forecast period of 10 years indicates that the fair value of the purchased loan portfolios is NOK 3,460 million. The fair value including the expected net cash flows beyond the 10 year forecast period is NOK 3,521 million.

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

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## Fair value of purchased loan portfolios at 31 December 2015 assuming different % forecast collection levels and discount rates

		% forecast collection		
		90 %	100 %	110 %
Discount rate	WACC -1.5%	3,185,387	3,616,556	4,041,824
	WACC -1.0%	3,137,523	3,562,453	3,981,659
	WACC -0.5%	3,091,538	3,510,464	3,923,834
	WACC used	3,047,301	3,460,443	3,868,189
	WACC +0,5%	3,004,697	3,412,259	3,814,580
	WACC +1.0%	2,963,619	3,365,794	3,762,874
	WACC +1.5%	2,923,971	3,320,940	3,712,954

### Cost of Capital:

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

$$R_e = R_f + \text{MRP} \cdot \beta + \text{SSP} + \text{CRP}$$

The weighted average cost of capital is estimated as:

$$\text{WACC} = \frac{\text{Equity}}{\text{Equity} + \text{Debt}} \cdot R_e + \frac{\text{Debt}}{\text{Equity} + \text{Debt}} \cdot R_d \cdot (1 - \text{corporate tax rate})$$

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

### Risk free rate

The risk free rate was estimated as the effective rate of return on long-term government bonds in the countries where the collection is generated. The largest collections comes from Poland, Finland, Sweden, Croatia, Slovenia and Latvia.

### Market risk premium:

The market risk premium is defined as:

$$\text{MRP} = (R_M - R_f)$$

where  $R_M$  = Market return and  $R_f$  = Risk free rate

Most empirical studies conclude that the average market risk premium is in the range of 4 – 9 %. A market risk premium of 5 % was applied.

### Equity beta:

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

### Small Stock Premium (SSP)

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

### Country Risk Premium (CRP)

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

### Future cash flow estimates

The future cash flow estimates are based on the current 10 year IFRS forecast for the current portfolio base with no value assigned after this 10 year period. There are therefore no additional cash flows from future investments included in the fair value estimation. The purchased loan portfolios have been revalued during the year and net changes in portfolio collection estimates of NOK 5.3 million have been recorded in 2015. The Group therefore believes that the cash flow estimates that form the basis for the fair value calculation are conservative, because the performance in 2015 was better than estimated and the value of the future cashflows after year 10 is deemed to be zero. This level of conservatism in the cash flow estimates compensates for the risk involved in estimating future cash flows.

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

## Weighted average cost of capital calculation

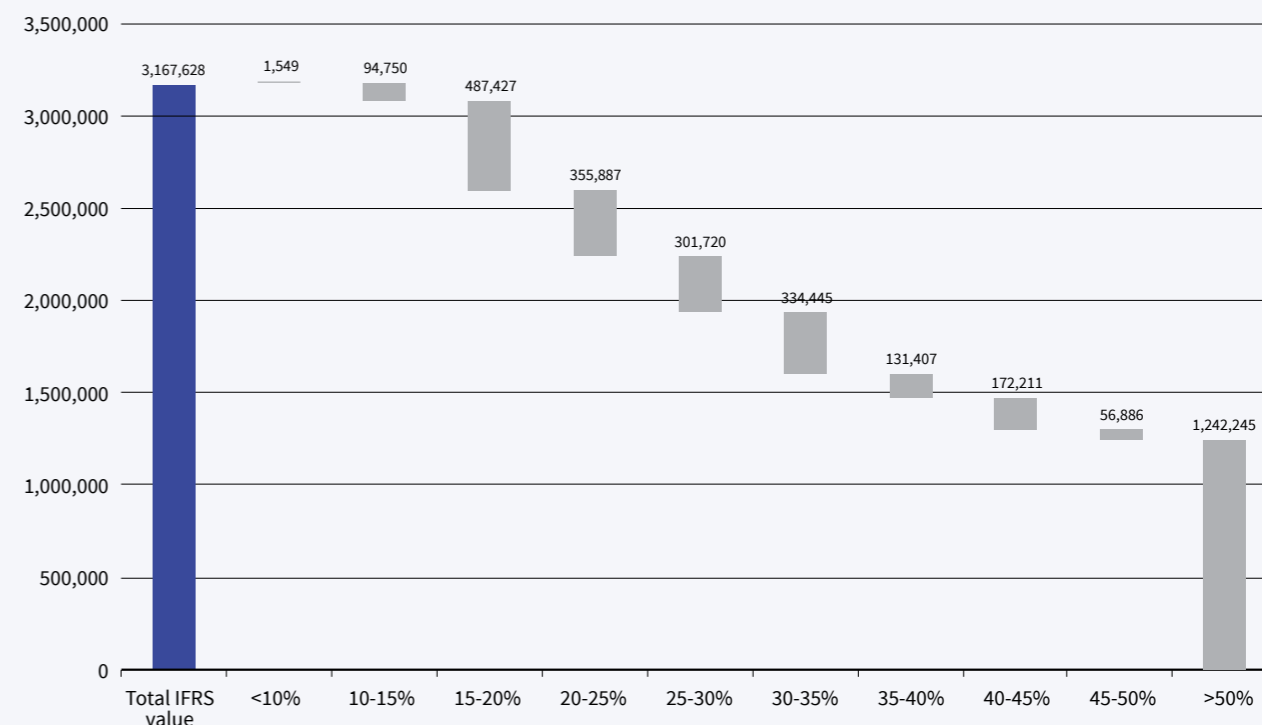
	2015
Risk free rate (long term government bond yields)	1.1%-6.0%
Equity Beta	0.8
Country risk premium	0%-6.8%
Market risk premium	5.0%
Additional liquidity risk premium/small cap premium	2.2%
Total risk premium	7.2%
Tax rate Group	15%-25%
Cost of equity	7.6%-19.0%
Cost of debt	3.0%-7.2%
Equity weight	69%
Debt weight	31%
<b>WACC (after tax)</b>	<b>6.2%-15.3%</b>

### Internal rate of return

Due to the fact that over 50% of the portfolios have an initial computed effective interest rate higher than 50%, the fair value estimation shown in the sensitivity analysis above can differ from the corresponding IFRS value of the portfolios, which is NOK 3,168 million due to the higher discount factors. In addition, the fair value of the portfolios is calculated on the basis of net cash flow after tax, whereas the IFRS value is calculated on the basis of gross cash flows.

The distribution of the portfolio values according to the individual rate of return is displayed graphically below.

NOK'000s



# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

## 5.3 Purchased loan portfolios and changes in portfolio collection estimates

Purchased loan portfolios at 31 December	2015	2014
Opening balance	2,016,705	562,072
Acquisitions of a subsidiary (note 6)	0	1,023,695
Purchases of loan portfolios during the year	1,358,266	526,639
Cash collections	-1,339,083	-629,627
Interest recognised on portfolios	909,544	399,388
Change in portfolio collection estimates	5,298	518
Exchange rate differences	216,898	134,020
<b>Closing balance</b>	<b>3,167,628</b>	<b>2,016,705</b>

The face value of loans and receivables amounts to NOK 44,221 million including accrued interest at 31 December 2015 (2014: NOK 30,931 million).

### Changes in portfolio collection estimates:

Management reviews and evaluates the cash flow forecast for all portfolios on a quarterly basis. The effect of the changes of the Group's future cash flow estimates during 2015 resulted in a net increase of income of NOK 5.3 million. This amount has been calculated as the net present value of the difference in the cash flow estimates.

The net change in portfolio collection estimates in 2015 is specified in the table below.

	Negative revaluations	Positive revaluations	Net change in collection estimates
Baltics	-67	0	-67
Balkans	0	0	0
Finland	-6,355	11,320	4,965
Poland	-67,418	67,488	70
Sweden	-999	1,329	330
<b>Total</b>	<b>-74,839</b>	<b>80,137</b>	<b>5,298</b>

The negative revaluations are a result of Management's lowered estimates of future cash flows for some portfolios that have not performed as expected. The change in collection estimates resulting in positive revaluations in the table above is related to portfolios which have performed significantly over forecast. Included is also the effect of adding monthly cashflows to the original forecast.

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

## 5.4 Fair value of financial instruments

At 31 December 2015	Carrying amount			Fair value				
	Held for trading	Loans & receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Purchased loan portfolios		3,167,628		3,167,628			3,460,443	3,460,443
Loans receivable		259,819		259,819			259,819	259,819
<b>Total</b>	<b>0</b>	<b>3,427,447</b>	<b>0</b>	<b>3,427,447</b>	<b>0</b>	<b>0</b>	<b>3,720,262</b>	<b>3,720,262</b>
<b>Financial liabilities</b>								
Interest-bearing loans, floating rate			2,526,121	2,526,121		2,526,121		2,526,121
Derivative financial instruments	18,750			18,750		18,750		18,750
Contingent consideration (note 6.3)			169,912	169,912			169,912	169,912
<b>Total</b>	<b>18,750</b>	<b>0</b>	<b>2,696,033</b>	<b>2,714,783</b>	<b>0</b>	<b>2,544,871</b>	<b>169,912</b>	<b>2,714,783</b>
<b>At 31 December 2014</b>								
<b>Financial assets</b>								
Purchased loan portfolios		2 016 705		2 016 705			2 363 193	2 363 193
Loans receivable		168,182		168,182			168,182	168,182
<b>Total</b>	<b>0</b>	<b>2,184,887</b>	<b>0</b>	<b>2,184,887</b>	<b>0</b>	<b>0</b>	<b>2,531,375</b>	<b>2,531,375</b>
<b>Financial liabilities</b>								
Interest-bearing loans, floating rate			1,212,811	1,212,811		1,212,811		1,212,811
Derivative financial instruments	846			846		846		846
Contingent consideration (note 6.3)			126,983	126,983			126,983	126,983
<b>Total</b>	<b>846</b>	<b>0</b>	<b>1,339,794</b>	<b>1,340,640</b>	<b>0</b>	<b>1,213,657</b>	<b>126,983</b>	<b>1,340,640</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 at the prevailing rate of return.

The fair value of interest bearing-loans is equal to book value as all interest-bearing loans are based on a 3 month floating interest rate. The fair value of derivatives is set by calculating the present value of future cash flow using market rates for interest and currencies. In the case of the derivatives the fair value is confirmed by the financial institution that is the counterparty.

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

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

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

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

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

## 5.5 Derivative financial instruments

At 31 December 2015, the Group had the following derivative financial instruments:

Instrument	Currency	Notional amount in Currency	Notional amount in NOK	Fixed rate/cap	Strike	Floating 3M IBOR	Fair value NOK	Due
<b>Interest derivatives:</b>								
Interest rate swap	EUR	50,000	480,950	0.1950 %		-0.1356 %	-4,696	08.12.20
Interest rate cap	EUR	50,000	480,950		1.0000 %	-0.1356 %	2,991	08.12.20
Interest rate swap	PLN	309,500	700,306	1.8175 %		1.7300 %	-127	29.02.16
Interest rate swap	PLN	400,000	905,080	1.9825 %		1.7300 %	-6,967	29.11.18
Cross currency rate swap with cap	SEK	225,000	235,688	0.5200 %	0.5000 %	-0.4058 %	1,212	10.12.18
Interest rate swap	EUR	5,000	48,095	0.5300 %		-0.1160 %	-903	10.09.19
Interest rate cap	EUR	50,000	480,950	0.0900 %	1.0000 %	-0.1290 %	-924	08.12.18
							-9,414	
<b>Currency derivatives:</b>								
	Currency	Forward amount in Currency	Forward amount in NOK	Forward rate	Forward amount EUR	Spot rate		Due
Cross currency rate swap with cap	SEK	225,000	235,688	9.28	24,246	9.1828	-4,956	10.12.18
Foreign exchange forward	PLN	100,000	226,270	4.35302	22,973	4.2511	-4,380	15.01.16
							-9,336	
							-18,750	

The Group uses interest rate swaps and caps to hedge its interest rate risk exposure, and cross currency swaps and foreign exchange forward contract to hedge its currency exposure. The fair value of the interest swaps and caps at 31 December 2015 was negative with NOK 9.4 million, and the fair value of the cross currency swaps and FX forwards at 31 December 2015 was negative with NOK 9.3 million.

## NOTE 6 Business combinations and acquisition of non-controlling interests

### 6.1 Acquisitions in 2014

On 17 December 2013, the Group signed an agreement to purchase 200 shares in Creditreform Latvija SIA ("Creditreform") constituting 99.5% of the voting shares of the company. Creditreform is located in Riga, Latvia, was incorporated in 1995 and is engaged in credit information and third party collection activities. Creditreform owns 100% of shares in Crefo Finance SIA and Crefo Rating SIA as well as investments in associated companies in Estonia and Lithuania.

The Group acquired Creditreform on account of the company's experienced management team and excellent market knowledge and position. Creditreform is also servicing the portfolios acquired by the Group's subsidiary in Latvia, B2Kapital SIA. The Group's activities in the Baltic region are expected to increase, and Creditreform, with its market position and investment in associated companies, gives a good platform for further expansion in the region.

For accounting purposes, the effective date of the acquisition was 1 January 2014 and the Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

	Fair value recognised on acquisition
<b>Assets</b>	
Tangible fixed assets	598
Intangible assets	13,717
Investments in associated companies	1,692
Accounts receivable and other short term assets	3,085
Cash and short term deposits	6,010
	<b>25,102</b>
<b>Liabilities</b>	
Deferred tax liabilities	2,058
Other long term liabilities	301
Other current liabilities	3,637
	<b>5,996</b>
<b>Total identifiable net assets at fair value</b>	<b>19,106</b>
Non-controlling interest measured at the proportionate share of the acquiree's identifiable net assets (0.5%)	-37
Net assets acquired	19,069
Goodwill arising on acquisition (note 15)	24,590
<b>Purchase consideration</b>	<b>43,659</b>
Contingent consideration	-12,402
<b>Purchase consideration paid in cash</b>	<b>31,257</b>
<b>Cash flow on acquisition</b>	
Net cash acquired with the subsidiary	6,010
Cash paid	-31,257
<b>Net cash outflow</b>	<b>-25,247</b>

Transaction costs attributable to the acquisition amounted to NOK 466 thousand in 2013 and NOK 511 thousand in 2014. These have been expensed as due diligence and transaction services and legal services within other operating expenses.

The goodwill of NOK 24.6 million that was created at the time of the transaction is mainly related to the company maintaining and expanding its market position with regards to collections and credit information systems. The company has developed sophisticated systems that are important in portfolio evaluation and collection processes and for further expansion in the Baltic region. None of the goodwill recognised is deductible for income tax purposes.

Additional contingent consideration may be paid in a range from NOK 2.7 million to NOK 15.3 million based on the achievement of specific performance criteria in the years 2013-2016. At the time of acquisition, the company estimated the fair value of the contingent consideration to be NOK 12.4 million. The consideration is due for final measurement and payment to the former shareholders in 2017.

#### Acquisition of Kontant Finans Sverige AB, Sweden

On 16 January 2014, the Group acquired 90.1% of the shares in Kontant Finans Sverige AB ("Kontant Finans") located in Gothenburg, Sweden. The company is a consumer lending company operating in Sweden and gives the Group the opportunity to access the consumer lending business in Sweden on a small scale.

For accounting purposes, the effective date of the acquisition was 1 January 2014 and the Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

	Fair value recognised on acquisition
<b>Assets</b>	
Loan receivable & other financial assets	7,311
Accounts receivable and other short term assets	511
Cash and short term deposits	3,396
	<b>11,218</b>
<b>Liabilities</b>	
Other long term liabilities	7,814
Accounts payable	268
Other current liabilities	49
	<b>8,131</b>
<b>Total identifiable net assets acquired at fair value</b>	<b>3,087</b>
Non-controlling interest measured at the proportionate share of the acquiree's identifiable net assets (9.9%)	-291
Net assets acquired	2,796
Goodwill arising on acquisition (note 15)	934
<b>Purchase consideration paid in cash</b>	<b>3,730</b>
<b>Cash flow on acquisition</b>	
Net cash acquired with the subsidiary	3,396
Cash paid	-3,730
<b>Net cash outflow</b>	<b>-334</b>

The goodwill of NOK 934 thousands that was created on the acquisition is mainly related to Kontant Finans's growth potential. The company has an experienced management team with well established processes for servicing the consumer lending business.

### Acquisition of Ultimo Holding Sarl, Luxembourg and its subsidiaries

On 29 August 2014, the Group purchased 100% of shares in Ultimo Holding Sarl, Luxembourg, the parent company in the Ultimo group of companies ("Ultimo") in Poland and Luxembourg. The Group perceives the acquisition of Ultimo as an opportunity to fulfill its strategic plans to expand its business and debt purchase and loan servicing platform in the Central and Eastern European markets by strategic acquisitions of key players in these markets. Ultimo is one of the largest debt purchasing and collecting companies in Poland managing non-performing debt portfolio with a face value of over PLN 10 bn. The transaction provides Ultimo with the access to the Group's capital and network of subsidiaries and partners in the Central and Eastern European markets.

For accounting purposes, the effective date of the acquisition was 29 August 2014. The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

	Fair value recognised on acquisition
<b>Assets</b>	
Tangible fixed assets	16,212
Intangible assets	56,994
Deferred tax asset	1,188
Non performing loan portfolios	1,023,695
Loan receivables & other financial assets	114,931
Accounts receivable and other short term assets	15,055
Cash and short term deposits	100,185
	<b>1,328,260</b>
<b>Liabilities</b>	
Long term loans	683,780
Deferred tax liability	9,060
Other long term liabilities	4,589
Accounts and other payables	13,233
Income taxes payable	3,585
Other current liabilities	100,094
	<b>814,341</b>
<b>Total identifiable net assets at fair value</b>	<b>513,919</b>
Non-controlling interest measured at the proportionate share of the acquiree's identifiable net assets	-26
Net assets acquired	513,893
Goodwill arising on acquisition (note 15)	233,765
<b>Purchase consideration</b>	<b>747,658</b>
Contingent consideration	-67,360
<b>Purchase consideration paid in cash</b>	<b>680,298</b>
<b>Cash flow on acquisition</b>	
Net cash acquired with the subsidiary	100,185
Cash paid	-680,298
<b>Net cash outflow</b>	<b>-580,113</b>

Transaction costs attributable to the acquisition amounted to NOK 48.8 million. These have been expensed as due diligence, transaction services and legal services within other operating expenses.

The goodwill of NOK 233.7 million that was created on the acquisition is mainly related to Ultimo maintaining its position as one of the leading companies in the Polish non-performing loans market. Ultimo has an experienced management team with good market knowledge and good knowledge of portfolio purchases. It has an efficient organisation with its own well developed analysis and collection systems. The company is well placed for further growth in the Polish market.

None of the goodwill recognised is deductible for income tax purposes.

The net operating revenue and profit before tax contribution to the consolidated income statement of the Group from the date of acquisition to 31 December 2014 was NOK 183.2 million and NOK 38.9 million. If the combination had taken place at the beginning of the year, the net operating revenue and profit before tax contribution to the consolidated income statement of the Group would have been NOK 518.1 million and NOK 97.3 million adjusted for bonuses paid to the management on the sale of the company by the former shareholders.

Contingent consideration may be paid in accordance with an earn-out agreement with the former shareholders based on gross collections for the portfolio back book for the year 2015. At the time of acquisition, the company estimated the fair value of the contingent consideration to be NOK 67.4 million. The consideration is due for final measurement and payment to the former shareholders in January 2016.

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

## Acquisition of non-controlling interest in Sileo Kapital AB, Sweden

Sileo Kapital AB, Sweden was established in 2012 with B2Holding AS owning a majority stake of 50.1%. The company is located in Gothenburg, Sweden and is engaged in purchasing and collecting non-performing consumer debt portfolios. The management has good market knowledge, and the company has established a good platform in the Swedish market which provides the company and Group with further growth potential in the Swedish market.

On the 17 November 2014, B2Holding AS purchased a further 40.8% of the shares and the remaining shareholder contribution in Sileo Kapital AB for the total price of NOK 16,992 thousands, increasing its shareholding to 90.9%.

The payment was settled by a cash payment of NOK 680 thousand on 28 November 2014 and by issuing 2,174,908 shares in B2Holding AS at NOK 7.5 per share which was registered on 27 February 2015.

The transaction is treated as an equity transaction in accordance with IFRS 10.23 and IFRS 10.B96.

## Acquisition of non-controlling interest in B2Kapital Holding d.o.o., Croatia

B2Kapital Holding d.o.o., Croatia ("B2K Croatia") was established in July 2013 with B2Holding AS owing 100% of the share capital. The company is located in Zagreb and is engaged in purchasing and collecting non-performing consumer debt portfolios and factoring. Management experience and market knowledge together with the well established collection platform puts the company in excellent position for further growth in the Croatian market.

At the beginning of 2014, B2K Croatia acquired the factoring business from Clever Finance s.r.o, Slovakia in return for a 20% ownership stake in B2K Croatia, thereby reducing B2Holding AS's ownership to 80%.

On the 14 November 2014, B2Holding AS acquired the non-controlling ownership interest of 20% for a total price of NOK 8,463 thousand settled by issuing 1,410,500 shares in B2Holding AS at NOK 6 per share which was registered on 9 December 2014.

The transaction is treated as an equity transaction in accordance with IFRS 10.23 and IFRS 10.B96.

## 6.2 Acquisitions in 2015

### Acquisition of non-controlling interest in Sileo Kapital AB, Sweden

Further to the business combination in 2014 which resulted in B2Holding AS increasing its shareholding in Sileo Kapital AB to 90.9%, B2Holding AS purchased the remaining non-controlling interest of 9.1% in Sileo Kapital AB on 26 October 2015 for a total price of NOK6,564 thousand. This was settled by issuing 525,090 shares in B2Holding AS at NOK 12.50 on 16 November 2015.

The transaction is treated as an equity transaction in accordance with IFRS 10.23 and IFRS 10.B96.

## 6.3 Contingent consideration

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

- OK Perinta OY, Finland and its subsidiaries ("OK Perinta"), which was acquired in 2012
- Creditreform Latvija SIA, Latvia and its subsidiaries, which was acquired in January 2014; and
- Ultimo Holding Sarl, Luxembourg and its subsidiaries, which was acquired in August 2014

As at the acquisition date, the fair value of the contingent consideration was estimated and accounted for as a long-term or current liability depending on the payment date of the various installments.

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

	OK Perinta	Credit-reform	Ultimo	Total
<b>At 1 January 2014</b>	<b>47,986</b>			<b>47,986</b>
Acquisitions of a subsidiary (note 6.1)		12,402	67,360	79,762
Payments during the year	-9,137	-1,650		-10,787
Exchange differences	2,997	832	6,193	10,022
<b>At 31 December 2014</b>	<b>41,846</b>	<b>11,584</b>	<b>73,553</b>	<b>126,983</b>
Payments during the year	-11,122	-2,042		-13,164
Fair value adjustments during the year	38,673	-888	7,565	45,350
Exchange differences	4,429	525	5,789	10,743
<b>At 31 December 2015</b>	<b>73,826</b>	<b>9,179</b>	<b>86,907</b>	<b>169,912</b>

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

The fair value of the contingent consideration liability relating to the acquisition of OK Perinta increased during 2015 due to significantly improved performance compared to the contractually agreed performance targets.

The contingent consideration due to the previous owners of OK Perinta and Ultimo has been agreed with the respective counterparties and will be paid in early to mid 2016. The contingent consideration due to the previous owners of Creditreform is valued at the maximum amount due under the purchase agreement; the amount most likely to be paid based on post-acquisition performance to date.

## NOTE 7 Operating segments

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.

Although each geographical region records net financial items and a tax charge in their respective countries, financing and taxes are managed on a group basis and are disregarded by Executive Management for decision making purposes at the regional level.

Internal transactions between the geographical regions are eliminated on consolidation and are reflected in the "Adjustments" column. They are transacted on an arm's length basis in a manner similar to transactions with third parties.

The results, assets and liabilities of the parent company and the holding company in the Netherlands are reported as 'Other'.

Purchase of loan portfolios includes assets from the acquisition of subsidiaries. Capital expenditure consists of additions of tangible fixed assets and intangible assets, including assets from the acquisition of subsidiaries.

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

Year ended 31 December 2015	Norway	Finland & Estonia	Poland and Sweden Luxembourg	Latvia	Balkans	Other	Adjust- ments	Total
<b>Regional net operating revenue</b>								
Interest income on purchased loan portfolios		144,562	73,946	526,274	13,350	151,412		909,544
Revenue from external collection	6,774	85,216	2,984		9,127			104,101
Income from services to group companies	1,175						-1,175	0
Other operating revenues		3,716	1,576	38,712	11,534	1,758		57,296
Changes in portfolio cashflow estimates		4,965	330	70	-67			5,298
	<b>7,949</b>	<b>238,459</b>	<b>78,836</b>	<b>565,056</b>	<b>33,944</b>	<b>153,170</b>	<b>-1,175</b>	<b>1,076,239</b>

### Results

Depreciation & amortisation	12	1,688	1,007	20,457	3,338	1,198	253	27,953
Share of results in associated companies				230				230
<b>Regional profit before net financial items and taxes</b>	<b>2,551</b>	<b>99,175</b>	<b>43,703</b>	<b>205,618</b>	<b>8,308</b>	<b>95,882</b>	<b>-78,033</b>	<b>377,204</b>

### Long term loans and receivables

Purchased loan portfolios		402,630	447,031	1,413,764	36,317	867,886		3,167,628
Loan receivables		7,717	18,170	227,394		135	6,403	259,819
		<b>410,347</b>	<b>465,201</b>	<b>1,641,158</b>	<b>36,317</b>	<b>868,021</b>	<b>6,403</b>	<b>3,427,447</b>

### Other disclosures

Investment in associated companies					1,598			1,598
Cash collections from purchased loan portfolios		306,591	108,210	742,756	22,622	158,904		1,339,083
Purchase of loan portfolios		334,033	67,156	309,700	13,275	634,102		1,358,266
Capital expenditure	33	729	258	12,505	887	1,631	1,458	17,501

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

Year ended 31 December 2014	Norway	Finland & Estonia	Poland and Sweden Luxembourg <sup>(1)</sup>	Latvia	Balkans	Other	Adjust- ments	Total
<b>Regional net operating revenue</b>								
Interest income on purchased loan portfolios		125,059	70,244	175,964	12,502	15,619		399,388
Revenue from external collection	6,596	74,544	43		9,756			90,939
Income from services to group companies	900						-900	0
Other operating revenues		2,818	750	7,115	8,305	911		19,899
Changes in portfolio cashflow estimates		-36	-833	1,813	-426			518
	<b>7,496</b>	<b>202,385</b>	<b>70,204</b>	<b>184,892</b>	<b>30,137</b>	<b>16,530</b>	<b>-900</b>	<b>510,744</b>

### Results

Depreciation & amortisation	6	2,839	59	5,634	3,033	367	48	11,986
Share of results in associated companies				283				283
<b>Regional profit before net financial items and taxes</b>	<b>2,704</b>	<b>62,804</b>	<b>42,363</b>	<b>57,271</b>	<b>7,576</b>	<b>771</b>	<b>-82,041</b>	<b>91,484</b>

### Long term loans and receivables

Purchased loan portfolios		199,404	377,294	1,226,366	30,141	183,500		2,016,705
Loan receivables			12,312	148,841		777	6,252	168,182
		<b>199,404</b>	<b>389,606</b>	<b>1,375,207</b>	<b>30,141</b>	<b>184,277</b>	<b>6,252</b>	<b>2,184,887</b>

### Other disclosures

Investment in associated companies					1,895			1,895
Cash collections from purchased loan portfolios		286,376	95,752	207,184	23,988	16,327		629,627
Purchase of loan portfolios		178,390	29,398	1,156,366	15,962	169,647		1,549,763
Capital expenditure		1,472	23	102,663	15,930	2,347	47	122,482

(1) For the post acquisition period from September–December 2014.

### Reconciliation of segment profit to Group profit

	2015	2014
Regional profit before net financial items and taxes	377,204	91,484
Net financial items	-133,904	-19,933
<b>Group profit before tax</b>	<b>243,300</b>	<b>71,551</b>

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

### NOTE 8 External cost of services provided

	2015	2014
Fees to courts, bailiffs and lawyers for collection services	151,685	105,573
Fees to external parties for collection and skip tracing services	18,419	6,009
Fees to third parties for credit information	5,390	3,379
Fees to third parties for portfolio acquisitions	4,713	1,650
Other costs	9,097	2,290
	<b>189,304</b>	<b>118,901</b>

The increase in external cost of services provided from 2014 to 2015 is mainly due to the full year effect of costs from the Ultimo group of companies which were acquired on 29 August 2014. This also partly explains the increase in personnel costs and other operating expenses described in notes 9 and 10 below.

### NOTE 9 Personnel cost

	2015	2014
Wages, salaries and other benefits paid	223,809	106,024
Social security costs & payroll taxes	50,837	22,523
Defined contribution pension costs	1,223	1,190
Other personnel costs, including external temporary staff, training and recruitment costs	18,315	6,469
	<b>294,184</b>	<b>136,206</b>

Number of full time equivalents (FTE's) at 31 December	1,178	961
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The increase in personnel costs from 2014 to 2015 is mainly due to the full year effect of costs from the Ultimo group of companies which were acquired on 29 August 2014. FTEs at 31 December 2014 included 703 FTEs at the Ultimo group of companies. In addition to this, the increase in personnel costs is also explained the full year effect of FTEs hired in 2014 and by the increase in FTEs in 2015.

The Group has defined contribution plans in Norway, Sweden and Finland covering 40 FTEs at 31 December 2015 (34 FTEs at 31 December 2014) which are additional to the pension benefits provided under the relevant government-backed pension schemes in each of the countries where the Group operates.

### NOTE 10 Other operating expenses

	2015	2014
Printing, postage	32,241	13,813
IT, telecommunications	26,712	18,001
Marketing, business entertaining	20,927	13,714
Cost of office premises	19,087	10,899
Other professional services	14,058	7,739
Travel, accommodation, meetings, arrangements	12,529	8,188
Legal services	11,214	19,412
Statutory and other corporate costs, including business insurance and trade licences	8,967	11,445
Impairment of receivables	5,688	152
External accounting services	5,671	2,615
Audit and tax services	5,495	2,044
Due diligence and transaction services	4,578	37,206
Bank charges	3,259	1,933
Office equipment	2,402	2,165
Office supplies, stationary	1,811	1,258
Other costs	12,955	1,583
	<b>187,594</b>	<b>152,167</b>

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

The increase in other operating expenses from 2014 to 2015 is due to a combination of the following:

- the full year effect of costs from the Ultimo group of companies which were acquired on 29 August 2014;
- the general increase in operational activity through the Group from 2014 to 2015;
- the one-off due diligence, legal and other costs in 2014 related to the acquisition of the Ultimo group of companies;
- the one-off cost of professional and legal services provided in connection with the refinancing of the Group in 2015.

The increase in impairment of receivables is the direct result of impairing a loan receivables portfolio in Finland. The impairment of accounts receivable is described further in note 17.

### NOTE 11 Net financial items

	2015	2014
<b>Net realised and unrealised exchange gains/(losses)</b>		
Realised exchange gains/(losses)	-38,976	-7,176
Unrealised exchange gains/(losses)	73,165	35,485
	<b>34,189</b>	<b>28,309</b>

#### Other interest income

Interest income on cash & short term deposits	2,100	1,509
Other interest income	100	336
	<b>2,200</b>	<b>1,845</b>

#### Other interest expenses

Interest expenses on interest bearing loans	-104,204	-43,867
Other interest expenses	-378	-38
	<b>-104,582</b>	<b>-43,905</b>

#### Other financial expenses

Fair value adjustment of contingent consideration (note 6.3)	-45,350	0
Change in fair value of derivative financial instruments (note 5)	-16,813	-782
Losses on financial instruments	0	-1,914
Costs of financing	-2,264	-3,570
Other financial expenses	-1,514	-199
	<b>-65,941</b>	<b>-6,465</b>

### NOTE 12 Income tax

The major components of income tax reported in the income statement for the years ended 31 December 2015 and 2014 are set out below.

	2015	2014
<b>Current income tax:</b>		
Current year income tax payable	41,646	12,519
<b>Deferred tax expense/(income):</b>		
Origination and reversal of temporary differences	3,479	6,940
<b>Total tax expense reported in the income statement</b>	<b>45,125</b>	<b>19,459</b>

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

Reconciliation between the expected tax expense and the actual tax expense	2015	2014
Profit before tax	243,300	71,551
<b>Expected tax expense at Norwegian nominal tax rate of 27%</b>	<b>65,691</b>	<b>19,319</b>
Difference between local tax rates and the Norwegian nominal tax rate	-50,345	-18,244
Effect of change in Norwegian tax rates from 27% to 25%	-1,860	0
Tax effect of permanent differences	11,584	13,538
Tax effect of the change in unrecognised deferred taxes	20,946	5,185
Other differences	-891	-339
<b>Actual tax expense</b>	<b>45,125</b>	<b>19,459</b>
<b>Effective rate of tax</b>	<b>19 %</b>	<b>27 %</b>

The effective rate of tax has fallen from 2014 to 2015 due an increase in the share of taxable profits being generated in Poland (following the acquisition of the Ultimo group of companies in August 2014) and in the Balkans where the standard rates of tax are 19% and 15-20% respectively.

## Analysis of deferred tax assets and liabilities

Tax effect of temporary differences:	2015	2014
<b>Taxable temporary differences - non current items</b>		
Tangible and intangible fixed assets	9,346	11,207
Purchased loan portfolios	10,100	1,676
Loans to group companies and other long term assets	39,861	20,110
Long term interest bearing loans and borrowings	0	5,270
	<b>59,307</b>	<b>38,263</b>
<b>Deductible temporary differences - non current items</b>		
Purchased loan portfolios	-1,075	-1,872
Tangible and intangible fixed assets	-315	-21
Other long term assets	-200	0
Long term interest bearing loans and borrowings	-2,887	0
Other long term liabilities	-6,340	-474
	<b>-10,817</b>	<b>-2,367</b>
<b>Deductible temporary differences - current items</b>		
Accounts receivable	-208	-10
Other current assets	-1,438	0
Other current liabilities	-7,979	-2,419
	<b>-9,625</b>	<b>-2,429</b>
<b>Tax losses carried forward</b>	<b>-88,721</b>	<b>-69,437</b>
	<b>-49,856</b>	<b>-35,970</b>
Deferred taxes not recognised	82,814	56,457
<b>Net deferred tax liabilities</b>	<b>32,958</b>	<b>20,487</b>
Due to right of offsetting deferred tax assets and liabilities in the same tax jurisdiction, the presentation of net deferred tax in the consolidated statement of financial position for each year end was as follow:		
Deferred tax assets	-26,349	-11,930
Deferred tax liabilities	59,307	32,417
	<b>32,958</b>	<b>20,487</b>

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

	2015	2014
Deferred tax liabilities/(assets) at 1 January	20,487	-3,255
Deferred tax expense recognised in the income statement	3,479	6,940
Deferred tax expense recognised in other comprehensive income	8,422	5,966
Deferred taxes acquired in business combinations	0	9,930
Exchange differences	570	906
<b>Deferred tax liabilities at 31 December</b>	<b>32,958</b>	<b>20,487</b>

Analysis of tax losses available for offset against future taxable income, by year of expiration:	2015	2014
Within 5 years	1	9
After 5 years	41,742	17,937
No time limit	283,629	230,718
Total tax losses available for offset	325,372	248,664
<b>Tax effect of tax losses, before consideration of whether the losses are recognisable or not</b>	<b>88,721</b>	<b>69,437</b>

Tax losses carried forward at 31 December 2015 relate to mainly to the Group's subsidiary companies in Luxembourg (NOK 201 million), Norway (NOK 44 million) and Netherlands (NOK 39 million).

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that it can utilised against future taxable profits. Significant judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

## NOTE 13 Earnings per share

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

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

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

	2015	2014
<b>Profit for the year after tax attributable to parent company shareholders</b>	<b>197,211</b>	<b>46,773</b>
Number of shares outstanding at 1 January	309,038,763	147,670,344
New shares issued during the year (note 20)	2,833,332	161,368,419
Number of shares outstanding at 31 December	311,872,095	309,038,763
<b>Weighted average number of shares during the year</b>	<b>311,027,053</b>	<b>192,259,571</b>
<b>Effect of dilution:</b>		
Option programmes (note 21)	3,706,261	0
Independent subscription rights (note 21)	0	2,000,000
<b>Weighted average number of shares during the year adjusted for the effect of dilution</b>	<b>312,828,980</b>	<b>193,002,037</b>

## Earnings per share (in NOK)

- Basic	0.63	0.24
- Diluted	0.63	0.24

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

Options granted to employees are considered to be potential ordinary shares. Accordingly, they have not been included in the determination of basic earnings per share, but have been included in the determination of diluted earnings per share to the extent that they are dilutive. 1.3 million options granted on 9 September 2015 are not included in the calculation of diluted earnings per share because they are not dilutive for the year ended 31 December 2015. These options could potentially dilute basic earnings per share in the future.

The 2 million independent subscription rights outstanding at 31 December 2014 lapsed on 15 January 2015.

### NOTE 14 Tangible fixed assets

	Improvements to rented offices	Equipment, fixtures & fittings	Total
<b>Acquisition/purchase cost</b>			
<b>At 1 January 2014</b>	<b>7,091</b>	<b>8,485</b>	<b>15,576</b>
Additions	1,627	2,647	4,274
Acquisitions of a subsidiary (note 6)	5,973	30,263	36,236
Disposals	0	-1,734	-1,734
Exchange differences	1,187	3,432	4,619
<b>At 31 December 2014</b>	<b>15,878</b>	<b>43,093</b>	<b>58,971</b>
Additions	496	13,709	14,205
Disposals	0	-4,784	-4,784
Exchange differences	1,118	3,512	4,630
<b>At 31 December 2015</b>	<b>17,492</b>	<b>55,530</b>	<b>73,022</b>
<b>Depreciation and impairment</b>			
<b>At 1 January 2014</b>	<b>5,236</b>	<b>5,870</b>	<b>11,106</b>
Depreciation charge for the year	1,734	2,363	4,097
Acquisitions of a subsidiary (note 6)	2,656	16,770	19,426
Disposals	0	-1,265	-1,265
Exchange differences	781	2,019	2,800
<b>At 31 December 2014</b>	<b>10,407</b>	<b>25,757</b>	<b>36,164</b>
Depreciation charge for the year	747	7,782	8,529
Disposals	0	-3,289	-3,289
Exchange differences	743	2,054	2,797
<b>At 31 December 2015</b>	<b>11,897</b>	<b>32,304</b>	<b>44,201</b>
<b>Net book value</b>			
<b>At 31 December 2015</b>	<b>5,595</b>	<b>23,226</b>	<b>28,821</b>
<b>At 31 December 2014</b>	<b>5,471</b>	<b>17,336</b>	<b>22,807</b>
Depreciation method	Straight line	Straight line	
Economic useful lives	3-10 years or remaining lease term, if shorter	3-10 years	

The carrying value of equipment held under finance leases at 31 December 2015 was NOK 1.346 thousand (2014: NOK 1.691 thousand). Additions during the year include NOK 350 thousand of equipment under finance lease contracts (2014: NOK 1.724 thousand, of which NOK 1.545 thousand was the carrying value of equipment held under finance lease in the Ultimo group of companies on the date of acquisition).

Leased assets are pledged as security for the related finance lease liabilities.

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

### NOTE 15 Intangible assets and goodwill

	Intangible assets	Goodwill	Total
<b>Acquisition/purchase cost</b>			
<b>At 1 January 2014</b>	<b>6,640</b>	<b>15,860</b>	<b>22,500</b>
Additions	8,263	0	8,263
Acquisitions of a subsidiary (note 6)	73,709	259,288	332,997
Exchange differences	7,583	27,855	35,438
<b>At 31 December 2014</b>	<b>96,195</b>	<b>303,003</b>	<b>399,198</b>
Additions	3,296	0	3,296
Disposals	-206	0	-206
Exchange differences	6,966	16,643	23,609
<b>At 31 December 2015</b>	<b>106,251</b>	<b>319,646</b>	<b>425,897</b>
<b>Amortisation and impairment</b>			
<b>At 1 January 2014</b>	<b>2,318</b>	<b>818</b>	<b>3,136</b>
Amortisation	7,889	0	7,889
Acquisitions of a subsidiary (note 6)	2,998	0	2,998
Exchange differences	968	63	1,031
<b>At 31 December 2014</b>	<b>14,173</b>	<b>881</b>	<b>15,054</b>
Amortisation	18,482	0	18,482
Impairment of goodwill	0	942	942
Exchange differences	2,135	148	2,283
<b>At 31 December 2015</b>	<b>34,790</b>	<b>1,971</b>	<b>36,761</b>
<b>Net book value</b>			
<b>At 31 December 2015</b>	<b>71,461</b>	<b>317,675</b>	<b>389,136</b>
<b>At 31 December 2014</b>	<b>82,022</b>	<b>302,122</b>	<b>384,144</b>
Amortisation method	Straight line	Yearly im- pairment testing	
Economic useful lives	5 years		

Intangible assets are the capitalised costs of installing the software systems and related hardware used throughout the Group for debt collection, operational and administrative purposes. These include assets acquired through business combinations.

Goodwill acquired through business combinations has been tested for impairment at the end of 2015. The recoverable amount is based on calculations of a profit that should be able to sustain the recorded goodwill value. The profit is defined as the difference between net present value of net future cash flows after local collection costs and tax. The discount rate used is the weighted cost of capital calculated for each cash generating unit. The following cash generating units have been tested for impairment:

#### Interkreditt AS, Norway

The company was purchased in 2013 and the goodwill created at the time of acquisition amounted to NOK 10.9 million. The company has been tested using a 5 year cashflow model with a terminal value after 5 years discounted at a local post tax WACC of 6.2%. The basis for the expected future cashflow is the actual cashflow for 2015, the most recent budget for 2016 and a 3% rate of future revenue growth.

#### Creditreform Latvija SIA, Latvia

The company was purchased in 2014 and the goodwill created at time of acquisition, NOK 26.5 million, includes estimated contingent consideration in the form of an earn-out agreed with the sellers. The company has been tested using a 5 year cashflow model with a terminal value after 5 years discounted at a local post tax WACC of 7.2%. The basis for the expected future cashflow is the actual cashflow for 2015, the most recent budget for 2016 and a 2% rate of future revenue growth.

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

### Ultimo Holding Sarl, Luxembourg

The company was purchased in 2014 and the goodwill created at time of acquisition, NOK 233.7 million, includes estimated contingent consideration in the form of an earn-out agreement with the sellers. The company has been tested with regards to a 10 year cashflow model, approved by management, with a terminal value after 10 years discounted at a local post tax WACC of 8.6%. A 10 year cashflow model has been used as this most closely reflects the expected recoverable cashflows on the underlying purchased loan portfolios at the time of acquisition as well as the expected recoverable cashflows arising from a stable portfolio investment program based on expected portfolios available for sale.

For portfolios owned at 31 December 2015, management has approved an estimate of future expected gross cashflows, and for portfolios expected to be acquired under a future portfolio investment program that will maintain the same level of operational activity, management has approved an estimate of an average future expected gross cashflow profile. The sum of the future expected gross cashflows, less estimated costs to collect and the country specific marginal tax rate, forms the basis for the net cashflow estimates used in the 10 year cashflow model and the terminal value has been calculated using a future expected gross cashflow equal to two times the estimated 10 year portfolio book value, less estimated costs to collect and the country specific marginal tax rate, discounted at the local post tax WACC of 8.6%. A factor of two represents a best estimate of the average multiple of expected future cashflow over portfolio book value.

Although management expects that the continued implementation of best collection and portfolio analysis practices throughout the Group will result in actual future gross cashflows that exceed the cashflows used in the 10 year cashflow model, and over the same period of time, expects that the continued positive development and growth in the Polish economy will keep the long term post-tax WACC at a stable or declining level, a decline of 9% in the future gross cashflows or an increase of 2.1% in the local post tax WACC would trigger an impairment of part of the goodwill balance at 31 December 2015.

### Kontant Finans Sverige AB, Sweden ("Kontant Finans")

The company was purchased in 2014 and the goodwill created at the time of acquisition amounted to NOK 0.9 million. The company has been tested with regards to a 5 year cash flow model with a terminal value after 5 years discounted at a local post tax WACC of 6.6%. The basis for the expected future cashflow is the actual cashflow for 2015, the most recent budget for 2016 and a 2% rate of future revenue growth.

The result of the impairment tests showed that there was a requirement to fully impair the goodwill created on the acquisition of Kontant Finans. There was no requirement to impair the goodwill in any of the other cash generating units.

### NOTE 16 Investments in associated companies

The Group has an investment in two associated companies, a 26% interest in Creditreform OÜ, Estonia and a 34.72% interest in Creditreform UAB, Lithuania. Both companies specialise in the collection of third party debt in their respective countries, and are privately owned companies.

The Group's shareholdings in these companies are owned by Creditreform Latvija SIA, Latvia, which was acquired by the Group on 1 January 2014 (see note 6 for further details).

	2015	2014
At 1 January	1,895	1,692
The Group's share of the associate's result after tax	230	283
Dividend received	-620	-217
Exchange differences	93	137
<b>At 31 December</b>	<b>1,598</b>	<b>1,895</b>

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

### NOTE 17 Accounts receivable

	2015	2014
Accounts receivable – gross	21,958	28,190
Provision for impaired balances	-1,526	-205
	<b>20,432</b>	<b>27,985</b>

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

	Total	Not past due or impaired	Past due but not impaired			Past due and impaired
			0-60 days	61-120 days	>120 days	
2015	21,958	11,923	5,703	2,184	622	1,526
2014	28,190	24,619	2,782	547	37	205

### NOTE 18 Other short-term assets

	2015	2014
Collateral collected from debtors	18,253	11,591
Value added, sales or other taxes receivable	8,151	4,974
Amounts due from previous owners of purchased loan portfolios	5,611	0
Advances & security deposits paid to suppliers	5,589	3,951
Prepayments	5,551	3,563
Amounts due from employees	4,752	2,696
Short term interest-bearing receivables	0	4,208
Other	1,617	1,363
	<b>49,524</b>	<b>32,346</b>

### NOTE 19 Cash and short term deposits

	2015	2014
Cash at banks		
- unrestricted balances	751,757	277,832
- tax deductions from employee payroll	844	421
- other restricted balances	6,571	9,851
	759,172	288,104
Short term deposits	5,506	6,044
	<b>764,678</b>	<b>294,148</b>

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

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

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

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

## NOTE 20 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 1 January 2014</b>	<b>147,670,344</b>	<b>14,767</b>	<b>406,695</b>
Share issue on 8 May at NOK 4 per share for employee subscription	166,458	17	649
Share issue on 19 May at NOK 6 per share for general investment purpose	6,666,666	667	39,333
Share issue on 10 July at NOK 6 per share for employee subscription	133,334	13	787
Share issue on 26 August at NOK 6 per share to finance the purchase of the Ultimo Group	100,000,000	10,000	590,000
Share issue on 4 September at NOK 2.5 per share related to exercise of independent subscription rights (see note 21)	1,000,000	100	2,400
Share issue on 27 November at NOK 7.50 per share for general investment purposes	46,666,667	4,667	345,333
Share issue on 9 December at NOK 6 per share for employee subscription	3,578,713	358	21,114
Share issue on 9 December at NOK 6 per share in connection with the acquisition of the non-controlling interest in B2Kapital d.o.o., Croatia (note 6)	1,410,500	141	8,322
Share issue on 19 December at NOK 7.50 per share for general investment purposes	1,746,081	175	12,921
Decrease due to the transaction cost of the new share issues			-24,357
<b>At 31 December 2014</b>	<b>309,038,763</b>	<b>30,904</b>	<b>1,403,198</b>
Share issue on 27 February at NOK 7.50 per share in connection with the acquisition of the 40.8% non-controlling interest in Sileo Kapital AB, Sweden (note 6)	2,174,908	217	16,094
Share issue on 17 April at NOK 7.50 per share in connection with the bonus payment to the Chief Executive Officer and Chairman of the Board	133,334	13	987
Share issue on 16 November 2015 at NOK 12.50 per share in connection with the acquisition of the 9.1% non-controlling interest in Sileo Kapital AB, Sweden (note 6)	525,090	52	6,511
<b>At 31 December 2015</b>	<b>311,872,095</b>	<b>31,187</b>	<b>1,426,790</b>
Share issue on 11 February at NOK 14 per share in connection with the bonus payment to the Chief Executive Officer and Chairman of the Board	57,144	6	794
<b>At 15 March 2016 (the date of completion of these financial statements)</b>	<b>311,929,239</b>	<b>31,193</b>	<b>1,427,584</b>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

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

No dividends or non-cash distributions to owners have been paid or are proposed in the period from 1 January 2014 to the date of completion of these financial statements.

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

## NOTE 21 Share based payments

### 21.1 Option programmes

The Group has granted share options to management and selected key employees under two different option programmes in 2015. The first option programme was established in June 2015 (the "First Option Programme") and the second option programme was established in September 2015 (the "Second Option Programme"). As of the date of completion of these financial statements, there were 18,300,000 options outstanding under the First and Second Option Programme.

Each option gives the holder the right to acquire one share from the Company at a strike price defined in the individual share option agreement.

In general, one-third of the options granted under the First Option Programme vest on 1 January 2016, one-third vest on 1 January 2017 and the remaining one-third vest on 1 January 2018. Under the Second Option Programme, one-third of the options granted vest on 1 September 2016, one-third vest on 1 September 2017 and the remaining one-third vest on 1 September 2018. All vested options may be exercised in any period prior to the expiry date.

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

	Grant date	Number of options granted	Number of options vested at 31 December 2015	Expiry date	Exercise price range NOK
First option programme	1 July 2015	14,400,000	0	1 July 2018	8-9
Second option programme	9 September 2015	3,900,000	0	31 December 2018	10-12
<b>Total</b>		<b>18,300,000</b>	<b>0</b>		

There are no options that are exercised, forfeited, expired or modified since grant date.

The fair value of options awarded is calculated using the Black-Scholes option pricing model. The risk-free interest rate on the award date has been obtained from Norges Bank. The expected volatility has been set at 24.8% based on a 360 day median from comparable companies. The expected lifetime has been set as the vesting date.

The average fair value of options granted in 2015 was NOK 0.84 per option and the cost of the options recognised in personnel costs together with a corresponding increase in other capital reserves was NOK 5,747 thousand in 2015.

The following members of the Board and management participate in the option programmes:

	Grant date	Number of options granted	Number of options vested at 31 December 2015	Expiry date	Exercise price range NOK
Jon Harald Norbrekken (Chairman of the Board)	1 July 2015	6,000,000	0	1 July 2018	8-9
Olav Dalen Zahl (Chief Executive Officer)	1 July 2015	6,000,000	0	1 July 2018	8-9
Harald Henriksen (Chief Financial Officer)	1 July 2015	900,000	0	1 July 2018	8-9
Erik Just Johnson (Chief Group Controller)	1 July 2015	1,500,000	0	1 July 2018	8-9
Rasmus Hansson (Director Strategy and M&A)	9 September 2015	600,000	0	31 December 2018	10-12
Thor Christian Moen (Head of Legal)	9 September 2015	600,000	0	31 December 2018	10-12
Jeremi Bobowski (Chief Investment Officer)	9 September 2015	600,000	0	31 December 2018	10-12
Henrik Wennerholm (Director Business Development)	9 September 2015	600,000	0	31 December 2018	10-12
<b>Total</b>		<b>16,800,000</b>	<b>0</b>		

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

### 21.2 Independent subscription rights

On 15 December 2012, the company granted 3 million independent subscription rights to Mavenhead II Limited, a company controlled by Morten Hornness, the former Chief Financial Officer of B2Holding AS, each giving the right to subscribe for one share at NOK 2.50 per share. These subscription rights could be exercised as follows: 1 million from 28 November 2013 to 28 May 2014; 1 million from 28 November 2014 to 28 May 2015; and 1 million from 28 November 2015 to 28 May 2016.

One million independent subscription rights were exercised on 12 August 2014 and registered as a share capital increase on 4 September 2014 (note 20). The remaining two million independent subscription rights were cancelled on 15 January 2015 at the conclusion of the employment agreement with Morten Hornness.

The fair value of the independent subscription rights granted on 15 December 2012 of NOK 1.4 million was expensed in full in 2012.

### NOTE 22 Interest bearing loans and borrowings

	2015	2014
<b>Short term</b>		
Secured bank loans	0	159,336
	<b>0</b>	<b>159,336</b>
<b>Long term</b>		
Multi-currency revolving credit facility	1,104,366	205,259
Secured bank loans	0	847,707
Bond loan	1,421,207	0
Loans from non-controlling interests in Kontant Finans Sverige AB, Sweden and OK Laskutus OY, Finland	548	509
	<b>2,526,121</b>	<b>1,053,475</b>

#### Interest bearing loans

On 16 November 2015, the Group completed the refinancing of three acquisition-related and country-specific loans into a single EUR 260 million senior secured multi-currency revolving credit facility agreement which matures in August 2019.

In addition to this, B2Holding AS successfully completed a EUR 150 million senior unsecured bond issue in December 2015 with maturity in December 2020.

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 loan agreements have a number of operational and financial covenants, including limits on certain key indicators, which have all been complied with during 2015.

At 31 December 2015, PLN 523 million was utilised from the EUR 260 million multi-currency revolving credit facility, leaving an available, undrawn amount of EUR 137 million.

As described in note 32, the EUR 260 million multi-currency revolving credit facility is secured by guarantees issued by B2Holding AS, a share pledge over B2Holding AS's 100% directly owned subsidiaries, an account charge over a number of pre-defined B2Holding AS bank accounts, and a pledge over the intra-group loan receivables from B2Holding AS to its subsidiaries.

Details of the interest rates, maturity and outstanding nominal values by currency at 31 December 2015 and 31 December 2014 are summarised below:

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

At 31 December 2015	Currency	Interest rate %	Maturity	Outstanding nominal value
Multi-currency revolving credit facility	PLN	Floating	August 2019	1,183,392
Bond loan	EUR	7.50 %	December 2020	1,442,850
				<b>2,626,242</b>

At 31 December 2014	Currency	Interest rate %	Maturity	Outstanding nominal value
Multi-currency revolving credit facility	SEK	4.65 %	March 2016	214,259
Secured bank loan with DNB Bank, Norway	PLN	6.35 %	August 2019	953,454
Secured bank loans with Nordea and Finnvera Banks, Finland	EUR	2.53 %	2016-2017	96,647
				<b>1,264,360</b>

The repayment schedule by currency at 31 December 2015 and 31 December 2014 is shown in the table below:

At 31 December 2015	Multi-currency revolving credit facility PLN	Bond loan EUR	Loans from non-controlling interest SEK	EUR	Total
2019	1,183,392				1,183,392
2020		1,442,850			1,442,850
After 2020			80	471	551
	<b>1,183,392</b>	<b>1,442,850</b>	<b>80</b>	<b>471</b>	<b>2,626,793</b>

At 31 December 2014	Multi-currency revolving credit facility SEK	Secured bank loans PLN	Secured bank loans EUR	Loans from non-controlling interest SEK	EUR	Total
2015		101,252	58,086			159,338
2016	214,259	101,252	27,955			343,466
2017		75,939	8,978			84,917
2018			767			767
2019 and later		675,011	861	66	443	676,381
	<b>214,259</b>	<b>953,454</b>	<b>96,647</b>	<b>66</b>	<b>443</b>	<b>1,264,869</b>

#### Financial covenants

The financial covenants at 31 December 2015 for the bond loan and the multi-currency revolving credit facility are summarised below. All covenants have been met at 31 December 2015 and 31 December 2014.

The financial covenants for the bond loan are as follows:

	Requirement	2015
Total loan to value	Maximum 75 %	56 %
Leverage ratio	Maximum 4.0	2.5
Net interest cover ratio	Minimum 4.0	8.1

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

The financial covenants for the multi-currency revolving credit facility are similar to the bond loan covenants but also include covenants for the borrowing base ratio, the equity ratio and the ratio of actual NPL portfolio cash collection compared to cash collection forecasts. In addition to this, the covenants for the borrowing base ratio and the ratio of actual NPL portfolio cash collection compared to cash collection forecasts are measured at the "Restricted Group" level, which comprises Ultimo Netherlands BV and its directly and indirectly owned subsidiaries.

<b>Bank borrowings secured by pledged assets</b>	<b>2015</b>	<b>2014</b>
Multi-currency revolving credit facility	1,104,366	205,259
Secured bank loans		1,007,552
	<b>1,104,366</b>	<b>1,212,811</b>

<b>Balance sheet value of pledged assets</b>	<b>2015</b>	<b>2014</b>
Purchase loan portfolios	0	1,364,154
Share Pledge	956,866	0
Account charge over bank accounts	184,830	0
	<b>1,141,696</b>	<b>1,364,154</b>

At 31 December 2015, the multi-currency revolving credit facility is secured by a share pledge over B2Holding AS's 100% directly owned subsidiaries, an account charge over a number of pre-defined B2Holding AS bank accounts, and a pledge over the intra-group loan receivables from B2Holding AS to its subsidiaries.

### NOTE 23 Post employment liabilities

At the Ultimo group of companies in Poland, employees are entitled to one month's severance pay in the event of old-age or disability retirement. The fair value of this liability has been calculated by an actuary and represents the discounted payments that will be made in the future, taking into account employee turnover, age, discount rates and estimated future salary increases.

There were 875 employees (2014: 747 employees) covered under this scheme at 31 December 2015 and the liability at that date was NOK 380 thousand (2014: NOK 323 thousand).

### NOTE 24 Other long term liabilities

	<b>2015</b>	<b>2014</b>
<b>Financial liabilities at fair value through profit or loss:</b>		
Contingent consideration (note 6.3)	6,354	28,752
Derivative financial instruments (note 5)	18,750	846
	<b>25,104</b>	<b>29,598</b>
<b>Other liabilities at amortised cost</b>		
Vendor financing	5,518	3,814
Financial lease liability - due after more than 12 months (note 28)	425	829
	5,943	4,643
	<b>31,047</b>	<b>34,241</b>

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

The change in fair value of derivative financial instruments during the year is classified as other financial expenses in the statement of profit or loss.

Vendor financing relates to portfolios purchased with deferred payment terms. These are non-interest bearing and are normally less than one year. At 31 December 2014 and 2015, the Group had vendor financing with terms of more than one year.

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

### NOTE 25 Accounts and other payables

	<b>2015</b>	<b>2014</b>
Accounts payable	23,101	32,672
Vendor financing	51,919	58,444
Amounts owed to third party collection customers	14,685	1,067
Amounts prepaid by loan debtors	13,797	12,004
Financial lease liability - due within 12 months (note 28)	606	697
Amounts due on the purchase of non-controlling interest (note 6.1)	0	16,339
Other payables	3,595	0
	<b>107,703</b>	<b>121,223</b>

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

### NOTE 26 Indirect taxes payable

	<b>2015</b>	<b>2014</b>
Value added taxes / sales taxes payable	13,597	14,006
Payroll taxes payable	6,367	3,939
Social security payable	12,477	4,121
Other indirect taxes payable	1,019	339
	<b>33,460</b>	<b>22,405</b>

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

Social security payable at 31 December 2015 includes the accrued social security costs of the share option programmes established in 2015 and described in more detail in note 21.

### NOTE 27 Other current liabilities

	<b>2015</b>	<b>2014</b>
<b>Financial liabilities at fair value through profit or loss:</b>		
Contingent consideration (note 6.3)	163,558	98,231
<b>Other liabilities at amortised cost</b>		
Amounts due to employees	57,411	29,127
Accrued interest on external loans	21,238	14,785
Accrued costs of external collection services and other expenses	8,580	12,582
Other	1,444	896
	<b>88,673</b>	<b>57,390</b>
	<b>252,231</b>	<b>155,621</b>

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

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

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

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

### NOTE 28 Commitments

#### 28.1 Operating lease commitments - Group as lessee

The Group has entered into commercial leases for office premises, motor vehicles and items of office equipment. The lease payments for the majority of the office premises lease contracts are adjusted according to the consumer price index, have an extension option and have an average life of between 12 months and 5 years. There are no restrictions placed upon the lessee under the lease contracts to use the office premises in the normal course of business. The operating lease costs for the following types of lease were as follows:

	2015	2014
Office premises	11,733	7,613
Motor vehicles	1,713	940
Office equipment	3,946	2,771
	<b>17,392</b>	<b>11,324</b>

Future minimum rentals payable under non-cancellable operating leases at 31 December 2015 and 31 December 2014 were as follows:

	2015	2014
Rentals payable within one year	15,924	11,946
Rentals payable from one to five years	14,735	7,628
Rentals payable after more than five years	352	1,641
	<b>31,011</b>	<b>21,215</b>

#### Property sub-leases

Some smaller sections of the leased office premises have been sublet by the Group. Sub-lease receipts are recognised as a reduction in the operating lease payment during the period and amounted to NOK 514 thousand in 2015 (2014: NOK 170 thousand). Future minimum rentals receipts under non-cancellable sub-leases at 31 December 2015 and 31 December 2014 were as follows:

	2015	2014
Rentals receipts within one year	549	109
Rentals receipts from one to five years	1,347	0
	<b>1,896</b>	<b>109</b>

#### 28.2 Finance lease commitments – Group as lessee

The Group has entered into finance leases for various items of equipment. These leases have terms of renewal at the option of the specific Group entity that holds the lease. Future minimum lease payments under finance leases and the net present value of the minimum lease payments at 31 December 2015 and 31 December 2014 were as follows:

	2015		2014	
	Future minimum payments	Present value of payments	Future minimum payments	Present value of payments
Rentals payable within one year	649	606	775	697
Rentals payable from one to five years	450	425	883	831
Total minimum lease payments	1,099	1,031	1,658	1,528
Less amounts representing finance charges	-68		-130	
<b>Present value of minimum lease payments</b>	<b>1,031</b>	<b>1,031</b>	<b>1,528</b>	<b>1,528</b>

## Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

### 28.3 Forward flow commitments

The Group has committed to buy non-performing debt portfolios for delivery in future years ("forward flow" contracts) from financial institutions in the following countries. The estimated face value and purchase price of the majority of contracts is based on the maximum face value in the purchase agreement. At 31 December 2015 and 31 December 2014, these commitments were as follows:

	2015		2014	
	Face value	Purchase price	Face value	Purchase price
Sweden	159,220	96,370	0	0
Finland	122,143	76,952	1,608	1,121
Latvia	0	0	10,437	4,970
	<b>281,363</b>	<b>173,322</b>	<b>12,045</b>	<b>6,091</b>

### NOTE 29 Related party disclosure

The Group's related parties include the group management team and Board of Directors of the parent company. Related party transactions with these categories of related party are set out in note 30.

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

Outstanding intra-group balances at the year end are unsecured, and other than for interest-bearing loans, are interest free. At 31 December 2015 and 31 December 2014, the Group has not made any provision of doubtful debts relating to intra-group related party balances, nor have guarantees been provided or received. This assessment has been undertaken for each period end based on an examination of the financial position of the related party and the market in which the related party operates.

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

The financial statements of the Group include the subsidiaries listed in the following table:

Company name	Country of incorporation	Directly owned by B2Holding AS	% equity interest	
			2015	2014
Interkreditt AS	Norway		100 %	100 %
Ultimo Netherlands BV	Netherlands	X	100 %	100 %
ULTIMO Holding Sarl	Luxembourg		100 %	100 %
ULTIMO Portfolio Investment SA	Luxembourg		100 %	100 %
ULTIMO SA	Poland		100 %	100 %
ULTIMO Securitisation Fund	Poland		100 %	100 %
ULTIMO Legal Office	Poland		99 %	99 %
TAKTO Group comprising TAKTO Sp z.o.o., TAKTO Securitisation Fund & Invest TAKTO SKA	Poland		100 %	100 %
Sileo Holding AB	Sweden		100 %	100 %
Sileo Kapital AB	Sweden		100 %	90,9 %
Sileo Finans AB	Sweden	X	100 %	100 %
Kontant Finans Sverige AB	Sweden		90,1 %	90,1 %
OK Kapital OY	Finland		100 %	100 %
OK Perintä OY	Finland		100 %	100 %
OK Laskutus OY	Finland		51 %	51 %
OK Sileo OY	Finland		100 %	100 %
OK Incure OÜ	Estonia		100 %	100 %
TCM Estonia OÜ	Estonia		100 %	100 %
B2Kapital SIA	Latvia		100 %	100 %
Creditreform Latvija SIA	Latvia		99,5 %	99,5 %
Crefo Rating SIA	Latvia		100 %	100 %
AS Crefo Birojs	Latvia		100 %	(1)
Crefo Finance SIA	Latvia		(2)	100 %
B2Kapital d.o.o	Croatia		100 %	100 %
B2 Real Estate d.o.o	Croatia		100 %	(1)
B2Kapital d.o.o	Slovenia		100 %	100 %
B2 Holding Kapital d.o.o	Serbia		100 %	100 %
B2Kapital d.o.o	Montenegro		100 %	100 %
B2Kapital GmbH	Austria		100 %	(1)

(1) Company established during 2015

(2) Merged into Creditreform Latvija SIA during 2015

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

## NOTE 30 Remuneration

### 30.1 Group management and Board of Directors

Remuneration 2015	Salary	Bonuses earned in 2015	Pension cost	Other benefits	Total	Share option cost <sup>8)</sup>	Director's fee
Olav Dalen Zahl, Chief Executive Officer	2,990,848	1,000,000	42,656	163,339	4,196,843	1,968,085	
J. Harald Henriksen, Chief Financial Officer <sup>1)</sup>	1,558,337		52,268	26,537	1,637,142	295,213	
Erik Just Johnsen, Chief Group Controller	1,806,023		42,480	21,658	1,870,161	492,021	
Rasmus Hansson, Director Strategy and M&A <sup>2)</sup>	1,190,769		50,541	29,684	1,270,994	157,559	
Thor Christian Moen, Head of Legal <sup>3)</sup>	360,000				360,000	157,559	
Jeremi Bobowski, Chief Investment Officer <sup>4)</sup>	1,162,323	243,638		479,937	1,885,898	157,559	
Henrik Wennerholm, Director Business Development <sup>5)</sup>	685,815		106,032	68,595	860,443	157,559	

#### Board of Directors

Jon Harald Nordbrekken, Chairman	1,903,873	1,000,000	41,629	19,029	2,964,531	1,968,085	0
Trygve Lauvdal <sup>6)</sup>					0		0
Per Kristian Spone				492	492		150,000
Niklas Wiberg					0		150,000
Kjetil Andreas Garstad					0		70,000
Ole Grøterud <sup>7)</sup>					0		80,000
Rune Husby <sup>7)</sup>					0		80,000
<b>Total</b>	<b>11,657,988</b>	<b>2,243,638</b>	<b>335,606</b>	<b>809,272</b>	<b>15,046,504</b>	<b>5,353,640</b>	<b>530,000</b>

Remuneration 2014	Salary	Bonuses earned in 2014	Pension cost	Other benefits	Total	Director's fee
Olav Dalen Zahl, Chief Executive Officer	2,413,913	1,000,000	48,110	6,790	3,468,813	
Morten Hornness, Chief Financial Officer	2,264,000			3,500,000	5,764,000	
Erik Just Johnsen, Chief Group Controller	1,540,789		47,546	23,483	1,611,818	
<b>Total</b>	<b>7,902,247</b>	<b>1,600,000</b>	<b>168,324</b>	<b>3,537,063</b>	<b>13,207,634</b>	<b>400,000</b>

1) J. Harald Henriksen joined B2Holding AS in January 2015.

2) Rasmus Hansson assumed his position on 1 January 2015.

3) Thor Christian Moen assumed his position on 1 October 2015.

4) Jeremi Bobowski joined Ultimo in August 2013, and assumed his management position in the Group in June 2015.

5) Henrik Wennerholm joined Sileo Kapital in August 2012, and assumed his management position in the Group in June 2015.

6) Trygve Lauvdal, as a representative for shareholder Rasmussengruppen AS, has not received remuneration. Rasmussengruppen AS has been compensated with a consultant fee of NOK 150 000 excluding VAT (NOK 100 000 excluding VAT in 2014).

7) Ole Grøterud and Rune Husby were members of the Board until December 2014.

8) Accrued social security costs are not included as part of the share option cost stated above.

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

## Benefits upon termination

Members of group management have entered into employment agreements which provide for the following benefits upon termination:

- Olav Dalen Zahl, is entitled to 12 months salary if his employment is terminated;
- Harald Henriksen, Erik Just Johnsen, Rasmus Hansson, Thor Christian Moen and Henrik Wennerholm are entitled to 12 months salary after termination of employment in connection with an acquisition of the Company; and
- Jeremi Bobowski has a 12 months non-compete period following termination of his employment and is entitled to 12 months salary if his employment is terminated.

## Agreement with the Chief Executive Officer

Olav Dalen Zahl, the Chief Executive Officer, has a share and bonus payment plan covering the period 2013-2017. If the share price is over a specific target for a given year, he is entitled to a cash bonus. The cash bonus less the personal income tax payable on the bonus, shall be re-invested in B2Holding AS shares at a price no lower than the price of the most recent share issue, or equivalent market price.

## Agreement with the Chairman of the Board

During 2014 and 2015, Jon Harald Nordbrekken, the Chairman of the Board, has had an agreement with the Company regarding remunerations for consultancy work conducted on behalf of the Group and in connection with acquisition of companies and portfolios. Further to this agreement, Nordbrekken has had a 60% position with the Company and has been entitled to an annual remuneration equal to 60% of the remuneration paid to the Group's Chief Executive Officer.

## Agreement with Valsset Invest AS

On 18 December 2015, the Company entered into an agreement with Valsset Invest AS regarding the purchase of 33,333 shares or two-thirds of the issued share capital in Sileo Finans AB. In accordance with this agreement, the Company paid a total purchase price of SEK 33,333 for the shares in Sileo Finans AB, equalling the purchase price paid by Valsset Invest AS when acquiring the shares from B2Holding AS and the total nominal value of the shares. The seller of the shares, Valsset Invest AS, is an entity controlled by the Chairman of the Board, Jon Harald Nordbrekken. The completion of the transfer of the shares is subject to an ownership assessment and approval by the Swedish Financial Supervisory Authority.

## Agreement with Advokatfirmaet Forsberg DA

Thor Christian Moen (Head of Legal) was employed by B2Holding AS with effect from 1 October 2015 in an 80% position. Moen is also a partner in Advokatfirmaet Forsberg DA which has provided legal services to B2Holding AS amounting to NOK 47,369 in the period from 1 October 2015 to 31 December 2015 and NOK 2,394,493 for the full year 2015. B2Holding AS and Advokatfirmaet Forsberg DA established a new agreement relating to delivery of services with effect from 1 January 2016. In addition, B2Holding AS invoices Advokatfirmaet Forsberg DA for cost of a sublease as Advokatfirmaet Forsberg DA's offices are located within B2Holding AS's leased premises. For the period from 1 October to 31 December 2015, this amounted to NOK 164,809.

## Agreement with FemWen AB

Henrik Wennerholm (Director Business Development) was one of the founders and non-controlling shareholders of Sileo Kapital AS, the Swedish operating company in the B2Holding group, though his privately owned company, FemWen AB. Until assuming his position within group management in June 2015, he was the Chief Executive Officer of Sileo Kapital AB.

As mentioned in note 6, B2Holding AS has in both 2014 and 2015, increased its shareholding in Sileo Kapital AB in two stages to 100%. In accordance with agreements between B2Holding AS and FemWen AB dated 17 November 2014 and 26 October 2015, B2Holding AS used its option to call FemWen AB's shares in Sileo Kapital AB by issuing shares in B2Holding AS as remuneration.

# Notes to the consolidated financial statements

All figures in NOK'000s unless otherwise stated

## Shares owned by Group management and Board of Directors

The number of shares owned directly or indirectly by the Board of Directors and Group Management at 31 December 2015 were as set out below. For details of options granted to the Board of Directors and Group Management, please refer to note 21.

Name	Position	Number of shares
Jon Harald Nordbrekken <sup>1)</sup>	Chairman of the Board	26,426,067
Kjetil Andreas Garstad <sup>2)</sup>	Board member	758,000
Per Kristian Spone <sup>3)</sup>	Board member	6,000
Olav Dalen Zahl <sup>4)</sup>	Chief Executive Officer	2,510,401
Erik Just Johnsen <sup>5)</sup>	Chief Group Controller	250,000
Henrik Wennerholm <sup>6)</sup>	Director Business Development	1,981,342
Thor Christian Moen	Head of Legal	75,000

- 1) Jon Harald Nordbrekken holds 2,067,067 personally. In addition Valsset Invest AS, an entity controlled by Nordbrekken and his related parties, holds 24,000,000 shares, and Cryptic AS, an entity controlled by a related party of Jon Harald Nordbrekken, holds 359,000 shares.
- 2) Steel City AS, an entity controlled by Kjetil Andreas Garstad, holds 758,000 shares.
- 3) Celina Sophie Olsson, a related person of Per Kristian Spone holds 6,000 shares.
- 4) Fjordsyn AS, an entity controlled by Olav Dalen Zahl, holds 2,507,001 shares. In addition, persons related to Olav Dalen Zahl hold 3,400 shares.
- 5) Pine AS, an entity controlled by Erik Just Johnsen holds 250,000 shares.
- 6) Henrik Wennerholm holds 630,000 shares. In addition, Femwen AB, and entity controlled by Henrik Wennerholm, holds 1,351,342 shares.

## 30.2 Fees to auditors

The table below summarises audit fees, fees for audit related services, tax advisory services and other services incurred by the Group during 2015 and 2014 from Ernst & Young, who were appointed the Group auditors in December 2014 but had acted as auditors and advisers to some of the Group's subsidiaries prior to this. Fees include all companies in the Group.

Figures in NOK 000's	2015	2014
Fees for statutory auditing, as agreed for the financial year	3,310	2,300
Fees for tax advisory services, as expensed during the year	1,840	2,100
Fees for other advisory services, as expensed during the year	1,510	0
	<b>6,660</b>	<b>4,400</b>

## NOTE 31 Contingent liabilities

B2 Holding AS, the Group's parent company, was subject to a tax audit of the treatment of reverse VAT charges on the delivery of services "capable of delivery from a remote location" at the end of 2014. At 31 December 2015, the company was still waiting for final confirmation of the findings.

## NOTE 32 Guarantees

On 16 November 2015, B2Holding AS, the Group's parent company, issued a guarantee to DnB Bank ASA as Agent on behalf of itself and Nordea Bank Norge ASA in connection with the provision of a syndicated multicurrency loan of EUR 260 million established in order to refinance existing borrowing facilities and provide additional facilities to fund future portfolio acquisitions for the Group. The guarantee was issued on behalf of the borrower under the syndicated multicurrency loan, B2Holding AS's 100% directly owned subsidiary, Ultimo Netherlands BV. The drawdown amount of the syndicated multicurrency loan at 31 December 2015 was PLN 523 million (NOK 1,183 million).

Guarantees associated with the borrowing facilities that were refinanced have been replaced by the new guarantee which is limited to EUR 300 million.

B2Holding AS, the Group's parent company, issued a office rental guarantee with effect from 1 November 2015 in favour of the lessor of the Group's offices in Gothenburg, Sweden. The rental agreement is for a period of up to 3 years with the option of extending for an additional 3 years if not cancelled within a specified date. Although the guarantee is unlimited, the Group estimates that its exposure for the initial 3 year rental period is limited to the monthly office rentals for this period, with yearly adjustments, amounting to a total SEK 2.6 million.

## NOTE 33 Subsequent events

According to the terms of the EUR 150 million bond loan agreement dated 8 December 2015, the bonds were listed on the Oslo Stock Exchange on 3 March 2016.

In January 2016, the Board of Directors of B2Holding AS initiated a process with four investment banks to prepare an application to list the Company's shares on the Oslo Stock Exchange during 2nd quarter 2016.

## Parent company income statement

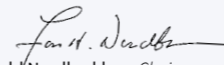
All figures in NOK'000s unless otherwise stated


Year ended 31 December	Notes	2015	2014
Other operating revenues		161	0
<b>Operating revenue</b>		<b>161</b>	<b>0</b>
Personnel costs	3	-29,469	-13,841
Depreciation of tangible fixed assets	7	-226	-48
Amortisation of intangible assets	8	-27	0
Other operating expenses	4	-44,232	-13,060
<b>Total operating expenses</b>		<b>-73,954</b>	<b>-26,949</b>
<b>Operating profit</b>		<b>-73,793</b>	<b>-26,949</b>
Net gain on investments	9	301,587	0
Group contribution		4,237	2,980
Net realised and unrealised exchange gains	5	69,333	39,628
Interest income from group companies		79,597	41,645
Impairment financial receivables	9	-8,946	0
Other interest expenses	5	-20,063	-14,014
Other financial items	5	-2,653	-4,467
<b>Net financial items</b>		<b>423,092</b>	<b>65,772</b>
<b>Profit for the year before tax</b>		<b>349,298</b>	<b>38,823</b>
Change in deferred taxes	6	-21,786	-4,999
<b>Profit for the year after tax</b>		<b>327,512</b>	<b>33,824</b>
Allocations:			
Transfer to other equity		327,512	33,824

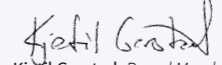
## Parent company balance sheet


All figures in NOK'000s unless otherwise stated

At 31 December	Notes	2015	2014
<b>Non-current assets</b>			
Intangible assets	8	85	0
Deferred tax asset	6	12,965	15,017
Tangible fixed assets	7	1,126	44
Investment in subsidiary companies	9	956,866	645,635
Long term loans to group companies	9	2,131,773	933,867
Other long term financial assets		23,500	6,252
<b>Total non-current assets</b>		<b>3,126,315</b>	<b>1,600,815</b>
<b>Current assets</b>			
Short term receivables from group companies		43,699	51,068
Other short term assets		4,434	5,241
Cash and short term deposits	10	186,750	117,263
<b>Total current assets</b>		<b>234,883</b>	<b>173,572</b>
<b>Total assets</b>		<b>3,361,198</b>	<b>1,774,387</b>
<b>Equity</b>			
<b>Paid in capital</b>			
Share capital	11, 12	31,187	30,904
Other paid in capital	11, 12	1,426,790	1,403,198
Other capital reserves	11, 17	5,133	0
		1,463,110	1,434,102
<b>Retained earnings</b>			
Other equity	11	386,384	58,872
<b>Total equity</b>		<b>1,849,494</b>	<b>1,492,974</b>
<b>Non-current liabilities</b>			
Long term interest bearing loans and borrowings	13	1,442,850	214,259
Deferred tax liabilities	6	39,446	19,712
Other long term liabilities	14	6,354	8,959
<b>Total non-current liabilities</b>		<b>1,488,650</b>	<b>242,930</b>
<b>Current liabilities</b>			
Accounts and other payables	15	834	31,390
VAT, payroll and other indirect taxes		10,353	2,943
Other current liabilities	14	11,867	4,150
<b>Total current liabilities</b>		<b>23,054</b>	<b>38,483</b>
<b>Total liabilities</b>		<b>1,511,704</b>	<b>281,413</b>
<b>Total equity &amp; liabilities</b>		<b>3,361,198</b>	<b>1,774,387</b>

15 March 2016  
  
 Jon Harald Nordbrekken, Chairman of the Board

  
 Per Kristian Spone, Board Member

15 March 2016  
  
 Kjetil Garstad, Board Member

  
 Niklas Wiberg, Board Member

  
 Trygve Lauvdal, Board Member

  
 Olav Dalen Zahl, Chief Executive Officer

# Parent company cash flow statement

All figures in NOK'000s unless otherwise stated

Year ended 31 December	2015	2014
<b>Cash flow from operating activities</b>		
Profit for the year before tax	349,298	38,823
<b>Adjustment for non-cash items:</b>		
Depreciation and amortisation of assets	253	48
Impairment financial assets	8,946	0
Profit on sale of shares in subsidiary companies	-301,587	0
Interest expense on interest bearing loans	20,031	14,014
Amortisation of loan financing costs	3,829	3,000
Share based payment expense	5,133	0
Unrealised foreign exchange differences	-83,819	2,537
<b>Operating cashflows:</b>		
(Grant)/repayment of long term receivables	-152	814
Interest paid on interest bearing loans & borrowings	-13,701	-14,172
<b>Operating capital adjustments:</b>		
Decrease/(increase) in short term balances with group companies	7,369	-43,101
Decrease/(increase) in accounts receivable and other current assets	-155	-1,054
Decrease/(increase) in other non-current financial assets	-20,925	0
Increase/(decrease) in accounts payable and other current liabilities	-21,759	20,542
Increase/(decrease) in non-current liabilities	-2,605	0
<b>Net cash flow from operating activities</b>	<b>-49,844</b>	<b>21,451</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible and intangible fixed assets	-1,420	-47
Purchase of shares in subsidiary companies	-3,080	-580,040
Increase in long term loans to group companies	-1,122,071	-348,933
<b>Net cash flow from investing activities</b>	<b>-1,126,571</b>	<b>-929,020</b>
<b>Cash flow from financing activities</b>		
Proceeds from the issue of new shares, net of transaction costs	17,311	1,012,640
Establishment of interest bearing loans and borrowings, less loan financing costs	1,700,522	0
Repayment of interest bearing loans and borrowings during the year	-471,931	-49,873
<b>Net cash flow from financing activities</b>	<b>1,245,902</b>	<b>962,767</b>
<b>Net cash flow during the year</b>	<b>69,487</b>	<b>55,198</b>
<b>Cash and cash equivalents at 1 January</b>	<b>117,263</b>	<b>62,065</b>
<b>Cash and cash equivalents at 31 December</b>	<b>186,750</b>	<b>117,263</b>

# Notes to the parent company financial statements

All figures in NOK'000s unless otherwise stated

## NOTE 1 Summary of significant accounting policies

The financial statements, which have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect at 31 December 2015, consist of the income statement, balance sheet, cash flow statement and notes to the accounts. The financial statements are presented in Norwegian kroner (NOK) and all values are rounded to the nearest thousand (NOK '000) except where otherwise indicated.

### Investments

Investment in subsidiaries is accounted for using the cost method. The investments are recorded at the acquisition price of the shares and will be written down or impaired to fair value when a fall in value is due to reasons that cannot be assumed to be temporary and are necessary according to generally accepted accounting principles. Write-downs are reversed when there is no longer a basis for impairment. Dividends and group tax contributions from subsidiaries are recognised in the income statement when the subsidiary has proposed these.

### Interest bearing loans and borrowings

Borrowings are recognised at nominal value. Directly associated costs are amortised straightline over the term of the loan.

### Foreign currency

Transactions in a currency other than Norwegian kroner are recognised at the exchange rate in effect on the transaction date. When such transactions are settled, any difference in the exchange rate will give rise to a realised exchange rate gain or loss. Monetary assets or liabilities in a currency other than Norwegian kroner are translated at the exchange rates on each balance sheet date and will give rise to an unrealised exchange rate gain or loss. Both realised and unrealised exchange rate differences are recognised in net financial items in the income statement.

### Classification

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

### Tangible fixed assets

Tangible fixed assets are recorded in the balance sheet at historical cost less depreciation based on an assessment of useful economic life. If the recoverable amount is less than the balance sheet value, then the amount is impaired to the recoverable amount which is the highest of net sales value or value in use. Value in use is the current value of the future cash flows that the asset will generate.

### Intangible assets

Intangible assets include purchase of software. Expenditures for IT development and maintenance are expensed as incurred.

Intangible assets acquired separately are measured on initial recognition at cost.

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

The intangible assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The amortisation expense on intangible assets with infinite lives is classified in the income statement

as 'Amortisation of intangible assets'.

Any gain or loss arising on derecognition of an intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in the income statement in the year the intangible asset is derecognised.

### Lease agreements

A lease is classified as either a finance or operating lease. Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term.

Operating lease payments are expensed on a straight-line basis over the lease term.

### Receivables and other current assets

Receivables and other current assets are accounted for at face value less any provision for expected losses.

### Tax

#### Current income tax

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

#### Deferred tax

Deferred income tax is computed using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts at the reporting date as well as tax losses carried forward. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities.

#### Defined contribution pension plans

The company operates a defined contribution pension plan under which the company pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods, and therefore does not record a pension liability in the balance sheet.

#### Share based payments

Members of the management team and selected key employees receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments (equity-settled transactions).

# Notes to the parent company financial statements

All figures in NOK'000s unless otherwise stated

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in B2Holding Group financial statement note 21. That cost is recognised in personnel costs, together with a corresponding increase in other capital reserves within equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in the cumulative expense recognised at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured at the date of modification is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. For further details, see note 13 in B2Holding Group financial statement.

## Cash flow statement

The cash flow statement is prepared according to the indirect method which reconciles the change in cash and short term deposits to the profit for the year before tax. Cash flows are divided into cash flows from operating activities, investing activities and financing activities. Cash and short term deposits consist of cash and cash equivalents as well as immediately available balances with banks and similar institutions. Short term deposits are easily and readily convertible to a known amount of cash and have a maturity of not more than three months.

## NOTE 2 Financial risk management

The purpose of financial risk management is to handle the exposure of operational risks relating mainly to the Group's assets and liabilities in different currencies and can be divided into: market risk, currency and interest rate risk, credit risk, liquidity risk and cash flow risk. The Company focuses on the unpredictability and seeks to minimise the potential adverse effects of the market fluctuations on the Group's financial performance.

### Market risk

#### Market and regulatory environment

The prime market risk for the Company is related to general economic conditions and statutory regulations in various geographical markets which have an impact on the Group debtors' ability to pay and vendors' criteria for selling portfolios of loans and receivables.

The services and products offered in the respective geographical markets are subject to strict local laws and regulations, including requirements for lending, ownership and debt collection licenses, as well as legislation concerning personal data protection. Any legislative changes concerning consumer credit could affect the Group's earnings, market position and range of products and services.

### Currency and interest rate risk

The strategy of the Company is to manage and limit both currency and interest rate risk for the Group. 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 cashflows from the Group's loans and receivables. One exception is Croatian Kuna (HRK) where all borrowing is done in EUR.

The Company's bond loan is denominated in EUR and the Group's borrowings under the multi-currency revolving credit facility are drawn in PLN. To obtain a more balanced currency basket, the Group has entered into the following currency derivatives at 31 December 2015: a cross currency swap of SEK 225 million against EUR and a foreign exchange forward of PLN 100 million against EUR. At 31 December 2015, net borrowings for the Group amounted to NOK 1,862 million. Adjusted for the currency derivatives mentioned above, the net borrowings represented a currency basket comprising PLN: 51%, EUR: 37% and SEK:10%.

For currency sensitivity analysis for the Group, please refer to note 5.1 in B2Holding Group financial statement.

#### 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 40% of the total multi-currency revolving credit facility commitment and two-thirds of other financial indebtedness, mainly the bond loan, for a minimum duration of 3 years. For details of the Groups hedging effective at 31 December 2015, please refer to note 5.1 in B2Holding Group financial statement.

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

### Credit risk

The Company's credit exposure mainly consists of intercompany receivables that are related to the above mentioned funding of portfolio investments in subsidiaries. The credit risk is reflected through the subsidiaries profits on their portfolio investments. It is the Company's view that the credit risk is relatively low, as the portfolios funded through intercompany loans have been purchased at significant discounts compared to original value.

### Liquidity risk

The Company's Bond Loan of EUR 150 million and the Group's multi-currency revolving credit facility of EUR 260 million, totalling NOK 3,944 million at 31 December 2015, ensures necessary funding to meet future payment obligations.

At 31 December 2015, the Group had an unused part of the revolving credit facility totalling EUR 137 million or NOK 1,318 million, in addition to the Company's cash and short-term deposits of NOK 187 million.

# Notes to the parent company financial statements

All figures in NOK'000s unless otherwise stated

## NOTE 3 Personnel costs

	2015	2014
Wages, salaries and other benefits paid	18,585	10,876
Social security costs & payroll taxes	2,643	2,119
Social security cost share option program	6,647	0
Defined contribution pension costs	298	231
Other personnel costs	1,296	615
	<b>29,469</b>	<b>13,841</b>
Number of full time equivalents (FTEs) at 31 December	8.4	4

All employees are covered by a defined contribution pension plan which fulfill the company's obligations under the Norwegian occupational pension legislation.

## NOTE 4 Other operating expenses

	2015	2014
Other professional services, including due diligence and transaction services	17,638	2,154
Legal services	3,802	5,000
External accounting services & temporary consultants	3,662	203
Travel, accommodation, meetings, arrangements	2,487	2,880
Audit and tax services	1,703	202
Cost of office premises	1,667	843
IT, telecommunications	991	678
Marketing, business entertaining	976	361
Printing, postage	657	73
Office supplies, stationary	246	141
Bank charges	40	156
Other costs	10,363	369
	<b>44,232</b>	<b>13,060</b>

## NOTE 5 Net financial items

	2015	2014
<b>Net realised and unrealised exchange gains/(losses)</b>		
Realised exchange gains/(losses)	-14,486	1,700
Unrealised exchange gains/(losses)	83,819	37,928
	<b>69,333</b>	<b>39,628</b>
<b>Other interest expenses</b>		
Interest expense on interest bearing loans	-20,031	-14,012
Other interest expense	-32	-2
	<b>-20,063</b>	<b>-14,014</b>

### Other financial items

Interest income on cash & short term deposits	457	761
Other interest income	0	248
Other financial income	888	-455
Costs of financing	-3,998	-5,021
	<b>-2,653</b>	<b>-4,467</b>

# Notes to the parent company financial statements

All figures in NOK'000s unless otherwise stated

## NOTE 6 Taxes

The major components of income tax reported in the income statement were:	2015	2014
Current income tax:		
Current year income tax payable	0	0
Deferred tax expense/(income):		
Origination and reversal of temporary differences	21,786	4,999
	21,786	4,999
<b>Total tax expense reported in the income statement</b>	<b>21,786</b>	<b>4,999</b>

Calculation of the income tax base	2015	2014
Profit before tax	349,298	38,823
Permanent differences	-314,330	-23,289
Group contribution	4,237	2,980
Change in temporary differences	-76,137	-59,453
Transfer to/(from) tax losses carried forward	36,932	40,939
<b>Current year income tax base</b>	<b>0</b>	<b>0</b>
<b>Current year income tax payable at 27%</b>	<b>0</b>	<b>0</b>

Calculation of the deferred tax base	Deferred taxes		Change in deferred taxes 2015
	2015	2014	
Taxable temporary differences:			
Long term loans to group companies	157,784	73,007	
Deductible temporary differences:			
Fixed assets	-35	-28	
Other receivables & liabilities	-13,359	0	
Long term interest bearing loans	-8,464	-13,535	
Tax losses carried forward - no time limit on expiry	-56,082	-42,055	
Reversal of basis for deferred tax asset not recognised	26,082	0	
	-51,858	-55,618	
Basis for deferred tax asset at 25% (27% in 2014)	19,961	4,695	15,266
Deferred tax asset not recognised	6,521		6,521
<b>Net deferred tax/change in deferred taxes</b>	<b>26,482</b>	<b>4,695</b>	<b>21,786</b>
Comprising:			
25% deferred tax liability (27% in 2014)	39,446	19,712	
25% deferred tax asset (27% in 2014)	-12,965	-15,017	
	<b>26,482</b>	<b>4,695</b>	

Deferred tax asset is recognised for unused tax loss to the extent that it is probable that it can be utilised against future taxable profits. Significant judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

# Notes to the parent company financial statements

All figures in NOK'000s unless otherwise stated

Reconciliation of the Norwegian nominal tax rate to the effective tax rate	2015	2014
Profit before tax	349,298	38,823
<b>Expected tax expense at the Norwegian nominal tax rate of 27%</b>	<b>94,310</b>	<b>10,482</b>
Tax effect of permanent differences	-83,725	-5,483
Tax effect on change in Norwegian tax rates from 27% to 25%	-2,119	0
Tax effect of the change in unrecognised deferred taxes	7,042	0
Tax effect on estimate change	6,277	0
<b>Total income and deferred tax expense</b>	<b>21,786</b>	<b>4,999</b>

## NOTE 7 Tangible fixed assets

Acquisition/purchase cost	Equipment, fixtures & fittings
At 1 January 2015	155
Additions	1,345
Disposals	-155
<b>At 31 December 2015</b>	<b>1,345</b>

Depreciation and impairment	
At 1 January 2015	111
Depreciation charge for the year	226
Disposals	-118
<b>At 31 December 2015</b>	<b>219</b>

Net book value	
<b>At 31 December 2014</b>	<b>1,126</b>
<b>At 1 January 2014</b>	<b>44</b>
Depreciation method	Straight line
Economic useful lives	0-5 years

# Notes to the parent company financial statements

All figures in NOK'000s unless otherwise stated

## NOTE 8 Intangible fixed assets

	Software
<b>Acquisition/purchase cost</b>	
At 1 January 2015	0
Additions	112
<b>At 31 December 2015</b>	<b>112</b>
<b>Amortisation and impairment</b>	
At 1 January 2015	0
Amortisation charge for the year	27
<b>At 31 December 2015</b>	<b>27</b>
<b>Net book value</b>	
<b>At 31 December 2015</b>	<b>85</b>
<b>At 1 January 2015</b>	<b>0</b>
Depreciation method	Straight line
Economic useful lives	3 years

## NOTE 9 Investment in subsidiaries

Name of subsidiary	Country of incorporation	Established/acquired	% equity interest <sup>1</sup>		Equity 2015	Profit 2015	Book value 2015
			2015	2014			
Interkreditt AS, Norway	Norway	2013	0 %	100 %			0
Ultimo Netherlands BV	Netherlands	2014	100 %	100 %	1,650,476	557,445	954,984
Sileo Holding AB	Sweden	2013	0 %	100 %			0
Sileo Kapital AB	Sweden	2012	0 %	90,9 %			0
Sileo Finans AB	Sweden	2013	100 %	100 %	117	-722	1,882
OK Kapital OY	Finland	2012	0 %	100 %			0
B2 Kapital SIA	Latvia	2013	0 %	100 %			0
Creditreform Latvija SIA	Latvia	2014	0 %	99,5 %			0
B2 Kapital d.o.o	Croatia	2013	0 %	100 %			0
B2 Kapital d.o.o	Slovenia	2014	0 %	100 %			0
B2 Holding Kapital d.o.o	Serbia	2014	0 %	100 %			0
B2 Kapital d.o.o	Montenegro	2014	0 %	100 %			0
							<b>956,866</b>

1) Voting rights in the subsidiary is equivalent to % equity interest.

As a part of the financial restructuring of the Group (see details in note 13) B2Holding AS in November 2015 transferred the shares in all of its subsidiaries, except Sileo Finans AB, to the 100 % owned Ultimo Netherlands B.V. The share transfers was done by share contributions where the share value was set to net equity value in the subsidiary. This resulted in a net gain on investment of NOK 301.6 million for 2015.

B2Holding AS is the ultimate parent company in the B2H Group and consolidates the accounts for the Group. A copy of the B2Holding Group financial statements is available at B2Holding AS' office in Oslo and on its website at [www.b2holding.no](http://www.b2holding.no).

# Notes to the parent company financial statements

All figures in NOK'000s unless otherwise stated

## 9.1 Long term loans to group companies

	2015	2014
Ultimo Netherlands BV	1,273,599	200,033
Sileo Holding AB	0	32
Sileo Kapital AB	400,215	360,461
Sileo Finans AB	0	7,123
Kontant Finans AB	16,767	8,966
OK Kapital OY	178,542	162,363
OK Sileo OY	0	19,573
B2 Kapital SIA	0	13,267
B2 Kapital d.o.o, Croatia	260,762	121,430
B2 Kapital d.o.o, Slovenia	1,888	31,103
B2 Holding Kapital d.o.o, Serbia	0	9,516
<b>Long term loans to group companies</b>	<b>2,131,773</b>	<b>933,867</b>

At 31 December 2015, the company made a provision of doubtful debts relating to Sileo Finans AB of NOK 7.8 million.

## NOTE 10 Cash and short term deposits

	2015
Cash at banks	
- unrestricted balances	184,904
- tax deductions from employee payroll	738
- other restricted balances	1,108
	<b>186,750</b>

Cash at banks earns interest at floating rates which is based on bank deposit rates.

Other restricted balances represent deposits paid into an escrow account in connection with lease of office premises.

For the purpose of the statement of cash flow, cash and cash equivalents comprised the cash balances in the table above.

## NOTE 11 Changes in shareholders' equity

	Share capital	Other paid-in capital	Other capital reserves	Other equity	Total equity
<b>At 1 January 2015</b>	<b>30,904</b>	<b>1,403,198</b>	<b>0</b>	<b>58,872</b>	<b>1,492,974</b>
Profit for the year after tax				327,512	327,512
Issue of share capital (note 12)	283	23,592			23,875
Share based payment (note 17.1)			5,133		5,133
<b>At 31 December 2015</b>	<b>31,187</b>	<b>1,426,790</b>	<b>5,133</b>	<b>386,384</b>	<b>1,849,494</b>

No dividends or non-cash distributions to owners have been paid or are proposed in the period from 1 January 2016 to the date of completion of these financial statements.

# Notes to the parent company financial statements

All figures in NOK'000s unless otherwise stated

## NOTE 12 Share capital and other paid-in capital

Ordinary shares have a nominal value of NOK 0.10 each and all provide the same rights in the company. 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 1 January 2015</b>	<b>309,038,763</b>	<b>30,904</b>	<b>1,403,198</b>
Share issue on 27 February at NOK 7.50 per share in connection with the acquisition of the 40.8% non-controlling interest in Sileo Kapital AB, Sweden	2,174,908	217	16,094
Share issue on 17 April at NOK 7.50 per share in connection with the bonus payment to the Chief Executive Officer and Chairman of the Board	133,334	13	987
Share issue on 16 November 2015 at NOK 12.50 per share in connection with the acquisition of the 9.1% non-controlling interest in Sileo Kapital AB, Sweden	525,090	53	6,511
<b>At 31 December 2015</b>	<b>311,872,095</b>	<b>31,187</b>	<b>1,426,790</b>
Share issue on 11 February at NOK 14 per share in connection with the bonus payment to the Chief Executive Officer and Chairman of the Board	57,144	6	794
<b>At 15 March 2016 (the date of completion of these financial statements)</b>	<b>311,929,239</b>	<b>31,193</b>	<b>1,427,584</b>

### The ten largest shareholders at 31 December 2015 were as follows:

	Number of shares	% total
Rasmussengruppen AS	54,739,886	17,55 %
Prioritet Group AB	50,198,497	16,10 %
Valset Invest AS	24,000,000	7,70 %
Stenshagen Invest AS	19,793,500	6,35 %
Indigo Invest AS	12,962,619	4,16 %
Bryn Invest AS	8,412,346	2,70 %
Verdipapirfondet Handelsbanken	6,000,000	1,92 %
Greenway AS	5,802,368	1,86 %
Protector Forsikring ASA	5,013,091	1,61 %
Vevlen Gård AS	4,850,000	1,56 %
Verdipapirfondet Delphi Norden	3,866,722	1,24 %
Storebrand Norge I	3,712,263	1,19 %
KGJ Capital AS	3,600,000	1,15 %
Verdipapirfondet Alfred Berg Norge	3,279,536	1,05 %
Lin AS	3,200,000	1,03 %
Remaining shareholders (less than 1 %)	102,441,267	32,85 %
	<b>311,872,095</b>	<b>100,00 %</b>

# Notes to the parent company financial statements

All figures in NOK'000s unless otherwise stated

The number of shares owned directly or indirectly by the Board of Directors and Management at 31 December 2015 were as set out below. For details of options granted to the Board of Directors and Management, please refer to note 21 in B2Holding Group financial statement.

Name	Position	Number of shares
Jon Harald Nordbrekken <sup>1)</sup>	Chairman of the Board	26,426,067
Kjetil Andreas Garstad <sup>2)</sup>	Board member	758,000
Per Kristian Spone <sup>3)</sup>	Board member	6,000
Olav Dalen Zahl <sup>4)</sup>	Chief Executive Officer	2,510,401
Erik Just Johnsen <sup>5)</sup>	Chief Group Controller	250,000
Henrik Wennerholm <sup>6)</sup>	Director Business Development	1,981,342
Thor Christian Moen	Head of Legal	75,000

- 1) Jon Harald Nordbrekken holds 2 067 067 personally. In addition Valset Invest AS, an entity controlled by Nordbrekken and his related parties, holds 24 000 000 shares, and Cryptic AS, an entity controlled by a related party of Jon Harald Nordbrekken, holds 359 000 shares.
- 2) Steel City AS, an entity controlled by Kjetil Andreas Garstad, holds 758 000 shares.
- 3) Celina Sophie Olsson, a related person of Per Kristian Spone holds 6 000 shares.
- 4) Fjordsyn AS, an entity controlled by Olav Dalen Zahl, holds 2 507 001 shares. In addition, persons related to Olav Dalen Zahl hold 3 400 shares.
- 5) Pine AS, an entity controlled by Erik Just Johnsen holds 250 000 shares.
- 6) Henrik Wennerholm holds 630 000 shares. In addition, Femwen AB, an entity controlled by Henrik Wennerholm, holds 1 351 342 shares.

## NOTE 13 Long term interest bearing loans and borrowings

On 16 November 2015, the Group completed the refinancing of three acquisition-related and country-specific loans, including the multi-currency revolving of NOK 300 million in B2Holding AS, into a single EUR 260 million senior secured multi-currency revolving credit facility agreement in the subsidiary Ultimo Netherlands B.V. For details please refer to note 22 in B2Holding Group financial statement.

B2Holding AS successfully completed a EUR 150 million senior unsecured bond issue in December 2015 with maturity in December 2020.

	Currency	Nominal interest	Debt in lobal currency	Debt in NOK	Maturity
Senior Unsecured Bond Issue	EUR	7,50 %	150 000	1 442 850	December 2020

### Repayment schedule

At 31 December 2015	EUR	NOK
In 2020	150,000	1,442,850

### Financial covenants

The financial covenants are presented in the tables below. All covenants have been met at 31 December 2015.

	Requirements	2015
Total loan to value	Maximum 75%	56 %
Leverage ratio	Maximum 4.0	2.5
Net interest cover ratio	Minimum 4.0	8.1

# Notes to the parent company financial statements

All figures in NOK'000s unless otherwise stated

## NOTE 14 Other long term liabilities

Other long term liabilities represents contingent consideration on the acquisition of Creditreform Latvija SIA, Latvia which is due in more than 12 months. The contingent consideration due in less than 12 months is classified as other current liabilities and at 31 December 2015 amounted to NOK 2.8 million.

This liability is described in more detail in note 6.3 to the B2Holding Group financial statements.

## NOTE 15 Accounts and other payables

At 31 December 2014, accounts and other payables included an amount of NOK 16.3 million due to the seller of shares in Sileo Kapital AB. This was settled in 2015 by issuing 2,174,908 shares in B2Holding AS at NOK 7.5 per share (note 12). The share increase was registered on 27 February 2015.

## NOTE 16 Commitments

The company has entered into commercial leases for office premises, motor vehicles and items of office equipment. The lease contract for the office premises mature in June 2019 and the lease are adjusted according to the consumer price index. There are no restrictions placed upon the lessee under the lease contracts to use the office premises in the normal course of business. The operating lease costs for the following types of lease were as follows:

	2015	2014
Office premises	1,655	837
Motor vehicles	70	0
Office equipment	42	0
<b>Total</b>	<b>1,767</b>	<b>837</b>

Future minimum rentals payable under the non-cancellable operating lease at 31 December were as follows:

	2015	2014
Rentals payable within one year	2,059	390
Rentals payable from one to five years	5,011	0
<b>Total</b>	<b>7,070</b>	<b>390</b>

# Notes to the parent company financial statements

All figures in NOK'000s unless otherwise stated

## NOTE 17 Remuneration

### 17.1 Management and Board of Directors

Remuneration 2015	Salary	Bonuses earned in 2015	Pension cost	Other benefits	Total	Share option cost <sup>7)</sup>	Director's fee
Olav Dalen Zahl, Chief Executive Officer	2,990,848	1,000,000	42,656	163,339	4,196,843	1,968,085	
J. Harald Henriksen, Chief Financial Officer <sup>1)</sup>	1,558,337		52,268	26,537	1,637,142	295,213	
Erik Just Johnsen, Chief Group Controller	1,806,023		42,480	21,658	1,870,161	492,021	
Rasmus Hansson, Director Strategy and M&A <sup>2)</sup>	1,190,769		50,541	29,684	1,270,994	157,559	
Thor Christian Moen, Head of Legal <sup>3)</sup>	360,000				360,000	157,559	
Henrik Wennerholm, Director Business Development <sup>4)</sup>						94,536	

### Board of Directors

Jon Harald Nordbrekken, Chairman	1,903,873	1,000,000	41,629	19,029	2,964,531	1,968,085	
Trygve Lauvdal <sup>5)</sup>					0		0
Per Kristian Spone				492	492		150,000
Niklas Wiberg					0		150,000
Kjetil Andreas Garstad					0		70,000
Ole Grøterud <sup>6)</sup>					0		80,000
Rune Husby <sup>6)</sup>					0		80,000
<b>Total</b>	<b>9,809,850</b>	<b>2,000,000</b>	<b>229,573</b>	<b>260,739</b>	<b>12,300,162</b>	<b>5,133,058</b>	<b>530,000</b>

### Remuneration 2014

	Salary	Bonuses earned in 2014	Pension cost	Other benefits	Total	Director's fee
Olav Dalen Zahl, Chief Executive Officer	2,413,913	1,000,000	48,110	6,790	3,468,813	
Morten Hornness, Chief Financial Officer	2,264,000			3,500,000	5,764,000	
Erik Just Johnsen, Chief Group Controller	1,540,789		47,546	23,483	1,611,818	

### Board of Directors

Jon Harald Nordbrekken, Chairman	1,683,545	600,000	72,668	6,790	2,363,003	0
Trygve Lauvdal <sup>5)</sup>						0
Per Kristian Spone						100,000
Niklas Wiberg						100,000
Ole Grøterud <sup>6)</sup>						100,000
Rune Husby <sup>6)</sup>						100,000
<b>Total</b>	<b>7,902,247</b>	<b>1,600,000</b>	<b>168,324</b>	<b>3,537,063</b>	<b>13,207,634</b>	<b>400,000</b>

1) J. Harald Henriksen joined B2Holding AS in January 2015.

2) Rasmus Hansson assumed his position on 1 January 2015.

3) Thor Christian Moen assumed his position on 1 October 2015.

4) Henrik Wennerholm joined Sileo Kapital in August 2012, and assumed his management position in the Group in June 2015.

5) Trygve Lauvdal, as a representative for shareholder Rasmussengruppen AS, has not received remuneration. Rasmussengruppen AS has been compensated with a consultant fee of NOK 150 000 excluding VAT (NOK 100 000 excluding VAT in 2014).

6) Ole Grøterud and Rune Husby were members of the Board until December 2014.

7) Accrued social security costs are not included as part of the share option cost stated above.

For further details of the share option program, please refer to note 21 in B2Holding Group financial statement.

# Notes to the parent company financial statements

All figures in NOK'000s unless otherwise stated

## Benefits upon termination

Members of management have entered into employment agreements which provide for the following benefits upon termination:

- Olav Dalen Zahl, is entitled to 12 months salary if his employment is terminated; and
- Harald Henriksen, Erik Just Johnsen, Rasmus Hansson, Thor Christian Moen and Henrik Wennerholm are entitled to 12 months salary after termination of employment in connection with an acquisition of the Company.

## Agreement with the Chief Executive Officer

Olav Dalen Zahl, the Chief Executive Officer, has a share and bonus payment plan covering the period 2013-2017. If the share price is over a specific target for a given year, he is entitled to a cash bonus. The cash bonus less the personal income tax payable on the bonus, shall be re-invested in B2Holding AS shares at a price no lower than the price of the most recent share issue, or equivalent market price.

## Agreement with the Chairman of the Board

During 2014 and 2015, Jon Harald Nordbrekken, the Chairman of the Board, has had an agreement with the Company regarding remunerations for consultancy work conducted on behalf of the Group and in connection with acquisition of companies and portfolios. Further to this agreement, Nordbrekken has had a 60% position with the Company and has been entitled to an annual remuneration equal to 60% of the remuneration paid to the Group's Chief Executive Officer.

## Agreement with Valsset Invest AS

On 18 December 2015, the Company entered into an agreement with Valsset Invest AS regarding the purchase of 33,333 shares or two-thirds of the issued share capital in Sileo Finans AB. In accordance with this agreement, the Company paid a total purchase price of SEK 33,333 for the shares in Sileo Finans AB, equalling the purchase price paid by Valsset Invest AS when acquiring the shares from B2Holding AS and the total nominal value of the shares. The seller of the shares, Valsset Invest AS, is an entity controlled by the Chairman of the Board, Jon Harald Nordbrekken. The completion of the transfer of the shares is subject to an ownership assessment and approval by the Swedish Financial Supervisory Authority.

## Agreement with Advokatfirmaet Forsberg DA

Thor Christian Moen, Head of Legal, was employed by B2Holding AS with effect from 1 October 2015 in an 80% position. Moen is also a partner in Advokatfirmaet Forsberg DA which has provided legal services to B2Holding AS amounting to NOK 47,369 in the period from 1 October 2015 to 31 December 2015 and NOK 2,394,493 for the full year 2015. B2Holding AS and Advokatfirmaet Forsberg DA established a new agreement relating to delivery of services with effect from 1 January 2016. In addition, B2Holding AS invoices Advokatfirmaet Forsberg DA for cost of a sublease as Advokatfirmaet Forsberg DA's offices are located within B2Holding AS's leased premises. For the period from 1 October to 31 December 2015, this amounted to NOK 164,809.

## Agreement with FemWen AB

Henrik Wennerholm, Director Business Development, was one of the founders and non-controlling shareholders of Sileo Kapital AS, the Swedish operating company in the B2Holding Group, through his privately owned company, FemWen AB. Until assuming his position within Group management in June 2015, he was the Chief Executive Officer of Sileo Kapital AB.

B2Holding AS has in both 2014 and 2015, increased its shareholding in Sileo Kapital AB in two stages to 100%. In accordance with agreements between B2Holding AS and FemWen AB dated 17 November 2014 and 26 October 2015, B2Holding AS used its option to call FemWen AB's shares in Sileo Kapital AB by issuing shares in B2Holding AS as remuneration.

## 17.2 Fees to auditors

All figures including VAT.

	2015
Fees for statutory auditing, as agreed for the financial year	642
Fees for tax advisory services, as expensed during the year	857
Other fees (IFRS implementation, compliance, equity transactions etc.)	1,441
	<b>2,940</b>

# Notes to the parent company financial statements

All figures in NOK'000s unless otherwise stated

## NOTE 18 Related party disclosure

The Company's related parties include the management team and members of the Board of Directors. There have been no related party transactions with these related parties in 2015.

Companies in the B2Holding Group are also related parties. Sales to and purchases from intra-group related parties are made at normal market prices as the transactions are performed on the same terms as unrelated parties.

Outstanding intra-group balances at the year end are unsecured, and other than for interest-bearing loans, are interest free. No guarantees have been provided or received. This assessment has been undertaken for each period end based on an examination of the financial position of the related party and the market in which the related party operates.

## NOTE 19 Contingent liabilities

B2 Holding AS was subject to a tax audit of the treatment of reverse VAT charges on the delivery of services "capable of delivery from a remote location" at the end of 2014. At 31 December 2015, the Company was still waiting for final confirmation of the findings.

## NOTE 20 Guarantees

On 16 November 2015, B2Holding AS issued a guarantee to DnB Bank ASA as Agent on behalf of itself and Nordea Bank Norge ASA in connection with the provision of a syndicated multicurrency loan of EUR 260 million established in order to refinance existing borrowing facilities and provide additional facilities to fund future portfolio acquisitions for the Group. The guarantee was issued on behalf of the borrower under the syndicated multicurrency loan, B2Holding AS's 100 % directly owned subsidiary, Ultimo Netherlands BV. The drawdown amount of the syndicated multicurrency loan at 31 December 2015 was PLN 523 million (NOK 1,183 million).

Guarantees associated with the borrowing facilities that were refinanced have been replaced by the new guarantee which is limited to EUR 300 million.

B2Holding AS issued a office rental guarantee with effect from 1 November 2015 in favour of the lessor of the Group's offices in Gothenburg, Sweden. The rental agreement is for a period of up to 3 years with the option of extending for an additional 3 years if not cancelled within a specified date. Although the guarantee is unlimited, the Group estimates that its exposure for the initial 3 year rental period is limited to the monthly office rentals for this period, with yearly adjustments, amounting to a total SEK 2.6 million.

## NOTE 21 Subsequent events

According to the terms of the EUR 150 million bond loan agreement dated 8 December 2015, the bonds were listed on the Oslo Stock Exchange on 3 March 2016.

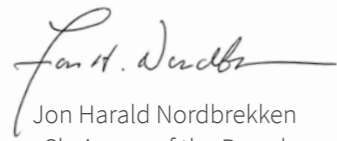
In January 2016, the Board of Directors of B2Holding AS initiated a process with four investment banks to prepare an application to list the Company's shares on the Oslo Stock Exchange during 2nd quarter 2016.

# Responsibility Statement

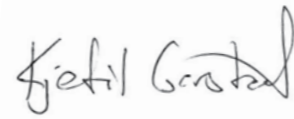
We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2015 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole.

We also confirm that the Board of Directors' report includes a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

Oslo, 15 March 2016



Jon Harald Nordbrekken  
Chairman of the Board



Kjetil Garstad  
Board Member



Trygve Lauvdal  
Board Member



Per Kristian Spone  
Board Member



Niklas Wiberg  
Board Member



Olav Dalen Zahl  
Chief Executive Officer

# Auditor's report



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To the Annual Shareholders' Meeting of  
B2Holding AS

## AUDITOR'S REPORT

### Report on the financial statements

We have audited the accompanying financial statements of B2Holding AS, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2015, the statement of income for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors' and Chief Executive Officer's responsibility for the financial statements*

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

#### *Opinion on the financial statements of the Parent Company*

In our opinion, the financial statements of B2Holding AS have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### *Opinion on the financial statements of the Group*

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

#### **Report on other legal and regulatory requirements**

##### *Opinion on the Board of Directors' report and on the statement on corporate social responsibility*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statement on corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

##### *Opinion on registration and documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 18 March 2016  
ERNST & YOUNG AS

Asbjørn Rødal  
State Authorised Public Accountant (Norway)



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