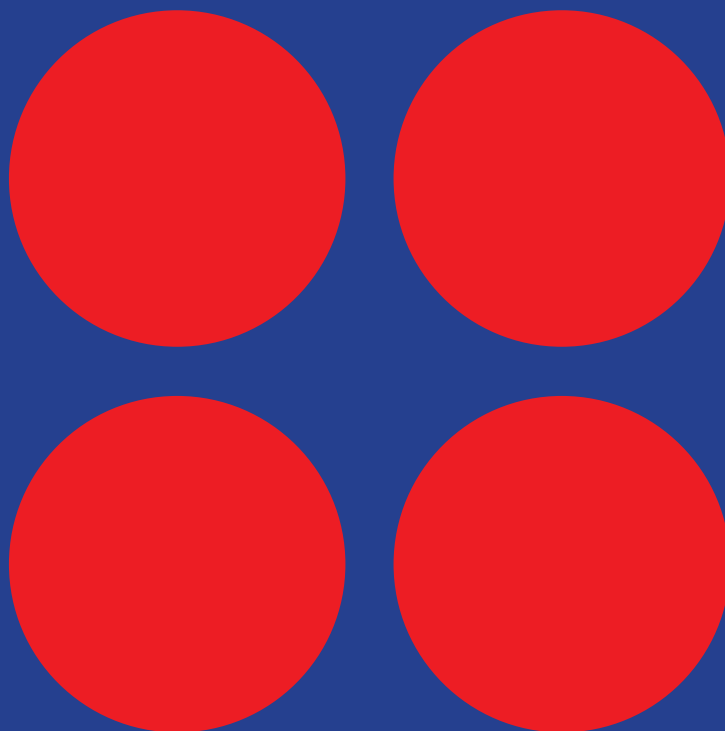

Fourth quarter and preliminary results 2016



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Summary

B2Holding showed record strong gross collection, cash EBITDA and portfolio purchases in the fourth quarter 2016. The gross collection was better than the expected gross collection curves in all markets. The Group continued the geographical expansion and entered into several new markets. The Group is well positioned, and with significant investment capacity, ensuring to continue on the growth track the Group has been undertaking over the past years.

Fourth quarter 2016

- Gross cash collection of NOK 556 million (415)
- Operating profit of NOK 151 million (108)
- Cash EBITDA of NOK 349 million (241)
- Portfolio acquisitions¹⁾ of NOK 1,054 million (672)

Full year 2016

- Gross cash collection of NOK 1,870 million (1,339)
- Operating profit of NOK 516 million (377)
- Cash EBITDA of NOK 1,210 million (829)
- Portfolio acquisitions¹⁾ of NOK 2,584 million (1,358)
- ERC¹⁾ at year end of NOK 9,489 million (6,490)
- Proposed dividend of 0.15 per share

(Comparable numbers for Q4 and full year 2015 in brackets)

<i>(NOK million)</i>	Quarter 4 2016	Quarter 4 2015	Change %	Full year 2016	Full year 2015	Change %
Net operating revenues	415.9	344.6	20.7 %	1,396.1	1,076.2	29.7 %
EBITDA	158.5	116.5	36.1 %	545.5	405.2	34.6 %
Operating profit (EBIT)	151.0	108.2	39.5 %	515.6	377.2	36.7 %
<i>Profit margin</i>	36.3 %	31.4 %		36.9 %	35.0 %	
Cash Revenue	606.7	468.7	29.4 %	2,060.6	1,500.5	37.3 %
Cash EBITDA	349.4	240.7	45.2 %	1,209.9	829.4	45.9 %
Profit for the period after tax	76.0	-1.8	4339 %	181.1	198.2	-8.6 %
Earnings per share (EPS), basic and diluted	0.21	-0.01		0.53	0.63	
Cash flow from operating activities	232.2	109.4	112.3 %	802.4	591.1	35.7 %
Operating cash flow per share	0.63	0.35		2.34	1.90	
Portfolio acquisitions ¹⁾	1,054.4	671.9	56.9 %	2,583.6	1,358.3	90.2 %
Cash collection from portfolios	556.1	415.3	33.9 %	1,870.4	1,339.1	39.7 %
ERC (at end of month) ¹⁾	9,489.3	6,490.0	46.2 %			

*1) Including the Group's share of portfolio purchased and held in joint venture
(See page 17 for definition of alternative performance measures (APM) and note 10 for reconciliation of APMs to the financial statements)*

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Operational review

B2Holding showed strong collection in Q4, and all regions achieved higher gross cash collections than expected. Portfolio purchases in the fourth quarter were record high, as the Group successfully acquired portfolios for a purchase price of NOK 1,054 million including the Groups share of the announced mortgage portfolio in Romania in joint venture with EOS. In 2016, the Group purchased portfolios for a total of NOK 2,584 million. The Group acquired portfolios in all markets, with 48% in the SEE (41% in West SEE and 7% in East SEE), followed by the Nordics (25%), Poland (24%) and other markets (3%). The settlement of the senior secured bond loan in October increased the capacity to acquire new portfolios going forward.

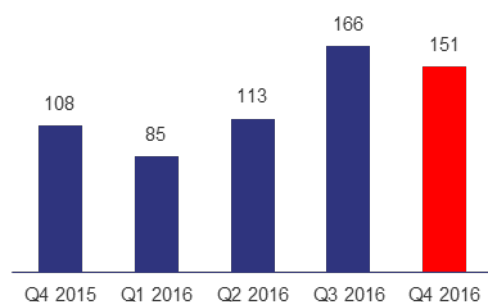
During the fourth quarter, B2Holding continued its geographic expansion and entered into several new markets. In Hungary, the Group acquired the Budapest based "Consequence Europe", a company specialized in 3rd party debt collection and set for further expansion. In Greece, a fully owned entity was established and a core team was hired, and the Group is currently in process of applying for the licenses required for debt purchasing and debt collection. At year-end, the Group was also in process of establishing operations in Italy and established a new entity in Bosnia-Herzegovina, preparing for portfolio purchases in 2017.

The Group will continue to focus on streamlining its operations and taking advantage of adoption of best practice within the Group.

Financial Summary

Fourth Quarter 2016

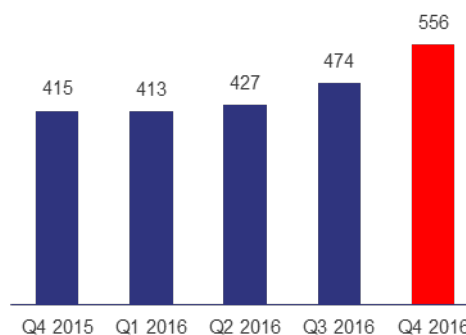
The Group recorded an operating profit of NOK 151.0 million in the fourth quarter 2016, an increase of NOK 42.7 million (39.5%) compared to the fourth quarter of 2015. The operations continued the strong collection performance from the third quarter into the fourth quarter of 2016, with all time high gross cash collection.



(Quarterly operating profit in NOKm)

Net operating revenues for the quarter amounted to NOK 415.9 million, an increase of NOK 71.3 million (20.7%) from the fourth quarter of 2015. This was mainly due to high activity in portfolio acquisitions in the second half of 2015 and 2016, and solid gross cash collection in the quarter. Compared to the third quarter of 2016 net operating revenues increased with NOK 46.2 million.

After solid performance in all operating segments in the fourth quarter, gross cash collections from purchased loan portfolios ended at NOK 556.1 million. This corresponds to an increase of NOK 140.8 million (33.9%) compared to the same period in 2015 and an increase from third quarter 2016 of NOK 82.2 million. The material part of the growth is in the SEE area and in the Nordic countries.



(Quarterly gross cash collection in NOKm)

Operating expenses excluding depreciation and amortisation increased with NOK 29.3 million (12.8%) compared to the fourth quarter of 2015. In the fourth quarter, operating expenses increased due to entry into new markets, higher activity in collection in the SEE area and increased legal cost in Poland. In Poland, the Group has invested in future cash collection by entering a high number of claims into the legal system. This is due to updated collection strategy and as a protection for potential new legislation that might cause certain claims to be time barred. It is expected that the extended filings are optimal for the collection process and will increase collection.

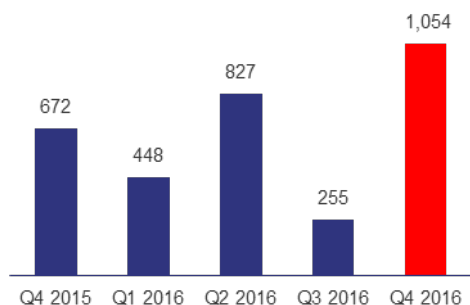
Net financial items ended in the fourth quarter with a net expense of NOK 56.9 million, of which NOK 62.2 million interest expenses related to the external financing of the Group and NOK 7.6 million in net exchange gain. In fourth quarter of 2015 net financial expense of NOK 89.3 million included an adjustment of contingent considerations to former owners of acquired subsidiaries with NOK 45.4 million.

Profit after tax for the period ended at NOK 76.0 million, representing an increase of NOK 77.8 million when comparing to the same period last year.

Operating cash flow of NOK 232.2 million in the period was NOK 122.8 million (112.3%) above the same period in

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2015. The increase is mainly due to increased cash collection of NOK 140.8 million, reduced by increased interest payments and working capital items. Cash flow used in investing activities ended at NOK 922.6 million, mainly related to portfolio purchases.



(Quarterly portfolio acquisition in NOKm, included the Groups share of portfolio purchased in joint venture)

Net cash flow from financing activities ended at NOK 765.7 million. Interest bearing loans at the end of the quarter amounted to NOK 3,217.7 million compared to NOK 2,526.1 million at year-end 2015 after issuing a senior unsecured bond loan in October 2016.

Full year 2016

The Group recorded an operating profit of NOK 515.6 million for the full year 2016, up NOK 138.4 million (36.7%) compared to the full year 2015. The change is mainly related to an increase in operations, and net operating revenues rose from NOK 1,076.2 million in 2015 to NOK 1,396.1 million in 2016.

Gross cash collections for the full year 2016 increased year on year by NOK 531.3 million (39.7%) to NOK 1,870.4 million due to significant increase in purchased loan portfolios and activity. The cash collections increased in all the Group's operational segments.

Portfolio purchases for the full year 2016, including the Group's share in the portfolio purchased in the JV with EOS, totalled NOK 2,583.6 million. Total book value of purchased loan portfolios ended at NOK 4,751.9 million end of December 2016, an increase of 1,584.3 million (50%) from year-end 2015.

Operating expenses, excluding depreciation and amortisation, increased with NOK 179.6 (26.8%) million in 2016 compared to 2015, mainly due to increased activity. The full year includes non-recurring items of NOK 19.9 million (net of tax) of which NOK 12 million is related to IPO costs, NOK 2.3 million in transaction costs related to the DCA acquisition, and NOK 5.1 million is related to non-recurring personnel cost.

Net financial expenses ended at NOK 288.2 million, of which interest expenses on interest bearing debt

amounted to NOK 224.6 million and a net foreign exchange loss of NOK 66.1 million. The latter is mainly related to unrealised exchange losses on internal financing of the group.

Profit after tax ended at NOK 181.1 million for 2016.

Cash flow from operating activities for the year ended at NOK 802.4 million, NOK 211.3 million (35,7%) higher than the same period in 2015. Cash flow from investment activities ended at NOK 2,713.2 million due to purchased loan portfolios of NOK 2,431.7 million, purchase of DCA group of companies and payment of contingent considerations. Net cash flow from financing activities in the period ended at NOK 1,400.1 million after issue of new shares and a senior unsecured bond loan in October 2016.

The equity ratio was 39.4% at 31st December 2016, compared with 35.5% at 31st December 2015. The Group's financial position is robust, with cash reserves and credit lines that are more than sufficient to cover debt that fall due in the next 12 months. The Board proposes to the AGM to approve a dividend of NOK 0.15 per share.

Corporate matters

The shares of B2Holding ASA was listed on the Oslo Stock Exchange on 8th June 2016 at NOK 12,- per share accompanied by a new share issue raising NOK 662 million net of costs. The B2Holding share was included in the Oslo Børs Benchmark Index (OSEBX) as from 1st December 2016. The share price as of 30th December 2016 was NOK 15.30 and the number of shareholders as of the same date was 2,205. In order to support the growth strategy, on 4th October 2016 the Group issued a EUR 175 million (2016/2021) senior unsecured bond loan, in addition to the unsecured bond loan issued 4th December 2015 of EUR 150 million (2015/2020). Both bond loans are listed on Oslo Stock Exchange, and are trading on favourable terms.

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

As of 31st December 2016 the Group had NOK 1,962 million in available investment capacity in addition to the strong operating cash flow from collection of the current portfolio investments.

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Outlook

Due to seasonality, the second half of the year is typically very strong in the debt purchasing industry. During the last quarter of 2016 B2Holding started activities to expand further into new markets. More specifically, the Group started the process of establishing the B2Holding Group in Italy through an SPV designated for portfolio purchases and an operating entity with HQ located in Rome. Italy is a large and important European NPL market and we expect increasing activity in Italy throughout 2017.

During the fourth quarter, B2Kapital in Greece was established. The fully owned entity has offices in Athens, and a core team is in place. The local team started the process of preparing the license applications as required under the new licensing regime regulated by Bank of Greece. It is expected that the license applications will be submitted during the first quarter of 2017. With NPL volumes well above EUR 100 billion, B2Holding views Greece as a highly interesting market to have a presence in going forward. Despite the seasonality effect, we see a large pipeline of attractive opportunities in our combined markets and we expect the pipeline to grow further. As communicated last quarter, we will continue to focus on developing and streamlining our operations, in order to improve output and operating margin.

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

Board of directors, B2Holding AS, 24th February 2017

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Consolidated statement of profit or loss and other comprehensive income

All figures in NOK'000s unless otherwise stated

Notes	2016 Quarter 4	2015 Quarter 4	2016 Full year	2015 Full year
Interest income on purchased loan portfolios	361,659	295,061	1,220,562	909,544
Revenue from external collection	28,949	33,524	104,401	104,101
Other operating revenues	21,658	19,922	85,799	57,296
	412,265	348,507	1,410,761	1,070,941
Changes in portfolio cashflow estimates	3,603	-3,924	-14,621	5,298
Net operating revenues	415,868	344,583	1,396,141	1,076,239
External cost of services provided	-86,516	-50,349	-243,665	-189,304
Personnel costs	-99,240	-106,972	-358,824	-294,184
Depreciation of tangible fixed assets	-2,549	-2,479	-9,693	-8,529
Amortisation of intangible assets	-5,009	-5,798	-20,182	-19,424
Other operating expenses	-71,584	-70,757	-248,198	-187,594
Total operating expenses	-264,898	-236,355	-880,562	-699,035
Operating profit	150,971	108,228	515,579	377,204
Profit from shares and participation in associated companies and joint ventures	113	130	152	230
Net realised and unrealised exchange gains	7,601	4,417	-66,138	25,327
Other interest income	282	522	1,604	2,200
Other interest expenses	-62,189	-46,444	-224,577	-112,533
Other financial items	-2,747	-47,930	743	-49,128
Net financial items	-56,938	-89,304	-288,214	-133,904
Profit for the period before tax	94,033	18,924	227,364	243,300
Income tax expense	-18,023	-20,717	-46,288	-45,125
Profit for the period after tax	76,010	-1,793	181,077	198,175
Other comprehensive income, net of tax				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	-14,718	7,857	-96,755	78,586
Total comprehensive income for the period, net of tax	61,292	6,064	84,322	276,761
<i>Profit for the period after tax attributable to:</i>				
Parent company shareholders	76,191	-1,852	181,575	197,211
Non-controlling interests	-181	59	-498	964
<i>Total comprehensive income for the period, net of tax attributable to:</i>				
Parent company shareholders	61,494	6,023	84,741	275,852
Non-controlling interests	-202	41	-419	909
Earnings per share attributable to parent company shareholders (in NOK):				
Basic and diluted	0.21	-0.01	0.53	0.63

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Consolidated statement of financial position

All figures in NOK'000s unless otherwise stated

	Notes	2016 31 December	2015 31 December
Tangible fixed assets		27,368	28,821
Intangible assets		63,161	71,461
Goodwill		394,800	317,675
Shares in associated companies and joint ventures	7	3,935	1,598
Purchased loan portfolios	4	4,751,878	3,167,628
Loan receivables	4	311,296	259,819
Other long term financial assets	4	192,030	
Deferred tax asset		64,004	26,349
Total non-current assets		5,808,473	3,873,351
Accounts receivable		50,734	20,432
Other short term assets		72,071	49,524
Cash and short term deposits		217,608	764,678
Total current assets		340,413	834,634
Total assets		6,148,886	4,707,985
Share capital	6	36,912	31,187
Other paid in capital	6	2,083,216	1,426,790
Other capital reserves		13,867	7,162
Foreign currency translation reserve		29,533	126,368
Other equity		262,890	81,313
Total equity attributable to parent company shareholders		2,426,417	1,672,820
Equity attributable to non-controlling interests		-1,528	-909
Total equity		2,424,889	1,671,911
Long term interest bearing loans and borrowings	4,5	3,217,715	2,526,121
Deferred tax liabilities		51,027	59,307
Post-employment liabilities		474	380
Other long term liabilities	4	64,054	31,047
Total non-current liabilities		3,333,270	2,616,855
Accounts and other payables		156,486	107,703
Income taxes payable		62,097	25,825
VAT, payroll and other indirect taxes		29,483	33,460
Other current liabilities	4	142,660	252,231
Total current liabilities		390,726	419,219
Total liabilities		3,723,996	3,036,074
Total equity & liabilities		6,148,886	4,707,985

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Consolidated statement of changes in equity

All figures in NOK'000s unless otherwise stated

	Attributable to parent company shareholders						Non-controlling interests	Total equity
	Share capital	Other paid-in capital	Other capital reserves	Foreign currency translation reserve	Other equity	Total		
At 1 January 2015	30,904	1,403,198	1,415	47,847	-109,540	1,373,824	-1,672	1,372,152
Profit for the period after tax					197,211	197,211	964	198,175
Other comprehensive income, net of tax				78,641		78,641	-55	78,586
Total comprehensive income				78,641	197,211	275,852	909	276,761
Issue of share capital	283	23,592				23,875		23,875
Share based payments			5,747			5,747		5,747
Acquisition of non-controlling interests				-120	-6,358	-6,478	-86	-6,564
Dividends to non-controlling interests							-60	-60
At 31 December 2015	31,187	1,426,790	7,162	126,368	81,313	1,672,820	-909	1,671,911
At 1 January 2016	31,187	1,426,790	7,162	126,368	81,313	1,672,820	-909	1,671,911
Profit for the period after tax					181,575	181,575	-498	181,077
Other comprehensive income, net of tax				-96,834		-96,834	79	-96,755
Total comprehensive income				-96,834	181,575	84,741	-419	84,322
Issue of share capital (note 6)	5,725	682,082				687,807		687,807
Transaction costs		-25,656				-25,656		-25,656
Share based payments			6,705			6,705		6,705
Dividends to non-controlling interests							-199	-199
At 31 December 2016	36,912	2,083,216	13,867	29,533	262,890	2,426,417	-1,528	2,424,889

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Consolidated statement of cash flows

All figures in NOK'000s unless otherwise stated

	Notes	2016 Quarter 4	2015 Quarter 4	2016 Full year	2015 Full year
Cash flow from operating activities					
Profit for the period before tax		94,033	18,924	227,364	243,300
<i>Adjustment for non-cash items:</i>					
Interest income on purchased loan portfolios and change in portfolio cashflow estimates	3	-365,262	-291,137	-1,205,942	-914,842
Depreciation and amortisation of assets		7,558	8,277	29,875	27,953
Interest expense on interest bearing loans		66,603	39,978	227,315	104,582
Unrealised foreign exchange differences		85,611	-76,023	180,046	-111,239
Fair value adjustment of contingent consideration		692	45,350	692	45,350
Share based payment expense		1,497	3,406	6,705	5,747
(Profit/) Loss on sale of tangible and intangible fixed assets		-464	383	41	502
<i>Operating cashflows:</i>					
Cash collection from purchased loan portfolios	3	556,081	415,298	1,870,388	1,339,083
Interest paid on interest bearing loans and borrowings		-53,060	-31,332	-183,761	-91,269
Income tax paid during the year		-13,502	-5,129	-60,393	-26,583
<i>Operating capital adjustments:</i>					
Decrease/(increase) in current assets		-28,512	-12,588	-48,281	-9,625
Decrease/(increase) in other non-current financial assets		-207,774	-19,793	-266,608	-74,593
Increase/(decrease) in current liabilities		93,431	-4,181	33,120	33,109
Increase/(decrease) in non-current liabilities		-4,894	17,709	-8,258	19,260
Other items		138	229	101	388
Net cash flow from operating activities		232,177	109,370	802,406	591,123
Cash flow from investing activities					
Purchase of loan portfolios	3,4	-902,584	-671,925	-2,431,717	-1,358,266
Investment in subsidiary companies and joint ventures	7,8	-4,950		-91,964	
Payment of contingent consideration	4			-162,678	-13,164
Purchase of tangible and intangible fixed assets		-16,256	-4,318	-29,232	-17,501
Proceeds from sale of tangible and intangible fixed assets		1,206	147	2,383	1,198
Net cash flow from investing activities		-922,584	-676,096	-2,713,208	-1,387,733
Cash flow from financing activities					
Proceeds from the issue of new shares, net of transaction costs	6			662,151	17,311
Proceeds from new external loans during the year		1,962,360	4,109,098	2,492,574	4,424,756
Repayment of external loans during the year		-1,196,711	-3,087,223	-1,754,439	-3,209,171
Dividends paid to non-controlling interest				-199	-60
Net cash flow from financing activities		765,649	1,021,875	1,400,087	1,232,836
Net cash flow during the period		75,242	455,149	-510,715	436,226
Cash and cash equivalents at the beginning of the period		148,580	292,392	764,678	294,148
Exchange rate difference on cash and cash equivalents		-6,213	17,137	-36,355	34,304
Cash and cash equivalents at 31 December		217,608	764,678	217,608	764,678
<i>Cash and Cash equivalents comprised of:</i>					
Cash and short term deposits		217,608	764,678	217,608	764,678
Bank overdraft					

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Notes to the interim consolidated financial statements

Note 1 – General information and Basis for preparation

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

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

This condensed consolidated interim financial report for the fourth quarter ended 31 December 2016 has been prepared in accordance with Accounting Standard IAS 34 *Interim Financial Reporting*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2015, which has been prepared in accordance with IFRS, as adopted by the EU. The consolidated financial statements for 2015 are available upon request from the company and at www.b2holding.no

The accounting policies adopted are consistent with those applied in the preparation of the consolidated financial statements for 2015 and no new amendments or standards in the current reporting period have material impact on the condensed consolidated interim financial statements.

The financial information for the quarters and the 12 months ended 31 December 2016 and 31 December 2015, and this interim financial report are unaudited.

Note 2 – Estimates

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. The important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for the interim financial statements as for the consolidated financial statements for 2015.

Note 3 – Segment reporting

For management purposes, the Group is organised into a single business divided into different geographical regions corresponding to the countries where the Group has its operations. The Executive Management monitors the operating results of these geographical regions separately for the purposes of making decisions about resource allocation and performance assessment. Regional performance is evaluated based on the operating results and cash collections from purchased loan portfolios and is consistent with the equivalent figures that are reported in the consolidated financial statements. Internal transactions between the geographical regions are eliminated on consolidation and are reflected in the "Adjustments" column. They are transacted on an arm's length basis in a manner similar to transactions with fourth parties.

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

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

East SEE was included as a segment after purchasing of the DCA group of companies in second quarter 2016.

West SEE has previously been reported as Balkans, East SEE as East Balkans.

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Quarter 4 2016

All figures in NOK'000s

	Norway	Finland & Estonia	Sweden	Poland	Latvia	West SEE	East SEE	Other	Adjust- ments	Total
Interest income on purchased loan portfolios		60,298	25,854	136,480	6,932	107,921	24,174			361,659
Revenue from external collection	1,700	22,496	1,833		1,998	908	13			28,949
Income from services to group companies	3				46	1,336	541		-1,926	
Other operating revenues		494	282	14,423	3,145	3,297	17			21,658
Changes in portfolio cashflow estimates		12	-235	-712	436	6,550	-2,448			3,603
Regional net operating revenue	1,703	83,300	27,734	150,191	12,557	120,012	22,298		-1,926	415,868
Depreciation & amortisation	10	410	30	5,474	840	577	142	77		7,558
Regional operating profit	280	34,894	16,629	29,862	4,980	82,343	4,517	-22,533		150,971
Purchased loan portfolios		611,387	552,042	1,605,263	105,860	1,762,814	114,513			4,751,878
Share of participation in joint ventures							154,508			154,508
Purchased loan portfolios		611,387	552,042	1,605,263	105,860	1,762,814	269,020			4,906,386
Loan receivables		3,747	10,095	291,861		127		5,466		311,296
Other long term financial assets ¹⁾				9,740			230	182,059		192,030
Other long term assets		3,747	10,095	301,601		127	230	187,525		503,326

Other disclosures

Cash collections from purchased

loan portfolios ²⁾		128,781	41,914	185,431	10,558	161,229	28,169			556,081
Purchase of loan portfolios ³⁾		118,884	78,237	229,370	70,809	380,504	176,631			1,054,435

1) The segment other includes participation loan to joint venture, see note 7 for further description

2) Excluded cash collections in joint venture

3) Included the Groups share of portfolio purchased in joint venture

Quarter 4 2015

All figures in NOK'000s

	Norway	Finland & Estonia	Sweden	Poland	Latvia	West SEE	Other	Adjust- ments	Total
Interest income on purchased loan portfolios		54,649	18,337	149,301	3,564	69,210			295,061
Revenue from external collection	1,775	28,049	1,189		2,511				33,524
Income from services to group companies	278							-278	
Other operating revenues		1,448	127	14,309	3,348	690			19,922
Changes in portfolio cashflow estimates		-4,254	330						-3,924
Regional net operating revenue	2,053	79,892	19,983	163,611	9,422	69,900		-278	344,583
Depreciation & amortisation	7	332	962	5,520	873	351	232		8,277
Regional operating profit	615	34,859	8,653	60,488	1,490	40,353	-38,230		108,228
Purchased loan portfolios		402,630	447,031	1,413,764	36,317	867,886			3,167,628
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
Other long term assets		7,717	18,170	227,394		135	6,403		259,819

Other disclosures

Cash collections from purchased

loan portfolios		109,536	27,174	209,371	5,755	63,462			415,298
Purchase of loan portfolios		66,954	24,235	101,934	4,861	473,941			671,925

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Full year 2016

All figures in NOK'000s

	Norway	Finland & Estonia	Sweden	Poland	Latvia	West SEE	East SEE	Other	Adjust- ments	Total
Interest income on purchased loan portfolios		198,706	96,769	514,085	18,535	337,880	54,588			1,220,562
Revenue from external collection	7,086	81,357	6,613		8,394	908	43			104,401
Income from services to group companies	523			32	46	1,336	709		-2,646	
Other operating revenues		2,993	1,877	63,673	11,294	5,915	47			85,799
Changes in portfolio cashflow estimates		-661	-183	-14,920	260	2,441	-1,557			-14,621
Regional net operating revenue	7,609	282,394	105,076	562,870	38,528	348,480	53,829		-2,646	1,396,141
Depreciation & amortisation	14	1,698	121	22,259	3,455	1,731	321	276		29,875
Regional operating profit	2,088	128,640	62,357	149,324	9,067	244,127	19,278	-99,302		515,579

Purchased loan portfolios		611,387	552,042	1,605,263	105,860	1,762,814	114,513			4,751,878
Share of participation in joint ventures							154,508			154,508
Purchased loan portfolios		611,387	552,042	1,605,263	105,860	1,762,814	269,020			4,906,386

Loan receivables		3,747	10,095	291,861		127		5,466		311,296
Other long term financial assets ¹⁾				9,740			230	182,059		192,030
Other long term assets		3,747	10,095	301,601		127	230	187,525		503,326

Other disclosures

Cash collections from purchased loan portfolios ²⁾		392,847	154,581	796,845	29,951	432,686	63,480			1,870,388
Purchase of loan portfolios ³⁾		431,107	207,532	624,766	84,336	1,052,398	183,429			2,583,568

1) The segment other includes participation loan to joint venture, see note 7 for further description

2) Excluded cash collections in joint venture

3) Included the Groups share of portfolio purchased in joint venture

Full year 2015

All figures in NOK'000s

	Norway	Finland & Estonia	Sweden	Poland	Latvia	West SEE	Other	Adjust- ments	Total
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	
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
Regional net operating revenue	7,949	238,459	78,836	565,056	33,944	153,170		-1,175	1,076,239
Depreciation & amortisation	12	1,688	1,007	20,457	3,338	1,198	253		27,953
Regional operating profit	2,551	99,175	43,703	205,618	8,308	95,882	-78,033		377,204

Purchased loan portfolios		402,630	447,031	1,413,764	36,317	867,886			3,167,628
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
Other long term assets		7,717	18,170	227,394		135	6,403		259,819

Other disclosures

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

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Note 4 - Financial instruments

Purchased loan portfolios

All figures in NOK'000s

	Quarter 4 2016	Quarter 4 2015	Full year 2016	Full year 2015
Opening balance	4,038,185	2,553,742	3,167,628	2,016,705
Acquired in business combinations (note 8)			96,472	
Acquisition of portfolios, net of put-backs	902,584	671,925	2,431,717	1,358,266
Cash collections	-556,081	-415,298	-1,870,388	-1,339,083
Interest recognised on portfolios	361,659	295,061	1,220,562	909,544
Change in portfolio collection estimates	3,603	-3,924	-14,621	5,298
Exchange rate differences	1,928	66,122	-279,492	216,898
Closing balance	4,751,878	3,167,628	4,751,878	3,167,628

The face value of purchased loan portfolios amounts to NOK 61,217 million including accrued interest (and included share of portfolio in joint venture) at 31 December 2016 (31 December 2015: NOK 44,221 million).

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 in 2016 resulted in a net decrease of revenue of NOK 14.6 million. The amount has been calculated as the net present value of the difference in the cash flow from revised cash flow estimates. The year to date change in collection estimates relates mainly to new law passed in Romania in the beginning of the year, which expected to prolong the legal collection process in Romania.

Fair value of financial instruments

	Carrying amount				Fair value			
	Held for trading	Loans & receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 31 December 2016								
<i>All figures in NOK'000s</i>								
Financial assets								
Purchased loan portfolios		4,751,878		4,751,878			5,089,454	5,089,454
Loans receivable		311,296		311,296			311,296	311,296
Derivatives	15,467			15,467		15,467		15,467
Other financial assets		192,030		192,030			192,030	192,030
Total	15,467	5,255,205		5,270,672		15,467	5,592,780	5,608,247
Financial liabilities								
Interest bearing loans and borrowings			3,217,715	3,217,715	3,036,528	352,010		3,388,537
Derivatives								
Contingent considerations			68,001	68,001			68,001	68,001
Total			3,285,716	3,285,716	3,036,528	352,010	68,001	3,456,539

Other financial assets includes participation loan to joint venture, see note 7 for further description.

The reduction in contingent considerations from 31 December 2015 to 31 December 2016 is mainly due to payments to previous owners of acquired companies partially offset by the purchase of the DCA group of companies. As part of the purchase agreements, contingent considerations were due based on the achievement of certain post-acquisition performance targets.

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	Carrying amount				Fair value			
	Held for trading	Loans & receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 31 December 2015								
<i>All figures in NOK'000s</i>								
Financial assets								
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
Total		3,427,447		3,427,447			3,720,262	3,720,262
Financial liabilities								
Interest bearing loans and borrowings			2,526,121	2,526,121		2,526,121		2,526,121
Derivatives	18,750			18,750		18,750		18,750
Contingent considerations			169,912	169,912			169,912	169,912
Total	18,750		2,696,033	2,714,783		2,544,871	169,912	2,714,783

The fair value of unquoted financial assets has been estimated using valuation techniques based on assumptions that are not supported by observable market prices. The fair value of purchased loan portfolios has been calculated by discounting the expected net future cash flows from collection less operating expenses and tax with the estimated weighted average cost of capital for the countries in question. In order to show the sensitivity in the fair value calculation of the purchased loan portfolio, a 1%-point increase in the discount rate used would decrease the fair value of purchased portfolios with NOK 163.7 million (3%). The fair value of interest-bearing loans is equal to book value for the Multi-currency revolving credit facility as the loans are based on 3 month floating interest, and market value for the bond loan listed on Oslo Stock Exchange. The fair value of derivatives is set by calculating the present value of future cash flows using market rates for interest and currencies. In the case of the derivatives the fair value is confirmed by the financial institution that is the counterparty.

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

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

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

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

Contingent considerations

All figures in NOK'000s

	<u>OK Perinta</u>	<u>Credit-reform</u>	<u>Ultimo</u>	<u>DCA</u>	<u>Consequence</u>	<u>Total</u>
At 31 December 2015	73,826	9,179	86,907			169,912
Acquisitions of a subsidiary				60,925	1,132	62,057
Payments during the period	-73,826	-1,945	-86,907			-162,678
Fair value adjustments during the period				692		692
Exchange differences		-440		-1,547	6	-1,981
At 31 December 2016		6,794		60,070	1,139	68,001

Financial risk

Currency and interest rate risk:

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

Currency risk

Net borrowings (nominal value of interest bearing loans less cash) adjusted for derivative financial instruments are made in relevant currencies reflecting the underlying expected future cash flows from loans and receivables. The exceptions are Croatian Kuna (HRK), Romanian Leu (RON), Bulgarian Lev (BGN), Bosnian Convertible Mark (BAM) and Serbian Dinar (RSD) where all borrowing are done in EUR.

The Group's bond loan is denominated in EUR and borrowings under the multi-currency revolving credit facility are drawn in SEK and PLN. To obtain a more balanced currency basket, the Group has entered into the following currency derivatives at 31 December 2016 (i) Cross currency swap of SEK 225 million against EUR and (ii) FX Swaps of PLN 400 million against EUR. At 31 December 2016, net borrowings amounted to NOK 3,094 million. Adjusted for the currency derivatives mentioned above, the net borrowings represented a currency basket comprising EUR: 53%, PLN: 38% and SEK: 8%.

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Interest rate risk

The Group uses interest rate swaps and interest rate caps to reduce its interest rate exposure. The Group's strategy is to hedge between 60% and 120% of net borrowings up to a maximum period of 5 years. The hedging ratio at 31 December 2016 was 64% with a duration of 2.7 years.

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

All figures in NOK'000s

	Quarter 4 2016	Quarter 4 2015	Full year 2016	Full year 2015
Interest derivatives	4,414	-6,465	2,738	-7,951
Currency derivatives	15,403	-8,862	31,323	-8,862
Total	19,817	-15,327	34,061	-16,813

Note 5 - Interest bearing loans and borrowings

All figures in NOK'000s

	As at 31 December 2016		As at 31 December 2015	
	Current	Non-Current	Current	Non-Current
Multi-currency revolving credit facility		351,495		1,104,366
Bond loan		2,865,705		1,421,207
Loans from non-controlling interests		515		548
Bank overdraft				
Total		3,217,715		2,526,121

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

The multi-currency revolving credit facility and the bond loan carry a variable interest rate based on the interbank rate in each currency plus a margin supplement. In addition, there is a commitment fee, which is calculated as a percentage of the loan margin on the undrawn part of the facility. The overdraft carries a facility line fee. The loan agreements have a number of operational and financial covenants, including limits on certain key indicators, which have all been complied with as of December 2016. There are no instalments to be paid before maturity.

At 31 December 2016, PLN 150 million and SEK 100 million, in total EUR 44 million, was utilised from the EUR 240 million multi-currency revolving credit facility, leaving an available, undrawn amount of EUR 196 million. The multi-currency overdraft facility of EUR 20 million was unutilised at 31 December 2016.

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

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Note 6 – Share Capital and other paid-in capital

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

	Share capital Number of shares	Share capital NOK'000s	Other paid-in capital NOK'000s
At 31 December 2015	311,872,095	31,187	1,426,790
Share issue on 11 February at NOK 14.00 per share in connection with the bonus payment to the Chief Executive Officer and Chairman of the Board	57,144	6	794
Share issue on 7 June at NOK 12.00 per share in connection with the initial public offering	54,166,666	5,416	620,310
Share issue on 11 July at NOK 12.00 per share in connection with the Over-allotment Option in connection with the initial public offering 7 June	3,024,693	303	35,322
At 31 December 2016	369,120,598	36,912	2,083,216
At 24 February 2017 (date of completion of these interim condensed financial statements)	369,120,598	36,912	2,083,216

Note 7 – Joint ventures

The acquisition of the previously announced mortgage portfolio in Romania in a joint venture with EOS was closed in the fourth quarter of 2016. In relation to the portfolio purchase, the Group is 50% owner of the share capital in EOS Credit Funding BL DAC in Ireland (portfolio owner), and ENB Properties Solutions srl in Romania, and has joint control. The investment in shares is accounted for using the equity method. The financing of the portfolio purchase in the Irish SPV is through participation loans from the investors, which was equal to the purchase price of the portfolio. The remuneration and revenue from the participation loan for the Group is based on the performance of the underlying portfolio purchased in the Irish SPV (a cost in the SPV). The loan is valued at fair value with the value of the portfolio as the best estimate of the fair value of the loan. In the consolidated statement of profit and loss and other comprehensive income the revenue from the loan is included in the line "Profit from shares and participation in associated companies and joint ventures".

As at 31 December 2016

All figures in NOK'000s

	EOS Credit Funding BL DAC	ENB Properties Solution srl
Assets		
Purchased portfolio	309,015	
Other assets	9,683	20,014
Total Assets	318,698	20,014
Liabilities & Equity		
Longterm Liabilities	319,130	
Current Liabilities	3,303	15,474
Equity	-3,735	4,540
Total liabilities & equity	318,698	20,014
Profit for the year	-4,935	-87
B2Holding Group Profit share, equity method	-2,468	-44
B2Holding Group Profit from Participation loan	2,267	
Net profit (loss) from Joint venture as presented in the financial statement	-201	-44

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Note 8 – Business combinations

Acquisition of Consequence Europe MKFT

On 26 October 2016, the Group purchased 100% of the shares in Consequence Europe MKFT (Consequence), a 3rd party collection company with operations Hungary. The Group perceives the acquisition of Consequence as an opportunity to fulfil its strategic plans to expand its business and debt purchase platforms in the West SEE region by strategic acquisitions in these markets. Preliminary purchase considerations in the acquisition is NOK 4.1 million for net assets of NOK 0,7 million and goodwill of NOK 3,4 million.

Note 9 – Subsequent events

At the date of these condensed financial statements, the Group has finalised the setup of the initial Italian operations with an operational entity (B2 Kapital s.r.l) and a SPV (SPV Project 1609 s.r.l) entity for acquiring portfolios. Through the setup, the Group acquired the first Italian portfolio.

At the date of these condensed financial statements, the Group also have expanded further in the Baltics and in Hungary by purchasing two smaller entities in the regions. The Hungarian entity includes a license for portfolio ownership.

Note 10 – Alternative performance measures

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

All figures in NOK million

	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net operating revenues	415.9	344.6	1,396.1	1,076.2
Less total operating expenses	-264.9	-236.4	-880.6	-699.0
Add back depreciation & amortisation	7.6	8.3	29.9	28.0
EBITDA	158.5	116.5	545.5	405.2

Net operating revenues	415.9	344.6	1,396.1	1,076.2
Less interest income on purchased portfolios	-361.7	-295.1	-1,220.6	-909.5
Adjusted for changes in cashflow estimates	-3.6	3.9	14.6	-5.3
Add back gross cash collections	556.1	415.3	1,870.4	1,339.1
Cash Revenue	606.7	468.7	2,060.6	1,500.5

Total operating expenses	-264.9	-236.4	-880.6	-699.0
Add back depreciation & amortisation	7.6	8.3	29.9	28.0
Cash EBITDA	349.4	240.7	1,209.9	829.4

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Note 11 – Adjustment of presentation of financial items

In the fourth quarter, the presentation of financial items has been adjusted to improve the presentation of financial items. Unrealised gain(losses) on derivative financial instruments, interest derivatives and currency derivatives, have previously been presented in “other financial items”. From fourth quarter 2016 they are presented as part of “Net realised and unrealised exchange gains” for the currency contracts and “Other interest expenses” for interest contracts. Below is presented adjusted Consolidated statement of profit and loss for the three quarters previously reported in 2016.

Adjusted consolidated statement of profit or loss and other comprehensive income

All figures in NOK'000s unless otherwise stated

	2016	2016	2016
	Quarter 1	Quarter 2	Quarter 3
Interest income on purchased loan portfolios	249,453	279,921	329,530
Revenue from external collection	23,775	25,591	26,086
Other operating revenues	21,902	21,705	20,534
	295,130	327,217	376,150
Changes in portfolio cashflow estimates	-16,023	4,287	-6,488
Net operating revenues	279,107	331,504	369,662
External cost of services provided	-52,627	-58,261	-46,260
Personnel costs	-80,888	-92,790	-85,906
Depreciation of tangible fixed assets	-2,340	-2,361	-2,443
Amortisation of intangible assets	-4,994	-5,058	-5,121
Other operating expenses	-53,491	-59,620	-63,504
Total operating expenses	-194,340	-218,090	-203,234
Operating profit	84,766	113,413	166,427
Profit from shares and participation in associated companies and joint ventures	0	0	39
Net realised and unrealised exchange gains	-22,656	13,615	-64,698
Other interest income	695	-75	702
Other interest expenses	-56,888	-53,530	-51,970
Other financial items	-91	3,805	-224
Net financial items	-78,940	-36,185	-116,151
Profit for the period before tax	5,826	77,228	50,276
Income tax expense	-7,714	-14,595	-5,956
Profit for the period after tax	-1,888	62,633	44,320
Other comprehensive income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	-5,748	-77,309	1,020
Total comprehensive income for the period, net of tax	-7,636	-14,676	45,340

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Definitions

Definitions and description of key figures and alternative performance measures (APM)

Operating profit (EBIT)

Operating profit consist of net operating revenues less total operating expenses as shown in the consolidated statement of profit and loss and other comprehensive income.

Profit margin

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

EBITDA

Operating earnings before depreciation and amortisation (EBITDA) consist of net operating revenues less external cost of services provided, personnel costs and other operating expenses.

Gross cash collection

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

Cash revenue

Cash revenue consists of net operating revenues less interest income on purchased portfolios and changes in portfolio cash flow estimates, and added gross cash collection. Cash revenue is a measure on actual revenues (cash business) from the collection business included other business areas.

Cash EBITDA

Cash EBITDA consists of EBITDA adjusted for the difference between net operating revenues and cash revenue. Cash EBITDA is a measure on actual performance from the collection business (cash business) included other business areas.

ERC

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

Operating cash flow per share

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

Segment West SEE

The operating segment West SEE includes; Croatia, Slovenia, Serbia, Montenegro, Austria, Bosnia-Herzegovina and Hungary.

Segment East SEE

The operating segment East SEE includes; Bulgaria, Romania and Greece.

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Quarterly report – Q4 27.02.2017

Financial year 2017

Quarterly report – Q1 24.05.2017

Half-yearly report 25.08.2017

Quarterly report – Q3 24.11.2017

Quarterly report – Q4 28.02.2018

Annual General Meeting 24.05.2017

Annual Report 28.04.2017

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