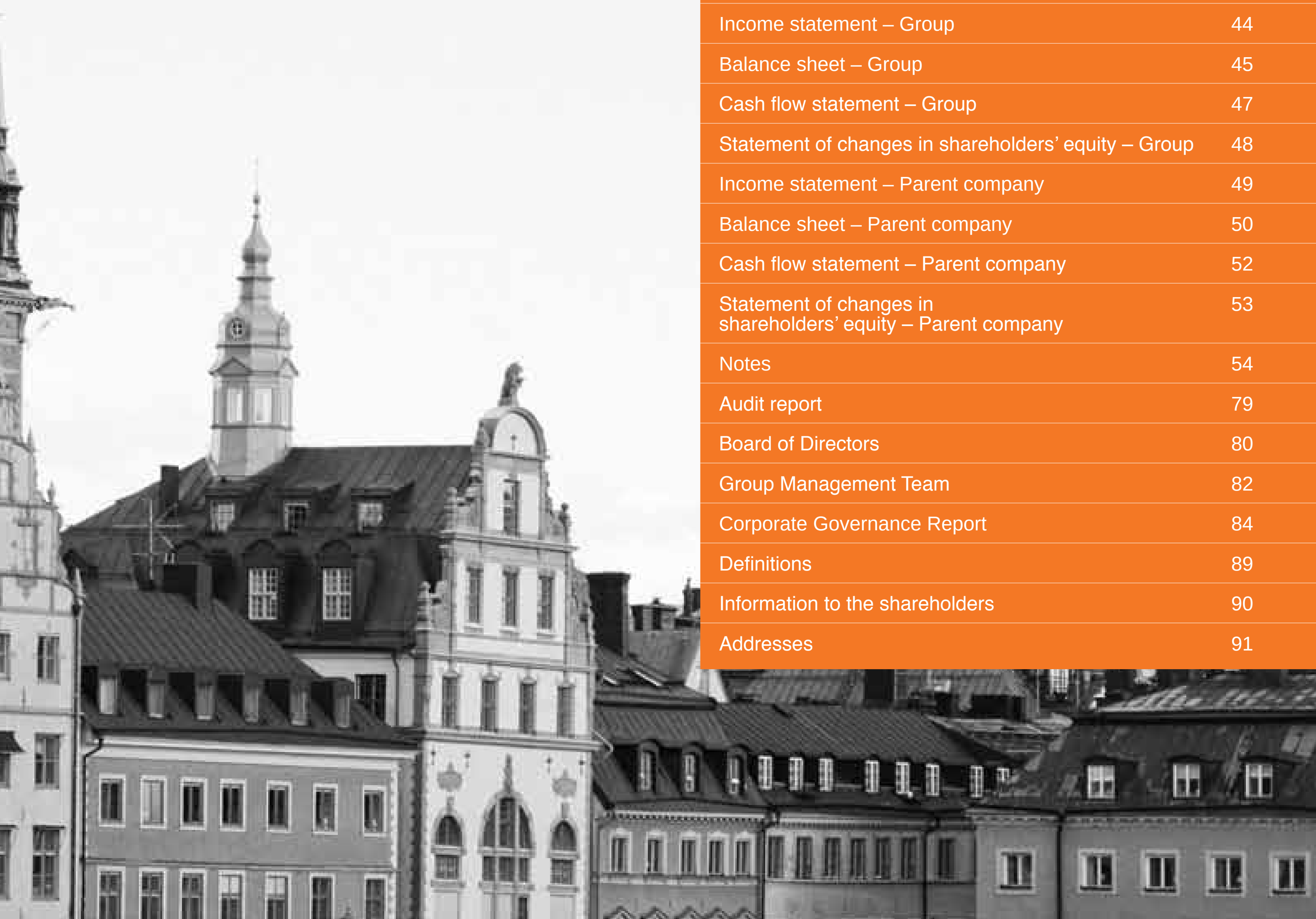
INTRUM JUSTITIA
2012

Annual report

intrum justitia

Contents



2012 in brief

The year 2012 brought good progress, with increased earnings and revenues. Below follows a summary of the most important events and figures in 2012. Reading further, on the next spread, you will find a detailed description of the past year and current year in the statement by Intrum Justitia's President and CEO, Lars Wollung. A concentrated presentation of the operations can be found on page 10 and the subsequent pages, where Intrum Justitia is presented in greater depth.

Operating earnings amounted to SEK 879 M (868), corresponding to an operating margin of 22 percent (22). Operating earnings excluding revaluations amounted to SEK 962 M (849) – an increase of 13 percent.

The Board of Directors proposes a dividend of SEK 5.00 per share (4.50) – an increase of 11 percent.

Net earnings amounted to SEK 584 M (553) and earnings per share before dilution amounted to SEK 7.32 (6.91) for the full-year – an increase of 6 percent.

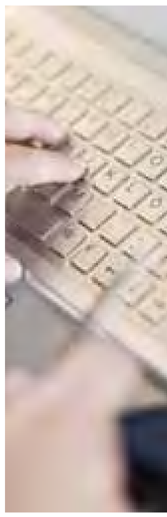
Consolidated net revenues for 2012 amounted to SEK 4,056 M (3,950). Organic growth was 6 percent (2).

Cash flow from operating activities was SEK 1,963 M (1,768) – an increase of 11 percent.

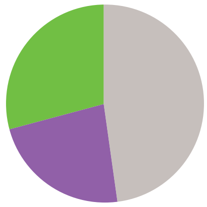
In 2012, Intrum Justitia acquired a Dutch supplier of invoicing and payment solutions, primarily for e-trade clients. The company has developed an integrated system for the acceptance of payments via the Internet using, for example, credit cards, autogiro and bank transfers. The acquisition means that we can increase our pace of expansion in the fast-growing e-trading segment.

Intrum Justitia in Poland has developed well in recent years. In May 2012, we acquired a major portfolio of non-performing consumer loans with a total outstanding value of approximately SEK 1.5 billion. This transaction further strengthens our market position and marks a strategically important breakthrough into the large Polish market for debt purchased from the banking sector.

Intrum Justitia's annual survey, European Payment Index (EPI 2012) reveals that European companies are experiencing substantial liquidity problems. Of the companies that responded, 57 percent indicate that they have liquidity problems – an increase of 10 percent between 2011 and 2012. The survey also shows that companies have been forced to write off a record EUR 340 billion in receivables.

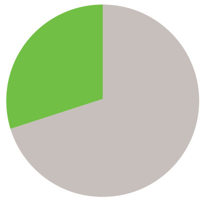


SALES BY REGION, %



Northern Europe 48%
Central Europe 23%
Western Europe 29%

SALES BY SERVICE LINE, %

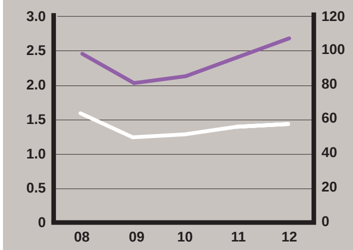


Credit management services 70%
Financial services 30%

ROI and earnings per share

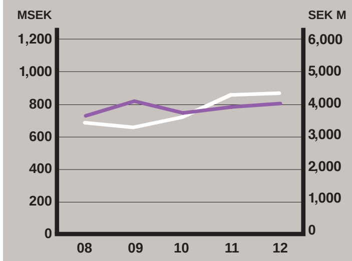
Earnings per share after dilution
ROI in purchased debt %

Net debt/RTM operating earnings before depreciation and amortization and net debt ratio



Net debt/RTM operating earnings before depreciation and amortization
Net debt ratio %

Sales and operating earnings



Operating earnings (EBIT)
Sales

Disbursements for investments in Purchased Debt amounted to SEK 2,014 M (1,804) – an increase of 12 percent. The return on purchased debt was 17 percent (21), well above the Group's target of 15 percent.

In 2012, the Group's financing was strengthened considerably through the issue of bonds for SEK 1 billion and the securing of a new bank loan for SEK 1 billion. At the close of 2012, Intrum Justitia had access to granted, unutilized long-term credits totaling approximately SEK 3 billion. In addition, the structure of the loans was renegotiated, with the Group gaining an even maturity structure for its loans between 2015 and 2017.

In 2012, Intrum Justitia extended its service offering in payment services for non-mature invoices by introducing a factoring service. Sweden was the first country in which we introduced our own factoring service in 2012. In early 2013, factoring was also introduced in Finland.

Key figures, SEK M, unless otherwise indicated	2012	2011	2010	2009	2008
Revenues	4,056	3,950	3,766	4,128	3,678
Revenues excluding revaluations	4,139	3,931	3,763	4,164	3,676
Organic growth, %	6	2	–1	4	9
Operating earnings (EBIT)	879	868	731	668	697
Operating margin, %	22	22	19	16	19
Earnings before tax	729	753	639	588	570
Earnings for the period	584	553	452	441	442
Cash flow from operating activities	1,963	1,768	1,630	1,433	1,261
Earnings per share, SEK	7.32	6.91	5.67	5.53	5.58
Return on purchased debt, %	17	21	18	18	19
Investments in purchased debt	2,014	1,804	1,050	871	872
Net debt/RTM operating earnings before depreciation and amortization	1.44	1.40	1.29	1.25	1.59

* RTM: Rolling twelve months

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The better we at Intrum Justitia succeed in our mission, the more Europe will benefit.

If everything was as it should be, earnings among European companies could rise by EUR 340 billion

What would an additional EUR 340 billion do for European job opportunities, development and prospects? In this CEO statement, I would like to talk more about how Intrum Justitia contributes to a better climate for business and society in Europe. I am talking about our mission – why we are here and the benefit we bring every day when we go to work. I would also like to talk about the year that has passed and the year that is now in progress.

Since 1998, Intrum Justitia has conducted an annual survey of changes in payment behavior in Europe and published its findings in its European Payment Index. Late payments are an increasing problem, particularly among the small and medium-sized companies that make up the core of the European economy. Our survey attracts the attention of decision makers in the EU and we are working with them to increase awareness of the problem of late payment in the member countries.

In the 2012 survey, we see that an increasing number of companies risk bankruptcy as a consequence of growing liquidity problems. Of the 8,000 companies included in the survey, 57 percent state that they are suffering from inadequate liquidity as a consequence of customers not paying in time or not paying at all.

Last year, fully EUR 340 in unpaid client receivables was written off – equivalent to a third of the annual amount spent on healthcare in all of the EU member countries. This is an astonishing figure and one that would do so much good for welfare in Europe if we take job opportunities and the economies of many families into account. The better we at Intrum Justitia succeed in our mission, the more Europe will benefit. The number of companies who would need our support in securing payment on time – or at all – is too large to count, which entails a great opportunity for us.

IF EVERYTHING WAS AS IT SHOULD BE

Far too many companies are paid late, and others are not paid at all. This is a growing problem and not what we at Intrum Justitia would call business as normal.

Intrum Justitia's mission is to act as a catalyst for a sound economy. Put simply, it is a matter of ensuring that credit

> The number of companies who would need our support in securing payment on time – or at all – is too large to count, which entails a great opportunity for us.

and payment flows between companies and their customers function as they should, for everything to be normal.

If everything was as normal, we would have a sound economy, growing at an increasing pace and generating new job opportunities. Such an economy needs well-functioning financing for businesses with opportunities to extend and accept credit when goods change hands.

In today's society with increasing quantities of goods and services being sold and bought over the Internet, an increasing proportion of trade is financed through credit. The provision of credit is a prerequisite for a flourishing society, but also a source of risk whereby both companies and individuals can find themselves in financial difficulty.

Good credit management is therefore an important part of a sound economy. We help companies make millions of credit decisions every year and generated SEK 21 billion in cash flow for our customers in 2012. We achieve this through preventive measures that support our clients' assessment of credit applicants, allowing them to provide appropriate credit quantities on suitable terms. With our good insight into people's payment capacity, we are also able to provide tailored solutions to help people find their way out of difficult situations and resolve their debts.

When we help our clients and their customers in this way, we gain revenues and are able to continue developing Intrum Justitia as Europe's leading company in credit management, risk minimization and financial services based on solid collection operations.

YEAR 2012

2012 was a good year for Intrum Justitia. Our revenues reached SEK 4,056 M, with good organic growth of 6 percent. Despite increased items affecting comparability for revaluations and restructuring in our German operations, we achieved the strongest operating earnings in the Group's history at SEK 879 M. Our net earnings were also our best ever and our earnings per share rose by 6 percent compared with the preceding year.

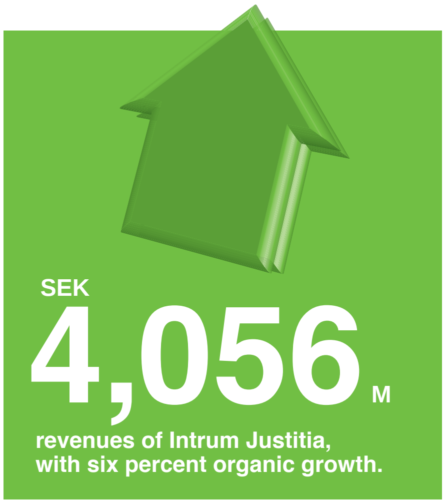
We have had continued strong growth in Financial Services, where investments in purchased debt increased by 12 percent compared with the preceding year to approximately SEK 2 billion. This is almost a doubling of the investment level compared with 2010. Our Credit Management operations have continued to have stable earnings and we can see that several of the programs of improvement that we initiated to enhance efficiency have paid off. In our regions, Northern Europe in particular developed very strongly in 2012 through successful investments in purchased debt and good cost efficiency on Credit Management.

We also improved our financial flexibility over the year. We have successfully established ourselves in the bond market and secured additional bank loans. At the close of 2012, the Group had approved, unutilized credit facilities amounting to approximately SEK 3 billion – a significant strength for the coming years.

During 2012, the market for debt portfolios sold by banks developed favorably. In the second quarter, Intrum Justitia acquired a major portfolio in Poland, with receivables for a total outstanding value of approximately SEK 1.5 billion. Over the year, we also took key steps towards building a platform for growth in the early part of our customers' payment flows. At the start of the year, we acquired a market-leading Dutch supplier of payment solutions for e-trading clients and in the second half of the year, we launched a factoring service in Sweden.

YEAR 2013

Despite a continued uncertain economic trend with several European economies still in crisis, we take a positive view on Intrum Justitia's development over the next few years. Our



Despite a continued uncertain economic trend, we take a positive view on Intrum Justitia's development over the next few years. Our Group is well-positioned for profitable growth.

Group is well-positioned for profitable growth even though we will be affected by a continued negative development in Europe.

Intrum Justitia has a strong foundation in its efficient and profitable Credit Management operations. We will continue to develop this through the local implementation of Group-wide improvement programs in areas such as scoring, collection measures via the legal system and the development of our IT platforms. Although we have seen good effects from these measures in recent years, major opportunities remain to further develop our efficiency in Credit Management.

We perceive favorable growth opportunities in purchased debt, where we have a very well-diversified portfolio with close relations to a broad base of salespeople in several different sectors and geographical regions. We believe that the market for major debt portfolios sold by banks will increase over the next few years, driven by banks' need to strengthen their balance sheets.

In addition, we perceive good long-term potential for extending our offering of financial services prior to an invoice maturing for payment. In 2013, we will increase our focus on launching financial services of this kind. In organizational terms, we will separate out these operations, which we call Intrum Justitia Finance, from our other operations to ensure that this unit has the focus and resources needed to build a long-term strong service line. It is our goal that in a couple of years from now, Intrum Justitia Finance will make a significant contribution to the Group's growth and profitability.

MY THANKS TO ALL OF OUR CLIENTS AND EMPLOYEES

In 2012, companies in Europe were EUR 340 billion short on payments received for the products and services they had sold – and the trend is growing. Our mission is important and we continue to work for companies in Europe to be able to reduce their credit risk and secure a more stable cash flow.

We are proud that our 75,000 customers showed continued confidence in us in 2012. Our 3,500 employees have helped improve our clients' profitability and have helped a considerable number of private individuals become debt free.

Many thanks to all of our clients and employees for a strong 2012!

Lars Wollung
President and CEO
Stockholm, March 2012

Intrum Justitia – the basics

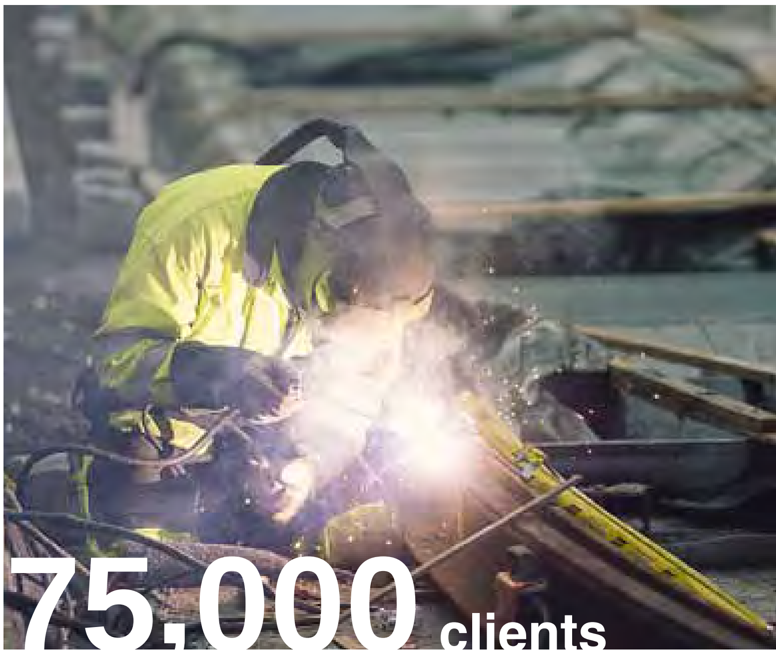
The market for credit management services is characterized by a relatively large number of smaller, local actors. Conversely, the market for financial services is dominated by a small number of larger international companies. Intrum Justitia offers customers throughout Europe a complete range of services in both credit management and financial services. We are one of the few hybrids in the European market.

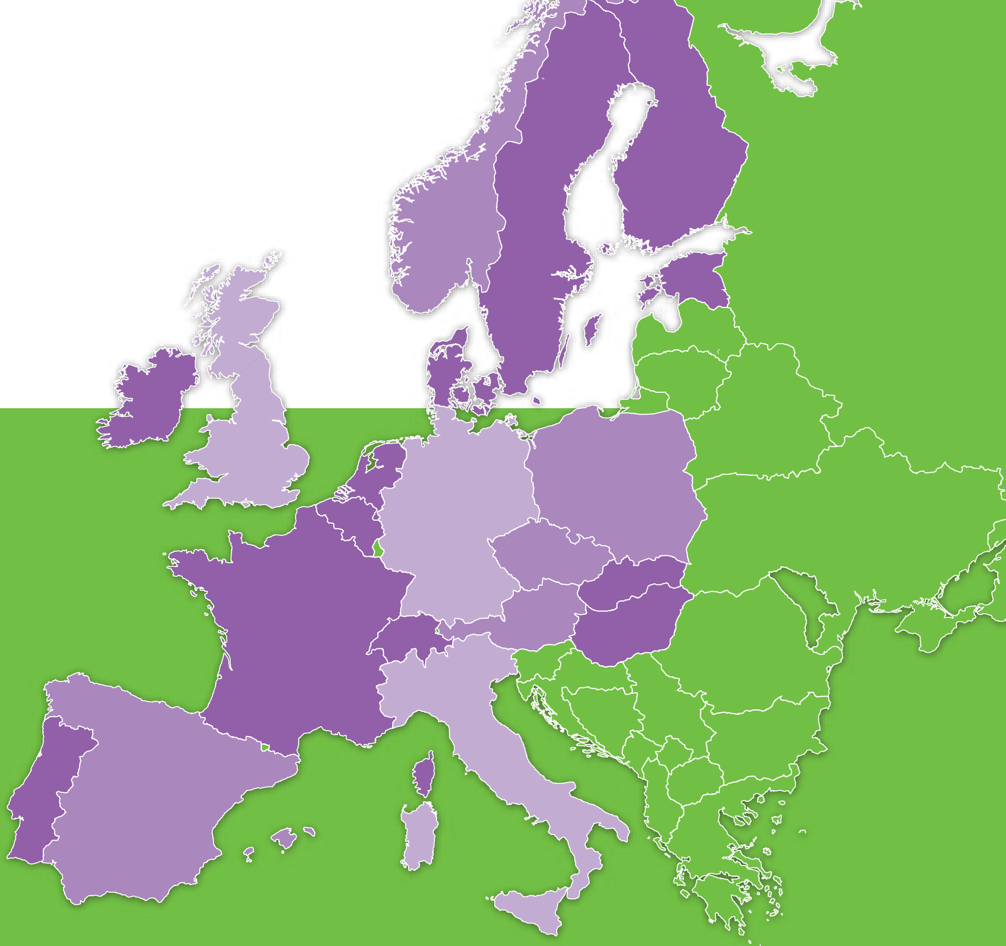
Intrum Justitia is the leading credit management company in Europe. We offer clients credit management and financial services with a strong collection operation as our base. The Group was founded in 1923, employs some 3,500 people in 20 countries and collaborates with agent companies in a further 160 countries.

Our principal mission in society is to help payments flow as they should, so that business can operate normally. This enables profitable business, increased employment and a flourishing society. Intrum Justitia is a catalyst for a sound economy.

We have nearly 75,000 clients in 20 countries. Among them, the 30 largest account for about 15 percent of Intrum Justitia's revenues, although no individual client accounts for more than 3 percent of revenues. Most of our clients operate within the telecom, energy and water sectors, as well as in banking and finance.

The core of our operations involves generating business and social value by understanding people and their needs. Our clients, their customers and our employees shall all feel that we provide solutions with which all parties are satisfied and from which all of them benefit.





Intrum Justitia is represented in 20 countries in Europe

- Market leader
- Top 5
- Other

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

With our credit optimization services, we help our clients to decide who they should sell to and on what terms. With improved credit decisions, bills are paid and profitability rises.

Our payment services give clients the opportunity to obtain assistance with invoicing and sales ledgers. We also offer companies integrated on-line payment solutions. In this way, European companies can improve their cash flow and have more time over to develop their business.

With our collection services, our clients gain assistance in securing payment, even for overdue invoices. Intrum Justitia's advanced analysis tools and good insight into payment habits in Europe entail less bad credit, improved liquidity and increased profitability for our clients.

Through our financial services – financing services, payment guarantees 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. Through payment guarantees, we can also guarantee payment to our clients even in cases where invoices are overdue.

We create functioning payment flows for a sound business climate and a flourishing society

Effective from 2013, we have introduced new financial goals for Intrum Justitia. The path towards achieving these targets is determined largely by our business concept, the value we generate for clients and the strategies we apply to develop our business. Just as important is our mission for the business – how we benefit society in general.

Our main task is to ensure that payments flow as they should. This creates conditions for profitable business, increased employment and a flourishing society. Intrum Justitia is a catalyst for a sound economy.

BUSINESS CONCEPT

Intrum Justitia is the leading credit management company in Europe. We offer clients credit management and financial services with a strong collection operation as our base. With our services, we help generate conditions that improve sales, profitability and cash flow, while reducing our clients' financial risk. We address both companies and authorities, offering them a unique concept in which pan-European coverage is combined with local expertise.

MISSION – A SOUND BUSINESS CLIMATE

Our mission in society is to help ensure that payments flow as they should – to engender a sound business climate.

Companies should be able to sell goods and services that are bought by consumers or other companies primarily on credit. Intrum Justitia exists to manage this payment flow – including credit assessment, invoicing, payment monitoring and debt collection.

We facilitate business and help to create a healthy economy by providing services that make business easy, secure and fair.

VISION – GENUINE PEOPLE FOCUSED

Our vision is to be a company for and with people, offering credit management and financial services that add considerable value.

CLIENT BENEFIT

Through our services for credit optimization, payment and collection, our clients achieve good growth, greater profitability and improved cash flow. With our knowledge of payment behaviors and the legal system in each local market, we can help our clients to better understand their customers.

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

With our payment services, collection services and purchasing of past-due receivables, we free up clients' resources to be focused on their core operations while minimizing credit losses and improving cash flow.

OPERATIONAL TARGETS AND STRATEGY

Market leadership

Understanding the market and its inhabitants is crucial in order to offer effective credit management. Size is one of the keys to our success, because this grants us access to a database of business and credit information on many more individuals and businesses than our smaller competitors have.

Our goal is therefore to be among the three largest actors in all of the local markets where we choose to operate.

Our strategy to achieve this is partly through organic growth in both credit management and financial services, and partly through acquisitions of credit management companies that complement our existing operations.

Complete range of services

Our offering includes services in, for example, collection and invoice administration, 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 objective is to be the natural choice for our clients and their needs throughout the value chain for credit management services – from seeking to sell on credit to considering selling invoices that have not been paid despite processing.

Our strategy for broadening our offering includes a continued increase in investment volumes in purchased debt. In addition, we will increase our efforts to offer financial services early in the payment chain, prior to invoices maturing for payment.

Operational efficiency

A natural part of our business is constantly enhancing the quality and efficiency of the services we deliver to our clients. We achieve this partly through continuous development of working methods and IT and, partly, by spreading know-how between Group companies, identifying, foregrounding and disseminating the best working methods.

Our objective is to deliver the highest possible level of quality as efficiently and reliably as possible throughout the value chain for credit management services. Operational efficiency enables a stable earnings trend and efficient pricing for enhanced growth in both credit management and financial services.

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

Contributing to healthy payment behavior

Bankruptcies are often caused by insufficient liquidity caused by late payments. In our estimation, 25 percent of all bankruptcies in Europe are caused by late payments. This results in less business activity, fewer jobs and higher prices for consumers.

It is our task and objective to help companies and consumers alike to perceive the link between a healthy attitude to payments and a well-functioning economy. It is important that our employees have the opportunity to develop both professionally and personally and we are proud to contribute important work to engender an improved credit and payment environment in society.

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. Internally, we are continuing to strengthen our employee development program.

FINANCIAL GOALS

As of 2013, we have introduced three financial targets for Intrum Justitia to better reflect the Group's current composition and our expected future development based on our operational targets and strategies.

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

Growth in earnings per share is the measure that, over time, correlates best with the growth in value for Intrum Justitia's shareholders. Earnings per share and growth in this measure encompass all 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 table below shows the historical outcome for annual growth in earnings per share:

2008	2009	2010	2011	2012
–5%	–1%	3%	22%	6%

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 table below shows the historical outcome for return on purchased debt:

2008	2009	2010	2011	2012
19%	18%	18%	21%	17%

3. Net debt in relation to operating earnings before depreciation and amortization shall be within 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 maturity in terms of cash flow. The table below shows the historical outcome for net debt in relation to operating earnings before depreciation and amortization:

2008	2009	2010	2011	2012
1.59	1.25	1.29	1.40	1.44

Definitions of financial key ratios are found on page 89.

DIVIDEND POLICY

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

For 2012 the Board has proposed a dividend totaling SEK 399 M (SEK 5.00 per share), which is equivalent to approximately 68 percent of the net earnings for the year.

CREDIT MANAGEMENT SERVICES

CREDIT OPTIMIZATION SERVICES

PAYMENT SERVICES

DEBT COLLECTION SERVICES

Before our clients sell a product or service, we help them assess their potential customers' financial status with the help of our credit optimization services. Once our client's transaction has been completed, our payment services come into play, involving invoicing and sales ledgers. If invoices mature without payment, we offer our debt-collection services to ensure that full payment is received for the product or service.

Good credit management is the key to sound consumption and growth in business

At Intrum Justitia, we offer services throughout the credit management chain – from credit optimization and payment services to collection services. In this way, we participate in the interaction between business and consumers and contribute to sound consumption and growth in business by offering clients and consumers good credit management.

CREDIT OPTIMIZATION SERVICES ENABLE SUITABLE TERMS OF SALE

With cash payments decreasing in scope and Internet trading, payment using smartphones and other trade based on credit growing strongly, credit information is becoming an increasingly important part of companies' sales processes. With our credit optimization services, we help our clients to decide who they should sell to and on what terms. If sellers 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 transaction are made somewhere in between.

Successful credit management is based on a combination of knowledge, information and understanding. After many years of working in the European credit markets, we have an extensive register of consumer payment patterns, and understanding these is key to a good credit decision.

By using information from different sources and supported by Intrum Justitia's own analysis models, our clients' risk assessment processes are made easier and granting credit to new and existing customers is more secure. The company selling a product is able to make the right credit decision with the right level of credit.

Scoring – both IT and psychology

To assess a group of people's creditworthiness and predict consumers' payment habits and behaviors, Intrum Justitia applies scoring. The technique builds on a combination of advanced statistical tools and considerable IT capacity, a knowledge of psychology and good business acumen.

Even before a sale is made, scoring helps clients assess different groups of consumers based on historical and statistical data. With an awareness of payment patterns, sales resources are saved and risk is mitigated before the transaction is completed. Clients receive detailed recommendations on whether credit should be granted or declined.

Even customers entailing a higher risk can be accepted and contribute to the company's earnings, albeit with different payment conditions. 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.

All markets

Intrum Justitia's complete offering is based on our ability to provide information for better credit decisions to prevent payment problems. Both domestic and international clients who, for example, want to combine information from their sales ledger with external credit information shall be able to turn exclusively to Intrum Justitia rather than several different suppliers. In other markets we meet our clients' external credit information needs using information from third parties.

PAYMENT SERVICES ENSURE FASTER PAYMENT AND SAVE TIME

When clients let Intrum Justitia take care of invoicing and sales ledgers, the management of payments and reminders is conducted professionally. Clients also secure faster payment, improve their customer relations and save time.

Faster payment

We help companies secure faster payment and avoid collection processes by ensuring that payment reminders are consistent and on time. Intrum Justitia's analysis of customers' payment patterns provides a basis for individually tailored reminders for customers who are behind with their payments, maintaining a positive relationship with customers and enabling future transactions.

Frees up resources

Well conducted payment administration is important if companies are to be paid on time. This process 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 behavioral patterns and payment trends, Intrum Justitia is able to adjust its procedures to the individual customer by, for example, adapting the design and frequency of payment reminders to their financial circumstances. By conducting payment administration in this way, we help our clients improve their relations with their customers.

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.

COLLECTION SERVICES WITH RESPECT AND CONSIDERATION

We see the difference between consumers with temporary financial problems and those in a more serious situation and are thus better able to guide them towards becoming debt-free. Thanks to our scoring system, with our large databases and analysis tools, we have a good understanding of consumers' payment habits and are able to conduct individually adapted collection operations – we know what actions are best implemented in each situation – compared to companies with less access to information.

We reduce the number of bankruptcies

Late payments not only put a strain on liquidity for the seller of a product or service – it is not unusual for the situation to deteriorate all the way to bankruptcy. According to our analyses, approximately 25 percent of all corporate bankruptcies in Europe are caused or hastened by late payments.

The likelihood of receiving payment in full decreases as time passes, since private individuals may move away to avoid creditors, and companies go bankrupt. Intrum Justitia's 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 client's customers have been informed of their debt situation, received useful assistance from us and an opportunity to pay, but still fail to pay, we can forward the matter to the legal authorities, such as the enforcement service, for a decision. In many countries we have a joint legal department with legal representatives working on collecting late payments.

Presence in 180 countries

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

BETTER CREDIT CONTROL FOR OVAKO

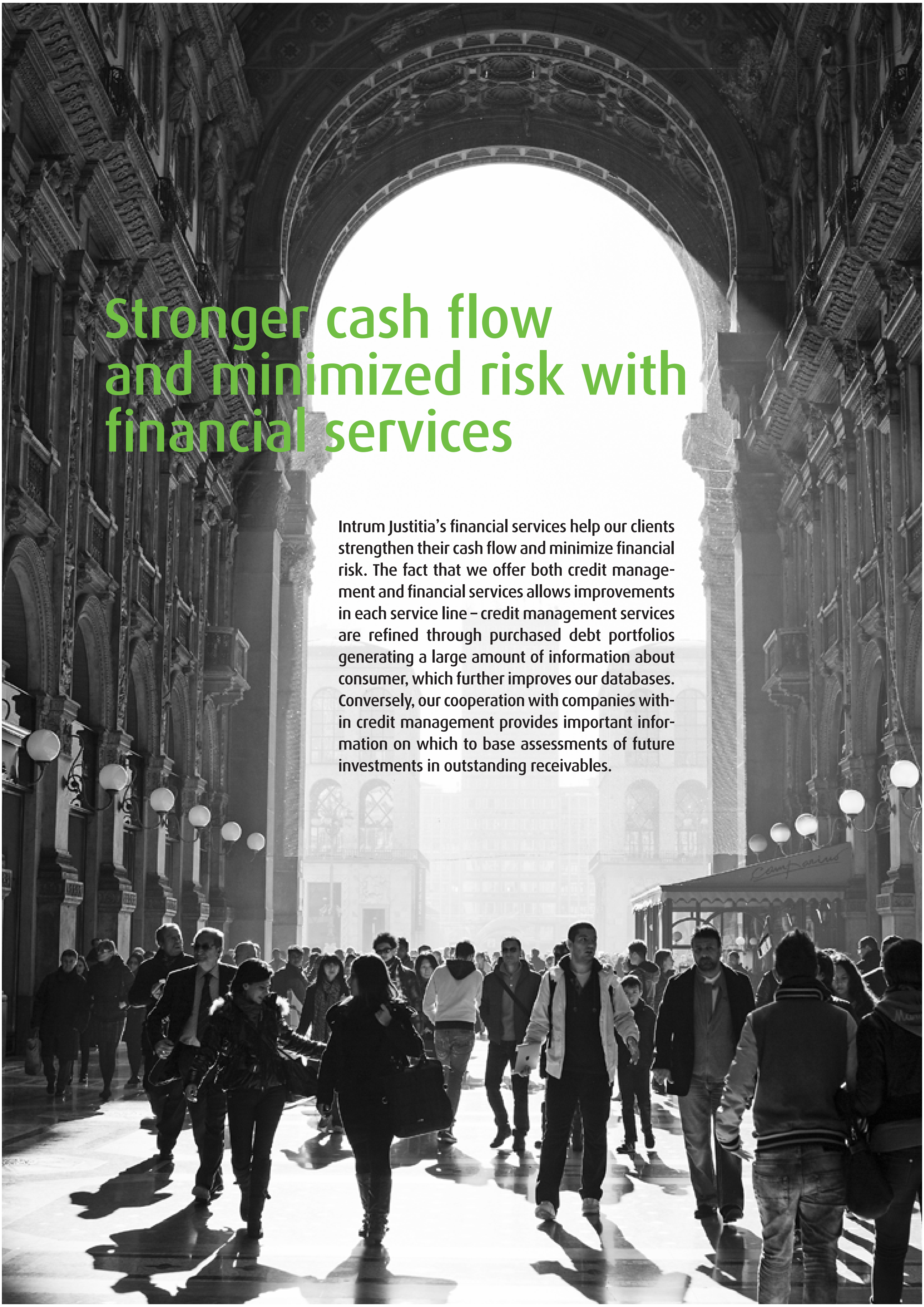
One of the leading steel producers in Europe and an important supplier to Swedish Industry, Ovako melts down scrap and manufactures steel products, particularly for the automotive industry. Ovako has some 3,200 employees worldwide and revenues of around EUR 1.1 billion. Ovako has proud roots dating right back to the origins of the Swedish steel trade in the 17th century. However, its modern history began in 2005 when the company Ovako was established through the merger of the steel companies Fundia, Ovako Steel and Imatra Steel. The new group became a multinational operator, operating three large Nordic steelworks and a number of smaller production units and sales offices throughout Europe and the US.

As the financial crisis hit the world in 2008, the Ovako Group decided to review its credit risk. Management realized that the responsibility lay in each individual unit and that each unit had its own way of operating. The need to achieve harmony and acquire a uniform credit culture became evident. Cooperating with Intrum Justitia has given Ovako a completely different level of control over its credit risk

Risk in relation to accounts receivable was generally in the intersection between credit insurance, rating institutes and the collection process as a whole, which led to a discussion with Intrum Justitia in the late autumn of 2009 on how to proceed. Among other things, this entailed Ovako gradually implementing Intrum Web (a web-based tool that allows clients to register and monitor the progress of claim resolution) almost throughout the whole group to establish uniformity in managing credit and payments.

Before this, Ovako and Intrum Justitia worked together on straightforward collection cases, but with Intrum Web, Ovako was able to obtain support in relation to the entire collection process – from reminders to debt alerts and collection. This has both freed up a certain amount of capital and better enabled customers to gain an overview of the agreements and credit periods established. A large portion of the group's turnover is now handled via Intrum Justitia's processes, which represent an important component in Ovako's risk management.

In the old organisation, the sales staff dealt with credit management. Now there are dedicated credit managers in each local company in addition to a group credit manager who takes care of the day-to-day processes at group level. The Group credit manager conducts weekly telephone meetings with all of the local credit managers, reviewing overdue payments, customer risks, payment behaviour and limits. As a result, Ovako's clients pay on time and far more efficiently than previously.



Stronger cash flow and minimized risk with financial services

Intrum Justitia's financial services help our clients strengthen their cash flow and minimize financial risk. The fact that we offer both credit management and financial services allows improvements in each service line – credit management services are refined through purchased debt portfolios generating a large amount of information about consumer, which further improves our databases. Conversely, our cooperation with companies within credit management provides important information on which to base assessments of future investments in outstanding receivables.

FINANCIAL SERVICES } FINANCING SERVICES | PAYMENT GUARANTEE | PURCHASED DEBT

Through our financial services, 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. Through payment guarantees, we can also guarantee payment to our clients even in cases where invoices are overdue.

FINANCING SERVICES – INCREASED LIQUIDITY AND REDUCED RISK

For a variety of reasons, companies may need to quickly increase their liquidity, for example, to enable investments or cover a capital requirement by not having to tie up capital in trade receivables. Or companies may simply want to reduce their credit risk. To assist our clients in these situations, we offer various financing services, such as invoice factoring.

Factoring involves our client transferring the rights to its invoices to us before they fall due for payment, enabling them to quickly increase cash flow in their operations. In 2012, Intrum Justitia introduced factoring services on a small scale – a process that will continue over the upcoming years. Factoring was already offered previously, but primarily through partners.

Increased Internet trading trends generate a need for new services. E-trading companies need support to be able to accept payment via their web shops in a secure manner – consequently, they need a stable payment solution to be able to handle the increasing payment flows that are generated. Since 2012, we offer specialized services to manage both credit approval and payment and we assume the credit risk for clients conducting Internet trading.

PAYMENT GUARANTEE – NO RISK AND SIMPLER ADMINISTRATION

Internet trading is growing continuously and many companies offer their customers credit with invoiced payments. This entails major credit amounts and financial risks.

For clients seeking 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.

Right from the time of the initial sale, we are able to examine whether the customers customer is creditworthy and to offer tailored payment alternatives. For those end customers who decide to pay on credit, Intrum Justitia can guarantee that its client will receive the full amount for the sale. We take over invoices that become overdue and handle them as normal collection cases

PURCHASED DEBT – PART PAYMENT

An overdue receivable can still have a financial value and can be acquired by a third party such as Intrum Justitia.

When Intrum Justitia buys a company's outstanding receivables, it improves its liquidity because payment for a portion of the receivable is secured immediately, thereby avoiding the risk that no payment be received at all. For us, the advantage is that we can proceed with long-term collection measures. For the consumer, it will be easier 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.

Intrum Justitia purchases portfolios after making an assessment of when and how much of the debt in the various cases will be paid. The price we pay for the portfolio is based on this forecast. 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.

After purchasing a portfolio, individual scoring is conducted to ensure that cases are assigned a select chain of measures to optimize the outcome. This chain of actions determines who will receive a letter or phone call, a payment plan structure, and which cases will be left alone for the time being. By monitoring the period of limitation, keeping in frequent contact with the debtor, and finding the best solutions for all parties, even old debts can be paid.

NEXT GENERATION OF CREDIT MANAGEMENT SOLUTIONS

In 2012, to strengthen its online financial services, Intrum Justitia acquired billing and payment service provider of the Netherlands. The company (Buckaroo) is one of the Netherlands' leading payment service providers and has developed an integrated system for accepting online payments by a variety of methods such as credit card, direct debit and online bank transfer. By combining Buckaroo's payment services with our own services, such as credit decisions, payment guarantee and debt collection, we are able to offer new financial services to our clients and their customers. This is what our clients say about this proposition.

"VitaminStore has been a loyal client since 2003. For us it is of great benefit that Intrum Justitia has extended its service offering with payment and financial services. We now work with one partner and have a single point of contact replacing all of our former separate contracts with credit card companies and banks. This saves us an enormous amount of time – time we happily invest in our core business and our sales channels. With the new payment guarantee service, we improve our liquidity ratio and our cash conversion cycle."

Tim den Hertog, E-commerce manager VitaminStore.nl

NCOI is the largest education and training institute for working people in the Netherlands and a leader in the field of practice-oriented education and learning. "Since 2006, Intrum Justitia has supported us with Credit Management Services to our full satisfaction. Through our partnership, we seek opportunities to continuously optimize our processes, reduce costs and improve our cash flow. The most recent example is that we apply credit optimization services for our sister company 'Scheidegger Opleidingen'. We use the application to create a risk profile that enables us to select the best payment methods for our students, tailored to their expected payment behaviour. We are sure that the credit optimization services will lead to measurable improvements in our position with regard to accounts receivable."

Harm Kranenberg, Financial Director NCOI

Intrum Justitia is one of the few hybrids in the European market

The European credit management sector remains highly fragmented. Intrum Justitia stands out, offering a complete range of services in both credit management and financial services. We are one of the few hybrids in the European market.

CREDIT MANAGEMENT

The market for credit management services is characterized by a relatively large number of smaller, local actors. This is because it is relatively easy to become established and to work with small and medium-sized clients. In a market like this, Intrum Justitia's well-known brand is a particularly valuable asset.

FINANCIAL SERVICES

Conversely, the market for financial services is dominated by a small number of larger European actors. In addition to Intrum Justitia, notable examples are EOS, Aktiv Kapital, Lindorff and Hoist. It is more difficult to become established in this market since considerable capital is needed as well as a substantial quantity of data on consumers' and companies' payment behavior – an aspect that is characteristic of Intrum Justitia.

INTRUM JUSTITIA HAS BOTH BASES COVERED

Intrum Justitia holds a well-established position in both of these markets. We are one of only a few companies that can offer clients throughout Europe a complete range of services in both credit management and financial services. We are one of the few hybrids in the European market.

A GROWING MARKET

In our assessment, nearly 90 percent of European companies do not enlist a specialist to take care of their credit management needs. In other words, there are still considerable opportunities for Intrum Justitia to grow.

In recent years, we have seen that companies increasingly prefer to sell past-due receivables rather than outsourcing their entire credit management. Consequently, we believe that the market for investment in purchased debt will be the greatest motor for growth in the next few years.

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

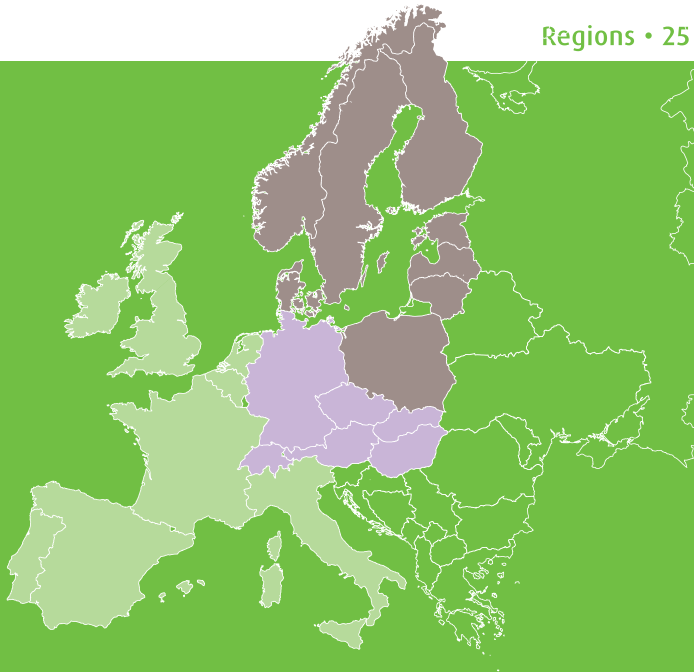
30 CLIENTS ACCOUNT FOR JUST OVER 15 PERCENT

We have nearly 75,000 clients in 20 countries. Among them, the 30 largest account for about 15 percent of Intrum Justitia's revenues, although no individual client accounts for more than 3 percent of revenues. Most of our clients operate within the telecom, energy and water sectors, as well as in banking and finance.

Examples include Bosch Siemens, the Nordic banks Swedbank and Nordea, insurance companies VIG of Austria and Provident Financial of Hungary in the financial sector. In the healthcare sector, clients include Ärztekasse of Switzerland and in the telecom sector we have partnerships with upc cablecom in Switzerland, Tele 2 in Austria, Telefónica in the Czech Republic and Slovak Telekom in Slovakia. We work with Interdiscount of Switzerland and coop@home in the retail segment. Examples of clients in the energy sector include the Nordic electricity companies E.ON and Fortum, Finnish Saron Voima, Spanish Endesa, Belgian ENI and Lampiris and EDF in France.

The market for credit management services is characterized by a relatively large number of smaller, local actors. Conversely, the market for financial services is dominated by a small number of larger international companies. Intrum Justitia is one of the few hybrids in the European market and offers a complete range of services in both credit management and financial services.

Intrum Justitia has operations in 20 countries organized into three regions – Northern Europe, Central Europe and Western Europe.

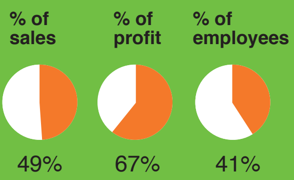


Regions

Intrum Justitia has operations in 20 countries organized into three regions.

Northern Europe

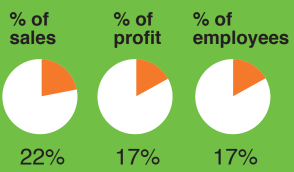
	Established	Market position
Sweden	1923	Market leader
Finland	1910	Market leader
Denmark	1977	Market leader
Norway	1982	Top 5
Estonia	1996	Market leader
Latvia	2002*	Top 5
Lithuania	2000*	Market leader
Poland	1998	Top 5



	2012	2011	%	%fx**
Revenues, SEK M	1 979	1 759	13	15
Operating earnings, SEK M	584	435	34	37
Operating margin, %	30	25	5 ppt	

Central Europe

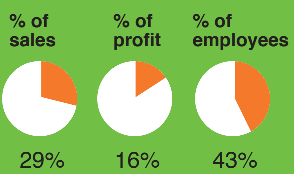
	Established	Market position
Switzerland	1971	Market leader
Germany	1978	Other
Austria	1995	Top 5
Czech Republic	1996	Top 5
Slovakia	2005	Market leader
Hungary	1993	Market leader



	2012	2011	%	%fx**
Revenues, SEK M	948	899	5	9
Operating earnings, SEK M	192	194	–1	2
Operating margin, %	20	22	–2 ppt	

Western Europe

	Established	Market position
Ireland	1999	Market leader
Netherlands	1983	Market leader
Belgium	1988	Market leader
France	1987	Market leader
Spain	1994	Top 5
Portugal	1997	Market leader
Italy	1985	Other
United Kingdom	1989	Other



	2012	2011	%	%fx**
Revenues, SEK M	1 212	1 273	–5	–1
Operating earnings, SEK M	186	230	–19	–17
Operating margin, %	15	18	–3 ppt	

Revaluations of purchased debt are excluded from Group revenues. Group profit is operating earnings (EBIT) excluding purchased debt revaluations.

* Closed down in 2012.

** % fx refer to change adjusted for foreign exchange effects.

Revenues for the Credit Management service line amounted to SEK 3,369 M and revenues for the Financial Services service line amounted to SEK 1,213 M for the year.

Outcome, service lines

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

The service line Credit management stand for 70 percent of the Group's total revenues and more than 90 percent of the Group's employees work within the area. The Services are described in detail on page 16–18.

The service line Financial Services consisits mainly of investments in portfolios of receivables that are fallen due or written off. The services are described in detail on page 19–21.

The sellers of the receivables that Intrum Justitia acquires are companies that grant credit, either as their primary service or as part of their usual business. By selling their receivables they can quickly access liquid assets and concentrate on their core business, at the same time as they avoid not getting paid at all. Intrum Justitia's focus lie on unsecured consumer debt with low nominal value as this is an area where we have extensive collection experience and well-developed analysis and valuation methods. The average amount per claim is SEK 7,200.

Credit Management Services

Share of revenues

70%

Share of earnings

58%

	2012	2011	%	%fx*
Revenues, SEK M	3,369	3,293	2	5
Operating earnings, SEK M	827	843	–2	0
Operating margin, %	25	26	–1 ppt	

Financial Services

Share of revenues

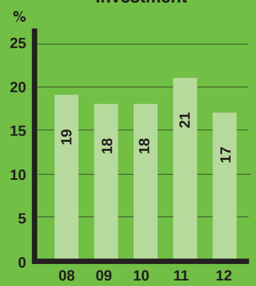
30%

Share of earnings

42%

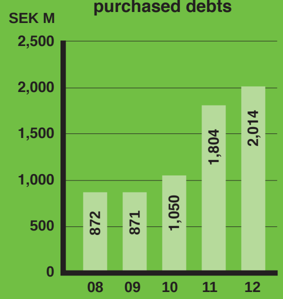
	2012	2011	%	%fx*
Revenues, SEK M	1,213	1,088	11	15
Operating earnings, SEK M	605	591	2	6
Operating margin, %	50	54	–4 ppt	

Return on Investment



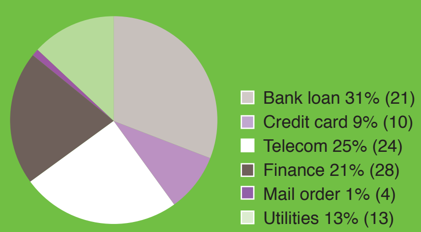
Return on investment and purchased debt was 17% in 2012. Adjusted for revaluations the return was 19%.

Investments in purchased debts



The investment level in 2012 exceeded SEK 2 billion.

The portfolio divided in industry segments



* % fx refer to change adjusted for foreign exchange effects.

Society thrives when business works properly

As Europe's leading credit management company, we are deeply committed to society's well-being through the services we offer. We provide a platform for economic growth, and thus for a prosperous society, by giving companies and consumers the opportunity to manage their credits in a more secure manner.

BUSINESS AS USUAL

Intrum Justitia is a catalyst for a sound economy, which means we assume a socially responsible role and help businesses and consumers to conduct secure transactions. Society thrives best when it's "business as usual".

Our aim is to initiate the right activity at the right time in the credit granting, invoicing and claim management processes. We help our clients provide good credit options with a reasonable level of risk for both the client's themselves and the credit recipient. We also offer various methods for managing invoices, payments and collection. These are all based on the customer's payment capabilities, enabling us to support both parties in conducting good business with each other.

RESPECTFUL ATTITUDE TOWARDS CLIENTS AND DEBTORS

Our values and ethical rules guide how we manage business with our clients and their debtors. We are keen to maintain a culture pervaded by openness, trust and integrity.

Intrum Justitia's ethical rules primarily involve maintaining a respectful attitude towards clients and debtors and how we act in generating sound and secure business settlements between them.

Our objective is to be able to implement the right measures throughout the credit management process, thereby reducing the risk that debtors consume more than they are able to pay for. Where debtors nonetheless experience problems meeting payments, we provide individually adapted assistance to help them out of a difficult situation.

OUR CODE OF CONDUCT – WE LIVE ACCORDING TO OUR VALUES

During 2012, we invested considerable effort to developing the Intrum Justitia Code of Business Conduct. Our work to implement the Code progresses throughout the second half of 2012 and will continue in 2013. The Code has been developed in accordance with the ISO 26000 standard, which has been our guide and which contains seven basic principles that shall pervade work on social responsibility:

Accountability
Transparency
Ethical conduct
Respect for stakeholders
Respect for the law
Adherence to international standards of conduct, such as the UN Global Compact
Respect for human rights

Our Code of Conduct details how our day-to-day work should be conducted to meet demands and needs of all of our stakeholders – customers and partners, employees, consumers, owners and society as a whole. The Code outlines our values and how we should live up to these. It provides us with the boundaries and rules that we must respect in conducting business. It clarifies our purpose and responsibility and shows how we can make our company a catalyst for a sound economy.

Intrum Justitia's Code of Conduct forms the core of our more detailed internal regulations. We have great ambitions to improve the world around us and that generates expectations. If we live up to those expectations, we will achieve success and generate value for stakeholders, society and ourselves.

LIMITED ENVIRONMENTAL IMPACT

As a service company, Intrum Justitia already has a limited capacity to impact the environment. We are nonetheless eager to act in an environmentally sound manner in those areas we are able to affect. We prefer to use video conferencing rather than traveling, our vehicle fleet consists of cars that emit less than 150 grams of CO_2 and we try to use our office equipment efficiently. This approach is not only good for the environment; it also makes us a more attractive company for all of our stakeholders.

INTRUM JUSTITIA AND HAND-IN-HAND INTERNATIONAL

During 2012, Intrum Justitia initiated collaboration with the charity organization Hand-in-hand International. The organization has existed for seven years and currently operates in India, southern and eastern Africa and in Afghanistan. Hand-in-hand's vision is to fight poverty through education and enterprise. Its objective is to create 10 million jobs globally within ten years.

In 2012, Intrum Justitia and Hand-in-hand started a new project in the state of Tamil Nadu, India. Within the framework of the project, primarily women are trained and supported in starting their own companies to improve their families' finances and standard of living. Through education and the opportunity for financing in the form of micro-loans (small bank loans), conditions are generated for families to independently improve their income and economic conditions.

Intrum Justitia and Hand-in-hand both believe that credit is essential to economic development. If credit is provided in a suitable way, more companies can develop, grow and provide employment.

HAND IN HAND

Values – employee's conceptual foundation

At Intrum Justitia, we want to attract, develop and retain the best employees in the market. This is essential if we are to achieve our vision of being a genuinely people-focused company that offers credit management and financial services that add considerable value.

Our values represent the conceptual foundation from which all of our employees act. They are as much a question of the heart as they are of the brain and they demonstrate that Intrum Justitia is more than just advanced IT systems and cold data. Our values describe the people behind the business – who we are and how we act.

OUR VALUES

Understanding people: By understanding people, we can turn a difficult situation into something positive. This may, for example, involve helping people become debt free through individually adapted repayment programs. No one benefits from the opposite – we don't, our customer doesn't and nor does the individual in question. To find a favorable solution to each situation, it is essential that we are able to empathize with and understand people's needs. The core of our work is creating value for businesses and society through our understanding of people – both clients and their customers, as well as our employees.

Seeking insight to feed innovation: We gain insight into transactions and trends by collecting business and credit information on individuals and companies from all European markets. These form the very basis that enables us to deliver innovative solutions to our clients. The information derives from our own 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: We apply a solution-focused approach. For us it is not a matter of searching for faults, but 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 challenge: We accept challenges where people's finances may be on the line, entire companies' fates may be determined and whole communities may be affected. Our business is a catalyst for a sound economy, not just for individual businesses but for all of society. Transforming sensitive situations into positive ones is what we do on a daily basis.

INTRUM JUSTITIA'S LEADERSHIP PRINCIPLES

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.

Playing coach: 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.

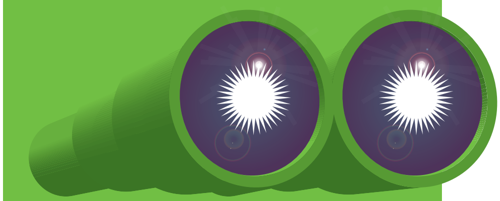
Results: We define, measure and reward our employees' accomplishments by setting challenging but achievable targets. We measure development, reward results and celebrate success.

A MULTICULTURAL WORKPLACE

We are some 3,500 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. 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.

THE BEST EMPLOYEES

We are a people oriented company and want to be the employer of choice. This imposes demands on, for example, our procedures for management planning, career opportunities, internal recruitment and opportunities for professional development. Our HR strategy emphasizes recruitment, competence development and improving results and we



We apply a solution-focused approach.

Transforming sensitive situations into positive ones is what we do on a daily basis.

When we make a personal commitment and understand people, we can turn a difficult situation into something positive for everyone involved.

We gain insight into transactions and trends by collecting business and credit information from all European markets.

focus on training and improved tools to strengthen expert knowledge and leadership capacity among employees and managers.

INJECT – OUR TOOL FOR UNDERSTANDING WHAT MOTIVATES OUR EMPLOYEES.

We know that motivated employees are needed to satisfy our customers and thus to achieve success in business. Our employee survey, Inject, is an important tool in understanding how all employees at Intrum Justitia perceive their daily lives at work, what factors drive their motivation and how we can further improve Intrum Justitia, making it one of the sector's best employer.

The survey measures seven different 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.

The 2012 survey noted tangible improvements in all areas and all three regions. Naturally there are areas where further improvements can be made and during 2013, plans of action will be developed, enabling us to continuously improve employees' level of motivation in each country.

	2012	2011	2010	2009	2008
Sales per employee, SEK M	1.16	1.19	1.22	1.22	1.11
Operating earnings per employee, SEK '000	252	260	236	199	210
Average number of employees	3,485	3,331	3,099	3,372	3,318
Percentage of women	63	64	63	63	63
Sick leave, %	4	4	4	5	4

ERICA RENZ
HEAD OF MARKETING

My name is Erika Renz and I have been working for Intrum Justitia for ten years.

Since November 2012, my role is as Head of Marketing in Switzerland. Since then, Debtor Marketing, where I started out when first joining the company, has been merged with the Customer Marketing department. My colleagues on this "double" marketing team inspire me every day. They all do a wonderfully professional job and still have a smile for everyone who enters our office.

I have always been a marketer and I find this kind of work fulfilling and fun. When I was working with Debtor Marketing, it was always my goal to create the best possible outcome and timing for our clients' customers. That means that an enormous quantity of data needs to be analyzed on a regular basis. Existing process flows must constantly be challenged with new ones to seek out the best possible handling and innovative methods, such as e-mails and SMS.

It is a challenge to balance the requirements of our clients to recover their money in the shortest possible time, while taking the situation of the end customer into account and motivating them to pay their bills. Today we are very proud of our output processes, which provide customized solutions for both clients and their customers. We have also had a great Debtor Web in place for several years, making useful services and information available to debtors around the clock. The website service includes possibilities to order copies of invoices or contracts, make online payments, arrange installment plans and much more.

My team has always been very service-oriented. We like to listen to the needs of our internal and external clients and try to find the best solutions for them. Since the merger with the Marketing Department, the number of tasks has of course increased, but we are still marketers who want to change the world (or at least improve it a little).

The entire Marketing team is very motivated to work towards the Group's strategic goals and to contribute actively. We support our sales division's lead generation efforts through direct mailings, by coordinating outbound sales campaigns and by organizing customer business events, sponsorship, print materials and giveaways. We also take care of Intrum Justitia's representation by improving and updating our website and supporting our "PR & Communication" department, with which we work very closely.

The team develops marketing plans and focuses on implementing simple and transparent sales documentation. We seek to forge new paths and use all channels optimally according the guidelines and objectives for 2013.

I met my partner at Intrum Justitia ten years ago. He always supports me – even when work gets very busy and hectic. I am a very proud mother of two (20 and 23 years old). We try to see each other as much as possible and we travel the world together. So, family and friends are very important to me. I therefore encourage my teams to find the perfect balance between an efficient professional life and a great private life with time for fun, family and friends.

PAWEL SWIRYDZIUK
DEPUTY DIRECTOR OPERATIONS

My name is Paweł Swirydziuk. I am 33 years old and I am a Deputy Director in the Operational Department at Intrum Justitia Poland.

I have been working for Intrum Justitia for one and a half years. My main responsibility is to manage the operations team and provide effective, well-motivated and skilled operational employees to execute operational processes with a high level of quality. My team currently consists of 270 people including: 20 field collectors, 160 call center collectors and team leaders, 60 part-time back-office employees and all the necessary management positions.

Nearly two years ago, Intrum Justitia in Poland decided to start a project to move the call center structure to a new location (from Warsaw to Białystok). It was a real pleasure for me to be a part of this and to have the opportunity to build up a completely new team in the new location. It was a great challenge to develop a new team and at the same time to improve operational effectiveness and the way of working. We made it. Our main challenge now is to develop our young team to a level of operational excellence.

In my role as a manager, I concentrate on supporting our employees and developing of a high level of motivation for them. In my view, being focused on results and skills development and maintaining an open-minded attitude towards innovative solutions is essential in maintaining a high level of commitment. In our young team, I emphasize leaders' development. Their skills will have a key influence on future operational results. I also seek new solutions to improve the efficiency of the call center and to optimize the main KPIs. The senior management of Intrum Justitia Poland has implemented the philosophy of "daily results monitoring". Using it in my team's day-to-day work enables us to achieve continuous improvement and to take immediate action.

I gain a great deal of satisfaction from working with people. Developing people's skills and expertise and watching how this makes them grow and improve is a wonderful job to have.

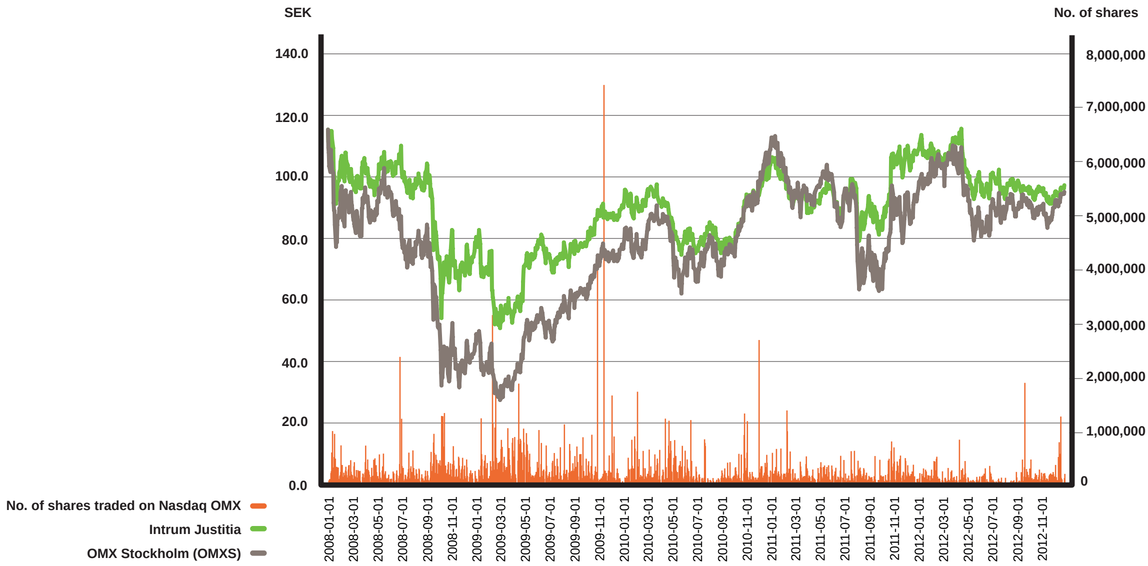
MARLIES NIELAND-MULDER
MANAGER LEGAL

My name is Marlies Nieland-Mulder. I am 36 years old and have been working at Intrum Justitia's office in the Hague for 13 years now.

I have worked at various departments and in different positions. As of November 2012, my job title is Manager Legal. Currently, our team is in a phase of transition, from being responsible for the judicial collection phase (summons to verdict) to being responsible for the total process following the end of the amicable collection phase. This involves a great deal, since we work not only with our colleagues at Intrum Justitia but also with enforcement authorities, courts, lawyers, debtors and their representatives and, last but not least, our clients. Given the fact that we handle cases at the end of the value chain, it is important that we are aware of everything that went on before the legal proceedings started.

Although I have been working here for many years, I am still learning. This is also due to the fact that we are moving from being a traditional Credit Management organization to being a total financial solutions provider. The changes are tangible at every level: how we approach, communicate and negotiate with our clients, how we respond to requests for information, how we approach our debtors, how we view data, and how we regard legal proceedings.

This continuous dynamic is one of the reasons I still enjoy working here.



The share

Intrum Justitia's shares have been listed on NASDAQ OMX Stockholm since June 2002. Since June 2006 the shares have been listed on the NASDAQ OMX Stockholm Mid Cap list of companies with a market capitalization of between EUR 150 M and EUR 1 billion.

SHARE CAPITAL

Intrum Justitia AB's share capital amounted to SEK 1,594,893 on December 31, 2012 distributed among 79,744,651 shares with a quota value per share of SEK 0.02. 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 2012 the price of Intrum Justitia's share fell from SEK 107.75 to SEK 97.00, which, adjusted for a dividend of SEK 4.50 per share, corresponded to a decline of 6 percent. During the corresponding period, the return-adjusted index (according to the SIX Return Index) rose by 16 percent. The lowest price paid for the share during the year was SEK 90.50 on November 23, and the highest was SEK 115.50 on April 17. The price at the end of the year gave a market capitalization for Intrum Justitia of SEK 7,735 M (8,592). Share trades were concluded on every business day of the year. An average of 156,261 shares were traded per day (213,017) on the NASDAQ OMX Stockholm Exchange. In total, when including all marketplaces on which the Intrum Justitia share trades, an average of 274,563 shares were traded per day during the year. Trade on the NASDAQ OMX Stockholm Exchange accounted for 57 (64) percent of total trade in 2012. 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 2012 Intrum Justitia had 10,358 shareholders, compared to 7,418 the year before. The eleven members of the Group Management Team held a combined 323,905 shares in Intrum Justitia at the end of the year. Intrum Justitia's board members owned 47,500 shares Intrum Justitia AB held no treasury shares at the end of 2012.

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 2012 financial year the Board is proposing a dividend of SEK 5.00 per share, corresponding to around 68 percent of the net earnings after tax. The proposed record date for the dividend is April 29, 2013.

CHANGES IN SHARE CAPITAL

	Transaction	Change in share capital	Total share capital	Total no. of shares	Quota 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 issue[1)]	778,729.4	878,729.4	43 936 470	0,02
2002	New issue[2)]	208,216.72	1,086,946.12	54 347 306	0,02
2002	New 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 the share capital[8)]	–5,000	1,594,893.00	79 774 651	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 canceled during 2011.

SHAREHOLDINGS BY SIZE

Holding, no. of shares	No. of share-holders	Total no. of shares	Capital and votes, %
1 – 1 000	8,528	2,724,864	3.4
1 001 – 10 000	1,494	4,659,129	5.8
10 001 – 50 000	177	4,103,421	5.1
50 001 – 100 000	52	3,807,530	4.8
100 001 – 500 000	77	17,624,501	22.1
500 001 – 1 000 000	13	9,145,711	11.5
1 000 001 – 10 000 000	17	37,679,495	47.3
Total	**10,358**	**79,744,651**	**100**

Number of shareholders owning 100 shares or less: 3,035

OWNERSHIP STRUCTURE AS OF DECEMBER 31

Total no. of shares 79,744,651	No. of shares	Capital and votes. %
Fidelity Investment Management	7,981,067	10.0
Carnegie Funds	5,378,000	6.7
Lannebo Funds	4,677,986	5.9
CapMan Oyj	3,607,550	4.5
State of Norway	2,862,181	3.6
Swedbank Robur Funds	2,811,906	3.5
State of New Jersey Pension Fund	2,500,000	3.1
SEB Funds	2,326,581	2.9
Fourth Swedish National Pension Fund	2,240,397	2.8
First Swedish National Pension Fund	1,710,939	2.1
Total, 10 largest shareholders	**36,096,607**	**45.1**

DATA PER SHARE

	2012	2011	2010	2009	2008
Earnings before dilution, SEK	7.32	6.91	5.67	5.53	5.58
Earnings after dilution, SEK	7.32	6.91	5.67	5.53	5.56
Operating cash flow, SEK	24.62	22.15	20.37	19.12	15.88
Shareholders' equity before dilution, SEK	37.86	35.26	32.21	31.96	30.19
Shareholders' equity after dilution, SEK	37.86	35.26	32.21	31.96	30.28
Dividend / proposed dividend, SEK	5.00	4.50	4.10	3.75	3.50
Dividend payout, %	68	65	72	68	63
Share price at year-end, SEK	97.00	107.75	103.50	89.75	78.50
Yield, %	5.2	4.2	4.0	4.2	4.5
P/S, multiple	1.9	2.2	2.2	1.7	1.7
P/E, multiple	13.2	15.6	18.3	16.3	14.2
Beta	0.7	0.7	0.7	0.7	0.8
No. of shares at year-end	79,744,651	79,744,651	79,774,651	79,744,651	79,342,171
No. of shares at year-end after dilution	79,744,651	79,744,651	79,774,651	79,744,651	79,640,093
Average no. of shares	79,744,651	79,744,651	79,774,651	79,658,944	79,148,161
Average no. of shares after dilution	79,744,651	79,744,651	79,774,651	79,681,973	79,446,083

Financial overview

Income statement. SEK M	2012	2011	2010	2009	2008
Revenues	4,056	3,950	3,766	4,128	3,678
Cost of sales	–2,484	–2,363	–2,322	–2,599	–2,196
Gross earnings	**1,572**	**1,587**	**1,444**	**1,529**	**1,482**
Sales and marketing expenses	–226	–243	–304	–338	–307
Administrative expenses	–471	–470	–411	–507	–427
Disposal of operation/Goodwill impairment	0	–9	0	–16	–52
Participation in associated companies	4	3	2	0	1
Operating earnings (EBIT)	**879**	**868**	**731**	**668**	**697**
Net financial items	–150	–115	–92	–80	–127
Earnings before tax	**729**	**753**	**639**	**588**	**570**
Tax	–145	–200	–187	–147	–128
Net earnings for the period	**584**	**553**	**452**	**441**	**442**
Of which attributable to Parent Company shareholders	584	552	452	441	442
Non controlling interests	0	1	0	0	0
Net earnings for the period	**584**	**553**	**452**	**441**	**442**

Balance sheet, SEK M	2012	2011	2010	2009	2008
Assets					
Total fixed assets	6,956	6,023	5,243	4,862	4,978
of which purchased debt	4,071	3,229	2,373	2,312	2,330
Total current assets	1,519	1,884	1,872	1,937	1,763
Total assets	**8,475**	**7,907**	**7,115**	**6,799**	**6,741**
Shareholders' equity and liabilities					
Total shareholders' equity	3,021	2,813	2,577	2,549	2,395
Total liabilities	5,454	5,094	4,538	4,250	4,346
Total shareholders' equity and liabilities	**8,475**	**7,907**	**7,115**	**6,799**	**6,741**

Key figures	2012	2011	2010	2009	2008
Revenues, SEK M	4,056	3,950	3,766	4,128	3,678
Revenues excl. revaluations, SEK M	3	5	–9	12	14
Organic growth, %	6	2	–1	4	9
Operating earnings, SEK M	879	868	731	668	697
Operating earnings excl. revaluations SEK M	962	849	727	704	695
Operating margin excl. revaluations, %	23	22	19	17	19
Operating result before depreciation and amortisation, SEK M	2,240	1,929	1,702	1,650	1,473
Earnings before tax, SEK M	729	753	639	588	570
Net earnings, SEK M	584	553	452	441	442
Net debt, SEK M	3,220	2,692	2,193	2,069	2,348
Net debt/equity, SEK M	107	96	85	81	98
Net debt/RTM operating result before depriciation and amortisation	1.44	1.40	1.29	1.25	1.59
Interest coverage ratio	5.3	6.5	7.2	7.6	4.6
Average number of employees	3,485	3,331	3,099	3,372	3,318

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 2012 fiscal year.

THE INTRUM JUSTITIA GROUP

Intrum Justitia AB (publ) (corporate identity number 556607-7581) is domiciled in Stockholm and is a public limited liability company and conducts operations in accordance with the Swedish Companies Act. Intrum Justitia's operations were founded in Sweden in 1923 and have, through acquisitions and organic growth expanded to become one of Europe's leading credit management companies. The Parent Company was registered in 2001 and has been listed on the NASDAQ OMX Stockholm exchange since June 2002. At December 31, 2012, the share capital in the company amounted to SEK 1,594,893 and the number of shares to 79,744,651. The Group maintains operations through subsidiaries, associated companies and joint ventures in about 20 countries.

SIGNIFICANT EVENTS DURING THE YEAR

• In January, Intrum Justitia acquired a Dutch company that supplies invoicing and payment solutions with several value-adding services particularly for e-trading customers. See also Note 36.

• In February, Intrum Justitia published a prospectus for Medium Term Notes (MTN), a program for the issue of bonds for a potential maximum total value of SEK 3 billion in the Swedish market. In March, SEK 1 billion in five-year bonds were issued within the framework of the MTN program.

• At the Annual General Meeting in March, all of the members of Intrum Justitia's Board of Directors were reelected, namely Lars Lundquist as the Chairman of the Board, as well as Matts Ekman, Helen Fasth Gillstedt, Joakim Rubin, Charlotte Strömberg, Fredrik Trägårdh and Joakim Westh as ordinary Board members. The AGM also approved the Board of Directors' dividend proposal and its proposal regarding principles of remuneration and other terms of employment for senior management. The AGM also elected Ernst & Young as the company's new auditors.

• In April, Intrum Justitia received a negative ruling in a Spanish court in a dispute concerning an acquisition of purchased debt in accordance with an agreement from 2008. The dispute concerned the quality of the portfolios of receivables that, according to the agreement with the counterparty, Intrum Justitia was to take over at a pre-agreed price but where Intrum Justitia declined, during the validity of the agreement, to continue acquiring receivables, since the seller had changed the terms on which it provided credit. In accordance with the ruling, Intrum Justitia was required to acquire receivables for SEK 47 M and recorded a negative reassessment of the acquired receivables of SEK 42 M.

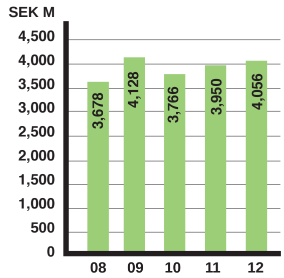
• In May Intrum Justitia acquired a Polish bank portfolio of receivables. The outstanding value of the portfolio was around SEK 1.5 billion.

• In June, the renegotiation of parts of the Group's bank financing was completed. The principal changes were that the maturity structure of the former syndicated loan facility of SEK 4 billion was adjusted and the loan was extended with a three-year facility for SEK 1 billion. Intrum Justitia thus has confirmed bank loans totaling SEK 5 billion, of which SEK 1.7 billion had been utilized as per December, 2012. The new agreements mean that Intrum Justitia is able to raise long-term financing, including bond loans of as much as SEK 8 billion and short-term financing through commercial papers of as much as SEK 1.5 billion.

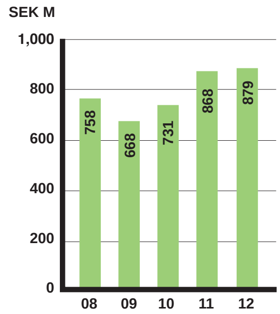
• In 2012, several measures were concluded aimed at strengthening the German operations which had been developing unsatisfactorily. These included a 25 percent reduction in personnel in parallel with a number of initiatives to enhance the productivity of the remaining workforce. In addition, modifications were implemented to safeguard the efficiency of the IT platform. In December, a new country manager was appointed. In December, the consequences in accounting terms were announced and included non-recurring costs of SEK 52 M for the impairment of purchased debt portfolios and SEK 17 M for the impairment of an IT platform.

REVENUES AND EARNINGS

Consolidated net revenues during the year amounted to SEK 4,056 M (3,950).



Consolidated revenues



Operating result

The increase in revenues by 3 percent consisted of organic growth of 6 percent, acquisition effects of 2 percent, revaluations of purchased debt of a negative 3 percent and negative currency effects of 2 percent.

Operating earnings amounted to SEK 879 M (868). Revenues and operating earnings include net purchased debt revaluations amounting to a negative SEK 83 M (19). Revaluations for the year include the revaluation of a Spanish portfolio by SEK 42 M as the result of the negative outcome of a dispute, and of a German portfolio by SEK 52 M.

Operating earnings for the year were also burdened with costs of SEK 17 M for the impairment of an IT platform in Germany. Earnings for 2011 were burdened by a loss of SEK 9 M on the divestment of the Group's 33 percent holding in Icelandic associated company Motus ehf (formerly Intrum á Íslandi ehf), provisions totaling SEK 8 M for costs in connection with the closure of operations in Latvia and Lithuania and integration costs of SEK 23 M for acquisitions.

Operating earnings improved by 1 percent compared with the preceding year, although, adjusted for currency effects and revaluations of purchased debt portfolios, the increase was 16 percent.

Earnings before tax for the year amounted to SEK 729 M (753) and net earnings were SEK 584 M (553).

GEOGRAPHICAL REGIONS

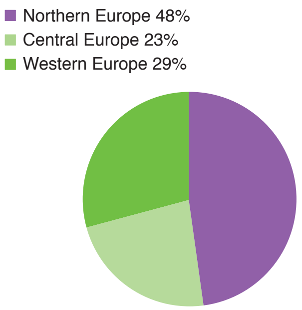
Northern Europe

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

Regional revenues, excluding purchased debt revaluations, amounted to SEK 1,979 M (1,759) during the year. In local currencies, revenues rose by 15 percent. Operating earnings excluding revaluations amounted to SEK 584 M (435), corresponding to a margin of 30 percent (25). In local currencies, operating earnings improved by 37 percent.

The positive earnings and margin trend for the region continued as a result of strong growth in purchased debt made possible by, among other things, continued high levels of investment and increased activities regarding legal measures. Operating earnings are also developing well through good cost control and other organizational improvements, as well as positive effects from acquired operations. During the year, a major Polish bank portfolio was integrated, with the effect that costs for collection measures via the legal system will continue to rise.

Earnings for the preceding year were burdened with integration costs of SEK 23 M attributable to implemented acquisitions, and provisions of SEK 8 M for the closure of the operations in Latvia and Lithuania.



GEOGRAPHICAL REGIONS
Share of consolidated revenues (%)

Central Europe

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

Regional revenues, excluding purchased debt revaluations, amounted to SEK 948 M (899) during the year. In local currencies, revenues rose by 9 percent. Operating earnings excluding revaluations amounted to SEK 192 M (194), corresponding to a margin of 20 percent (22). In local currencies, operating earnings rose by 2 percent.

NET REVENUES EXCLUDING REVALUATIONS, SEK M	2012	2011	2010	2009	2008
Northern Europe	1,979	1,759	1,434	1,432	1,324
Central Europe	948	899	926	1,039	923
Western Europe	1,212	1,274	1,403	1,692	1,429
Total	**4,139**	**3,931**	**3,763**	**4,164**	**3,676**

OPERATING EARNINGS EXCLUDING REVALUATIONS, SEK M	2012	2011	2010	2009	2008
Northern Europe	584	435	322	354	370
Central Europe	192	193	198	207	259
Western Europe	186	230	209	142	65
Disposal of associated companies	0	–9	–	–	–
Participations in associated companies	0	–1	–1	0	1
Total	**962**	**849**	**727**	**704**	**695**

NET REVENUES BY SERVICE LINE, SEK M	2012	2011	2010	2009	2008
Credit Management	3,369	3,293	3,274	3,548	3,218
Financial services	1,213	1,088	861	924	784
Elimination of internal transactions	–526	–431	–369	–345	–324
Total	**4,056**	**3,950**	**3766**	**4,128**	**3,678**

SERVICE LINE EARNINGS BY SERVICE LINE, SEK M	2012	2011	2010	2009	2008
Credit Management	827	843	830	894	918
Financial services	605	591	417	411	396
Central costs	–553	–566	–516	–637	–617
Total	**879**	**868**	**731**	**668**	**697**

Apart from in Germany, operations in the region developed well through efficient credit management operations and a favorable return on purchased debt portfolios. Thanks to a high level of investment in purchased debt in 2011, both revenues and operating earnings in the region increased, despite significantly increased costs for pursuing cases through the legal system. Several projects are in progress in the region to further enhance the efficiency of operations.

The operations in Germany were subject to review over the year, since it had not been possible to offset decreased volumes in aging portfolios through new portfolio acquisitions, which had resulted in poor cost efficiency. For this reason, extensive personnel reductions were implemented and, over the year, non-recurring expenses were recognized in the form of revaluations of SEK 52 M and impairments of SEK 17 M, while a new Managing Director was appointed with the focus being on increasing the unit's growth.

Western Europe

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

Regional revenues, excluding purchased debt revaluations, amounted to SEK 1,212 M (1,273) during the year. In local currencies, revenues fell by 1 percent. Operating earnings excluding revaluations amounted to SEK 186 M (230), corresponding to a margin of 15 percent (18). In local currencies, operating earnings weakened by 17 percent.

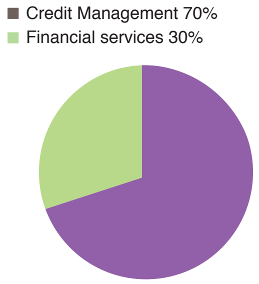
The region is being affected negatively by a weak and uncertain macroeconomic situation in several countries, with price pressure in Credit Management and weak growth in purchased debt. As a consequence of the uncertainty regarding the macroeconomic trend in several countries in the region, Intrum Justitia has consciously reduced its investment levels for some time, affecting both revenues and operating earnings negatively. Strong cost controls and efficiency enhancements remain in focus. The region needs to strengthen its profitability and is therefore focusing on maintaining current margins through, among other things, increased cost efficiency.

The integration of the Dutch company which was acquired early in the year, is progressing as planned and several new services are currently being assessed.

SERVICE LINES

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

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



SERVICE LINES
Share of consolidated revenues (%)

• **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.

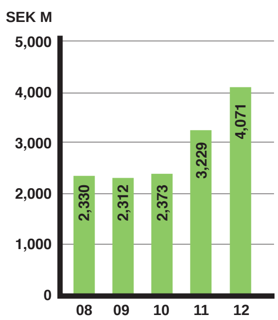
Credit Management

Over the year, the service line's revenues amounted to SEK 3,369 M (3,293). Adjusted for currency effects, revenues rose by 5 percent over the year. Operating earnings for the operations amounted to SEK 827 M (843), corresponding to a margin of 25 percent (26). Operating earnings were unchanged compared with the preceding year when adjusted for currency effects.

The impairment of the German IT platform by SEK 17 M burdened earnings for the year and profitability was also affected negatively by increased costs for collection measures via the legal system. The Group's strategy is improve growth and margins in Credit Management over the long term through the local implementation of Group-wide improvement programs in areas such as IT, scoring and legal activities.

Financial Services/Purchased Debt

Revenues for the service line amounted to SEK 1,213 M (1,088) for the year. Adjusted for currency effects, revenues rose by 15 percent over the year. Operating earnings amounted to SEK 605 M (591), corresponding to an operating margin of 50 percent (54). Adjusted for currency effects, operating earnings rose by 6 percent over the year.



Carrying value, purchased debt (SEK M)

The level of investments in purchased debt was strong in several markets, meaning that investments on a full-year basis amounted to slightly more than SEK 2 billion, equivalent to an increase of 12 percent compared with 2011. The return on purchased debt was 17 percent for the full year – well above the Group's target of 15 percent.

Revaluations had a negative impact of SEK –83 M (19) on earnings in 2012, with two non-recurring revaluations in Spain and Germany accounting for SEK –94 M of this amount. Revaluations by geographical region amounted to the following:

SEK M	2012	2011
Northern Europe	6	18
Central Europe	–44	7
Western Europe	–45	–7
Total	**–83**	**19**

Over the year, the degree to which the Group's total purchased debt portfolio could be collected on remained stable as a consequence of the Group's strategy to focus its investments to stable economies with sound legal regulations and where Intrum Justitia holds a market-leading position in Credit Management.

EXPENSES

The gross profit margin fell somewhat compared with the preceding year, among other things as an effect of the impairment of a German IT system. Total sales and marketing expenses, as well as administrative expenses were relatively unchanged compared with the preceding year.

Depreciation/amortization

Operating earnings for the year were charged with depreciation/amortization of tangible and intangible fixed assets by SEK 187 M (173). Operating earnings before depreciation/amortization therefore amounted to SEK 1,066 M (1,041). 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 68 M (102). These were amortized by SEK 19 M (17) during the year.

NET FINANCIAL ITEMS

Net financial items amounted to an expense of SEK –150 M (–115). Exchange rate differences have affected net financial items negatively by SEK –4 M (8), and other financial items by a negative SEK –27 M (–45).

Compared with 2011, net financial items for 2012 have been affected negatively by higher average borrowing, but positively by other financial expenses being lower. Other financial expenses for 2011 included non-recurring expenses arising in connection with the renegotiation of the Group's credit facility.

TAXES

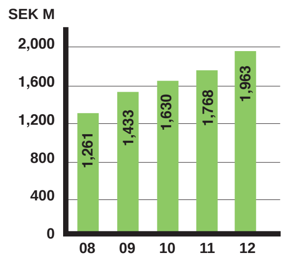
Corporate income tax for the year was equivalent to 20 percent of earnings before tax, to be compared to 27 percent previous year.

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 1,963 M (1,768). Cash flow was affected positively by improved operating earnings excluding depreciation and amortization but negatively by weaker cash flow from changes in working capital and higher interest paid. Disbursements for investments in purchased debt amounted to SEK 2,014 M (1,804) over the year.



Cash flow from operating activities (SEK M)

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 152 M (120) 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, 2012, net debt amounted to SEK 3,220 M, compared with SEK 2,193 M at December 31, 2011.

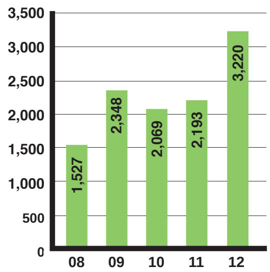
Shareholders' equity, including holdings lacking a decisive influence, amounted to

SEK 3,021 M, compared with SEK 2,813 M a year earlier.

The increase in consolidated net debt compared with the preceding year is primarily attributable to continued increases in the level of investment in purchased debt. Thanks to a favorable earnings trend and strong operating cash flow in 2012, consolidated net debt in relation to operating earnings before depreciation and amortization was at a relatively unchanged and low level of 1.44 (1.40).

The Group's total approved loan financing amounts to SEK 6 billion, including SEK 1 billion that is used within the framework of the Group's bond program. The Group's bank facilities amount to SEK 5 billion, of which approximately SEK 1.7 billion was utilized at the end of the year. The maturity structure means that SEK 2 billion of the total approved loans mature each year between 2015 and 2017. For its short-term financing, the Group uses a commercial paper program involving borrowing of SEK 606 M as per December 31, 2012.

Most of the Parent Company's and the Group's external borrowing has been arranged in foreign currencies since 2009 as a means of hedging against net exposure in the Group's foreign subsidiaries.



Net debt (SEK M)

RISK AND RISK MANAGEMENT

See also Note 35.

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 business 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 ongoing dialog 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 favorable regulatory changes.

Changes in regulations can lead to a short term impact on the result, however, long-term the operations are adapted to the new circumstances.

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'

Liquidity risks

The Group's long-term financing risk is limited 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 loan is 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, short-term liquid investments and the unutilized portion of committed lines of credit, amounts to at least SEK 100 M. The Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. Intrum Justitia'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'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, bailiffs 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 counterparty 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 2012, the average nominal value per case was about SEK 7,200. 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

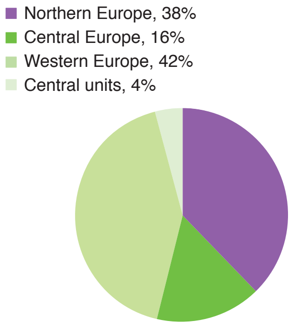
In connection with operations such as credit advice and administration of credit applications on behalf of clients, the Group's clients can obtain a guarantee from Intrum Justitia for the client's receivables from its customers. The provision of guarantees in this way has primarily taken place in Switzerland and pertains to rail travel cards. This means that a risk arises that Intrum Justitia must compensate the client for the amount that has been guaranteed, in the case of invoices not being paid on time. However, in some cases Intrum Justitia has the possibility of demanding compensation from the client in form of a price adjustment in the event of impoverished credit quality. In the cases where the guarantee is fulfilled, Intrum Justitia acquires the claim and manages it within the Purchased Debt business. 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 these key indicators were fulfilled in 2012.

GOODWILL

Consolidated goodwill amounted to SEK 2,369 M (2,204). The change for the year was primarily attributable to goodwill recognized on the year's acquisition of Buckaroo BV (SEK 224 M) and net negative exchange rate differences (SEK 59 M).



Number of employees by geographical region (%)

NON-FINANCIAL EARNINGS INDICATORS

Employees

The average number of employees during the year was 3,485 (3,331). The number of employees rose in connection with acquisitions in Western Europe and the continued establishment of the Group's central software development company in Latvia. Over the year, personnel turnover was 24 percent (23). Of the total number of employees during the year, 63 percent were women (64). The percentage of employees with university-level degrees was 36 percent (33). Sick leave amounted to 4 percent (4) of the number of working days within the Group.

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 page 30–33 and Notes 27–29.

Social responsibility and the environment

The Group continues to pursue its corporate social responsibility (CSR) work. See page 28 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 it 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. During the year, a Code of Business was developed. Efforts to implement the Code, which is designed in accordance with ISO 26000, will continue in 2013.

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 company for and with people offering credit management and financial services that add considerable value. 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. Videoconferencing is used to avoid unnecessary travel. When ordering company cars, only models with carbon dioxide emissions below a certain level are permitted.

This approach is not only good for the environment, it 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. In a substantially weakened macroeconomic situation in Europe, with increased unemployment, Intrum Justitia is negatively affected.

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 85 M (75) for the year and earnings before tax of a negative SEK –450 M (–18), including impairments of shares in subsidiaries and net share dividends from subsidiaries of a negative SEK –326 M (97). The Parent Company invested SEK 0 M (1) in fixed assets during the year and had, at the end of the year, SEK 21 M (272) in cash and equivalents. The average number of employees was 44 (42).

THE SHARE AND SHAREHOLDERS

At the end of the year there were 79,744,651 shares in the company outstanding. All shares carry equal voting rights and an equal share in the company's assets and earnings.

The company's largest shareholders at year-end were Fidelity Investment Management (10 percent of the share capital), Carnegie Funds (7), Lannebo Funds (6) and CapMan Oyj (5). See also the table on page 35.

The 2012 Annual General Meeting resolved to authorize the Board of Directors to repurchase at most 10 percent of the total number of shares in the company. The Board of Directors did not make use of this authorization during the year.

The Articles of Association do not contain any preemption 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.

The Board held 15 meetings in 2012 (14 in the preceding year).

For a description of the work of the Board, please see the Corporate Governance Report on pages 84–88. 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 87–88. The Corporate Governance Report is also available at the corporate website www.intrum.com.

THE BOARD OF DIRECTORS' PROPOSAL REGARDING GUIDELINES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR THE GROUP MANAGEMENT

The board proposes that the following guidelines shall be approved by the annual general meeting for the time up until the annual general meeting 2014. The guidelines shall 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.

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. The short- and long-term variable remunerations shall further be balanced so that the maximum short-term portion does not exceed 50 percent of the total maximum outcome of the year's all variable salary programmes. There are deviations from this in a few older employment agreements.

Short-term variable salary

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 11.5 M, excluding social charges, during 2013.

Long-term variable salary

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 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, 150 percent for the CEO and 50 percent for other members of the group management.

Miscellaneous

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.

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	111,255,876
Fair value reserve	–594,066,696
Retained earnings	4,788,128,756
Net earnings for the year	–450,390,350
Total	**3,854,927,586**

The Board of Directors and the President propose that the earnings be distributed as follows:

SEK	
Dividend	
79,744,651 shares x SEK 5.00	398,723,255
Balance carried forward	3,456,204,331
Total	**3,854,927,586**

The Board of Directors' complete statement motivating the proposed disposition of profit for the 2012 financial year will be presented in a separate document prior to the 2013 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 27, 2013 and are proposed for approval by the Annual General Meeting on April 24, 2013.

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 27, 2013

Lars Wollung
PRESIDENT AND CEO

Lars Lundquist
CHAIRMAN OF THE BOARD

Matts Ekman
BOARD MEMBER

Helen Fasth-Gillstedt
BOARD MEMBER

Joakim Rubin
BOARD MEMBER

Charlotte Strömberg
BOARD MEMBER

Fredrik Trägårdh
BOARD MEMBER

Joakim Westh
BOARD MEMBER

Consolidated income statement

SEK M	NOTE	2012	2011
Revenues	2, 3	4,056	3,950
Cost of sales		–2,484	–2,363
Gross earnings		**1,572**	**1,587**
Sales and marketing expenses		–226	–243
Administrative expenses		–471	–470
Divestments of shares in associated companies		–	–9
Participations in associated companies	5	4	3
Operating earnings (EBIT)	2, 4	**879**	**868**
Financial income	6	21	22
Financial expenses	7	–171	–137
Net financial items		**–150**	**–115**
Earnings before tax		**729**	**753**
Taxes	8	–145	–200
Net earnings for the year		**584**	**553**
Of which attributable to:			
Parent Company's shareholders		584	552
Non-controlling interests		0	1
Net earnings for the year		**584**	**553**
Result per share before and after dilution (SEK)	9	7.32	6.91

Consolidated statement of comprehensive income

SEK M	NOTE	2012	2011
Net earnings for the year		584	553
Other comprehensive income:			
Change in translation reserve attributable to foreign operations		–117	–31
Comprehensive income attributable to hedging of currency risks in foreign operation		100	42
Comprehensive income for the year		**567**	**564**
Of which attributable to:			
Parent Company's shareholders		567	562
Non-controlling interests		0	2
Comprehensive income for the year		**567**	**564**

Consolidated balance sheet

SEK M	NOTE	31 DEC 2012	31 DEC 2011
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Goodwill		2,369	2,204
Capitalized expenditure for IT development		230	281
Client relationships		68	102
Other intangible fixed assets		31	26
Total intangible fixed assets		**2,698**	**2,613**
Tangible fixed assets	11		
Computer hardware		20	21
Other tangible fixed assets		71	45
Total tangible fixed assets		**91**	**66**
Other fixed assets			
Shares and participations in associated companies	14	15	12
Purchased debt	15	4,071	3,229
Deferred tax assets	8	64	71
Other long-term receivables	16	17	32
Total other fixed assets		**4,167**	**3,344**
Total fixed assets		**6,956**	**6,023**
Current assets			
Current receivables			
Accounts receivable	17	264	266
Client funds		473	580
Tax assets		26	28
Other receivables	18	264	266
Prepaid expenses and accrued income	19	143	119
Total current receivables		**1,170**	**1,259**
Liquid assets	20	**349**	**625**
Total current assets		**1,519**	**1,884**
TOTAL ASSETS		**8,475**	**7,907**

Consolidated balance sheet

SEK M	NOTE	31 DEC 2012	31 DEC 2011
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	22		
Shareholders' equity attributable to Parent Company's shareholders			
Share capital		2	2
Other paid-in capital		906	906
Reserves		273	290
Retained earnings including net earnings for the year		1,838	1,613
Total shareholders' equity attributable to Parent Company's shareholders		**3,019**	**2,811**
Shareholders' equity attributable to non-controlling interests		2	2
Total shareholders' equity		**3,021**	**2,813**
Long-term liabilities			
Liabilities to credit institutions	24	1,667	2,588
Bond loan	24	970	–
Other long-term liabilities	36	217	61
Provisions for pensions	22	46	46
Other long-term provisions	23	3	3
Deferred tax liabilities	8	153	89
Total long-term liabilities		**3,056**	**2,787**
Current liabilities			
Liabilities to credit institutions	24	243	5
Commercial papers	24	606	617
Client funds payable		473	580
Accounts payable		142	133
Income tax liabilities		155	203
Advances from clients		23	27
Other current liabilities		241	229
Accrued expenses and prepaid income	25	515	505
Other short-term provisions	26	0	8
Total current liabilities		**2,398**	**2,307**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**8,475**	**7,907**

For information on the Group's pledged assets and contingent liabilities, see Note 26.

Consolidated cash flow statement

SEK M	NOTE	2012	2011
Operating activities			
Operating earnings	2	879	868
Amortization, depreciation and impairment	4, 10, 11	187	173
Amortization and revaluations of purchased debt	15	1,173	888
Adjustments for items not included in cash flow	2	–6	–9
Interest received		21	22
Interest paid and other financial expenses		–133	–99
Income tax paid		–145	–177
Cash flow from operating activities before changes in working capital		**1,976**	**1,684**
Changes in working capital		–13	84
Cash flow from operating activities		**1,963**	**1,768**
Investing activities			
Purchases of intangible fixed assets	10	–97	–97
Purchases of tangible fixed assets	11	-55	–23
Debt purchases*	15	–2,014	–1,804
Purchases of shares in subsidiaries and associates companies*	36	–69	–43
Business disposals		0	3
Other cash flow from investing activities		13	18
Cash flow from investing activities		**–2,222**	**–1,946**
Financing activities			
Borrowings		2,146	1,185
Repayment of loans		–1,805	–561
Share dividend to Parent Company's shareholders		–359	–327
Cash flow from financing activities		**–18**	**297**
Change in liquid assets		**–277**	**119**
Opening balance of liquid assets		**625**	**507**
Exchange rate differences in liquid assets		1	–1
Closing balance of liquid assets	20	**349**	**625**

* The acquisition of Difko Inkasso A/S in 2011 included purchased debt of SEK 24 M and the acquisition of shares in LDF65 in 2012 included purchased debt of SEK 167 M.
They are reported in the row Debt Purchases.

Consolidated statement of changes in shareholders' equity

See also Note 21 SEK M	Number of shares outstanding	Share capital	Other capital contributions	Reserves	Retained earnings incl. net earnings for the year	Total	Non-controlling interest	Total shareholders' equity
Opening balance, January 1, 2011	79,744,651	2	906	280	1,388	2,576		2,576
Comprehensive income for 2011								
Net earnings for the year					552	552	1	553
Other comprehensive income for the year				10		10	1	11
Comprehensive income for the year				10	552	562	2	564
Transactions with Group owners in 2011								
Share dividend					–327	–327		–327
Closing balance, December 31, 2011	**79,744,651**	**2**	**906**	**290**	**1,613**	**2,811**	**2**	**2,813**
Comprehensive income for 2012								
Net earnings for the year					584	584		584
Other comprehensive income for the year				–17		–17		–17
Comprehensive income for the year				–17	584	567		567
Transactions with Group owners in 2012								
Share dividend					–359	–359		–359
Closing balance, December 31, 2012	**79,744,651**	**2**	**906**	**273**	**1,838**	**3,019**	**2**	**3,021**

The item Reserves includes only the translation reserve. Accumulated exchange rate differences since the transition to IFRS amounted to SEK 273 M (290) on December 31, 2012.

Parent Company income statement

SEK M	NOTE	2012	2011
Revenues	3	85	75
Gross earnings		**85**	**75**
Sales and marketing expenses		–16	–15
Administrative expenses		–141	–140
Operating earnings	4	**–72**	**–80**
Income from participations in Group companies	6	60	243
Interest income and similar items	6	119	118
Impairment and liquidation losses on shares in subsidiaries	7	–386	–146
Interest expenses and similar items	7	–171	–153
Net financial items		**–378**	**62**
Tax on earnings for the year	8	0	0
Earnings before tax		**–450**	**–18**
Net earnings for the year		**–450**	**–18**

Consolidated statement of comprehensive income

SEK M	NOTE	2012	2011
Net earnings for the year		–450	–18
Other comprehensive income:			
Change in fair value reserve (translation reserve)		87	21
Comprehensive income for the year		**–363**	**3**

Parent Company balance sheet

SEK M	NOTE	31 DEC 2012	31 DEC 2011
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Capitalized expenditure for IT development		1	1
Total intangible fixed assets		**1**	**1**
Tangible fixed assets	11		
Tangible fixed assets		0	1
Total tangible fixed assets		**0**	**1**
Financial fixed assets			
Participations in Group companies	12	6,372	6,749
Receivables from Group companies		848	968
Total financial fixed assets		**7,220**	**7,717**
Total fixed assets		**7,221**	**7,719**
Current assets			
Current receivables			
Tax receivables		2	2
Receivables from Group companies		2,597	2,455
Other receivables	18	2	2
Prepaid expenses and accrued income	19	36	14
Total current receivables		**2,637**	**2,473**
Liquid assets	20		
Cash and bank balances		21	272
Total liquid assets		**21**	**272**
Total current assets		**2,658**	**2,745**
TOTAL ASSETS		**9,879**	**10,464**

Parent Company balance sheet

SEK M	NOTE	31 DEC 2012	31 DEC 2011
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	21		
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		–594	–681
Retained earnings		4,788	5,165
Net earnings for the year		–450	–18
Total non-restricted equity		**3,855**	**4,577**
Total shareholders' equity		**4,139**	**4,861**
Long-term liabilities			
Liabilities to credit institutions	24	1,667	2,588
Bond loan		970	–
Liabilities to Group companies		1,176	1,219
Total long-term liabilities		**3,813**	**3,807**
Current liabilities			
Overdraft facility		43	0
Commercial papers		606	617
Accounts payable		5	5
Liabilities to Group companies		1,194	1,113
Other current liabilities		2	2
Accrued expenses and prepaid income	25	77	59
Total current liabilities		**1,927**	**1,796**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**9,879**	**10,464**
Pledged assets		None	None
Contingent liabilities		86	90

Parent Company cash flow statement

SEK M	NOTE	2012	2011
Operating activities			
Operating result		–72	–80
Interest received		119	118
Interest paid and financial expenses		–143	–115
Cash-flow from operating activities before change in working capital		**–96**	**–77**
Changes in working capital		–8	6
Cash flow from operating activities		**–104**	**–71**
Investing activities			
Share dividend from subsidiaries		60	207
Cash flow from investing activities		**60**	**207**
Financing activities			
Borrowings		1,958	1,182
Repayment of loans		–1,867	–555
Net loans to subsidiaries		61	–302
Share dividend to Parent Company's shareholders		–359	–327
Cash flow from financing activities		**–207**	**–2**
Change in liquid assets		**–251**	**134**
Opening balance of liquid assets		**272**	**138**
Closing balance of liquid assets	20	**21**	**272**

Statement of changes in shareholders' equity, Parent Company

See also Note 21

MSEK	Number of shares outstanding	Share capital	Other capital contribu-tions	Reserves	Retained earnings incl. net earnings for the year	Total	Non-controlling interest	Total share-holders' equity
Opening balance, January 1, 2011	**79,744,651**	**2**	**282**	**111**	**–702**	**5,771**	**–279**	**5,185**
Comprehensive income for 2011								
Net earnings for the year							–18	–18
Other comprehensive income for the year					21			21
Comprehensive income for the year					21		–18	3
Disposition of previous year's earnings						–279	279	
Transactions with Parent Company's shareholders in 2011								
Share dividend						–327		–327
Closing balance, December 31, 2011	**79,744,651**	**2**	**282**	**111**	**–681**	**5,165**	**–18**	**4,861**
Comprehensive income for 2012								
Net earnings for the year							–450	–450
Other comprehensive income for the year					87			87
Comprehensive income for the year					87		–450	–363
Disposition of previous year's earnings						–18	18	
Transactions with Parent Company's shareholders in 2012								
Share dividend						–359		–359
Closing balance, December 31, 2012	**79,744,651**	**2**	**282**	**111**	**–594**	**4,788**	**–450**	**4,139**

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. The company is listed on the NASDAQ OMX Nordic, Mid Cap list.

The consolidated accounts were approved for publication by the company's Board of Directors on March 27, 2013. The balance sheets and income statements will be presented to the Annual General Meeting on April 24, 2013.

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 reports are therefore presented in SEK. All amounts, unless indicated otherwise, are rounded off to the nearest million, with one decimal.

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 reports 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, revenue 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 reports and estimates, which could necessitate significant adjustments in financial reports in subsequent years, are described in more detail in Note 37.

The accounting principles described below for the Group have been applied consistently for all periods in the Group's financial reports, 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 2012
The changes in IFRS that entered into force in 2012 have not had any effect on the Group.

Changes that enter into force in or after 2013
The Group has decided against early application of any new or amended accounting recommendations or interpretations that enter into force in or after 2013.

As of 2013 a new version of IAS 1 *Presentation of Financial Statements* also applies. The change involves how items within Other comprehensive income should be presented. The items are to be divided into two categories: items that will be reclassified under earnings for the year and items that will not be reclassified.

The amended IAS 19 *Employee benefits* as of 2013 entails the disappearance of the so-called "corridor method". Actuarial gains and losses are to be recognized in other comprehensive income. The calculated return based on managed assets is to be based on the discount rate applied in the calculation of the pension commitment. The difference between actual and calculated return on managed assets is to be recognized in other comprehensive income. Within Intrum Justitia, defined benefit pension plans exist in France, Italy, Norway and Germany. The change primarily provides more relevant information in the Statement of financial position, since, following the change, the pension commitment reported will state a value that better agrees with the company's true net commitment. However, the change is not deemed to have any substantial effect.

Effective from 2013, the amended IFRS 7 *Financial instruments: Disclosures* will apply. The amendment refers to new disclosure requirements for the settling of financial assets and liabilities.

IFRS 13 *Fair value measurement* enters force effective from 2013. IFRS 13 is a standard for the measurement of fair value and brings improved disclosure requirements. The new standard is not deemed to have any substantial effect on Intrum Justitia's calculation of fair value but it will entail additional disclosures having to be presented.

Effective from 2013, IFRS 10 *Consolidated financial statements* and IFRS 12 *Disclosure of interests in other entities* will also enter force, although they will not become obligatory in the EU until 2014. These are not deemed to have any substantial effect on Intrum Justitia's holdings but may affect the reporting of future investments.

IFRS 11 *Joint Arrangements* enters force in 2013 but will not become obligatory in the EU 2014. Intrum Justitia intends to apply the standard as of 2013. In principle, the standard entails two changes. One change is that an investment in a joint arrangement shall be considered either a joint operation or a joint venture, which, in turn, affects the how the investment is handled in terms of reporting. The other change is that a joint venture shall be reported in accordance with the equity method and the proportional method will no longer be allowed. The standard is to be applied retroactively and is mainly deemed to affect the comparison figures in the 2013 annual accounts. The effect is expected to be non-essential. See Note 13 for information about the subsidiaries that have been accounted for according to the proportional method in 2012.

IFRS 10, 11 and 12 enters into force in January 2013, but will not become mandatory within EU until 2014. Intrum Justitia intends to apply the new rules from 2013. Other changes to IFRS are not 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 to all intents and purposes 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*.

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. For acquisitions as of January 1, 2010, transaction expenses are expensed as they are incurred.

Note 1 cont.

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 can be made on a case by case basis.

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

Intra-Group receivables and liabilities, revenue 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 profit participation 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 IAS 31 *Interests in joint ventures*.

Joint ventures pertain to companies in which Intrum Justitia and other part-owners manage operations jointly in accordance with a shareholder agreement. The Group's joint ventures all constitute legal entities, which are reported in the consolidated accounts in accordance with the proportional method. This means that Intrum Justitia's share of assets, liabilities, revenues and expenses in the jointly owned company is consolidated, item for item, with corresponding items in the consolidated income statement and balance sheet.

Only equity earned subsequent to acquisition is recognized in the Group's equity. The proportional method is applied from the date when shared control is obtained until the date it ceases.

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 through profit or loss.

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. Revenue 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 other 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 other 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 39 F*inancial instruments: Recognition and Measurement*.

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. An exception is made for financial instruments in the category financial assets or liabilities recognized at fair value through profit and loss, that are recognized at fair value excluding transaction costs. 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 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 swaps, fair value is determined based on listed prices. For further information, see Note 35.

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

Note 1 cont.

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 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 cross currency basis 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 profit and loss (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 under shareholders' equity.

Currency interest rate swaps were signed in connection with the Parent Company's issue of bonds to achieve suitable currency matching in the balance sheet and consequently to also manage the currency risk between assets and liabilities. The liability in SEK was exchanged into EUR at the same rate 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) have been hedged to some extent since 2009 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 profit or loss.

Goodwill is recognized at cost less accumulated impairment losses. 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. Intrum Justitia's operations in each geographical region (Northern Europe, Central Europe and Western Europe) are considered the Group's cash-generating units in this regard.

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 ongoing 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 costs include staff costs for the development team and other direct and indirect costs. Borrowing costs 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 program's functionality beyond its original use and estimated period of use.

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

Costs 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). The asset is recognized at cost less accumulated amortization and impairment losses.

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).

Note 1 cont.

The asset is recognized at cost less accumulated amortization and impairment losses.

Tangible fixed assets

The Group applies IAS 16 *Property, Plant and Equipment.*

Tangible fixed assets are recognized at cost less accumulated depreciation and impairment losses. 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 costs 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).

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 costs to sell. 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.

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. Where it is important when in time payment will be made, provisions are estimated by discounting the projected future cash flow at a pretax 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 costs is recognized only if the persons in question have known or presumed to have expected to be terminated by the balance sheet date.

A provision a loss contract is recognized when anticipated benefits that the Group expects to receive from a contract are less than the unavoidable costs to fulfill the obligations as set out in the contract.

A provision for restoration costs 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 receipts and excess payments

The Group receives large volumes of payments from debtors for itself and its clients. There are instances where the sender's reference information is missing or incorrect, 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 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, when testing for impairment, essentially independent cash flows cannot be isolated for individual assets, the assets shall be 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 the Group's cash-generating units in this regard.

An impairment loss is recognized when the carrying value of an asset or cash-generating unit exceeds its recoverable value. Impairment losses are recognized in the income statement. Impairment losses attributable to a cash-generating unit are 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 costs to sell 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

Note 1 cont.

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 22 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 profit and loss 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 has earned in current and previous periods; this compensation is discounted present value. 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. Intrum Justitia applies a corridor rule, which means that the portion of the accumulated actuarial gains and losses exceeding 10 percent of the higher of the commitments' present value and the fair value of assets under management is recognized over the anticipated average remaining period of employment of the employees covered by the plan. Actuarial gains and losses are otherwise not taken into account.

The carrying value of pensions and similar obligations recognized in the balance sheet corresponds to the present value of the obligations on the balance sheet date less the fair value of investment assets, unrecognized actuarial gains and losses and unrecognized costs for service during previous periods.

All the components included in the costs for the period for a defined benefit plan are recognized in operating profit.

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.

Loan arrangement expenses

The Group applies IAS 23 *Borrowing costs*.

Costs 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 and Parent Company capitalize borrowing costs in the cost of qualified assets effective 2009. In terms of amount, qualified assets are material fixed assets with long completion times. No such investments were made in 2011 or 2012.

Revenue recognition

The Group applies IAS 18 *Revenue*.

Revenue, consisting of commissions and collection fees, is recognized on collection of the debt. Subscription revenue 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.

Purchased debt

Purchased debt consists of portfolios of delinquent consumer debts 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.

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

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 projection 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 costs. With this projection and the purchase price including transaction costs 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 projections are monitored over the course of the year and updated based on, among other things, achieved collection results, agreements reached with debtors on installment plans and macroeconomic information. Cash flow projections 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 projections and initial effective interest rate, a new carrying value for the portfolio is calculated in the closing accounts. The Group applies internal application rules which mean that the initial effective interest rate can be adjusted in certain cases without a change in the carrying value of the portfolio for minor projection adjustments within a predetermined interval. Changes over time in the book value can be divided into a time and interest rate component and a component related to changes in estimates 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.

Payment guarantees

In conjunction with services such as credit assessment and treatment of credit applications on behalf of a client, the client may have a guarantee, for a certain fee, from Intrum Justitia regarding the client's claims on their customers. The guarantee entails an undertaking by Intrum Justitia to acquire the receivable from the creditor at its nominal value once it has fallen overdue for payment by a certain number of days. The revenue, in the form of a guarantee fee, 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 recognized among purchased debt in the balance sheet, 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 shares during the year.

Note 1 cont.

Segment

The Group applies IFRS 8 *Operating Segments*.

An operating segment is a part of the Group from which it can generate revenues and incur expenses and for which separate financial information is available that is evaluated regularly by the chief operating decision maker 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, Norway, Poland, Russia and Sweden), Central Europe (Austria, the Czech Republic, Germany, Hungary, Slovakia and Switzerland) and Western Europe (Belgium, France, Ireland, Italy, Netherlands, Portugal, Spain and the United Kingdom). Central and joint expenses are spread across the geographical regions in proportion to their purchasing power parity-adjusted sales. The break-down by geographical region is also used for internal monitoring in the Group.

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 reports.

Subsidiaries, associated companies and joint ventures

Shares in subsidiaries, associated companies and joint ventures are recognized by the Parent Company at cost, including transaction costs 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 RFR 2. The new advice regarding the recognition of group contributions will apply effective from 2013. The advice introduces a principal rule and an alternative rule for the recognition of group contributions.

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

OPERATING SEGMENTS

	Group	
SEK M	2012	2011
Revenues from external clients by geographical region		
Northern Europe	1,985	1,777
Central Europe	904	906
Western Europe	1,167	1,267
Total	**4,056**	**3,950**
Revenues from external clients by country		
Finland	697	666
Sweden	690	657
Switzerland	486	473
France	415	408
Netherlands	318	328
Other countries	1,450	1,418
Total	**4,056**	**3,950**
Intra-Group revenues by geographical region		
Northern Europe	164	116
Central Europe	231	192
Western Europe	87	92
Elimination	–482	–400
Total	**0**	**0**

	Group	
SEK M	2012	2011
Operating earnings by geographical region		
Northern Europe	590	453
Central Europe	148	201
Western Europe	141	224
Loss on disposal of shares in associated companies	0	–9
Participations in earnings of associated companies	0	–1
Total operating earnings	**879**	**868**
Net financial items	–150	–115
Earnings before tax	**729**	**753**
Assets by geographical region		
Northern Europe	3,914	3,112
Central Europe	1,796	1,938
Western Europe	2,419	2,428
Group-wide/eliminations	346	429
Total	**8,475**	**7,907**

Note 2 cont.

SEK M	Group 2012	Group 2011
Tangible and intangible fixed assets by country		
Sweden	548	559
Finland	495	525
Switzerland	250	248
Netherlands	368	127
Belgium	236	251
Other countries	892	969
Total	**2,789**	**2,679**

Liabilities and provisions by geographical region		
Northern Europe	1,680	1,576
Central Europe	778	566
Western Europe	957	799
Group-wide/eliminations	2,039	2,153
Total	**5,454**	**5,094**

Investments in tangible and intangible fixed assets by geographical region		
Northern Europe	78	56
Central Europe	44	41
Western Europe	19	16
Group-wide/eliminations	11	9
Total	**152**	**122**

Amortization, depreciation and impairment by geographical region		
Northern Europe	–70	–72
Central Europe	–61	–38
Western Europe	–38	–40
Group-wide/eliminations	–18	–23
Total	**–187**	**–173**

Adjustments for other items not included in cash flow by geographical region		
Northern Europe	3	5
Central Europe	1	8
Western Europe	–11	–16
Group-wide/eliminations	1	11
Total	**–6**	**8**

Participations in associated companies by geographical region		
Western Europe	4	3
Total	**4**	**3**

Revenues by service line		
Credit Management	3,369	3,293
Purchased Debt	1,213	1,088
Elimination of inter-service line revenue	–526	–431
Total	**4,056**	**3,950**

Operating earnings by service line		
Credit Management	827	843
Purchased Debt	605	591
Loss on disposal of shares in associated companies	–	–9
Participations in earnings of associated companies	4	–1
Central expenses	–557	–556
Total	**879**	**868**

No individual customer is responsible for generating more than 3 percent of the Group's total revenue.

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

The geographical regions include Northern Europe (Denmark, Estonia, Finland, Norway, Poland, Russia and Sweden); Central Europe (Switzerland, Slovakia, the Czech Republic, Germany, Hungary and Austria) and Western Europe (Belgium, France, Ireland, Italy, the Netherlands, Portugal, Spain and the UK).

Central and joint expenses are spread across the geographical regions in proportion to their purchasing power parity-adjusted sales. 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 a cost within purchased debt, but which is eliminated in the Consolidated Income Statement.

NOTE 3

REVENUE DISTRIBUTION

SEK M	Group 2012	Group 2011	Parentc Company 2012	Parentc Company 2011
Collection fees, commissions and debtors fees	2,432	2,528	–	–
Subscription revenues	88	85	–	–
Collections on purchased debt	2,337	1,930	–	–
Amortization of purchased debt	–1,090	–907	–	–
Revaluation purchased debt	–83	19	–	–
Payment guarantee fees	49	46	–	–
Revenues from Group companies	–	–	85	75
Other	323	249	–	–
Total	**4,056**	**3,950**	**85**	**75**

The revenues from purchased debt consist of the collected amounts less amortization, i.e. the decrease of the book value of the portfolio in the period. See also Note 16.

NOTE 4

AMORTIZATION, DEPRECIATION AND IMPAIRMENT

SEK M	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Capitalized expenses for IT development	–128	–114	0	0
Client relationships	–14	–13	–	–
Other intangible fixed assets	–18	–13	–	–
Computer hardware	–13	–17	0	0
Other tangible assets	–14	–16	0	0
Total	**–187**	**–173**	**0**	**0**

The amortization and depreciation has been charged to each function as an operating expense as follows:

SEK M	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Cost of sales	–173	–159	–	–
Sales and marketing expenses	–3	–4	–	–
Administrative expenses	–11	–10	0	0
Total	**–187**	**–173**	**0**	**0**

NOTE 5

PARTICIPATIONS IN ASSOCIATED COMPANIES

	Group	
SEK M	2012	2011
Motus ehf, Reykjavik (Iceland)	–	0
IJCOF SAS, Lyon (France)	4	3
Total	**4**	**3**

NOTE 6

FINANCIAL INCOME

	Group		Parent Company	
SEK M	2012	2011	2012	2011
Interest income from Group companies	–	–	107	105
Other interest income	21	22	12	13
Dividends from Group companies	–	–	60	243
Total	**21**	**22**	**179**	**361**

All interest income is attributable to items that have not been recognized at fair value through the profit and loss.

The operating result includes interest income attributable to purchased debt amounting to SEK 1,246 M (1,023), 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, according 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 at SEK 10 M (36).

NOTE 7

INTEREST EXPENSES AND SIMILAR ITEMS

	Group		Parent Company	
SEK M	2012	2011	2012	2011
Interest expenses to Group companies	–	–	–24	–24
Interest expenses	–140	–100	–117	–90
Translation differences	–4	8	–4	6
Amortization of capitalized borrowing costs	–9	–35	–9	–35
Impairment of shares in subsidiaries	–	–	–386	–146
Other financial expenses	–18	–10	–17	–10
Total	**–171**	**–137**	**–557**	**–299**

All interest expenses are attributable to items that have not been recognized at fair value through the profit and loss.

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

The increase from last year in other financial expenses is primarily related to deferred costs for taking up new loans.

NOTE 8

TAXES

The tax expense for the year breaks down as follows:

	Group	
SEK M	2012	2011
Current tax		
Tax expense attributable to earnings for the year	–149	–157
Tax attributable to settled tax disputes and similar	14	–29
Other tax adjustments attributable to previous years	47	5
Deferred tax		
Deferred tax related to temporary differences	–42	26
Deferred tax asset in tax value of capitalized loss carryforwards	0	13
Deferred tax expense attributable to previously capitalized tax value in tax-loss carryforwards	–15	–58
Total	**–145**	**–200**

During the year, no taxes were recognized for operations that have been phased out or otherwise disposed, not for capital gains.

The tax expense for the year includes a positive amount of SEK 14 M pertaining to the outcome of an appeal against an earlier ruling in Finland regarding the 2003–2004 income year.

Other tax adjustments pertaining to previous years include the effect of an agreement with the Swiss tax authorities regarding the tax treatment of a loss incurred in connection with a merger in 2008.

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 tax surcharge of SEK 19 M in 2011. Intrum Justitia takes the view, however, that its tax returns contained no misstatements and that the conditions for a tax surcharge have therefore not been met. The Company has therefore appealed the decision regarding the tax surcharge. In October, the Administrative Court ruled in accordance with the Swedish National Tax Board's motion and the Company has now appealed this ruling to the Administrative Court of Appeal.

In connection with a tax audit in Belgium in 2011, the company's right to make notional interest deductions was brought into question. The company is discussing the matter with the tax authorities but risks, in the worst-case scenario, being liable to pay additional tax for 2008 and 2009 as well as a tax surcharge and interest totaling EUR 91 M. In the opinion of the company, the tax authorities' assessment is incorrect since it refers to legal cases regarding situations different from that at hand. Intrum Justitia has not made any provisions for additional taxes.

Intrum Justitia AB is seated in Sweden where the nominal corporate tax rate in 2012 was 26.3 percent. From 2013 the tax rate is lowered to 22.0 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 cost and the expected tax cost following a corporate tax rate of 26.3 percent:

	Group			
	2012		2011	
Reconciliation	SEK M	%	SEK M	%
Earnings before tax	729		753	
Income tax calculated at standard rate in Sweden, 26.3 percent	**–192**	**26.3**	**–198**	**26.3**
Effect of different tax rates in other countries	30	–4.0	69	–9.2
Tax effect of tax-exempt income and non-deductible expenses	–9	1.2	–6	0.9
Unrecognized tax assets pertaining to loss carryforwards	–88	12.1	–57	7.6
Utilized previously unrecognized tax assets pertaining to loss carryforwards	63	–8.6	16	–2.2
Adjustments to previous years and other	51	–7.1	–24	3.2
Total tax on net earnings for the year	**–145**	**19.9**	**–200**	**26.6**

Note 8 cont.

Unrecognized tax assets for loss carryforwards relate to the positive tax effect during the year, which arise through utilization of 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 to previous years and other includes the above-mentioned non-recurring items. The amount for 2012 includes costs of SEK 10 M concerning the effect on deferred tax in Sweden following the decided decrease in taxes from 2013.

Corresponding reconciliation for the Parent Company:

	Parent Company			
	2012		2011	
Reconciliation	**SEK M**	**%**	**SEK M**	**%**
Earnings after financial items	–450		–18	
Income tax calculated at standard rate in Sweden, 26.3 percent	**118**	**26.3**	**5**	**26.3**
Tax effect of tax-exempt income and non-deductible expenses	–112	–25.0	16	88.0
Unrecognized tax assets pertaining to loss carryforwards	–6	–1.3	–21	–114.3
Total tax on net earnings for the year	**0**	**–0.5**	**0**	**0.0**

Tax-exempt income and non-deductible expenses in the Parent Company consist primarily of share dividends from subsidiaries as well as impairment of shares in subsidiaries. As a result of both income items and unrealized translation differences recognized in other comprehensive income, the Parent Company had accumulated loss carryforwards of SEK 451 M (530) at year-end. No deferred tax assets are recognized for these 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 loss carryforwards in the instances where they are likely to be utilized to offset taxable surpluses within the foreseeable future.

	Group			
	2012		2011	
	Asset/ liability	**Income/ expense**	**Asset/ liability**	**Income/ expense**
Outlays	–2	–1	–1	0
Purchased debt	–91	–59	–6	7
Intangible assets	–20	15	–29	15
Tax loss carry-forward	15	–15	11	–46
Provisions for pensions	3	0	3	0
Total	6	3	4	5
Summa	**–89**	**–57**	**–18**	**–19**
Deferred tax assets	64	–3	71	–1
Deferred tax liabilities	–153	–54	–89	–18
Total	**–89**	**–57**	**–18**	**–19**

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

The Group has loss carryforwards that can be utilized against future earnings totaling SEK 1,636 M (1,834). Of this amount, SEK 95 M (129) serves as the basis of the deferred tax assets of SEK 15 M (11) recognized in the balance sheet, since the tax loss carryforwards are expected to be utilized against taxable earnings in the years ahead. Deferred tax assets are recognized for companies in Denmark, the Netherlands, Norway, Poland, Slovakia and Austria. The operations in all of these countries, except Poland, reported positive taxable results for 2012. The accounts are based on an assessment of opportunities to achieve positive taxable results over the next few years. Deferred tax assets are not recognized for countries with negative results unless it is assumed highly likely that the loss for the year is only temporary.

The only loss carryforwards in countries where maturity dates are applied for the utilization of such carryforwards are those in Poland at SEK 16 M (30) and Spain at SEK 4 M (0). In Poland, the 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 loss carryforwards in these two countries.

The loss carryforwards for which no deferred tax assets are recognized relate to countries including Sweden with SEK 981 M (1,107) and the UK with SEK 365 M (383).

No tax items for the year have been recognized in other comprehensive income or in equity.

NOTE 9

EARNINGS PER SHARE

		Group
	2012	**2011**
Net earnings for the year attributable to Parent Company's shareholders (SEK M)	584	552
Number of shares at the start of the year and at year-end	79,744,651	79,744,651
Weighted average no. of shares during the year before and after dilution	79,744,651	79,744,651
Earnings per share before and after dilution (SEK)	**7.32**	**6.91**

The Group had a Performance-Based Share Program introduced in 2008, where up to 136,710 shares could have been subscribed by employees of the Group during the periods May 15, 2010–May 15, 2012 and May 15, 2011–May 15, 2013. The shares could have been purchased by employees provided that certain performance conditions have been met, including in terms of growth in earnings per share. The performance conditions were not met for the shares in any part of the program and the rights expired without value. They did not imply any dilution effect in 2011 or 2012.

NOTE 10

INTANGIBLE FIXED ASSETS

SEK M	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Goodwill				
Acquisition cost, opening balance	2,204	2,152	–	–
Acquisitions for the year	224	49	–	–
Translation differences	–59	3	–	–
Accumulated acquisition cost, closing balance	**2,369**	**2,204**	**–**	**–**
Carrying value	**2,369**	**2,204**	**–**	**–**
Capitalized expenses for IT development				
Acquisition cost, opening balance	820	931	5	5
Capitalized expenditures for the year	75	76	0	0
Disposals	–45	–213	0	0
Reclassification	0	30	–	–
Purchases via acquisition	16	–	–	–
Translation differences	–24	–4	–	–
Accumulated acquisition cost, closing balance	**842**	**820**	**5**	**5**
Accumulated depreciation/amortization, opening balance	–539	–491	–4	–4
Disposals	43	83	–	–
Reclassification	0	–19	–	–
Purchases via acquisition	–2	0	–	–
Depreciation for the year	–111	–114	0	0
Translation differences	14	2	–	–
Accumulated depreciation, closing balance	**–595**	**–539**	**–4**	**–4**
Impairments, opening balance	0	–126	–	–
Impairments for the year	–17	–	–	–
Disposals	0	126	–	–
Accumulated impairment, closing balance	**–17**	**0**	**0**	**0**
Carrying value	**230**	**281**	**1**	**1**
Client relationships				
Acquisition cost, opening balance	173	214	–	–
Reclassification	–36	–41	–	–
Purchased via acquisition	17	–	–	–
Translation differences	–4	–1	0	0
Accumulated acquisition cost, closing balance	**150**	**173**	**–**	**–**
Accumulated depreciation /amortization, opening balance	–71	–58	–	–
Depreciation for the year	–14	–13	–	–
Translation differences	3	0	–	–
Accumulated depreciation, closing balance	**–82**	**–71**	**0**	**0**
Carrying value	**68**	**102**	**0**	**0**

SEK M	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Other intangible fixed assets				
Acquisition cost, opening balance	59	38	–	–
Capitalized expenditures for the year	23	21	–	–
Translation differences	–1	0	–	–
Accumulated acquisition cost, closing balance	**81**	**59**	**0**	**0**
Accumulated depreciation /amortization, opening balance	–34	–21	–	–
Depreciation for the year	–18	–13	–	–
Translation differences	2	0	–	–
Accumulated depreciation, closing balance	**–50**	**–34**	**0**	**0**
Carrying value	**31**	**26**	**0**	**0**

A write down of SEK 17 M has been done regarding an IT-system that was used in Germany in connection to a review that was made during the year following the unsatisfactory development in the unit. 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.

Disbursements during the year regarding investments in intangible fixed assets amounted to SEK 97 M (97) for the Group.

Impairment tests for cash-generating units containing goodwill

The Group treats the following geographical regions as cash-generating units in the sense referred to in IAS 36 *Impairment of Assets*. The carrying amounts for goodwill are distributed among the regions as follows:

SEK M	2012	2011
Northern Europe	1,106	1,123
Central Europe	286	296
Western Europe	977	785
Total	**2,369**	**2,204**

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 compiled 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 2013–2015 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 10.01 percent (9.75) per year before tax, corresponding to 7.50 percent (7.31) 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 test gave no indication of a need of goodwill impairment.

Sensitivity analysis

Assuming a future reduction in cash flow of 20 percent compared to that on which impairment testing has been based, the estimated recovery value exceeds the carrying amount by a good margin and there is no need to recognize any impairment.

NOTE 11

TANGIBLE FIXED ASSETS

SEK M	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Computer hardware				
Acquisition cost, opening balance	201	230	1	1
Investments for the year	12	12	–	–
Sales and disposals	–24	–9	–	–
Reclassification	2	–30	–	–
Purchases via acquisition	2	0	–	–
Translation differences	–4	–2	–	–
Accumulated acquisition cost, closing balance	**189**	**201**	**1**	**1**
Accumulated depreciation/ amortization, opening balance	–180	–192	–1	–1
Sales and disposals	23	8	–	–
Reclassification	–2	20	–	–
Purchases via acquisition	–1	0	–	–
Depreciation/amortization for the year	–13	–17	0	0
Translation differences	4	1	–	–
Accumulated depreciation, closing balance	**–169**	**–180**	**–1**	**–1**
Carrying values	**20**	**21**	**0**	**0**
Other tangible assets				
Acquisition cost, opening balance	223	220	2	2
Investments for the year	43	13	0	0
Sales and disposals	–29	–9	–	–
Translation differences	–6	–1	–	–
Accumulated acquisition cost, closing balance	**231**	**223**	**2**	**2**
Accumulated depreciation/ amortization, opening balance	–178	–172	–2	–2
Sales and disposals	27	9	–	–
Reclassification	0	1	–	–
Depreciation/amortization for the year	–14	–16	0	0
Translation differences	5	0	–	–
Accumulated depreciation/ amortization, closing balance	**–160**	**–178**	**–2**	**–2**
Carrying values	**71**	**45**	**0**	**1**

Payments during the year for investments in tangible fixed assets amounted to SEK 55 M (23) for the Group.

NOTE 12

GROUP COMPANIES

SEK M	Number of shares	2012	2011
Intrum Justitia A/S, Denmark	40	188	188
Intrum Justitia AS, Estonia	430	1	1
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 Sia, Latvia	–	–	0
UAB Intrum Justitia, Lithuania	–	–	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	198	198
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	377
Intrum Justitia Inkasso GmbH, Austria	72,673	37	37
Total carrying value		**6,372**	**6,749**

SEK M	2012	2011
Opening balance	6,749	6,749
Capital contributions paid	9	146
Impairment of shares in subsidiaries	–386	–146
Closing balance	**6,372**	**6,749**

Impairment of shares in subsidiaries mainly pertains to the impairment of shares in the German subsidiary in connection with a review of the operations in 2012 as its performance had been unsatisfactory.

The subsidiaries in Lithuania and Latvia were liquidized during 2012.

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.

Shares owned by the Parent Company	Corporate identity no.	Domicile	Share of capital
AUSTRIA			
Intrum Justitia GmbH	FN 48800s	Salzburg	100%
Schimmelpfeng Auskunftei GmbH	FN 105105t	Salzburg	100%
DENMARK			
Intrum Justitia A/S	DK 10613779	Copenhagen	100%
Intrum Justitia Danmark A/S	DK 20357509	Copenhagen	100%
ESTONIA			
Intrum Justitia AS	10036074	Tallinn	100%
FINLAND			
Intrum Justitia Oy	FI14702468	Helsinki	100%
Intrum Rahoitus Oy	FI 25086904	Helsinki	100%
FRANCE			
Intrum Justitia SAS	B322 760 497	Lyon	100%
Socogestion SAS	B414 613 539	Lyon	100%
GERMANY			
Intrum Justitia Holding GmbH	HRB 4709	Darmstadt	100%
Intrum Justitia GmbH	HRB 4622	Darmstadt	100%

Note 12 cont.

Shares owned by the Parent Company	Corporate identity no.	Domicile	Share of capital
Schimmelpfeng Forderungsmanagement GmbH	HRB 8997	Darmstadt	100%
Intrum Justitia Bankenservice GmbH	HRB 5345	Darmstadt	100%
Schimmelpfeng Creditmanagement GmbH	HRB 85778	Darmstadt	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 3PDC AS	892 007 802	Oslo	100%
PORTUGAL			
Intrum Justitia Portugal Unipessoal Lda.	7318	Lisbon	100%
SPAIN			
Intrum Justitia Ibérica S.A.U.	A28923712	Madrid	100%
SWEDEN			
Intrum Justitia Sverige AB	556134-1248	Stockholm	100%
Intrum Justitia International AB	556570-1181	Stockholm	100%
Intrum Justitia 3PDC AB	556442-5816	Uppsala	100%
Svensk Delgivningsservice AB	556397-1414	Stockholm	100%
Intrum Justitia Finans AB	556885-5265	Stockholm	100%
SWITZERLAND			
Intrum Justitia AG	CH-020.3.020.656-9	Zurich	100%
Inkasso Med AG	CH-020.3.913.313-8	Zurich	70%
Schimmelpfeng Auskunftei AG	CH-020.3.921.420-2	Zurich	100%
Intrum Justitia Finance Service AG	CH-020.3.912.665-1	Zurich	100%
UNITED KINGDOM			
Collector Services Ltd	3515447	Liverpool	100%
Intrum Justitia (Holdings) Ltd	1356148	Liverpool	100%
Intrum Justitia Ltd	1918920	Liverpool	100%
Outstanding Services (Credit Control) Ltd	1014132	Liverpool	100%
Credit Ancillary Services (Scotland) Ltd	SC70627	Glasgow	51%
Debt Investigations (UK) Ltd	4164669	Liverpool	100%

Subsidiaries of Intrum Justitia International AB	Corporate identity no.	Domicile	Share of capital
POLAND			
Intrum Justitia Towarzystwo Funduszy Inwestycyjnych S.A	108-00-01-076	Warsaw	100%
Intrum Justitia Debt Fund 1 Fundusz Inwestycyjny Zamknięty Niestandaryzowany Fundusz Sekurytyzacyjny	108-00-01-900	Warsaw	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%

Subsidiary of Intrum Justitia Debt Finance AG	Corporate identity no.	Domicile	Share of capital
LUXEMBOURG			
Inca sarl	B 139513	Luxembourg	100%
LDF65 sarl	B 134749	Luxembourg	100%

Subsidiary of Inca sarl	Corporate identity no.	Domicile	Share of capital
NETHERLANDS			
Lyane BV	34.304.994	Amsterdam	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%
Solutius Belgium N.V.	BE 0439.189.571	Ghent	100%

Subsidiary of Intrum Justitia BV	Corporate identity no.	Domicile	Share of capital
CZECH REPUBLIC			
Intrum Justitia s.r.o.	25083236	Prague	100%
HUNGARY			
Intrum Justitia Hitel Ügyintéző Szolgáltatás Kft	01-09-268230	Budapest	100%
Intrum Justitia Követeléskezeló Zrt.	01-10-044857	Budapest	100%
IRELAND			
Intrum Justitia Ireland Ltd	175808	Dublin	100%
Default Investigation (Ireland) Limited	358355	Dublin	100%
NETHERLANDS			
Intrum Justitia Nederland BV	27.134.582	The Hague	100%
Intrum Justitia DataCentre BV	27.306.188	Schiphol-Rijk	100%
Buckaroo BV	04.060.983	Utrecht	100%
Erimaxco Holding BV	50.289.063	Utrecht	100%
Erimaxco Software BV	50.307.681	Utrecht	100%
èM! Payment BV	51.184.990	Utrecht	100%
POLAND			
Intrum Justitia Sp.zo.o.o	521-28-85-709	Warsaw	100%
Intrum Justitia Debt Surveillance Sp Sp.zo.o	783-15-41-469	Warsaw	100%
Intrum Justitia Kancelaria Radcy Prawnego Macieja Czasaka SK	521-33-33-283	Warsaw	70%
Intrum Justitia Debt Finance Poland Sp.zo.o	521-31-83-398	Warsaw	100%
SLOVAKIA			
Intrum Justitia Slovakia s. r. o.	35 831 154	Bratislaw	100%

Note 12 cont.

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

NOTE 13

JOINT VENTURES

Intrum Justitia is co-owner of companies which, based on agreements with the other owners, are treated as joint ventures and reported according to the proportional method. This means that each line in Intrum Justitia's consolidated income statement and balance sheet includes an amount corresponding to the Group's interest in the respective line of the joint ventures' income statements and balance sheets. All these companies invest in portfolios of written-off receivables. None have any employees.

The companies reported according to the proportional method are:

EE–DF AG
The company is domiciled in Zug, Switzerland, with corporate identity number CH-170.3.034.475-1. There are 10,000 shares outstanding in the company, of which Intrum Justitia owns 50 percent. The other shares are owned by East Capital Explorer AB and East Capital Financials Fund AB. The company's operations started in 2010 and comprise ownership of written-off receivables in Russia.

RDF–I AG
The company is domiciled in Zug, Switzerland, with corporate identity number CH-170.3.035.250-2. There are 14,285 outstanding shares, of which EE–DF AG owns 70 percent and the European Bank for Reconstruction and Development (EBRD) owns 30 percent. The company's operations started in 2011 and comprise ownership of written-off receivables in Russia.

LDF65 sarl and Inca sarl were joint ventures throughout 2011 and in January-October 2012 but have been wholly-owned subsidiaries since November 2012. Intrum Justitia's share of their earnings for the first ten months of the year is included in the income statement below.

Intrum Justitia's aggregate share of the income statements and balance sheets of these partly owned companies, after adjusting to the Group's accounting principles, amounts to:

Income statement SEK M	2012	2011
Revenues	22	49
Operating expenses	–18	–23
Operating earnings	**4**	**26**
Net financial items	–2	–1
Earnings after financial items	**2**	**25**
Taxes	0	0
Net earnings for the year	**2**	**25**

Balance sheet SEK M	2012	2011
Fixed assets	7	141
Current assets	0	10
Cash and bank balances	1	25
Total assets	**8**	**176**
Shareholders' equity	–10	144
Current liabilities	18	32
Total equity and liabilities	**8**	**176**

NOTE 14

ASSOCIATED COMPANIES

SEK M	Corporate identity no.	Equity share	Group 2012	Group 2011
IJCOF SAS, Lyon (France)	B 518 528 435	21.4%	15	12
Carrying value			**15**	**12**
Opening balances			12	20
Participations			4	3
Dividends received			–3	–3
Divested			–	–7
Exchange rate difference			2	–1
Closing balance			**15**	**12**

Intrum Justitia's holding, corresponding to 33 percent of the shares in Motus ehf, was divested in 2011.

The Group's share of associated companies' revenue is SEK 16 M (14), net earnings SEK 4 M (3), assets SEK 17 M (13) and liabilities SEK 2 M (3).

NOTE 15

PURCHASED DEBT

SEK M	Group 2012	Group 2011
Acquisition cost, opening balance	7,806	6,143
Purchased debt	1,875	1,728
Reclassification	36	23
Purchases via acquisition	167	24
Translation differences	–228	–112
Accumulated acquisition cost, closing balance	**9,656**	**7,806**
Amortization, opening balance	–4,577	–3,770
Amortization for the year	–1,173	–888
Translation differences	165	81
Accumulated amortization, closing balance	**–5,585**	**–4,577**
Carrying value	**4,071**	**3,229**
Amortization for the year		
Time and interest component	–1,090	–907
Revaluation in connection with changes in projections of future cash flows	76	32
Impairment in connection with changes in projections of future cash flows	–159	–13
Total amortization for the year	**–1,173**	**–888**

Payments during the year for investments in purchased debt amounted to SEK 2,014 M (1,804).

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

NOTE 16

OTHER LONG-TERM RECEIVABLES

	Group	
SEK M	2012	2011
Deposits with landlords	2	2
Purchase consideration for shares in associated companies	6	6
Long-term VAT receivable	9	24
Total	**17**	**32**
Opening balances	33	50
Reclassified	–	–5
Claim recognized on sales of assets	–	6
Repaid	–13	–18
Exchange rate difference	–2	0
Closing balance	**18**	**33**
Accumulated impairment, opening balance	–1	–1
Accumulated impairment, closing balance	**–1**	**–1**
Carrying value	**17**	**32**

A long-term VAT receivable arises in the Netherlands in connection with the purchase of overdue receivables. The VAT portion of the receivable can be recovered from the tax authority if it is not collected from the debtor and is therefore recognized separately as a receivable.

NOTE 17

ACCOUNTS RECEIVABLE

	Group		Parent Company	
SEK M	2012	2011	2012	2011
Non-delinquent receivables	170	161	0	0
Accounts receivable < 30 days overdue	56	64	–	–
Accounts receivable 30-60 days overdue	17	17	–	–
Accounts receivable 61-90 days overdue	9	11	–	–
Accounts receivable > 90 days overdue	42	44	–	–
Total accounts receivable	**294**	**297**	**0**	**0**
Accumulated reserve for impaired receivables, opening balance	–31	–35	0	0
Reserve for impaired receivables for the year	–2	–9	–	–
Realized client losses for the year	–2	3	–	–
Withdrawals from reserve for impaired accounts receivable for the year	5	10	–	–
Accumulated reserve for impaired receivables, closing balance	**–30**	**–31**	**0**	**0**
Carrying values	**264**	**266**	**0**	**0**

See also Note 35.

NOTE 18

OTHER RECEIVABLES

	Group		Parent Company	
SEK M	2012	2011	2012	2011
Outlays on behalf of clients	108	111	–	–
Less: reserve for uncertainty in outlays on behalf of clients	–12	–9	–	–
Total	**96**	**102**	**–**	**–**
VAT refund claims on purchased debt	97	97	–	–
To be recovered from Netherlands bailiffs	32	31	–	–
Other	39	36	2	2
Total	**168**	**164**	**2**	**2**
Carrying value	**264**	**266**	**2**	**2**

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.

Expenses paid to bailiffs in the Netherlands for collection cases can in some cases be recovered from the bailiffs if the collection measures fail. When it emerges that Intrum Justitia is entitled to request that the amount be returned from the enforcement authorities, the amount is moved from Outlays on behalf of clients, to To be recovered from bailiffs.

NOTE 19

PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
SEK M	2012	2011	2012	2011
Prepaid rent	14	17	0	1
Prepaid insurance premiums	3	5	0	2
Prepaid expenses for purchased debt	21	13	0	0
Accrued income	51	49	1	0
Derivatives with positive value	32	9	32	9
Other	22	26	3	2
Carrying values	**143**	**119**	**36**	**14**

NOTE 20

LIQUID ASSETS

	Group		Parent Company	
SEK M	2012	2011	2012	2011
Cash and bank	336	591	21	272
Restricted bank accounts	13	34	0	0
Total	**349**	**625**	**21**	**272**

NOTE 21

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.

Note 21 cont.

Changes in share capital	2012 Number of shares	2012 Share capital (SEK)	2011 Number of shares	2011 Share capital (SEK)
Opening balance	79,744,651	1,594,893.02	79,994,651	1,599,893.02
Canceled shares (treasury holdings)	–	–	–250,000	–5,000.00
Closing balance	**79,744,651**	**1,594,893.02**	**79,744,651**	**1,594,893.02**

Share repurchase

In 2008, 250,000 shares were repurchased for SEK 26 M to guarantee future payment consequences in connection with the Group's Performance-Based Share Program. The repurchased shares were canceled in 2011, reducing share capital by SEK 5,000.

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 programs. Also included are share premiums paid in connection with new issues.

Reserves

Refer exclusively to the translation reserve, which contains all exchange rate differences that have, since the transition to IFRS in 2004, arisen in the translation of financial reports 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 since 2009, 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. Dividends paid and share repurchases are deducted from the amount.

Following the balance sheet date the Board of Directors proposed a dividend of SEK 5.00 per share, or a total estimated payout of SEK 399 M.

In 2012, a share dividend of SEK 4.50 per share was paid, corresponding to a total payout of SEK 359 M.

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 profit distributions.

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.

Retained earnings

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 totaled SEK 3,021 M (2,813).

The measure used to monitor the company's capital structure is the debt/equity ratio, defined as the sum of interest-bearing liabilities and pension provisions less liquid assets and interest-bearing receivables, divided by equity including non-controlling interests. The Board of Directors has established financial objectives for the Group, where one of the restrictions is that the debt/equity ratio may not exceed 150 percent over the long term. There is also an external limit in the form of one of the covenants in the Group's main loan facility, which requires that the debt/equity ratio not exceed 175 percent.

At the end of the year, the debt/equity ratio was 107 percent (96).

NOTE 22

PENSIONS

Employees in Intrum Justitia's companies are covered by various pension benefits. Some are defined benefit plans and are fully financed through assets administered by fund managers.

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. Defined benefit pension plans are used by the Group's companies in France, Italy, Norway and Germany. Employees in these countries account for a total of 26 (27) percent of the entire Group's personnel. The pension plan in Norway is a funded obligation insured with the Norwegian insurance company Storebrand. Other pension plans are not funded.

Provisions for pensions at year-end can be sub-divided into the following components:

					Group
SEK M	2012	2011	2010	2009	2008
Present value of fully or partly funded obligations	74	70	74	39	37
Fair value of plan assets	–65	–64	–67	–40	–37
Surplus/deficit in the plan	**9**	**6**	**7**	**–1**	**0**
Present value of unfunded obligations	38	39	27	33	32
Present value of net obligation	**47**	**45**	**34**	**32**	**32**
Unrecognized actuarial gains/losses	–1	1	–2	7	7
Provisions for pensions	**46**	**46**	**32**	**39**	**39**

Reconciliation of fair value of assets under management:

		Group
SEK M	2012	2011
Opening balance	64	67
Expected return on plan assets	3	3
Actuarial gains and losses	–2	–4
Fees paid, funded obligations	2	0
Pensions paid, funded obligations	–2	–2
Closing balance	**65**	**64**

The change in balance sheet item Provisions for pensions is specified as follows:

		Group
SEK M	2012	2011
Opening balance	46	32
Pension cost recognized in the income statement	5	8
Fees paid	–2	–1
Pensions paid	–2	–2
Pension provisions in acquired operations	–	9
Translation differences	–1	0
Closing balance	**46**	**46**

Note 22 cont.

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

	Group	
SEK M	2012	2011
Costs for employment in current period	5	7
Interest expense for obligation	4	4
Expected return on plan assets	–3	–3
Recognized actuarial gains and losses	–1	0
Total pension cost recognized in the income statement	**5**	**8**

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

	Group	
SEK M	2012	2011
Discount rate as of December 31	2.2–4.6%	3.0–4.6%
Expected rate of increase in compensation	2.0–3.3%	2.0–4.0%
Expected return on plan assets as of December 31	2.2%	4.6–4.8%
Expected pension increases	2.0–5.0%	0.7–5.0%
Future adjustment to social security base	3.0–4.2%	3.7–4.2%

The Group also finances a number of defined contribution plans, The consolidated costs for these amounted to SEK 81 M (77).

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 pension commitment corresponds to a share of Storebrand's total investment assets, which consist of bonds (61 percent), equities (17 percent), real estate (15 percent) and others (7 percent). During the year Intrum Justitia paid SEK 2 M (0) to the plan, while disbursements to retirees amounted to SEK 2 M (2). In 2013 payments to the plan are estimated at SEK 2 M, with disbursements to retirees of SEK 2 M.

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 3, 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 129 percent (113). 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.

For the group's personnel in Belgium there are also pension plans that are secured by means of insurance solutions and that should possibly have been reported as defined benefit plans had the company had access to information that would have made that possible.

NOTE 23

OTHER PROVISIONS

	Group	
SEK M	2012	2011
Opening balances	11	26
Provisions for the year	0	5
Amounts utilized during the year	–8	–7
Unutilized amounts reversed during the year	0	–15
Translation differences	0	2
Closing balances	**3**	**11**

	Group	
SEK M	2012	2011
Of which long-term provisions	3	3
Of which short-term provisions	0	8
Total provisions	**3**	**11**
Of which attributable to United Kingdom	3	10
Of which attributable to Belgium	0	1
Total provisions	**3**	**11**

Long-term provisions are expected to be settled later than in 2013.

The provisions in the UK pertain to rent and costs for returning the company's former premises to their original condition. These were partly reversed in 2011 when the rental contract was taken over by a new tenant. However, Intrum Justitia is guaranteeing the new tenant's contractual obligations.

The provisions in Belgium pertained to personnel layoffs and other restructuring costs decided on by Solutius NV prior to Intrum Justitia's acquisition of the company in 2008.

NOTE 24

BORROWING

	Group		Parent Company	
SEK M	2012	2011	2012	2011
Long-term liabilities				
Bank loans	1,667	2,588	1,667	2,588
Bond loan	970	–	970	–
Current liabilities				
Commercial papers	606	617	606	617
Bank overdraft facilities	48	5	43	–
Other current bank loans	195	–	–	–
Total	**3,486**	**3,210**	**3,286**	**3,205**

Intrum Justitia AB signed a five-year syndicated loan facility totaling SEK 4,000 M with Nordea Bank AB and Swedbank on December 16, 2011. The loan limit of SEK 4,000 M can be utilized for borrowing in a number of different currencies.

In March 2012, Intrum Justitia AB issued bonds for SEK 1,000 million (0) within the framework of its MTN program. In connection with the issue, the company elected to swap this issue to EUR by means of a cross currency basis swap in accordance with the company's policy for the hedging of its equity in foreign currency.

In June 2012, Intrum Justitia also signed a three-year bilateral loan facility of SEK 1,000 M with Swedbank.

On December 31, 2012, the loan framework had been utilized for loans in CHF totaling CHF 26 M (26), in EUR totaling EUR 115 M (271), in NOK totaling NOK 125 M (0) and in PLN totaling PLN 178 M (0). The unutilized portion of the facility amounted to SEK 3,303 M (1,383).

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, 2012, 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 2012, Intrum Justitia also issued commercial papers that, at the end of the year, amounted to SEK 606 M (617).

Note 24 cont.

SEK M	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Maturities of long-term borrowings				
Between 1 and 2 years	–	–	–	–
Between 2 and 3 years	938	–	938	–
Between 3 and 4 years	–	–	–	–
Between 4 and 5 years	1,699	2,588	1,699	2,588
Total	**2,637**	**2,588**	**2,637**	**2,588**
Unused lines of credit excluding guarantee facility				
Expiring within one year	–	–	–	–
Expiring beyond one year	3,303	1,383	3,303	1,383
Total	**3,303**	**1,383**	**3,303**	**1,383**

NOTE 25

ACCRUED EXPENSES AND PREPAID INCOME

SEK M	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Accrued social security expenses	44	46	8	7
Accrued vacation pay	86	88	8	6
Accrued bonus cost	86	84	15	16
Prepaid subscription income	37	40	–	–
Provisions for losses on payment guarantees	17	17	–	–
Accrued interest	32	18	31	17
Provision for closure of operations in Lithuania and Latvia.	–	8	–	–
Provision for expenses to pay to bailiffs in the Netherlands	24	24	–	–
Other accrued expenses	189	180	15	13
Total	**515**	**505**	**77**	**59**

NOTE 26

PLEDGED ASSETS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

SEK M	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Pledged assets				
Deposits	2	2	–	–
Restricted bank accounts	13	34	–	–
Total	**15**	**36**	**–**	**–**
Contingent assets	**None**	**None**	**None**	**None**
Contingent liabilities				
Payment guarantees	1,526	1,572	–	–
Guarantee undertaking	86	96	86	90
Tax disputes	110	113	19	19
Total	**1,722**	**1,781**	**105**	**109**

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, for a fee, obtain a guarantee 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. However, in some cases there is a possibility for Intrum Justitia to require compensation from the client in the form of price adjustments in the event of decreased credit worthiness. 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 1,526 M (1,572), of which receivables overdue by more than 30 days amounted to SEK 2 M (2). 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 17 M (17) in the balance sheet to cover payments that may arise due to the guarantee.

Guarantee undertaking

Intrum Justitia has issued guarantees for external bank loans for a small number of partners.

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 tax surcharge of SEK 19 M in 2011. Intrum Justitia takes the view, however, that its tax returns contained no misstatements and that the conditions for a tax surcharge have therefore not been met. The Company has therefore appealed the decision regarding the tax surcharge. In October, the Administrative Court ruled in accordance with the Swedish National Tax Board's motion and the Company has now appealed this ruling to the Administrative Court of Appeal.

In connection with a tax audit in Belgium in 2011, the company's right to make notional interest deductions was brought into question. The company is discussing the matter with the tax authorities but risks, in the worst-case scenario, being liable to pay additional tax for 2008 and 2009 as well as a tax surcharge and interest totaling SEK 91 M. In the opinion of the company, the tax authorities' assessment is incorrect since it refers to legal cases regarding situations different from that at hand. Consequently, Intrum Justitia has not made any provisions for additional taxes.

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 cost.

NOTE 27

AVERAGE NUMBER OF EMPLOYEES

	Group				of which the Parent Company			
	2012		2011		2012		2011	
	men	women	men	women	men	women	men	women
Belgium	37	66	38	71	–	–	–	–
Denmark	22	46	18	42	–	–	–	–
Estonia	6	26	7	27	–	–	–	–
Finland	105	258	112	296	–	–	–	–
France	151	345	142	351	–	–	–	–
Ireland	16	38	20	35	–	–	–	–
Italy	50	106	21	62	–	–	–	–
Latvia	55	11	20	18	–	–	–	–
Lithuania	1	3	3	11	–	–	–	–
Netherlands	190	128	164	123	–	–	–	–
Norway	39	67	62	89	–	–	–	–
Poland	115	226	106	162	–	–	–	–
Portugal	17	60	18	59	–	–	–	–
Switzerland	117	86	109	92	–	–	–	–
Slovakia	21	38	20	34	–	–	–	–
Spain	62	219	65	209	–	–	–	–
UK	0	2	14	11	–	–	–	–

Note 27 cont.

	Group				of which the Parent Company			
	2012		2011		2012		2011	
	men	women	men	women	men	women	men	women
Austria	12	30	7	25	–	–	–	–
Czech Republic	15	19	17	22	–	–	–	–
Germany	47	92	55	103	–	–	–	–
Hungary	35	70	28	64	–	–	–	–
Sweden	170	266	139	240	13	27	13	12
Total	**1,283**	**2,202**	**1,185**	**2,146**	**13**	**27**	**13**	**12**
		3,485		**3,331**		**40**		**25**

Of the Group's employees 31 percent are younger than 30 years old, 35 percent are 30–39 years, 22 percent are 40–49 years and 11 percent are 50 years or older.

	2012		2011	
	men	women	men	women
Gender distribution of senior executives				
Board of Directors	5	2	5	2
Group Management Team	10	1	9	–
Country Managers	13	3	12	3
Board members in subsidiaries (percent)	95	5	94	6

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

NOTE 28

SALARIES AND OTHER REMUNERATION

	Group		Parent Company	
SEK M	**2012**	**2011**	**2012**	**2011**
Salaries and other remuneration to Board members, Presidents and Executive Vice Presidents	69	59	14	11
Salaries and other remuneration to other employees				
Northern Europe	456	470	–	–
Central Europe	235	227	–	–
Western Europe	378	383	–	–
Head offices and central operations	80	66	45	43
Total salaries and other remuneration, Group	**1,218**	**1,205**	**59**	**54**
Social security costs	354	318	29	26
Of which pension costs	108	86	10	10
Total	**1,572**	**1,523**	**88**	**80**

Salaries and other remuneration in the Group also include remuneration in forms other than cash payments, such as benefits including 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 29.

NOTE 29

TERMS AND CONDITIONS OF EMPLOYMENT FOR SENIOR EXECUTIVES

Remuneration principles for senior executives

The 2012 Annual General Meeting adopted the following principles of remuneration for senior executives. The guidelines apply to the President and the members of the Group Management Team. The proposal has been prepared by the Board and its Remuneration Committee.

Intrum Justitia's success depends upon the commitment and professionalism of its staff. Total remuneration shall be competitive within each market where Intrum Justitia operates to attract, motivate and retain highly skilled employees. Individual remuneration levels shall be based on competence, responsibility and performance.

Total remuneration can be based on four main components: base salary, short- and long-term variable salary programs and pension benefits. Other benefits, such as a company car, may be offered as well.

The base salary depends on the complexity of the work and the individual's performance and competence. Variable remuneration is subject to a predetermined ceiling. Moreover, the balance between short- and long-term variable salary programs shall be such that the former may not constitute more than 50 percent of the total outcome of outstanding variable salary programs for the year. Deviations exist in the case of a few older employment contracts.

Short-term variable salary

Short-term variable salary is determined one year at a time and is conditional on the achievement of certain pre-set targets. Such targets may be both individual and general, as well as qualitative and quantitative. The targets are to be agreed in writing.

Examples of targets include profitability-based and discretionary-based targets related to the ongoing strategic transformation.

The one-year variable salary component helps to reduce the share of fixed costs and focuses efforts on areas of operations that the Board wishes to prioritize.

Short term variable salary may not exceed 50 percent of fixed base salary. Deviations exist in the case of a few older employment contracts.

Long-term variable salary

The goal of Intrum Justitia's long-term variable salary programs is to encourage participants, whose efforts are deemed to have a direct impact on the company's results, profitability and value growth, to improve their performance, by aligning their long-term interests and perspective with those of shareholders. The aim is also to create a long-term commitment to Intrum Justitia, to reinforce a holistic view of the company and to offer participants an opportunity to share in Intrum Justitia's long-term success and value creation. A further goal is to reduce the proportion of fixed costs.

Long-term variable salary programs salary programs are to be performance-based. The maximum pay-out shall be limited to a certain percentage of the participant's fixed annual salary at the time at which the program was implemented – 150 percent for the CEO and President and 50 percent for other members of the Group Management Team.

Other

New pension plans shall be premium based with the pensionable portion of the individual's salary being capped.

In the event of termination by Intrum Justitia, a maximum of 12 months' severance pay shall apply (if at all). Deviations exist in the case of a few existing employment contracts.

The Board of Directors shall have the right to depart from the established principles if there is particular justification for doing so in individual cases.

Remuneration and benefits during the year

Remuneration for the CEO and President and other senior executives consists of a base salary, variable compensation, other benefits and pensions. No share-based remunerations were paid in 2011 or 2012.

The group of other senior executives have changed over the years and refers in the table below for 2011 to Johan Brodin (November–December), Per Christofferson, Erik Forsberg (November–December), Thomas Hutter, Kari Kyllönen, Pascal Labrue, Bengt Lejdström, Gijsbert Wassink and Rickard Westlund. For 2012 it included the following: Annika Billberg (June–December), Johan Brodin, Per Christofferson, Jean-Luc Ferraton (May–December), Erik Forsberg, Jan Haglund (October–December), Kari Kyllönen, Pascal Labrue, Harry Vranjes (May–December), Gijsbert Wassink (January–April) and Rickard Westlund. Amounts given correspond to full compensation for the relevant year, including earned but not yet paid variable remuneration for the relevant year.

Pension benefits and other benefits to the CEO and other senior executives are included as a part of the total compensation.

Note 29 cont.

SEK thousands	2012	2011
Board fees		
Lars Lundquist, Chairman	840	850
Matts Ekman	540	500
Helen Fasth Gillstedt	395	375
Joakim Rubin	390	400
Charlotte Strömberg	320	350
Fredrik Trägårdh	395	375
Joakim Westh	320	350
Total Board fees	**3,200**	**3,200**
Senior executives		
Lars Wollung, President & CEO		
Basic salary	4,920	3,420
Variable compensation	2,123	1,828
Other benefits	98	102
Pension costs	1,751	2,737
Total Lars Wollung	**8,892**	**8,087**
Other senior executives (nine individuals for 2011 and eleven individuals for 2012)		
Basic salary	21,791	17,023
Variable compensation	8,037	8,314
Other benefits	1,141	972
Pension costs	3,844	3,637
Total other senior executives	**34,813**	**29,946**

Board fees pertain to the period from the 2011 Annual General Meeting until the 2012 Annual General Meeting and from the 2012 Annual General Meeting until the 2013 Annual General Meeting respectively.

Remunerations to other senior executives refer to compensation for the full-year to those who were senior executives at the end of the relevant year and those who were senior executives for part of the relevant year.

Board of Directors

In accordance with the Annual General Meeting's resolution, total fees paid to Board members for the year, including for committee work, amounted to SEK 3,200,000. Board fees are distributed between Directors as determined by the AGM according to the proposal of the Nomination Committee. The Directors have no pension benefits or severance agreements.

CEO and President

In accordance with the currently applicable employment agreement with CEO and President Lars Wollung as of February 1, 2009, he receives a fixed annual salary of SEK 4,920,000. In 2011, by declining a portion of his gross salary, he transferred SEK 1,128,000 from cash salary to pension insurance premiums. In addition, he has the opportunity to receive variable compensation up to 200 percent of his base salary, 50 percent within the framework of the annual variable salary program and 150 percent within the framework of the long-term incentive program.

In addition to his fixed and variable compensation, Lars Wollung receives a company car in accordance with the Group's policy. The company pays pension insurance premiums corresponding to 35 percent of his fixed annual salary. The notice of termination for Lars Wollung is six months if the termination is initiated by him and twelve months if it is initiated by the company. If the termination is initiated by the company he is also entitled to another twelve months compensation.

Other senior executives

All senior executives receive a fixed annual salary and variable compensation. The latter is based on the results achieved in their area of responsibility, the Group's operating earnings and individual performance objectives.

As noted above, management's variable compensation is currently based on two incentive plans, one short-term and one long-term. The former entails an annual bonus opportunity for senior executives, who are eligible to receive a maximum of 50 percent of a year's salary in variable compensation (a higher proportion occurs in certain older employment agreements). The long-term incentive plan gave senior executives the opportunity to receive a maximum of 50 percent of their annual salary in the form of cash compensation. Both forms of variable compensation depend on the extent to which predetermined targets are met. The targets have been set high for both incentive plans, especially the long-term plan. Regional managers generally have performance objectives where 80 percent of their variable short-term compensation is based on the region's operating earnings and 20 percent on the Group's operating targets.

The Long Term Incentive program was introduced in 2008. The program is based on average growth in earnings per share (EPS) during three consecutive calendar years.

The notice of termination for members of Group Management Team varies from two to twelve months, regardless of whether termination is initiated by the employee or the company.

Pension benefits vary from country to country. In several cases, they are included in monthly salaries. The majority of the senior executives are entitled to retire at age 65. All pension benefits are defined contribution.

Incentive programs

The Group has previously had an employee stock option program and a performance-based share program. Neither of these was in effect in 2011 or 2012.

Decision-making process

The Board of Directors has appointed a Remuneration Committee to handle compensation issues, primarily as regards the CEO and President and Group Management Team. The committee is comprised of three members, who during the year were Lars Lundquist (Chairman), Matts Ekman and Joakim Rubin. The CEO and President and the company's HR Director are co-opted to the committee's meetings, though not when their own remuneration is discussed.

NOTE 30

AUDITOR'S FEES

	Group		Parent Company	
SEK M	2012	2011	2012	2011
Audit assignments				
Ernst & Young	6	0	1	0
KPMG	1	9	0	1
Other assignments				
Ernst & Young review activities beyond the audit assignment	1	0	0	0
KPMG review activities beyond the audit assignment	0	0	0	0
KPMG tax advice	1	2	0	1
KPMG other assignments	1	3	0	0
Audits and other assignments, other auditors	2	0	1	0
Total	**12**	**14**	**2**	**2**

NOTE 31

OPERATIONAL LEASING

	Group		Parent Company	
SEK M	2012	2011	2012	2011
Obligations for rental payments on non-cancelable rental contracts				
Year 1	114	125	1	3
Years 2–4	244	233	1	1
Year 5 and thereafter	87	46	0	0
Total	**445**	**404**	**2**	**4**

Lease costs for operational leases amounted to SEK 118 M (124) during the year, of which SEK 3 M (3) in the Parent Company. Operating leasing primarily refers to offices for the Group's operations in the countries. No single lease is of material significance to the Group in terms of amount.

NOTE 32

FINANCIAL LEASING

SEK M	Group 2012	2011
Minimum lease payments and their present value		
Within one year	1	0
Later than one but within five years	0	0
Later than five years	0	0
Total	**1**	**0**

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

NOTE 33

INVESTING COMMITMENTS

Commitments to acquire fixed assets amounted to SEK 18 M (0) at year-end.

NOTE 34

FINANCIAL INSTRUMENTS

The total recognized value of consolidated financial assets amounted to SEK 5,521 M (5,056) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable amounted to SEK 5,489 M (5,047) and financial assets recognized at fair value via the income statement amounted to SEK 32 M (9).

The total recognized value of the Parent Company's financial assets amounted to SEK 3,500 M (3,707) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable amounted to SEK 3,468 M (3,698) and financial assets recognized at fair value via profit or loss amounted to SEK 32 M (9).

The total recognized value of consolidated financial assets amounted to SEK 5,059 M (4,705) on the balance sheet date. Financial liabilities recognized at amortized cost amounted to SEK 5,056 M (4,704) and financial liabilities recognized at fair value amounted to SEK 3 M (1).

The total recognized value of the Parent Company's financial liabilities amounted to SEK 5,740 M (5,603) on the balance sheet date. Financial liabilities recognized at amortized cost amounted to SEK 5,737 M (5,602) and financial liabilities recognized at fair value amounted to SEK 3 M (1).

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 the best 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 4,071 M (3,229). An account of purchased debt by year acquired is provided in Note 36.

Accounts receivable

Accounts receivable are recognized at amortized cost with no discount being applied since the remaining maturity is judged to be short. Accounts receivable amounted to SEK 264 M (266) 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 837 M (936) on the balance sheet date. The item includes forward exchange contracts valued at SEK 32 M (9), which are classified as assets measured at fair value in the income statement (held for sale). The remaining SEK 805 M (927) is classified as loan receivables.

For the Parent Company, other receivables, including receivables from Group companies, amounted to SEK 3,479 M (3,435). The item includes forward exchange contracts valued at SEK 32 M (9), which are classified as assets measured at fair value in the income statement (held for sale). The remaining SEK 3,447 M (3,425) 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 loan receivables and amounted at year-end to SEK 349 M (625). For the Parent Company, the corresponding amount was SEK 21 M (272) 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 1,910 M (2,593) and for the Parent Company they amounted to SEK 1,667 M (2,588).

Commercial papers

The Parent Company and the Group had commercial papers outstanding for a value of SEK 606 M (617) 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 142 M (133). For the Parent Company, the equivalent amounts were SEK 5 (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 1,431 M on the balance sheet date (1,363). The item includes forward exchange contracts for SEK 3 M (1), recognized at fair value in the income statement (held for sale). Other liabilities, excluding these forward exchange contracts amounted to SEK 1,428 M (1,362).

For the Parent Company, other liabilities amounted to SEK 2,492 M (2,393) on the balance sheet date and included liabilities to Group companies and accrued expenses. Forward exchange contracts are recognized at fair value in the income statement (held for sale) and amounted to SEK 3 M (1). Other liabilities, excluding these forward exchange contracts amounted to SEK 2,489 M (2,392).

NOTE 35

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 our Credit Management operations are relatively low. The purchased debt operations have a considerably 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 tem-

Note 35 cont.

porary 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 Swedish kronor (SEK), are euro (EUR), Swiss francs (CHF), Polish zloty (PLN), and Norwegian kroner (NOK).

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

Currency	31 Dec 2012	31 Dec 2011	Average 2012	Average 2011
EUR	8.62	8.95	8.71	9.03
CHF	7.13	7.36	7.22	7.35
PLN	2.11	2.04	2.08	2.20
NOK	1.17	1.15	1.16	1.16

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 revenues 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. Revenues 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 the Group's revenues 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	2012	2011
SEK	690	657
EUR	2,127	2,230
CHF	486	473
PLN	273	138
NOK	215	195
Other currencies	265	257
Total	**4,056**	**3,950**

An appreciation of the Swedish krona of 10 percentage points on average in 2012 against the Euro would thus have affected revenues by SEK –213 M, against CHF by SEK –49 M, against GBP by SEK –27 M and against NOK by SEK –22 M.

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

SEK M	2012	2011
SEK	906	910
EUR	3,011	3,092
– less EUR hedged through foreign currency loans	–1,726	–1,862
CHF	295	296
– less CHF hedged through foreign currency loans	–168	–293
PLN	795	222
– less PLN hedged through foreign currency loans	–448	–
NOK	273	242
– less NOK hedged through foreign currency loans	–146	–
Other currencies	229	206
Total	**3,021**	**2,813**

An appreciation of the Swedish krona of 10 percentage points as per 31 December 2012 against the Euro would have affected shareholders' equity in the Group with SEK –129 M, against CHF with SEK -13 M, against PLN with SEK –35 M and against NOK with SEK –13 M.

Regarding the currency risk associated with the bond loan held by the Group, please see the description given below under Interest rate risks.

Interest rate risks

Interest rate risks relate primarily to the Group's interest-bearing net debt, which amounted to SEK 3,220 M (2,692) on December 31, 2012. 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 or investing in overdue receivables. The Group's loans have short fixed interest terms – currently about eight months for the entire loan portfolio.

A one-percent increase in market interest rates would have adversely affected net financial items by approximately SEK 30 M. A five-percent increase would have adversely affected net financial items by SEK 148 M.

In 2012, the Parent Company issued bonds for SEK 1,000 M (reported debt of SEK 970 M on the balance sheet date). To achieve suitable currency matching in the balance sheet and thus manage the currency risk between assets and liabilities, the Company used exchange 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 costs to ensure the Group's ability to fulfill 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.

Since 2011 the Group has a syndicated loan facility of SEK 4,000 M from Nordea and Swedbank. The maturity structure of the existing loan facility of SEK 4,000 billion has been adjusted from maturing in its entirety in April 2016, to SEK 1,000 M maturing in 2015, SEK 2,000 M in 2016 and SEK 1,000 M in 2017. In 2012, this loan was also extended with a three-year facility of SEK 1,000 M, maturing in June 2015.

While available, the facility was utilized by the Parent Company, which withdrew amounts in various currencies, with short maturities, usually SEK, EUR or CHF and usually with maturities of three to six months. The loan was carried partly 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 conditions, including limits on certain key financial indicators such as debt divided by shareholders' equity and debt divided by the operating

Note 35 cont.

result before depreciation and amortization. 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.

During the year, an bond program (Medium Term Note) for SEK 3,000 M was signed, with the Parent Company issuing SEK 1,000 M over five years at 310 bps.

Intrum Justitia has also issued a commercial paper, that at year-end amounted to SEK 606 M (617).

The Group's aim is that the liquidity reserve, which consists of cash, bank balances, short-term liquid investments and the unutilized portion of committed lines of credit, amounts to at least SEK 100 M. 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. The amounts falling due within 12 months agree with the carrying amounts since the discount effect is negligible.

Financial liabilities in the balance sheet – Group SEK M	Within one year	2–5 years	Later than 5 years	Total
Dec 31 2012				
Accounts payable and other liabilities	1,357	217		1,574
Liabilities to credit institutions	243	1,667		1,910
Bond loan		970		970
Commercial papers	606			606
Total	**2,206**	**2,854**	**0**	**5,060**
Dec 31 2011				
Accounts payable and other liabilities	1,434	61		1,495
Liabilities to credit institutions	5	2,588		2,593
Commercial papers	617			617
Total	**2,056**	**2,649**	**0**	**4,705**

Financial liabilities in the balance sheet – Parent Company SEK M	Within one year	2–5 years	Later than 5 years	Total
Dec 31 2012				
Accounts payable and other liabilities	127			127
Liabilities to credit institutions		1,667		1,667
Bond loan		970		970
Commercial papers	606			606
Liabilities to Group companies	1,194	1,176		2,370
Total	**1,927**	**3,813**	**0**	**5,740**
Dec 31 2011				
Accounts payable and other liabilities	66			66
Liabilities to credit institutions		2,588		2,588
Commercial papers	617			617
Liabilities to Group companies	1,114	1,219		2,333
Total	**1,797**	**3,807**	**0**	**5,604**

Credit risks

Credit risk consists of the risk that Intrum Justitia's counterparties are unable to fulfill 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 3 percent of revenues. Most accounts receivable outstanding are with customers previously known to the Group and whose creditworthiness is good. For an analysis of past-due accounts receivable by age, see Note 17.

Purchased debt

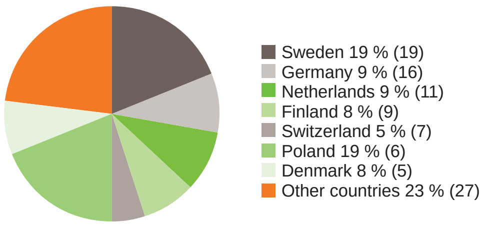
As part of its operations, Intrum Justitia acquires portfolios of consumer receivables and tries to collect them. Unlike its conventional collection operations where Intrum Justitia works on behalf of clients in return for commissions and fees, in this case it assumes all the rights and risks associated 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 the costs of collection. The maximum theoretical risk is of course that the entire carrying value of SEK 4,071 M (3 229) 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 7,200. 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 profits. Such alliances have been in place with Crédit Agricole since 2002, with Goldman Sachs sedan 2003 and with East Capital since 2010.

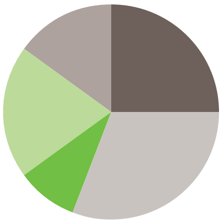
A considerable proportion of purchased debt acquisitions take place through forward flow agreements – that is, Intrum Justitia may have previously agreed with a company to acquire all of that company's accounts receivable at a certain percentage of their nominal value once they are past-due by a certain 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 reported value of the Group's purchased debt is distributed as follows:



Note 35 cont.

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



Of the total carrying value on the balance sheet date, 39 percent represents portfolio acquisitions in 2012, 25 percent acquisitions in 2011, 11 percent acquisitions in 2010, and 5 percent acquisitions in 2009. The remaining 20 percent relates to receivables acquired in or before 2008, 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 credit risk in the Group's forward exchange contracts is because the counterparty generally is a large bank or financial institution that is not expected to become insolvent. On the balance sheet date, forward exchange contracts amounted to SEK 32 M (9).

Derivatives

In 2012, both the Parent Company and the Group held cross currency basis swaps that were signed in connection with the Parent Company's issue of bonds denominated in SEK. To achieve suitable currency matching in the balance sheet and thus manage the currency risk between assets and liabilities, the liability in SEK was exchanged into EUR at the same rate on both the starting date and the date of maturity.

Currency	Local currency, buy	Hedged amount, sell
CHF	14,161,676	–12,437,183
CZK	–	–154,375,668
DKK	2,128,498	–292,519,703
EUR	14,026,472	–5,048,168
GBP	4,454,066	–11,247,649
HUF	–	–4,959,566,106
LTL	–	–106,673
LVL	–	–458,527
NOK	103,650,164	–2,593,557
PLN	–	–12,547,619

Forward exchange contracts are classified as financial assets measured at fair value in the income statement (held for sale). The carrying value at year-end corresponds to a net fair value of SEK 29 M (8). Changes in the value of forward exchange contracts recognized during the year in the income statement amounted to SEK 11 M (19). 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 –15 M (–13) during the year. The net effect through profit or loss of exchange rate differences attributable to receivables and liabilities as well as forward exchange contracts is SEK –4 M (6).

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. However, in some cases there are possibilities for Intrum Justitia to require compensation from the client in the event of decreased credit quality. 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 1,526 M (1,572), of which receivables overdue by more than 30 days amounted to SEK 2 M (2). 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 17 M (17) in the balance sheet to cover payments that may arise due to the guarantee.

NOTE 36

ACQUISITIONS OF OPERATIONS

Buckaroo BV, etc.

On January 31, 2012, Intrum Justitia entered an agreement to acquire 100 percent of the shares in the Dutch company Buckaroo BV, a supplier of invoicing and payment solutions with several value-adding services particularly for e-trading customers, and a few small companies. The aquisition enables futher growth for Intum Justitia within the growing e-commerce segment as the service offering to the company's client's is broadened with payment solutions. The purchase consideration paid in connection with the finalization of the transaction on January 31, 2012 amounted to SEK 72 M. The agreement also allows for an additional purchase consideration of up to EUR 32 M in 2013–2015, which is to be paid if certain financial targets are achieved.

The acquired operations are consolidated effective from February 2012 and have contributed to consolidated revenues with SEK 59 M and to the consolidated operating result with SEK 11 M. If the acquisition would have been executed by January 1, it would have contributed to revenues with SEK 64 M and to the operating result with SEK 12 M.

The acquisition is reported in accordance with the following:

	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Intangible fixed assets	5	27	32
Tangible fixed assets	1		1
Current assets	3		3
Liquid assets	3		3
Deferred tax liability	0	–7	–7
Current liabilities	–3		–3
Net assets	**9**	**20**	**29**
Goodwill			224
Debt to sellers			–181
Purchase consideration paid			–72
Liquid assets (acquired)			3
Net effect on cash and equivalents			–69

Translations costs for the acquisition amounted to SEK 4 M, reported among the Group's administrative expenses.

The purchase price that was paid when the closing of the deal amounted to SEK 72 M. Further to that the agreement includes a possible earn-out payment of up to EUR 32 M in 2013–2015, that will be paid out if certain financial targets are achieved. The majority of the potential earn-out will in such case be paid out in 2015.

The reported goodwill is attributable to synergies.

Note 36 cont.

LDF65 sarl and Inca sarl

Intrum Justitia owned 35 of two joint ventures, LDF65 sarl and Inca sarl since 2007. The operations in LDF65 comprise ownership of purchased debt portfolios and the operations in Inca comprise the financing of LDF65. On October 30, 2012, Intrum Justitia acquired the remaining 65 percent of the shares in these companies and they have been consolidated as subsidiaries effective from November 2012.

	Carrying amount before the acquisition 65%	Fair value adjustment	Consoli-dated fair value
Purchased debt	165	2	167
Other receivables	77		77
Liquid assets	39		39
Deferred tax liability	–2		–2
Current liabilities	–52		–52
Net assets	**227**	**2**	**229**
Purchase consideration paid			–39
Liquid assets acquired			39
Net effect on liquid assets			0
Debt to sellers (bank loan)			–190

In the cash flow analysis, the amount of SEK 167 M is reported as purchased debt acquisitions.

The item Other long-term liabilities in the consolidated balance sheet for the Group includes the net present value of the expected earn-out payment for the shares in Buckaroo B.V. with SEK 180 (0) M.

NOTE 37

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:

Impairment testing of goodwill

As indicated in Note 10, an impairment test of goodwill was done prior to the preparation of the annual accounts. The geographical regions are judged to achieve a sufficient degree of integration that they form combined cash generating units. Recoverable amounts for cash generating units have been established by calculating their value in use. The assumptions and assessments made with regard to expected cash flows and discount rates in the form of weighted average cost of capital, as well as a sensitivity analysis are detailed in Note 10. Projections of future cash flows are based on the best possible assessments of future revenues and operating expenses.

Purchased debt

As indicated in Note 15, the recognition of purchased debt is based on the company's own forecast of future cash flows from acquired portfolios. Although the company has historically had good projection 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 projections are only in exceptional cases adjusted in the first year of ownership of a portfolio. Furthermore, the decision to amend a cash flow projection 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 projections are ultimately decided on by a central 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 written-off receivables. 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 38

RELATED PARTIES

List of transactions with related parties.

	Group	
SEK M	**2012**	**2011**
Purchase of services		
Benno Oertig chairman in Stade de Suisse (sponsoring and conferences)	0	2
Total	**0**	**2**

In addition to associated companies and joint ventures, related parties include the Board of Directors and senior executives, according to Note 29, as well as close family members to these executives and other companies over which they can exert a significant influence.

Benno Oertig, former regional manager at Intrum Justitia, has been Chairman of Stade De Suisse Wankdorf Nationalstadion AG, Bern, which owns the football club BSC Young Boys Betrieb AG, a team sponsored by Intrum Justitia AG. In addition, the company arranges conferences and customer events on behalf of Intrum Justitia.

All transactions with related parties were made on market terms at arm's length.

While the Parent Company also is a related party to its subsidiaries, see Note 12, it has no transactions with other related parties.

Audit report

To the annual meeting of the shareholders of Intrum Justitia AB (publ), corporate identity number 556607-7581

REPORT ON THE ANNUAL AND CONSOLIDATED ACCOUNTS

We have conducted an audit of the annual accounts and the consolidated accounts of Intrum Justitia AB (publ) for the year 2012. The annual and consolidated accounts of the Company are included in the printed version of this document on pages 37–78.

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, 2012 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, 2012 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 2012.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT

The Board of Directors is responsible for the proposed appropriation of the Company's profit or loss, 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 27, 2013

Ernst & Young AB
Lars Träff
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 25 2012 the Nomination Comittee's proposal for the Board to consist of seven members and no deputies was adopted. Matts Ekman, Helena Fasth-Gillstedt, Lars Lundquist, Joakim Rubin, Charlotte Strömberg, Fredrik Trägårdh and Joakim Westh were re-elected. Lars Lundquist was re-elected as chairman of the board.

1. Lars Lundquist

Born 1948, Chairman

Chairman since April 2006. Mr. 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 Lung Foundation. Mr. Lundquist holds an M.Sc. in Economics from the Stockholm School of Economics and an MBA from the University of Wisconsin. No. of shares in Intrum Justitia: 25,000.

2. Matts Ekman

Born 1946

Director since 2007. Former Executive Vice President and CFO of the Vattenfall Group. He has also been CFO of the Electrolux Group. Mr. Ekman is Chairman of the trading house Ekman & Co and Carnegie Fonder AB and a Director of the board in Profoto AB, EMANI (Belgium) and Spendrup Invest. Mr. Ekman is a graduate engineer from Lund University and holds an MBA from the University of California, Berkeley. No. of shares in Intrum Justitia: 14,500.

3. Helen Fasth-Gillstedt

Born 1962

Director since 2005. Ms. Fasth-Gillstedt is President of Blong AB and has previously held various senior positions at the SAS airline and travel group and at the Norwegian oil company Statoil. She is a Director of AcadeMedia AB, Swedesurvey AB, Samhall AB and a member of Save the Children Sweden's Advisory Group. Ms. Fasth-Gillstedt holds an M.Sc. from the Stockholm School of Economics. No. of shares in Intrum Justitia: 2,000.

4. Joakim Rubin

Born 1960

Director since 2010. Joakim Rubin is a Senior Partner at CapMan Public Market Fund and part of Cap Man Plc's management team, as well as a Director of ÅF AB and B & B Tools. Between 1995 and 2008 Mr. Rubin held a number of positions at Handelsbanken Capital Markets, including Head of Corporate Finance and Debt Capital Markets. Mr. Rubin has an M.Sc. from the Institute of Technology at Linköping University. No. of shares in Intrum Justitia: 0.

5. Charlotte Strömberg

Born 1959

Director since 2009. Charlotte Strömberg is a Director of Castellum AB, 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, senior positions at Carnegie Investment Bank AB, including as Head of Investment Banking, and at Alfred Berg, ABN Amro. Ms. Strömberg holds an M.Sc. from the Stockholm School of Economics. No. of shares in Intrum Justitia: 3,000.

6. Fredrik Trägårdh

Born 1956

Director since 2009. Fredrik Trägårdh is the CEO of Net Insight AB and was formerly that company's CFO. Mr. Trägårdh has held positions as CFO at DaimlerChrysler Rail Systems GmbH, Berlin, and several management positions at ABB Financial Services in Sweden and Switzerland. Mr. Trägårdh holds an M.Sc. in Business Administration and International Economics from the Gothenburg School of Economics. No. of shares in Intrum Justitia: 0.

7. Joakim Westh

Born 1961

Director since 2011. Mr. Westh has been Senior Vice President at Ericsson with responsibility for strategy, purchasing and operational excellence, and Group Vice President at Assa Abloy. He was also previously a partner at management consultancy firm McKinsey & Co. He is a Director of Swedish Match AB, SAAB AB, Rörvik Timber AB and Absolent AB. Mr. Westh is a graduate engineer from the Royal Institute of Technology in Stockholm and the Massachusetts Institute of Technology (MIT). No. of shares in Intrum Justitia: 3,000.

AUDITOR

Lars Träff

Born 1954

Chief Auditor since 2012. Mr. Träff is an Authorized Public Accountant at the Ernst & Young firm of auditors. Other auditing assignments: Billerud-Korsnäs, Boliden, JM, Scania. No. of shares in Intrum Justitia: 0.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Directors' independence
All Directors are independent in relation to the Company, its management and in relation to the principal shareholders.

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, the Regional Managing Directors and the Managing Director Intrum Justitia Finance.

1. Lars Wollung

CEO & President

Born 1961. Mr. Wollung took up the position on February 1, 2009. He 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. He is Director of Sigma AB. 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. No. of shares in Intrum Justitia AB: 20,000.

2. 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 companies including EF Education. Forsberg holds a M.Sc. in Economics from the Stockholm School of Ecomnomics. No. of shares in Intrum Justitia AB: 0.

3. 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 and former employers include KPMG and ABB. 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. No. of shares in Intrum Justitia AB: 5,345.

4. Rickard Westlund

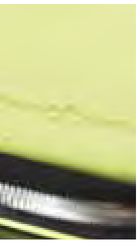
Regional Managing Director

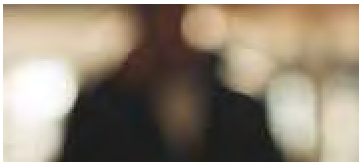
Born 1966. Mr. Westlund joined Intrum Justitia as Managing Director for Intrum Justitia Sverige AB in November 2009 and assumed the position as Regional Managing Director for Scandinavia and became the Regional Managing Director for Northern Europe in 2010. Mr. Westlund held several positions at Lindorff between 2006 and 2009 such as 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. No. of shares in Intrum Justitia AB: 0.

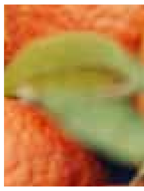
5. Kari Kyllönen

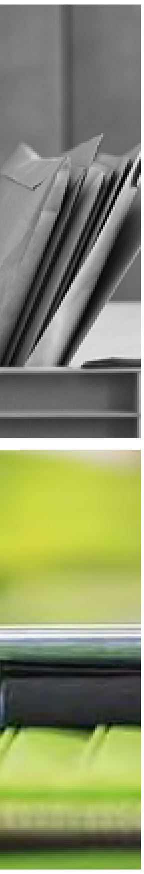
Group Director Purchased Debt

Born 1946. Mr. Kyllönen is from 24 April 2012 the Group Director Purchased Debt. Additionally, he works in Operational Excellence area for developing Group's business processes. He has been an employee since 1996, following the acquisition of Tietoperintä Oy in Finland, where he was CEO from 1987. Prior to that Mr. Kyllönen was an executive at Union Bank of Finland (Nordea FI). Previous to that he has been responsible for the Purchased Debt service line between 1999–2009 as well as in 2012. He holds a M.Sc. from Tampere University. No. of shares in Intrum Justitia AB: 132,718.









6. Johan Brodin

Chief Risk Officer

Born 1968. Mr Brodin joined as Chief Risk Office (CRO) in November 2011. Previous to that Johan Brodin was CRO at SBAB Bank. SBAB Bank has around 400 employees and is owned by the Swedish Government. The banks outstanding debt portfolio amounts to approximately SEK 250 billion. Johan Brodin has previously held different positions within risk control at Handelsbanken, as well as Management consultant within financial services at KPMG and Oliver Wyman. No. of shares in Intrum Justitia AB: 0.

7. Annika Billberg

IR & Communications Director

Born 1975. Annika Billberg joined as IR & Communications Director in June 2010. From June 2012, she is also reponsible for the unit Marketing. Previous to that she has worked as IR & Communications 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, from Jönköping International Business School. No. of shares in Intrum Justitia AB: 800.

8. 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. No. of shares in Intrum Justitia AB: 164,042.

9. 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. No. of shares in Intrum Justitia: 0.

10. 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 2001–2006. Mr Ferraton holds a M. Sc. in Economics at ESDES Lyon. No of shares in Intrum Justitia: 0.

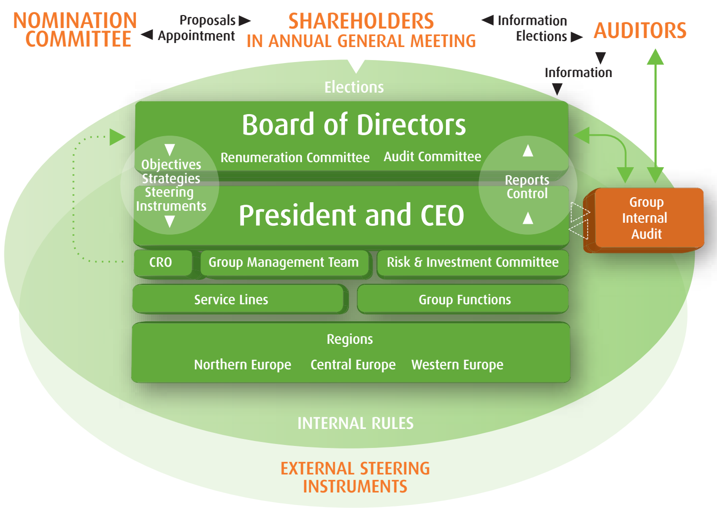
11. Jan Haglund

Managing Director
Intrum Justitia Finance

Born 1970. Mr Haglund was employed as Regional Financial Director Northern Region in March 2011 and from October 2012 he is the Managing Director of Intrum Justitia Finance. Previous to that Jan Haglund was Nordic Head of Banks and Head of Business Area at Entercard and Country Manager & Director at Santander Consumer Finance. Mr Haglund has an M.Sc in Business Administration, went to Law School at University of Minnesota and has a Master of Laws from Uppsala University. No. of shares in Intrum Justitia AB: 1,000.

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 OMX 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 2012. 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 OMX 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

The largest shareholder of Intrum Justitia, Fidelity Investment Management owned a little more than 10 percent of the total outstanding shares in the company at year end. All other share holders owned less than 10 percent of the shares. See also page 35.

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 25, 2012. 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 4.50 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 2011 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 authorize the Board of Directors to repurchase up to 10 percent of shares in the company via the stock market , and
- to adopt guidelines for the appointment of a new Nominating Committee.

At the Annual General Meeting, 45 percent of the shares were represented. The President, auditor and all members of the Board of Directors who were proposed as new or re-elected members 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 2012 AGM 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 2013 AGM was announced on October 2, 2012: Hans Hedström, Chairman (appointed by Carnegie Funds), Mats Gustafsson (Lannebo Funds), Karl Åberg (CapMan Oyj), Pia Axelsson (Fourth Swedish National Pension Fund) and Anders Rydin

ATTENDANCE IN BOARD MEETINGS IN 2012

	Matts Ekman	Helen Fasth-Gillstedt	Fredrik Trägårdh	Lars Lundquist	Joakim Rubin	Charlotte Strömberg	Joakim Westh
7 February	●	●	●	●	●	●	●
5 March	●	●	●	●	●	●	—
20 March	●	●	●	●	●	●	●
29 March	●	●	●	●	●	●	●
4 April	●	●	●	●	●	—	●
24 April	●	●	●	●	●	●	●
25 April	●	●	●	●	●	●	●
1 June	●	●	●	●	●	●	●
11 July	●	●	●	●	●	●	●
19 July	●	●	●	●	●	●	●
26-27 September	●	●	●	●	●	●	●
27 September	●	●	●	●	●	●	●
23 October	●	●	—	●	●	●	●
20 November	●	●	●	●	●	●	●
12 December	●	●	●	●	●	●	●

● Present – Non-present

(SEB Funds). The Chairman of the Board, Lars Lundquist, serves as a co-opted member of the Nomination Committee. The company's legal counsel has served as the secretary of the Nomination Committee.

On December 31, 2012 the Nomination Committee represented a total of approximately 23 percent of the share capital in Intrum Justitia. 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. The Nomination Committee's proposals to the 2013 AGM were announced in the notice to attend the AGM. Shareholders have been offered the opportunity to submit proposals to the Nomination Committee. No proposals were submitted within the assigned time period. The Nomination Committee held four 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 overarching responsibility for administering Intrum Justitia's affairs in the interests of its shareholders. All members are elected by the Annual General Meeting. At the 2012 AGM, 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 pages [80-81]. 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 General 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 overarching 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 15 meetings in 2012 (14 in 2011). Over the year, the Board devoted particular focus to the following issues:

- the Group's earnings and financial position,
- interim reporting,
- corporate governance, risk management and internal control,
- corporate acquisitions, the expansion of services and acquisitions of major debt portfolios,
- review of the company's strategic direction,
- the financing of the Group, and
- the assessment of the work of the Board and the assessment of the President.

The Company's auditor participated in two 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

1) The authorization was not utilized.

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 in at least one meeting at which he is not present.

COMPENSATION FOR DIRECTORS

In accordance with a decision by the 2012 Annual General Meeting, fees and other compensation to the Board totaled SEK 3,200,000, of which SEK 770,000 was paid to the Chairman and SEK 320,000 to each of the other Board members. A further SEK 150,000 was paid to the Chairman of the Audit Committee, SEK 75,000 to the other members of the Audit Committee and SEK 70,000 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 impartiality 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), Helen Fasth-Gillstedt 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 Chief Accountant participate in the committee's meetings. The latter is also appointed secretary of the committee.

In 2012, the Audit Committee met seven times (five in 2011). The auditor participated in six of these meetings. All members of the committee were present at all of the meetings. The issues covered by the committee included quarterly reports, interim reporting, procurement of auditing services, risk management and internal control with special attention to the organization of internal control measures, and the Group's accounting principles. 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), Matts Ekman 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 six times in 2012 (five in 2011). All members of the committee were present at all meetings.

PRINCIPLES FOR REMUNERATION FOR SENIOR EXECUTIVES

The 2012 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 2012 are described in Note 29, on page 72. The Board's complete proposal regarding guidelines for 2013 can be found in the Board of Directors' report on page 42. For a more detailed account of wages and remunerations for senior executives, see Note 29 on page 72.

GROUP MANAGEMENT TEAM

The Group Management Team consists of the Chief Executive Officer, the Chief Financial Officer, the three regional managers, 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 82–83.

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, primarily investments in purchased debt.

INTERNAL AUDIT

The Internal Audit constitutes the 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 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 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 2012 Annual General Meeting, the auditing firm Ernst & Young AB was elected as the auditor for the Parent Company, with Authorized Public Accountant Lars Träff as the Chief Auditor. The auditor was elected for the period extending until the close of the 2013 Annual General Meeting. The auditor is considered to be independent. Beyond the audit assignment, the Company has also consulted Ernst & Young on matters of reporting, following approval by the Audit Committee. The scope of the compensation paid to Ernst & Young is presented in Note 30 on page 73. As Intrum Justitia's auditor, Ernst & Young 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 Group Management Team (GMT) consists of the CEO and President of the Parent Company, the Chief Financial Officer, the Directors of the two service lines Financial Services and Credit Management Services and the Regional Managing Directors.

The responsibility of the Board of Directors for internal control is regulated by the Swedish Companies Act and the 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. Over the year, the work begun in 2011 to further strengthen the company's internal governance and control continued. Within the framework of this work, an updated set of Group-wide internal regulations was developed and gradually implemented over the year. These regulations also include the rules that are directly attributable to financial reporting and regulatory compliance in that area. Over the next few years, Intrum Justitia will continue to focus on further developing and safeguarding the implementation of these Group-wide regulations at various levels and in different areas within the Group.

RISK ASSESSMENT

The Group's risks are managed through an interplay between the Board, Group Management and local operations. The Board and Group Management work continuously to identify and manage overarching 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 affect 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 affect 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 in part on self-assessments conducted by those responsible within the operations but also on an independent assessment of risks in the financial reporting carried out by the Group's finance function. These assessments then form the basis of 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 veracity and reliability in internal and external financial reports and to ensure adherence to legislation and established internal guidelines. The subsidiaries' self-assessment process continued over the year and the quarterly assurance from the local company managers and financial managers have been another important component in safeguarding internal control of financial reporting. In addition, the Group financial function has worked with several activities to follow up and monitor the quality of the financial reporting in the Group's subsidiaries.

INFORMATION AND COMMUNICATION

The company works continuously to engender an 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 regularly to disseminate and share experiences, exchange information on new regulations and changes in the Group's accounting principles, and to discuss the requirements imposed on internal control processes. 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 on 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 both through Board representation in the local companies and through the Group finance department, which follows up the subsidiaries' financial reporting from various angles. Each month, the subsidiaries submit their monthly closing reports, which consist of income statements divided by service line, balance sheets and volume details 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 efficacy, as well as following up on outstanding material observations from previous audits.

Stockholm, March 27, 2013
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 2011 for pages 84–88 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.

We believe that a corporate governance report has been prepared and that its statutory information is in accordance to the annual report and the consolidated accounts.

Stockholm, March 27, 2013

Ernst & Young AB
Lars Träff
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.

Collection cases in stock: Total number of debt collection cases within the Credit Management lines at year-end.

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.

Equity /assets ratio: Shareholders' equity including minority interests as a percentage of total assets.

Gross collection value: Total amount outstanding to collect on behalf of clients on due date, including interest accrued prior to due date. Includes purchased debt but not penalty interest or fees.

Interest coverage ratio: Earnings after financial items plus financial expense divided by financial expense.

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 capital: Sum of shareholders' equity including non control, interest, interest-bearing liabilities and pension provisions less liquid funds and interest-bearing receivables.

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.

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 operating capital: Operating earnings divided by average operating capital.

Return on shareholders' equity: Net earnings for the year attributable to the Parent Company's shareholders as a percentage of average shareholders' equity attributable to the Parent Company's shareholders.

Return on Purchased debt: The operating result divided by the average value of Purchased debt

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 2012

The Annual General Meeting of Intrum Justitia AB will be held on on Wednesday 24, 2013 at 3.00 pm at Summit, Grev Turegatan, 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 5.00 (4.50) per share for fiscal year 2012.

Financial report dates 2013

Annual General Meeting 2013, April 24
Interim report January–March, April 24
Interim report January–June, July 19
Interim report January–September, October 24

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. The Group also publishes a magazine for its stakeholders, Intrum Magazine, which provides information on developments in the CMS industry and at Intrum Justitia. The magazine can be ordered from the Corporate Communications Department.

Shareholder contact

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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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Better business for all