



Q1

First quarter 2019

Summary

B2Holding had a positive operational growth with record high Cash EBITDA and all time high gross cash collection in the first quarter. The growth was well diversified through all regions. Portfolio purchases during the quarter were mainly unsecured portfolios, whereas 71% was purchased in Northern Europe. B2Holding continues to improve operations and cost to collect was down with 3% points from 25% to 22%, with potential for further reduction going forward. B2Holding has strengthened the financial position through bond issue in May.

First quarter 2019

- ERC¹⁾ at end of period was NOK 21,434 million (18,116), an increase of 18% compared to first quarter 2018
- All-time high gross cash collection from purchased portfolios, an increase of 61% to NOK 1,248 million (775)
- Total revenues increased by 23% to NOK 795 million (646)
- Operating profit increased by 7% to NOK 350 million (326)
- Cash EBITDA increased by 66% to NOK 964 million (581)
- Cost to collect reduced to 22% (25%)
- Portfolio purchases³⁾ ended at NOK 570 million (1,485), a reduction of 62%

(Comparable numbers for Q1 2018 in brackets)

| (NOK million) | 2019 Quarter 1 | 2018 Quarter 1 | Change % | 2018 Full year |
|--|-------------------|-------------------|-------------|-------------------|
| Total revenues | 795 | 646 | 23 % | 2 906 |
| EBITDA | 376 | 338 | 11 % | 1 434 |
| Operating profit (EBIT) | 350 | 326 | 7 % | 1 378 |
| <i>Profit margin</i> | 44 % | 50 % | | 47 % |
| Cash revenue | 1 383 | 889 | 56 % | 4 424 |
| Cash EBITDA | 964 | 581 | 66 % | 2 952 |
| <i>Cash margin</i> | 70 % | 65 % | | 67 % |
| Profit after tax | 106 | 152 | -30 % | 649 |
| Basic earnings per share, NOK | 0,26 | 0,41 | -37 % | 1,63 |
| Cash flow from operating activities | 712 | 457 | 56 % | 2 291 |
| Operating cash flow per share, NOK | 1,74 | 1,22 | 42 % | 5,74 |
| Portfolio purchases ²⁾ | 570 | 1 485 | -62 % | 6 380 |
| Gross cash collection from purchased loan portfolios | 1 248 | 775 | 61 % | 3 997 |
| ERC (at end of month) ¹⁾ | 21 434 | 18 116 | 18 % | 22 262 |

1) Including the Group's share of portfolios purchased and held in SPV's

2) Including the Group's share of portfolios purchased in SPV in 2018

Operations

B2Holding delivered another all-time high gross cash collection performance during the first quarter of 2019. New portfolios were mainly purchased in Northern Europe thus further strengthening our position as a leading player in the Nordic region. 98% of the portfolio purchases during the quarter were unsecured portfolios. Cost to collect decreased from 25% in Q1 2018 to 22% in Q1 2019 due to improved efficiency and economies of scale and is at a record low so far.

Operational review

Gross cash collections reached NOK 1,248 million during the quarter and were a 61% increase compared with NOK 775 million collected in the first quarter 2018.

The reduction in cost to collect to 22% delivered during the first quarter was the result of further improvements in efficiency as well as the achievement of economies of scale in the operations of the Group.

Portfolios purchased during the quarter amounted to NOK 570 million compared with NOK 1,485 million in Q1 2018. The first quarter of the year normally has lower activity within portfolio purchases, with the high activity in the first quarter of last year mainly being due to the EUR 90 million portfolio acquired in Greece. The majority of the portfolios purchased during the quarter were in Northern Europe.

In January, together with DDM Group, B2Holding announced a joint venture structure for the acquisition of a non-performing loan portfolio in Croatia. The portfolio is to be acquired from HETA Asset Resolution and is comprised of secured corporate loans. The portfolio has a face value of approximately EUR 800 million and the transaction is expected to be completed during the second quarter of 2019.

The Group is pleased to see a continued strong development in both the number and size of forward flow deals in several regions in the first quarter, particularly in Northern Europe.

During the first quarter, the Group saw growth in third party servicing, with a large part of the growth in Greece. Assets under Management amounted to NOK 46 billion at the end of Q1.

The Group continues to focus on increasing operational efficiency and reducing its cost to collect. Although there will be quarterly variations, our aim going forward is to further reduce cost to collect on a year-on-year basis.

The number of FTEs in the Group was 2,445 at the end of March 2019, up from 2,204 at the end of March 2018. The increase relates mainly to the expansion in the Western European region and the Greek operation.

Corporate matters

The shares of B2Holding ASA were listed on the Oslo Stock Exchange on 8 June 2016 at NOK 12.00 per share.

On 29 March 2019 the share price closed at NOK 12.10 and with 409.9 million shares outstanding the market cap for the group was NOK 4,960 million.

On 22 March 2019, The Board of Directors signed a plan to merge B2Holding ASA with its 100% owned subsidiary Ultimo Netherlands BV in a cross-border upstream merger transaction. The purpose of the merger is to simplify the corporate structure, reduce the number of cross border transactions and reduce the costs associated with the subsidiary. The merger will for accounting and tax purposes be implemented with effect from and including 1 January 2019. Implementation of the merger is conditional upon fulfilment of legal conditions and the approval of the Annual General Meeting of B2Holding ASA on 24 May 2019.

The Group holds a EUR 510 million Senior Secured Revolving Credit Facility agreement (RCF) with DNB Bank ASA, Nordea Bank AB and Swedbank AB with maturity date as of 31 May 2022, but with a springing maturity on 31 March 2021 if the aggregate principal amount remaining outstanding under B2H01 and B2H02 by that date is not less or equal to EUR 175 million.

In order to further support the growth strategy, the Group issued in May 2019 a EUR 200 million senior unsecured bond loan with maturity in May 2024 (the new Bond). The new Bond has a coupon of 3 months EURIBOR + 6.35% and will be listed on the Oslo Stock Exchange in Q3 2019. The new Bond was assigned with a B1 and BB- rating from respectively Moody's and S&P.

The Group has in addition to the new Bond four listed senior unsecured bond loans of EUR 725 million combined issued on 8 December 2015 (B2H01 - EUR 150 million, 2015/2020), 4 October 2016 (B2H02 - EUR 175 million, 2016/2021) and 14 November 2017 (B2H03 - EUR 200 million, 2017/2022) and 23 May 2018 (B2H04 - EUR 200 million, 2018/2023). None of these four bond loans are rated. In parallel with the new Bond Issue the company summoned for a Bondholders Meeting in B2H01 and B2H02 to align the covenants with the new Bond. The proposal was fully approved in the Bondholders Meeting on 21 May 2019. The new Bond also qualified for the Qualifying Event in B2H03 and B2H04. This means that the covenants are aligned in all the five outstanding bonds.

On 26 April 2019, Moody's affirmed B2Holding's Corporate Family Rating at Ba3 and downgraded the company's issue rating to B1 from Ba3. The issuer rating was notched down mainly due to the relatively large size of B2Holding's senior secured RCF compared to the size of the senior unsecured bonds. S&P affirmed on 6 May 2019 B2Holding's Corporate Family Rating and issuer credit rating both at BB-.

The Group has NOK 3.1 billion available for investments at the end of the quarter adjusted for deferred payment for portfolio purchases of NOK 130 million, proceeds from the new Bond and in addition to a strong operating cash flow from collections of purchased loan portfolios. Based on the current financing of the Group and estimated cash flow in 2019, the Group has investment capacity for 2019 of above NOK 7.0 billion.

Net interest-bearing debt as of 31 March 2019 was NOK 10,182 million and the equity ratio was 27.3%.

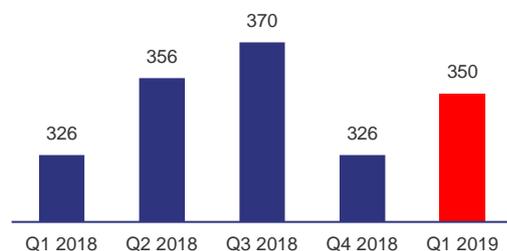
Outlook

With operations in all the largest markets for non-performing loans in Europe, the Group sees a strong pipeline of both secured and unsecured portfolios going forward. The Group also sees a continued positive development for forward flow deals. The Group is pleased to observe a continuing trend of improved portfolio pricing conditions in several of its markets.

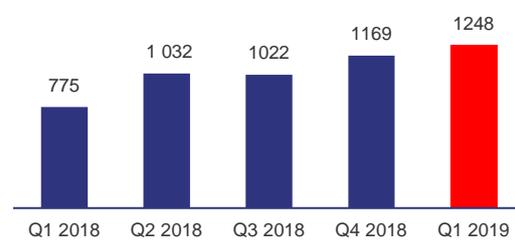
As stated in the Outlook for the previous quarter, the Group now enters a phase where operational efficiency will have increased focus and a somewhat lower growth rate should be expected.

Financials

The Group achieved record high Cash EBITDA in the first quarter of 2019, an increase of NOK 383 million (66%) compared with the first quarter of 2018. Strong collection performance with all-time high gross cash collection in the first quarter 2019 shows continuing improvements in collection performance.



Operating profit (NOKm)



Gross cash collection (NOKm)

Revenues, expenses and profits

Total operating revenues for the first quarter amounted to NOK 795 million, an increase of NOK 149 million (23%) from the first quarter of 2018. Interest revenues from purchased portfolios increased by 21% to NOK 658 million due to increased portfolio purchases during last twelve months and expansion into new markets in 2018. In Q1 2019 the Group had a net credit gain from purchased portfolios of NOK 2 million, mainly due to delivering earlier collection than expected in Western Europe and also in Poland where earlier tax returns than normal enabled improved collections, but this was offset by delayed recovery of secured portfolios in Central Europe. Cash collection was below previous estimates of NOK 253 million and changes in future collections estimates amounted to NOK 255 million. Changes in future estimates and collection below estimates is mainly related to timing in recovery from

secured portfolios in Central Europe. Total gross cash collection from purchased loan portfolios ended at NOK 1,248 million in the first quarter 2019, an increase of NOK 472million (61%) with growth in all segments and for both secured and unsecured compared to the same quarter in 2018. Portfolio amortisation and revaluation increased by NOK 345 million (142%) compared with the same quarter in 2018. The increase was related to strong collection performance in Central, Northern and Western Europe.

The portfolios held in joint venture continued to perform, and the revenue increased by NOK 6 million to NOK 15million compared with the first quarter of 2018. Other revenues increased by NOK 15 million (15%) due to acquisition of NACC in France.

Operating expenses excluding depreciation and amortisation increased by NOK 111 million (37%)

compared with the first quarter of 2018, and profit margin ended at 44% (50%). Operating expenses increased due to entry into new markets, with a higher number of FTEs and external collection costs. The cost related to gross collection from purchased portfolios (cost to collect %) decreased from 25% in the first quarter 2018 to 22% in first quarter 2019 due to improved efficiency in operations and economies of scale.

Net financial items ended the quarter at a net expense of NOK 219 million comprised of interest expenses of NOK 190 million and a net exchange loss of NOK 30 million. The interest expenses include a loss of NOK 24.6 million due to a decrease in the market value of the Group's interest rate derivatives caused by a negative shift in long term interest rate curves. The Group hedges interest rate risk mainly by way of interest rate caps with a premium paid up-front. At the end of the quarter, the Group's interest rate caps have a market value of NOK 9.1 million and a duration of 4.2 years. The net exchange loss was mainly a result of fluctuations in the exchange rates for the Romanian Leu (RON) and Croatian Kuna (HRK).

Profit after tax for the period ended at NOK 106 million, compared with NOK 152 million in the first quarter 2018.

Cash flows

Operating cash flow of NOK 712 million in the first quarter 2019 increased by NOK 255 million (56%)



Portfolio purchases (NOKm)

compared to the same period in 2018. The increase is mainly due to growth in gross cash collection, unrealised foreign exchange differences and change in other balance sheet items, reduced by change in working capital and interest paid.

Cash flow used in investment activities ended at NOK 0,7 million, mainly related to portfolio purchases. The difference between the reported investments in portfolios and the cash flow investments is due to deferred payments on portfolio purchases. At the end of first quarter 2019 deferred payments for portfolios purchases amounts to NOK 130 million and the liability is included in the condensed balance sheet in "accounts and other payables".

Net cash flow from financing activities ended at NOK - 0,1million, down by NOK 1,199 million due to share issue in first quarter 2018 and repayment of external loans. At the end of the quarter, interest bearing debt amounted to NOK 10,588million compared to NOK 10,828million at year-end 2018.

Disclaimer

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

Board of Directors, B2Holding ASA, 23 May 2019

Consolidated income statement

All figures in NOK `000s unless otherwise stated

| | Notes | 2019 Quarter 1 IFRS 16 | 2018 Quarter 1 IAS 17 | 2018 Full year IAS 17 |
|--|-------|------------------------------|-----------------------------|-----------------------------|
| Interest income from purchased loan portfolios | | 657 918 | 542 878 | 2 537 113 |
| Net credit gain/(loss) from purchased loan portfolios | 4 | 2 027 | -10 671 | -57 625 |
| Profit from shares in associated parties/joint ventures and participation loan/notes | | 14 917 | 8 519 | 47 757 |
| Other revenues | | 120 443 | 105 151 | 378 376 |
| Total revenues | 3 | 795 306 | 645 877 | 2 905 622 |
| External expenses of services provided | | -102 109 | -74 313 | -363 312 |
| Personnel expenses | | -215 607 | -152 726 | -691 678 |
| Other operating expenses | | -101 346 | -80 547 | -416 651 |
| Depreciation and amortisation | | -26 568 | -12 308 | -56 126 |
| Operating profit (EBIT) | 3 | 349 675 | 325 982 | 1 377 856 |
| Financial income | | 1 194 | 1 394 | 4 652 |
| Financial expenses | | -189 834 | -125 724 | -618 378 |
| Net exchange gain/(loss) | | -30 171 | 763 | 43 973 |
| Net financial items | 5 | -218 811 | -123 566 | -569 753 |
| Profit before tax | | 130 864 | 202 417 | 808 103 |
| Income tax expense | | -24 866 | -50 604 | -159 370 |
| Profit after tax | | 105 998 | 151 813 | 648 732 |
| Profit attributable to: | | | | |
| Parent company shareholders | | 105 913 | 151 846 | 648 582 |
| Non-controlling interests | | 85 | -33 | 151 |
| Earnings per share (in NOK): | | | | |
| Basic | | 0,26 | 0,41 | 1,63 |
| Diluted | | 0,26 | 0,40 | 1,60 |

Consolidated statement of comprehensive income

All figures in NOK `000s

| | 2019 Quarter 1 IFRS 16 | 2018 Quarter 1 IAS 17 | 2018 Full year IAS 17 |
|---|------------------------------|-----------------------------|-----------------------------|
| Profit after tax | 105 998 | 151 813 | 648 732 |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translation of foreign operations | -105 373 | -82 551 | -13 860 |
| Hedging of currency risk in foreign operations | 90 | -3 294 | 12 237 |
| Tax attributable to items that may be reclassified to profit or loss | -23 | 824 | -2 983 |
| Other comprehensive income | -105 306 | -85 021 | -4 606 |
| Total comprehensive income for the period | 692 | 66 792 | 644 126 |
| Total comprehensive income attributable to: | | | |
| Parent company shareholders | 618 | 66 788 | 643 906 |
| Non-controlling interests | 74 | 4 | 221 |

Consolidated statement of financial position

All figures in NOK '000s

| | Notes | 2019 | 2018 | 2018 |
|--|-------|-------------------|-------------------|--------------------------------|
| | | 31 Mar IFRS 16 | 31 Mar IAS 17 | 31 Dec ¹⁾ IAS 17 |
| Deferred tax asset | | 92 977 | 64 147 | 97 219 |
| Goodwill | | 762 769 | 730 196 | 785 230 |
| Tangible and intangible assets | | 381 734 | 212 801 | 273 812 |
| Purchased loan portfolios | 3,4,5 | 12 899 940 | 10 417 614 | 13 346 098 |
| Participation loan/notes | 3 | 569 190 | 144 955 | 588 846 |
| Other long-term financial assets | | 487 548 | 379 142 | 404 527 |
| Total non-current assets | | 15 194 157 | 11 948 856 | 15 495 732 |
| Other short-term assets | | 368 525 | 255 253 | 280 300 |
| Cash and short-term deposits | | 405 838 | 569 075 | 397 702 |
| Total current assets | | 774 363 | 824 328 | 678 002 |
| Total assets | | 15 968 520 | 12 773 184 | 16 173 734 |
| Equity attributable to parent company's shareholders | 7 | 4 363 164 | 3 874 936 | 4 354 889 |
| Equity attributable to non-controlling interests | | 460 | -209 | 601 |
| Total equity | | 4 363 624 | 3 874 727 | 4 355 489 |
| Deferred tax liabilities | | 144 245 | 158 614 | 162 925 |
| Long-term interest bearing loans and borrowings | 6 | 10 378 337 | 6 457 356 | 10 768 808 |
| Other long-term liabilities | | 194 802 | 169 932 | 97 757 |
| Total non-current liabilities | | 10 717 384 | 6 785 902 | 11 029 489 |
| Short-term interest bearing loans and borrowings | 6 | | 962 598 | 363 |
| Bank overdraft | 6 | 209 807 | 3 770 | 59 115 |
| Accounts and other payables | | 280 761 | 803 501 | 300 536 |
| Income taxes payable | | 34 795 | 49 141 | 47 121 |
| Other current liabilities | | 362 148 | 293 546 | 381 621 |
| Total current liabilities | | 887 511 | 2 112 556 | 788 756 |
| Total equity and liabilities | | 15 968 520 | 12 773 184 | 16 173 734 |

1) See note 1 for details regarding implementation effect of new IFRS standard

Consolidated statement of changes in equity

All figures in NOK '000s

| Notes | 2019 | | | 2018 | | |
|--|---|---------------------------|------------------|---|---------------------------|------------------|
| | 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 | 4 354 889 | 601 | 4 355 489 | 3 148 569 | -189 | 3 148 380 |
| Implementation effect IFRS 9 | | | | -69 476 | -24 | -69 500 |
| Restated at 1 January | 4 354 889 | 601 | 4 355 489 | 3 079 093 | -213 | 3 078 880 |
| Profit after tax | 105 913 | 85 | 105 998 | 151 846 | -33 | 151 813 |
| Other comprehensive income | -105 295 | -11 | -105 306 | -85 058 | 37 | -85 021 |
| Total comprehensive income | 618 | 74 | 692 | 66 788 | 4 | 66 792 |
| Issue of share capital | 7 | 7 520 | 7 520 | 747 468 | | 747 468 |
| Transaction costs | 7 | | | -19 015 | | -19 015 |
| Share based payments | | 670 | 670 | 602 | | 602 |
| Acquisition of non-controlling interests | | -532 | -746 | | | |
| At 31 March | 4 363 164 | 460 | 4 363 624 | 3 874 936 | -209 | 3 874 727 |

Consolidated statement of cash flows

All figures in NOK`000s

| | Notes | 2019 Quarter 1 | 2018 Quarter 1 | 2018 Full year |
|--|-------|-------------------|-------------------|-------------------|
| Cash flow from operating activities | | | | |
| Profit before tax | | 130 864 | 202 417 | 808 103 |
| Amortisation/revaluation of purchased loan portfolios | 3 | 587 598 | 242 887 | 1 517 891 |
| Adjustment other non-cash items | | 28 700 | 14 686 | 127 088 |
| Interest expenses | | 188 375 | 124 680 | 610 560 |
| Interest paid | | -181 648 | -111 004 | -525 265 |
| Unrealised foreign exchange differences | | 84 098 | -1 591 | 18 064 |
| Income tax paid | | -48 581 | -39 170 | -175 719 |
| Change in working capital | | -111 590 | 58 209 | -30 261 |
| Change in other balance sheet items | | 34 018 | -34 171 | -59 894 |
| Net cash flow from operating activities | | 711 834 | 456 943 | 2 290 567 |
| Cash flow from investing activities | | | | |
| Net portfolio purchases | 3,4 | -685 213 | -987 874 | -5 878 642 |
| Net investments in tangible and intangible assets | | -17 219 | -9 380 | -86 363 |
| Investments in business acquisitions, net of cash acquired | | -746 | -269 011 | -309 083 |
| Net cash flow from investing activities | | -703 178 | -1 266 265 | -6 274 088 |
| Cash flow from financing activities | | | | |
| Net new share issue | 7 | 7 520 | 728 453 | 752 529 |
| Net receipts/(payments) on interest bearing loans and borrowings | | -150 234 | 328 303 | 3 355 756 |
| Dividends paid to parent company's shareholders | | | | -121 960 |
| Dividends paid to non-controlling interests | | | | -273 |
| Net cash flow from financing activities | | -142 713 | 1 056 756 | 3 986 052 |
| Net cash flow during the period | | -134 057 | 247 435 | 2 531 |
| Cash and cash equivalents at the beginning of the period | | 338 587 | 326 345 | 326 345 |
| Exchange rate difference on cash and cash equivalents | | -8 497 | -8 473 | 9 711 |
| Cash and cash equivalents at the end of the period | | 196 032 | 565 306 | 338 587 |
| <i>Cash and cash equivalents comprised of:</i> | | | | |
| Cash and short-term deposits | | 405 838 | 569 075 | 397 702 |
| Bank overdraft | | -209 807 | -3 770 | -59 115 |

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 purchase, management and collection of unsecured and secured non-performing loans. B2Holding ASA is a public limited liability company, incorporated and domiciled in Norway. The Company's registered office is at Stortingsgaten 22, 0119 Oslo, Norway. The interim condensed consolidated financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. As a result of rounding differences, numbers or percentages may not add up to the total.

These interim condensed consolidated financial statements for the first quarter ended 31 March 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statement for 2018. The annual consolidated financial statements for 2018 are available upon request from the Company and at www.b2holding.no.

The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, with the exceptions given below in the section "Adoption of new IFRS standards".

The interim financial information for the quarters ended 31 March 2019 and 31 March 2018 are unaudited. The financial report was approved by the Board of Directors on 23 May 2019.

Adoption of new IFRS standards:

IFRS 16 Leases (effective from 1 January 2019)

In accordance with IFRS 16, leases are recognized as a liability and a corresponding right-of-use asset at the date at which the leased asset is available for use by the Group. Each lease cash payment is allocated between the lease liability and finance cost element. The right-of-use asset is depreciated over the shorter of the leased asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis where the discount rate is the interest rate implicit in the lease or alternatively the Group's incremental borrowing rate.

The lease liability consists of the following elements: fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. Payments associated with short-term leases (a lease term of 12 months or shorter) and low-value leases are recognized on a straight-line basis as an expense in profit or loss.

The Group has adopted IFRS 16 from 1 January 2019 using the modified retrospective approach, which requires no restatement of comparative periods. The overall implementation effect from IFRS 16 was not material for the Group. The Group applied the practical expedients listed below and the exemptions as permitted under the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as of 1 January 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Also, the Group has utilized the exemption not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group is relying on its contract assessments made when applying IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

Under IAS 17 the Group classified lease contracts as operating leases, except for NOK 1 million, which were classified as finance leases. Payments for operating leases were recognized within the line item "Other operating expenses" in the consolidated income statement.

Upon implementation of IFRS 16 on 1 January 2019, the Group recognized a lease liability in the amount of NOK 128 million, which is the present value of the remaining lease payments, discounted at the incremental borrowing rate. The Group's weighted average incremental borrowing rate applied to the lease liabilities is 6%. The corresponding right-of use asset was recognized in the amount of

NOK 126 million, which is the amount of lease liability adjusted by the amount of previously recognized prepaid or accrued lease payments.

The following table reconciles the operating lease commitments as of 31 December 2018 with the lease liabilities recognized upon implementation of IFRS 16:

All figures in NOK '000s

| | |
|---|----------------|
| Operating lease commitments as of 31 December 2018 | 161 152 |
| Practical expedient related to short-term leases | -14 265 |
| Practical expedient related to low-value leases | -14 686 |
| Extension options reasonably certain to be exercised | 14 808 |
| Effect of discounting using the Group's weighted average incremental borrowing rate of 6% | -18 856 |
| Lease liability recognized upon implementation of IFRS 16 as of 1 January 2019 | 128 153 |
| IAS 17 financial lease liabilities recognised as of 31 December 2018 | 1 395 |
| Total lease liability as of 1 January 2019 | 129 548 |
| Of which: | |
| Non-current lease liabilities* | 92 413 |
| Current lease liabilities** | 37 135 |
| Total lease liability as of 1 January 2019 | 129 548 |

* Non-current lease liabilities are presented within "Other long-term liabilities" and amounted to NOK 92 million as of 31 March 2019

** Current lease liabilities are presented within "Other current liabilities" and amounted to NOK 34 million as of 31 March 2019

Right-of-use assets are presented within "Tangible and intangible assets" and amounted to NOK 121 million as of 31 March 2019. Depreciation of the right-of-use assets was NOK 11 million and interest expense related to lease payments was NOK 2 million for the first quarter of 2019. Short-term and low-value leases are presented within "Other operating expenses" and amounted to NOK 7 million for the first quarter 2019.

Note 2 – Estimates and critical accounting judgements

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. The important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for these interim financial statements as for the consolidated financial statements for 2018.

Note 3 – Segment reporting

For management purposes, the Group is organised into different geographical regions corresponding to the countries where the Group operates. The Executive Management monitors the operating results of these geographical regions separately for the purposes of making decisions about resource allocation and performance assessment. The segment reporting is presented in the same manner as presented to the Executive Management. The Executive Management reporting differs from the reported numbers in the interim consolidated financial statements. The differences are related to the line item presentation of revenue from purchased loan portfolios and the presentation of operating expenses. Total revenues and operating profit are equal in segment reporting and in the interim consolidated income statement. Amortisation/revaluation of purchased loan portfolios shows the difference between gross cash collection from purchased loan portfolios and revenue from purchased loan portfolios recognised in the interim consolidated income statement. See further explanation of the differences in definitions on page 17.

Finance and taxes are managed on a Group basis and are not included at the regional level. The results of the Parent company, the holding companies and the Investment office in Luxembourg are reported as "Central functions". Results from purchased loan portfolios are included in the region where the portfolio is originated.

Quarter 1, 2019

All figures in NOK '000s

| | Northern Europe | Poland | Central Europe | Western Europe | South Eastern Europe | Central functions / eliminations | Total |
|--|--------------------|----------------|-------------------|-------------------|----------------------------|--|----------------|
| Gross cash collection from purchased loan portfolios | 327 575 | 234 490 | 394 168 | 150 007 | 141 303 | | 1 247 544 |
| <i>Of which, secured portfolios</i> | 2 280 | 9 377 | 302 022 | 117 379 | 44 405 | | 475 463 |
| <i>Of which, unsecured portfolios</i> | 325 296 | 225 113 | 92 146 | 32 627 | 96 898 | | 772 080 |
| Amortisation/revaluation of purchased loan portfolios | -156 732 | -93 462 | -216 843 | -66 306 | -54 256 | | -587 598 |
| Revenue from purchased loan portfolios | 170 843 | 141 028 | 177 326 | 83 701 | 87 047 | | 659 945 |
| Profit from shares in associated parties/joint ventures and participation loans/notes | | | | | 14 917 | | 14 917 |
| Total revenue from purchased loan portfolios | 170 843 | 141 028 | 177 326 | 83 701 | 101 964 | | 674 862 |
| Revenue from external collection | 29 542 | | 217 | 36 719 | 8 846 | | 75 323 |
| Other operating revenues | 3 229 | 23 453 | 2 093 | 15 684 | 661 | | 45 120 |
| Total other revenues | 32 771 | 23 453 | 2 310 | 52 403 | 9 506 | | 120 443 |
| Total revenues | 203 614 | 164 481 | 179 636 | 136 104 | 111 470 | | 795 306 |
| Cost to collect | -55 768 | -86 375 | -52 729 | -31 674 | -48 104 | | -274 650 |
| Cost other revenues | -28 621 | -17 369 | -2 494 | -46 201 | -13 232 | | -107 918 |
| Administration and management costs | -956 | -899 | -995 | -603 | -400 | -32 641 | -36 494 |
| EBITDA | 118 269 | 59 838 | 123 418 | 57 625 | 49 735 | -32 641 | 376 243 |
| Depreciation and amortisation | -2 930 | -10 401 | -3 354 | -5 537 | -3 545 | -800 | -26 568 |
| Operating profit (EBIT) | 115 340 | 49 436 | 120 064 | 52 088 | 46 190 | -33 443 | 349 675 |

Quarter 1, 2018

All figures in NOK '000s

| | Northern Europe | Poland | Central Europe | Western Europe | South Eastern Europe | Central functions / eliminations | Total |
|--|--------------------|----------------|-------------------|-------------------|----------------------------|--|----------------|
| Gross cash collection from purchased loan portfolios | 238 484 | 228 455 | 198 002 | 9 045 | 101 110 | | 775 094 |
| <i>Of which, secured portfolios</i> | 5 716 | 4 011 | 113 618 | 3 882 | 28 246 | | 155 473 |
| <i>Of which, unsecured portfolios</i> | 232 767 | 224 443 | 84 383 | 5 163 | 72 864 | | 619 621 |
| Amortisation/revaluation of purchased loan portfolios | -126 328 | -102 534 | -13 841 | 8 669 | -8 855 | | -242 887 |
| Revenue from purchased loan portfolios | 112 156 | 125 921 | 184 161 | 17 714 | 92 256 | | 532 207 |
| Profit from shares in associated parties/joint ventures and participation loans/notes | | | | | 8 519 | | 8 519 |
| Total revenue from purchased loan portfolios | 112 156 | 125 921 | 184 161 | 17 714 | 100 775 | | 540 726 |
| Revenue from external collection | 25 414 | | 924 | 25 082 | 3 496 | | 54 917 |
| Other operating revenues | 3 116 | 31 279 | 751 | 15 068 | 21 | | 50 234 |
| Total other revenues | 28 529 | 31 279 | 1 675 | 40 150 | 3 517 | | 105 151 |
| Total revenues | 140 685 | 157 199 | 185 836 | 57 864 | 104 292 | | 645 877 |
| Cost to collect | -44 095 | -74 024 | -28 888 | -8 835 | -38 958 | | -194 800 |
| Cost other revenues | -29 239 | -14 920 | -2 184 | -32 779 | -2 194 | | -81 316 |
| Administration and management costs | -1 644 | | | | | -29 827 | -31 470 |
| EBITDA | 65 708 | 68 255 | 154 764 | 16 250 | 63 140 | -29 827 | 338 290 |
| Depreciation and amortisation | -1 546 | -7 091 | -948 | -2 035 | -580 | -108 | -12 308 |
| Operating profit (EBIT) | 64 162 | 61 164 | 153 816 | 14 214 | 62 560 | -29 934 | 325 982 |

Quarter 1, 2019

All figures in NOK '000s

| | Northern Europe | Poland | Central Europe | Western Europe | South Eastern Europe | Central functions / eliminations | Total |
|---|--------------------|------------------|-------------------|-------------------|----------------------------|--|-------------------|
| Portfolio purchases in the period | 404 795 | 92 393 | 556 | 34 083 | 38 603 | | 570 430 |
| Purchased loan portfolios, book value | | | | | | | |
| Purchased loan portfolios | 3 888 683 | 1 975 034 | 3 884 114 | 1 726 704 | 1 425 405 | | 12 899 940 |
| Participation loan/notes to SPV's for purchase of loan portfolios | | | | | 569 190 | | 569 190 |
| Purchased loan portfolios at 31 March | 3 888 683 | 1 975 034 | 3 884 114 | 1 726 704 | 1 994 594 | | 13 469 130 |

Quarter 1, 2018

All figures in NOK '000s

| | Northern Europe | Poland | Central Europe | Western Europe | South Eastern Europe | Central functions / eliminations | Total |
|---|--------------------|------------------|-------------------|-------------------|----------------------------|--|-------------------|
| Portfolio purchases in the period | 268 916 | 87 115 | 256 816 | 10 789 | 861 150 | | 1 484 786 |
| Purchased loan portfolios, book value | | | | | | | |
| Purchased loan portfolios | 2 492 832 | 1 714 372 | 3 304 558 | 1 097 299 | 1 808 553 | | 10 417 614 |
| Participation loan/notes to SPV's for purchase of loan portfolios | | | | | 144 955 | | 144 955 |
| Purchased loan portfolios at 31 March | 2 492 832 | 1 714 372 | 3 304 558 | 1 097 299 | 1 953 508 | | 10 562 569 |

Note 4 – Purchased loan portfolios

Purchased loan portfolios

All figures in NOK '000s

| | 2019 Quarter 1 | 2018 Quarter 1 | 2018 Full year |
|---|-------------------|-------------------|-------------------|
| Opening balance | 13 346 098 | 8 731 632 | 8 731 632 |
| Acquired in business combinations | | 671 215 | 618 111 |
| Portfolio purchases | 570 430 | 1 484 786 | 6 212 604 |
| Gross cash collection from purchased loan portfolios | -1 247 544 | -775 094 | -3 997 380 |
| Interest income from purchased loan portfolios | 657 918 | 542 878 | 2 537 113 |
| Net credit gain/(loss) from purchased loan portfolios | 2 027 | -10 671 | -57 625 |
| Book value of sold loan portfolios ¹⁾ | | | -866 195 |
| Exchange rate differences | -428 990 | -227 132 | 167 837 |
| Closing balance | 12 899 940 | 10 417 614 | 13 346 098 |

1) Book value of sold loan portfolios is at an arm's length transaction price and are the sales of two entire loan portfolios

The face value of purchased loan portfolios at 31 March 2019 amounts to NOK 127,723 million including accrued interest (2018: NOK 132,775 million).

Net credit gain/loss from purchased portfolios

The Group purchases materially impaired loan portfolios at significant discounts and impairments are already included at purchase. The expected credit loss for the purchased loan portfolios is not explicitly recognized as a loss provision, as these financial assets are credit impaired by definition and the estimated loss is already part of the amortized cost. The Group's exposure to credit risk from the purchased loan portfolios is related to actual gross cash collection deviating from collection estimates and from changes in future cash collection estimates. The Group regularly evaluates the current collection estimates on single portfolios and the estimate is adjusted if collection is determined to deviate from current estimate over time. The adjusted collection estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimate adjusts the book value of the portfolio and is included in the profit and loss statement in the line item "Net credit gain/(loss) from purchased loan portfolios". Due to volatility towards the timing of collection, secured portfolios are evaluated monthly. Unsecured portfolios are evaluated quarterly. Cash collection above collection estimates and upwards adjustment of future collection estimates, increase revenue. Cash collection below collection estimates and downwards adjustment of future collection estimates, decrease revenue.

Quarter 1, 2019

All figures in NOK`000s

| | Northern Europe | Poland | Central Europe | Western Europe | South Eastern Europe | Total |
|--|--------------------|---------------|-------------------|-------------------|-------------------------|--------------|
| <i>Secured portfolios:</i> | | | | | | |
| Collection above/(below) estimates | -574 | 4 712 | -211 356 | 8 696 | -69 707 | -268 228 |
| Changes in future collection estimates | -5 736 | -5 648 | 198 013 | -1 697 | 62 974 | 247 906 |
| Net credit gain/(loss) from secured portfolios | -6 310 | -935 | -13 343 | 6 999 | -6 733 | -20 322 |
| <i>Unsecured portfolios:</i> | | | | | | |
| Collection above/(below) estimates | 3 839 | 11 291 | -8 424 | 6 496 | 1 675 | 14 878 |
| Changes in future collection estimates | 4 466 | -262 | 3 350 | -1 440 | 1 358 | 7 471 |
| Net credit gain/loss from unsecured portfolios | 8 305 | 11 029 | -5 074 | 5 056 | 3 033 | 22 349 |
| Net credit gain/(loss) from purchased loan portfolios | 1 995 | 10 094 | -18 417 | 12 055 | -3 700 | 2 027 |

Quarter 1, 2018

All figures in NOK`000s

| | Northern Europe | Poland | Central Europe | Western Europe | South Eastern Europe | Total |
|--|--------------------|---------------|-------------------|-------------------|-------------------------|----------------|
| <i>Secured portfolios:</i> | | | | | | |
| Collection above/(below) estimates | 2 810 | 620 | -12 215 | -183 | 1 476 | -7 492 |
| Changes in future collection estimates | -1 795 | 1 065 | 496 | -1 474 | -2 213 | -3 921 |
| Net credit gain/(loss) from secured portfolios | 1 015 | 1 685 | -11 719 | -1 657 | -737 | -11 413 |
| <i>Unsecured portfolios:</i> | | | | | | |
| Collection above/(below) estimates | -15 246 | 101 | 13 598 | 2 331 | 6 746 | 7 531 |
| Changes in future collection estimates | -2 563 | -4 155 | -3 073 | | 3 002 | -6 788 |
| Net credit gain/(loss) from secured portfolios | -17 808 | -4 053 | 10 525 | 2 331 | 9 749 | 743 |
| Net credit gain/(loss) from purchased loan portfolios | -16 793 | -2 368 | -1 194 | 674 | 9 012 | -10 671 |

Purchase of loan portfolios, cash flow statement

The following table reconciles the difference between net portfolio purchases in cash flow statement and other statements:

All figures in NOK`000s

| | 2019 Quarter 1 | 2018 Quarter 1 | 2018 Full year |
|--|-------------------|-------------------|-------------------|
| Portfolio purchases in the period | -570 430 | -1 484 786 | -6 212 604 |
| Investment in JV for purchase of portfolio | -104 384 | | |
| Participation notes to SPV for purchase of portfolio | | | -167 033 |
| Net cash effect from portfolio sold to SPV | | | 509 912 |
| Sale price sold portfolios | | | -4 458 |
| Change in prepaid amounts and amounts due on portfolio purchases | -10 399 | 496 912 | -4 459 |
| Net portfolio purchases, cash flow statement | -685 213 | -987 874 | -5 878 642 |

Note 5 – Financial instruments

Specific disclosures regarding purchased loan portfolios see note 4.

Fair value of financial instruments

| | Carrying amount | | | Fair value | | | |
|---------------------------------------|--------------------------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | Fair value over profit or loss | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| As at 31 March 2019 | | | | | | | |
| <i>All figures in NOK`000s</i> | | | | | | | |
| Financial assets | | | | | | | |
| Purchased loan portfolios | | 12 899 940 | 12 899 940 | | | 13 286 938 | 13 286 938 |
| Loans receivable | | 359 000 | 359 000 | | | 359 000 | 359 000 |
| Derivatives | 26 143 | | 26 143 | | 26 143 | | 26 143 |
| Participation loan/notes | 569 190 | | 569 190 | | | 569 190 | 569 190 |
| Other financial assets | 11 726 | 1 047 | 12 773 | | 11 726 | 1 047 | 12 773 |
| Total | 607 059 | 13 259 986 | 13 867 045 | | 37 869 | 14 216 174 | 14 254 043 |
| Financial liabilities | | | | | | | |
| Interest bearing loans and borrowings | | 10 588 144 | 10 588 144 | 7 007 605 | 3 695 270 | | 10 702 874 |
| Derivatives | 16 412 | | 16 412 | | 16 412 | | 16 412 |
| Contingent consideration | 154 868 | | 154 868 | | | 154 868 | 154 868 |
| Total | 171 280 | 10 588 144 | 10 759 424 | 7 007 605 | 3 711 682 | 154 868 | 10 874 154 |

| | Carrying amount | | | Fair value | | | |
|---------------------------------------|--------------------------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | Fair value over profit or loss | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| As at 31 December 2018 | | | | | | | |
| <i>All figures in NOK`000s</i> | | | | | | | |
| Financial assets | | | | | | | |
| Purchased loan portfolios | | 13 346 098 | 13 346 098 | | | 13 759 437 | 13 759 437 |
| Loans receivable | | 357 801 | 357 801 | | | 357 801 | 357 801 |
| Derivatives | 30 128 | | 30 128 | | 30 128 | | 30 128 |
| Participation loan/notes | 588 846 | | 588 846 | | | 588 846 | 588 846 |
| Other financial assets | 11 592 | 3 101 | 14 692 | | 11 592 | 3 101 | 14 692 |
| Total | 630 565 | 13 707 000 | 14 337 565 | | 41 719 | 14 709 186 | 14 750 905 |
| Financial liabilities | | | | | | | |
| Interest bearing loans and borrowings | | 10 828 286 | 10 828 286 | 7 059 811 | 3 733 667 | | 10 793 478 |
| Derivatives | 63 239 | | 63 239 | | 63 239 | | 63 239 |
| Contingent consideration | 157 342 | | 157 342 | | | 157 342 | 157 342 |
| Total | 220 581 | 10 828 286 | 11 048 867 | 7 059 811 | 3 796 906 | 157 342 | 11 014 059 |

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 348 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 1 to 6-month floating interest, and the fair value of bond loans were determined by obtaining quoted market prices for the bond loans from the Norwegian Stock Exchange. The fair value of derivatives is set by calculating the present value of future cash flows using market rates for interest and currencies. In the case of the derivatives the fair value is confirmed by the financial institution that is the counterparty.

Financial risk

Currency and interest rate risk:

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

Currency risk

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

The Group's bond loans are denominated in EUR and borrowings under the multi-currency revolving credit facility are drawn in NOK and PLN. To obtain a more balanced currency basket, the Group has entered into the following currency derivatives at 31 March 2019: (i) FX Forward of NOK 350 million against DKK, (ii) FX Forward of NOK 225 million against DKK, (iii) FX Forward of NOK 75 million against EUR, (iv) FX Forward of NOK 100 million against EUR, (v) FX Forward of NOK 350 million against EUR, (vi) FX Forward of NOK 425 million against SEK and (vii) FX Forward of NOK 275 million against SEK. The fair value of the currency derivatives was NOK 15.2 million at quarter end.

Interest rate risk

The Group uses interest rate swaps and interest rate caps to reduce its interest rate exposure. The Group's strategy is to hedge between 60% and 120% of net borrowings up to a maximum period of 5 years. The hedging ratio at 31 March 2019 was 78 % with a duration of 3.9 years and the fair value of the interest rate hedging derivatives was NOK -5.4 million.

Net financial items

All figures in NOK '000s

| | 2019 Quarter 1 | 2018 Quarter 1 | 2018 Full year |
|---|-------------------|-------------------|-------------------|
| Interest income | 700 | 1 141 | 4 183 |
| Other financial income | 495 | 254 | 469 |
| Financial income | 1 194 | 1 394 | 4 652 |
| Interest expenses | -163 749 | -124 154 | -607 961 |
| Change in fair value of interest rate derivatives | -24 608 | -526 | -2 599 |
| Other financial expenses | -1 477 | -1 043 | -7 817 |
| Financial expenses | -189 834 | -125 724 | -618 378 |
| Realised exchange gain/(loss) | 32 392 | -22 740 | 48 645 |
| Unrealised exchange gain/(loss) | -129 410 | -16 495 | 34 639 |
| Change in fair value of currency derivatives | 66 847 | 39 998 | -39 311 |
| Net exchange gain/(loss) | -30 171 | 763 | 43 973 |
| Net financial items | -218 811 | -123 566 | -569 753 |

Note 6 - Interest bearing loans and borrowings

All figures in NOK'000s

| | As at 31 March 2019 | | As at 31 December 2018 | |
|--|---------------------|-------------------|------------------------|-------------------|
| | Current | Non-current | Current | Non-current |
| Multi-currency revolving credit facility | | 3 485 463 | | 3 674 189 |
| Bond loan | | 6 892 875 | | 7 094 618 |
| Short term interest bearing loans & borrowings | | | 363 | |
| Bank overdraft | 209 807 | | 59 115 | |
| Total | 209 807 | 10 378 337 | 59 478 | 10 768 808 |

The Group is financed by the following loans; (i) a EUR 510 million senior secured multi-currency revolving credit facility agreement, including a multi-currency cash pool with a EUR 40 million overdraft, which matures in May 2022, (ii) a EUR 150 million senior unsecured bond with maturity in December 2020, (iii) a EUR 175 million senior unsecured bond with maturity in October 2021, (iv) a EUR 200 million senior unsecured bond with maturity in November 2022 and (v) a EUR 200 million senior unsecured bond with maturity in May 2023.

The multi-currency revolving credit facility and the bond loan carry a variable interest rate based on the interbank rate in each currency plus a margin supplement. In addition, there is a commitment fee, which is calculated as a percentage of the loan margin on the undrawn part of the credit facility and term loan. The overdraft carries a facility line fee. The loan agreements have several operational and financial covenants, including limits on certain key indicators, which have all been complied with as of 31 March 2019. There are no instalments required to be paid before maturity.

At 31 March 2019, NOK 1,800 million and PLN 780 million, in total EUR 368 million, was utilised from the EUR 470 million multi-currency revolving credit facility, leaving an available, undrawn amount of EUR 102 million. The multi-currency overdraft facility of EUR 40 million was utilised with EUR 22 million, leaving an available, undrawn amount of EUR 18 million at 31 March 2019.

The EUR 510 million multi-currency revolving credit is secured by guarantees issued by B2Holding ASA and a security packaged including some predefined guarantees, share pledges, bank account charges and pledge in intercompany loans. The bond loans are unsecured.

Note 7 - Share Capital and other paid-in capital

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

| | Share capital Number of shares | Share capital NOK'000s | Other paid-in capital ¹⁾ NOK'000s |
|--|-----------------------------------|---------------------------|---|
| At 31 December 2018 | 409 032 598 | 40 903 | 2 835 895 |
| Exercise of employee share options on 25 January 2019 at an average subscription of 8,356 | 900 000 | 90 | 7 430 |
| At 31 March 2019 | 409 932 598 | 40 993 | 2 843 325 |
| At 23 May 2019 (date of completion of these interim condensed financial statements) | 409 932 598 | 40 993 | 2 843 325 |

1) Net proceeds after transaction costs

The Norwegian subsidiary Interkreditt Kapital AS was established in 2018. The activity has so far been limited. The subsidiary has to comply with certain capital requirements. Interkreditt Kapital AS fully comply with the Norwegian capital regulations.

Note 8 - Share based payments

In January 2019, 900,000 share options were exercised at a subscription price per share of NOK 8.356, adjusted for dividends paid in June 2017 and 2018. No new shares were granted in first quarter 2019 and at the date of these interim financial statements there are 17,275,000 share options outstanding.

Alternative performance measures

The interim financial information of the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The interim financial information complies with IFRS as issued by the International Accounting Standards Board (IASB) and approved by the EU. In addition, the Group presents alternative performance measures (APMs). These measures do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies.

The APMs are regularly reviewed by Management and their aim is to enhance stakeholders' understanding of the Group's performance and to enhance comparability between financial periods. The APMs are reported in addition to but are not substitutes for the financial statements prepared in accordance with IFRS.

The APMs provide a basis to evaluate operating profitability and performance trends, excluding the impact of items which in the opinion of Management, distort the evaluation of the performance of our operations. The APMs also provide measures commonly reported and widely used by investors as an indicator of the Group's operating performance and as a valuation metric of debt purchasing companies. Furthermore, APMs are also relevant when assessing our ability to incur and service debt.

APMs are defined consistently over time and are based on the financial data presented in accordance with IFRS.

Alternative performance measures - reconciliation:

All figures in NOK million

| | 2019 Quarter 1 | 2018 Quarter 1 | 2018 Full year |
|--|-------------------|-------------------|-------------------|
| Operating profit (EBIT) | 350 | 326 | 1 378 |
| Add back depreciation and amortisation | 27 | 12 | 56 |
| EBITDA | 376 | 338 | 1 434 |
| Total revenues | 795 | 646 | 2 906 |
| Add back amortisation/revaluation of purchased loan portfolios | 588 | 243 | 1 518 |
| Cash revenue | 1 383 | 889 | 4 424 |
| Operating profit (EBIT) | 350 | 326 | 1 378 |
| Add back amortisation/revaluation of purchased loan portfolios | 588 | 243 | 1 518 |
| Add back depreciation and amortisation | 27 | 12 | 56 |
| Cash EBITDA | 964 | 581 | 2 952 |

Definitions

Administration & management costs

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

Amortisation and revaluation

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

Available investment capacity

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

Cash EBITDA

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

Cash margin

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

Cash revenue

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

Cost other revenues

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

Cost to collect

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

EBITDA

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

ERC

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

Forward flow agreements

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

Gross cash collection

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

Interest income from purchased portfolios

Interest income from purchased loan portfolios is the calculated amortised cost interest revenue from the purchased loan portfolios using the credit-adjusted effective interest rate that are set at initial acquisition.

Net borrowing

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

Net credit gain/loss from purchased portfolios

The Group's exposure to credit risk from the purchased loan portfolios is related to actual gross cash collection deviating from collection estimates and from changes in future cash collection estimates. The Group regularly evaluates the current collection estimates on single portfolios and the estimate is adjusted if collection is determined to deviate from current estimate over time. The adjusted collection estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimate adjust the book value of the portfolio and is included in the profit and loss statement in the line item "Net credit gain/(loss) from purchased loan portfolios". Cash collection above collection estimates and upwards adjustment of future collection estimates, increase revenue. Cash collection below collection estimates and downwards adjustment of future collection estimates, decrease revenue.

Operating cash flow per share

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

Other operating revenues

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

Profit margin

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

Segment reporting

The presentation of segment information is in the same format as reported to management. This is different from the financial statement presentation due to management focus on actual gross cash collected as interest income from the purchased portfolios is a calculated number from utilising the amortised cost principle on purchased portfolios. Gross cash collection less amortisation/revaluation is equal to interest revenue adjusted for Net credit gain/(loss).

Segment Central Europe

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

Segment Northern Europe

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

Segment South Eastern Europe

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

Segment Western Europe

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

Financial year 2019

Half-yearly Report 30.08.2019

Annual Report 30.04.2019

Annual General Meeting 24.05.2019

Quarterly report – Q1 24.05.2019

Quarterly report – Q3 22.11.2019

Quarterly report – Q4 28.02.2020

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