

Q2

Second quarter and
half year results 2017

Summary

B2Holding continued the strong operating performance in the second quarter of 2017, resulting in record high EBITDA and Cash EBITDA. Portfolio acquisitions were solid with good diversification of purchases in all operating segments. The Group is well positioned for further growth with operating platforms in 19 markets and with significant investment capacity.

Second quarter 2017

- ERC¹⁾ at period end of NOK 11,881 million (8,186) an increase of 45% compared to same period in 2016
- Gross cash collection from purchased portfolios increased with 41% to NOK 604 million (427), after all time high cash collection
- Revenues increased with 41% to NOK 466 million (332)
- Operating profit increased with 92% to NOK 217 million (113) after record strong operations
- Cash EBITDA increased with 59% to NOK 420 million (264)
- Portfolio acquisitions ended at NOK 1,120 million (827). Portfolios were acquired in all segments with the majority in Northern Europe and Italy

Half year 2017

- Gross cash collection from purchased portfolios increased with 40% to NOK 1,179 million (840)
- Portfolio acquisitions for the period ended at NOK 1,460 million (1,275)

(Comparable numbers for Q2 2016/half year 2016 in brackets)

(NOK million)	Quarter 2 2017	Quarter 2 2016	Change %	6 months 2017	6 months 2016	Change %	Full year 2016
Total operating revenues	466.3	331.5	40.7 %	912.7	610.6	49.5 %	1,396.1
EBITDA	226.2	120.8	87.2 %	447.2	212.9	110.0 %	545.5
Operating profit (EBIT)	217.2	113.4	91.5 %	430.2	198.2	117.1 %	515.7
Profit margin	46.6 %	34.2 %		47.1 %	32.5 %		36.9 %
Cash Revenue	659.8	474.7	39.0 %	1,284.5	933.4	37.6 %	2,060.6
Cash EBITDA	419.6	264.0	59.0 %	818.9	535.7	52.9 %	1,210.1
Profit for the period after tax	107.2	62.6	71.2 %	211.1	60.7	247.4 %	181.1
Earnings per share (EPS), basic	0.29	0.19	52.6 %	0.57	0.19	197.0 %	0.53
Cash flow from operating activities	247.2	196.3	25.9 %	542.1	367.7	47.4 %	908.0
Operating cash flow per share	0.67	0.60	11.7 %	1.47	1.15	27.4 %	2.65
Portfolio acquisitions ¹⁾	1,119.7	826.7	35.4 %	1,459.5	1,274.6	14.5 %	2,583.6
Cash collection from portfolios	604.3	427.4	41.4 %	1,179.1	840.4	40.3 %	1,870.4
ERC (at end of month) ¹⁾	11,880.9	8,185.9	45.1 %				

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

(See page 18 for definition of alternative performance measures (APM) and note 8 for reconciliation of APMs to the financial statements)

Operations

The strong operation performance in the first quarter of 2017 continued through the second quarter. B2Holding acquired portfolios in all of its markets, including a larger portfolio in Denmark which included acquisition of the collection platform, Nodeco A/S. The Italian operation has expanded further, with significant portfolio purchases made during the second quarter.

Operational review

B2Holding showed another quarter with record high collections. Portfolio purchase activity was high, with total portfolio acquisitions amounting to NOK 1,120 million, including significant transactions in Italy, Denmark and Sweden. The Group acquired portfolios in all its main markets.

In Italy, B2Holding continued the organisational build-up and significant portfolios were purchased. As stated in the first quarter, we see Italy as a large potential market, with an interesting pipeline going forward and B2Holding is positioned to continue further growth. In Greece, the organisational build-up continued as well, and in August we obtained the license from Bank of Greece for managing non-performing loans and are set for increasing the activity in the Greek market. In Hungary, B2Holding has obtained the approval from the Hungarian National Bank to acquire Credit cash Faktoring Plc, a licensed company for acquiring non-performing loans. As a result, B2Holding has a fully licensed operational platform for acquiring and managing non-performing loans in Hungary. In Denmark we acquired a significant portfolio from Basisbank. In connection with the Danish portfolio acquisition, we also acquired 100% of the shares in Nordic Debt Collection A/S (Nodeco), a collection business headquartered close to Copenhagen. With these acquisitions, B2Holding is fully operational in Denmark with the ability to both purchase and service debt portfolios going forward. Number of FTEs in the Group was at end of June 1,630, an increase of approx. 10% from the beginning of the year.

The Group will continue to focus on improving efficiency in its operations, and to further utilize the strong competence and resources we have in the group.

Corporate matters

During the second quarter of 2017, we see a more effective utilisation of the equity base as well as a more cost efficient utilisation of the investment capacity established by issuing the EUR 175 million bond loan on 4 October 2016. The financing of the growth strategy is supported by a EUR 260 million multi-currency revolving credit facility (RCF) and two listed unsecured bond loans of EUR 325 million combined issued on 4 December 2015 (EUR 150 million 2015/2020) and 4 October 2016 (EUR 175 million 2016/2021).

The equity ratio as of 30 June 2017 was 35% and the Group had NOK 1,062 million in available investment capacity as per same date in addition to the strong operating cash flow from collections of purchased loan portfolios.

Net interest bearing debt as of 30 June 2017 was NOK 4.203 million of which 71% of the interest exposure is hedged in the EUR, PLN and SEK currencies for a remaining period of 3.0 years.

Outlook

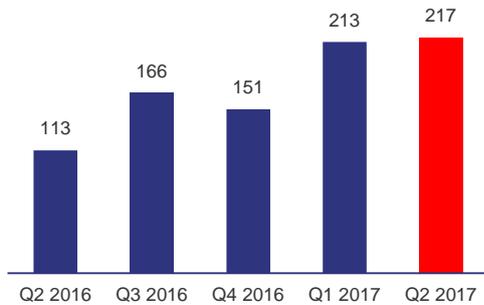
As previously stated, the second half of the year is normally the strongest in the debt purchasing industry. With a strong first half of 2017 behind us, we are positive to the second half of 2017 in terms of portfolio purchase activity. We see a healthy portfolio pipeline going forward, but as usual the timing of the closing of transactions, especially in connection with larger acquisitions, is not entirely in our control. With the further build up in Italy and Greece and with the strong position B2Holding has in its main markets, we see many interesting opportunities going forward.

As communicated in previous quarters, we will continue to focus on developing and streamlining our operations, in order to improve output and operating margin. If we identify interesting expansion opportunities, these will be seriously considered. With operations in 19 countries, we can however not expect to have the same rapid geographic expansion going forward as we have seen historically.

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

Financials

The Group recorded a record high operating profit of NOK 217 million in the second quarter 2017, an increase of NOK 104 million (92 %) compared to the second quarter of 2016. The strong collection performance from the first quarter of 2017 continued through the second quarter of 2017, with all time high gross cash collection.



Operating profit (NOKm)

Revenues, expenses and profits

Total operating revenues for the quarter amounted to NOK 466 million, an increase of NOK 135 million (41%) from the second quarter of 2016. This was mainly due to portfolio acquisitions and expansion into new markets in 2016 and first quarter 2017. Compared to the first quarter of 2017 total operating revenues increased with NOK 20 million.

Gross cash collections from purchased loan portfolios ended in the quarter at NOK 604 million an increase of NOK 177 million (41%) compared to the same period in 2016. All segments have continued the solid performance from the first quarter. Portfolio amortisation and revaluation increased with NOK 50 million (35%) compared to same quarter 2016. Amortisation and revaluation is still in the lower end, 32% of gross collection, mainly due to the amortisation profile on secured portfolios in Central Europe and gross collection over expectations in Central- and Southeastern Europe.



Gross cash collection (NOKm)

Operating expenses excluding depreciation and amortisation increased with NOK 45 million (22%) compared to the second quarter of 2016, and increased

less than the increase in collections and revenues. Operating expenses increased due to entry into new markets and higher activity in collection. In Poland external legal cost is reduced from previous quarters after entering a high number of claims into the legal system in the fourth quarter 2016 and in the first quarter 2017. Personnel cost increased in second quarter mainly due to social security accrual on the Group share option program that increased with NOK 8 million compared to the first quarter, increase in number of FTE's due to growth and high collection performance.

The Group's share of profit from the joint venture owning a secured portfolio in Romania ended in the second quarter on NOK 16 million.

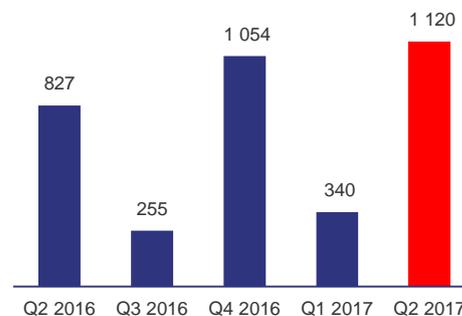
Net financial items ended in the first quarter with a net expense of NOK 74 million, of which NOK 85 million interest expenses related to the external financing of the Group and NOK 11 million in net exchange gain.

Profit after tax for the period ended at NOK 107 million, representing an increase of NOK 45 million when comparing to the same period last year and NOK 3 million above the first quarter of 2017.

Cash flows

Operating cash flow of NOK 247 million in the period was NOK 51 million (26%) above the same period 2016. The increase is mainly due to growth and improved margins, higher cash collection and working capital items, reduced by increased interest payments, paid taxes and unrealised FX gains.

Cash flow used in investment activities ended at NOK 1,037 million, mainly related to portfolio purchases.



Portfolio purchases (NOKm)

Net cash flow from financing activities ended at NOK 788 million. Interest bearing debt at the end of the quarter amounted to NOK 4,430 million compared to NOK 3,218 million at year-end 2016.

Half year 2017

The first half year of 2017 showed a solid operating profit of NOK 430 million, which is an increase of NOK 232 million (117%) from the same period in 2016. The profit margin increase in the same period from 32% to 47% is

due to focus on operational efficiency, growth in key markets and positive development in amortisation and revaluation. Gross cash collected amounts to NOK 1,179 compared to NOK 840 million in 2016 (40%). Net financial items ended at NOK 149 million and is mainly related to the financing of the Group and positive FX of NOK 10 million. Profit after tax ended at NOK 211 million.

Board of Directors, B2Holding ASA, 24 August 2017

Responsibility Statement

We confirm, to the best of our knowledge, that the Condensed Interim Consolidated Financial Information for the six months ended 30 June 2017 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the group's assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important event that arose during the first six months of the financial year 2017, and their impact on the Condensed Interim Consolidated Financial Information, and accounts properly for the principal risks and uncertainties for the remaining six months of the financial year 2017, as well as major related parties transactions.

Oslo, 24 August 2017

/sign/
Jon H. Nordbrekken
Chairman of the Board

/sign/
Kari Skeidsvoll Moe
Board Member

/sign/
Trygve Lauvdal
Board Member

/sign/
Per Kristian Spone
Board Member

/sign/
Tove Raanes
Board Member

/sign/
Olav Dalen Zahl
Chief Executive Officer

Condensed consolidated income statement

All figures in NOK `000s unless otherwise stated

		2017	2016	2017	2016	2016
	Notes	Quarter 2	Quarter 2	6 months	6 months	Full year
Revenue from purchased loan portfolios		410,880	284,208	807,391	517,638	1,205,942
Other operating revenues		55,430	47,296	105,321	92,973	190,199
Total operating revenues	3	466,310	331,504	912,711	610,611	1,396,141
External expenses of services provided		-67,242	-58,261	-152,144	-110,888	-243,665
Personnel expenses		-119,425	-92,790	-213,122	-173,678	-358,824
Other operating expenses		-69,459	-59,620	-128,880	-113,111	-248,198
Depreciation and amortisation of tangible and intangible assets		-8,965	-7,419	-16,975	-14,753	-29,875
Profit from shares and participation in associated companies and joint ventures		15,984		28,590		152
Operating profit (EBIT)	3	217,202	113,413	430,180	198,181	515,731
Financial income		579	5,171	974	5,866	9,730
Financial expenses	4	-85,529	-54,971	-159,743	-111,950	-231,960
Net exchange gain/(loss)	4	10,704	13,615	9,986	-9,041	-66,138
Net financial items		-74,246	-36,185	-148,783	-115,125	-288,367
Profit before tax		142,956	77,228	281,397	83,055	227,364
Income tax expense		-35,728	-14,595	-70,338	-22,309	-46,288
Profit for the period after tax		107,228	62,634	211,059	60,747	181,077
Profit attributable to:						
Parent company shareholders		107,343	62,809	211,364	60,969	181,575
Non-controlling interests		-115	-175	-305	-222	-498
Basic earnings per share		0.29	0.19	0.57	0.19	0.53
Diluted earnings per share		0.29	0.19	0.56	0.19	0.52

Consolidated statement of comprehensive income

All figures in NOK `000s unless otherwise stated

		2017	2016	2017	2016	2016
		Quarter 2	Quarter 2	6 months	6 months	Full year
Profit for the period after tax		107,228	62,634	211,059	60,747	181,077
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translation of foreign operations		106,124	-77,309	209,214	-83,057	-96,755
Hedging of currency risk in foreign operations		3,069		-13,281		
Tax attributable to items that may be reclassified to profit or loss		-767		3,320		
Other comprehensive income for the period, net of tax		108,425	-77,309	199,253	-83,057	-96,755
Total comprehensive income for the period, net of tax		215,654	-14,675	410,312	-22,310	84,322
Profit attributable to:						
Parent company shareholders		215,846	-14,519	410,705	-22,127	84,741
Non-controlling interests		-193	-156	-393	-183	-419

Condensed consolidated statement of financial position

All figures in NOK '000s unless otherwise stated

	Notes	2017	2016	2016
		30 June	30 June	31 December
Tangible and intangible assets		97,280	88,125	90,529
Goodwill		430,736	410,861	394,800
Purchased loan portfolios	3,4	6,242,186	4,029,840	4,751,878
Other long term financial assets	4	551,608	285,605	507,261
Deferred tax asset		71,900	23,348	64,004
Total non-current assets		7,393,710	4,837,779	5,808,473
Other short term assets		213,495	92,042	122,805
Cash and short term deposits		350,719	214,706	217,608
Total current assets		564,214	306,748	340,413
Total assets		7,957,924	5,144,527	6,148,886
Equity attributable to parent company's shareholders	6	2,783,673	2,281,797	2,426,417
Equity attributable to non-controlling interests		-2,097	-1,291	-1,528
Total equity		2,781,576	2,280,506	2,424,889
Long term interest bearing loans and borrowings	4,5	4,429,529	2,409,504	3,217,715
Deferred tax liabilities		44,760	55,757	51,027
Other long term liabilities	4	63,677	81,905	64,528
Total non-current liabilities		4,537,966	2,547,166	3,333,270
Accounts and other payables		281,090	109,143	156,486
Income taxes payable		53,888	9,263	62,097
Other current liabilities	4,5	303,404	198,449	172,142
Total current liabilities		638,381	316,855	390,726
Total equity & liabilities		7,957,924	5,144,527	6,148,886

Condensed consolidated statement of changes in equity

All figures in NOK '000s unless otherwise stated

	2017			2016		
	Attributable to parent company's shareholders	Non-controlling interests	Total equity	Attributable to parent company's shareholders	Non-controlling interests	Total equity
At 1 January	2,426,417	-1,528	2,424,889	1,672,820	-909	1,671,911
Profit for the period after tax	211,364	-305	211,059	60,969	-222	60,747
Other comprehensive income for the period, net of tax	199,341	-88	199,253	-83,096	39	-83,057
Total comprehensive income	410,705	-393	410,312	-22,127	-183	-22,310
Dividend paid to parent company's shareholders	-55,368		-55,368			
Issue of share capital				650,800		650,800
Transaction costs				-23,216		-23,216
Share based payments	1,921		1,921	3,520		3,520
Dividends to non-controlling interests		-176	-176		-199	-199
At 30 June	2,783,673	-2,097	2,781,576	2,281,797	-1,291	2,280,506

Condensed consolidated statement of cash flows

All figures in NOK '000s unless otherwise stated

	Notes	2017 Quarter 2	2016 Quarter 2	2017 6 months	2016 6 months	2016 Full year
Cash flow from operating activities						
Profit for the period before tax		142,956	77,228	281,397	83,055	227,364
Amortisation/revaluation of purchased loan portfolios	3	193,459	143,159	371,745	322,788	664,446
Adjustment other non-cash items		10,028	9,574	16,703	18,670	37,414
Interest expense on interest bearing loans		85,521	55,249	158,604	106,189	227,315
Interest paid on interest bearing loans and borrowings		-78,374	-39,227	-143,237	-85,767	-183,761
Unrealised foreign exchange differences		-40,614	6,963	-47,640	31,714	180,046
Income tax paid during the year		-77,160	-35,045	-88,691	-40,843	-60,393
Change in working capital		31,612	-6,089	-9,084	-34,559	-68,934
Change in other balance sheet items		-20,187	-15,510	2,321	-33,561	-115,497
Net cash flow from operating activities		247,240	196,303	542,119	367,686	908,002
Cash flow from investing activities						
Purchase of loan portfolios	3,4	-998,769	-796,831	-1,422,316	-1,281,007	-2,529,795
Net investments in intangible and tangible assets		-8,792	-5,337	-15,833	-8,214	-26,849
Investments in business acquisitions		-29,597	-87,014	-29,597	-247,747	-262,160
Net cash flow from investing activities		-1,037,158	-889,182	-1,467,746	-1,536,968	-2,818,803
Cash flow from financing activities						
Net new share issue			626,784		627,584	662,151
Net receipts/(payments) on interest bearing loans and borrowings		843,391	-27,625	968,509	-27,625	738,135
Dividend paid to parent company's shareholders		-55,368		-55,368		
Dividends paid to non-controlling interests		-176		-176	-199	-199
Net cash flow from financing activities		787,847	599,159	912,965	599,760	1,400,087
Net cash flow during the period		-2,071	-93,720	-12,663	-569,521	-510,715
Cash and cash equivalents at beginning of the period		212,947	273,046	217,608	764,678	764,678
Exchange rate difference on cash and cash equivalents		15,915	-10,409	21,846	-26,240	-36,355
Cash and cash equivalents at end of the period		226,791	168,917	226,791	168,917	217,608
<i>Cash and cash equivalents comprised of:</i>						
Cash and short term deposits		350,719	214,706	350,719	214,706	217,608
Bank overdraft		-123,928	-45,789	-123,928	-45,789	

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 second quarter ended 30 June 2017 has been prepared in accordance with Accounting Standard IAS 34 *Interim Financial Reporting*.

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

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

The financial information for the quarters ended 30 June 2017 and 30 June 2016, and this interim financial report are unaudited. The financial report was approved by the Board of Directors on 24 August 2017.

Change in presentation of financial information:

From the first quarter 2017 the presentation of financial statements for the Group has been updated and is from first quarter presented in a more condensed version. The presentation was changed to emphasise the core business of the Group, and has no impact on equity or profit and loss. All comparable numbers are in the updated format. The Group has from first quarter updated segmental information, see note 3 for further information. From the second quarter 2017 the condensed presentation of cash flows have been changed to better reflect the actual cash flows from operations, see note 9 for further information.

Note 2 – Estimates

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. The important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for the interim financial statements as for the consolidated financial statements for 2016.

Note 3 – Segment reporting

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

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

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

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

Quarter 2, 2017

All figures in NOK '000s unless otherwise stated

	Northern Europe	Poland	Central Europe	South- eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	191,563	226,755	135,103	50,916		604,337
Amortisation/revaluation of purchased loan portfolios	-102,830	-102,154	18,505	-6,978		-193,459
Revenue from purchased loan portfolios	88,733	124,602	153,608	43,938		410,880
Revenue from external collection	24,069		1,459	2,273		27,801
Other operating revenues	4,111	23,345	1,231	18	-1,075	27,630
Total operating revenues	116,913	147,946	156,298	46,229	-1,075	466,310
Depreciation and amortisation of tangible and intangible fixed assets	-1,397	-5,970	-1,262	-240	-96	-8,965
Profit from shares and participation in associated companies and joint ventures	-503			16,487		15,984
Operating profit (EBIT)	47,667	55,499	115,375	29,904	-31,244	217,202

Quarter 2, 2016

All figures in NOK '000s unless otherwise stated

	Northern Europe	Poland ¹⁾	Central Europe	South- eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	140,638	206,441	71,167	9,121		427,367
Amortisation/revaluation of purchased loan portfolios	-64,236	-80,472	4,654	-3,105		-143,159
Revenue from purchased loan portfolios	76,402	125,969	75,821	6,016		284,208
Revenue from external collection	25,585			6		25,591
Other operating revenues	4,341	16,778	817	15	-246	21,705
Total operating revenues	106,329	142,746	76,638	6,036	-246	331,504
Depreciation and amortisation of tangible and intangible fixed assets	-1,345	-5,568	-394	-46	-66	-7,419
Profit from shares and participation in associated companies and joint ventures						
Operating profit (EBIT)	47,798	41,095	55,217	1,487	-32,184	113,413

1) Included expenses from the holding company and investment office in Luxembourg. In 2017, these expenses are included in the segment Central functions. In addition; cash flow, revenue and expenses from purchased loan portfolio in Romania owned by Luxembourg are included in figures for 2016. In 2017, these figures are included in the operating segment Southeastern Europe. Cash collection from these portfolios amounted to NOK 10.4 million in second quarter 2016.

6 months, 2017

All figures in NOK '000s unless otherwise stated

	Northern Europe	Poland	Central Europe	South- eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	340,932	435,597	302,502	100,104		1,179,135
Amortisation/revaluation of purchased loan portfolios	-171,715	-159,200	-25,134	-15,693		-371,745
Revenue from purchased loan portfolios	169,217	276,396	277,368	84,410		807,391
Revenue from external collection	45,813		2,663	4,398		52,874
Other operating revenues	7,685	43,990	2,804	22	-2,054	52,447
Total operating revenues	222,715	320,387	282,835	88,830	-2,054	912,711
Depreciation and amortisation of tangible and intangible fixed assets	-2,683	-11,498	-2,041	-569	-184	-16,975
Profit from shares and participation in associated companies and joint ventures	-503			29,093		28,590
Operating profit (EBIT)	94,045	117,038	208,002	60,903	-49,807	430,180

6 months, 2016

All figures in NOK '000s unless otherwise stated

	Northern Europe	Poland ¹⁾	Central Europe	South- eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	264,039	418,744	148,522	9,121		840,426
Amortisation/revaluation of purchased loan portfolios	-119,501	-174,392	-25,790	-3,105		-322,788
Revenue from purchased loan portfolios	144,538	244,352	122,732	6,016		517,638
Revenue from external collection	49,360			6		49,366
Other operating revenues	9,170	33,318	1,611	15	-507	43,607
Total operating revenues	203,069	277,669	124,343	6,036	-507	610,611
Depreciation and amortisation of tangible and intangible fixed assets	-2,684	-11,132	-759	-46	-132	-14,753
Profit from shares and participation in associated companies and joint ventures						
Operating profit (EBIT)	89,808	80,935	83,594	1,487	-57,643	198,181

1) Included expenses from the holding company and investment office in Luxembourg. In 2017, these expenses are included in the segment Central functions. In addition; cash flow, revenue and expenses from purchased loan portfolio in Romania owned by Luxembourg are included in figures for 2016. In 2017, these figures are included in the operating segment Southeastern Europe. Cash collection from these portfolios amounted to NOK 19.5 million in first 6 months 2016.

Quarter 2, 2017

All figures in NOK ` 000s unless otherwise stated

	Northern Europe	Poland	Central Europe	South- eastern Europe	Central functions / eliminations	Total
Purchase of loan portfolios in the period	687,180	82,567	313,735	36,194		1,119,676
Purchased portfolios, book value						
Purchased loan portfolios	2,035,258	1,672,837	2,263,179	270,912		6,242,186
Share of participation in joint ventures ¹⁾				156,324		156,324
Purchased portfolios at 30 June	2,035,258	1,672,837	2,263,179	427,236		6,398,510

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

Quarter 2, 2016

All figures in NOK ` 000s unless otherwise stated

	Northern Europe	Poland	Central Europe	South- eastern Europe	Central functions / eliminations	Total
Purchase of loan portfolios in the period	121,538	36,823	666,711	1,580		826,652
Purchased portfolios, book value						
Purchased loan portfolios	952,168	1,511,540	1,484,701	81,431		4,029,840
Purchased portfolios at 30 June	952,168	1,511,540	1,484,701	81,431		4,029,840

6 months, 2017

All figures in NOK ` 000s unless otherwise stated

	Northern Europe	Poland	Central Europe	South- eastern Europe	Central functions / eliminations	Total
Purchase of loan portfolios in the period	847,990	139,096	377,597	94,850		1,459,533
Purchased portfolios, book value						
Purchased loan portfolios	2,035,258	1,672,837	2,263,179	270,912		6,242,186
Share of participation in joint ventures ¹⁾				156,324		156,324
Purchased portfolios at 30 June	2,035,258	1,672,837	2,263,179	427,236		6,398,510

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

6 months, 2016

All figures in NOK ` 000s unless otherwise stated

	Northern Europe	Poland	Central Europe	South- eastern Europe	Central functions / eliminations	Total
Purchase of loan portfolios in the period	226,933	379,413	666,711	1,580		1,274,637
Purchased portfolios, book value						
Purchased loan portfolios	952,168	1,511,540	1,484,701	81,431		4,029,840
Purchased portfolios at 30 June	952,168	1,511,540	1,484,701	81,431		4,029,840

Note 4 - Financial instruments

Purchased loan portfolios

All figures in NOK '000s unless otherwise stated

	2017 Quarter 2	2016 Quarter 2	2017 6 months	2016 6 months	2016 Full year
Opening balance	5,050,551	3,379,207	4,751,878	3,167,628	3,167,628
Acquired in business combinations		83,135		83,135	96,472
Acquisition of portfolios, net of put-backs	1,119,676	826,652	1,459,533	1,274,637	2,431,717
Cash collections	-604,337	-427,367	-1,179,135	-840,426	-1,870,388
Interest recognised on portfolios	393,646	288,046	755,217	566,778	1,231,984
Net change in portfolio collection estimates	17,233	-3,837	52,172	-49,140	-26,043
Exchange rate differences	265,418	-115,996	402,521	-172,772	-279,492
Closing balance	6,242,186	4,029,840	6,242,186	4,029,840	4,751,878

Net change in portfolio collection estimates is the net amount of i) actual cash collection above/below the expected in the collection curves for the reporting period ii) less/added revaluation of expected future cash collection. Cash collection above or below the expected in the collection curves has previously been included in "interest recognised on portfolios". The positive amount in "net change in portfolio estimates" is mainly related to solid performance in Central Europe (YtD NOK 31 million), Poland (YtD NOK 13 million) and Southeastern Europe (YtD NOK 9 million).

Purchase of loan portfolios, cash flow

All figures in NOK '000s unless otherwise stated

	2017 Quarter 2	2016 Quarter 2	2017 6 months	2016 6 months	2016 Full year
Acquisition of portfolios, net of put-backs	1,119,676	826,652	1,459,533	1,274,637	2,431,717
Share of acquisition of portfolio in joint ventures					151,851
Change in amounts due on purchase of loan portfolios	-190,423	-29,821	-105,431	6,370	-55,075
Change in prepaid amounts on purchase of loan portfolios	69,517		68,214		1,302
Purchase of loan portfolios, cash flow	998,769	796,831	1,422,316	1,281,007	2,529,795

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 June 2017								
<i>All figures in NOK '000s</i>								
Financial assets								
Purchased loan portfolios		6,242,186		6,242,186			6,699,177	6,699,177
Loans receivable		378,673		378,673			378,673	378,673
Other financial assets		168,544		168,544			168,544	168,544
Total		6,789,403		6,789,403			7,246,394	7,246,394
Financial liabilities								
Interest bearing loans and borrowings			4,553,457	4,553,457	3,364,432	1,534,788		4,899,220
Derivatives	4,296			4,296		4,296		4,296
Contingent considerations			43,418	43,418			43,418	43,418
Total	4,296		4,596,875	4,601,171	3,364,432	1,539,084	43,418	4,946,934

Other financial assets includes participation loan to joint venture.

	Carrying amount				Fair value			
	Held for trading	Loans & receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
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

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 329.1 million (5%). The fair value of interest-bearing loans is equal to book value for the Multi-currency revolving credit facility as the loans are based on 3 month floating interest, and market value for the bond loan listed on Oslo Stock Exchange. The fair value of derivatives is set by calculating the present value of future cash flows using market rates for interest and currencies. In the case of the derivatives the fair value is confirmed by the financial institution that is the counterparty.

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

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

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

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

Contingent considerations

All figures in NOK`000s

	Credit-reform	DCA	Consequence	Total
At 31 December 2016	6,794	60,070	1,138	68,001
Payments during the period	-7,058	-20,765		-27,823
Exchange differences	263	2,914	62	3,239
At 30 June 2017	0	42,219	1,200	43,418

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 PLN, SEK and DKK. To obtain a more balanced currency basket, the Group has entered into the following currency derivatives at 30 June 2017 (i) Cross currency swap of SEK 225 million against EUR and (ii) FX forward of PLN 150 million against EUR. At 30 June 2017, net borrowings amounted to NOK 4,290 million. Adjusted for the currency derivatives mentioned above, the net borrowings represented a currency basket comprising EUR: 54%, PLN: 28%, SEK: 15% and DKK: 3%.

Interest rate risk

The Group uses interest rate swaps and interest rate caps to reduce its interest rate exposure. The Group's strategy is to hedge between 60% and 120% of net borrowings up to a maximum period of 5 years. The hedging ratio at 30 June 2017 was 71% with a duration of 3.0 years.

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

All figures in NOK`000s

	2017	2016	2017	2016	2016
	Quarter 2	Quarter 2	6 months	6 months	Full year
Interest derivatives	-4,503	1,719	-4,449	-4,229	2,738
Currency derivatives	18,879	6,588	-15,292	11,191	31,323
Total	14,376	8,307	-19,741	6,962	34,061

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

Note 5 - Interest bearing loans and borrowings

All figures in NOK`000s

	As at 30 June 2017		As at 31 December 2016	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility		1,410,319		351,495
Bond loan		3,018,668		2,865,705
Loans from non-controlling interests		541		515
Bank overdraft	123,928			
Total	123,928	4,429,528		3,217,715

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 (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 June 2017. There are no instalments to be paid before maturity.

At 30 June 2017, PLN 400 million, SEK 435 million and DKK 90 million, in total EUR 152 million, was utilised from the EUR 240 million multi-currency revolving credit facility, leaving an available, undrawn amount of EUR 88 million. The multi-currency overdraft facility of EUR 20 million was utilised with EUR 13 million, leaving an available, undrawn amount of EUR 7 million at 30 June 2017.

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

Note 6 – Share Capital and other paid-in capital

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

	Share capital Number of shares	Share capital NOK'000s	Other paid-in capital NOK'000s
At 31 December 2016	369,120,598	36,912	2,083,216
At 30 June 2017	369,120,598	36,912	2,083,216
At 24 August 2017 (date of completion of these interim condensed financial statements)	369,120,598	36,912	2,083,216

Note 7 – Share based payments

The Group has granted share options to management and selected key employees under two different option programs established in 2015. The first option program was established in June 2015 (the “First Option Program”) and the second option program was established in September 2015 (the “Second Option Program”). As of the date of completion of these interim financial statements, there were 19,650,000 options outstanding under the First and Second Option Program.

Movement during the period

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the year.

	2017 Number	2017 WAEP
Outstanding 1 January	18,900,000	9.16
Granted during the period	750,000	15.28
Outstanding at 30 June	19,650,000	9.39
Exercisable at 30 June	10,900,000	8.46

There are no options that are exercised, forfeited, expired, cancelled or modified since grant date. See annual report 2016 for further information regarding the share option programs.

Note 8– Alternative performance measures

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

All figures in NOK million

	2017 Quarter 2	2016 Quarter 2	2017 6 months	2016 6 months	2016 Full year
Operating profit (EBIT)	217.2	113.4	430.2	198.2	515.7
Add back depreciation and amortisation of tangible and intangible assets	9.0	7.4	17.0	14.8	29.9
EBITDA	226.2	120.8	447.2	212.9	545.6
Total operating revenues	466.3	331.5	912.7	610.6	1,396.1
Add back amortisation/revaluation of purchased loan portfolios	193.5	143.2	371.7	322.8	664.4
Cash Revenue	659.8	474.7	1,284.5	933.4	2,060.6
Operating profit (EBIT)	217.2	113.4	430.2	198.2	515.7
Add back amortisation/revaluation of purchased loan portfolios	193.5	143.2	371.7	322.8	664.4
Add back depreciation & amortisation	9.0	7.4	17.0	14.8	29.9
Cash EBITDA	419.6	264.0	818.9	535.7	1,210.1

Note 9 – Adjustment of presentation of financial items

In the second quarter, “Change in working capital”, “Change in other balance sheet items”, “Purchase of loan portfolios” and “Investment in business acquisitions” have been adjusted to improve the presentation of cash flow.

Change in amounts due on purchase of loan portfolios and change in prepaid amounts on purchase of loan portfolios, have previously been presented as “Change in working capital”. From second quarter 2017 they are presented as part of “Purchase of loan portfolios”.

Issued participation loan to the JV with EOS Credit Funding BL DAC and loan to ENB Property Solution srl in fourth quarter 2016 have previously been presented as “Change in other balance sheet items”. Participation loan to EOS are presented as “Purchase of loan portfolios” and loan to ENB are presented as “Investment in business acquisitions” in adjusted cash flow.

Below is presented adjusted condensed consolidated statement of cash flow for the four quarters in 2016 and for the first quarter in 2017.

Adjusted condensed consolidated statement of cash flows

All figures in NOK '000s unless otherwise stated

	2017 Quarter 1	2016 Quarter 1	2016 Quarter 2	2016 Quarter 3	2016 Quarter 4	2016 Full year
Cash flow from operating activities						
Profit for the period before tax	138,441	5,826	77,228	50,276	94,033	227,364
Amortisation/revaluation of purchased loan portfolios	178,286	179,629	143,159	150,840	190,819	664,446
Adjustment other non-cash items	6,676	9,096	9,574	9,321	9,421	37,414
Interest expense on interest bearing loans	73,083	50,940	55,249	54,523	66,603	227,315
Interest paid on interest bearing loans and borrowings	-64,862	-46,540	-39,227	-44,934	-53,060	-183,761
Unrealised foreign exchange differences	-7,026	24,753	6,963	62,719	85,611	180,046
Income tax paid during the year	-11,531	-5,798	-35,045	-6,048	-13,502	-60,393
Change in working capital	-40,696	-28,469	-6,089	-7,549	-26,826	-68,934
Change in other balance sheet items	22,508	-18,051	-15,510	-28,637	-53,299	-115,497
Net cash flow from operating activities	294,879	171,385	196,303	240,513	299,800	908,002
Cash flow from investing activities						
Purchase of loan portfolios	-423,546	-484,176	-796,831	-286,099	-962,689	-2,529,795
Net investments in intangible and tangible assets	-7,042	-2,877	-5,337	-3,585	-15,050	-26,849
Investments in business acquisitions		-160,733	-87,014	-1,945	-12,468	-262,160
Net cash flow from investing activities	-430,588	-647,787	-889,182	-291,627	-990,207	-2,818,803
Cash flow from financing activities						
Net new share issue		800	626,784	34,567		662,151
Net receipts/(payments) on interest bearing loans and borrowings	125,118		-27,625	111	765,649	738,135
Dividend paid to parent company's shareholders						
Dividends paid to non-controlling interests		-199				-199
Net cash flow from financing activities	125,118	601	599,159	34,678	765,649	1,400,087
Net cash flow during the period	-10,591	-475,801	-93,720	-16,436	75,241	-510,715
Cash and cash equivalents at beginning of the period	217,608	764,678	273,046	168,917	148,580	764,678
Exchange rate difference on cash and cash equivalents	5,930	-15,831	-10,409	-3,901	-6,213	-36,355
Cash and cash equivalents at end of the period	212,947	273,046	168,917	148,580	217,608	217,608
<i>Cash and cash equivalents comprised of:</i>						
Cash and short term deposits	222,807	273,046	214,706	221,899	217,608	217,608
Bank overdraft	-9,859		-45,789	-73,319		

Definitions

Profit margin

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

EBITDA

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

Gross cash collection

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

Amortisation and revaluation

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

Cash revenue

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

Cash EBITDA

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

ERC

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

Operating cash flow per share

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

Forward flow agreements

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

Available investment capacity

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

Net borrowing

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

Segment Central Europe

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

Segment Northern Europe

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

Segment Southeastern Europe

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

Financial year 2017

Quarterly report – Q1 24.05.2017

Half-yearly report 25.08.2017

Quarterly report – Q3 24.11.2017

Quarterly report – Q4 28.02.2018

Annual General Meeting 24.05.2017

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