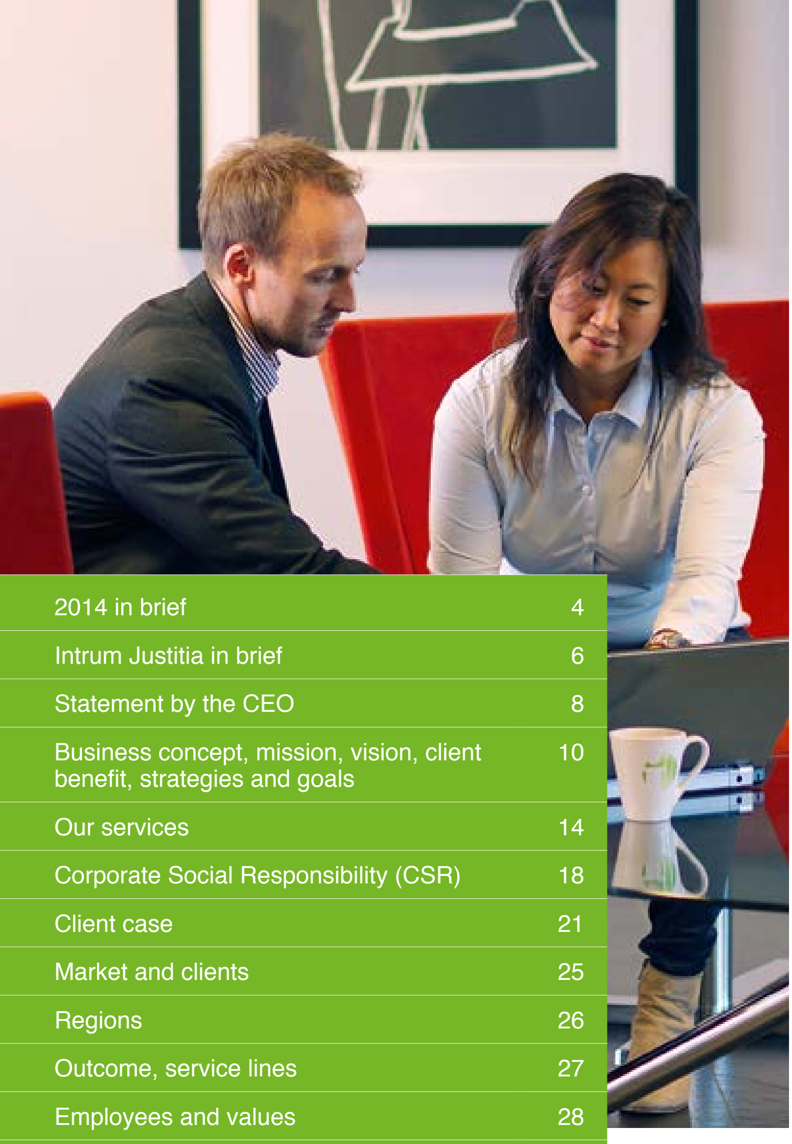
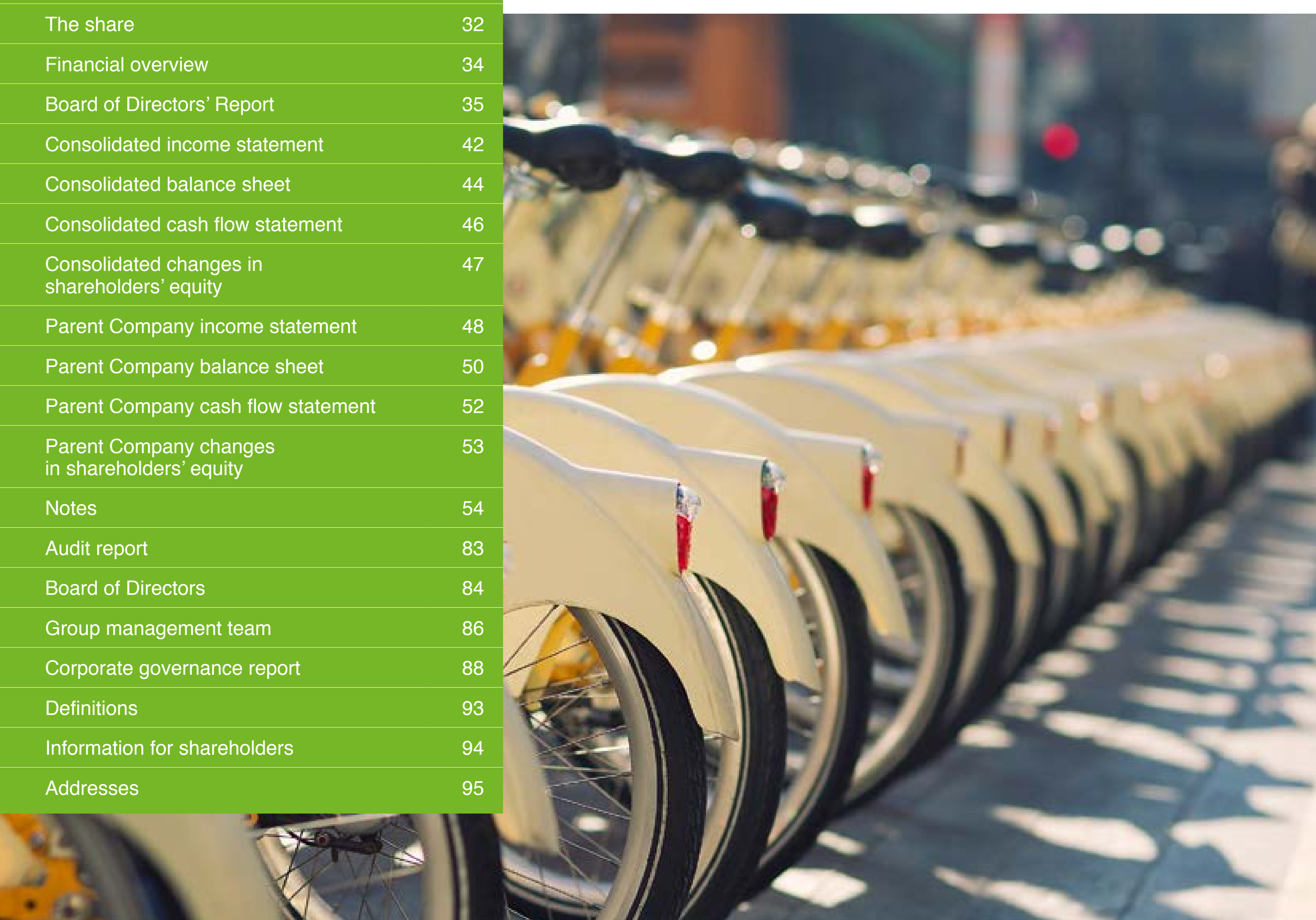
INTRUM JUSTITIA ANNUAL REPORT 2014

intrum justitia





Sustainability involves three basic areas that are interwoven with one another – the environment, society and the economy. None of these can function sustainably without the other two. For example, changes in climate cause immense problems both for society and the economy. And, in countries with poor economic conditions, environmental and social problems are not prioritized as highly as in countries with a strong economy. All three areas – the environment, society and the economy – must function if sustainability is to be achieved in a country.

The most efficient contribution Intrum Justitia can make towards a sustainable Europe is by promoting sound finances for companies, individuals and society in general. In our mission to act as a catalyst for a sound economy, we maximize our contribution to a sustainable society through our expert knowledge in our day-to-day dealings with both companies and consumers.

Intrum Justitia in 2014

In 2014, Intrum Justitia reported both higher net revenues and stronger operating earnings than ever before. Below follows a summary of the most important key figures and events during the year. Please read Lars Wollung's Statement by the CEO on pages 8 to 9, where, among other things, he discusses this and our work for a sustainable Europe.

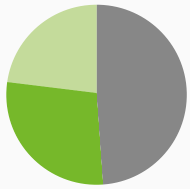
+6%

Consolidated net revenues for 2014 amounted to SEK 5,184 M (4,566). Organic growth was 6 percent (10).

+18%

Operating earnings amounted to SEK 1,430 M (1,207). The operating margin was 28 percent (26).

Revenues by region, %



Northern Europe 49 %
Central Europe 28 %
Western Europe 23 %

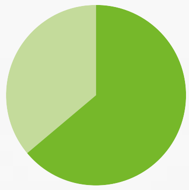
1,041

Net earnings amounted to SEK 1,041 M (819) and earnings per share amounted to SEK 13.48 (10.30) for the full-year – an increase of 31 percent.

+22%

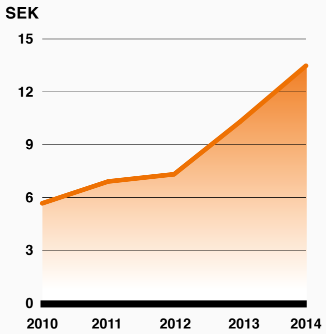
The Board of Directors proposes a dividend of SEK 7.00 per share (5.75) – an increase of 22 percent.

Revenues by service line, %

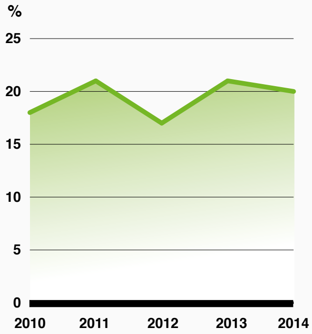


Credit management services 64 %
Financial Services 36 %

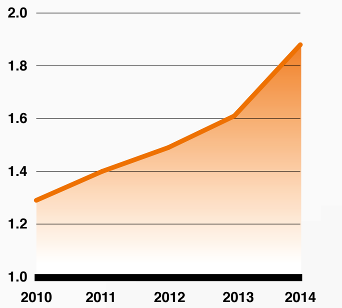
Earnings per share



Return on purchased debt



Net debt/RTM operating earnings before depreciation and amortization



Since 1998, Intrum Justitia has conducted an annual study of payment behaviour in Europe through its European Payment Index (EPI) survey. Over the past ten years, the number of defaulted payments in Europe has increased from 1.9 percent to 3.1 percent; amounting to EUR 360 billion in 2014. The results also show that 46 percent believe that problems with late or defaulted payments will increase, that 40 percent will not be recruiting additional employees, and that 26 percent state that they have had to cut jobs because of late payments.

In 2014, Intrum Justitia improved its capital structure and financial flexibility. During the year, a share repurchase was carried out, corresponding to approximately 6 percent of the number of shares outstanding at the beginning of 2014. In May, bonds were issued for SEK 1,000 M and in July the Group's bank financing was enhanced in terms of maturity profile and maximum long-term financing.

In November, the European Consumer Payment Report 2014 was launched – Intrum Justitia's report on consumer payments in Europe. The results showed that 35 percent had been unable to pay a bill on at least one occasion over the past six months and a quarter had no money left after paying their monthly bills. A third of young Europeans (15-24 years) said that they had insufficient funds for a dignified life and also said that they would need more training in how to manage their personal finances.

In 2014, two major acquisitions were completed. In the first quarter, a Czech company was acquired with a diversified portfolio of overdue receivables, making Intrum Justitia a market leader in the Czech Republic. In the fourth quarter, a leading Danish credit management company was acquired, consolidating Intrum Justitia's position as a market leader in this country.

KEY FIGURES

SEK M, unless otherwise indicated

	2014	2013	2012	2011	2010
Revenues	5,184	4,566	4,048	3,950	3,766
Net revenues excluding revaluations	5,149	4,559	4,127	3,931	3,763
Operating earnings (EBIT)	1,430	1,207	879	868	731
Operating margin, %	28	26	22	22	19
Earnings for the period	1,041	819	584	553	452
Investments in purchased debt	1,950	2,475	2,014	1,804	1,050
Purchase Debt book value	6,197	5,411	4,064	3,088	2,373
Cash flow from operating activities	2,672	2,305	1,986	1,768	1,630
Earnings per share, SEK	13.48	10.30	7.32	6.91	5.67
Growth in EPS, %	31	41	6	22	3
Return on purchased debt, %	20	21	17	21	18
Net debt/RTM operating earnings before depreciation and amortization	1.88	1.61	1.49	1.40	1.29

Quick facts about Intrum Justitia

Credit Management Services

Intrum Justitia offers services throughout the credit management chain – from credit optimization and payment services to collection services. Before our clients sell goods or services, we help them evaluate potential customers' payment capacity using our credit optimization services. Once the transaction has been made, our payment services are used, with billing and accounts receivable. Where invoices are past due, we offer our debt-collection services to ensure that full payment is received for the product or service.

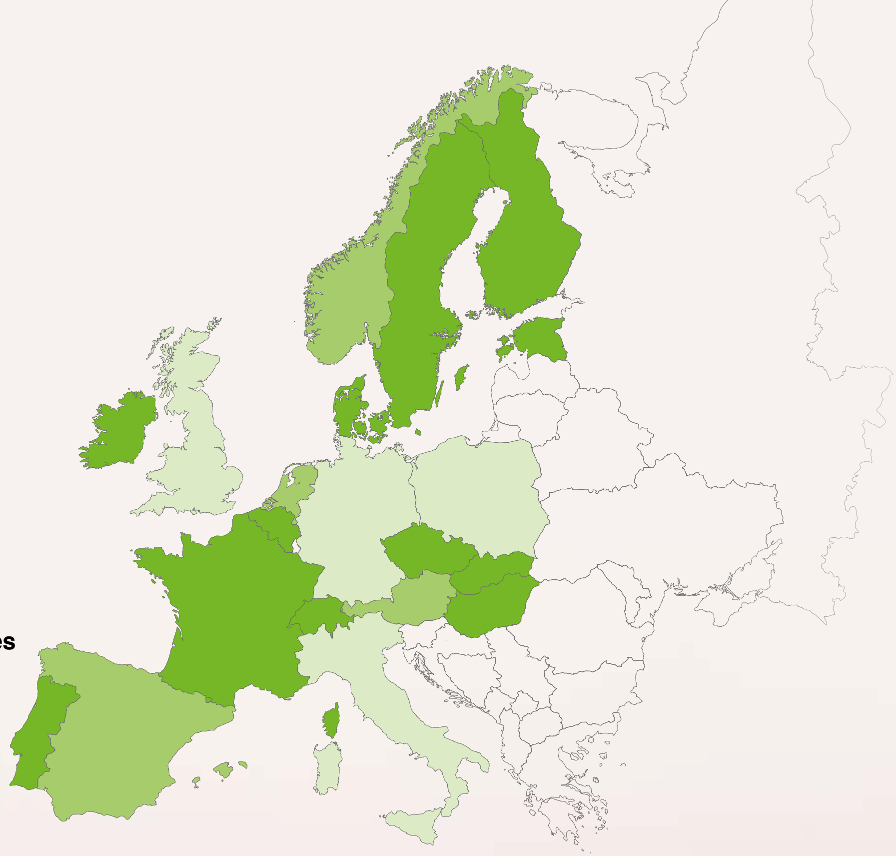
Financial Services

Through financing services, such as purchasing of invoices, payment guarantees, payment solutions for e-commerce, and purchased debt, companies are paid regardless of why payment was not originally received. Our clients can sell their outstanding receivables to us and get some of the payment up front. Payment guarantees enable us to also guarantee payment for our clients, even in cases where the invoice is past due. Alternatively, we acquire a client's overdue receivables for part of their value and proceed with longer-term collection measures.

CUSTOMER PROCESS	SALES & MARKETING	PAYMENT ADMINISTRATION	COLLECTION
OUR CREDIT MANAGEMENT SERVICES	CREDIT OPTIMIZATION SERVICES	PAYMENT SERVICES	COLLECTION SERVICES
OUR FINANCIAL SERVICES	FINANCING SERVICES	PAYMENT GUARANTEE	PURCHASED DEBT

Intrum Justitia is present in 20 European countries

- Market leader
- Top 5
- Others



75,000

Helping clients with major volumes of consumer receivables is our specialty – and what we are best at altogether is helping clients in sectors such as the telecom, energy, bank and retail sectors. **We have nearly 75,000 clients in 20 countries.** Among them, the 30 largest account for about 15 percent of Intrum Justitia's revenues. However, no single client accounts for more than 2 percent of revenues.

4,000

Intrum Justitia was founded in 1923 and today has some **4,000 employees in 20 countries**. In addition, we partner with representatives in a further 160 countries to serve clients with operations both within Europe and beyond. Intrum Justitia is Europe's leading credit management company with operations in credit management and financial services that build on strong collection operations.

We contribute to a sustainable Europe

Sustainability involves three basic areas that are also interwoven with one another – the environment, society and the economy. None of these can function sustainably without the other two. Intrum Justitia's mission is to act as a catalyst for a sound economy and our principal task in society is to ensure that credit flows function properly. This generates opportunities for profitable business and increased employment which, in turn, provides the conditions for a vigorous with the resources to invest in the environment.

Success in two markets

The European market for credit management services is characterized by a large number of smaller, local actors. Conversely, in the market for financial services, a small number of larger international companies operate. Intrum Justitia is one of few companies in Europe that operate successfully in both of these markets.

"So what would that lost EUR 360 billion mean for Europe's business if they were able to secure payment? This would contribute to profitable companies that could expand and recruit more people – about 8 million new jobs would be created according to our calculations! This would strengthen many families' finances, as well as those of entire communities, which in turn would create the economic conditions for long-term environmental efforts and a sustainable Europe."

Intrum Justitia's role in a sustainable Europe

Europe's economic recovery is progressing slowly. Intrum Justitia's annual survey, the European Payment Index shows that late or non-payments are part of the reason. In this statement, I address Intrum Justitia's role in a sustainable Europe and how we can affect national economies and speed recovery through our operations. I will also discuss the most interesting events in 2014 and our future plans.

Since 1998, Intrum Justitia has conducted an annual study of payment behaviour in Europe through its European Payment Index (EPI) survey. According to the EPI 2014, the proportion of defaulted payments rose from 3.0 percent to 3.1 percent; amounting to fully EUR 360 billion. Most companies also consider late payment to be a threat to their competitiveness and profitability. As many as 72 percent see no improvement on this point, and 46 percent believe that the problems of late payment will increase.

EUR 360 BILLION LOST

Late or non-payments affect countries' economies negatively and generate poor conditions for sustainability. This is because sustainability involves three basic areas that are also interwoven with one another – the economy, society and the environment. All three areas must function if sustainability is to be achieved in a country. For example, the environment and social problems are not prioritized as highly, in countries with poor economic conditions as they are in countries with a strong economy.

As a company, Intrum Justitia has found a way of contributing towards sustainable development. This must also be profitable – because it otherwise risks being a short-term venture that fades without achieving a long-term impact. In this context, Intrum Justitia is doing what it is best suited for and that also affords us opportunities for continued good profitability.

We are convinced that the most efficient contribution Intrum Justitia can make towards a sustainable Europe is by promoting sound finances for companies, individuals and society. By offering our customers accurate credit assessment and thus sounder credit provision, the risk of late or non-payments is reduced, increasing the company's competitiveness and profitability. At the same time, we help people avoid ending up with severe payment problems that impact their finances negatively.

By using our payment services, payment periods are shortened and the number of collection cases is reduced, for example, by ensuring that our clients' customers receive reminders consistently and on time. In the case that payment still does not take place, we offer collection services so that companies get paid and people can become debt free, for example through personalized payment plans. We also acquire past-due receivables so that companies get paid for part of the amount, improving their cash position.

So what would that lost EUR 360 billion mean for Europe's businesses if they were able to secure payment? This would contribute to profitable companies that could expand and recruit more people – about 8 million new jobs would be created according to our calculations! This would strengthen many families' finances, as well as societies, which in turn would create the economic conditions for long-term environmental efforts and a sustainable Europe.

2014

For Intrum Justitia, 2014 was a good year with a highly favourable financial trend. In relation to our financial targets, we achieved an increase in earnings per share of 31 percent

– well above our target of an increase of at least 10 percent. The return on purchased debt was 20 percent, which also exceeds our target return of at least of 15 percent. For our target ratio regarding net debt in relation to operating earnings before depreciation and amortization, we reached 1.9, which was marginally below our target of at least 2.0. The Board of Directors proposes a dividend to shareholders of SEK 7.00 per share – an increase of 22 percent compared with 2013.

Among the Group's regions, it was primarily Western and Central Europe that contributed to our growth and improved earnings compared with the preceding year. In Northern Europe, we are maintaining a high level of profitability but the trend was relatively unchanged compared to the preceding year. Among our service lines, both Credit Management and Financial Services contributed to improved earnings in 2014. In Credit Management, we had a stable trend with revenues and operating earnings increasing by 11 percent over the preceding year. In Financial Services, we had a good development to 15 percent increase on the carrying amount for purchased debt since the end of 2013. The return on purchased debt was 20 percent, a very good level that was made possible by a high degree of diversification in terms of geography, sectors and different types of portfolios in our purchased debt investments. The supply of purchased debt has been relatively good in several countries, but we also saw increasing price competition over the year, which contributed to the level of investment declining by 21 percent compared with 2013.

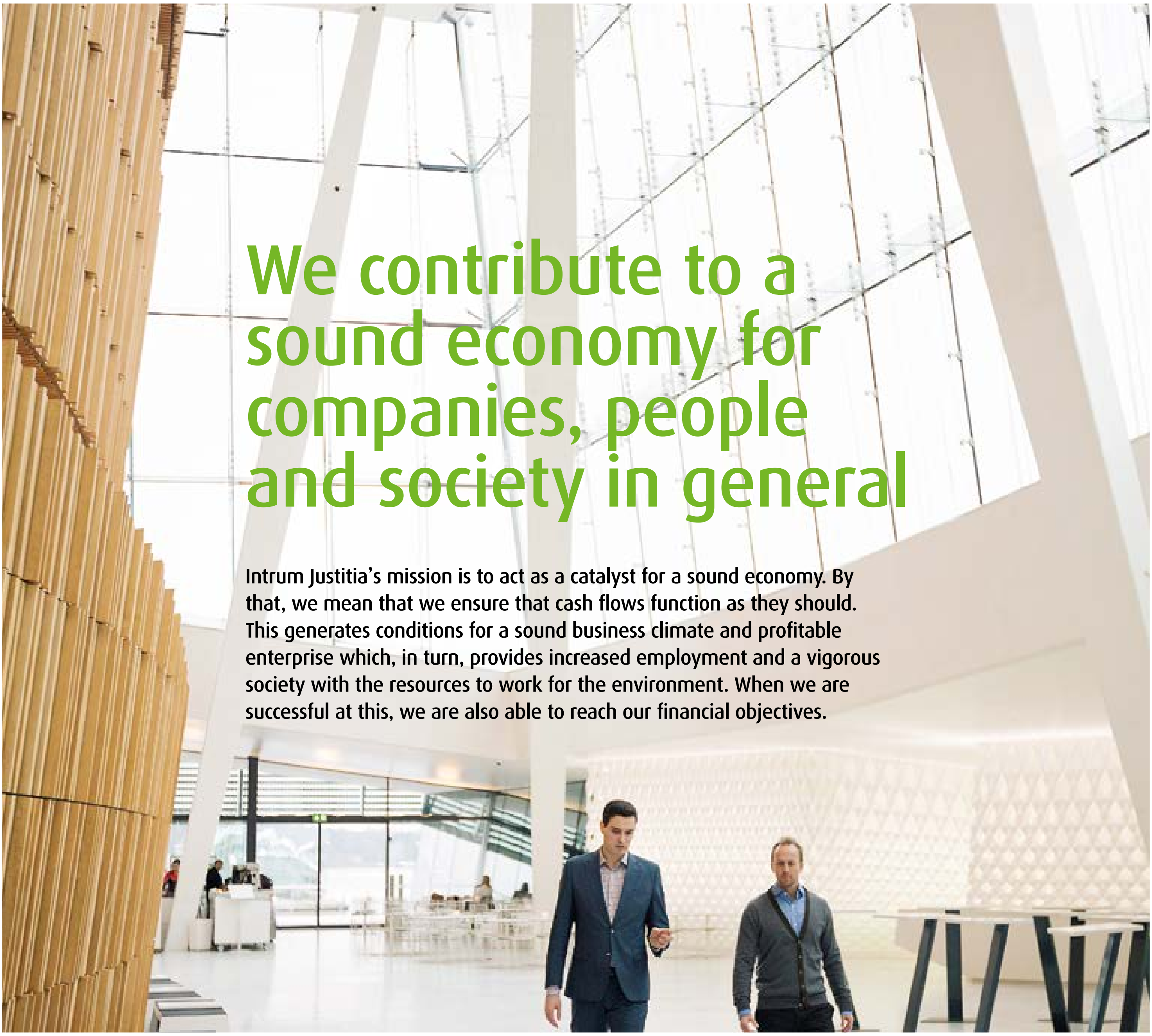
OUTLOOK

Looking ahead a few years, Intrum Justitia is well positioned for continued favourable development. We have an efficient business model where the combination of Credit Management Services and Financial Services reinforce one another. Our organization is strongly focused on continuous improvement and we are constantly developing and monitoring a very large number of change projects in all of the countries in which we operate. Consequently, we see good opportunities for profitable growth over the next few years, primarily through increased operational efficiency, growth in purchased debt, acquisitions in Credit Management and the development of new financing services before an invoice matures for payment.

THANKS TO ALL OF OUR CLIENTS AND EMPLOYEES FOR A STRONG 2014!

Intrum Justitia consists of some 4,000 skilled employees working with 75,000 clients. We are all convinced that the most efficient contribution Intrum Justitia can make towards a sustainable Europe is by promoting sound finances for companies, individuals and society. That is also the route to a continued favourable financial development for Intrum Justitia. My thanks to you for a strong 2014!

Lars Wollung
President and CEO
Stockholm, March 2015



We contribute to a sound economy for companies, people and society in general

Intrum Justitia’s mission is to act as a catalyst for a sound economy. By that, we mean that we ensure that cash flows function as they should. This generates conditions for a sound business climate and profitable enterprise which, in turn, provides increased employment and a vigorous society with the resources to work for the environment. When we are successful at this, we are also able to reach our financial objectives.

How we achieve our operational objectives and financial goals is guided by our business concept, mission and vision, as well as the client value we can deliver and our strategies to develop our operations.

BUSINESS CONCEPT

Intrum Justitia is Europe's leading credit management company and our business concept is to offer clients credit management and Financial Services that build on strong collection operations. Our clients are companies and authorities that benefit from a unique concept in which our presence throughout Europe is combined with local expertise. Through our services, we help generate conditions for improved sales, profitability and cash flow, while reducing our clients' financial risk.

MISSION

Intrum Justitia's sustainability strategy is to contribute to a sound economy for companies, people and society in general. In our mission to act as a catalyst for a sound economy, we maximize our contribution to a sustainable society through our expert knowledge in our day-to-day dealings with companies and consumers.

In a Europe where goods and services are increasingly paid for using various credit solutions, such as e-trade, it is ever more important for companies to be able to sell goods and services with minimum credit risk and to accept payment in a secure manner. Intrum Justitia exists to manage these payment flows – including credit assessment, invoicing, payment monitoring and debt collection.

When credit assessments and payment flows function, companies are paid, are able to develop and can recruit more staff. Societies are viable and gain resources for environmental efforts. In a sound economy both businesses and people prosper.

VISION

Our vision is to be a company for and with people, offering Credit Management and Financial Services that add considerable value.

CLIENT BENEFIT

With our credit optimization services, we help clients decide who they should sell to and on what terms. With the right credit decisions, our clients are able to maximize their results. Invoices are paid and profitability improves.

With our payment services, we help our clients secure faster payment and reduce the number of collection processes by ensuring, among other things, that payment reminders to their customers are consistent and on time. With Intrum Justitia taking care of invoicing and the accounts receivable ledger, the management of payments and reminders is conducted professionally, while our clients are able to focus on their core operations.

Because Intrum Justitia conducts collection efforts that are individually tailored to the consumer's financial capacity, our clients incur less bad debt losses and enjoy better liquidity and greater profitability while, at the same time, we help their financially stressed customers resolve their debts.

Our Financial Services enable clients to increase their cash flow and reduce their financial risk. Factoring allows clients to either sell their outstanding receivables to us and secure some payment up front; alternatively, with our payment guarantee service, we can secure payment for clients even when invoices mature without payment. Clients can also sell their overdue receivables to us and be reimbursed for a portion of the value.

OPERATIONAL TARGETS AND STRATEGIES

Market leadership

One of our most important operational targets is to be among the three largest players in each of the countries where we operate.

Extensive knowledge of the market and consumer groups is decisive if a credit management company is to achieve success. Compared to our competitors, Intrum Justitia gains this knowledge through our access to a larger database of business and credit information on individuals and companies.

Consequently, our strategy is to continue expanding – partly through organic growth in both Credit Management and Financial Services, and partly through acquisitions of complementary credit management companies and portfolios of receivables.

Complete offering

Our objective is to be the natural choice for our clients and their needs throughout the Credit Management Services chain – from clients seeking to sell on credit to considering selling receivables that have not been paid despite processing.

Our offering includes collection and invoice administration services, as well as financial solutions where Intrum Justitia takes on the client's financial risk. A comprehensive offering in the payment chain strengthens our relations with clients and increases our own insight regarding credit and payment patterns.

Our strategy to broaden our service offering includes a continued increase in investment volumes in purchased debt, further development of our Credit Management Services for e-trading companies and increased efforts to provide Financial Services early in the payment chain.

Operational efficiency

Our objective is to deliver the highest possible quality as efficiently and securely as possible throughout the credit management services chain. Operational efficiency enables a stable earnings trend and efficient pricing for enhanced growth in both Credit Management and Financial Services.

Enhancing the quality and efficiency of the services we deliver to clients forms a natural part of our business. We develop our practices and IT systems, and we work to spread know-how between our Group companies, identifying, highlight and disseminating the best practices.

Our strategy for continuously increasing our operational efficiency primarily involves strengthening our methods and resources in scoring, collection measures via the legal system and risk management. We are also continuing our extensive efforts to enhance productivity in IT.

A sound economy

Our objective is for both companies and consumers to appreciate the connection between a sound approach to payments and a well-functioning business sector. It is important that our employees have the opportunity to develop both professionally and personally and we are proud to contribute important work to contribute to an improved credit and payment environment in society.

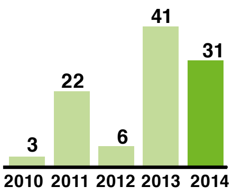
Late payments put a strain on liquidity for the seller of a product or service. The effects can be far-reaching and even, in some cases, cause bankruptcy. According to our analysis, as many as 36 percent of European businesses perceive late payment as a risk to their survival. Over the past ten years, the amount of unpaid receivables has risen from 1.9 percent to 3.1 percent in 2014 which amounts to EUR 360 billion. Working to reduce this sum is the most efficient action Intrum Justitia can take for a sustainable Europe.

Our strategy is to continue being proactive in our role as an influence and disseminator of information in the European credit market, both through active influence, as well as through our market surveys, the European Payment Index Report and the European Consumer Payment Report.

FINANCIAL TARGETS

1. Earnings per share are to rise by at least 10 percent annually

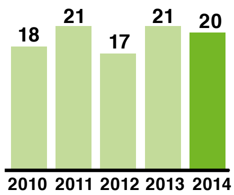
Growth in earnings per share is a measure that, over time, correlates very well with the growth in value for Intrum Justitia's shareholders. Earnings per share and growth in this measure encompasses most aspects that drive shareholder value – organic growth, margin trend, financing structure, tax burden, dividend growth, etc. We believe that it is realistic to reach or exceed a target of 10 percent growth. The diagram shows the historical outcome for annual growth in earnings per share:



Historical outcome for annual growth in earnings per share, %.

2. Return on purchased debt shall be at least 15 percent annually

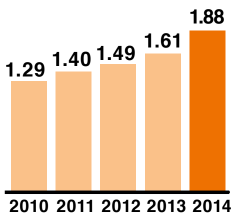
Over the next few years, it is our assessment that a large portion of Intrum Justitia's growth will be generated in purchased debt, where we believe there will be good market growth. Such growth should not, however, be achieved at the expense of profitability – Intrum Justitia has always prioritized disciplined pricing with a stable and high return. The diagram shows the historical outcome for return on purchased debt:



Historical outcome for return on purchased debt, %.

3. Net debt in relation to operating earnings before depreciation and amortization shall be in the interval 2.0-3.0

Intrum Justitia shall maintain a responsible financial structure, taking into account the operations' risks, volatility and access to capital on credit markets. The central measure for assessing the level of the Group's borrowing is to relate net debt to cash flow, with operating earnings before depreciation and amortization being judged to provide the best view and being the most generally accepted measure of financial capacity among creditors. Intrum Justitia has very strong cash flow from operations by means of its stable earnings without capital being tied up in Credit Management and because purchased debt has a short cash-flows pay back time. The diagram shows the historical outcome for net debt in relation to operating earnings before depreciation and amortization:



Historical outcome for net debt in relation to operating earnings before depreciation and amortization.

Definitions of financial key figures are provided on page 93.

DIVIDEND POLICY

Intrum Justitia's dividend policy is that shareholders should, over time, obtain a dividend or equivalent that averages at least half of the net after tax earnings for the year. Decisions relating to dividend proposals will take into account the company's future financial development, capital requirements and status in other regards.

For 2014 the Board has proposed a dividend totalling SEK 7.00 per share (SEK 5.75 per share), which is equivalent to approximately 50 percent of the net earnings for the year.

Sound credit management is a prerequisite for a sustainable Europe

Only countries with a sound economy have opportunities to build well-functioning societies and favourable environmental development. In turn, sound credit management provides the conditions for companies to increase their profitability, expand, and create jobs, and to thereby play a role in the favourable development of the country. To help achieve this, Intrum Justitia offers services throughout the credit management chain from credit optimization and payment services to collection.

CREDIT-MANAGEMENT SERVICES } CREDIT OPTIMIZATION SERVICES | PAYMENT SERVICES | COLLECTION SERVICES

Before our clients sell a product or service, we help them assess potential customers' payment capacity using our credit optimization services. Once the transaction has been made, our payment services our used, with billing and accounts receivable. Where invoices are past due, we offer our debt-collection services to ensure that full payment is received for the product or service.

CREDIT OPTIMIZATION – A SAFER START TO A TRANSACTION

We live in a time in which e-trading is growing strongly, where we make payments by means of a variety of new credit solutions or use mobile payment solutions. Today, credit forms an increasingly important component in companies' sales efforts and our credit optimization services provide our clients with data that helps them determine who to sell to and on what terms. It is a matter of finding the right balance – if our clients are too restrictive, they could lose customers, and if they are too generous when granting credit, the result could be a credit loss. The best transactions are made somewhere in between.

Successful credit management is based on a combination of knowledge, information and understanding. After many years' experience of European credit markets, we have an extensive register of consumer payment patterns.

With this knowledge, combined with Intrum Justitia's own analysis models, our clients' risk assessment is made easier and granting credit to customers is more secure.

We refer to the process we perform to advise clients prior to a transaction as scoring. This entails Intrum Justitia assessing a group of people's creditworthiness on the basis of historical data and predicting payment habits and behav-

> Sound credit management provides the conditions for companies to increase their profitability, expand, and create jobs, and to thereby play a role in the favourable development of the country."

iours. The technique builds on a combination of advanced statistical tools and considerable IT capacity, a knowledge of psychology and good business acumen. Our clients save sales resources by only processing attractive customers and they reduce their credit risk by acquiring an awareness of payment patterns before the transaction is carried out.

By adjusting the terms of payment, higher risk transactions can also be accepted, contributing to the company's earnings. Interpretations are based on the circumstance of each individual client. In some market segments, Intrum Justitia makes credit decisions on behalf of clients and guarantees payment based on the credit information available.

Intrum Justitia offers credit optimization for both national and international clients who wish, for example, to combine data from their accounts receivable ledgers with external credit information. It should be possible for anyone to turn to Intrum Justitia alone, rather than several different suppliers. In those markets where we do not yet have permits to provide credit information, we meet our clients' external credit information needs using information from third parties.

PAYMENT SERVICES FOR FASTER PAYMENT AND FEWER COLLECTION CASES

Using our payment services, payment periods are shortened and the number of collection cases is reduced with us ensuring that our clients' customers receive reminders consistently and on time. When Intrum Justitia takes care of invoicing and sales ledgers, the management of payments and reminders is conducted professionally.

Our invoicing and notification services also free up resources for our clients. Electronic and paper invoices are sent out automatically using quality-assured routines. In many sectors, such as the expanding e-trading business, well-functioning credit provision and payment processes are business critical.

Professional payment administration should be active and must therefore be well organized and up-to-date. Using scoring, which, among other things provides us with a knowledge of people's behavioural patterns and payment trends, Intrum Justitia is able to provide reminders that are individually adapted to clients' customers who have fallen behind with their payments. Procedures are adapted to each end-customer with, for example, the design and frequency of payment reminders taking the end-customer's financial situation into account.

When payment administration is individually adapted in this way, to take the end-customer's financial situation into account, we help our clients maintain good relations with their customers.

COLLECTION TAKING END-CUSTOMERS' PAYMENT CAPACITY INTO ACCOUNT

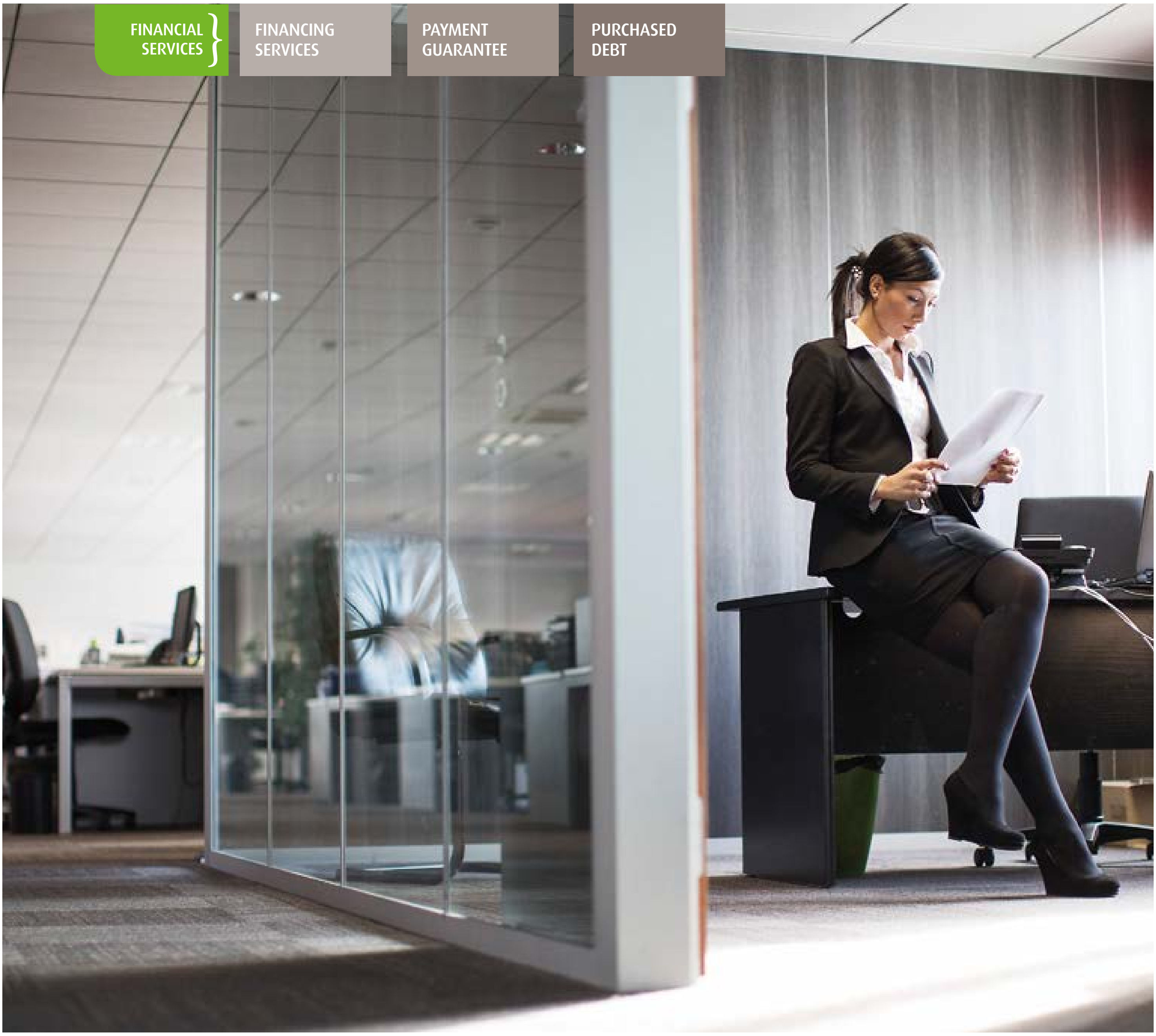
End-customers encountering difficulties in meeting their payments and our clients, who risk not being paid, actually find themselves in the same boat. One seeks to be debt free and the other seeks payment for its products. Intrum Justitia is the intermediary and, thanks to our scoring systems, large-scale databases and analysis tools, we have good insights into consumers' payment habits and are able to conduct collection operations that are individually tailored to the consumer's payment capacity. We can, for example, see differences between consumers who have encountered temporary financial problems and those who find themselves in a far more difficult situation. This enables us to help them, in a respectful way, to resolve their debts.

For those selling products or services, delayed payments lead to strained liquidity or worse, and can even end in bankruptcy.

According to our survey, European Payment Index 2014, as many as 46 percent of European companies believe that the proportion of late or non-payments will increase. And fully 36 percent view this as a risk to their company's survival. Intrum Justitia is working to reduce the number of bankruptcies, thereby promoting more vigorous business and generating conditions for sustainable societies in Europe. Our experience, tried and tested processes and analysis methods make the work of collecting payment highly efficient, even from debtors who are very late with their payments.

If the debt collection process is still not bearing fruit, even after the person liable for payment has been informed of their debt situation, received useful assistance from us and an opportunity to pay, but still fails to do so, we can forward the matter to the legal authorities, such as the enforcement service, for a decision.

Intrum Justitia also makes it easy for companies to collect payments internationally, in countries other than their home markets. Our presence and qualified partners in many markets are key elements in Intrum Justitia's success. We cover some 180 countries worldwide.


FINANCIAL SERVICES
FINANCING SERVICES
PAYMENT GUARANTEE
PURCHASED DEBT

Reduced risk and increased cash flow with our Financial Services

Our Financial Services help clients improve their cash flow and reduce their financial risk. When clients use our financing services, factoring lets them sell their outstanding receivable to us and get paid for part directly. Alternatively, with our payment guarantee service, we can secure payment for clients even when invoices mature without payment. We can also acquire our client's overdue receivables for a portion of the value and continue with longer-term collection actions.

FINANCIAL SERVICES GIVE STRONGER CASH FLOW

For companies that need to increase their liquidity, to enable investment or cover a capital need by not having to tie up capital in accounts receivable, we offer financing services. The need might also involve reducing financial risk.

To assist our clients in these situations, we offer various financing services, such as factoring. In such cases, our client transfers the rights to its invoices to us before they fall due for payment, enabling them to quickly increase cash flow in their operations.

Companies in the e-trading segment need support to be able to accept online payments securely. The companies in this expanding market need a stable payment solution to manage the growing cash flows that are generated and, for this reason, we offer specialized services that handle both credit provision and payment, and we take on the credit risk for clients involved in online sales.

PAYMENT GUARANTEE – SELL WITHOUT RISK

An increasing number of companies conduct operations whereby thousands of credits of varying scope are provided to customers every day, consequently incurring considerable financial risk. Perhaps the most common example consists of e-trading companies that offer numerous products on credit, with invoiced payments for example.

For those clients, who seek to sell without risk and who do not want to devote resources to payment reminders and collection services, we offer services that provide a payment guarantee based on a credit decision and credit monitoring.

At the time of sale, we assess the customer's creditworthiness and offer tailored payment alternatives. For those consumers who decide to pay on credit, Intrum Justitia guarantees that our client will receive the full amount for the sale. We treat invoices that become overdue as normal collection cases.

PURCHASED DEBT – A GROWING NEED

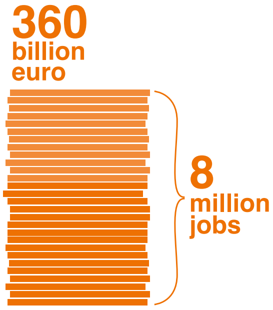
In 2014, fully EUR 360 billion in unpaid accounts receivables were written off. Late or defaulted payments are a growing problem, partly due to the economic crisis from which several European countries are still suffering.

When Intrum Justitia buys a company's overdue receivables, its liquidity nonetheless improves because it receives payment for a portion of the former receivable on which it previously risked losing payment entirely. We are able to continue with long-term collection measures whereby it will be easier for the consumer to become debt-free, since we can assist them, in a professional manner, to reduce their debt, for example through payment plans tailored to each consumer's payment capacity.

The purchase consideration for portfolios of overdue receivables is determined by forecasting how much of the debt will be repaid and when it is expected to be paid. Depending on the age and quality of the portfolio, the amount can be significantly lower than the nominal amount of the receivable – commonly between 5 and 50 percent of the receivables' nominal value.

Following a purchase, individual scoring is conducted to ensure that cases are administered in a way that optimizes the outcome. That is, we determine who will receive a letter or phone call or a payment plan structure, and which cases will be left alone for the time being. By monitoring the period of limitation, maintaining good contacts with debtors, and finding the best solutions for all parties, even many old debts can be paid.

In ten years, the number of non-payments has increased from 1.9 percent to 3.1 percent; amounting in 2014 to fully EUR 360 billion. As an example, this corresponds to the cost of about 8 million new jobs.



The average payment period between companies in Sweden was 35 days, that is, eight days late, since the payment terms are an average 27 days.

Sustainability involves the environment, society and the economy

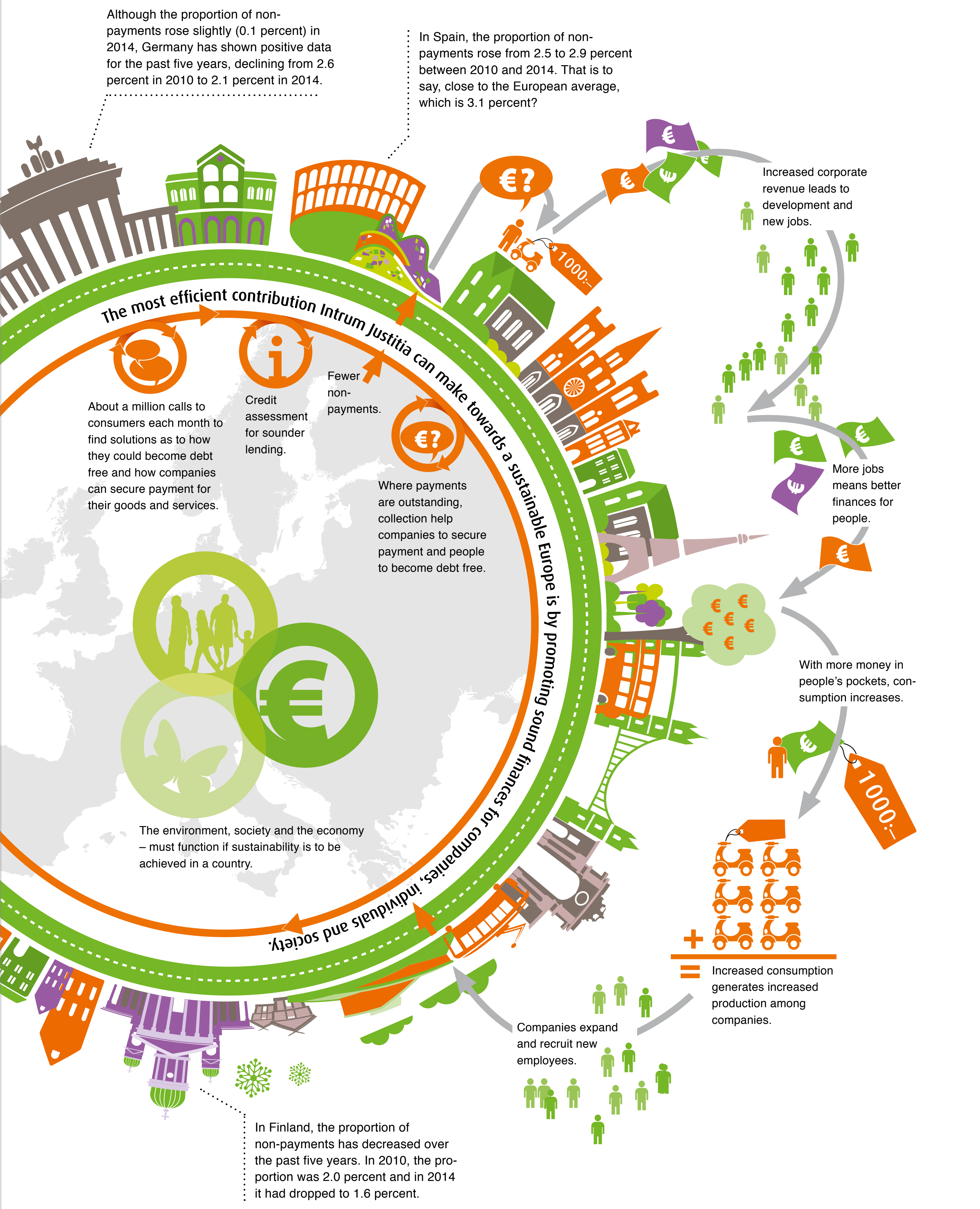
The environment, society and the economy are mutually dependent in achieving sustainability – none of them can function sustainably without the other two. For example, environmental damage causes major problems for both society and the economy in many countries. And, in countries with poorer economic conditions, less is invested in environmental and social development than in countries where the economy is strong. All three areas – the environment, society and the economy – must function if sustainability is to be achieved in a country.

Since 1998, Intrum Justitia has conducted an annual study of payment behaviour in Europe through its European Payment Index (EPI) survey. Over the past ten years, the number of late or non-payments in Europe has increased from 1.9 percent to 3.1 percent; amounting to EUR 360 billion in 2014. This is a huge sum that companies have lost over just a single year – money that cannot be used for innovation, expansion or new recruitment equivalent to jobs for 8 million people. The most effective thing that Intrum Justitia can do for a sustainable Europe is to work for payments being made on time, thus contributing to a healthy economy for companies, people and society in general.

A sound economy is a prerequisite for a functioning society that applies responsible environmental thinking. In our mission to act as a catalyst for a sound economy, we maximize our contribution to a sustainable society through our expert knowledge in our day-to-day dealings with companies and consumers. In purely concrete terms, we work for sounder credit, shorter payment periods in several European countries and to reduce the number of unpaid accounts receivable.

The average payment period between companies in Italy was 94 days. That is fully 29 days late, since payment terms are an average 65 days.

Source: European Payment Index 2014 (EPI 2014).


Although the proportion of non-payments rose slightly (0.1 percent) in 2014, Germany has shown positive data for the past five years, declining from 2.6 percent in 2010 to 2.1 percent in 2014.
In Spain, the proportion of non-payments rose from 2.5 to 2.9 percent between 2010 and 2014. That is to say, close to the European average, which is 3.1 percent?
€?
1000:-
Increased corporate revenue leads to development and new jobs.
More jobs means better finances for people.
With more money in people's pockets, consumption increases.
1000:-
Increased consumption generates increased production among companies.
Companies expand and recruit new employees.
The most efficient contribution Intrum Justitia can make towards a sustainable Europe is by promoting sound finances for companies, individuals and society.
About a million calls to consumers each month to find solutions as to how they could become debt free and how companies can secure payment for their goods and services.
Credit assessment for sounder lending.
Fewer non-payments.
€?
Where payments are outstanding, collection help companies to secure payment and people to become debt free.
The environment, society and the economy – must function if sustainability is to be achieved in a country.
In Finland, the proportion of non-payments has decreased over the past five years. In 2010, the proportion was 2.0 percent and in 2014 it had dropped to 1.6 percent.

> ” In 2014, Intrum Justitia's employees made calls to about one million consumers each month to find solutions as to how they could become debt free, for example, through payment plans, and how companies can secure payment for their goods and services.”

OUR CONTRIBUTION TO A SUSTAINABLE SOCIETY

Within Europe there is considerable variation in progress in adapting to new environmental requirements, how societies function and the countries' economic status. In general, however, in 2014, there was still an imbalance between the three areas – environment, society and economy – in many countries in the EU. In particular several countries are struggling with exceptional economic challenges, making it difficult to develop a more environmentally friendly way of life and to change society as a whole for the better.

Researchers agree that everyone must contribute if a change is to be achieved – governments, authorities and other organizations, as well as individuals and, not least companies.

As a company, Intrum Justitia must find ways of contributing towards sustainable development. These ways must also be profitable – otherwise, they risk being short-lived ventures that fade without achieving a long-term impact.

In this context, Intrum Justitia is doing what it is best suited for. We are convinced that the most efficient contribution Intrum Justitia can make towards a sustainable world is by promoting sound finances for companies, individuals and society in general.

If we can contribute to sound and secure business, companies will be paid for the goods and services. Through accurate credit assessments, people avoid debt traps or can obtain our help in getting rid of old debts that burden entire families. All of this helps companies become more profitable, allowing them to expand and employ more people, making the economies of entire societies stronger, which, in turn, generates economic conditions for long-term environmental work.

SOME EXAMPLES FROM 2104

In 2014, Intrum Justitia's employees made calls to about a million consumers each month to find solutions as to how they could become debt free, for example, through payment plans, and how companies can secure payment for their goods and services.

Through two comprehensive annual European surveys among companies and consumers, we generated awareness and debate among politicians and the media, for example, about how late or non-payments affect the economies of the EU. The surveys were documented and communicated to selected groups in the publications European Payment Index and the Consumer Payment Report. They can also be ordered via our website www.intrum.com.

We participated in seminars and meetings at the EU Parliament in Brussels to inform delegates of the situation and the best approaches in working for a sound economy and secure payments in Europe. In 2014, we distributed more than 8,000 reports containing data based on our surveys.

During 2013 and 2014, we were invited by the European Union, as the sole representative of the business community, to speak during the campaign in which the "Late Payment Directive" is being implemented. The Late Payments Directive recommends that payment periods for companies be at most 60 days and for authorities 30 days. Representatives from Intrum Justitia participated as speakers at a total of 28 seminars in as many countries.

As a service company, Intrum Justitia's operations have a limited impact on the environment – nonetheless, we make efforts to directly benefit the environment by preferring videoconferencing to travel, owning a vehicle fleet consisting of cars that emit less than 130 grams of carbon dioxide and using office materials efficiently.

"The result of partnership is that we have, since 2011, reduced the number of cases by about 500 each year, improved the resolution rate to almost 100 percent, and shortened processing time by five days" said Anna Zenòb, credit administrator at Samhall.

CLOSE TO 100 PERCENT RESOLUTION RATE

Samhall is Sweden's largest service provider. The company has approximately 23,000 employees in more than 200 locations and offers services ranging from cleaning, laundry and janitorial services to logistics, manufacturing and care. Samhall is owned by the Swedish government and has annual sales of about SEK 7 billion. The company's core mission is to create stimulating work for people with functional impairment by matching the right person to the right job in competitive customer assignments.

Samhall needed to create a uniform and consistent approach to command the respect and trust of its customers and partners. It needed to improve its financial performance by minimizing its capital requirements and credit losses. Directives were established for credit provision, dunning operations and debt collection. Samhall chose to select an external partner to manage its debt collection requirements.

Anna Zenòb, credit administrator at Samhall, talks about the partnership with Intrum Justitia.

"Competitors and leading players in the sector get in touch with us on a regular basis and Samhall assesses the tenders and presentations we receive. It is important that our partner is a company that supports development – an experienced player in its area, who can handle our customers and partners professionally. The choice fell on Intrum Justitia and the partnership has continued for many years. Over this extensive period of collaboration, Intrum Justitia has built up a thorough knowledge of our customers, which is important in our ongoing business cooperation.

Throughout these years, Samhall has enjoyed a good relationship with Intrum Justitia. The communication with our personal collection administrators works excellently and we feel that Intrum Justitia's employees have a high level of knowledge.

The services we use today are collection and long-term surveillance. Samhall manages its accounts receivable in-house. In accordance with current regulations, reminders are distributed daily, three days after the due date. After the customer has received a reminder, a credit administrator gets in touch to ensure that the invoice arrived, that it is correctly issued and to ask on what date payment will be made. Receivables that remain unsettled on days 12 to 14 are transferred to Intrum Justitia. Collection notices are distributed in accordance with the established regulations and the process then continues.

The solution has been tailored to the directives set for Samhall and functions satisfactorily. At Samhall, we work continuously to review our procedures and to develop the cooperation with Intrum Justitia. The result of partnership is that we have, since 2011, reduced the number of cases by about 500 each year, improved the resolution rate to almost 100 percent, and shortened processing time by five days. "

A DEDICATED TEAM THAT WAS ATTENTIVE

The UP Group in France (formerly the Cheque Dėjeuner Group) is no. 3 worldwide in the market of service vouchers, commercial prepaid cards and checks for Cheque Dėjeuner, Cadhoc gift cards and vouchers, Cheque Lire and Cheque Culture, as well as a destination for businesses, collectives and commercial enterprises.

When Cheque Déjeuner was looking for an expert to conduct a lettering assignment, its choice was Intrum Justitia.

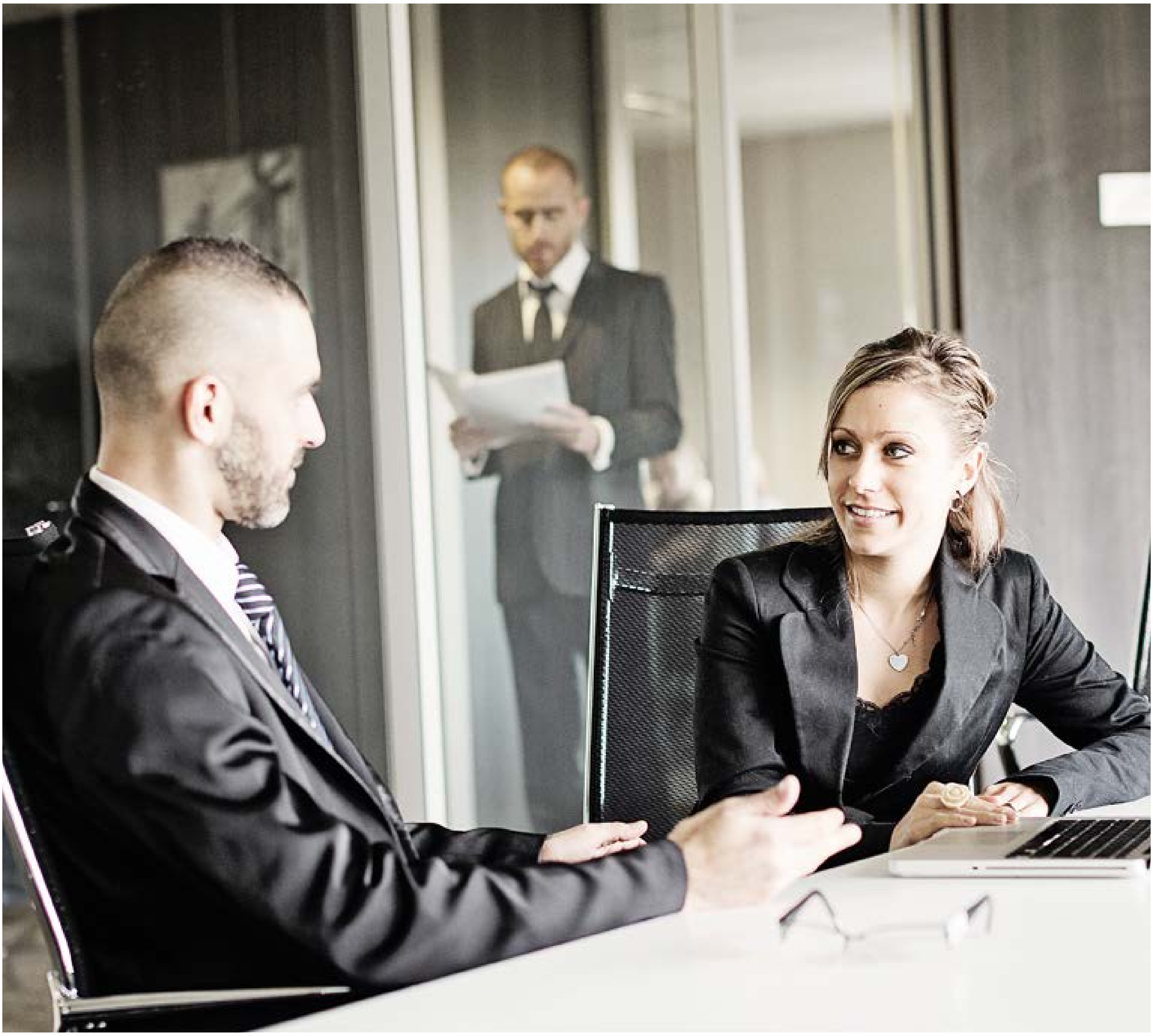
In the final assessment for 2013, the implementation of new accounting software within the organization showed outstanding account receivables for business meal vouchers. Cheque Déjeuner contacted Intrum Justitia for a specific mission: to implement and lead a lettering operation among its client companies. The primary objective consisted of accurately verifying the effective settlement of bills with a minimum amount of 150 euros for 4700 clients among the 198,000 member customers base.

”This type of operation is important for strengthening the financial performance of our business, however, it also requires delicate sensitivity when making contact with our important client base,” said Eric Lienou, recovery expert for Cheque Déjeuner, as well as director of this undertaking with Intrum Justitia. ”During this phase, we attach great importance to the quality of our relationship with our clients. We place particular emphasis on the use of experts. The choice of Intrum Justitia quickly gained widespread acceptance.” he explained.

After an initial analysis phase, Intrum Justitia has identified account receivables containing various anomalies (partially paid or unpaid bills), the information is then transferred to Cheque Déjeuner to conduct primary contact with the affected customers. In the end, the results are quite convincing: the initial goal of 100 percent recovery was effectively achieved and allowed the company to improve its outstanding receivables.

”We are very pleased with our cooperation with Intrum Justitia. We benefited from a dedicated team that was attentive and perfectly suited to represent our closely held values of fairness and sharing when achieving this mission,” he added. A further proof of satisfaction and confidence is that teams of UP Group and Intrum Justitia are already working in unison on new projects.

”We benefited from a dedicated team that was attentive and perfectly suited to represent our closely held values of fairness and sharing when achieving this mission”, said Eric Lienou, director of this undertaking with Intrum Justitia.



"The results of the cooperation with DNA are monitored and measured systematically. The objective is to continuously improve overall customer service."

INTRUM JUSTITIA'S CUSTOMER SERVICE PROFESSIONALS ARE SPECIALIZED IN PAYMENT-RELATED QUESTIONS

DNA Oy is a Finnish telecommunications company providing high-quality voice, data and TV services for communication, entertainment and professional purposes. DNA provides services to both consumers and businesses.

DNA partners with Intrum Justitia for account ledger services, credit information services and debt collection.

Applying a wider range of services is in the mutual interests. A client benefits from extended outsourcing by being able to intensify its own operations and increase its business. Also, billing and credit management are handled more easily as the number of contacts at different companies is minimized. Consequently, for Intrum Justitia, a wider range of services represents a key channel through which customer commitment can be increased. In addition, it is more fruitful to handle a client's credit management as a whole, being able to see the big picture and provide assistance throughout the credit management chain, something that applies in the partnership with DNA Oy.

Kalle Eriksson, Department Manager at DNA Oy says: "The cooperation between Intrum Justitia and DNA has been strengthened over the years. At some point, the natural continuation was to expand the partnership to include customer services for payment-related questions. At DNA, we wanted to enhance our internal processes, which means even better service to our customers. Today, our customers can deal with payment-related questions through a single contact and a single phone number. We want our customers to receive quick and helpful service in accordance with DNA's values. Our objective is satisfied customers."

"Intrum Justitia's customer service professionals are specialized in payment-related questions. Being able to see customers' overall situation, they can provide guidance. In the meantime, DNA's customer service personnel can focus properly on offering DNA's wide range of services in accordance with customers' needs."

It is a considerable expression of trust when clients outsource their customer service to us at Intrum Justitia. To be able to maintain our clients' own customer service and upholding their established level of service.

The results of the cooperation with DNA and Intrum Justitia are monitored and measured systematically. The objective is to continuously improve the overall customer service for DNA Oy.

A complete range of services in a market divided into two parts

The European credit management market is divided into two parts. In part, there are companies that supply credit management services and, in part, there are those that work with financial services. Intrum Justitia is one of just a few offering a complete range of both credit and financial services to clients in Europe.

CREDIT MANAGEMENT

The market for Credit Management Services, has relatively low barriers of entry for small and medium sized customers. This is one of the reasons why local, small-scale players in credit management are relatively numerous. In a market like this, with so many local competitors, Intrum Justitia's well-known brand is highly valuable.

FINANCIAL SERVICES

The market for purchased debt is dominated by a small number of larger European companies. This is because this market requires both considerable capital and a substantial quantity of data on consumers' and companies' payment behaviours to achieve success. Intrum Justitia possesses these characteristics.

GROWTH OPPORTUNITIES

Most European companies do not engage a specialist for their Credit Management needs – in southern and central Europe, in particular, there are several markets where the culture of credit management services is less established than in Northern Europe and where regional differences and uncertainty regarding the economic trend are considerable in several countries.

Companies' need to establish stronger and more predictable cash flow is increasing. Also increasing is the need to create additional alternatives for the financing of working capital, for example through the sale of receivables – positive trends that, in the long-term, benefit Intrum Justitia.

The market for investment in purchased debt has the potential to generate growth in the next few years.

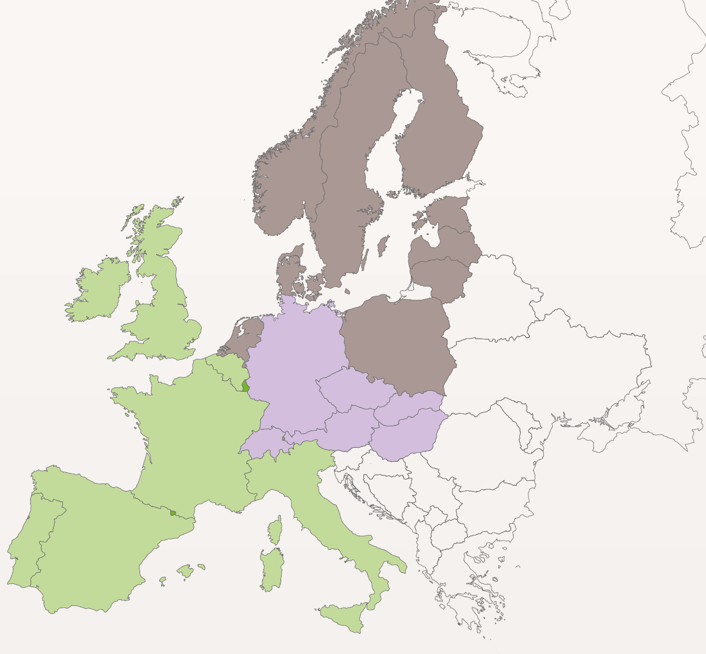
We also believe that our long-term growth will increasingly be a matter of assisting companies in different ways to reduce their overall financial risk by, for example, offering services that help them manage the entire payment flow and by assuming the credit risk before invoices mature for payment.

In our view, Intrum Justitia's focus is well attuned to the market trend, with a broadening of credit management services and a link to risk-reducing financial services based on strong collection operations.

75,000 CLIENTS OF ALL SIZES

Most of Intrum Justitia's clients are in the telecom, energy, banking and retail sectors. We have nearly 75,000 clients in 20 countries, with the 30 largest clients accounting for approximately 15 percent of Intrum Justitia's revenues. However, no single client accounts for more than 2 percent of revenues.

Some examples of customers in the financial sector include the Nordic banks Swedbank and Nordea; Generali in Austria and Erste Bank Hungary Zrt in Hungary. One of the Group's largest clients is Ärztekasse of Switzerland, which operates in the healthcare segment, while clients in the energy sector include Savon Voima in Finland, Primgaz in Denmark and the Nordic electricity companies Fortum and E.ON. In the telecom segment, we work with clients including Magyar Telekom Nyrt in Hungary, Orange in France, T-Mobile in Netherlands, DNA OY in Finland, and Vodafone in Spain.

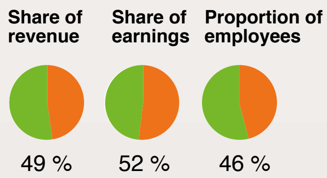


Regions

Intrum Justitia's operations are divided into three regions: Northern Europe, Central Europe and Western Europe. We have some 4,000 employees working in a total of 20 countries. The market position in each country and proportion of revenue, profit and employees, are distributed as follows:

Northern Europe

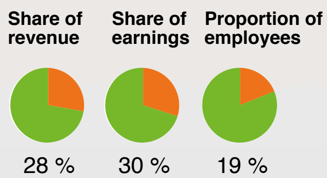
Year established		Market position
Denmark	1977	Market leader
Estonia	1996	Market leader
Finland	1910	Market leader
Poland	1998	Other
Netherlands	1983	Top 5
Norway	1982	Top 5
Sweden	1923	Market leader



	2014	2013	%	% fx*
Revenues, SEK M	2,539	2,481	2	0
Operating earnings, SEK M	733	748	-2	-4
Operating margin, %	29	30	-1 ppt	

Central Europe

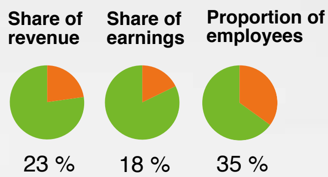
Year established		Market position
Austria	1995	Top 5
Czech Republic	1996	Market leader
Germany	1978	Other
Hungary	1993	Market leader
Slovakia	2005	Market leader
Switzerland	1971	Market leader



	2014	2013	%	% fx*
Revenues, SEK M	1,418	1,087	30	25
Operating earnings, SEK M	416	265	57	51
Operating margin, %	29	24	5 ppt	

Western Europe

Year established		Market position
Belgium	1988	Market leader
France	1987	Market leader
Ireland	1999	Market leader
Italy	1985	Other
Portugal	1997	Market leader
Spain	1994	Top 5
UK	1989	Other



	2014	2013	%	% fx*
Revenues, SEK M	1,192	991	20	14
Operating earnings, SEK M	246	187	32	25
Operating margin, %	21	19	2 ppt	

* %fx refers to the change adjusted for currency effects.

Revenues, operating earnings and operating margins excluding purchased debt revaluations.

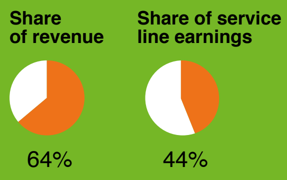
Service lines

Intrum Justitia's service offering is divided into two areas of operations – Credit Management and Financial Services.

The Credit Management service line accounts for 64 percent of consolidated total revenues and 44 percent of earnings. Almost 95 percent of the Group's employees work in this service line. The services are described in greater detail on pages 14–15.

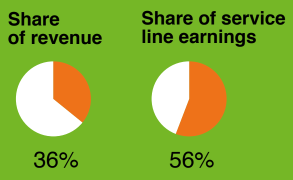
The Financial Services service line consists predominantly of investments in portfolios of overdue or written-off receivables. This service line accounts for 36 percent of consolidated total revenues and 56 percent of earnings. The services are described in greater detail on pages 16–17.

Credit Management Services

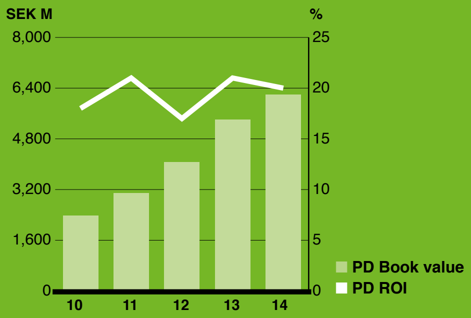


	2014	2013	%	% fx
Revenues, SEK M	3,844	3,469	11	7
Service line earnings, SEK M	912	823	11	7
Service line margin, %	24	24	0 ppt	

Financial Services

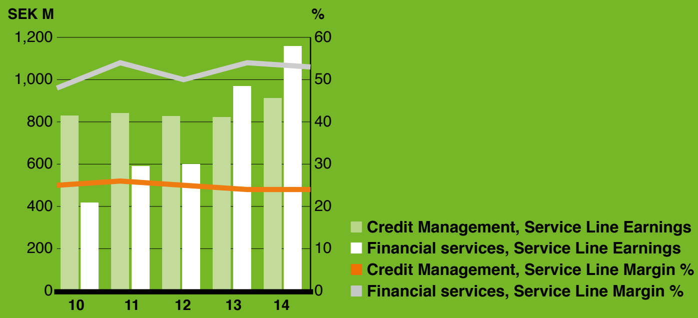


	2014	2013	%	% fx
Revenues, SEK M	2,173	1,791	21	17
Service line earnings, SEK M	1,159	969	20	16
Service line margin, %	53	54	-1 ppt	



PD Book Value/PD ROI

Purchased debt book value increased to SEK 6,197 M in 2014. The return on purchased debt was 20 percent in 2014.



Service line earnings/ Service line margin

Service line earnings were SEK 912 M for Credit Management and SEK 1,159 M for Financial Services in 2014 while Service line margins wer 24 percent and 53 percent respectively.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Shared values in 20 countries

In a group that is represented in 20 countries covering a wide geographical area, a shared approach and shared values represent important components in creating a competitive offering to our clients. Our work is as much about the heart as about the brain and our values reveal the people behind our services, who we are and how we interact with our clients and their customers.

VALUES FOR THE HEART AND BRAIN

We understand people: To find a favourable solution to each situation, it is essential that we are able to empathize with and understand people's needs. By understanding other people, we can turn a difficult situation into something positive through, for example, individual payment plans that help people become debt free. The core of our work is creating value for businesses and society through our understanding of people – both our clients and their customers, as well as our employees.

Seeking insight to feed innovation: Thanks to Intrum Justitia's size, we enjoy better conditions than most to collect the large amount of data that forms the basis of our ability to deliver competitive services to our clients. We gain insight into transactions and trends by collecting business and credit information on individuals and companies from all European markets. The information derives from our EPI survey (European Payment Index), purchases of debt portfolios and all of the data received as part of our day-to-day operations.

Making a difference: For us, our work is a matter of finding solutions. A solution-based approach allows us, through our services, to provide well-founded credit decisions, faster payments and smoother collection, which, in turn, makes for more profitable companies and speeds the development of society.

Committing to challenges: We are accustomed to transforming sensitive and challenging situations into positive ones. We work to change people's financial situation from one in which they find themselves in debt to one in which they are debt free, to improve clients' profitability through safer lending and faster cash flows – thus affecting companies and entire communities to develop positively.

LEADERSHIP PRINCIPLES FOR COMPETENCE DEVELOPMENT

We want to attract, develop and retain the best employees in the market. To retain and develop the competence of our employees, our managers apply three principles that entail us working towards common goals as a team with a coach.

Team spirit: All managers at Intrum Justitia shall support their teams by emphasizing team results ahead of individual results and by focusing on tasks in an environment pervaded by transparency and dialogue.

Coach and team player: Intrum Justitia's managers help others achieve success by acting as coaches. We trust our employees and extend responsibility to them through a considerable degree of delegation. As coaches, managers also hold clear operational roles, however, and participate in their teams' efforts.

Results: We define, measure and reward our employees' accomplishments by setting challenging but achievable targets. We measure development, reward results and celebrate success.

CREATING VALUE FOR OUR PEOPLE

We are some 4 000 employees, of more than 75 different nationalities, throughout Europe. Intrum Justitia is a diverse workplace that offers equal opportunities, and where everyone is treated with respect. Women and men are afforded equal opportunities and our objective when recruiting is to find the most qualified candidate regardless of gender. Our well-being and our development are critical for our success and growth, just as competent and motivated employees represent components in a strong and successful company.

At Intrum Justitia we aim to make work meaningful, stimulating and motivating. Meaningful through our living purpose and values. Stimulating through our market leader position and the mandate and responsibilities given to reach

"There are some 4,000 of us, and we come from 75 different countries. Women and men are afforded equal opportunities and our objective when recruiting is to find the most qualified candidate regardless of gender."

results. And motivating through individually tailored trainings programs and ample career opportunities.

THE OBVIOUS CHOICE

We are a company that works for and with people, and we aim to be the obvious choice of employer in our sector. Such an aim imposes demands on, for example, our procedures for management planning, career opportunities, internal recruitment and opportunities for professional development. Our HR strategy places great emphasis on recruitment, training and enhanced performance.

We focus on training and improved tools to strengthen expert knowledge and leadership capacity among employees and managers. In 2013/2014, more than 140 of our managers underwent our leadership programme, which has been specially designed in collaboration with IFL at the Stockholm School of Economics.

EMPLOYEE SURVEY AND EMPLOYER BRANDING

Our employee survey provides us with valuable data that helps us understand how all employees at Intrum Justitia perceive their daily lives at work, what is important in employees' satisfaction, enabling them to do a good job, and how we can further improve Intrum Justitia to make it the sector's best employer. We know that motivated employees are needed to satisfy our customers and thus to achieve success in business. The survey measures seven driving forces – the company's reputation, local management, employees' immediate managers, cooperation between teams and countries, day-to-day work procedures, salary benefits and development opportunities. Combined, these driving forces determine the extent of the employee's satisfaction, motivation and loyalty at work.

In 2014, each of our countries defined, implemented and followed a dedicated action plan for continuous improvements of our teams satisfaction and motivation.

	2014	2013	2012	2011	2010
Revenues per employee, SEK M	1.36	1.29	1.16	1.19	1.22
Operating earnings per employee, SEK thousands	376	342	252	260	236
Average number of employees	3,801	3,530	3,485	3,331	3,099
Proportion women, %	64	64	63	64	63
Sick leave, %	4	4	4	4	4

I work together with our clients to continuously improve our processes so that they contribute to our clients' business and their undertakings towards their customers. At the same time, we minimize our clients' customer losses and increase our revenues. A real challenge that suits me perfectly.

I play a coordinating role, acting as adviser and making sure we deliver a quality service to our customers. This demands that we are always proactive and sensitive, and that we make it easy to be our client. I take care of all of the internal connections, so the client needs only one contact. My duties also include training and disseminating knowledge via the Intrum Web portal, our client application.

I've worked at Intrum Justitia since July 2013 and I've developed but am still learning a lot. Intrum Justitia is a workplace that encourages internal development. I want to continue making a difference in the future, so I'm very confident in my own prospects.

Intrum Justitia is a stimulating environment to work in and the scope of my work is very broad. I enjoy the company's international flavor and working with people. It never gets boring because my work is varied and involves multiple functions. Each working day is different and allows me to use my problem solving skills. I appreciate my cooperation with colleagues – both here in Austria and abroad.

Helping clients get their invoices paid, while also helping debtors resolve their financial problems feels very valuable. Our work to amass knowledge and transfer it to all of the teams is fundamental and gives me great pleasure.

Intrum Justitia Austria offers internal and external training. Personally, I have enjoyed great training opportunities within the region, as well as through Group headquarters in Stockholm. Having taken part in most of the internal courses, I can confirm that investing in knowledge transfer between the different departments is valuable and important.

I have worked at Intrum Justitia Portugal for nine years. I first joined the BackOffice department during a period of great expansion for the company. I assisted the Operations Department for three years, processing correspondence and identifying payments.

Later, I became a specialized collector in the Banking Team and worked there for five years. It was a very enriching experience and helped me develop my skills in argumentation, persuasion and resilience. In February 2014, I was recruited internally to the CRM team.

Today, my day-to-day duties involve telephone contact with clients and exchanging information with them. This allows me to identify customers' needs and propose improvements in internal procedures. This means that, together, we can maximize opportunities for new business and define the most effective strategies for credit recovery.

I believe my professional future is with Intrum Justitia. My personal development is linked to the company's growth and success.

The share

Intrum Justitia's shares have been listed on Nasdaq Stockholm since June 2002. Since January 2014, the shares have been listed on the Nasdaq Stockholm Large Cap list of companies with a market capitalization of more than EUR 1 billion.

SHARE CAPITAL

On December 31, 2014, Intrum Justitia AB's share capital amounted to SEK 1,594,893 distributed among 77,360,944 shares with a quota value per share of about SEK 0.02. Share repurchases have taken place in 2013 and 2014. Subtracting the shares held by the company, the number of shares outstanding amounts to 73,847,534. Each share entitles the holder to one vote and an equal share in the company's assets and earnings.

MARKET CAPITALIZATION, PRICE TREND AND TURNOVER

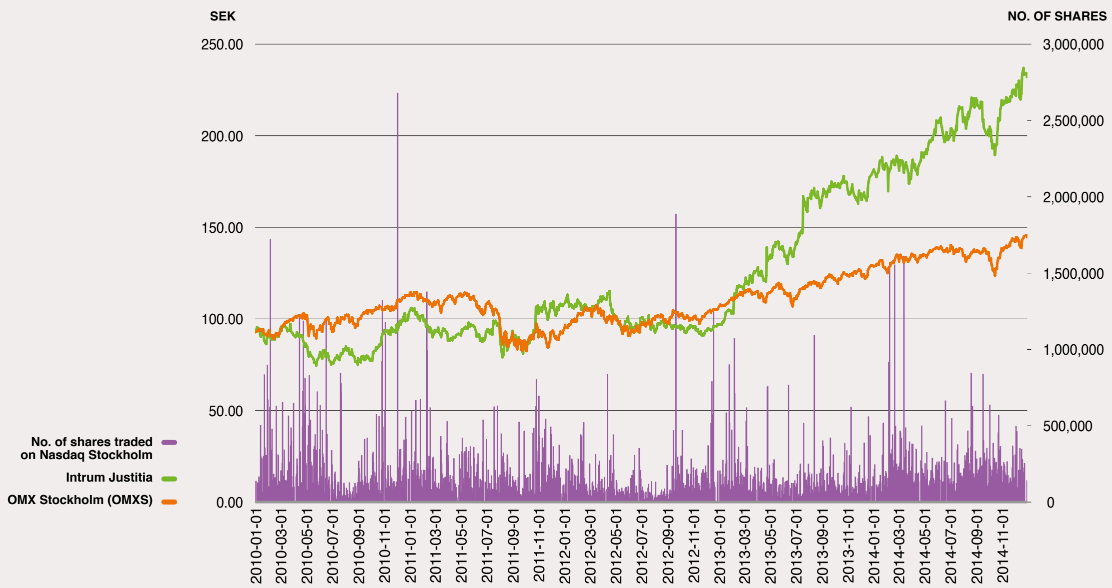
In 2014 the price of Intrum Justitia's share rose from SEK 180.00 to SEK 232.00, an increase of 32 percent, adjusted for a dividend of SEK 5.75 per share. During the same period the Stockholm Stock Exchange's index (OMXS) rose by 12 percent. The lowest price paid for the share during the year was SEK 167.60 on February 5, and the highest was SEK 237.00 on December 22. The price at the end of the year gave a market capitalization for Intrum Justitia of SEK 17,133 M (14,138). Share trades were concluded on every business day of the year. An average 252,157 shares were traded per day (172,949) on the Nasdaq Stockholm Exchange. In total, when including all marketplaces on which the Intrum Justitia share trades, an average of 495,756 shares traded per day during the year. Trade on the Nasdaq Stockholm Exchange accounted for 51 (51) percent of total trade in 2014. Trades were also made via the Chi-X and Turquoise exchanges, as well as through "dark pools" and other OTC trading venues.

SHAREHOLDERS

At the end of 2014 Intrum Justitia had 7,761 shareholders, compared to 7,635 the year before. The 9 members of the Group Management Team held a combined 107,558 shares in Intrum Justitia at the end of the year. At the end of the year, Intrum Justitia's board members owned 31,000 shares. Intrum Justitia AB held 3,513,410 treasury shares at the end of 2014.

DIVIDEND POLICY

Intrum Justitia's Board of Directors intends to annually propose a dividend or its equivalent to shareholders that over time averages at least half of the net earnings for the year after tax. Decisions relating to dividend proposals take into account the company's future revenues, financial position, capital requirements and the situation in general. For the 2014 financial year the Board proposes a dividend of SEK 7.00 per share, corresponding to around 50 percent of the net earnings after tax. The proposed record date for the dividend is April 24, 2015.



DEVELOPMENT IN SHARE CAPITAL

	Transaction	Change in share capital	Total share capital	Total number of shares	Par value per share
2001	Founding of the company	100,000	100,000	1,000	100
2001	Split 5000:1	0	100,000	5,000,000	0.02
2001	New share issue [1]	778,729.4	878,729.4	43,936,470	0.02
2002	New share issue [2]	208,216.72	1,086,946.12	54,347,306	0.02
2002	New share issue [3]	612,765.96	1,699,712.08	84,985,604	0.02
2005	Redemption [4]	–140,587.06	1,559,125.02	77,956,251	0.02
2007	Exercise of employee stock options[5]	22,672	1,581,797.02	79,089,851	0.02
2008	Exercise of employee stock options[6]	10,046.40	1,591,843.42	79,592,171	0.02
2009	Exercise of employee stock options[7]	8,049.60	1,599,893.02	79,994,651	0.02
2011	Reduction of share capital [8]	–5,000	1,594,893.00	79,774,651	0.02
2014	Cancellation of treasury shares [9]	0	1,594,893,00	77,360,944	0.02

1) Directed to Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 0.02 per share as part of the legal restructuring of the Intrum Justitia Group.

2) 1,402,228 shares each to Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 4.432 per share, and 3,803,190 shares each to Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 0.02 per share.

3) 30,638,298 shares to the public and institutional investors at a subscription price of SEK 47 per share.

4) Redemption of 7,029,353 shares for a cash payment of SEK 84 per share. The procedure involved the distribution of a total of SEK 590,325,064.94 to the company's shareholders, whereby the company's share capital was reduced by SEK 140,587.06, while the share premium reserve was reduced by SEK 590,325,064.94.

5) During the period July 1 – December 31, 2007 Intrum Justitia's share capital increased from SEK 1,559,152.02 to SEK 1,581,797.02, corresponding to 1,133,600 new shares and the same number of votes, as new shares were subscribed for through the exercise of employee options.

6) During the period January 1 – December 31, 2008 Intrum Justitia's share capital increased from SEK 1,581,797.02 to SEK 1,591,843.42, corresponding to 502,320 new shares and the same number of votes, as new shares were subscribed for through the exercise of employee options.

7) During the period January 1 – December 31, 2009 Intrum Justitia's share capital increased from SEK 1,591,843.42 to SEK 1,599,893.02, corresponding to 402,480 new shares and the same number of votes, as new shares were subscribed for through the exercise of employee options.

8) The company's own holding of 250,000 shares was cancelled in 2011.

9) The Company's share capital was decreased by SEK 47,674.14 through cancellation of 2,383,707 treasury shares, the share capital was further increased through a bonus issue with the equivalent amount without issuing new shares. After the cancellation, the Company has in total 77,360,944 outstanding shares equivalent to the same number of votes.

SHAREHOLDINGS BY SIZE

as of December 31, 2014**

Holding, no. of shares	No. of share-holders	Total no. of shares	Capital and votes, %
1 – 1,000	6,597	1,688,041	2.2
1,001 – 10,000	789	2,509,707	3.4
10,001 – 50,000	183	4,607,098	6.2
50,001 – 100,000	50	3,645,504	4.9
100,001 – 500,000	102	21,801,380	29.5
500,001 – 1,000,000	26	21,801,380	23.4
1,000,001 – 10,000,000	14	25,799,542	32.4
Totalt	**7 761**	**81 852 652**	**100.0**

Number of shareholders who own 100 shares or less: 2,990

OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2014**

Total no. of shares 73,847,534	No. of shares	Capital and votes, %
Fidelity Investment Management*	7,599,534	10.3
SEB Fonder	4,582,764	6.2
Norges Bank Investment Management	2,812,011	3.8
State of New Jersey Pension Fund	2,500,000	3.4
Lannebo Fonder	2,260,000	3.1
AMF Försäkring & Fonder	1,931,547	2.6
Carnegie Fonder	1,828,929	2.5
Swedbank Robur Fonder	1,706,778	2.3
Skandia Liv	1,675,051	2.3
SHB Fonder	1,600,663	2.2
Totalt, tio största ägarna	**28,497,277**	**38.6**

DATA PER SHARE

	2014	2013	2012	2011	2010
Earnings before dilution, SEK	13.48	10.30	7.32	6.91	5.67
Operating cash flow, SEK	34.95	29.06	24.90	22.15	20.37
Equity before and after dilution, SEK	39.92	41.19	37.42	34.81	32.21
Dividend/proposed dividend, SEK	7.00	5.75	5.00	4.50	4.10
Dividend/net earnings	52	55	68	65	72
Share price, SEK	232.00	180.00	97.00	107.75	103.50
Yield, %	3.0	3.2	5.2	4.2	4.0
P/S Multiple	3.4	3.1	1.9	2.2	2.2
P/E Multiple	17.21	17.50	13.2	15.6	18.3
Beta	1.0	0.8	0.7	0.7	0.7
Number of shares at the year end	73,847,534	78,546,878	79 744,651	79,744,651	79,744,651
Average number of shares after dilution	76,461,901	79,306,099	79,744,651	79,744,651	79,744 651

*) As result of disposal of shares after December 31, 2014 capital and votes as of February 28, 2015 correspond to 5.2%.
**) According to SIS Aktieägarservice AB

Financial overview

Income statement, SEK M	2014	2013	2012	2011	2010
Revenues	5,184	4,566	4,048	3,950	3,766
Cost of sales	–2,963	–2,663	–2,482	–2,363	–2,322
Gross earnings	**2,221**	**1,903**	**1,566**	**1,587**	**1,444**
Sales and marketing expenses	–262	–211	–226	–243	–304
Administrative expenses	–585	–484	–468	–470	–411
Disposal of operations/Goodwill impairment	–111	–	–	–9	–
Release of liability for shares in subsidiaries	164	–	–	–	–
Participations in associated companies and joint ventures	3	–1	7	3	2
Operating earnings (EBIT)	**1,430**	**1,207**	**879**	**868**	**731**
Net financial items	–183	–161	–150	–115	–92
Earnings before tax	**1,247**	**1,046**	**729**	**753**	**639**
Taxes	–206	–227	–145	–200	–187
Net earnings for the year	**1,041**	**819**	**584**	**553**	**452**
Of which, attributable to the Parent Company's shareholders	1,031	817	584	552	452
Non-controlling interests	10	2	0	1	0
Net earnings for the year	**1,041**	**819**	**584**	**553**	**452**

Balance sheet, SEK M	2014	2013	2012	2011	2010
Assets					
Total fixed assets	9,362	8,412	6,955	6,019	5,243
of which, Purchased debt	6,197	5,411	4,064	3,088	2,373
Total current assets	1,979	1,810	1,520	1,892	1,872
Total assets	**11,341**	**10,222**	**8,475**	**7,911**	**7,115**
Shareholders' equity and liabilities					
Total shareholders' equity	3,041	3,316	2,986	2,778	2,577
Total liabilities	8,300	6,906	5,489	5,133	4,538
Total shareholders' equity and liabilities	**11,341**	**10,222**	**8,475**	**7,911**	**7,115**

Key figures	2014	2013	2012	2011	2010
Net revenues, SEK M	5,184	4,566	4,048	3,950	3,766
Revenue growth, %	14	13	2	5	–9
Operating earnings (EBIT), SEK M	1,430	1,207	879	868	731
Operating earnings (EBIT) excluding revaluations, SEK M	1,395	1,200	958	849	727
Operating margin excl. revaluations, %	28	26	22	22	19
Operating margin, %	27	26	23	22	19
Operating earnings before depreciation and amortization, SEK M	2,996	2,684	2,199	1,929	1,702
Earnings before tax, SEK M	1,247	1,046	729	753	639
Net earnings, SEK M	1,041	819	584	553	452
Net debt, SEK M	5,635	4,328	3,261	2,692	2,193
Net debt/RTM operating earnings before depreciation and amortization	1.88	1.61	1.49	1.40	1.29
Earnings per share, SEK	13.48	10.30	7.32	6.91	5.67
Growth in earnings per share, %	31	41	6	22	3
Dividend/proposed dividend per share, SEK	7.00	5.75	5.00	4.50	4.10
Average number of shares, thousands	76,462	79,306	79,745	79,745	79,745
Number of shares at year-end, thousands	73,848	78,547	79,745	79,745	79,745
Return on purchased debt, %	20	21	17	21	18
Investments in Purchased debt, SEK M	1,950	2,475	2,014	1,804	1,050
Average number of employees	3,801	3,530	3,475	3,331	3,099

The comparison figures for 2012 have been recalculated in accordance with IFRS 11 and IAS 19R. The comparison figures for previous years have not been recalculated.

Board of Directors' Report

The Board of Directors and the President and CEO of Intrum Justitia AB (publ) hereby submit the annual report and consolidated financial statements for the 2014 fiscal year.

THE INTRUM JUSTITIA GROUP

Intrum Justitia AB (publ) (corporate identity number 556607-7581) is domiciled in Stockholm which is a public limited liability company and conducts operations in accordance with the Swedish Companies Act. Founded in Sweden in 1923, Intrum Justitia is today Europe's leading Credit Management Services (CMS) group, offering comprehensive services, including purchase of receivables, designed to measurably improve clients' cash flows and long-term profitability. The Parent Company was registered in 2001 and has been listed on the Nasdaq Stockholm exchange since June 2002. On December 31, 2013, share capital amounted to SEK 1,594,893 and the number of shares to 77,360,944, of which treasury holdings were 3,351,410 shares. The Group maintains operations through subsidiaries in about 20 countries.

SIGNIFICANT EVENTS DURING THE YEAR

• Effective from January 1, 2014, Intrum Justitia AB was transferred from the Mid-Cap segment on the Nasdaq Stockholm exchange to the Large-Cap segment. Large Cap is the Stockholm Stock Exchange's list of Sweden's largest companies with a market capitalization of more than EUR 1 billion.

• In January, Intrum Justitia acquired the Czech company Profidebt sro. The company's operations primarily entail purchasing overdue receivables.

• At the Annual General Meeting in April, Matts Ekman, Lars Lundquist, Joakim Rubin, Charlotte Strömberg, Fredrik Trägårdh, Synnöve Trygg and Magnus Yngen were re-elected as directors. Lars Lundquist was re-elected as Chairman of the Board. The Annual General Meeting approved the Board of Directors' dividend proposal and its proposal regarding principles for remuneration and other terms of employment for senior management. The AGM re-elected Ernst & Young AB as the company's auditors. In accordance with the Board's proposal, the Annual General Meeting resolved to authorize the Board, over the period until the next Annual General Meeting, to make decisions on the acquisition and transfer of at most 10 percent of the shares outstanding in the company. It was also resolved to cancel the 2,383,707 shares repurchased between January 2013 and March 2014. Between April and December 2014, an additional 3,351,410 shares were repurchased.

• In May, bonds were issued for SEK 1 billion within the framework of the company's MTN programme. The bonds are senior, unsecured and extend over a period of five years, maturing in May 2019.

• In July, an agreement was signed with Swedbank and Nordea regarding amended terms for the Group's syndicated loan facility. Former bank loans, including a facility of SEK 4 billion and a facility of SEK 1 billion, were merged into a facility of SEK 5 billion. The maturity structure was amended such that SEK 2 billion of the loan will mature in 2017, SEK 2 billion in 2018 and SEK 1 billion in 2019. The new loan agreement also allows the Group to raise other long-term financing of up to SEK 10 billion.

• In October, Advis A/S, a leading credit management company in Denmark was acquired. Advis A/S is a market leader in the telecom sector and also has a strong presence in the media and energy segments.

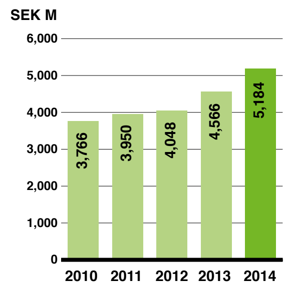
REVENUES AND EARNINGS

Consolidated net revenues during the year amounted to SEK 5,184 M (4,566). The increase in revenues by 14 percent consisted of organic growth of 6 percent, acquisition effects of 3 percent, revaluations of purchased debt of a negative 1 percent and negative currency effects of 4 percent.

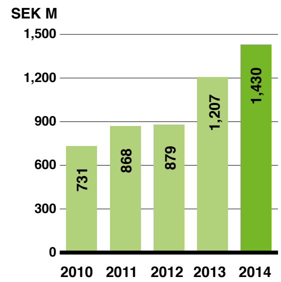
Operating earnings amounted to SEK 1,430 M (1,207). The operating earnings include revaluations of purchased debt portfolios amounting to SEK 35 M (7) and non-recurring items amounting to net expense of SEK 35 M (0). Excluding revaluations and non-recurring items, the operating margin was 28 percent (26). Regarding the non-recurring items, please see below under the heading Expenses.

Earnings before tax for the year amounted to SEK 1,248 M (1,046) and net earnings were SEK 1,041 M (819).

Earnings per share for the full-year rose by 31 percent compared with the previous year to SEK 13.48 (10.30). Over the year, earnings per share were affected by share repurchasing, which reduced the average number of shares outstanding by 3.6 percent compared with the full-year 2013.



Revenues



Operating earnings

GEOGRAPHICAL REGIONS

Effective from 2014, the composition of the Group's operating segments, the geographic regions, has changed. The change entails the operations in the Netherlands being included in the Northern Europe region rather than Western Europe. The comparison figures for 2013 have been recalculated in accordance with the new region structure.

Northern Europe

Region Northern Europe comprises the Group's activities for external clients and debtors in Denmark, Estonia, Finland, the Netherlands, Norway, Poland, Russia and Sweden.

Over the year, the region's revenues, excluding revaluations, amounted to SEK 2,539 M (2,481). In local currencies, revenues were unchanged. Operating earnings excluding revaluations amounted to SEK 733 M (748), corresponding to a margin of 29 percent (30). In local currencies, operating earnings weakened by 4 percent.

The region's earnings were affected

GEOGRAPHICAL REGIONS
Share of consolidated revenues, %

- Northern Europe 50%
- Central Europe 28%
- Western Europe 22%

NET REVENUES EXCLUDING REVALUATIONS, SEK M	2014	2013	2012	2011	2010
Northern Europe	2,539	2,175	1,980	1,759	1,434
Central Europe	1,418	1,087	936	899	926
Western Europe	1,192	1,297	1,211	1,274	1,403
Total	**5,149**	**4,559**	**4,127**	**3,931**	**3,763**

OPERATING EARNINGS EXCLUDING REVALUATIONS, SEK M	2014	2013	2012	2011	2010
Northern Europe	733	719	580	435	322
Central Europe	416	265	192	193	198
Western Europe	246	216	186	230	209
Divestments, associated companies	–	–	–	–9	–
Participations in earnings, Iceland	–	–	–	–1	–1
Total	**1,395**	**1,200**	**958**	**849**	**727**

NET REVENUES BY SERVICE LINE, SEK M	2014	2013	2012	2011	2010
Credit Management	3,844	3,469	3,369	3,293	3,274
Financial Services	2,173	1,791	1,191	1,088	861
Elimination of inter-service line revenue	–833	–694	–512	–431	–369
Total	**5,184**	**4,566**	**4,048**	**3,950**	**3,766**

OPERATING EARNINGS BY SERVICE LINE, SEK M	2014	2013	2012	2011	2010
Credit Management	912	823	827	843	830
Financial Services	1,159	969	599	591	417
Common costs	–641	–585	–547	–566	–516
Total	**1,430**	**1,207**	**879**	**868**	**731**

The figures for 2012 have been recalculated to take IFRS 11 and IAS 19R into account. The figures for previous years have not been recalculated.

by non-recurring items amounting to a net expense of SEK 35 M. See below under the heading Expenses.

In most countries in the region, profitability remains at a very good level, with a negative impact from lower investment volumes in purchased debt largely having been offset by increased cost efficiency and improved growth in Credit Management from external clients.

In Poland, the overload of cases in the legal system that caused problems in 2013 continued in early 2014, which impacted operating earnings and investment volumes in purchased debt negatively. However, these problems decreased in the latter part of the year.

In October, the acquisition of Advis A/S in Credit Management was announced in Denmark, in line with the Group's strategy to generate profitable growth through add-on acquisitions.

Central Europe

The region consists of the Group's operations for customers in Switzerland, Slovakia, the Czech Republic, Germany, Hungary and Austria.

Over the year, the region's revenues, excluding revaluations, amounted to SEK 1,418 M (1,087). In local currencies, revenues rose by 25 percent. Operating earnings excluding revaluations amounted to SEK 416 M (265), corresponding to a margin of 29 percent (24). In local currencies, operating earnings rose by 51 percent.

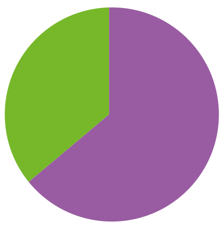
The region has a strong profitability and very good improvement in earnings compared with the previous year, mainly through increased investment in purchased debt in 2013 and the acquisition of the Czech purchased debt company Profidebt sro in January 2014. Improved margins in Credit Management and lower expenses for collection measures via the legal system, have also contributed to the positive earnings trend.

Western Europe

The region consists of the Group's operations for customers in Belgium, France, Ireland, Italy, Portugal, Spain and the UK.

Over the year, the region's revenues, excluding revaluations, amounted to SEK 1,192 M (991). In local currencies, revenues rose by 14 percent. Operating earnings excluding revaluations amounted to SEK 246 M (187), corresponding to a margin of 21 percent (19). In local currencies, operating earnings improved by 25 percent.

The improvement in operating earnings and profitability over the year is primarily attributable to strong development in Credit Management, through both organic growth and positive effects from an acquisition in France in late 2013. Investment volumes in purchased debt also developed favourably over the year.



SERVICE LINES
Share of consolidated revenues, %

- Credit management services 64%
- Financial Services 36%

SERVICE LINES

Intrum Justitia's service offering is divided into two areas of operations:

• Credit Management. Credit information services, payment services and collection services.

• Financial Services/Purchased Debt. Financing services, payment guarantees and purchasing of receivables, i.e. acquisition of portfolios of overdue consumer receivables at less than their nominal value, after which Intrum Justitia collects the receivables on its own behalf.

Credit Management

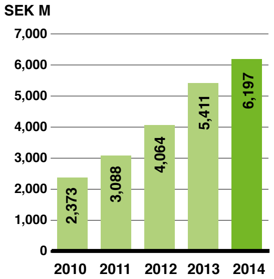
Over the year, the service line's revenues amounted to SEK 3,844 M (3,469). Adjusted for currency effects, revenues rose by 7 percent over the year. Operating earnings amounted to SEK 912 M (823), corresponding to a margin of 24 percent (24). Operating earnings improved by 7 percent in local currencies.

The growth in revenue over the year was attributable to increased volumes for the Group's own portfolios, as well as acquisitions. The improved operating earnings were attributable to both volume growth and acquisitions.

Purchased debt

Revenues for the service line amounted to SEK 2,173 M (1,791) for the year. Adjusted for currency effects, revenues rose by 17 percent over the year. Operating earnings amounted to SEK 1,159 M (969), corresponding to an operating margin of 53 percent (54). Adjusted for currency effects, operating earnings rose by 16 percent over the year.

Revenues are mainly rising due to increased investment in purchased debt



Carrying value, purchased debt

in recent years. The carrying amount of Purchased Debt increased during the year by 15 percent. The return on purchased debt was 20 percent (21) for the full-year. The year's disbursements for investments in purchased debt amounted to SEK 1,950 M (2,475). Competition in purchased debt remains strong in several markets.

Revaluations of purchased debt by geographical region amounted to the following:

SEK M	2014	2013
Northern Europe	17	–5
Central Europe	15	1
Western Europe	3	11
Total	**35**	**7**

EXPENSES

The gross profit margin rose compared with the preceding year, offsetting increased expenses for sales, marketing and administration.

Earnings were affected by non-recurring items amounting to a net expense of SEK 35 M in the Northern Europe region. This amount comprises an expense of SEK 56 M relating to a provision for a tax dispute, an expense of SEK 33 M relating to impairment of intangible assets and provisions attributable to the Dutch subsidiary Buckaroo BV, which was acquired in 2012, and an additional expense of SEK 111 M relating to goodwill impairment, as well as a revenue item of SEK 164 M from the reversal of liability regarding an additional purchase consideration for that company. The provision for the VAT dispute relates to a claim regarding a previous year, where Intrum Justitia does not share the authorities' assessment and therefore opposes the demand. However, additional demands may be made for subsequent years and a risk-weighted provision has therefore been made.

Depreciation/amortization

Operating earnings for the year were charged with depreciation/amortization of tangible and intangible fixed assets by SEK 170 M (157). Operating earnings before depreciation/amortization therefore amounted to SEK 1,600 M (1,364). The carrying amount of client relations carried in the Balance Sheet and attributable to revaluations to fair value in connection with acquisitions amounted to SEK 23 M (42). Over the year, these were amortized by SEK 12 M (14) and impaired by SEK 4 M (–).

NET FINANCIAL ITEMS

Net financial items amounted to an expense of SEK 183 M (161). Exchange rate differences have affected net financial items by SEK 1 M (negative 4), and other financial items by a negative SEK 31 M (negative 30). The net debt was lower in 2014 than in 2013, whereas interest rates were slightly higher. Altogether, net interest expenses were negative SEK 153 M (negative SEK 127 M).

TAXES

Corporate income tax for the year was equivalent to 17 percent of full-year earnings before tax. The tax expense for the year was reduced by SEK 18 M as a tax dispute in Finland was resolved in Intrum Justitia's favour. In addition, the non-recurring impairment of goodwill of SEK 111 M is not tax deductible, and the reversal of liabilities related to the additional purchase consideration for shares in the positive amount of SEK 164 M is tax exempt. Adjusted for these effects, consolidated corporate income tax for the year was 19 percent of earnings before tax.

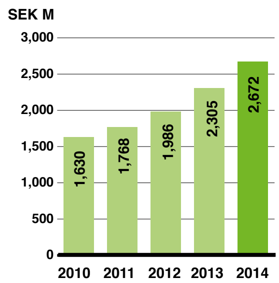
Intrum Justitia's assessment is that the tax expense will, over the next few years, be around 20–25 percent of earnings before tax for each year, excluding the outcome of any tax disputes.

For further information on the Group's taxes and tax disputes, see also Note 8.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities over the full-year amounted to SEK 2,672 M (2,305). Cash flow was affected positively by improved operating earnings, excluding depreciation and amortization. The positive change in working capital is partly explained by expenses attributable to Buckaroo and the VAT dispute not affecting cash flow in 2014.

Disbursements for investments in purchased debt amounted to SEK 1,950 M (2,475) over the full-year. Cash flow from purchased debt for the year amounted to SEK 2,455 M (2,218), defined as funds collected on purchased debt, SEK 3,469 M (3,040), less the service line's expenses, primarily for collection, of SEK 1,014 M (822).



Cash flow from operating activities

RESEARCH AND DEVELOPMENT

The Group is not engaged in any research and development other than the development of its IT systems. The year's investments in tangible and intangible fixed assets amounted to SEK 142 M (121) and primarily involved hardware and software for IT systems, primarily for production. Technical development is rapid and correctly used, new technical solutions can enhance efficiency in the management of customer receivables and the utilization of the Group's databases. In pace with increasing demands for customer-adapted IT solutions, it is of strategic importance for Intrum Justitia to continuously be able to meet changes in the demand scenario.

FINANCING

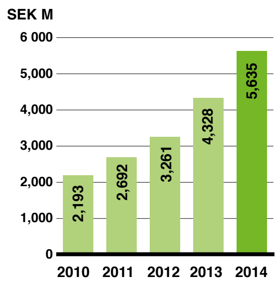
At December 31, 2014, net debt amounted to SEK 5,635 M, compared with SEK 4,328 at December 31, 2014.

Shareholders' equity, including non-controlling interests, amounted to SEK 3,041 M, compared with SEK 3,316 M last year.

The increase in consolidated net debt compared with the preceding year is primarily attributable to a continued high level of investment in purchased debt, the share dividend paid out and share repurchases. A favourable earnings trend and strong operating cash flow mean that consolidated net debt in relation to operating earnings before depreciation and amortization remained at a relatively low level of 1.88 (1.61).

During the year, Intrum Justitia acquired 4,699,344 of its own shares for a total price of SEK 968 M within the framework of the share repurchase programme approved by the 2013 and 2014 Annual General Meetings. Consequently, the number of shares outstanding at the end of the year amounted to 73,847,534, compared with 78,546,878 shares at the start of the year. The average number of shares outstanding year was 76,461,901. The Board of Directors intends to propose to the 2015 Annual General Meeting that the share capital in the company be reduced by cancelling the repurchased shares.

The Group's total approved long-term



Net debt

financing amounts to SEK 8 billion, including SEK 3 billion that is utilized within the framework of the Group's bond program. The Group's bank facilities amount to SEK 5 billion, of which approximately SEK 1.8 billion was utilized at the end of the year. The maturity structure entails SEK 2 billion of the bank loan maturing in 2017, SEK 2 billion in 2018 and SEK 1 billion in 2019.

For its short-term financing, the Group uses a commercial paper program involving borrowing of SEK 728 M as per December 31, 2014.

Most of the Parent Company's and the Group's external borrowing has been arranged in foreign currencies as a means of hedging against net exposure in the Group's foreign subsidiaries.

RISK AND RISK MANAGEMENT

See also Note 34.

Intrum Justitia defines risk as all factors which could have a negative impact on the ability of the Group to achieve its business objectives.

All economic activity is associated with risk. In order to manage risk in a balanced way, it must first be identified and assessed. Intrum Justitia conducts risk management at both a Group and company level, where risks are evaluated in a systematic manner.

The following summary is by no means comprehensive, but offers examples of risk factors which are considered especially important for Intrum Justitia's future development.

Economic fluctuations

The credit management sector is affected negatively by a weakened economy. However, Intrum Justitia's assessment is that, historically, it has been less affected by economic fluctuations than many other sectors. Risks associated with changes in economic conditions are managed through on-going dialogue with the each country management team and through regular checks on developments in each country.

Changes in regulations

With regard to risks associated with changes in regulations in Europe, Intrum Justitia continuously monitors the EU's regulatory efforts to be able to indicate potentially negative effects for European credit management companies and to work for favourable regulatory changes.

Reputational risk

The reputational risk refers to the risk of the Company suffering as a result of its reputation being adversely affected by mistakes or breaches against express or implied rules. A good reputation is crucial for being able to successfully perform credit management services, and reputational risks are important for the Company's relationship with clients, debtors, employees, investors, authorities and other interested parties. The employees have been educated in the Company's Code of Conduct. The Code of Conduct describes management's view on the Company's role in society, our core values, our relationships, our workplace, compliance with laws and regulations, our communication, our environmental policy and the possibility to raise concerns regarding ethical issues.

Risks relating to "know your customer" procedures and money laundry

If the Company would have insufficient knowledge about its clients and about transactions undertaken, then there is a risk for taking part in illegal or unethical business. Some legal entities in the Group are subject to laws and license requirements whereby information needs to be collected for example about the beneficial owner of a client or about the purpose of a transaction. As a result of these requirements, the Company must sometimes refrain from doing business with counterparts that are deemed to be inappropriate. Intrum Justitia applies existing laws and requirements, and develops processes to avoid this type of risks also within those of the Group's legal entities that are not subject to formal license requirements.

Market risks

Intrum Justitia's financing and financial risks are managed within the Group in accordance with the treasury policy established by the Board of Directors. The treasury policy contains rules for managing financial activities, delegating responsibility, measuring identifying and reporting financial risks and limiting these risks. Internal and external financial operations are concentrated to the Group's central finance function in Stockholm, which ensures economies of scale when pricing financial transactions. Because the finance function can take advantage of temporary surpluses and deficits in the Group's various countries of operation, the Group's total interest expense can be reduced.

In each country, investments, revenues and most operating expenses are denominated in local currencies, and thus currency fluctuations have a relatively minor effect on operating earnings. Revenues and expenses in national currency are thereby hedged in a natural way, which limits transaction exposure. When the balance sheets of foreign subsidiaries are recalculated in SEK, a translation exposure arises that affects consolidated shareholders' equity. This translation exposure is limited by raising loans in foreign currencies.

Liquidity risks

The Group's long-term financing risk is limiting through long-term financing in the form of committed lines of credit. The Group's objective is that at least 35 percent of total committed loans have a remaining maturity of at least three years and that not more than 35 percent of the total have a remaining maturity of less than 12 months.

During the maturity of the current loan facility, this can be utilized by the Parent Company through the withdrawal of individual amounts in various currencies, with short maturities, usually in SEK, EUR, CHF, or PLN and usually with a maturity of three or six months. The loans are carried primarily in foreign currency, to hedge the Group against translation exposure in relation to net assets outside Sweden. The Group's aim is that the liquidity reserve, which consists of cash, bank balances and short-term liquid investments should amount to at least SEK 100 M in addition to the unutilized portion of committed lines of credit. The Group did not fall short of the target level on the balance sheet date or at any time during the year.

The Group has deposited its liquid assets with established banks where the risk of loss is considered remote. Intrum Justitia's liquid assets consist primarily of bank balances.

The Group's central finance function prepares regular liquidity forecasts with the purpose of optimizing the balance between loans and liquid funds so that the net interest expense is minimized without, for that matter, incurring difficulties in meeting external commitments.

Credit risks

As part of its normal operations, the Group incurs outlays for court expenses, legal representation, enforcement authorities and similar – outlays that are necessary for collection to be conducted through the legal system. In certain cases, these outlays can be passed on to, and collected from debtors. In many cases Intrum Justitia has agreements with its clients whereby any expenses that cannot be collected from debtors are instead refunded by the client. The amount that is expected to be recovered from a solvent counter party is recognized as an asset in the balance sheet on the line Other receivables.

Risks inherent in purchased debt

To minimize the risks in this business,

caution is exercised in purchase decisions. The focus is on small and medium-sized portfolios with relatively low average amounts, to help spread risks. In 2014, the average nominal value per case was about SEK 8,650. Purchases are usually made from clients with whom the Group has maintained long-term relationships and therefore has a thorough understanding of the receivables in question. The acquisitions generally involve unsecured debt, which reduces the capital investment and significantly simplifies administration compared with collateralized receivables.

Purchased debt portfolios are usually purchased at prices significantly below the nominal value of the receivables, and Intrum Justitia retains the entire amount it collects, including interest and fees. Intrum Justitia places high yield requirements on purchased debt portfolios. Before every acquisition, a careful assessment is made based on a projection of future cash flows (collected amount) from the portfolio. In its calculations, Intrum Justitia is aided by its long experience in collection management and its scoring models.

Scoring entails the consumer's payment capacity being assessed with the aid of statistical analysis. Intrum Justitia therefore believes that it has the expertise required to evaluate these types of receivables. To facilitate the purchase of larger portfolios at attractive risk levels, Intrum Justitia works in cooperation with other companies and shares in the equity investment and profits. Such alliances have been conducted with, for example, Crédit Agricole SA, Goldman Sachs and East Capital. Risks are further diversified by acquiring receivables from clients in different sectors and different countries.

Payment guarantees

In connection with operations such as credit advice and administration of credit applications on behalf of clients, the Group's clients can obtain a guarantee, for a certain charge, from Intrum Justitia for the client's receivables from its customers. The provision of guarantees in this way has primarily taken place in Switzerland and pertains mainly to period travel cards for rail. This entails a risk being incurred that Intrum Justitia must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In certain cases, however, it is possible for Intrum Justitia to demand compensation from the client in the shape of price adjustments in the event that credit quality weakens. In those cases where the guarantee comes into play, Intrum Justitia assumes the client's claim against its customer and takes over the continued handling of the case within the Purchased Debt area of operations. The Group's risk in this operation is managed through strict credit limits on the issuance of new charge cards and through analysis of the debtor's credit rating. A provision is made in the balance sheet to cover expenses that may arise due to the guarantee.

Financing risk

The Group's loan facility contains a number of operations-related and financial covenants, including limits on certain financial indicators. The Group Management Team carefully monitors these key financial indicators, so that it can quickly take measures if there is a risk that one or more limits may be exceeded. All such key financial indicators were fulfilled in 2014.

GOODWILL

As per December 31, 2014, consolidated goodwill amounted to SEK 2,719 M, compared with SEK 2,542 M on December 31, 2013. The increase since the end of the preceding year was attributable to acquisitions in Denmark (SEK 150 M), impairment with regard to Buckaroo (negative SEK 111 M) and exchange rate differences (SEK 138 M).

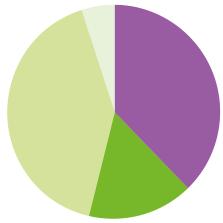
The original goodwill arising on the acquisition of Buckaroo in January 2012 was based on forecast future earnings, according to estimates made at the time of acquisition. Future earnings are now forecast to be lower and consequently impairment of SEK 111 M has been recognized in goodwill. At the time of acquisition, a provision was made for an additional purchase consideration based on forecast earnings for 2013 and 2014. Buckaroo did not achieve the earnings on which the provision was based and the remaining provision was reversed, affecting earnings for the year in 2014 positively by SEK 164 M. In Intrum Justitia's view, current goodwill and the total purchase consideration now paid in relation to forecast future earnings is reasonable. Intrum Justitia also believes that Buckaroo has good potential to contribute positively to the Group's future development.

NON-FINANCIAL EARNINGS INDICATORS

Employees

The average number of employees during the year was 3,801 (3,530). The number of employees has increased in connection with acquisitions in France, the Czech Republic and Denmark.

Over the year, personnel turnover was 21 percent (22). Of the total number of employees during the year, 64 percent were women (64). The percentage of employees with university-level degrees was 37 percent (45). Sick leave amounted to 4 percent (4) of the number of working days within the Group.



Proportion of employees per geographical region, %

- Northern Europe, 38%
- Central Europe, 16%
- Western Europe, 41%
- Central units, 5%

The Group's strategy in the area of employees emphasizes recruitment, competence development and performance improvement. Every second year, an employee survey is conducted to measure employees' satisfaction, motivation and loyalty.

For further information on employees, wages and remunerations, see also pages 30–33 and Notes 26–28.

Social responsibility and the environment

The Group continues to pursue its corporate social responsibility (CSR) work. See page 28–29 in the Annual Report.

Intrum Justitia's role in society

The credit management sector offers a platform for economic growth by giving companies the opportunity to manage their credits in a more secure manner. As Europe's leading credit management company, Intrum Justitia is deeply committed to society's well-being. Intrum Justitia is a catalyst for a sound economy, which means that the company accepts its responsibility in society and helps businesses and consumers to conduct secure transactions.

Business ethics

The company's values and ethical rules act as a guide on how business with the company's clients and their customers is managed. Intrum Justitia's corporate culture is pervaded by openness, trust and integrity. The company's ethical rules deal primarily with a respectful attitude towards clients and debtors. The company has a Code of Conduct which is designed in accordance with ISO 26000.

Working conditions

A sustainable and commercially successful business relies on skilled and motivated employees. We have set our sights on attracting, developing and retaining the best people in the market – a necessity if we are to achieve our vision of being a genuinely people-focused company offering credit management and financial services that add considerable value. The employees have the right to secure and healthy workplaces, as well as fair terms of employment in line with market levels. Men and women are given the same opportunities. The goal in recruiting managers is to find the most competent and qualified candidates regardless of gender. No employee may be submitted to discrimination, nor is any form of sexual harassment tolerated. All employees have the right to organize and join unions as well as to negotiate collectively if they wish, although they also have the right to decline union membership.

Environment

The environment is a topical issue, but it is also complex in that a balance is required between various environmental risks and interests. While Intrum Justitia naturally wants to help improve the environment, it does not claim to have answers to all of the questions regarding environmental priorities.

Intrum Justitia does not have any operations in Sweden that are subject to licensing or reporting requirements according to the Environmental Code. In each country, operations are subject to environmental requirements that, as a minimum correspond to local environmental legislation to the extent it is applicable to the Group's operations.

As a service company, Intrum Justitia generally has limited possibilities to affect the environment, although it nonetheless seeks to be environmentally friendly in those areas that actually can be affected. Video conferencing is used to avoid unnecessary travel. The Group's rules with regard to company cars only permit cars emitting at most 130g of carbon dioxide/km for cars ordered as of 2013. This rule is applied without exception, including to Group Management's company cars.

An approach whereby unnecessary energy consumption and emissions are avoided is good not only for the environment but also saves costs for Intrum Justitia and creates a more attractive company for all of its stakeholders.

MARKET OUTLOOK

Europe is characterized by considerable regional differences and there is substantial uncertainty regarding the macroeconomic situation in several countries. A substantially weakened macroeconomic situation in Europe, with increased unemployment is affecting Intrum Justitia negatively.

In Intrum Justitia's view, the Group's strategic focus is well attuned to the market trend, with a broadening of credit management services and a link to risk reduction and financial services based on strong, market-leading collection operations. Companies' need to generate stronger and more predictable cash flow is increasing, as is the need to create additional alternatives for the financing of working capital, for example by selling receivables. These are trends that, in the long term, will benefit Intrum Justitia.

PARENT COMPANY

The operations of the Parent Company encompass ownership of the subsidiaries, providing the Group's head office functions, certain Group-wide development work, and services and marketing.

The Parent Company reported net revenues of SEK 92 M (90) for the year and earnings before tax of a SEK 102 M (negative 22), including earnings from holdings in subsidiaries of SEK 221 M (18). The Parent Company invested SEK 0 M (0) in fixed assets during the year and had, at the end of the year, SEK 12 M (6) in cash and equivalents. The average number of employees was 53 (46).

THE SHARE AND SHAREHOLDERS

At the end of the year there were 77,360,944 shares in the company including treasury holdings. All shares carry equal voting rights and an equal share in the company's assets and earnings.

During the year, Intrum Justitia acquired 4,699,344 of its own shares for a total price of SEK 968 M within the framework of the share repurchase programme approved by the 2013 and 2014 Annual General Meetings. Consequently, the number of shares outstanding at the end of the year amounted to 73,847,534, compared with 78,546,878 shares at the start of the year. The average number of shares outstanding during the year was 76,461,901. The Board of Directors intends to propose to the 2014 Annual General Meeting that the share capital in the company be reduced by cancelling the shares that comprise treasury holdings at the end of the first quarter of 2015.

The company's largest shareholders at year-end were Fidelity Investment Management (10 percent of the share capital), SEB Funds (6) and Norway's Bank Investment Management (4). See also the table on page 35.

The Articles of Association do not contain any pre-emption clauses or other limitations on the transferability of the shares, and there are no other circumstances that the company is obliged to disclose according to the provisions in chapter 6, section 2a, paragraphs 3–11 of the Annual Accounts Act.

BOARD WORK

According to Intrum Justitia's Articles of Association, the Board of Directors shall consist of no less than five and no more than nine members with no more than four deputies. All members are elected by the Annual General Meeting.

Since the Annual General Meeting in 2014, the Board consists of seven members without deputies

In 2014, the Board held 11 meetings (12 the previous year).

For a description of the work of the Board, please see the Corporate Governance Report on pages 88–92. The Corporate Governance Report also includes details of the most important elements of the Group's systems for internal control and the preparation of financial reports on pages 91–92. The Corporate Governance Report is also available at the corporate website www.intrum.com.

EVENTS AFTER THE END OF THE YEAR

On January 28, the Board of Directors of Intrum Justitia AB resolved to continue the company's share repurchase programme. The programme runs until March 23 and covers repurchases for a maximum SEK 100 M. Through the programme, Intrum Justitia returns further funds to shareholders and it is the assessment of the Board of Directors that this will give the company a more optimum capital structure. The intention of the programme is to reduce Intrum Justitia's share capital by cancelling the shares that are repurchased. In accordance with the authorization provided by the 2014 Annual General Meeting, a maximum corresponding to 10 percent of the company's shares may be repurchased during the period extending until the 2015 Annual General Meeting.

In addition, Alessandro Pappalardo has been appointed as the new Director of Purchased Debt. Alessandro has worked at Intrum Justitia since 2013, currently as an Assistant Director of Purchased Debt. He has some ten years' experience of investment in European loan portfolios at Goldman Sachs. Alessandro Pappalardo assumed his new role on February 1, 2015, succeeding Lars Wollung, CEO of Intrum Justitia, who has been acting Director of Purchased Debt since April 2014.

On February 25, Intrum Justitia announced the launch of a joint venture, Avarda, which has been set up together with TF Bank, offering payments services to e-merchants in the Nordics.

Avarda's service offering will enable e-merchants to receive payment instantly while offering consumers the opportunity to pay through invoice or installments by revolving account. Avarda will offer a white-label service, allowing the e-merchant to communicate directly with its customers and thereby strengthen its trademark and competitiveness. Intrum Justitia holds 49 percent of the shares of Avarda and will report its holding applying the equity method. Intrum Justitia has an option to acquire all of TF Bank's shares during 2020.

THE BOARD OF DIRECTORS' PROPOSAL REGARDING GUIDELINES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR THE COMPANY MANAGEMENT OF INTRUM JUSTITIA AB (PUBL)

The board proposes that the following guidelines be approved by the annual general meeting for the time up until the annual general meeting 2016. The guidelines will apply to the CEO and the members of Intrum Justitia's Group Management Team. The proposal has been prepared by the Board and the Remuneration Committee of the Board.

Our remuneration philosophy

At Intrum Justitia, we depend on our people to deliver on our ambitious goals in challenging environments. Our reward philosophy has as the purpose to ensure that they are rewarded for their valuable contributions to our Company. It also drives and promotes the behaviors and performance that best support our business strategy and ensures that we are able to attract the key talent we need to be successful.

On a high level, remuneration in Intrum Justitia should reflect individual competence, responsibility and performance, and it should be competitive in comparison to that of similar companies within similar industries in the relevant geography. To ensure that we drive the right behaviors and focus our efforts in the right areas, performance is measured against goals that are closely linked to our business strategy and our four core values.

Review in 2014

We have, during 2014, performed a thorough review of how we reward our executives at Intrum Justitia, also following questions raised at the annual general meeting in 2014. The review has been supported by an external advisor, and together we have established these four key findings:

• Our overall remuneration is in line with the markets where we operate relative to companies in similar industries and of similar size.

• Our incentive plans are in line with external best practice relative to other companies in the financial industry when it comes to supporting our business goals, in terms of their structure, the metrics used and of the amounts which can be earned.

• Many companies similar to Intrum Justitia have shareholding guidelines in place, which promote long-term engagement and ownership behavior among senior executives. Starting in 2015, such guidelines are also in place for Intrum Justitia.

• To promote a better understanding among our shareholders and other external stakeholders of the benefits of our reward plans, we need to increase the communication around our reward philosophy and our incentive plans, where we are working on adjusting our external communication on this topic.

Short term incentive

Our short term incentive rewards the achievement of primarily financial business goals and drives short term performance, and so it is set for one year at a time. The metrics are individually decided for each senior executive, in order to reflect the business strategy and our key focus areas. Financial metrics either reflect business goals or enterprise value creation as illustrated below. In addition, the short term incentive allows for our total remuneration costs to vary based on both business and individual performance.

The short term incentive pays out a maximum amount corresponding to 20 to 50 percent of annual base salary.

The cost for short-term incentive awarded to the CEO and senior executives is estimated not to exceed SEK 12.2 M excluding social charges during 2015.

Long-term incentive

Our long term incentive aligns the interests and perspectives of our senior executives with those of our shareholders and creates a close commitment to the Company. It rewards long term value creation over a period of 3 years, and lets our senior executives share in the success of the business. As we believe it to be the best indicator of our Company's long term success, we use growth in Earnings Per Share (EPS) as the measurement of value created. Similarly to the short term incentive, it also allows for our total remuneration costs to vary based on business performance.

The long term incentive can at maximum pay out an amount corresponding to 75 percent of annual base salary for the CEO and 20 to 50 percent for other senior executives.

Shareholding guidelines

To further promote ownership behavior and the commitment among our senior executives, we have put in place shareholding guidelines that directly link the individual wealth of senior executives to the success of our business. The guideline means that each senior executive is asked to hold a percentage of their gross base salary in Intrum Justitia shares, 100 percent for the CEO and 50 percent for other senior executives. The shares are to be held for as long as the senior executives are employed in the Company and members of the Group Management Team.

2015 is the first year that the shareholding guidelines are in effect, and each senior executive will be given an amount of time (to be individually agreed) to build up their holdings.

Miscellaneous

In case of termination of employment by Intrum Justitia, severance payments (if any) will not exceed 12 months' base salary. There are deviations from this in a few existing employment agreements. If unusual or special reasons are at hand in an individual case, the board reserves the possibility to deviate from these principles.

PROPOSED APPROPRIATION OF EARNINGS

The Board of Directors and the President propose that SEK 7.00 per share (5.75) be distributed to shareholders, corresponding to a total of approximately SEK 517 M (445) calculated based on the number of shares outstanding at December 31, 2014. The full dividend proposal is presented on page 82.

Consolidated income statement

SEK M	NOTE	2014	2013
Revenues	2, 3	5,184	4,566
Cost of sales		–2,963	–2,663
Gross earnings		**2,221**	**1,903**
Sales and marketing expenses		–262	–211
Administrative expenses		–585	–484
Goodwill impairment	10	–111	–
Release of liability for deferred payment for shares in subsidiaries	35	164	–
Participations in earnings of associated companies and joint ventures	5	3	–1
Operating Income (EBIT)	2, 3, 4	**1,430**	**1,207**
Financial income	6	13	17
Financial expenses	7	–196	–178
Net financial items		**–183**	**–161**
Earnings before tax		**1,247**	**1,046**
Taxes	8	–206	–227
Net earnings for the year		**1,041**	**819**
Of which attributable to:			
Parent Company's shareholders		1,031	817
Non-controlling interests	12	10	2
Net earnings for the year		**1,041**	**819**
Earnings per share before and after dilution (SEK)	9	13.48	10.30

Consolidated statement of comprehensive income

SEK M	NOTE	2014	2013
Net earnings for the year		1,041	819
Other comprehensive income:			
Items that can be reallocated to earnings for the year			
The year's change in translation reserve attributable to the translation of foreign operations		373	170
The year's total comprehensive income attributable to hedging of currency risks in foreign operations		–251	–140
Items that cannot be reallocated to earnings for the year			
Revaluations of pension liability for the year	8, 21	–22	3
Comprehensive income for the year		**1,141**	**852**
Of which attributable to:			
Parent Company's shareholders		1,126	850
Non-controlling interests		15	2
Comprehensive income for the year		**1,141**	**852**

Consolidated balance sheet

SEK M	NOTE	DEC 31, 2014	DEC 31, 2013
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Goodwill		2,719	2,542
Capitalized expenditure for IT development		171	200
Client relationships		23	42
Other intangible fixed assets		73	37
Total intangible fixed assets		**2,986**	**2,821**
Tangible fixed assets	11		
Computer hardware		40	31
Other tangible fixed assets		87	74
Total tangible fixed assets		**127**	**105**
Other fixed assets			
Shares and participations in associated companies and joint ventures	13	0	0
Purchased debt	14	6,197	5,411
Deferred tax assets	8	35	69
Other long-term receivables	15	17	6
Total other fixed assets		**6,249**	**5,486**
Total fixed assets		**9,362**	**8,412**
Current assets			
Accounts receivable	16	307	302
Client funds		568	525
Tax assets		48	25
Other receivables	17	633	452
Prepaid expenses and accrued income	18	157	166
Liquid assets	19	266	340
Total current assets		**1,979**	**1,810**
TOTAL ASSETS		**11,341**	**10,222**

Consolidated balance sheet

SEK M	NOTE	DEC 31, 2014	DEC 31, 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Shareholders' equity attributable to Parent Company's shareholders			
Share capital		2	2
Other paid-in capital		906	906
Reserves		420	303
Retained earnings including net earnings for the year		1,620	2,024
Total shareholders' equity attributable to Parent Company's shareholders		**2,948**	**3,235**
Shareholders' equity attributable to non-controlling interests	12	93	81
Total shareholders' equity		**3,041**	**3,316**
Long-term liabilities			
Liabilities to credit institutions	23	1,727	1,847
Bond loan	23	3,231	2,056
Other long-term liabilities		4	170
Provisions for pensions	21	133	102
Other long-term provisions	22	3	3
Deferred tax liabilities	8	390	383
Total long-term liabilities		**5,488**	**4,561**
Current liabilities			
Liabilities to credit institutions	23	85	51
Commercial papers	23	728	598
Client funds payable		568	525
Accounts payable		159	145
Income tax liabilities		142	78
Advances from clients		16	18
Other current liabilities		325	300
Accrued expenses and prepaid income	24	789	630
Total current liabilities		**2,812**	**2,345**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**11,341**	**10,222**

For information on the Group's pledged assets and contingent liabilities, see Note 25.

Consolidated cash flow statement

SEK M	NOTE	2014	2013
Operating activities			
Operating earnings	2	1,430	1,207
Amortization, depreciation and impairment	4, 10, 11	170	157
Amortization and revaluations of purchased debt	14	1,395	1,320
Other adjustments for items not included in cash flow	2	–45	6
Interest received		13	17
Interest paid		–161	–135
Payments for other financial expenses		–14	–27
Income tax paid		–138	–111
Cash flow from operating activities before changes in working capital		**2,650**	**2,434**
Changes in factoring receivables		–38	–89
Other changes in working capital		60	–40
Cash flow from operating activities		**2,672**	**2,305**
Investing activities			
Purchases of intangible fixed assets	10	–90	–77
Purchases of tangible fixed assets	11	–52	–44
Debt purchases*	14	– 1,950	–2,475
Purchases of shares in subsidiaries and associated companies*	35	– 148	2
Other cash flow from investing activities		–10	16
Cash flow from investing activities		**–2,250**	**–2 578**
Financing activities			
Borrowings		1,685	1,234
Amortization of loans		–770	–374
Share repurchases		–968	–200
Share dividend to Parent Company’s shareholders		–445	–399
Share dividend to non-controlling interests		–3	–
Cash flow from financing activities		**–501**	**261**
Change in liquid assets		**–79**	**–12**
Opening balance of liquid assets		**340**	**348**
Exchange rate differences in liquid assets		5	4
Closing balance of liquid assets	19	**266**	**340**

* The acquisition of the Czech company Profidebt sro in 2014 included purchased debt of SEK 276 M, and the acquisition of Aktiv Kapital’s Swiss operations in 2013 included purchased debt of SEK 269 M. They are reported in the row Debt Purchases.

Consolidated statement of changes in shareholders' equity

See also Note 20.

SEK M	Number of shares outstanding	Share capital	Other paid-in capital	Reserves	Retained earnings incl. earnings for the year	Total	Non-controlling interests	Total shareholders' equity
Opening balance. January 1, 2013	79,744,651	2	906	273	1,803	2,984	2	2,986
Comprehensive income for the year, 2013								
Net earnings for the year					817	817	2	819
Other comprehensive income for the year								
The year's change in translation reserve attributable to the translation of foreign operations				170		170		170
The year's total comprehensive income attributable to hedging of currency risks in foreign operations				–140		–140		–140
Revaluations of pension liability for the year					4	4		4
Income tax on other comprehensive income					–1	–1		–1
Net earnings for the year				**30**	**820**	**850**	**2**	**852**
Transactions with Group owners in 2013								
Share dividend					–399	–399		–399
Share repurchases	–1,197,773				–200	–200		–200
Acquisitions of non-controlling interests							77	77
Closing balance. December 31, 2013	**78,546,878**	**2**	**906**	**303**	**2,024**	**3,235**	**81**	**3,316**
Comprehensive income for the year, 2014								
Earnings for the year					1,031	1,031	10	1,041
Other comprehensive income for the year:								
The year's change in translation reserve attributable to the translation of foreign operations				342		342	5	347
The year's total comprehensive income attributable to hedging of currency risks in foreign operations				–251		–251		–251
Revaluations of pension liability for the year					–24	–24		–24
Income tax on other comprehensive income				26	2	28		28
Comprehensive income for the year				**117**	**1,009**	**1,126**	**15**	**1,141**
Transactions with Group owners in 2014								
Share dividend					–445	–445	–3	–448
Share repurchases	–4,699,344				–968	–968		–968
Closing balance. December 31, 2014	**73,847,534**	**2**	**906**	**420**	**1,620**	**2,948**	**93**	**3,041**

Accumulated exchange rate differences since the transition to IFRS including tax impacts amounted to SEK 420 M (303) on December 31, 2014.

Parent Company income statement

SEK M	NOTE	2014	2013
Revenues	3	92	90
Gross earnings		**92**	**90**
Sales and marketing expenses		–22	–16
Administrative expenses		–130	–142
Operating earnings	4	**–60**	**–68**
Income from participations in Group companies	6	321	324
Interest income and similar items	6	127	127
Impairment of shares in subsidiaries	7	–100	–306
Interest expenses and similar items	7	–186	–167
Net financial items		**162**	**–22**
Earnings before tax		**102**	**–90**
Tax on earnings for the year	8	–19	0
Net earnings for the year		**83**	**–90**

Statement of comprehensive income, Parent Company

SEK M	NOTE	2014	2013
Net earnings for the year		83	–90
Other comprehensive income:			
Items that can be reallocated to earnings for the year			
Exchange differences on monetary items classified as expanded investment		14	–14
The year's total comprehensive income attributable to hedging of currency risks in foreign operations		–251	–140
Comprehensive income for the year		**–154**	**–244**

Parent Company balance sheet

SEK M	NOTE	DEC 31, 2014	DEC 31, 2013
ASSETS			
Fixed assets			
Financial fixed assets			
Participations in Group companies	12	6,313	6,413
Receivables from Group companies		1,272	996
Total financial fixed assets		**7,585**	**7,409**
Total fixed assets		**7,585**	**7,409**
Current assets			
Current receivables			
Tax assets		2	2
Receivables from Group companies		3,518	3,388
Other receivables	17	2	1
Prepaid expenses and accrued income	18	48	33
Total current receivables		**3,570**	**3,424**
Liquid assets	19		
Cash and bank balances		12	6
Total liquid assets		**12**	**6**
Total current assets		**3,582**	**3,430**
TOTAL ASSETS		**11,167**	**10,839**

Parent Company balance sheet

SEK M	NOTE	DEC 31, 2014	DEC 31, 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Restricted equity			
Share capital		2	2
Statutory reserve		282	282
Total restricted equity		**284**	**284**
Non-restricted equity			
Share premium reserve		111	111
Fair value reserve		–986	–748
Earnings brought forward		2,237	3,739
Net earnings for the year		83	–90
Total non-restricted equity		**1,445**	**3,012**
Total shareholders' equity		**1,729**	**3,296**
Long-term liabilities			
Liabilities to credit institutions	23	1,726	1,846
Bond loan	23	3,232	2,056
Liabilities to Group companies		1,710	1,622
Total long-term liabilities		**6,668**	**5,524**
Current liabilities			
Overdraft facility	23	85	48
Commercial papers	23	728	598
Accounts payable		7	5
Liabilities to Group companies		1,805	1,249
Other current liabilities		11	2
Accrued expenses and prepaid income	24	134	117
Total current liabilities		**2,770**	**2,019**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**11,167**	**10,839**
Pledged assets		None	None
Contingent liabilities		None	None

Parent Company cash flow statement

SEK M	NOTE	2014	2013
Operating activities			
Operating earnings		–60	–68
Interest received		127	128
Interest paid		–156	–134
Payments for other financial expenses		–22	–7
Income tax paid		–19	–
Cash flow from operating activities before changes in working capital		**–130**	**–81**
Changes in working capital		25	22
Cash flow from operating activities		**–105**	**–59**
Investing activities			
Share dividend from subsidiaries		216	44
Cash flow from investing activities		**216**	**44**
Financing activities			
Borrowings		1,698	1,395
Amortization of loans		–770	–178
Net loans to subsidiaries		380	–618
Share dividend to Parent Company's shareholders		–445	–399
Share repurchases		–968	–200
Cash flow from financing activities		**–105**	**0**
Change in liquid assets		**6**	**–15**
Opening balance of liquid assets		6	21
Closing balance of liquid assets	19	12	6

Statement of changes in shareholders' equity, Parent Company

See also Note 20.

SEK M	Number of shares outstanding	Share capital	Statu-tory reserve	Share premium reserve	Fair value reserve	Retained earnings	Earnings for the year	Total sharehold-ers' equity
Opening balance. January 1, 2013	**79,744,651**	**2**	**282**	**111**	**–594**	**4,788**	**–450**	**4,139**
Comprehensive income for the year, 2013								
Net earnings for the year							–90	–90
Other comprehensive income for the year					–154			–154
Net earnings for the year					**–154**		**–90**	**–244**
Disposition of previous year's earnings						–450	450	
Transactions with Parent Company's shareholders in 2013								
Share dividend						–399		–399
Share repurchases	–1,197,773					–200		–200
Closing balance. December 31, 2013	**78,546,878**	**2**	**282**	**111**	**–748**	**3,739**	**–90**	**3,296**
Comprehensive income for the year, 2014								
Net earnings for the year							83	83
Other comprehensive income for the year					–237			–237
Comprehensive income for the year					**–237**		**83**	**–154**
Disposition of previous year's earnings						–90	90	
Transactions with Parent Company's shareholders in 2014								
Share dividend						–445		–445
Share repurchases	–4,699,344					–968		–968
Closing balance. December 31, 2014	**73,847,534**	**2**	**282**	**111**	**–986**	**2,237**	**83**	**1,729**

Share capital and statutory reserve are restricted equity. Other items are non-restricted equity.

Notes

NOTE 1

SIGNIFICANT ACCOUNTING AND VALUATION PRINCIPLES

General

The Parent Company Intrum Justitia AB (publ) is a registered company domiciled in Stockholm, Sweden. The address of the company's headquarters is Hesselmans Torg 14, Nacka, SE-105 24 Stockholm, Sweden. In 2014, the company was listed on the Nasdaq Stockholm, Large Cap list.

The consolidated accounts were approved for publication by the company's Board of Directors on March 19, 2015. The balance sheets and income statements will be presented to the Annual General Meeting on April 22, 2015.

The Parent Company's functional currency is Swedish kronor (SEK), which is also the reporting currency for the Parent Company and for the Group. The financial statements are therefore presented in SEK. All amounts, unless indicated otherwise, are rounded off to the nearest SEK M.

The consolidated and annual accounts pertain to January 1-December 31 for income statement items and December 31 for balance sheet items.

Accounting standards applied

Where the consolidated accounts are concerned, the annual accounts for Intrum Justitia AB (publ) have been prepared in accordance with the Annual Accounts Act and the International Financial Reporting Standards (IFRS) as approved by the EU. Further, recommendation RFR 1 Supplementary accounting rules for groups from the Swedish Financial Reporting Board has been applied.

The Parent Company applies the same accounting principles as the Group except in the cases stated in the section "Parent Company accounting principles".

Assumptions

Assets and liabilities are recognized at historical cost, with the exception of certain financial assets and liabilities, which are measured at fair value.

The preparation of financial statements in accordance with IFRS requires the Board of Directors and Management to make estimates and assumptions that affect the application of the accounting principles and the carrying values of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and a number of other factors that under current circumstances seem reasonable. The result of these estimates and assumptions is then used to determine the carrying values of assets and liabilities that otherwise are not clearly indicated by other sources. Actual outcomes may deviate from these estimates and assumptions.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period in which the change is made, provided it has affected only this period, or the period the change was made and future periods if the change affects both current and future periods.

Estimates made by the company that have a significant impact on the financial statements and estimates, which could necessitate significant adjustments in financial statements in subsequent years, are described in more detail in Note 36.

The accounting principles described below for the Group have been applied consistently for all periods in the Group's financial statements, unless otherwise indicated. The Group's accounting principles have been applied consistently in the consolidation of the Parent Company, subsidiaries, associated companies and joint ventures.

Changes in accounting principles

Changes that entered into force in 2014

Effective already from 2013, the Group applied the new IFRS 10 Consolidated financial statements, IFRS 11 Joint arrangements and IFRS 12 Disclosure of interests in other entities, in accordance with the dates on which each of those standards came into effect, as well as IAS 27 Separate financial statements and IAS 28 Investments in associates, although these first became obligatory for companies within the EU effective from 2014.

This means that the annual accounts for 2014 have been prepared applying the same accounting principles and calculation methods as the annual accounts for 2013.

Changes that enter into force in or after 2015

The Group has decided against early application of any new or amended accounting recommendations or interpretations that enter into force in or after 2015.

IFRS 9 Financial instruments is intended to replace IAS 39 Financial instruments: Recognition and Measurement. The IASB has prepared a package of changes regarding the accounting of financial instruments. The package contains a model for the classification and measurement of financial instruments, a forward-looking impairment model and a revised model for hedge accounting. IFRS 9 is expected to enter into force from 2018.

Intrum Justitia's preliminary assessment is that the overdue receivables purchased by the Group shall, in accordance with IFRS 9, continue to be recognized at amortized cost, as in IAS 39, and that the effect on the consolidated financial statements will consequently not be significant. Intrum Justitia does not intend to adopt IFRS 9 prematurely in 2015.

IFRS 15 Revenue from contracts with customers is intended to replace IAS 18 Revenue. The purpose of a new revenue standard is to have a single principle-based standard for all sectors that will replace existing standards and statements regarding revenue. The sectors deemed most affected are the construction and civil engineering sectors, as well as companies engaged in contract manufacturing. However, all companies will be affected by the new expanded disclosure requirements. IFRS 15 will come into force in 2017. The effect on Intrum Justitia's financial reports is not expected to be material, and the Group currently has no plans to apply the standard prematurely.

Nor are other changes to IFRS expected to have any material effect on the consolidated accounts.

Classification issues

Fixed assets and long-term liabilities in the Parent Company and the Group consist of amounts that are expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and current liabilities in the Parent Company and the Group consist of amounts that are expected to be recovered or paid within twelve months of the balance sheet date.

Consolidation

Subsidiaries

The Group applies IFRS 3 Business Combinations and IFRS 10 Consolidated Statements.

The consolidated accounts include the annual accounts of all subsidiaries, i.e., companies in which the Parent Company, directly or indirectly, holds more than 50 percent of the votes or otherwise can exercise control over operations. Control means, directly or indirectly, the right to shape a company's financial and operating strategies in order to obtain economic benefits.

The consolidated accounts are prepared according to the acquisition method, which means that the acquisition of a subsidiary is treated as a transaction where the Group indirectly acquires the subsidiary's assets and takes over its liabilities and contingent liabilities. The Group's equity therefore includes only the portion of the subsidiary's equity added since acquisition. The Group's cost is determined through an acquisition analysis in connection with the acquisition. The analysis determines the cost of the shares or operations as well as the fair value of acquired, identifiable assets and assumed liabilities and contingent liabilities. The cost of the subsidiary's shares or operations consists of the fair value of the compensation on the transfer date and transaction expenses directly attributable to the acquisition. The cost includes conditional purchase considerations recognized as liabilities at fair value per the acquisition date. Transaction expenses are expensed as incurred.

In acquisitions where the cost exceeds the net value of acquired assets and assumed liabilities and contingent liabilities, the difference is reported as goodwill. When the difference is negative, it is recognized directly in the income statement.

Non-controlling interests arise in cases where the acquisition does not relate to the entire subsidiary. There are two options for recognizing non-controlling interests. The two options are to recognize the percentage of non-controlling interests that makes up proportional net assets, or to recognize non-controlling interests at fair value, which means that non-controlling interests form a percentage of goodwill. The method used for recognizing non-controlling interests is made on a case by case basis.

The financial statements of subsidiaries are included in the consolidated accounts from the acquisition date until control ceases.

Intra-Group receivables and liabilities, income and expenses, and unrealized gains and losses that arise from transactions within the Group are eliminated in their entirety in the consolidated accounts.

Unrealized gains arising from transactions with associated companies and joint ventures are eliminated to a degree corresponding to the Group's ownership of those companies. Unrealized losses are eliminated in the same way as unrealized gains, to the extent there is an indication of impairment.

Associated companies

The Group applies IAS 28 Investments in Associates.

Associated companies are companies that are not subsidiaries but where the Parent Company, directly or indirectly, has at least 20 percent of the votes or otherwise exercises significant influence without having control over the partly owned company.

Participations in associated companies are recognized in the consolidated accounts according to the equity method, which means that the holding in the associated company is recognized at cost and subsequently adjusted to the Group's share of the change in the associated company's net assets. The value of the shares includes goodwill from the acquisition. The consolidated income statement includes the Group's participation in earnings less goodwill impairment. The amount is recognized on the line, Participations in associated companies. Dividends received from the associated company are not recognized in the income statement and instead reduce the carrying value of the investment.

Any difference between the cost of an acquisition and the owner's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities is recognized in accordance with IFRS 3.

The equity method is applied from the date a significant influence arises until the time it ceases or the associated company becomes a subsidiary.

If the Group's share of reported losses in the associated company exceeds the carrying value of its participations, the value of those participations is reduced to nil. Losses can also be offset against the Group's unsecured receivables from the associated company if they constitute part of the net investment. Further losses are not recognized provided the Group has not issued guarantees to cover them.

Joint ventures

The Group applies IFRS 11 Joint arrangements.

Joint arrangements pertain to companies in which Intrum Justitia and other part-owners manage operations jointly in accordance with a shareholder agreement. The Group has only been engaged in joint arrangements classified as joint ventures, and these are reported in the consolidated financial statements according to the equity method. This means that participations in jointly owned companies are recognized at cost and subsequently adjusted for the Group's share of the change in the company's net assets. The consolidated income statement includes the Group's share of earnings, and this is reported under Participations in the earnings of associates and joint ventures. Dividends received from joint ventures are not recognized in the income statement and instead reduce the carrying value of the investment.

The equity method is applied from the date on which joint control is gained until the date that it ceases or transitions to the sole influence of Intrum Justitia.

Foreign currency

The Group applies IAS 21 Effects of Changes in Foreign Exchange Rates.

Transactions in foreign currency

Group companies prepare their accounts in the local functional currency in the country where they have their operations. Transactions in a currency other than the local currency are recognized at the exchange rate in effect on the transaction day. When such transactions are offset or settled, the exchange rate may deviate from the one that applied on the transaction day, in which case a (realized) exchange rate difference arises. Moreover, monetary assets and liabilities in foreign currency are translated at the exchange rates on each balance sheet date, due to which an (unrealized) exchange rate difference arises. Both realized and unrealized exchange rate differences of this type are recognized in the income statement – in the operating result if, for example, they refer to accounts receivable or accounts payable, or in net financial items if they refer to financial investments and borrowing in foreign currency.

To avoid exchange rate differences, receivables and liabilities in foreign currency are sometimes hedged through forward exchange contracts. The Group's holding of forward exchange contracts is marked to market on each balance sheet date, and changes in value are recognized in the income statement.

Translation of the financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other Group surplus and deficit values, are translated from the functional currency to the Group's reporting currency, Swedish kronor, at the exchange rate on balance sheet date. Income and expenses are translated at the average rate, which serves as an approximation of the rate that applied on each transaction date. Translation differences arise in the translation of subsidiary accounts in part because the balance sheet date rate changes each period and in part because the average rate deviates from balance sheet date rate. Translation differences are recognized directly in total comprehensive income as the year's change in the translation reserve.

Long-term receivables and liabilities between the Parent Company and subsidiaries can be seen as an extension or reduction of the net investment in each company. Such translation differences are therefore recognized in the consolidated financial statements in total comprehensive income.

When foreign operations are sold, accumulated translation differences attributable to those operations are realized.

During the year the Group did not hedge any other flow exposure pertaining to anticipated receipts or disbursements in foreign currency.

Financial assets and liabilities

The Group applies IAS 32 Finacial Statements: Presentation, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, and IFRS 13 Fair Value Measurements.

A financial instrument is defined as any form of agreement giving rise to a financial asset in a company and a financial liability or equity instrument in a counterparty.

Financial instruments recognized in the balance sheet include, on the asset side, cash and bank balances, accounts receivable and other equity instruments, loans receivable, purchased debt and derivatives. Client funds are recognized on a separate line in the balance sheet and therefore are not included in the Group's reported liquid assets. Included among liabilities and equity are accounts payable, client funds payable, debt and equity instruments in issue, loan liabilities and derivatives.

Financial instruments are initially recognized at cost, corresponding to the instrument's fair value plus transaction expenses. Exceptions are financial instruments categorized as financial assets or liabilities recognized at fair value in income statement, which are recognized at fair value excluding transaction expenses. Measurement depends on how they are classified, as indicated below.

A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the instrument's contractual terms. Receivables are recognized when the company has performed and there is a contractual obligation on the counterparty to pay, even if an invoice has not yet been received. Accounts receivable are recognized in the balance

Note 1 cont.

sheet when an invoice has been sent. Liabilities are recognized when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade accounts payable are recognized when an invoice is received.

A financial asset is removed from the balance sheet when the rights in the agreement are realized, expire or the company loses control over them. A financial liability is removed from the balance sheet when the obligation in the agreement has been discharged or otherwise extinguished.

The fair value of listed financial assets corresponds to their listed market price on the balance sheet date. The fair value of unlisted financial assets is determined by using valuation techniques, e.g., recently conducted transactions, the price of similar instruments and discounted cash flows. For forward exchange contracts and currency interest rate swaps, fair value is determined based on listed prices. The fair value of forward exchange contracts and currency interest rate swaps is calculated by discounting the difference between the contracted forward rate and the forward rate that can be secured on the balance sheet date for the remaining contract period. The current value is obtained by discounting applying the Group's weighted average cost of capital. For further information, see Note 34.

Purchased debt

Purchased debt consists of portfolios of overdue consumer receivables purchased at prices significantly below the nominal receivable. They are recognized according to the rules for loans and receivables in IAS 39, i.e., at amortized cost according to the effective interest model.

Income from purchased debt is recognized in the income statement as the collected amount less amortization. The collection is performed by the same employees who handle collections and debt surveillance on behalf of external clients within the Credit Management service line. Expenses for collection are debited internally at market price and expensed in the income statement for the Purchased Debt service line as a selling expense.

Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial effective interest rate determined on the date the portfolio was acquired, based on the relation between cost and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios are comprised of amortization for the period and are recognized in the income statement on the revenue line.

In connection with the purchase of each portfolio of receivables, a forecast is made of the portfolio's cash flows. Cash flows include the loan amount, reminder fees, collection fees and late interest that, based on a probability assessment, are expected to be received from debtors, less forecast collection expenses. With this forecast and the purchase price including transaction expenses as a basis, each portfolio is assigned an initial effective interest rate that is then used to discount cash flows through the life of the portfolio. Current cash flow forecasts are monitored over the course of the year and updated based on, among other things, achieved collection results, agreements reached with debtors on instalment plans and macroeconomic information. Cash flow forecasts are made at the portfolio level, since each portfolio of receivables consists of a small number of homogeneous amounts. On the basis of the updated cash flow forecasts and initial effective interest rate, a new carrying value for the portfolio is calculated in the closing accounts.

The Group applies internal rules for minor changes in collection forecasts within a predetermined range. These internal rules imply that the initial effective interest rate may be adjusted within the range, whereby the carrying value of the portfolio does not change. Changes over time in the book value can be divided into a time and interest rate component and a component related to changes in forecasts of future cash flows. Changes in cash flow forecasts are treated symmetrically, i.e., both increases and decreases in forecast flows affect the portfolios' book value and, as a result, earnings. However, the portfolios are never recognized at higher than cost.

Long-term receivables and other receivables

Long-term receivables and other receivables are those that arise when the company provides money without the intent to trade its claim. If the anticipated maturity is longer than one year they constitute long-term receivables, and if it is shorter they are other receivables. These receivables fall into the category Loans and accounts receivable and are assessed at their discounted current value if their expected maturity exceeds 12 months. If their maturities are shorter, they are assessed at accrued cost.

Accounts receivable

Accounts receivable are classified in the category loans and receivables. Accounts receivable are recognized at the amount expected to be received after deducting impaired receivables, which are determined individually or according to statistical models based on historical experience in each country. Impairment needs are addressed when receivables have fallen overdue for payment by a certain number of days, which differs between countries, or if Intrum Justitia becomes aware that the counterparty has become insolvent. Provisions for impaired receivables are recognized as sales and marketing expenses. The anticipated maturity of accounts receivable is short, so they are carried at accrued cost without discounting.

Legal outlays

The Group incurs outlays for court fees, legal representation, enforcement authorities, etc., which can be charged to and collected from debtors. In certain cases Intrum Justitia has agreements with its clients where any expenses that cannot be collected from debtors are instead refunded by the client. The amount that is expected to be recovered from a solvent counterparty is recognized as an asset in the balance sheet on the line Other receivables. The anticipated maturity of these receivable is short, so they are carried at accrued cost without discounting.

Client funds

Client funds, which are reported as assets and liabilities in the balance sheet, represent cash received on collection of a specific debt on behalf of a client and payable to the client within a specified period. Client funds are liquid funds with a restricted disposition right. The same amount is reported as a liability.

Liquid assets

Liquid assets consist of cash and cash equivalents as well as immediately available balances with banks and similar institutions. Short-term investments consist of investments with an insignificant risk of fluctuating in value, which can easily be converted to cash and have a maturity of not more than three months from acquisition.

Liabilities

Liabilities are classified as other financial liabilities, which means that they are initially recognized at the amount received after deducting transaction expenses. Subsequent to acquisition, loans are carried at amortized cost according to the effective rate method. Long-term liabilities have an anticipated maturity of more than one year, while short-term liabilities have a maturity of less than one year. The Group's long-term loans generally have short fixed-interest periods, which means that the nominal loan amount plus accrued interest is a good approximation of the liability calculated according to the effective rate model.

Accounts payable

Accounts payable are classified in the category other financial liabilities. Accounts payable have a short anticipated maturity and are carried without discounting at nominal amount.

Derivatives

Derivatives consist of forward exchange contracts and currency interest rate swaps used to reduce exchange rate risks attributable to assets and liabilities in foreign currency. Derivatives are also contractual terms embedded in other agreements. Embedded derivatives are recognized separately if they are not closely related to the host agreement.

Forward exchange contracts are classified as financial assets or liabilities recognized at fair value via the income statement (held for trade) and assessed at fair value without deductions for transaction expenses that may arise on sale or similar.

Hedge accounting is not needed for forward exchange contracts because the hedged item and the hedging instrument are carried at fair value with changes in value recognized in the income statement as exchange rate differences. Changes in the value of operations-related receivables and liabilities are recognized in operating earnings, while changes in the value of financial receivables and liabilities are recognized in net financial items.

Currency interest rate swaps are valued at fair value and reported in the balance sheet together with hedge accounting via Other comprehensive income. Currency interest rate swaps were signed in connection with the Parent Company's issue of bonds in SEK that were exchanged for EUR to

Note 1 cont.

hedge net investments in foreign operations where the loan currency has been used in the operations. The liability in SEK was exchanged into the same liability in EUR on both the starting date and the date of maturity.

Hedge accounting with regard to exchange rate risk in the net investment in foreign subsidiaries

Investments in foreign subsidiaries (net assets including goodwill) are to some extent hedged through loans in foreign currency or forward exchange contracts that are translated on the closing date to the exchange rate then in effect. Translation differences for the period on financial instruments used to hedge a net investment in a Group company are recognized in the degree the hedge is effective in total comprehensive income, while cumulative changes are recognized in equity (translation reserve). As a result, translation differences that arise when Group companies are consolidated are neutralized.

Intangible fixed assets

Goodwill

Goodwill represents the difference between the cost of an acquisition and the fair value of the acquired assets, assumed liabilities and contingent liabilities.

If the Group's cost of the acquired shares in a subsidiary exceeds the market value of the subsidiary's net assets according to the acquisition analysis, the difference is recognized as Group goodwill. The goodwill that can arise through business combinations implemented through other than a purchase of shares is recognized in the same way.

For business combinations where the cost is less than the net value of acquired assets and assumed and contingent liabilities, the difference is recognized directly through the income statement.

Goodwill is recognized at cost less accumulated impairment. The fair value of goodwill is determined annually for each cash-generating unit in relation to the unit's performance and anticipated future cash flow. If deemed necessary, goodwill is written down on the basis of this evaluation. In this regard, the Group's cash-generating units are considered to be Intrum Justitia's operations in each geographical region (Northern Europe, Central Europe and Western Europe), as well as the subsidiary Buckaroo BV separately.

Goodwill that arises from the acquisition of a company outside Sweden is classified as an asset in the local currency and translated in the accounts at the balance sheet date rate.

Capitalized expenses for IT development

The Group applies IAS 38 Intangible Assets.

Expenditures for IT development and maintenance are generally expensed as incurred. Expenditures for software development that can be attributed to identifiable assets under the Group's control and with anticipated future economic benefits are capitalized and recognized as intangible assets. These capitalized expenses include staff expenses for the development team and other direct and indirect expenses. Borrowing expenses are included in the cost of qualified fixed assets.

Additional expenditures for previously developed software, etc. are recognized as an asset in the balance sheet if they increase the future economic benefits of the specific asset to which they are attributable, e.g., by improving or extending a computer programme's functionality beyond its original use and estimated useful life.

IT development expenses that are recognized as intangible assets are amortized using the straight-line method over their useful lives (3–5 years). Useful life is reassessed annually. The asset is recognized at cost less accumulated amortization and impairment.

Expenses associated with the maintenance of existing computer software are expensed as incurred.

Client relationships

Client relationships that are recognized as fixed assets relate to fair value revaluations recognized upon acquisition in accordance with IFRS 3. They are amortized on a straight-line basis over their estimated period of use (5–10 years). Useful life is reassessed annually. The asset is recognized at cost less accumulated amortization and impairment.

Other intangible fixed assets

Other intangible fixed assets relate to other acquired rights are amortized on a straight-line basis over their estimated period of use (3–5 years). Useful life is reassessed annually. The asset is recognized at cost less accumulated amortization and impairment.

Tangible fixed assets

The Group applies IAS 16 Property, plant and equipment.

Tangible fixed assets are recognized at cost less accumulated depreciation and impairment. Cost includes the purchase price and costs directly attributable to putting the asset into place and condition to be utilized in the way intended. Examples of directly attributable expenses are delivery and handling, installation, consulting services and legal services. Depreciation is booked on a straight-line basis over the asset's anticipated useful life (3–5 years). Useful life is reassessed annually.

The carrying value of a tangible fixed asset is excluded from the balance sheet when the asset is sold or disposed of or when no economic benefits are expected from its use or disposal of the asset. The gain or loss that arises on the sale or disposal of an asset is comprised of the difference between the sales price and the asset's carrying value less direct selling expenses. Gains and losses are recognized as other operating earnings.

An annual determination is made of each asset's residual value and a period of use.

Tangible fixed assets are recognized as an asset in the balance sheet if it is likely that the future economic benefits will accrue to the company and the cost of the asset can be reliably estimated.

Leasing

The Group applies IAS 17 Leases. Leasing is classified in the consolidated accounts as either finance or operating leasing.

When a lease means that the Group, as lessee, essentially enjoys the economic benefits and bears the economic risks attributable to the leased asset, it is classified as a finance lease. The leased asset is recognized in the balance sheet as a fixed asset, while the estimated present value of future lease payments is recognized as a liability. The portion of the lease fee that falls due for payment within one year is recognized as a current liability, while the remainder is recognized as a long-term liability. Minimum lease fees for finance leases are divided between interest expense and amortization of the outstanding liability. Interest expense is divided over the lease term so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognized in each period. Variable fees are expensed in the period in which they arise.

In operating leasing, lease payments are expensed over the lease term. Payments are recognized in the income statement on a straight-line basis over the lease term. Benefits received in connection with the signing of an operating lease are recognized as part of the total lease expense in the income statement.

Taxes

The Group applies IAS 12 Income Taxes.

Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement unless the underlying transaction is recognized directly in other total comprehensive income, in which case the related tax effect is recognized in other total comprehensive income.

Current tax is tax that is to be paid or received during the year in question applying the tax rates applicable on the balance sheet date; which includes adjustment of current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method based on temporary differences between the carrying value of assets and liabilities and their value for tax purposes. The following temporary differences are not taken into account: temporary differences that arise in the initial reporting of goodwill, the initial reporting of assets and liabilities in a transaction other than a business combination and which, at the time of the transaction, do not affect either the recognized or taxable result, or temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future. The valuation of deferred tax is based on how the carrying values of assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying the tax rates and tax rules that have been set or essentially are set as of the balance sheet date.

Deferred tax assets from deductible temporary differences and tax-loss carryforwards are only recognized if it is likely they will be utilized within the foreseeable future. The value of deferred tax assets is reduced when it is no longer considered likely they can be utilized.

Shareholders' equity

Share repurchases and transaction expenses are recognized directly against equity. Dividends are recognized as a liability after they are approved by the Annual General Meeting.

Note 1 cont.

Provisions

The Group applies IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

A provision is recognized in the balance sheet when the Group has a legal or informal obligation owing to an event that has occurred and it is likely that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. The carrying amount for the provision is based on an assessment of the most likely outcome, and can be calculated by weighing the various possible outcomes multiplied by their estimated probability. Where it is important when in time payment will be made, provisions are estimated by discounting the projected future cash flow at a pre-tax interest rate that reflects current market estimates of the time value of money and, where appropriate, the risks associated with the liability.

A provision for restructuring is recognized when a detailed, formal restructuring plan has been established and the restructuring has either begun or been publicly announced. No provision is made for future operating expenses.

A provision for termination expenses is recognized only if the persons in question have known or had valid expectations to be terminated by the balance sheet date.

A provision is recognized for an onerous contract when anticipated benefits that the Group expects to receive from a contract are less than the unavoidable expenses to fulfil the obligations as set out in the contract.

A provision for dilapidation agreements on leased premises is recognized if there is a contractual obligation to the landlord, within the foreseeable future, to restore the premises to a certain condition when the lease expires.

Unidentified payments and over-payments

The Group receives large volumes of payments from debtors for itself and its clients. There are instances where the sender's reference information is missing or incorrect, which makes it difficult to allocate the payment to the right case. There are also situations where payments are received on closed cases. In such instances a reasonable search and attempt is made to contact the payment sender but, failing this, the payment is recognized as income after a certain interval. A provision is recognized in the balance sheet corresponding to the anticipated repayments of incorrectly received payments on a probability analysis.

Contingent liabilities

A contingent liability is recognized when there is a possible obligation that arises from past events whose existence will be confirmed only by one or more uncertain future events or when there is an obligation that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required.

Impairment

The Group applies IAS 36 Impairment of Assets.

The carrying value of the Group's assets, with certain exceptions, is tested on each balance sheet date for any indication of impairment. IAS 36 is applied to impairment testing of all assets with the exception of financial assets, which are valued according to IAS 39, investment assets for pension liabilities, which are valued according to IAS 19 Employee Benefits, and tax assets, which are valued according to IAS 12.

If there is any indication of impairment, the asset's recoverable value is estimated. For goodwill and other intangible assets with an indeterminate useful life and intangible assets not yet brought into use, recoverable values are calculated annually. If essentially independent cash flows cannot be isolated for individual assets, the assets are grouped at the lowest level where essentially independent cash flows can be identified, i.e., a cash-generating unit. Intrum Justitia's operations in each geographical region are considered to be the Group's cash-generating units in this regard. However, the subsidiary Buckaroo BV is considered to be a separate cash-generating unit alongside the geographical regions.

Impairment is recognized when the carrying value of an asset or cash-generating unit exceeds its recoverable value. Impairment is recognized in the income statement. Impairment attributable to a cash-generating unit is mainly allocated to goodwill, after which they are divided proportionately among other assets in the unit.

The recoverable amount of cash-generating units is the higher of their fair value less selling expenses and value in use. Value in use is measured by discounting future cash flows using a discounting factor that takes into account the risk-free rate of interest and the risk associated with the specific asset.

Impairment of goodwill is not reversed. Impairment of other assets is reversed if a change has been made in the assumptions that served as the basis for determining the recoverable amount. Impairment is reversed only to the extent the carrying value of the assets following the reversal does not exceed the carrying value that the asset would have had if the impairment had not been recognized.

Employee benefits

The Group applies IAS 19 Employee Benefits.

Pension obligations

The Group's pension obligations are, for the most part, secured through official pension arrangements or insurance solutions. Pension obligations vary between countries on the basis of legislation and different pension systems. See also Note 21 for a further description.

Defined contribution pension plans are plans where the company's obligation is limited to the fees it has committed to pay. The size of the employee's pension depends in part on the fees the company pays to an insurance company and in part on the return generated and actuarial factors. Consequently, it is the employee who assumes the investment risk and actuarial risk. The company's obligations for defined contribution pension plans are expensed through the income statement as they are vested by employees who render services on behalf of the company.

For defined benefit pension plans, the pension obligation does not cease until the agreed pensions have been paid. The Group's net obligation for defined benefit pension plans is calculated separately for each plan by estimating future compensation the employees have earned in current and previous periods; this compensation is discounted to its present value. The discount rate is the interest rate as per the balance sheet date on high-quality corporate bonds, including mortgage bonds, with a maturity that, if possible, corresponds to the Group's pension obligations. The calculation is performed by an actuary using the so-called Projected Unit Credit Method. The fair value of Intrum Justitia's share of any investment assets as of the balance sheet date is calculated as well.

Actuarial gains and losses may arise in the determination of the present value of the obligation and the fair value of investment assets. They arise either because the actual outcome deviates from previous assumptions or the assumptions change. All changes in value associated with such changes in assumptions are recognized in other comprehensive income.

The balance sheet value of pensions and similar obligations is therefore equivalent to the present value on the balance sheet date less the fair value of plan assets.

Pension expenses for service in the current period are reported in the operating result, while the calculated interest expense on the pension liability and the interest income from assets under management are reported in net financial items.

Pension obligations in Sweden that are met through pension insurance premiums to Alecta in the so-called ITP plan are reported as defined contribution pension solutions.

Borrowing expenses

The Group applies IAS 23 Borrowing Costs and IAS 39 Financial Instruments: Recognition and Measurements.

Expenses to secure bank financing are amortized across the term of the loan as financial expenses in the consolidated income statement. The amount is recognized in the balance sheet as a deduction to the loan liability.

The Group capitalizes borrowing expenses in the cost of qualifying assets, that is, fixed assets for substantial amounts with long periods of completion. No such investments were initiated in 2013 or 2014.

Income recognition

The Group applies IAS 18 Revenue.

Income, consisting of commissions and collection fees is recognized on collection of the debt. Subscription income is recognized proportionately over the term of the underlying service contracts, which is usually one year.

Financial income and expenses

Financial income and expenses consist of interest income on bank balances and receivables and interest-bearing securities, bank fees, interest expenses on loans, dividend income, exchange rate differences, realized and unrealized gains on financial investments, and derivatives used in financial operations.

Note 1 cont.

Payment guarantees

In connection with operations such as credit advice and administration of credit applications on behalf of clients, the Group's clients can obtain a guarantee, for a certain charge, from Intrum Justitia for the client's receivables from its customers. The guarantee entails an undertaking by Intrum Justitia to acquire the receivable from the creditor at its nominal value, or a certain part thereof, once it has fallen overdue for payment by a certain number of days. The income, in the form of a guarantee commission, is recognized when the guarantees are issued, while a liability is recognized in the balance sheet for expected losses related to those guarantees. If the debtor fails to make payment, Intrum Justitia acquires the claim. The disbursement is then recognized as an acquisition of a receivable, less the liability recognized when the guarantee was issued.

Cash flow statement

The Group applies IAS 7 Cash Flow Statements.

The cash flow statement includes changes in the balance of liquid assets. The Group's liquid assets consist of cash and bank balances. Cash flow is divided into cash flows from operating activities, investing activities and financing activities.

Cash flow from investing activities includes only actual disbursements for investments during the year.

Foreign subsidiaries' transactions are translated in the cash flow statement at the average exchange rate for the period. Acquired and divested subsidiaries are recognized as cash flow from investing activities, net, after deducting liquid assets in the acquired or divested company.

Earnings per share

The Group applies IAS 33 Earnings per Share.

Earnings per share consist of net earnings for the year (attributable to the Parent Company's shareholders) divided by a weighted average number of outstanding shares during the year. In this context, treasury holdings of repurchased shares are not included in outstanding shares.

Segments

The Group applies IFRS 8 Operating Segments.

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

Intrum Justitia's operating segments are the geographical regions Northern Europe (Denmark, Estonia, Finland, the Netherlands, Norway, Poland and Sweden), Central Europe (Austria, Czech Republic, Germany, Hungary, Slovakia and Switzerland) and Western Europe (Belgium, France, Ireland, Italy, Portugal, Spain and the United Kingdom). Central and joint expenses are spread across the geographical regions in proportion to their purchasing power parity-adjusted revenues. The break-down by geographical region is also used for internal monitoring in the Group. Effective from 2014, the operations in Netherlands were transferred from the Western Europe region to the Northern Europe region. The comparative figures for 2013 have been restated to take this change into account.

Among other things, Note 2 details net revenue and operating earnings by geographic region. However, interest income and expenses are not reported by segment. This is not considered relevant because the distribution of financial items is dependent on Group structure and financing and is not affected by the actual performance of the regions. Nor are actual reported interest income and expenses by segment included in any internal reporting to the CEO.

Parent Company's accounting principles

The Parent Company has prepared the annual report according to the Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities from the Swedish Financial Reporting Board. RFR 2 means that the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act and taking into account the connection between reporting and taxation. The recommendation specifies exemptions and additions relative to IFRS.

Differences between the Group's and Parent Company's accounting principles

Differences between the Group's and Parent Company's accounting principles are indicated below. The accounting principles for the Parent Company as stated below have been applied consistently to all periods presented in the Parent Company's financial statements.

Subsidiaries, associated companies and joint ventures

Shares in subsidiaries, associated companies and joint ventures are recognized by the Parent Company at cost, including transaction expenses less any impairment. Only dividends are recognized as income.

Group contributions and shareholders' contributions for legal entities

The company reports Group contributions and shareholders' contributions in accordance with statement RFR 2 of the Swedish Financial Reporting Board.

Group contributions received are recognized as dividends and Group contributions paid are recognized as shareholders' contributions. Shareholders' contributions are recognized directly in the shareholders' equity of the recipient and capitalized in the shares and participating interests of the contributor, to the extent impairment is not required.

Other

The Parent Company has no leases classified as finance leases in its own accounts or the consolidated accounts.

NOTE 2

INFORMATION BY GEOGRAPHIC REGION AND SERVICE LINE

	Group	
SEK M	2014	2013
Revenues from external clients by geographical region		
Northern Europe	2,556	2,476
Central Europe	1,433	1,088
Western Europe	1,195	1,002
Total	**5,184**	**4,566**
Revenues from external clients by country		
Sweden	833	808
Finland	830	720
France	618	501
Switzerland	597	507
Hungary	323	204
Other countries	1,983	1,826
Total	**5,184**	**4,566**

	Group	
SEK M	2014	2013
Intra-Group revenues by geographical region		
Northern Europe	265	233
Central Europe	261	244
Western Europe	121	94
Elimination	–647	–571
Total	**0**	**0**
Operating earnings by geographical region		
Northern Europe	749	743
Central Europe	432	266
Western Europe	249	198
Total operating earnings	**1,430**	**1,207**
Net financial items	–183	–161
Earnings before tax	**1,247**	**1,046**

Note 2 cont.

Assets by geographical region	2014	2013
Northern Europe	6,080	5,659
Central Europe	2,625	2,300
Western Europe	2,570	2,107
Group-wide/eliminations	66	156
Total	**11,341**	**10,222**

Tangible and intangible fixed assets by country		
Sweden	497	520
Finland	532	504
Switzerland	287	263
Netherlands	268	382
France	289	273
Other countries	1,240	984
Total	**3,113**	**2,926**

Liabilities and provisions by geographical region		
Northern Europe	2,425	2,040
Central Europe	1,070	838
Western Europe	954	1,096
Group-wide/eliminations	3,851	2,932
Total	**8,300**	**6,906**

Investments in tangible and intangible fixed assets by region		
Northern Europe	49	49
Central Europe	47	41
Western Europe	22	8
Group-wide/eliminations	28	23
Total	**146**	**121**

Amortization, depreciation and impairment By geographical region excluding goodwill impairment		
Northern Europe	–91	–82
Central Europe	–48	–39
Western Europe	–16	–24
Group-wide/eliminations	–15	–12
Total	**–170**	**–157**

	Group	
SEK M	**2014**	**2013**
Goodwill impairment		
Northern Europe	–111	–
Total	**–111**	**–**

Not included in cash flow		
Northern Europe	–46	3
Central Europe	5	1
Western Europe	–4	1
Group-wide/eliminations	0	1
Total	**–45**	**6**

Participations in associated companies and joint ventures, by region		
Northern Europe	3	–2
Central Europe	–	–
Western Europe	–	1
Other/eliminations	0	0
Total	**3**	**–1**

Revenues by service line		
Credit Management	3,844	3,469
Financial Services	2,173	1,791
Elimination of inter-service line revenue	–833	–694
Total	**5,184**	**4,566**

Revenues from external clients by service line		
Credit Management	3,011	2,775
Financial Services	2,173	1,791
Total	**5,184**	**4,566**

Operating earnings by service line		
Credit Management	912	823
Financial Services	1,159	969
Common costs	–641	–585
Total	**1,430**	**1,207**

No individual customer is responsible for generating more than two percent of the Group's total revenue.

The distribution of revenues, earnings, assets and liabilities by geographical region is based on where clients are located.

The geographical regions include Northern Europe (Denmark, Estonia, Finland, the Netherlands, Norway, Poland and Sweden); Central Europe (Switzerland, Slovakia, the Czech Republic, Germany, Hungary and Austria) and Western Europe (Belgium, France, Ireland, Italy, Portugal, Spain and the UK). Central and joint expenses are spread across the geographical regions in proportion to their purchasing power parity-adjusted revenues. The break-down by geographical region is also used for internal monitoring in the Group.

Intra-Group sales between the regions are made on commercial terms.

Internal transactions between the business areas Financial Services and Credit Management Services relate to payment on commercial terms for work carried out within Credit Management regarding handling and collection of the Group's purchased debt. Payment is made in the form of a commission that is recognized as an expense within purchased debt, but which is eliminated in the Consolidated Income Statement.

Interest income and expenses are not reported by segment. This is not considered relevant because the distribution of financial items is dependent on Group structure and financing and is not affected by the actual performance of the regions. Nor are actual reported interest income and expenses by segment included in any internal reporting to the CEO.

NOTE 3

REVENUES AND EXPENSES

Revenues		Group	Parent Company	
SEK M	2014	2013	2014	2013
Collection fees, commissions and debtor fees	2,673	2,445	–	–
Subscription income	72	75	–	–
Collections on purchased debt	3,469	3,040	–	–
Amortization of purchased debt	–1,430	–1,327	–	–
Revaluation purchased debt	35	7	–	–
Commission revenues from payment guarantees	36	57	–	–
Income from Group companies	–	–	92	90
Other income	329	269	–	–
Total	**5,184**	**4,566**	**92**	**90**

The revenues from purchased debt consist of the collected amounts less amortizations, i.e. the decrease in the book value of the portfolio for the period. See also Note 14.

Expenses		Group	Parent Company	
SEK M	2014	2013	2014	2013
Personnel expenses	–1,865	–1,639	–131	–124
Depreciation/amortization and impairment	–281	–157	–	–
Other expenses	–1,608	–1,563	–21	–34
Total	**–3,754**	**–3,359**	**–152**	**–158**

NOTE 4

AMORTIZATION, DEPRECIATION AND IMPAIRMENT

		Group	Parent Company	
SEK M	2014	2013	2014	2013
Capitalized expenses for IT development	–97	–93	0	0
Client relationships	–10	–14	–	–
Other intangible fixed assets	–25	–19	–	–
Computer hardware	–15	–12	–	–
Other tangible fixed assets	–23	–19	0	0
Goodwill impairment	–111	–	–	–
Total	**–281**	**–157**	**0**	**0**

Depreciation, amortization and impairment have been charged to each function as an operating expense as follows:

		Group	Parent Company	
SEK M	2014	2013	2014	2013
Cost of sales	–157	–148	–	–
Sales and marketing expenses	–2	–2	–	–
Administrative expenses	–11	–7	0	0
Goodwill impairment	–111	–	–	–
Total	**–281**	**–157**	**0**	**0**

NOTE 5

PARTICIPATIONS IN ASSOCIATED COMPANIES AND JOINT VENTURES

	Group	
SEK M	2014	2013
Associated companies		
IJCOF SAS (France)	–	1
Total associated companies	**0**	**1**
Joint ventures		
EE-DF AG, Zug (Switzerland)	3	–2
Total, joint ventures	**3**	**–2**
Total participations in earnings	**3**	**–1**

NOTE 6

FINANCIAL INCOME

		Group	Parent Company	
SEK M	2014	2013	2014	2013
Interest income from Group companies	–	–	119	118
Other interest income	13	17	8	9
Dividends from Group companies	–	–	519	324
Total	**13**	**17**	**646**	**451**

All interest income is attributable to items that are not carried at fair value through profit and loss.

The operating earnings include interest income attributable to purchased debt amounting to SEK 2,039 M (1,713), defined as the difference between the year's collected amount and amortization for the year. Amortization comprises the portion of the cost of the portfolio that, owing to allocation under the effective interest method, accrues over the current year.

The item Dividends from Group companies includes group contributions from subsidiaries in Sweden of SEK 303 M (240).

NOTE 7

INTEREST EXPENSES AND SIMILAR ITEMS

		Group	Parent Company	
SEK M	2014	2013	2014	2013
Interest expenses to Group companies	–	–	–12	–14
Interest expenses	–166	–144	–150	–128
Translation differences	1	–4	3	3
Amortization of capitalized borrowing expenses	–11	–11	–11	–11
Expensed shareholder contributions to subsidiaries	–	–	–198	–281
Impairment of shares in subsidiaries	–	–	–100	–25
Other financial expenses	–20	–19	–16	–17
Total	**–196**	**–178**	**–484**	**–473**

All interest expenses pertain to items not carried at fair value through profit and loss.

Exchange rate differences from accounts receivable and accounts payable are reported in operating earnings. The amounts were negligible.

NOTE 8

TAXES

The tax expense for the year breaks down as follows:

SEK M	2014	Group 2013
Current tax		
Tax expense attributable to earnings for the year	–173	–138
Tax attributable to settled tax disputes and similar	18	0
Other tax adjustments attributable to previous years	4	13
Deferred tax		
Deferred tax related to temporary differences	–29	–111
Deferred tax asset in tax value of capitalized tax-loss carryforwards	0	9
Deferred tax expense attributable to previously capitalized tax value in tax-loss carryforwards	–26	0
Total tax expense	**–206**	**–227**

During the year, no taxes were recognized for discontinued operations or capital gains.

Intrum Justitia AB is domiciled in Sweden where the nominal corporate tax rate in 2013 and 2014 was 22 percent. The Group has operations in 20 countries in Europe, with various tax rates. The following reconciliation explains the deviation between the Group's actual tax expense and the expected tax expense taking the Swedish corporate tax rate into account:

	2014		2013	Group
Reconciliation	SEK M	%	SEK M	%
Earnings before tax	1,247		1,046	
Income tax calculated at standard rate in Sweden, 22.0 percent	**–274**	**22.0**	**–230**	**22.0**
Effect of different tax rates in other countries	30	–2.4	10	–1.0
Tax effect of tax-exempt income and non-deductible expenses	–16	1.3	–4	0
Unrecognized tax assets pertaining to tax-loss carryforwards	–66	5.3	–19	1.8
Utilized previously unrecognized tax assets pertaining to tax-loss carryforwards	89	–7.1	10	–1.0
Adjustments to previous years and other	31	–2.6	6	–0.1
Total tax on net earnings for the year	**–206**	**16.5**	**–227**	**21.7**

Unrecognized tax assets for tax-loss carryforwards relate to the positive tax effect during the year, which arise through utilization of tax-loss carryforwards that had never previously been recognized as deferred tax assets, and the negative tax effect during the year that is due to losses in countries where there has been no recognition of deferred tax assets as it is not likely enough that sufficient taxable surpluses will arise within a foreseeable future. Adjustments for previous years and other items include resolved tax disputes.

Corresponding reconciliation for the Parent Company:

	2014		Parent Company 2013	
Reconciliation	SEK M	%	SEK M	%
Earnings after financial items	102		–90	
Income tax calculated at standard rates in Sweden, 22.0	**–22**	**22.0**	**20**	**22.0**
Tax effect of tax-exempt income and non-deductible expenses	–19	18.6	81	90.0
Effect on deferred tax assets of change in tax rate in Sweden	41	–40.6	–101	–112.0
Adjustments to previous years and other	–19	18.6	0	0.0
Total tax on net earnings for the year	**–19**	**18.6**	**0**	**0.0**

Tax-exempt income and non-deductible expenses in the Parent Company consist primarily of share dividends from subsidiaries, paid and expensed shareholder contributions, as well as impairment of shares in subsidiaries. Adjustments to previous years and other concern a penalty tax for the 2009 income year. The Parent Company has accumulated tax-loss carryforwards of SEK 1,037 M (1,011) at year-end as a result of both income items and unrealized translation differences recognized in other comprehensive income. No deferred tax assets are recognized for these tax-loss carryforwards since the Parent Company is not expected to have a positive taxable result in the next few years.

When differences arise between the tax value and carrying value of assets and liabilities, a deferred tax asset or tax liability is recognized. Such temporary differences arise mainly for provisions for pensions and fixed assets. Deferred tax assets include the value of tax-loss carryforwards in the instances where they are likely to be utilized to offset taxable surpluses within the foreseeable future.

	2014		2013	
Group SEK M	Asset/ liability	Income/ expense	Asset/ liability	Income/ expense
Legal outlays	–2	0	–2	1
Purchased debt	–388	–41	–350	–115
Intangible assets	–7	5	–13	8
Tax-loss carryforwards	0	–26	24	9
Provisions for pensions	34	0	28	0
Other	8	7	–1	–5
Total	**–355**	**–55**	**–314**	**–102**
Deferred tax assets	35	22	69	–3
Deferred tax liabilities	–390	–77	–383	–99
Total	**–355**	**–55**	**–314**	**–102**

The deferred tax assets and income tax liabilities are expected to be due for payment in over one year.

The Group has tax-loss carryforwards that can be utilized against future earnings totalling SEK 1,776 M (1,704). No deferred tax assets are recognized in the balance sheet since the tax-loss carryforwards exist in companies where it is not expected to be possible to utilize them against taxable earnings in the foreseeable future.

The only tax-loss carryforwards in countries where expiry dates are applied for the utilization of such carryforwards are those in Poland at SEK 48 M (34) and Spain at SEK 3 M (4). In Poland, the tax-loss carryforwards may only be utilized during a period of five years from the year in which the loss was incurred and in Spain they may only be utilized during a period of 18 years. No deferred tax assets are recognized for the tax-loss carryforwards in these two countries.

Loss carryforwards for which no deferred tax assets are recognized pertain mainly to Sweden with SEK 1,037 M (1,011) and the UK with SEK 371 M (375). Most of the tax-loss carryforwards in Sweden consist of the deficit in the Parent Company. As a consequence of the expenses for the head office expenses and financing expenses, the Parent Company has for several years incurred a tax deficit, even when taking in to account the group contributions received from the profitable companies conducting business in Sweden. It is Intrum Justitia's assessment that tax-loss

Note 8 cont.

carryforwards cannot be utilized against positive taxable income in the foreseeable future without first restructuring the Group internally so that, for example, the Parent Company's interest expenses are transferred to foreign subsidiaries. If and when such restructuring is implemented, it may be relevant to evaluate the tax-loss carryforwards in the accounts. Because the tax-loss carryforwards exist in the Parent Company, they are not involved in the impairment testing of goodwill that pertains to the business of the subsidiaries. Loss carryforwards in Sweden may also be consumed through so-called CFC taxation on the earnings of foreign subsidiaries with revenues subject to low tax rates.

Tax expenses recognized in other comprehensive income over the year amounted to SEK 28 M (income 1). No tax has been recognized directly against equity.

Following a tax audit of the Group's Swedish Parent Company for the 2009 financial year, the Swedish National Tax Board decided to impose a penalty tax of SEK 19 M in 2011. The amount has been expensed in the Parent Company and paid to the Tax Board in 2014. Intrum Justitia takes the view, however, that its tax returns contained no misstatements and that the conditions for a penalty tax have therefore not been met. The National Tax Board won in the Administrative Court in October 2012 and in the Administrative Court of Appeal in February 2014. The company applied for a preliminary decision from the Supreme Administrative Court in May 2014 to have a final decision on the matter.

NOTE 9

EARNINGS PER SHARE

		Group
	2014	2013
Net earnings for the year attributable to Parent Company's shareholders (SEK M)	1,031	817
Number of shares outstanding at beginning of year	78,546,878	79,744,651
Share repurchases	–4,699,344	–1,197,773
Number of shares outstanding at year-end	**73,847,534**	**78,546,878**
Weighted average no. of shares during the year before and after dilution	76,461,901	79,306,099
Earnings per share before and after dilution (SEK)	**13.48**	**10.30**

In accordance with the Board's proposal, the 2013 and 2014 Annual General Meetings resolved to authorize the Board, in the period until the relevant subsequent AGM, to acquire and dispose of the company's own shares on the Nasdaq Stockholm exchange. The company's holding of treasury shares may not at any time exceed 10 percent of the total number of shares in the company. Over the year, 4,699,344 shares (1,197,773) shares were repurchased in accordance with decisions by the Board of Directors for SEK 968 M (200).

NOTE 10

INTANGIBLE FIXED ASSETS

		Group		Parent Company
SEK M	**2014**	**2013**	**2014**	**2013**
Goodwill				
Acquisition cost, opening balance	2,542	2,369	–	–
Acquisitions for the year	150	122	–	–
Impairment for the year	–111	–	–	–
Translation differences	138	51	–	–
Carrying values	**2,719**	**2,542**	**0**	**0**

Capitalized expenses for IT development		Group		Parent Company
SEK M	**2014**	**2013**	**2014**	**2013**
Acquisition cost, opening balance	918	842	5	5
Capitalized expenditures for the year	58	48	0	0
Disposals	–29	–7	0	0
Reclassification	–3	7	–	–
Purchased via acquisition	3	4	–	–
Translation differences	49	24	–	–
Accumulated acquisition cost, closing balance	**996**	**918**	**5**	**5**
Accumulated depreciation/amortization, opening balance	–701	–595	–5	–4
Disposals	29	7	–	–
Reclassification	1	–2	–	–
Depreciation/amortization for the year	–91	–93	0	–1
Translation differences	–40	–18	–	–
Accumulated depreciation/amortization, closing balance	**–802**	**–701**	**–5**	**–5**
Impairments, opening balance	–17	–17	–	–
Impairments for the year	–6	0		
Accumulated impairment, closing balance	**–23**	**–17**	**0**	**0**
Carrying values	**171**	**200**	**0**	**0**

		Group		Parent Company
SEK M	**2014**	**2013**	**2014**	**2013**
Client relationships				
Acquisition cost, opening balance	142	150	–	–
Reclassification	–11	–13	–	–
Translation differences	8	5	–	–
Accumulated acquisition cost, closing balance	**139**	**142**	**0**	**0**
Accumulated depreciation/amortization, opening balance	–100	–82	–	–
Depreciation/amortization for the year	–6	–14	–	–
Translation differences	–6	–4	–	–
Accumulated depreciation/amortization, closing balance	**–112**	**–100**	**0**	**0**
Impairments, opening balance	–	–	–	–
Impairments for the year	–4	–	–	–
Accumulated impairment, closing balance	**–4**	**0**	**0**	**0**
Carrying values	**23**	**42**	**0**	**0**

Note 10 cont.

SEK M	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Other intangible fixed assets				
Acquisition cost, opening balance	110	81	–	–
Capitalized expenditures for the year	35	25	–	–
Purchased via acquisition	23	–	–	–
Translation differences	11	4	–	–
Accumulated acquisition cost, closing balance	**179**	**110**	**0**	**0**
Accumulated depreciation/ amortization, opening balance	–73	–50	–	–
Depreciation/amortization for the year	–25	–19	–	–
Translation differences	–8	–4	–	–
Accumulated depreciation/ amortization, closing balance	**–106**	**–73**	**0**	**0**
Carrying values	**73**	**37**	**0**	**0**

Payments during the year regarding investments in intangible fixed assets amounted to SEK 90 M (77) for the Group.

Capitalized expenditure for IT development is mainly generated internally using our own employees and/or contracted consultants. Client relations and goodwill are acquired in connection with business acquisitions. Other intangible fixed assets are mainly acquired externally.

Impairment tests for cash generating units includng goodwill

The Group treats the geographical regions as cash-generating units in the sense referred to in IAS 36 Impairment of assets, with the exception of the subsidiary Buckaroo BV, which although included in the Northern Europe region is not yet considered sufficiently integrated with the Group's other operations to be included in the same cash-generating unit. When the company was acquired in 2012, the intention was to coordinate its activities with Intrum Justitia's other operations, but this coordination has been delayed for various reasons.

The carrying value of goodwill is distributed as follows:

SEK M	2014	2013
Northern Europe	1,411	1,219
Buckaroo BV	124	226
Central Europe	368	343
Western Europe	816	754
Total	**2,719**	**2,542**

Impairment testing of goodwill for each cash-generating unit was done prior to preparation of the annual accounts. The recoverable amount is determined through an estimation of its value in use. For each cash-generating unit, management has prepared a projection of annual future cash flows based on historical experience and the company's own plans and estimates for the future. The calculation is based on a detailed forecast for the years 2015–2017 and thereafter an annual increase of 3 percent. The cash flows have been discounted to present value applying the Group's weighted average cost of capital, which is estimated at 8.0 percent (10.2) per year before tax, corresponding to 6.2 percent (7.9) per year after tax. The recoverable amount has been compared for each unit with the Group's net book value of the unit's assets and liabilities. The impairment testing gave no indication of a need to recognize impairment in goodwill with the exception of Buckaroo BV, for which impairment in the amount of SEK 111 M has been recognized.

Sensitivity analysis

Impairment testing is based on a number of assumptions, where the outcome is judged to be most sensitive to some of those assumptions in particular:

For 2016–2017, annual revenue growth of 10 percent (10) is assumed, with each SEK 1,000 in increased revenue being assumed to result in an increase in operating earnings of SEK 300 (300), that is, an "incremental increase in earnings" of 30 percent (30). For the period after 2017, perpetual growth in cash flow of 3 percent (3) annually is assumed. The same assumptions were applied for all three geographical regions. The same discount rates were also applied, since no long-term difference can be identified between the regions' growth potential or risk.

A sensitivity analysis has been carried out, with the annual revenue growth for 2016–2017 being assumed to be 5 percent, the incremental increase in earnings being assumed to be 20 percent, and the perpetual growth in cash flows after 2017 being assumed to be 1.5 percent annually. Even with these assumptions, impairment testing did not indicate any need to recognize impairment in goodwill for any of the three regions.

NOTE 11

TANGIBLE FIXED ASSETS

SEK M	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Computer hardware				
Acquisition cost, opening balance	191	189	1	1
Investments for the year	21	21	–	–
Sales and disposals	–12	–27	–	–
Reclassification	1	3	–	–
Purchased via acquisition	2	0	–	–
Translation differences	11	5	–	–
Accumulated acquisition cost, closing balance	**214**	**191**	**1**	**1**
Accumulated depreciation/ amortization, opening balance	–160	–169	–1	–1
Sales and disposals	11	26	–	–
Reclassification	–1	–1	–	–
Purchased via acquisition	–1	0	–	–
Depreciation/amortization for the year	–15	–12	0	0
Translation differences	–8	–4	–	–
Accumulated depreciation/ amortization, closing balance	**–174**	**–160**	**–1**	**–1**
Carrying values	**40**	**31**	**0**	**0**
Other tangible fixed assets				
Acquisition cost, opening balance	249	231	2	2
Investments for the year	33	23	0	0
Sales and disposals	–13	–7	–	–
Reclassification	1	–3	–	–
Purchased via acquisition	2	0	–	–
Translation differences	14	5	–	–
Accumulated acquisition cost, closing balance	**286**	**249**	**2**	**2**

SEK M	2014	Group 2013	Parent Company 2014	2013
Accumulated depreciation/ amortization, opening balance	–175	–160	–2	–2
Sales and disposals	13	7	–	–
Reclassification	–1	1	–	–
Purchased via acquisition	–1	0	–	–
Depreciation/amortization for the year	–23	–19	0	0
Translation differences	–12	–4	–	–
Accumulated depreciation/amortization, closing balance	**–199**	**–175**	**–2**	**–2**
Carrying values	**87**	**74**	**0**	**0**

Disbursements during the year regarding investments in intangible fixed assets for the Group amounted to SEK 52 M (44).

NOTE 12

GROUP COMPANIES

SEK M	No. of shares	2014	2013
Intrum Justitia A/S, Denmark	40	188	188
Intrum Justitia AS, Estonia	430	1	1
Intrum Justitia Finans AB, Sweden	66,050,000	66	66
Intrum Justitia Oy, Finland	14,000	1,649	1,649
Intrum Justitia SAS, France	5,000	345	345
Intrum Justitia SpA, Italy	600,000	50	50
Intrum Justitia SDC SIA, Latvia	2,000	0	0
Intrum Justitia BV, Netherlands	40	377	377
Fair Pay Please AS, Norway	5,000	264	264
Intrum Justitia Portugal Unipessoal Lda, Portugal	68,585	71	71
Intrum Justitia AG, Switzerland	7,000	942	942
Intrum Justitia Ibérica S.A.U, Spain	600,000	73	173
Collector Services Ltd, United Kingdom	88,100,002	0	0
Intrum Justitia Sverige AB, Sweden	22,000	1,649	1,649
Intrum Justitia International AB, Sweden	1,000	601	601
Intrum Justitia Holding GmbH, Germany	2,050,000	0	0
Intrum Justitia Inkasso GmbH, Austria	72,673	37	37
Total carrying value		**6,313**	**6,413**

SEK M	2014	2013
Opening balance	6,413	6,372
Capital contributions paid	0	66
Impairment of shares in subsidiaries	–100	–25
Closing balance	**6,313**	**6,413**

For 2013 and 2014, the impairment of participations in subsidiaries relates to the subsidiary in Spain, applied when the development of this business was unsatisfactory.

The Group's Parent Company is Intrum Justitia AB (publ), domiciled in Stockholm with corporate identity number 556607-7581. The Group's subsidiaries are listed below.

Subsidiaries owned by the Parent Company and their subsidiaries in the same country	Corp. identity no.	Domicile	Share of capital
DENMARK			
Intrum Justitia A/S	DK 10613779	Copenhagen	100%
Advis A/S	DK 27167179	Valby	100%
ESTONIA			
Intrum Justitia AS	10036074	Tallinn	100%
FINLAND			
Intrum Justitia Oy	FI 14702468	Helsinki	100%
Intrum Rahoitus Oy	FI 25086904	Helsinki	100%
FRANCE			
Intrum Justitia SAS	B322 760 497	Lyon	100%
IJCOF Corporate SAS	B797 546 769	Lyon	58%
IJCOF SAS	B518 528 769	Lyon	70%
Socogestion SAS	B414 613 539	Lyon	100%
ITALY			
Intrum Justitia SpA	03776980488	Milano	100%
LATVIA			
Intrum Justitia SDC SIA	40103314641	Riga	100%
NETHERLANDS			
Intrum Justitia BV	33.273.472	Schiphol-Rijk	100%
NORWAY			
Fair Pay Please AS	979 683 529	Oslo	100%
Intrum Justitia AS	848 579 122	Oslo	100%
Intrum Justitia Finans AS	913,953,517	Oslo	100%
Intrum Justitia 3PDC AS in liquidation	892 007 802	Oslo	100%
PORTUGAL			
Intrum Justitia Portugal Unipessoal Lda.	7318	Lisbon	100%
SWITZERLAND			
Intrum Justitia AG	CH-020.3.020.656-9	Zurich	100%
Inkasso Med AG	CH-020.3.913.313-8	Zurich	70%
Byjuno AG	CH-020.3.921.420-2	Zug	100%
Intrum Justitia Finance Service AG	CH-020.3.912.665-1	Zurich	100%
Intrum Justitia Brugg AG	CHE-109.437.651	Brugg	100%
SPAIN			
Intrum Justitia Ibérica S.A.U.	A28923712	Madrid	100%
UNITED KINGDOM			
Collector Services Ltd	3515447	Liverpool	100%
Intrum Justitia (Holdings) Ltd	1356148	Liverpool	100%
Intrum Justitia Ltd	1918920	Liverpool	100%

Note 12 cont.

Shares owned by Parent Company	Corp. identity no.	Domicile	Share of capital
SWEDEN			
Intrum Justitia Sverige AB	556134-1248	Stockholm	100%
Intrum Justitia International AB	556570-1181	Stockholm	100%
Intrum Justitia Finans AB	556885-5265	Stockholm	100%
GERMANY			
Intrum Justitia Holding GmbH	HRB 4709	Darmstadt	100%
Intrum Justitia GmbH	HRB 4622	Darmstadt	100%
Schimmelpfeng Forderungs-management GmbH	HRB 8997	Darmstadt	100%
Intrum Justitia Bankenservice GmbH	HRB 5345	Darmstadt	100%
Schimmelpfeng Creditman-agement GmbH	HRB 85778	Darmstadt	100%
AUSTRIA			
Intrum Justitia GmbH	FN 48800s	Vienna	100%
Schimmelpfeng Auskunftei GmbH	FN 105105t	Vienna	100%

Subsidiaries of Intrum Justitia Sverige AB	Corporate identity no.	Domicile	Share of capital
SWEDEN			
Intrum Justitia 3PDC AB	556442-5816	Uppsala	100%
Svensk Delgivningsservice AB	556397-1414	Stockholm	100%
Intrum Justitia Shared Services AB	556992-4318	Stockholm	100%
LUXEMBOURG			
Intrum Justitia Luxembourg sarl	B 183336	Luxembourg	100%

Subsidiaries of Intrum Justitia International AB	Corporate identity no.	Domicile	Share of capital
SWITZERLAND			
Intrum Justitia Debt Finance AG	CH-020.3.020.910-7	Zug	100%
Intrum Justitia Debt Finance Domestic AG	CH-170.3.026.065-5	Zug	100%
Intrum Justitia Licensing AG	CH-020.3.926.747-8	Zug	100%
SWEDEN			
Fair Pay Management AB	556239-1655	Stockholm	100%
Fair Pay Please AB	556259-8606	Stockholm	100%
MAURITIUS			
ICC International Collection Center Ltd	127206	Port Louis	100%

Subsidiary of Intrum Justitia Debt Finance AG	Corporate identity no.	Domicile	Share of capital
LUXEMBOURG			
Inca S.a r.l.	B 139513	Luxembourg	100%
LDF65 S.a r.l.	B 134749	Luxembourg	100%
IJDF Luxembourg S.a r.l.	B188 281	Luxembourg	100%
POLAND			
Intrum Justitia Towarzystwo Funduszy Inwestycyjnych S.A	108-00-01-076	Warsaw	100%
Intrum Justitia Debt Fund 1 Fundusz Inwestycyjny Zamknięty Niestandary-zowany Fundusz Sekury-tyzacyjny	108-00-01-900	Warsaw	100%

Subsidiary of Inca sarl	Corporate identity no.	Domicile	Share of capital
NETHERLANDS			
Lyane BV	34.304.994	Schiphol-Rijk	100%

Subsidiary of Fair Pay Please AB	Corporate identity no.	Domicile	Share of capital
BELGIUM			
Intrum N.V	BE 0426237301	Ghent	100%
Outsourcing Partners N.V	BE 0466643442	Ghent	100%

Subsidiary of Intrum Justitia BV	Corporate identity no.	Domicile	Share of capital
IRELAND			
Intrum Justitia Ireland Ltd	175808	Dublin	100%
Default Investigation (Ire-land) Limited	358355	Dublin	100%
NETHERLANDS			
Intrum Justitia Nederland BV	27.134.582	The Hague	100%
Intrum Justitia Data Centre BV	27.306.188	Schiphol-Rijk	100%
Buckaroo BV	04.060.983	Utrecht	100%
èM! Payment BV	51.184.990	Utrecht	100%
POLAND			
Intrum Justitia Sp.zo.o.o	521-28-85-709	Warsaw	100%
SLOVAKIA			
Intrum Justitia Slovakia s. r. o.	35,831,154	Bratislava	100%
CZECH REPUBLIC			
Intrum Justitia s.r.o.	25083236	Prague	100%
Intrum Justitia Czech s.r.o.	27221971	Pardubice	100%
HUNGARY			
Intrum Justitia Hitel Ügyin-téző Szolgáltatás Kft	01-09-268230	Budapest	100%
Intrum Justitia Követeléskezelő Zrt.	01-10-044857	Budapest	100%

Subsidiaries of Fair Pay Management AB	Corporate identity no.	Domicile	Share of capital
SWEDEN			
Intrum Justitia Invest AB	556786-4854	Varberg	100%

Note 12 cont.

Companies without a shareholding that are consolidated on the basis of contractual controlling interest	Corporate identity no.	Domicile
ITALY		
IJ DF Italy Srl	08438930961	Milan

For all companies, the share of capital is commensurate with the share of voting rights.

Intrum Justitia has a controlling interest in all of the wholly or partly owned subsidiaries above.

Intrum Justitia also has a controlling interest in IJ DF Italy Srl, a company in which Intrum Justitia is entitled to make decisions according to contractual terms, from which it is entitled to earnings, and in which it has the opportunity to exercise its power to make decisions to affect the company's earnings. The company's operations comprise acquisitions of overdue receivables in the Italian market.

No other non-consolidated special purpose entities exist in which Intrum Justitia has any interest or exposure.

Subsidiaries with non-controlling interest (minority interests)

	Minority interest in shareholders' equity		Minority interests in earnings	
SEK M	2014	2013	2014	2013
IJCOF Corporate SAS, France	76	66	6	0
IJCOF SAS, France	15	13	4	2
Inkasso Med AG, Switzerland	2	2	0	0
Total	**93**	**81**	**10**	**2**

Ellisphère SA is a minority shareholders in IJCOF Corporate SAS and SAS IJCOF. Ärztekasse Genossenschaft Urdorf AG is a minority shareholder in Inkasso Med AG.

NOTE 13

ASSOCIATED COMPANIES AND JOINT VENTURES

SEK M	Corporate identity no.	2014	2013
Joint ventures			
EE-DF AG, Zug (Switzerland)	CH-170.3.034.475-1	–	0
Total, associated companies and joint ventures		**–**	**0**

EE-DF AG

The operations in EE DF AG involved the ownership of Purchased Debt in Russia. There were 10,000 shares outstanding in the company, of which Intrum Justitia owned half, while the remaining shares were owned by East Capital Explorer AB and East Capital Financial Funds AB. EE DF AG had a subsidiary, RDF I AG, whose operations also involved the ownership of Purchased Debt in Russia. There were 14,285 outstanding shares in RDF-I AG, of which EE–DF AG owned 70 percent and the European Bank for Reconstruction and Development (EBRD) owned 30 percent.

Intrum Justitia and East Capital had a joint controlling interest in EE-DF AG and Intrum Justitia reported the holding as a joint venture according to the equity method. The reported value of the shares in the consolidated balance sheet was zero at the end of 2013 since the company had negative shareholders' equity.

In 2014, the operations in EE-DF AG and RDF-I AG were phased out, and the companies have been liquidated.

Note 13 cont.

Summary financial data for EE-DF AG for the previous year:

SEK M Income statement	2013
Operating earnings	**–5**
Net financial items	0
Earnings after financial items	**–5**
Taxes	0
Net earnings for the year	**–5**

SEK M Balance sheet	2013
Fixed assets	4
Current assets	0
Cash and bank balances	1
Total assets	**5**
Shareholders' equity	–27
Current liabilities	32
Total equity and liabilities	**5**

NOTE 14

PURCHASED DEBT

		Group
SEK M	2014	2013
Acquisition cost, opening balance	12,334	9,375
Purchased of debts	1,661	2,255
Reclassification	6	13
Purchased via acquisition	276	269
Translation differences	712	422
Accumulated acquisition cost, closing balance	**14,989**	**12,334**
Amortization, opening balance	–6,923	–5,311
Amortizations and revaluations for the year	–1,395	–1,320
Reclassification	4	0
Translation differences	–478	–292
Accumulated amortization, closing balance	**-8,792**	**–6,923**
Carrying values	**6,197**	**5,411**

SEK M	2014	2013
Amortizations and revaluations for the year		
Time and interest component	–1,430	–1,327
Revaluation in connection with changes in expectations in forecasts of future cash flows	262	165
Impairment in connection with changes in expectations in forecasts of future cash flows	-227	–158
Total amortizations and revaluations for the year	**–1,395**	**–1,320**

Payments during the year for investments in purchased debt amounted to SEK 1,950 M (2,475).

For a description of Intrum Justitia's accounting principles for purchased debt, see Note 1.

NOTE 15

OTHER LONG-TERM RECEIVABLES

SEK M	Group 2014	2013
Deposits with landlords	3	2
Receivable for purchase consideration for shares in associated companies	3	3
Prepaid expenses for investments in fixed assets	0	1
Interest-bearing loans receivables	9	–
Other	2	0
Total	**17**	**6**
Opening balances	7	18
Reclassified to current receivables	–	–3
Paid	12	1
Repaid	–1	–9
Closing balance	**18**	**7**
Accumulated impairment, opening balance	–1	–1
Accumulated impairment, closing balance	**–1**	**–1**
Carrying values	**17**	**6**

NOTE 16

ACCOUNTS RECEIVABLE

SEK M	Group 2014	2013	Parent Company 2014	2013
Non-delinquent receivables	189	209	0	0
Accounts receivable < 30 days overdue	64	44	–	–
Accounts receivable 30-60 days overdue	19	19	–	–
Accounts receivable 61<90 days overdue	10	9	–	–
Accounts receivable > 90 days overdue	51	45	–	–
Total accounts receivable	**333**	**326**	**0**	**0**
Accumulated reserve for impaired receivables, opening balance	–24	–30	0	0
Reserve for impaired receivables for the year	–12	–14	–	–
Realized client losses for the year	9	5	–	–
Withdrawals from reserve for impaired accounts receivable for the year	2	14	–	–
Translation difference	–1	1	–	–
Accumulated reserve for impaired receivables, closing balance	**–26**	**–24**	**0**	**0**
Carrying values	**307**	**302**	**0**	**0**

The reserve for impaired receivables refers mainly to accounts receivable overdue by more than 90 days. See also Note 34.

NOTE 17

OTHER RECEIVABLES

SEK M	Group 2014	2013	Parent Company 2014	2013
Outlays on behalf of clients	78	87	–	–
Less: reserve for uncertainty in outlays on behalf of clients	–9	–14	–	–
Total	**69**	**73**	–	–
Factoring receivables	138	94	–	–
Acquired VAT refund claims on purchased debt	167	152	–	–
To be recovered from Netherlands bailiffs	105	56	–	–
Other	154	77	2	1
Total	**564**	**379**	**2**	**1**
Carrying values	**633**	**452**	**2**	**1**

A VAT receivable is incurred in the Netherlands when purchasing overdue receivables. The VAT portion of the receivable can be recovered from the tax authorities if it is not collected from the debtor and is therefore recognized as a separate receivable. The portion that is expected to be recovered within twelve months is recognized as current.

In the Netherlands, bailiffs are private companies and expenses for collection cases paid to them can sometimes be recovered from the bailiffs if their collection measures fail. When it emerges that Intrum Justitia is entitled to request that the amount be returned from the bailiffs, the amount is moved from Outlays on behalf of clients, to To recover from bailiffs.

NOTE 18

PREPAID EXPENSES AND ACCRUED INCOME

SEK M	Group 2014	2013	Parent Company 2014	2013
Prepaid expenses and accrued expenses				
Prepaid rent	14	12	0	0
Prepaid insurance premiums	1	3	1	2
Prepayments for purchased debt	9	12	0	0
Accrued income	62	74	0	0
Derivatives with positive value	43	29	43	29
Other	28	36	4	2
Carrying values	**157**	**166**	**48**	**33**

NOTE 19

LIQUID ASSETS

SEK M	Group 2014	2013	Parent Company 2014	2013
Cash and bank balances	237	319	5	3
Restricted bank accounts	29	21	7	3
Total	**266**	**340**	**12**	**6**

Restricted bank accounts in the Parent Company consist of a bank balance in Iceland, which, it is currently assessed, cannot be legally transferred to a bank account outside Iceland due to exchange restrictions.

NOTE 20

SHAREHOLDERS' EQUITY

Share capital

According to the Articles of Association of Intrum Justitia AB (publ), the company's share capital will amount to not less than SEK 1,500,000 and not more than SEK 6,000,000. All shares are fully paid in, carry equal voting rights and share equally in the company's assets and earnings. No shares are reserved for transfer.

There are 77,360,944 shares in the company, and the share capital amounts to SEK 1,594,893.02.

Share repurchase

During the year 4,699,344 shares were repurchased (1,197,773) for SEK 968 M (200). The consideration for the repurchased shares is recognized as a reduction of retained earnings. The Board's intention is to reduce the share capital by cancelling the shares that are repurchased. In accordance with the resolution by the Annual General Meeting in April 2014, 2,383,707 shares were repurchased between January 2013 and March 2014 and the number of registered shares in the company fell from 79,744,651 to 77,360,944. The share capital was reduced by SEK 47,674, but was immediately restored through a bonus issue and transfer from retained earnings.

The 3,513,410 shares repurchased in April-December 2014 represent the company's treasury holding as of the balance sheet date. Consequently, excluding treasury shares, 73,847,534 shares were outstanding on the balance sheet date.

Other shareholders' equity in the Group

Other paid-in capital

Refers to equity other than share capital contributed by the owners or arising owing to the Group's shared-based payment programmes. Also included are share premiums paid in connection with new issues.

Reserves

Includes the translation reserve, which contains all exchange rate differences that have, since the transition to IFRS in 2004, arisen in the translation of financial statements from foreign operations as well as long-term intra-Group receivables and liabilities that represent an increase or decrease in the Group's net investment in the foreign operations. The amount also includes exchange rate differences arising in the Parent Company's external loans in foreign currency, which are intended to hedge the Group's translation exposure attributable to net assets in foreign subsidiaries.

Retained earnings including net earnings for the year

Refer to earnings in the Parent Company and subsidiaries, joint ventures and associated companies. Provisions to the statutory reserve, excluding transferred share premium reserves, were previously included in this item. Accumulated revaluations of the Group's defined benefit pension provisions are also included. Dividends paid and share repurchases are deducted from the amount.

Following the balance sheet date the Board of Directors proposed a dividend of SEK 7.00 per share (5.75), or a total estimated pay-out of SEK 517 M (445), calculated on the number of shares outstanding, excluding treasury holdings, as per December 31, 2014.

Other shareholders' equity in the Parent Company

Statutory reserve

Refers to provisions to the statutory reserve and share premium reserve prior to 2006. The statutory reserve is restricted equity and may not be reduced through distributions of earnings.

Share premium reserve

When shares are issued at a premium, the amount exceeding their quota value is transferred to the share premium reserve. Provisions to the share premium reserve as of 2006 are non-restricted equity.

Fair value reserve

Refers to unrealized exchange rate gains or losses on long-term monetary transactions with subsidiaries as well as external loans in foreign currency, which are intended to hedge the Group's translation exposure attributable to net assets in foreign subsidiaries. The fair value reserve is non-restricted equity.

Earnings brought forward

Refer to retained earnings from the previous year less the dividend paid and share repurchases. Retained earnings are non-restricted equity.

Capital structure

The company's definition of capital corresponds to shareholders' equity including holdings without a controlling interest, which at year-end totalled SEK 3,041 M (3,316).

The measure of the Group's capital structure applied for control purposes is consolidated net debt divided by operating earnings where depreciation on fixed assets as well as amortization and revaluations of purchased debt are added back.

Net debt is defined as the sum of interest-bearing liabilities and pension provisions less liquid funds and interest-bearing receivables.

The Board has set financial targets for the Group whereby net debt divided by operating earnings after reversal of depreciation, amortization and revaluations, on a rolling 12-month basis, should be between 2.0 and 3.0.

On December 31, 2014, this key figure amounted to 1.88 (1.61), that is, lower than the targeted interval

NOTE 21

PENSIONS

Employees in Intrum Justitia's companies are covered by various pension benefits, some of which are defined benefit plans and others defined contribution plans. The Group applies IAS 19 Employee Benefits, which contains, among other things, uniform regulations on the actuarial calculation of provisions for pensions in defined benefit plans.

Group employees in Norway and Switzerland are covered by pension plans funded through assets under the management of insurance companies and are reported as defined benefit pension plans. Employees in Germany are covered by an unfunded defined benefit pension plan that can be paid out as a one-time sum or as monthly payments following retirement. In France and Italy, the company makes provisions for one-time payments made to employees on retirement, and these provisions are also reported according to the rules for defined benefit pension plans. In Belgium and Sweden, there are pension plans, funded through insurance, which theoretically should have been reported as defined benefit plans, but which are recognized as defined contribution plans since the company lacks sufficient data to report them as defined benefit plans. See also below regarding the ITP plan.

Among other things, IAS 19 requires pension expenses for service in the current period to be reported in the operating earnings, while the calculated interest expense on the pension liability and the interest income from assets under management are reported in net financial items. Actuarial revaluations are recognized in other comprehensive income.

Provisions for pensions reported in the balance sheet can be analysed as follows:

	Group	
SEK M	**2014**	**2013**
Present value of fully or partly funded obligations	269	224
Fair value of plan assets	–205	–182
Deficit in the plan	**64**	**42**
Present value of unfunded obligations	69	60
Total provisions for pensions	**133**	**102**

Note 21 cont.

Changes in net obligation:

		Group
SEK M	2014	2013
Opening balance	102	87
Expenses for employment in current period	12	16
Interest expense	3	3
Pensions paid	–14	–8
Pension provisions in acquired operations	–	11
Remeasurements	24	–3
Translation differences	6	–4
Closing balance	**133**	**102**

Reconciliation of fair value of plan assets:

		Group
SEK M	2014	2013
Opening balance	182	182
Fees paid	50	32
Compensation paid	–40	–32
Interest revenue	4	3
Translation differences	9	–3
Closing balance	**205**	**182**

The pension expense recognized in the income statement can be specified as follows:

		Group
SEK M	2014	2013
Expenses for employment in current period	12	16
Net interest income/expense	3	3
Total pension expense in earnings for the year	**15**	**19**

Expenses for employment in the current period are reported in operating earnings. Net interest income/expense is reported under net financial items. Remeasurements of the pension liability are included in other comprehensive income in the negative amount of SEK 24 M (3) before tax.

In calculating Provisions for pensions, the following assumptions are used:

		Group
SEK M	2014, %	2013, %
Discount rate	1.5–2.7	2.0–3.3
Assumed rate of increase in compensation	1.0–3.2	1.0–3.8
Assumed pension increases	0.0–3.0	0.6–5.0
Future adjustment to social security base	3.0–4.5	3.5–4.2

The Group also finances a number of defined contribution plans, the expenses of which amounted to SEK 89 M (71).

Funded defined benefit pension plans

For Group employees in Switzerland, commitments exist in the form of obligatory service pension plans funded through insurance policies in the Swiss Life Collective BVG Foundation and in Transparenta BVG Foundation. The funded commitments currently amount to SEK 202 M (155), and the fair value of the assets under management is SEK 148 M (123). Consequently, the net pension liability is SEK 54 M (32). The funding of the pension commitment corresponds to a share in each foundation's total invested assets, consisting of bonds (78 percent), real estate (12 percent) and other assets (10 percent). During the year Intrum Justitia paid SEK 11 M (6) to the plan, while disbursements to retirees amounted to SEK 39 M (6). In 2015 payments to the plan are estimated at SEK 12 M, with disbursements to retirees of SEK 12 M. For these pension plans, a discount rate of 1.5 percent is applied. An increase/decrease in the discount rate by 0.5 percentage points would entail the pension liability decreasing by 8.3 percent/increasing by 9.6 percent.

For the Group's employees in Norway, there are commitments for a compulsory service pension, which are secured through insurance with the insurance company Storebrand Livforsikring. The funded commitments currently amount to SEK 68 M (69), and the fair value of the assets under management is SEK 57 M (59). Consequently, the net pension liability is SEK 11 M (10). The funded pension commitment corresponds to a share of Storebrand's total investment assets, which consist of bonds (67 percent), equities (14 percent), real estate (17 percent) and others (2 percent). During the year Intrum Justitia paid SEK 1 M (2) to the plan, while disbursements to retirees amounted to SEK 1 M (2). Even in 2015, payments to the plan are estimated at SEK 1 M, with disbursements to retirees of SEK 1 M. For these pension plans, a discount rate of 2.7 percent is applied.

ITP plan

The commitments for retirement and family pensions for the Group's Swedish employees are secured through insurance with Alecta according to the so-called ITP plan. According to a statement from the Swedish Financial Reporting Board, UFR 10, the ITP plan is a multi-employer defined benefit plan. For the fiscal year, Alecta's clients have not been provided enough information to report the plan as defined benefit. Nor is there a contractual agreement how surpluses and deficits in the plan are to be distributed among plan participants. The ITP plan secured through insurance with Alecta is therefore reported by Intrum Justitia as if it were a defined contribution plan. At year-end Alecta's surplus in the form of the collective funding ratio was 143 percent (148). The collective funding ratio consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which do not conform to IAS 19.

Under the provisions of the ITP plan, measures must be taken if the funding ratio falls below 125 percent (for example, an increase in the price of the subscription) or exceed 155 percent (for example, a premium reduction).

NOTE 22
OTHER PROVISIONS

		Group
SEK M	2014	2013
Opening balances	3	3
Closing balances	**3**	**3**

Long-term provisions are expected to be settled later than in 2015.

These provisions relate to the expenses for restoring the company's former premises in the UK. Intrum Justitia guarantees the current tenant's contractual obligations.

NOTE 23
BORROWING

		Group		Parent Company
SEK M	2014	2013	2014	2013
Long-term liabilities				
Bank loans	1,727	1,847	1,726	1,846
Bond loan	3,231	2,056	3,232	2,056
Current liabilities				
Commercial papers	728	598	728	598
Overdraft facilities	85	51	85	48
Total	**5,771**	**4,552**	**5,771**	**4,548**

Note 22 cont.

Intrum Justitia AB signed a three-year syndicated loan facility totalling SEK 5,000 M with Nordea Bank AB and Swedbank on July 11, 2014, to replace the previous one from 2011. The loan limit of SEK 5,000 M can be utilized for borrowing in a number of different currencies.

In May 2014, Intrum Justitia AB issued bonds for SEK 1,000 M (1,000) within the framework of its MTN programme. In connection with the issue, the company elected to swap this policy to EUR by means of a currency interest rate swap in accordance with the company's policy for the hedging of its equity in foreign currency. The total amount outstanding is thus SEK 3,000 M (2,000).

On December 31, 2014, the loan framework had been utilized for loans in SEK totalling SEK 0 M (0), in CHF totalling CHF 12 M (12), in EUR totalling EUR 75 M (87), in NOK totalling NOK 200 M (190) and in PLN totalling PLN 330 M (372). The unutilized portion of the facility amounted to SEK 3,250 M (3,129). The loan carries a variable interest rate based on the interbank rate in each currency, with a margin supplement. The loan facility contains a number of operations-related and financial covenants, including limits on certain financial indicators. As of December 31, 2014, and during the entire year 2014 all such terms had been met. In addition, the credit agreement includes covenants that may restrict, condition or prohibit the Group from incurring additional debt, making acquisitions, disposing of assets, making capital and finance lease expenditures, allowing assets to be encumbered, changing the scope of the Group's business and entering into a merger agreement.

In 2014, Intrum Justitia also issued a commercial paper that, at the end of the year, amounted to SEK 728 M (598).

	Group		Parent Company	
SEK M	**2014**	**2013**	**2014**	**2013**
Maturities of long-term bank borrowings				
Between 1 and 2 years	–	739	–	738
Between 2 and 3 years	1,760	739	1,760	739
Between 3 and 4 years	1,799	1,397	1,799	1,397
Between 4 and 5 years	1,399	1,028	1,399	1,028
Total	**4,958**	**3,903**	**4,958**	**3,902**
Unused lines of credit excluding guarantee facility				
Expiring within one year	–	–	–	–
Expiring beyond one year	3,250	3,129	3,250	3,129
Total	**3,250**	**3,129**	**3,250**	**3,129**

NOTE 24

ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent Company	
SEK M	**2014**	**2013**	**2014**	**2013**
Accrued social security expenses	75	58	18	16
Accrued vacation pay	107	96	10	9
Accrued bonus expense	150	124	40	38
Prepaid subscription revenues	40	41	–	–
Provisions for losses on payment guarantees	39	19	–	—
Accrued interest	45	40	44	39
Provision for expenses to pay to bailiffs in the Netherlands	36	28	–	–
Other accrued expenses	297	224	22	15
Total	**789**	**630**	**134**	**117**

NOTE 25

PLEDGED ASSETS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
SEK M	**2014**	**2013**	**2014**	**2013**
Pledged assets				
Deposits	3	2	–	–
Restricted bank accounts	29	21	7	3
Total	**32**	**23**	**7**	**3**
Contingent assets	**None**	**None**	**None**	**None**
Contingent liabilities				
Payment guarantees	1,961	1,760	–	–
Tax disputes	0	19	19	19
Total	**1,961**	**1,779**	**19**	**19**

Pledged assets

Refers to deposits and restricted bank balances that can be claimed by clients, suppliers or authorities in the event that Intrum Justitia were not to meet its contractual obligations.

Payment guarantees

In connection with operations such as credit advice and administration of credit applications on behalf of clients, the Group's clients can obtain a guarantee, for a certain charge, from Intrum Justitia for the client's receivables from its customers. The provision of guarantees in this way has primarily taken place in Switzerland and pertains mainly to period travel cards for rail. This entails a risk being incurred that Intrum Justitia must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes into play, Intrum Justitia assumes the client's claim against its customer and takes over the continued handling of the case within the Purchased Debt area of operations. The total guarantee at year-end amounted to SEK 1,961 M (1,760), of which receivables overdue by more than 30 days amounted to SEK 63 M (23). Intrum Justitia's risk in this business is managed through strict credit limits and analyses of card applicants' credit status. As of year-end Intrum Justitia had allocated SEK 22 M (19) in the balance sheet to cover payments that may arise due to the guarantee.

Tax disputes

Following a tax audit of the Group's Swedish Parent Company for the 2009 financial year, the Swedish National Tax Board decided to impose a penalty tax of SEK 19 M in 2011. The company appealed this decision to the Administrative Court of Appeal in February 2014 but lost the appeal. The amount has been expensed in the Parent Company and paid to the Swedish National Tax Board in 2014. Intrum Justitia nonetheless holds that its tax returns contained no misstatements and that the conditions for a tax surcharge have therefore not been met. Consequently, in May 2014, the company applied for leave to appeal to have the issue resolved by the Supreme Administrative Court.

Other

The Group is otherwise involved in legal actions in the normal course of business. In the opinion of the Board, none of these disputes are expected to give rise to any significant expense.

NOTE 26

AVERAGE NUMBER OF EMPLOYEES

	Group				of which, Parent Company			
	2014		2013		2014		2013	
	men	women	men	women	men	women	men	women
Austria	13	25	15	28	–	–	–	–
Belgium	44	47	38	51	–	–	–	–
Czech Republic	52	37	15	16	–	–	–	–
Denmark	20	43	23	45	–	–	–	–
Estonia	6	26	7	25	–	–	–	–
Finland	101	285	101	265	–	–	–	–
France	173	469	166	364	–	–	–	–
Germany	45	95	38	89	–	–	–	–
Hungary	51	115	35	84	–	–	–	–
Ireland	18	44	22	37	–	–	–	–
Italy	50	100	52	110	–	–	–	–
Latvia	85	29	65	16	–	–	–	–
Luxembourg	2	0	1	0	–	–	–	–
Netherlands	153	111	169	123	–	–	–	–
Norway	41	66	38	65	–	–	–	–
Poland	129	220	134	250	–	–	–	–
Portugal	22	59	19	55	–	–	–	–
Slovakia	25	42	20	43	–	–	–	–
Spain	64	228	60	224	–	–	–	–
Switzerland	114	108	107	95	–	–	–	–
Sweden	166	277	160	258	35	18	29	17
UK	0	1	0	2	–	–	–	–
Total	**1,374**	**2,427**	**1,285**	**2,245**	**35**	**18**	**29**	**17**
		3,801		**3,530**		**53**		**46**

Of the Group's employees 27 percent are younger than 30 years old, 36 percent are 30–39 years, 23 percent are 40–49 years and 14 percent are 50 years or older.

	2014		2013	
	Men	Women	Men	Women
Gender distribution of senior executives				
Board of Directors	5	2	6	2
Group Management Team	8	1	11	1
Country Presidents	13	3	13	3
Board members in subsidiaries (percent)	95	5	96	4

Six members of the Group Management Team are employees of the Parent Company. There is no special management team for the Parent Company.

NOT 27

SALARIES AND REMUNERATIONS

	Group		Parent Company	
SEK M	2014	2013	2014	2013
Salaries and other remuneration to Board members, Presidents and Executive Vice Presidents	83	83	18	26
Salaries and other remuneration to other employees				
Northern Europe	610	591	–	–
Central Europe	263	224	–	–
Western Europe	375	284	–	–
Head offices and central operations	139	112	71	60
Total salaries and other remuneration, Group	**1,470**	**1,294**	**89**	**86**
Social security expenses	395	345	42	38
Of which pension expenses	101	87	14	12
Total	**1,865**	**1,639**	**131**	**124**

Salaries and other remuneration in the Group also include remuneration in forms other than cash payments, such as a free or subsidized car, housing and meals. Parent Company figures strictly refer to cash payments, however. For information on compensation to the Group's senior executives, see Note 28.

NOTE 28

REMUNERATION PRINCIPLES FOR SENIOR EXECUTIVES

Remuneration principles adopted by the Annual General Meeting in 2014

The Annual General Meeting held on April 23, 2014 adopted the following remuneration principles for senior executives.

The guidelines applied to the CEO and the members of Intrum Justitia's Group Management Team. The proposal had been prepared by the board and the remuneration committee of the board.

Intrum Justitia's success depends on the commitment and professionalism of its staff. The total remuneration shall be competitive within each market in which Intrum Justitia is present to attract, motivate and retain highly skilled executives. Individual remuneration levels shall be based on the factors of competence, responsibility and performance. The total remuneration may be based upon four main components; base salary, short- and long-term variable salary programmes and pension. In addition hereto, other benefits, such as a company car, may be offered. The base salary depends on the complexity of work and the individual's performance and competence. The variable remunerations shall be capped.

Short-term variable salary is set for one year at a time and shall be subject to the achievement of predetermined and measurable targets. Such targets may be general or individual as well as qualitative or quantitative. All targets shall be agreed in writing. Profitability based objectives and discretionary based objectives related to the ongoing strategy transformation are examples of objectives used. The one-year variable part of the salary contributes to decrease the share of fixed costs and to focus the efforts to areas of activities that the board wants to prioritise. Short-term variable salary shall not exceed 50 percent of the fixed annual salary. There are deviations from this in a few older employment agreements. The cost for short-term variable salary programmes to the managing director and other group management personnel is estimated not to exceed SEK 14,6 M excluding social charges, during 2014.

The aim of Intrum Justitia's long-term variable salary programmes is to stimulate the participants – whose efforts are deemed to have a direct impact on the group's result, profitability and value growth – to further

Note 28 cont.

increased efforts, by aligning their long-term interests and perspectives with those of the shareholders. The aim of the programmes is further to create a long-term commitment to Intrum Justitia, to strengthen the overall perspective of Intrum Justitia and to offer the participants an opportunity to take part of Intrum Justitia's long-term success and value creation. Another target is to decrease the share of fixed costs. Long-term variable salary programmes shall be performance-based. The maximum outcome shall be limited in relation to the participant's fixed annual salary at the time of implementation of the program, 100 percent for the CEO and 50 percent for other members of the group management.

New pension plans shall be defined contribution-based and the size of the pensionable salary shall be capped. At termination of employment by Intrum Justitia, severance payments (if any) shall not exceed 12 months' base salary. There are deviations from this in a few existing employment agreements. The board shall have the possibility to deviate from these principles if special reasons are at hand in an individual case.

Review in 2014

During 2014, a thorough review has been performed of how we reward our executives at Intrum Justitia. The review has been supported by an external advisor, and together we have found that our overall remuneration is competitive in the markets where we operate relative to companies in similar industries and of similar size. At the same time, our incentive plans are in line with external best practice when it comes to supporting our business goals, in terms of their structure, the metrics used and of the amounts which can be earned. In order to further strengthen the commitment of our most senior executives to our long term success and to Intrum Justitia, we have decided to add shareholding guidelines to our existing remuneration policy for our top Executives.

The role of the Remuneration Committee

By appointment of the Board of Directors, the Remuneration Committee acts on behalf of our shareholders and the Board of Directors in activities relating to remuneration and reward in Intrum Justitia. The remuneration committee is responsible for preparing our reward philosophy, which is the overarching principles for how we reward our employees, and handles remuneration matters for the CEO and senior executives.

The committee consists of three members, who during the year have been Lars Lundquist (Chairman), Joakim Rubin and Magnus Yngen. The CEO and President, and the Company's CHRO are invited to the committee's meetings, though not when their own remuneration is discussed.

Our remuneration philosophy

At Intrum Justitia, we depend on our people to deliver on our ambitious goals in challenging environments. Our reward philosophy has as a purpose to ensure that they are rewarded for their valuable contributions to our Company. It also drives and promotes the behaviors and performance that best support our business strategy and ensures that we are able to attract the key talent we need to be successful.

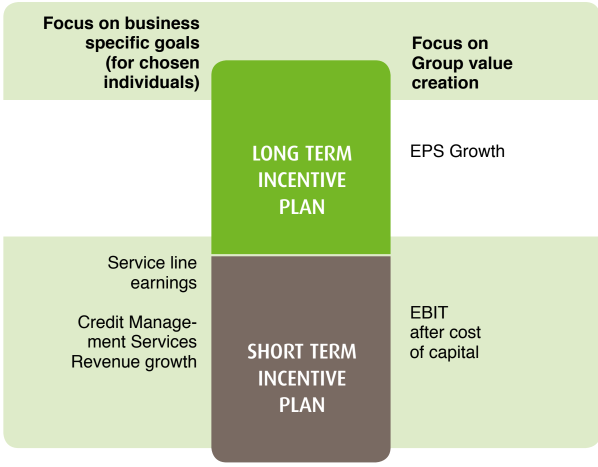
Remuneration in Intrum Justitia should reflect individual competence, responsibility and performance, and it should be competitive in comparison to that of similar companies within similar industries in the relevant geography. To ensure that we drive the right behaviors and focus our efforts in the right areas, performance is measured against goals that are closely linked to our business strategy and our four core values.

Intrum Justitia incentive plans – linking pay and performance

Because senior executives at Intrum Justitia have a significant impact on our success as a business, their individual success as well as Intrum Justitia's are both reflected in their own remuneration. This is done through our incentive plans, one short term and the other long term.

Short term incentive

Our short term incentive rewards the achievement of primarily financial business goals and drives short term performance, and so it is set for one year at a time. The metrics are individually decided for each senior executive, in order to reflect the business strategy and our key focus areas. Financial metrics either reflect business goals or enterprise value creation as illustrated below. In addition, the short term incentive allows for our total remuneration costs, to vary based on both business and individual performance. The short term incentive pays out a maximum amount corresponding to 50 percent of annual base salary.



INCENTIVES AND MEASURES
Short term incentives focus on business specific goals and Group value creation.

Long-term incentive

Our long term incentive aligns the interests and perspectives of our senior executives with those of our shareholders and creates a close commitment to the Company. It rewards long term value creation over a period of three years, and lets our senior executives share in the success of the business. As we believe it to be a good indicator of our Company's long term success, we use growth in Earnings Per Share (EPS) as the measurement of value created. Similarly to the short term incentive, it also allows for our total remuneration costs to vary based on business performance. The long term incentive for 2015 pays out a maximum amount corresponding to 75 percent of annual base salary for the CEO and 50 percent for other senior executives.

Shareholding guidelines

To further promote ownership behavior and the commitment among our senior executives, we have put in place shareholding guidelines that directly link the individual wealth of senior executives to the success of our business. The guideline means that each senior executive is asked to hold a percentage of their gross base salary in Intrum Justitia shares, 100% for the CEO and 50% for other senior executives. The shares are to be held for as long as the senior Executives are employed in the Company and members of the Group Management Team.

2015 is the first year that the shareholding guidelines are in effect, and each senior executive will be given an amount of time (to be individually agreed) to build up their holdings.

Remuneration and benefits for the CEO and President in 2014

Lars Wollung's annual remuneration for 2014 is in line with the remuneration principles outlined above and has included a base salary, amounting to SEK 5,253,000. In addition to the base salary he had a possibility to receive incentive salaries up to 150 percent of his base salary, whereof short term incentive that can pay out a maximum amount corresponding to 50 percent of the base salary and long term incentive that can pay out a maximum amount corresponding to 100 percent of the base salary. Furthermore, the Company paid pension insurance premiums corresponding to 35 percent of the base salary. The pension benefit is a defined contribution plan with retirement at 65 years of age. He was also entitled to a company car in line with Company policy, and other minor benefits, such as meal allowance in line with what is offered to all Group employees in Sweden.

Lars Wollung has 6 months' notice to the company, whereas the Company notice is 12 months. In cases where the company notice would apply, an additional severance pay of 12 months' salary has also been agreed, in line with typical market practice in Scandinavia.

Remuneration and benefits for other senior executives in 2014

The annual remuneration for 2014 to other senior executives is also in line with the remuneration principles outlined above. It has included a base salary, short term incentive that can pay out a maximum amount corresponding to 50 percent of base salary (a higher proportion occurs in certain older employment agreements), and long term incentive that can pay out a maximum amount corresponding to 50 percent of base salary.

Pension benefits vary from country to country. In several cases, they are included in monthly salaries. All pension benefits are defined contribution. The majority of the senior executives are entitled to retire at age 65. The senior executives have car benefits in line with Company policy, and other minor benefits, most commonly smaller allowances driven by local market practice such as meal allowance or transportations allowance. One individual is entitled to housing allowances, as he has relocated to take up his current position.

The notice period for senior executives varies from two to twelve months, regardless of whether the notice is initiated by the employee or the Company.

Compensation for the year

Other senior executives below are defined as other members of the Group Management Team (see pages 84–85) than the CEO. They were eleven persons in 2013 and ten persons in 2014.

SEK thousands	2014	2013
Senior executives		
Lars Wollung, President and CEO		
Base salary	5,253	5,100
Variable compensation	9,946	9,210
Other benefits	101	93
Pension costs	1,869	1,815
Total Lars Wollung	**17,169**	**16,218**
Other senior executives (eleven individuals in 2013 and ten individuals in 2014)		
Base salary	21,015	23,093
Variable compensation	15,199	17,848
Other benefits	1,679	1,012
Pension costs	5,095	3,428
Total other senior executives	**42,988**	**45,381**

The amounts shown above are the total remuneration numbers for the relevant years. This includes the variable incentive pay earned in the relevant year but paid out the year after, for example, short term incentives are paid out the year after they are earned (incentives for performance in 2013 were paid out in 2014, and incentives for 2014 will be paid out in 2015). Variable compensation to Lars Wollung for the year includes amounts which have been earned under long term incentive programs from earlier years where the maximum amount was 150 percent of the base salary.

Development of total remuneration over the last years

As outlined above, we have currently assessed year-on-year EPS growth as a good indicator of the long term value that we create for our shareholders, which is why our long term incentive rewards EPS growth as the key measurement.

Our short term incentive is measured mainly on financial goals that more closely align to our annual business plans such as service line earnings or EBIT after cost of capital. As we consistently deliver on those goals, we are also creating value for our shareholders and over time supporting the growth in EPS.

In 2013 and 2014, we have shown a strong EPS growth, and we have delivered good and consistent results against our short term financial goals. Reflecting the high value delivered for our shareholders and following our EPS growth, the aggregate variable remuneration payouts for the CEO and Executives have also grown in this period.

	2014*	2013	2012
Variable salary, SEK M	25,145	27,058	10,160
EPS, SEK	13.48	10.30	7.32
Change in variable salary, year on year	–7%	66%	0%
Change in EPS, year on year	31%	41%	6%

*) the total variable remuneration payout for 2014 is lower than for 2013 as the number of senior executives who were eligible for payouts in 2014 was less (due to departures).

The Board of Directors

In accordance with the resolution of the Annual General Meeting, total fees paid to Board members for the year, including for committee work, amounted to SEK 3,520,000. Board fees are distributed between Directors as determined by the AGM according to the proposal of the Nomination Committeee. The Directors have no pension benefits or severance agreements.

SEK thousands	2014	2013
Board fees		
Lars Lundquist, Chairman	920	840
Matts Ekman	520	470
Joakim Rubin	430	390
Charlotte Strömberg	350	320
Synnöve Trygg	435	395
Fredrik Trägårdh	435	395
Joakim Westh	–	320
Magnus Yngen	430	390
Total Board fees	**3,520**	**3,520**

Board fees pertain to the period from the 2013 AGM to the 2014 AGM, and from the 2014 AGM to the 2015 AGM respectively. Some members of the Board of Directors issue invoices for their fees through their own companies, in which case those invoices include social security expenses and VAT.

NOTE 29

FEES TO AUDITORS

	Group		Parent Company	
SEK M	2014	2013	2014	2013
External audit assignments				
Ernst & Young	8	9	1	1
Other assignments				
Ernst & Young review activities beyond the audit assignment	1	0	0	0
Audits, assignments, other auditors	3	1	0	0
Total	**12**	**10**	**1**	**1**

NOTE 30

OPERATIONAL LEASING

	Group		Parent Company	
SEK M	2014	2013	2014	2013
Obligations for rental payments on non-cancellable rental contracts				
Year 1	121	115	1	1
Years 2–4	266	231	1	1
Year 5 and thereafter	122	79	0	0
Total	**509**	**425**	**2**	**2**

Lease expenses for operational leases amounted to SEK 120 M (121) during the year, of which SEK 2 M (1) in the Parent Company.

Operating leasing primarily refers to offices for the Group's operations in its countries. No single lease is of material significance to the Group in terms of amount.

NOTE 31

FINANCE LEASING

SEK M	2014	Group 2013
Minimum lease payments and their present value		
Within one year	1	1
Later than one but within five years	1	0
Later than five years	0	0
Total	**2**	**1**

The present value of future lease payments according to finance leases is recognized in the balance sheet in the item Other liabilities.

NOTE 32

INVESTING COMMITMENTS

Commitments to acquire fixed assets amounted to SEK 0 M (1) at year-end.

NOTE 33

FINANCIAL INSTRUMENTS

		Group	Parent Company	
SEK M	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Fair value and carrying value of financial instruments				
Financial assets valued at amortized cost	8,048	7,110	4,803	4,392
Financial assets measured at fair value	43	29	43	29
Financial liabilities valued at amortized cost	7,585	6,294	9,431	7,540
Financial assets valued at fair value	7	4	7	4

The only financial instruments that are regularly restated at fair value are derivatives (forward exchange contracts). They are valued based on a valuation technique that uses observable market data and thus falls under Level 2 in the valuation hierarchy according to IFRS 13.

Financial assets include the balance sheet items Purchased Debt, Other long-term receivables, Accounts receivable, Client funds, Other current receivables, Accrued income, Derivatives with positive values, Liquid assets and, for the Parent Company, Receivables from Group companies.

The total recognized value of consolidated financial assets amounted to SEK 8,091 M (7,139) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable amounted to SEK 8,048 M (7,110) and financial assets recognized at fair value via the income statement amounted to SEK 43 M (29).

The total recognized value of the Parent Company's financial assets amounted to SEK 4,846 M (4,421) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable amounted to SEK 4,803 M (4,392) and financial assets recognized at fair value via the income statement amounted to SEK 43 M (29).

Financial liabilities include the balance sheet items Long-term and Current Liabilities to credit institutions, Bond loan, Commercial papers, Client funds payable, Accounts payable, Advances from clients, Other current liabilities, Accrued expenses, Prepaid income and, for the Parent Company, Liabilities to Group companies.

The total recognized value of consolidated financial liabilities amounted to SEK 7,592 M (6,298) on the balance sheet date. Financial liabilities recognized at amortized cost amounted to SEK 7,585 M (6,294) and financial liabilities recognized at fair value amounted to SEK 7 M (7).

The total recognized value of the Parent Company's financial liabilities amounted to SEK 9,438 M (7,544) on the balance sheet date. Financial liabilities recognized at amortized cost amounted to SEK 9,431 M (7,540) and financial liabilities recognized at fair value amounted to SEK 7 M (4).

Purchased debt

Purchased debt is classified as loans and receivables and recognized at amortized cost according to an effective interest method. The Group determines the carrying value by calculating the present value of estimated future cash flows at the receivables' original effective interest rate. Adjustments are recognized in the income statement. In the company's opinion, the market's yield requirements in the form of effective interest rates on new portfolios have remained fairly constant despite turbulence in global financial markets in recent years. With this valuation method, the carrying value is a good estimate of the fair value of debt portfolios, in the company's opinion. On the balance sheet date, the recognized value of purchased debt amounted to SEK 6,197 M (5,411). An account of purchased debt by year acquired is provided in Note 34.

Accounts receivable

Accounts receivable are recognized at amortized cost with no discount being applied since the remaining maturity is expected to be short. Accounts receivable amounted to SEK 307 M (302) on the balance sheet date.

Other receivables

Other receivables have short maturities. Receivables in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other receivables, including accrued income, amounted to SEK 1,321 M (1,086) on the balance sheet date. The item includes forward exchange contracts valued at SEK 43 M (29), which are classified as assets measured at fair value through profit and loss (held for sale). The remaining SEK 1,278 M (1,057) is classified as loans and receivables.

For the Parent Company, other receivables, including receivables from Group companies, amounted to SEK 4,834 M (4,415). The item includes forward exchange contracts valued at SEK 43 M (29), which are classified as assets measured at fair value through profit and loss (held for sale). The remaining SEK 4,791 M (4,386) is classified as loan receivables.

Liquid assets

Liquid assets mainly consist of bank balances. Liquid assets in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Cash and bank balances are classified as loans and receivables and amounted at year-end to SEK 266 M (340). For the Parent Company, the corresponding amount was SEK 12 M (6) on the balance sheet date.

Liabilities to credit institutions

The Parent Company's and the Group's loan liabilities carry market rate interest with short fixed interest terms. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. On the balance sheet date, consolidated liabilities to credit institutions amounted to SEK 1,812 M (1,898) and for the Parent Company, they amounted to SEK 1,811 M (1,895).

Bond loan

The Parent Company and the Group had bond loans outstanding for a value of SEK 3,231 M (2,056) on the balance sheet date.

Commercial papers

The Parent Company and the Group had commercial papers outstanding for a value of SEK 728 M (598) on the balance sheet date.

Accounts payable

Accounts payable have short maturities. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Consolidated accounts payable amounted to SEK 158 M (145). For the Parent Company, the equivalent amounts were SEK 7 (5).

Other liabilities

The Parent Company's and the Group's other liabilities have short maturities. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other liabilities, including accrued expenses amounted to SEK 1,661 M on the balance sheet date (1,602). The item includes forward exchange contracts for SEK 7 M (4), recognized at fair value in the income statement (held for sale). Other liabilities, excluding these forward exchange contracts amounted to SEK 1,654 M (1,598).

For the Parent Company, other liabilities amounted to SEK 3,660 M (2,991) on the balance sheet date and included liabilities to Group companies and accrued expenses. Forward exchange contracts are recognized at fair value through profit and loss (held for sale) and amounted to SEK 7 M (4). Other liabilities, excluding these forward exchange contracts amounted to SEK 3,653 M (2,987).

Offset of financial instruments

Financial assets and liabilities measured at fair value comprise currency derivatives. Financial assets and liabilities are not offset in the balance sheet. However, there are legally binding agreements that allow offsetting should one of the counterparties for the Group's currency derivatives suspend their payments. At the end of the year, Intrum Justitia had financial assets totalling SEK 2 M (3) that could be offset against debts should the counterparties suspend their payments.

NOTE 34

FINANCIAL RISKS AND FINANCIAL POLICIES

Principles of financing and financial risk management

The financial risks that arise in Intrum Justitia's operations are limited. Thanks to a strong cash flow, combined with little need for investment and operating capital, external capital needs in the Group's Credit Management operations are relatively low. The purchased debt operations have a greater need for capital, particularly during a growth phase.

Intrum Justitia's financing and financial risks are managed within the Group in accordance with the treasury policy established by the Board of Directors. The treasury policy contains rules for managing financial activities, delegating responsibility, measuring and identifying financial risks and limiting these risks.

Internal and external financial operations are concentrated in Group Treasury in Stockholm, which ensures economies of scale when pricing financial transactions. Because Group Treasury can take advantage of temporary surpluses and deficits in the Group's various countries of operation, the Group's total interest expense can be minimized.

Market risk

Market risk consists of risks related to changes in exchange rates and interest rate levels.

Exchange rate risk

Exchange rate risk is the risk that fluctuations in exchange rates will negatively affect the Group's income statement, balance sheet and/or cash flows. The most important currencies for the Intrum Justitia Group, other than the Swedish krona (SEK), are the euro (EUR), the Swiss franc (CHF), the Hungarian forint (HUF), The Norwegian krone (NOK) and the Polish zloty (PLN).

The following exchange rates have been used to translate transactions in foreign currency in the financial accounts

Currency	Dec 31, 2014	Dec 31, 2013	Average 2014	Average 2013
EUR	9.52	8.97	9.10	8.65
CHF	7.91	7.32	7.49	7.03
HUF	0.0302	0.0291	0.0295	0.0303
NOK	1.05	1.06	1.09	1.11
PLN	2.21	2.16	2.17	2.06

Exchange rate risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of net operating and financial receipts and disbursements in different currencies. Translation exposure consists of the effects from the translation of the financial reports of foreign subsidiaries and associated companies to SEK.

Transaction exposure

In each country, all income and most operating expenses are denominated in local currencies, and thus currency fluctuations have only a limited impact on the company's operating earnings in local currency. National operations seldom have receivables and liabilities in foreign currency. Income and expenses in national currency are thereby hedged in a natural way, which limits transaction exposure. The currency exposure that arises within the operating activities is limited to the extent it pertains to international collection operations. The subsidiaries' projected flow exposure is not hedged at present. All major known currency flows are hedged on a continuous basis in the Group and the Parent Company through forward exchange contracts.

Translation exposure

Intrum Justitia operates in 20 countries. The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into SEK for inclusion in the consolidated financial statements. Consequently, fluctuations in the SEK exchange rate against these currencies affect consolidated income and earnings, as well as equity and other items in its financial statements.

The Group's revenues are distributed by currency as follows:

SEK M	2014	2013
SEK	833	809
EUR	2,674	2,358
CHF	597	507
HUF	323	204
NOK	226	211
PLN	222	311
Other currencies	309	166
Total	**5,184**	**4,566**

An appreciation of the Swedish krona of 10 percentage points on average in 2014 against the Euro would thus, all else being equal, have affected revenues by SEK –267 M, against CHF by SEK –60 M, against HUF by SEK –32 M, against NOK by SEK –23 M and against PLN by SEK –22 M.

In terms of net assets by currency, shareholders' equity in the Group, excluding non-controlling interests, is distributed as follows:

SEK M	2014	2013
SEK	1,189	1,770
EUR	4,696	3,435
– less EUR hedged through foreign currency loans	–3,707	–2,578
CHF	347	305
– less CHF hedged through foreign currency loans	–305	–247
HUF	164	59
NOK	334	287
– less NOK hedged through foreign currency loans	–210	–202
PLN	904	1,086
– less PLN hedged through foreign currency loans	–731	–805
Other currencies	267	125
Total	**2,948**	**3,235**

An appreciation of the Swedish krona of 10 percentage points as per December 31, 2014 against the Euro would have affected shareholders' equity in the Group by SEK –99 M, against CHF by SEK –4 M, against HUF by SEK –16 M, against NOK by SEK –12 M and against PLN by SEK –17 M .

Regarding the currency risk attributable to currency interest rate swaps, see the description below under Interest rate risks.

Note 34 cont.

Interest rate risks

Interest rate risks relate primarily to the Group's interest-bearing net debt, which amounted to SEK 5,635 M (4,328) on December 31, 2014. The loan rate is tied to the market rate.

Intrum Justitia has a strong cash flow which gives the Group the option of repaying loans, repurchasing shares or investing in overdue receivables. The Group's loans have short fixed interest terms – currently about ten months (eight) for the entire loan portfolio.

A one-percent increase in market interest rates would have adversely affected net financial items by approximately SEK 50 M. A five-percent increase would have adversely affected net financial items by SEK 249 M.

In 2012, the Parent Company issued bonds for SEK 1,000 M, in 2013 for an additional SEK 1,000 M, and in 2014, it issued a further SEK 1,000 M (reported debt of SEK 3,231 M on the balance sheet date). In order to achieve suitable currency matching in the balance sheet and thus manage the currency risk between assets and liabilities, the Company used currency interest rate swaps. Consequently, the Parent Company has exchanged the liability to the bond holders in SEK with one of the relation banks, receiving EUR at the same rate on both the start and closing dates. The Company has thus maintained the level at which it secures shareholders' equity in EUR at the same level as prior to the issue and has also maintained its currency exposure in the same currency.

Liquidity risk

Liquidity risk is the risk of a loss or higher-than-expected expenses to ensure the Group's ability to fulfil its short and long-term payment obligations to outside parties.

The Group's long-term financing risk is minimized through long-term financing in the form of committed lines of credit. The Group's objective is that at least 35 percent of total committed loans have a remaining maturity of at least three years and that not more than 35 percent of the total have a remaining maturity of less than 12 months.

The Group has a syndicated loan facility of EUR 5,000 M from Nordea and Swedbank. The maturity structure entails SEK 2 billion of the bank loan maturing in 2017, SEK 2 billion in 2018 and SEK 1 billion in 2019.

While available, the facility is utilized by the Parent Company, which withdraws amounts in various currencies, with short maturities, usually SEK, EUR, CHF, NOK or PLN and usually with maturities of three to six months. The loans are carried primarily in foreign currency, to hedge the Group against translation exposure in relation to net assets outside Sweden.

The Group's loan facility has a number of operational and financial covenants, including limits on certain key financial indicators. If the limits are exceeded the loans fall due. The Group Management Team carefully monitors these key financial indicators, so that it can quickly take measures if there is a risk that a limit may be exceeded.

In 2012 a bond programme for SEK 3,000 M was launched in which the Parent Company issued SEK 1,000 M over five years with an interest margin of 3.10 percent in 2012, a further SEK 1,000 M over five years with an interest margin of 2.22 percent in 2013, and a further SEK 1,000 M over five years with an interest margin of 1.60 percent in 2014.

Intrum Justitia has also issued commercial papers with a carrying amount of SEK 728 M (598) at year-end.

The Group's aim is that the liquidity reserve, which consists of cash, bank balances and short-term liquid investments should amount to at least SEK 100 M in addition to the unutilized portion of committed lines of credit. The Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. The Group's finance function prepares regular liquidity forecasts with the purpose of optimizing the balance between loans and liquid funds so that the net interest expense is minimized without, for that matter, incurring difficulties in meeting external commitments.

The table below provides an analysis of the financial liabilities of the Group and the Parent Company broken down according to the amount of time remaining until the contractual maturity date. The amounts given in the table are the contractual, undiscounted cash flows including interest payments. The amounts falling due within 12 months agree with the carrying amounts since the discount effect is negligible.

Financial liabilities in the consolidated balance sheet SEK M	Within one year	2-5 years	Later than 5 years	Total
Dec 31, 2014				
Accounts payable and other liabilities	1,820	0		1,820
Liabilities to credit institutions	122	1,749		1,871
Bond loan	90	3,235		3,325
Commercial papers	730	0		730
Total	**2,762**	**4,984**	**0**	**7,746**
Dec 31, 2013				
Accounts payable and other liabilities	1,748	**0**		**1,748**
Liabilities to credit institutions	51	1,870		**1,921**
Bond loan	80	2,241		**2,321**
Commercial papers	600	0		**600**
Total	**2,479**	**4,111**	**0**	**6,590**

Financial liabilities in the Parent Company balance sheet SEK M	Within one year	2-5 years	Later than 5 years	Total
Dec 31, 2014				
Accounts payable and other liabilities	152			152
Liabilities to credit institutions	122	1,749		1,871
Bond loan	90	3,235		3,325
Commercial papers	730	0		730
Liabilities to Group companies	1,805	1,710		3,515
Total	**2,899**	**6,694**	**0**	**9,593**
Dec 31, 2013				
Accounts payable and other liabilities	124			124
Liabilities to credit institutions	48	1,870		1,918
Bond loan	80	2,241		2,321
Commercial papers	600			600
Liabilities to Group companies	1,249	1,622		2,871
Total	**2,101**	**5,733**	**0**	**7,834**

Credit risks

Credit risk consists of the risk that Intrum Justitia's counterparties are unable to fulfil their obligations to the Group.

Financial assets that potentially subject the Group to credit risk include cash and cash equivalents, accounts receivable, purchased debt, outlays on behalf of clients, derivatives and guarantees. For financial assets owned by Intrum Justitia, no collateral or other credit reinforcements have been received. The maximum credit exposure for each class of financial assets therefore corresponds to the carrying amount.

Liquid assets

The Group's cash and cash equivalents consist primarily of bank balances and other short-term financial assets with a remaining maturity of less than three months. The Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote.

Accounts receivable

The Group's accounts receivable from clients and debtors in various industries, and are not concentrated in a specific geographical region. The Group's largest client accounts for less than two percent of revenues. Most accounts receivable outstanding are with customers previously known to the Group and whose creditworthiness is good. For an analysis of accounts receivable by age, see Note 16.

Purchased debt

As part of its operations, Intrum Justitia acquires portfolios of consumer receivables and tries to collect them. Unlike its conventional collection

Note 34 cont.

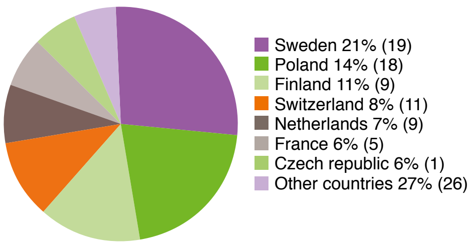
operations where Intrum Justitia works on behalf of clients in return for commissions and fees, in this case it assumes all the rights and risks associated with the receivables. The portfolios are purchased at prices significantly below their nominal value, and Intrum Justitia retains the entire amount it collects, including interest and fees.

The acquired receivables are overdue and in many cases are from debtors who are having payment problems. It is obvious, therefore, that the entire nominal amount of the receivable will not be recovered. On the other hand, the receivables are acquired at prices significantly below their nominal value. The risk in this business is that Intrum Justitia, at the time of acquisition, overestimates its ability to collect the amounts or underestimates expenses for collection. The maximum theoretical risk is of course that the entire carrying value of SEK 6,197 M (5,411) would become worthless and have to be written off.

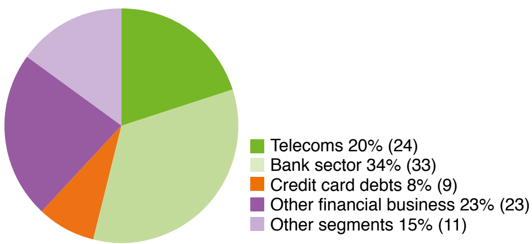
To minimize the risks in this business, Intrum Justitia exercises prudence in its purchase decisions. The focus is on small and medium-sized portfolios with relatively low average amounts, to help spread risks. The average nominal value per case is approximately SEK 8,650. Portfolios are normally acquired from customers with whom the Group has had a long-term relationship. The acquisitions generally involve unsecured debt, requiring relatively less capital and significantly simplifying administration compared with collateralized receivables. Intrum Justitia places high yield requirements on the portfolios it acquires. Before every acquisition, a careful assessment is made based on a projection of future cash flows (collected amount) from the portfolio. In these calculations Intrum Justitia benefits from its extensive experience in debt collection and from the Group's scoring methods. Intrum Justitia therefore believes that it has the expertise required to evaluate these types of receivables. To facilitate acquisitions of large portfolios at an attractive risk level, Intrum Justitia cooperates with other companies and shares the capital infusions and earnings. Such alliances have previously been in place with Crédit Agricole SA, Goldman Sachs and East Capital.

A considerable proportion of purchased debt acquisitions take place through forward flow agreements – that is, Intrum Justitia may have previously agreed with a company to acquire all of that company's accounts receivable at a certain percentage of their nominal value once they are past-due by a certain number of days. In most of these agreements, however, Intrum Justitia has the opportunity to decline to acquire the receivables if, for example, their quality decreases.

Risks are diversified by acquiring receivables from clients in different sectors and different countries. The Group's purchased debt portfolios include debtors in 20 countries. The Group's total carrying amount for purchased debt is distributed as follows:



The Group's purchased debt portfolios are distributed by sector as follows:



Of the total carrying value on the balance sheet date, 28 percent represents portfolio acquisitions in 2014, 29 percent acquisitions in 2013, 16 percent acquisitions in 2012 and 11 percent acquisitions in 2011. The remaining 16 percent relates to receivables acquired in or before 2010, which have therefore been past due for more than four years. In the case of a large share of the oldest receivables, Intrum Justitia has reached agreement with the debtors on payment plans.

Outlays on behalf of clients

As an element in its operations, the Group incurs outlays for court fees, legal representation, bailiffs, etc., which can be charged to and collected from debtors. In many cases Intrum Justitia has agreements with its clients whereby any expenses that cannot be collected from debtors are instead refunded by the client. The amount that is expected to be recovered from a solvent counterparty is recognized as an asset in the balance sheet on the line Other receivables.

Derivative contracts

The Parent Company and the Group hold forward exchange contracts to a limited extent. The credit risk in the Group's forward exchange contracts depends on the counterparty which generally is a large bank or financial institution that is not expected to become insolvent. On the balance sheet date, assets regarding forward exchange contracts were valued at SEK –41 M (–43), and liabilities at SEK 7 M (4). See Note 33 regarding the possibility of offsetting receivables and liabilities for derivative contracts.

The contracts have short maturities, typically one or a few months. All outstanding forward exchange contracts are restated at fair value in the accounts, with adjustments recognized in the income statement. Changes in the value of forward exchange contracts recognized during the year in the income statement amounted to SEK –41 M (–43). The purpose of these forward exchange contracts has been to minimize exchange rate differences in the Parent Company attributable to receivables and liabilities in foreign currency. These exchange rate differences amounted to SEK 44 M (46) during the year. The net effect in the income statement of exchange rate differences attributable to receivables and liabilities as well as forward exchange contracts is SEK 3 M (3). The amount below refer to each currency.

Currency	Local currency, buy	Hedged amount, sell
CHF	2,695,125	–44,482,967
CZK	19,000,000	–693,607,750
DKK	7,035,012	–346,794,006
EUR	81,429,768	–2,106,147
GBP	250,000	–9,070,627
HUF	200,000,000	–4,554,318,787
NOK	132,183,208	–1,490,322
PLN	–	–13,038,481

The Parent Company and the Group also hold currency interest rate swaps that were signed in connection with the Parent Company's issue of bonds in SEK. To achieve suitable currency matching between assets and liabilities, liabilities in SEK were exchanged to EUR at the same rate on the starting date and the date of maturity.

Payment guarantees

In connection with operations such as credit advice and administration of credit applications on behalf of clients, the Group's clients can obtain a guarantee, for a certain charge, from Intrum Justitia for the client's receivables from its customers. The provision of guarantees in this way has primarily taken place in Switzerland and pertains mainly to period travel cards for rail. This entails a risk being incurred that Intrum Justitia must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes into play, Intrum Justitia assumes the client's claim against its customer and takes over the continued handling of the case within the Purchased Debt area of operations. The total guarantee at year-end amounted to SEK 1,961 M (1,760), of which receivables overdue by more than 30 days amounted to SEK 63 M (23). Intrum Justitia's risk in this business is managed through strict credit limits and analyses of card applicants' credit status. As of year-end Intrum Justitia had allocated SEK 22 M (19) in the balance sheet to cover payments that may arise due to the guarantee.

NOTE 35

ACQUISITIONS OF OPERATIONS

Acquisition of 100 percent of the shares in Profidebt sro.

On January 31, 2014, Intrum Justitia agreed to acquire 100 percent of the shares in Czech company Profidebt sro for a cash purchase consideration of CZK 280 M, equivalent to SEK 90 M.

The company's operations mainly comprise purchased debt and, at the time of acquisition, it held a portfolio of overdue receivables that Intrum Justitia valued at CZK 862 M – equivalent to SEK 276 M.

The acquired company was consolidated effective from February 2014 and has contributed to consolidated revenues by SEK 94 M and to the consolidated operating earnings by SEK 42 M. If the acquisition would have been executed by January 1, it would have contributed to the Group's revenues by SEK 103 M and to the operating result by SEK 46 M.

Preliminarily, the company is reported in the consolidated balance sheet in accordance with the following:

SEK M	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Tangible fixed assets	2		2
Purchased debt	234	42	276
Current assets	5		5
Liquid assets	4		4
Interest-bearing loans	–164		–164
Deferred tax liability/asset	–5	–8	–13
Current liabilities	–20		–20
Net assets	**56**	**34**	**90**
Purchase consideration paid			–90
Acquired cash and cash equivalents			4
Reported as acquisition of Purchased Debts			276
Reported as borrowing			–164
Net impact on cash and bank			**26**

Acquisition of 100 percent of the shares in Advis A/S

In early October 2014, Intrum Justitia agreed to acquire 100 percent of the shares in the Danish company Advis A/S for a cash purchase consideration for the shares of DKK 141 M, equivalent to SEK 174 M.

Advis is a leading credit management company in Denmark – a market leader in the telecom sector, also with a strong presence in the media and energy segments. The company has some 60 employees and generated revenue of DKK 57 in 2013.

The transaction is in line with Intrum Justitia's strategy to strengthen its credit management operations through acquisitions. The acquisition of Advis broadens the Danish customer base and Intrum Justitia gains increased access to data in new customer segments and improved operational efficiency through economies of scale.

The acquired company was consolidated effective from October 2014 and has contributed to consolidated revenues by SEK 20 M and to operating earnings by SEK 2 M. If the acquisition would have been executed by January 1, it would have contributed to the Group's revenues by SEK 80 M and to the operating result by SEK 9 M.

Preliminarily, the company is reported in the consolidated balance sheet in accordance with the following:

SEK M	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Intangible fixed assets	24	2	26
Tangible fixed assets	1		1
Current assets	23	2	25
Liquid assets	3		3
Deferred tax	0	3	3
Other liabilities	–18	–16	–34
Net assets	**33**	**–9**	**24**
Consolidated goodwill			150
Purchase consideration paid			–174
Acquired cash and cash equivalents			3
Net effect on cash and cash equivalents			**–171**

The goodwill recognized is attributable to synergies in the form of expected cost savings and economies of scale achieved when integrated with Intrum Justitia's operations in the same country.

Transaction expenses attributable to the acquisition amount to SEK 4 M and are reported in the Group's administrative expenses.

Acquisition in 2013 percent of 48.6 percent of the shares in IJCOF SAS

On April 1, 2013, Intrum Justitia agreed to acquire 48.6 percent of the shares in IJCOF SAS whose operations involve collection from private individuals in France. Since early 2010, Intrum Justitia held 21.4 percent of the shares, valued at SEK 9 M, and with the transaction in 2013, it became the majority shareholder with a 70-percent ownership. The purchase consideration paid in connection with the transaction was finalized during 2013 and amounted to SEK 19 M.

The acquisition analysis was detailed in the 2013 annual report.

Acquisition of corporate collection operations from Coface for a consideration consisting of 42 percent of the shares in the joint venture IJCOF Corporate SAS

On December 31, 2013, Intrum Justitia agreed to acquire the corporate collection operations in France of Ellisphère SA (formerly Coface Services). No cash consideration was paid, instead payment took the form of a 42 percent shareholding in the joint company IJCOF Corporats SA, through an issue in kind valued at SEK 67 M. The earnings of the acquired operations were included in the consolidated income statement effective from 2014.

The acquisition analysis was detailed in the 2013 annual report.

Reversal of provision for additional purchase consideration for the acquisition of Buckaroo BV in 2012.

In January 2012, Intrum Justitia entered an agreement to acquire the Dutch company Buckaroo BV, a supplier of payment solutions particularly for e-trading companies.

The price consisted of a cash payment of EUR 8 M and an additional purchase consideration of a maximum total of EUR 32 M spread over three payment occasions in the period 2013-2015, based on the earnings achieved by the company. Intrum Justitia assumed an additional purchase consideration of a total nominal value of EUR 22 M and made a provision for this. In 2013, EUR 3.2 was paid and EUR 0.8 M of the provision was reversed. For 2013 and 2014, Buckaroo did not achieve the earnings on which the provision was based, and the remaining provision of EUR 18 M was therefore reversed in connection with the annual financial statements for 2014, affecting earnings for the year positively by SEK 164 M.

At the same time, impairment was recognized in the goodwill attributable to the acquisition of Buckaroo in the amount of SEK 111 M based on lower forecast earnings than assumed at the time of acquisition.

NOTE 36

CRITICAL ESTIMATES AND ASSUMPTIONS

To be able to prepare the accounts in accordance with generally accepted accounting practices, company management and the Board of Directors must make assessments and assumptions that affect reported income and expense items, asset and liability items, as well as other disclosures. Management has discussed with the Audit Committee the Group's critical accounting principles and estimates as well as the application of these.

Estimates and assumptions are continuously assessed on the basis of historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions. Actual outcomes may vary from the assessments made.

The areas in which estimates and assumptions could entail significant risk of adjustment in the recognized amounts for assets and liabilities in future financial years are primarily the following:

Goodwill impairment and reversal of liabilities related to additional purchase consideration for shares in Buckaroo

As also indicated in Note 10, impairment testing of goodwill is performed in each geographical region, with the exception that the subsidiary Buckaroo, which was acquired in 2012, has not yet been integrated into Intrum Justitia's other operations in such a way that it can be considered part of a larger cash-generating unit. Impairment testing for Buckaroo is based on reasonably likely assumptions about the future, although the actual outcome may of course diverge from these. The outcome of the impairment testing was that impairment of SEK 111 M was recognized. Simultaneously with the impairment, the liability of SEK 164 M remaining in the balance sheet regarding the additional purchase consideration to the sellers of Buckaroo was reversed because the company did not achieve the expected results for 2013 and 2014 on which the provision was based and Intrum Justitia therefore has no contractual obligation to pay any additional consideration.

Purchased debt

As indicated in Note 16, the recognition of purchased debt is based on the company's own forecasts of future cash flows from acquired portfolios. Although the company has historically had good forecasting accuracy with regard to cash flows, future deviations cannot be ruled out.

The Group applies internal rules and a formalized decision-making process in the adjustment of previously established cash flow projections. These entail, among other things, that cash flow forecasts are only in exceptional cases adjusted in the first year of ownership of a portfolio. Furthermore, the decision to amend a cash flow forecast is preceded by a discussion between the local management in the country in question and the management of the Financial Services service line. All changes in cash flow forecasts are ultimately decided on by a central investment committee.

Useful lifetimes of intangible and tangible fixed assets

Group management establishes assessed useful lifetimes and thus consistent amortization and depreciation for the Group's intangible and tangible fixed assets. These estimates are based on historical knowledge of equivalent assets' useful lifetimes. Useful lifetimes and estimated residual values are tested on each balance sheet date and adjusted when necessary. Recognized values for each balance sheet date for intangible and tangible fixed assets, see Notes 10 and 11.

Assessment of deferred tax assets

Deferred tax assets for tax-loss carryforwards or other future tax deductions are recognized to the extent it is deemed likely that the deduction can be made against future taxable surpluses.

Carrying amounts for deferred tax assets on each balance sheet date are provided in Note 8.

Reporting of Polish investment fund

The Group has operated in Poland since 2006 through an investment fund designed to purchase and own portfolios of purchased debt. Intrum Justitia is the fund's only owner, and from the Group's perspective it essentially operates like a subsidiary. Against this backdrop, Intrum Justitia has resolved to consolidate the investment fund in the consolidated financial statements as a subsidiary.

NOTE 37

RELATED PARTIES

In addition to associated companies and joint ventures, related parties include the Board of Directors and senior executives, according to Note 28, as well as close family members to these executives and other companies over which they can exert a significant influence.

All transactions with related parties are conducted on market terms and at arm's length.

In January-September 2013, CFO Erik Forsberg was a member of the board of Dentally AB. During 2013, a subsidiary in the Intrum Justitia Group sold factoring services to Dentally AB, with Intrum Justitia's revenues from these sales amounting to SEK 1 M. However, Erik Forsberg was not involved in any contractual negotiations between Intrum Justitia and Dentally.

In 2014, Erik Forsberg no longer had any significant influence over Dentally AB, and there were no other significant transactions between the Group and any related parties.

Although the Parent Company has close relationship to its subsidiaries, see Note 12, it has no transactions with other related parties.

Proposed appropriation of earnings

The Parent Company's distributable funds are at the disposal of the Board of Directors as follows:

SEK	
Share premium reserve	111,255,873
Fair value reserve	–985,733,646
Earnings brought forward	2,236,109,083
Net earnings for the year	83,105,804
Total	**1,444,737,114**

The Board of Directors and the President propose that the earnings be distributed as follows:

SEK	
Dividend, 73,847,534 shares x SEK 7.00	516,932,738
Balance carried forward	927,804,376
Total	**1,444,737,114**

The number of shares above, 73,847,534, refers to the number of outstanding shares on December 31 2014. The number of shares and the dividend may decrease as an effect of further repurchases in 2015, prior to the record date for the dividend.

The Board of Directors' complete statement motivating the proposed disposition of earnings for the 2014 financial year will be presented in a separate document prior to the 2014 Annual General Meeting. It concludes, among other things, that the proposed dividend is in line with the company's dividend policy and that the Board, having considered the nature, scope and risks of the company's operations, as well as the company's and the Group's consolidation requirements, liquidity and financial position in general, has found no indications that the proposed dividend is unjustified.

The Board of Directors and the President certify that the Annual Report has been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards.

The annual accounts and consolidated accounts give a true and fair view of the financial position and results of the Parent Company and the Group. The Board of Directors' Report for the Parent Company and the Group gives a true and fair overview of the operations, financial position and results of the Parent Company and the Group, and describes significant risks and uncertainties that the Parent Company and the companies in the Group face.

The annual and consolidated accounts were approved for publication by the Board of Directors and the President on March 19, 2015 and are proposed for approval by the Annual General Meeting on April 22, 2015.

For further information on the earnings and financial position of the Parent Company and the Group, please refer to the income statements, balance sheets, summary of changes in shareholders' equity, cash flow statements and notes.

Stockholm, March 19, 2015

Lars Wollung
PRESIDENT AND CEO

Lars Lundquist
CHAIRMAN OF THE BOARD

Matts Ekman
BOARD MEMBER

Joakim Rubin
BOARD MEMBER

Charlotte Strömberg
BOARD MEMBER

Synnöve Trygg
BOARD MEMBER

Fredrik Trägårdh
BOARD MEMBER

Magnus Yngen
BOARD MEMBER

Our Audit for this Annual Report was issued on March 19, 2015.

Ernst & Young AB

Erik Åström
AUTHORIZED PUBLIC ACCOUNTANT

Audit report

To the Annual General Meeting of Intrum Justitia AB (publ), corporate identity number 556607-7581

REPORT ON THE ANNUAL ACCOUNTS

We have conducted an audit of the annual accounts and the consolidated accounts of Intrum Justitia AB (publ) for the year 2014. The annual and consolidated accounts of the Company are included on pages 35–82.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT FOR THE ANNUAL AND CONSOLIDATED ACCOUNTS.

The Board of Directors and the President are responsible for the preparation of annual accounts that give an accurate view in accordance with the Annual Accounts Act and consolidated accounts that give an accurate view in accordance with the International Financial Reporting Standards as adopted by the EU, and the Annual Accounts Act and for the internal controls deemed necessary by the Board of Directors and President in preparing annual accounts that do not contain material misstatements, whether these are due to irregularities or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the annual and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards demand that we adhere to professional requirements and that we plan and perform the audit to obtain reasonable assurance that the annual and consolidated accounts are free of material misstatement.

An audit entails gathering by various means audit evidence supporting the amounts and disclosures in the annual and consolidated accounts. The auditor selects the measures to be performed by assessing, among other aspects, the risk for material misstatements in the annual and consolidated accounts, whether these are due to irregularities or error. In this risk assessment, the auditor takes into account those parts of the internal control processes that are relevant to how the Company prepares the annual and consolidated accounts to provide an accurate view with the purpose of drawing up review measures that are appropriate to conditions, albeit not with the purpose of making any statements regarding the efficacy of the Company's internal control processes. An audit also includes assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Board of Directors and President in the accounts, as well as assessing the overall presentation of the annual and consolidated accounts.

We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our statements.

STATEMENTS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present, in all material respects, a fair portrayal of the financial position of the Parent Company as of December 31, 2014 and its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and give, in all material respects, a fair portrayal of the financial position of the Group as of December 31, 2014 and its financial performance and its cash flows for the year in accordance with the Interim Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. We believe that our audit provides a reasonable basis for our opinion set out below.

We therefore recommend that the Annual General Meeting approve the consolidated Income Statement and Balance Sheet and the Income Statement and Balance Sheet of the Parent Company.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual and consolidated accounts, we have also audited the proposed appropriation of the Company's earnings and the administration of Intrum Justitia AB (publ) by the Board of Directors and the President in 2014.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT

The Board of Directors is responsible for the proposed appropriation of the Company's earnings, and the Board of Directors and the President are responsible for the administration of the Company in accordance with the Companies Act.

AUDITORS' RESPONSIBILITY

It is our responsibility, based on our audit, to express an opinion, with a reasonable degree of certainty, on the proposed appropriation of the Company's earnings and the administration of the Company. We have conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our statement regarding the proposed appropriation of the Company's earnings, we have reviewed the statement by the Board of Directors explaining its proposal and a selection of the data on which this is based to ascertain whether the proposal complies with the Companies Act.

As a basis for our statement regarding discharge from liability, we have, in addition to our audit of the annual and consolidated accounts, reviewed significant decisions, measures and conditions in the Company to ascertain whether any director or the President is liable for compensation to the Company. In our review, we have also considered whether any director or the President has in any other way contravened the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our statements.

STATEMENTS

We recommend that the Annual General Meeting appropriate Company's earnings in accordance with the proposal presented in the statutory administration report (Board of Directors' Report) and that the directors and the President be discharged from liability for the financial year.

Stockholm, March 19, 2015
Ernst & Young AB

Erik Åström
AUTHORIZED PUBLIC ACCOUNTANT

Board of Directors

According to Intrum Justitia's Articles of Association, the Board of Directors shall consist of no less than five and no more than nine members with no more than four deputies.

All members are elected by the Annual General Meeting. At the AGM on April 23 2014 the Nominations Committee's proposal for the Board to consist of seven members and no deputies was adopted. Matts Ekman, Lars Lundquist, Joakim Rubin, Charlotte Strömberg, Fredrik Trägårdh, Synnöve Trygg and Magnus Yngen was re-elected. Lars Lundquist was re-elected as the chairman of the board.


Lars Lundquist


Matts Ekman


Joakim Rubin

Lars Lundquist
Chairman
Born 1948. Director and Chairman since April 2006. Lars Lundquist is the Chairman of the Boards and Remuneration Committees of JM AB and Vasakronan AB, the Chairman of Försäkrings AB Erika and Director and Treasurer of the Swedish Heart- and Lungfoundation.

Lundquist holds a M.Sc. in Economics from the Stockholm School of Economics and an MBA from the University of Wisconsin.

Own holdings and/or holdings of closely affiliated persons: 15,000.

Matts Ekman
Born 1946. Director since 2007. Former Executive Vice President and CFO of the Vattenfall Group. He was also CFO of the Electrolux Group, for 18 years. Ekman is Chairman of the trading house Ekman & Co and Director of Carnegie Fonder AB, Profoto AB, EMANI (Belgium) and Spendrup Invest. He has a M.Sc. from University of Lund and an MBA from University of California at Berkeley.

Own holdings and/or holdings of closely affiliated persons: 10,000.

Joakim Rubin
Born 1960. Director since 2010. Joakim Rubin is board member in ÅF AB and B & B Tools, Funding Partner at Zeres Capital and senior partner at CapMan Public Market Fund. He held several positions at Handelsbanken Capital Markets between 1995 and 2008 including Head of Corporate Finance and Debt Capital Markets.

Rubin has a M.Sc. from the Institute of Technology at Linköping University.

Own holdings and/or holdings of closely affiliated persons: 0.

Charlotte Strömberg
Born 1959. Director since 2009. Charlotte Strömberg is a Chairman of the Board in Castellum AB, Director of Karolinska Institutet, Boomerang AB, the Fourth Swedish National Pension Fund, Swedbank AB and Skanska AB. Charlotte Strömberg has previously held positions as CEO of property consultant Jones Lang LaSalle in the Nordic countries, she held several leading positions at Carnegie Investment Bank AB Head of Investment Banking among others, and at Alfred Berg, ABN Amro. Strömberg holds an M.Sc. from the Stockholm School of Economics.

Own holdings and/or holdings of closely affiliated persons: 5,000.

Synnöve Trygg
Born 1959. Director since 2013. Synnöve Trygg was until mid 2013 the CEO of SEB Kort were she had been since 1993. She is board member of Trygg Hansa, Landshypotek Bank AB and Volvo Finance AB.

Trygg holds a Bachelor in Business Administration from the University of Stockholm.

Own holdings and/or holdings of closely affiliated persons: 1,000.

Fredrik Trägårdh
Born 1956. Director since 2009. Fredrik Trägårdh is the Executive Vice President of Ekman Group and he was formerly CEO of Net Insight AB.

Trägårdh has held positions as CFO at Daimler-Chrysler Rail Systems GmbH, Berlin, and several management positions at ABB Financial Services in Sweden and Switzerland.

Trägårdh holds a M.Sc. in Business Administration and International Economics from the Göteborg School of Economics.

Own holdings and/or holdings of closely affiliated persons: 1,000.

Magnus Yngen
Born 1958. Director since 2013. Magnus Yngen is President of Camfil AB. He was formerly president and CEO of Husqvarna and has held several leading positions within Electrolux. Yngen is the chairman of the board of Sveba-Dahlén Group and a board member of Duni, Dometic and Camfil Farr.

Yngen holds a Master of Enginering and Licentiate in Technology from the Royal Institute of Technology in Stockholm

Own holdings and/or holdings of closely affiliated persons: 1,500.

AUDITOR
Erik Åström
Born 1957. Chief Auditor since 2014. Mr. Åström is an Authorized Public Accountant at the Ernst & Young firm of auditors. Other auditing assignments: Svenska Handelsbanken, Kommuninvest, Svensk Exportkredit, ICA Group, Södra skogsägarna, Nasdaq.

Directors' independence
All Directors are independent in relation to the Company, its management and in relation to the principal shareholders.

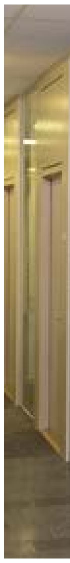

Lars Wollung


Per Christofferson


Erik Forsberg


Johan Brodin


Annika Billberg



Group Management Team

The Group Management consists of the Chief Executive Officer and President of the parent company, the Group's Chief Financial Officer, the Chief Risk Officer, the Director of Purchased Debt, the IR and Communications Director, the Chief Human Resource Officer, the Chief Information Officer and the Regional Managing Directors.

Lars Wollung
CEO & President

Born 1961.Mr. Wollung was appointed to the position on February 1, 2009, and he was a Member of the Board between 2006-2008. During 2014 Wollung was acting Director of Purchased Debt. Lars Wollung was previously President and Chief Executive Officer of the management and IT consulting company Acando AB. He co-founded Acando in 1999, serving first as Vice President and then President from 2001.

For nine years he worked as a management consultant at McKinsey & Company, undertaking international assignments in fields such as corporate strategy, organizational change and operational improvement programs. Mr. Wollung holds a M.Sc. in Economics from the Stockholm School of Economics and a M.Sc. in Engineering from the Royal Institute of Technology in Stockholm.

Own holdings and/or holdings of closely affiliated persons: 25,000.

Erik Forsberg
CFO

Born 1971. Mr Forsberg joined as CFO in November 2011. He previously held the same position at PR software company Cision, which is listed on the NASDAQ OMX. Erik Forsberg has previously held positions as CFO, Group Treasurer and Business Controller at different companies including EF Education. Forsberg holds a M.Sc. in Economics from the Stockholm School of Economics.

Own holdings and/or holdings of closely affiliated persons: 0.

Johan Brodin
Chief Risk Officer

Born 1968. Mr Brodin joined as Chief Risk Office (CRO) in November 2011. Previous Johan Brodin was CRO at SBAB Bank. Johan Brodin has also held different positions at Handelsbanken, as well as Management consultant within financial services at KPMG and Oliver Wyman. Brodin holds a M.Sc. in Economics from University of Örebro.

Own holdings and/or holdings of closely affiliated persons: 0.

Per Christofferson

Regional Managing Director

Born 1968. Mr. Christofferson is Regional Managing Director Central Europe since 23 April 2012. Mr. Christofferson joined Intrum Justitia in September 2009 as Director of Credit Management Services. He was previously Vice President and Business Area Director at the management and IT consulting company Acando AB, where he also has been advisor to multinational clients. He has a M.Sc. from CWRU (Case Western Reserve University) Cleveland, Ohio, and a M.Sc in Engineering from the Institute of Technology in Linköping, Sweden.

Own holdings and/or holdings of closely affiliated persons: 5,345.

Annika Billberg

IR & Communications Director

Born 1975. Annika Billberg joined as IR & Communications Director in June 2010. From 18 June 2012, she is also reponsible for the unit Marketing. Previous to that she has worked as Communications & IR Manager at the IT-consulting company HiQ in Stockholm and as Equities Research Analyst at Hagströmer & Qviberg in Stockholm. Annika Billberg holds a MSc in Economics and Business Administration, majoring in Finance.

Own holdings and/or holdings of closely affiliated persons: 800.

Jean-Luc Ferraton

Chief Human Resources Officer

Born in 1973. Ferraton holds his current position as Chief Human Resources Officer (CHRO) since April 2012. Ferraton has held several positions at Intrum Justitia between 2006-2012; he was Group HR Director 2011-2012, HR Director region Western Europe 2010-2012 and HR Director region Southern Europe 2006-2012. Prior to Intrum Justitia, Ferraton was HR Director JTEKT of Toyota Group. Ferraton holds a M. Sc. in Economics at ESDES Lyon

Own holdings and/or holdings of closely affiliated persons: 0

Pascal Labrue

Regional Managing Director

Born 1967. Mr. Labrue has been an employee since 2000 and he is the Regional Managing Director for Western Europe since October 2010. Prior to that he served as Regional Managing Director for Italy, France, Portugal and Spain.

He was previously director at B.I.L., a leading CMS company in France. Mr. Labrue is a graduate of ESC Bordeaux.

Own holdings and/or holdings of closely affiliated persons: 69,713

Harry Vranjes

Chief Information Officer

Born in 1970. Vranjes holds his current position as Chief Information Officer since April 2012. He has been Group IT Director at Intrum Justitia 2008-2012. and previous to that he was Project Manager and Business Developer at Intrum Justitia 2002-2008. Harry Vranjes previously held the position as IT-management consultant at WM-Data between 1998-2001. Vranjes holds a Bachelor in Computer Science at Lund University

Own holdings and/or holdings of closely affiliated persons: 7,500.

Rickard Westlund

Regional Managing Director

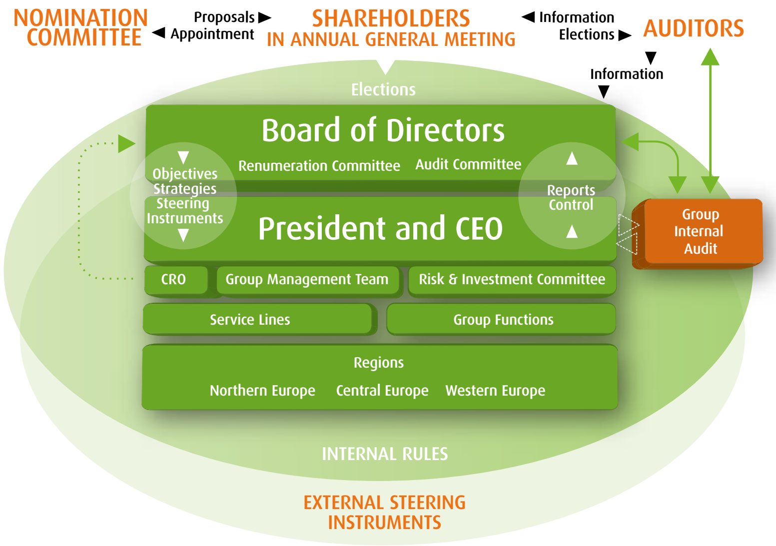
Born 1966. Mr. Westlund joined Intrum Justitia as Managing Director for Intrum Justitia Sverige AB in November 2009 and assumed the position as Regional Managing Director for Scandinavia and became the Regional Managing Director for Northern Europe in 2010.

Mr. Westlund held several positions at Lindorff between 2006 and 2009 such as inter alia Director of Capital Collection, CEO Lindorff Capital AS and Head of Capital Scandinavia. Prior to Lindorff, Mr. Westlund was CEO for Aktiv Kapital Sweden and has also worked at Swedbank for eleven years where he held the position as Head of Loan Process between 2000 and 2003. Mr. Westlund holds a M.Sc. in economics from Örebro University.

Own holdings and/or holdings of closely affiliated persons: 0.

Corporate Governance report

The Corporate Governance of Intrum Justitia serves to strengthen the confidence of clients, society and the capital markets through a clear allocation of responsibilities and well-balanced rules between owners, the Board, Group Management Team and the different control functions. Intrum Justitia AB (publ) is a Swedish public company domiciled in Stockholm. The company is listed on Nasdaq Stockholm.



This corporate governance report has been prepared in accordance with the rules of the Annual Accounts Act and the Swedish Code of Corporate Governance ("the Code") in order to describe how the Company has applied the Code during 2013. Corporate governance at Intrum Justitia comprises structures and processes for management and control of the Company's operations for the purpose of creating value for the Company's owners and other stakeholders. Intrum Justitia applies the Code as of July 1, 2005. Intrum Justitia's corporate governance also complies with the applicable rules in the Swedish Companies Act, Nasdaq Stockholm's rule book for issuers, the decisions of the Swedish Securities Council and the Company's Articles of Association. The Company has not deviated from the Code's provisions during the period covered by the annual report.

SHAREHOLDERS

At the end of the year, Intrum Justitia's largest shareholder, Fidelity Investments Management, held 9.8 percent of all outstanding shares in the Company. See also page 32.

ANNUAL GENERAL MEETING

The Annual General Meeting is Intrum Justitia's highest decision-making body at which the shareholders exercise their right to make decisions regarding the company's affairs. Each share corresponds to one vote. The Annual General Meeting was held on April 23, 2014. Among other things, the Meeting resolved:

- to adopt the income statements and balance sheets for the Company and the Group,
- to pay a dividend of SEK 5.75 per share in accordance with the proposal by the Board of Directors,
- to discharge the Board of Directors and the President from liability for the 2013 fiscal year,
- to elect the Board of Directors and Chairman of the Board,
- to agree on remuneration to the Board of Directors and auditor,
- to adopt guidelines on compensation for senior executives,
- to adopt guidelines for the appointment of a new Nominating Committee and
- to authorize the Board of Directors to repurchase up to 10 percent of the shares in the company via the stock market

At the Annual General Meeting, 47 percent of the shares were represented. All members of the Board of Directors who were proposed as new or re-elected members were present with the exception for Magnus Yngen who was prevented to participate. Even the President, Chairman of the Nomination Committee and Auditor were present.

NOMINATION COMMITTEE

The task of the Nomination Committee, among others, is to nominate directors for election at the next Annual General Meeting (AGM). The AGM of 2014 resolved that the Chairman of the Board shall convene the five largest shareholders of the Company based on known voting power at the end of August to appoint a member each to the Nomination Committee. The composition of the Nomination Committee ahead of the 2015 Annual General Meeting was announced on September 30, 2014: Johan Strandberg (SEB Funds), Chairman Mats Gustafsson (Lannebo Funds), Frand Larsson (Handelsbanken Funds), Anders Oscarsson (AMF Funds) and Håkan Berg (Swedbank Robur Funds).

The Chairman of the Board, Lars Lundquist, serves as a co-opted member of the Nomination Committee. The Group's legal counsel has served as the secretary of the Nomination Committee.

Besides nominating the Directors, the Chairman of the Board and the Chairman of the AGM, the duties of the Nomination Committee include evaluating the Board and its work, proposing a Chairman for the AGM, proposing compensation for the Board and its committees, and proposing candidates for auditors' elections and compensation for auditors. The Chairman of the Board presented the results of the annual evaluation of the Board to the Nomination Committee, which also has held individually meetings with all Directors. The Nomination Committee's proposals to the 2015 AGM were announced in the notice are presented in the AGM. Shareholders have been offered the opportunity to submit proposals to the Nomination Committee. The Nomination Committee held three meetings for which minutes were recorded. No compensation has been paid to the members of the Nomination Committee.

BOARD OF DIRECTORS

The Board of Directors has the over arching responsibility for administering Intrum Justitia's affairs in the interests of its shareholders. All members are elected by the Annual General Meeting. At the 2014 Annual General Meeting, seven Directors were elected with no deputies. Lars Lundquist was elected as Chairman of the Board. Further information about the Directors, including their share holdings, can be found on page 84–85. All Directors are considered to be independent in relation to the Company and its management as well as in relation to the principal shareholders. The composition of the Board thereby complies with the requirements of the Code in this respect. The President of the Company is not a member of the Board, but attends all Board meetings except when the evaluation of the Board's work and the President are on the agenda. The Secretary of the Board is the Group's Legal Counsel. The Board of Directors has established an Audit Committee and a Remuneration Committee. The committees are mainly subordinated to the Board and do not relieve the Board members of their duties and responsibilities. The committees are presented in more detail on the following pages.

THE BOARD'S RULES OF PROCEDURE

Each year, the Board of Directors reassesses and sets rules of procedure, instructions for the two committees and instructions for the President. The latter also includes instructions regarding financial reporting. These control documents contain instructions on the delegation of responsibilities and work between the Board, the President and the Board committees, as well as the forms of the Company's financial reporting. The Board's rules of procedure are based on the over arching rules included in the Swedish Companies Act on the overall responsibilities of the Board and President and otherwise on the decision-making procedure approved by the Board. In addition the rules of procedure primarily govern other issues such as:

- number of Board meetings and decision points normally on the agenda at each meeting,
- the duties of the Chairman, the President and CEO, and the Remuneration, Investment and Audit Committees, specifying the delegation of the Board's decision-making authority and which issues always require a decision by the Board;
- the assessment of the Board of Directors and its work, the assessment of the President, and
- the forms of the Board's meetings and minutes.

MEETINGS OF THE BOARD

The Board meets regularly in accordance with the schedule laid down in the rules of procedure. Every Board meeting follows a predetermined agenda. The agenda and background information on each information or decision point are sent to all Directors well in advance of each meeting. Decisions by the Board are preceded by an open discussion led by the Chairman. The Board held eleven meetings in 2014 (12 in 2013). During the year, the Board paid special attention to the following issues:

- the Group's earnings and financial position,
- interim reporting,
- corporate governance, risk management and internal control,
- corporate acquisitions, and acquisitions of major debt portfolios,
- review of the company's strategic focus and financial targets,
- the structure of capital and financing of the Group,
- the assessment of the work of the Board and the assessment of the President and
- reduce the share capital by way of cancellation of repurchased own shares and restore the share capital by way of a bonus issue.

The Company's auditor participated in several Board meetings during the year.

ASSESSMENT OF THE BOARD AND PRESIDENT

Each year, the Board assesses the composition of the Board and its work with the purpose of illuminating matters concerning the Board's composition, areas of focus, materials and meeting climate, as well identifying areas for improvement. The Chairman presents the results of the evaluation to the Nomination Committee and the complete Board. The Board makes continuous evaluations of the President and discusses this at least one meeting without his presence.

COMPENSATION FOR DIRECTORS

In accordance with a decision by the 2014 Annual General Meeting, fees and other compensation to the Board totaled

ATTENDANCE AT BOARD MEETINGS IN 2014

	Matts Ekman	Lars Lundquist	Joakim Rubin	Charlotte Strömberg	Synnöve Trygg	Fredrik Trägårdh	Joakim Westh	Magnus Yngen
February 4	●	●	●	●	●	●	●	●
March 13	●	●	●	●	●	●	●	●
March 26	●	●	●	●	●	●	●	●
April 22	●	●	●	●	●	●	●	●
April 23	●	●	●	●	●	●		●
June 4	●	●	●		●	●		
July 16	●	●	●	●	●	●		●
August 28	●	●	●	●	●	●		●
September 25–26	●	●	●	●	●	●		●
October 21	●	●	●	●	●	●		●
December 16	●	●	●	●	●	●		●

● Present

SEK 3,520,000, of which SEK 840,000 was paid to the Chairman and SEK 350,000 to each of the other Board members. A further SEK 170,000 was paid to the Chairman of the Audit Committee, SEK 85,000 to the other members of the Audit Committee and SEK 80,000 each to the members of the Remuneration Committee.

AUDIT COMMITTEE

The Audit Committee has a preparatory role and reports its work to the Board of Directors. The duty of the Audit Committee is, among other things, to supervise the Group's financial reporting and to monitor the efficiency in the Group's internal control, internal auditing and risk management with regard to the financial reporting. The committee shall also keep itself informed regarding the audit process, consider the auditor's independent and assist the Nomination Committee in connection with the election of an auditor. The committee has established guidelines for which services, other than auditing services, the company may procure from the auditor. The Audit Committee consists of Matts Ekman (Chairman), Synnöve Trygg and Fredrik Trägårdh. All members are considered to be independent in relation to the Company and its management as well as in relation to the principal shareholders. Normally, the auditor, the Company's CFO, the head of the internal audit and the Group's Chief Accountant participate in the committee's meetings. The latter is also appointed secretary of the committee.

In 2014, the Audit Committee met seven times (four in 2013). All members were present at all meetings. The external Auditor has participated in all meeting except one. The issues addressed by the committee included interim reporting, risk management, internal control and change of auditor in charge at the Group's audit firm Ernst & Young. The committee has directed special attention to the Dutch subsidiary Buckaroo, in terms of its operations and compliance issues as well as in terms of the accounting consequences in the Group's annual accounts including the write-down of goodwill and the released liability for deferred purchase price. Further to this the committee has considered the year-end accounts, audit work for the Group, investment proposals, taxes and refinancing, as well as assisting the Board in its preparations to assure the quality of the Company's financial reporting, particularly with respect to the accounting of purchased debt and goodwill.

REMUNERATION COMMITTEE

The tasks of the Remuneration Committee include preparing the Board's decisions on matters involving remuneration principles, remunerations and other terms of employment for senior management, following-up and evaluating programs for variable remunerations for senior management, and monitoring and assessing general remuneration structures and compensation levels in the Group.

The committee also assists the Board in drafting proposals for guidelines for remuneration for senior management that the Board presents to the AGM, and also to monitor and assess the use of these guidelines. The Remuneration Committee consists of Lars Lundquist (Chairman), Magnus Yngen and Joakim Rubin. All members are considered to be independent in relation to the Company and its management as well as in relation to the principal shareholders. The CEO and Human Resources Director normally participate in the committee's meetings. The latter is also the secretary of the committee. The committee met three times in 2014 (four in 2013). All members of the committee were present at all meetings with the exception for Mats Yngen that was prevented to participate in one meeting.

PRINCIPLES FOR REMUNERATION FOR SENIOR EXECUTIVES

The 2014 AGM adopted the Board's proposal on the principles of compensation and other terms of employment for the senior executives. The guidelines regulate the relationship between fixed and variable remuneration and the relationship between performance and remuneration, non-monetary benefits, issues related to pensions, dismissal and severance payments and how the Board deals with these issues. The principles for remunerations for senior executives applied in 2014 are described in Note 28, on page 73. The Board's complete proposal regarding guidelines for 2014 can be found in the Board of Directors' report on page 35. For a more detailed account of wages and remunerations for senior executives, see Note 28 on page 73.

GROUP MANAGEMENT TEAM

The Group Management Team consists of the Chief Executive Officer, the Chief Financial Officer, the three regional managers, the Director of Purchased Debt, the Group's Chief Risk Officer, the Director of Investor Relations and Communications, the IT Director and the Human Resources Director.

The Group Management Team meets regularly to discuss financial targets and results, strategy issues and Group-wide guidelines. These discussions, decisions and guidelines are also part of the control of financial reporting. More information about the Group Management Team can be found on pages 86–87.

RISK AND INVESTMENT COMMITTEE

The CEO has established a Risk and Investment Committee consisting of members of the Group Management Team, tasked with making decisions on investment matters up to certain amount limits, primarily investments in purchased debt. Investment decisions above certain amounts require Board approval.

INTERNAL AUDIT

The Internal Audit constitutes an independent review function that reports directly to the board via the Audit Committee. The task of the Internal Audit is to review and evaluate the efficiency in steering control, risk assessment and internal control in the Group and it reports to the Audit Committee and the Group Management Team on a quarterly basis.

RISK FUNCTION

The Company has established a Risk function headed by the Chief Risk Officer. The two principal areas of responsibility for this function are to proactively engender risk awareness when business decisions within defined amount levels are made and for these to be followed up on an ongoing basis, and to ensure the independent review and control of both financial and operational activities.

AUDITOR

At the 2014 Annual General Meeting, the audit firm Ernst & Young AB was elected as the auditor for the Parent Company, with Authorized Public Accountant Erik Åström as the Chief Auditor. The auditor was elected for the period extending until the close of the 2015 Annual General Meeting. The auditor is considered to be independent. Beyond the audit assignment, the Company has also consulted Ernst & Young AB on matters of taxation and reporting, following approval by the Audit Committee. The scope of the compensation paid to Ernst & Young AB is presented in Note 29 on page 75. As Intrum Justitia's auditor, Ernst & Young AB is obliged to test its independence prior to every decision when providing independent advice to Intrum Justitia alongside its auditing assignment.

Board of Directors' Report on Internal Control

The responsibility of the Board of Directors for internal control is regulated by the Swedish Companies Act and the Corporate Governance Code. The Code includes a requirement for annual external reporting on how internal control processes regarding financial reporting are organized. These controls serve to assure reasonable reliability in financial reporting. Financial reporting comprises interim reports, year-end reports and most of the annual report.

FRAMEWORK

Intrum Justitia's internal control efforts follow the COSO framework (the Committee of Sponsoring Organization of the Treadway Commission). The framework is based on five internal control components as described below.

CONTROL ENVIRONMENT

The Board of Directors bears the ultimate responsibility for the internal control of the company's financial reporting. The Board's Audit Committee monitors adherence to set guidelines for financial reporting and internal control and maintains ongoing contacts with the company's auditors. The objective is to ensure that applicable laws and regulations are adhered to, that the financial reporting complies with Intrum Justitia's accounting principles in accordance with IFRS and that operations are conducted in an efficient and appropriate way. The basis for good internal control is the control environment, which includes the values and ethics on which the Board and Management base their actions, but also the Group's organization, leadership, decision-making paths, authorities and responsibilities, as well as the skills and knowledge of the employees.

Intrum Justitia's values include "working to promote a sound economy", which, alongside the Group's business concepts, targets and strategies, guides its day-to-day work. During 2014 the work has continued to further strengthen the company's internal governance and control environment, including updates and development of Intrum Justitia's Internal Rules for financial reporting.

RISK ASSESSMENT

The Group's risks are managed through ongoing interaction between the Board, Group Management and local operations. The Board and Group Management work continuously to identify and manage risks, while the management of each local operation is responsible for identifying, assessing and managing, in accordance with the internal regulations, the risks that primarily impact the local operations. Each local management team is responsible for ensuring that a well-functioning process is in place, generating an awareness of risk, identifying new risks at an early stage and managing known risks in a cost-effective way. The risk assessment of the financial reporting serves to establish what risks may impact reporting by the Group's companies, business areas and processes. The Group-wide risk management process includes identifying and assessing the most significant risks affecting the financial reporting and ensuring that suitable measures are taken to mitigate those risks. This work is based on self-assessments conducted by the Group's central finance function complemented with an ongoing dialogue with the business units. These assessments then form the basis for continued efforts to continuously improve internal controls in the financial reporting process.

CONTROL ACTIVITIES

To a large extent, control activities are steered by risk assessment. Controls are designed to manage the risks identified in the work described above. The control structures are based on the Group's minimum requirements for internal controls in financial reporting and consist both of company-wide controls, controls at transaction level and general IT controls. Control activities include all subsidiaries within the Group and encompass methods and activities to secure assets, ascertain the accuracy and reliability in internal and external financial reports and to ensure adherence to legislation and established internal guidelines. The subsidiaries' are required to submit a quarterly assurance from the local manager and financial manager, which is then reviewed and followed-up at several levels of the group's finance organization. In addition, the Group financial function has worked with several activities to ensure a good quality of the financial reporting in the Group's subsidiaries.

INFORMATION AND COMMUNICATION

The company works continuously to improve the awareness among employees of the control instruments applicable in financial reporting, both external and internal. Responsibilities and authorities are communicated within the Group to enable reporting and feedback from operations to Group Management and the Board's Audit Committee. All key internal guidelines can be accessed via the company's intranet and employees receive training on an ongoing basis. The local finance managers are part of a network that communicates to disseminate and share experiences, exchange information on new regulations and changes in the Group's accounting principles. This cooperation serves to increase coordination and opportunities for comparisons of analyses, follow-up of accounting and business systems and the development of various key figures.

FOLLOW-UP

The Group is organized according to a matrix model, whereby financial review primarily follows the three geographical regions and, secondarily the service lines, Credit Management and Financial Services. Within the geographical regions, the respective regional and country managers bear considerable responsibility. Group Management exerts control through e.g. regular reviews of financial and operational performance, regional business review meetings twice a year and board representation in the local companies. Each month, the subsidiaries submit their monthly closing reports, which consist of income statements divided by service line, balance sheets and key performance indicators in the Group's reporting system. The closing figures are consolidated as a monthly report to Group Management. Consolidated accounts are prepared each month for internal follow-up and analysis. The subsidiaries receive feedback from the Group on their reporting and in-depth follow-up meetings are held with each country organization on a quarterly basis.

The follow-up of the internal control with regard to financial reporting is conducted primarily by the Group Finance function, as well as by the Board's Audit Committee. At the assignment of the Board, the internal audit also reviews and assesses how the internal control is organized and its efficiency, as well as follow up on outstanding material observations from previous audits. Lastly, the group's auditors also assess the internal control procedures as part of their annual audit and report on their findings to Group Management, the Audit Committee and the Board.

Stockholm, March 19, 2015

The Board of Directors of Intrum Justitia AB (publ)

The Auditor's statement on the Corporate Governance Report

To the Annual General Meeting of Intrum Justitia AB (publ), corporate identity number 556607-7581.

The Board of Directors are responsible for the Corporate Governance Report for 2014 for pages 88–92 and that it has been prepared in accordance to the Annual Account Act.

We have read the Corporate Governance Report, and based on this and our knowledge of the company and the Group we believe that we have enough ground for our statements. This implies that our statutory review of the Corporate Governance Report has a different focus and substantially lower scope than the focus and scope of an audit according to International Standards of Auditing and good auditing practice in Sweden.

A corporate governance report has been prepared and we believe that its statutory information is in accordance to the annual report and the consolidated accounts.

Stockholm, March 19, 2015

Ernst & Young AB

Erik Åström
AUTHORIZED PUBLIC ACCOUNTANT

Definitions

Average number of employees: Average number of employees during the year, recalculated to full-time positions.

Beta: Measure of the share price's fluctuation in relation to the market as a whole, in the form of the OMX Stockholm Index, over the course of the year. Changes that precisely follow the index produce a beta of 1.0. A figure below 1.0 means that the changes in the share price have been smaller than those in the index.

Dilution: Theoretical impact of outstanding employee stock options on the number of shares and shareholders' equity.

Dividend payout: Dividend as a percentage of net earnings for the year.

Earnings per share: Net earnings for the year attributable to the Parent Company's shareholders divided by the average number of shares during the year.

Net debt: Interest-bearing liabilities and pension provisions less liquid funds and interest-bearing receivables.

Net debt in relation to operating earnings before depreciation and amortization: Net debt divided by the operating result before depreciation of tangible and intangible assets as well as amortization of Purchased debt.

Operating cash flow per share: Cash flow from operating activities divided by the average number of shares during the year.

Operating earnings: Earnings before net financial items and income tax.

Operating margin: Operating earnings as a percentage of revenues.

Organic growth: Increase of net revenues in the continuous business, excluding any impact of mergers and acquisitions, revaluations of Purchased Debt and changes in currency exchange rates.

P/E Price /earnings ratio: Year-end share price divided by earnings per share before dilution.

P/S Price /sales ratio: Year-end share price divided by sales per share.

Return on Purchased debt: The operating result divided by the average value of Purchased debt

Revaluations: Operating revenue derived from the increase or decrease in the carrying value of a Purchased Debt portfolio that is related to changes during the period in estimates of future cash flows.

Revenues: Variable collection commissions, fixed collection fees, debtor fees, guarantee commissions, subscription revenue and income from purchased debt operations.

Yield: Dividend per share divided by the year-end share price.

Information to the shareholders

Annual General Meeting

The Annual General Meeting of Intrum Justitia AB will be held on on Wednesday 22 April, 2015 at 3.00 pm at Operaterrassen, Stockholm, Sweden. A notice will be published in the Svenska Dagbladet and Post- och Inrikes Tidningar. The notice and other information released prior to the Annual General Meeting are available at www.intrum.com.

Dividend

The Board of Directors proposes a dividend of SEK 7.00 (5.75) per share for fiscal year 2014.

Financial report dates 2015

Annual General Meeting 2015, April 22
Interim report January–March, April 22
Interim report January–June, July 16
Interim report January–September, October 21

Other information from Intrum Justitia

Financial reports are published in Swedish and English and can be ordered from Intrum Justitia AB, Corporate Communications Department, SE-105 24 Stockholm, Sweden. The reports and other information from the company are published on the Group's website, www.intrum.com.

Communication with shareholders, analysts and the media is a priority. A presentation of Intrum Justitia's results and operations is made for analysts and investors in Stockholm after the release of each interim report. In addition to these contacts, representatives of the company meet current and potential shareholders on other occasions such as one-on-ones and meetings with shareholder clubs.

Please visit our website, www.intrum.com, for a general presentation of the Group as well as a detailed IR section with corporate governance documents, analysis tools, an insider list, etc.

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A printed version of this annual report can be ordered via ir@intrum.com or be downloaded as a pdf-document at www.intrum.com.

In case of any discrepancy between the Swedish and English versions of this Annual Report, the Swedish version shall govern.

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