2013

INTRUM JUSTITIA ANNUAL REPORT

Catalyst for a sound economy since 1923

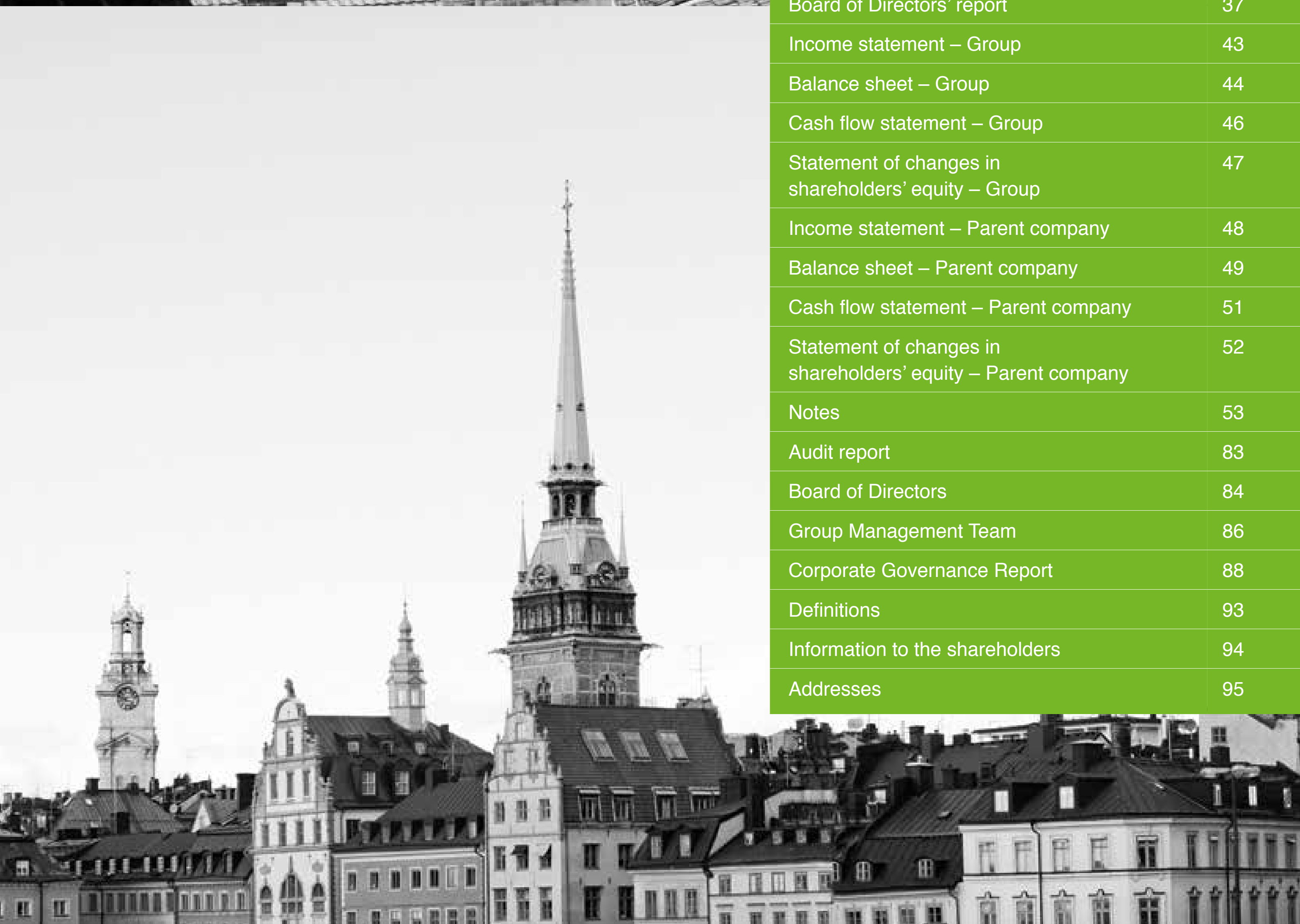
intrum justitia

1923
2013

INTRUM JUSTITIA

For 90 years, Intrum Justitia has been helping clients in numerous sectors with credit management. Helping clients with major volumes of consumer receivables is our specialty – and what we are best at altogether is helping clients in sectors such as telecom, energy, banking and retail. The companies in these sectors have undergone considerable change over the past 90 years and, through specialization and its capacity for adaptation, Intrum Justitia has been able to develop alongside its clients.

A great deal has happened since 1923 when Sven Göransson founded Justitias Upplysningsbyrå AB and many skilled people have worked to build the Intrum Justitia we see today. Mainly from 1971 and up until the present day, Intrum Justitia has been transformed from a local Swedish collection business into one of Europe’s leading credit management companies with 3,500 employees in 20 countries.



Intrum Justitia in 2013

In 2013, Intrum Justitia celebrated its 90th anniversary by reporting both higher net revenues and stronger operating earnings than ever before. This spread presents a summary of the key figures and events of the year. You can also read more in the statement by Intrum Justitia's President and CEO, Lars Wollung on the next spread. After that follows a brief presentation of the operations on page 10 and, after that, a more detailed description.

+25%

Operating earnings amounted to SEK 1,207 M (879), corresponding to an operating margin of 26 percent (22). Operating earnings excluding revaluations amounted to SEK 1,200 M (962) – an increase of 25 percent.

819

Net earnings amounted to SEK 819 M (584) and earnings per share amounted to SEK 10.30 (7.32) – an increase of 41 percent.

Consolidated net revenues for 2013 amounted to SEK 4,566 M (4,048). Organic growth was 10 percent (6).

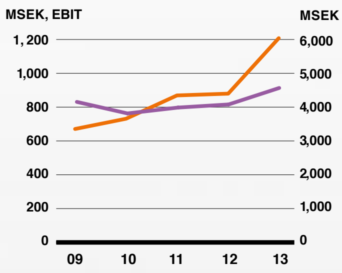
Cash flow from operating activities was SEK 2,305 M (1,986) – an increase of 16 percent.

The Board of Directors proposes a dividend of SEK 5.75 per share (5.00) – an increase of 15 percent.

In June, the Group's finances were further strengthened through the issue of bonds for SEK 1 billion with a five-year maturity. The issue broadens the Group's base for borrowing and, at the same time, strengthens long-term financial flexibility. At the close of 2013, Intrum Justitia had access to SEK 3 billion in unutilized long-term credits maturing according to an even structure between 2015 and 2018.

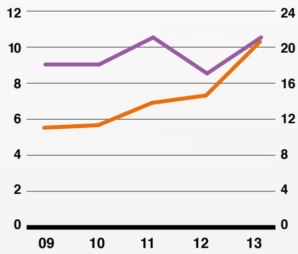
Intrum Justitia's annual European Payment Index (EPI 2013) survey shows that European companies write off an average 3 percent of their outstanding receivables each year, corresponding to EUR 350 billion – an increase of 7 percent compared to last year. In more than half of the countries, we see an increased risk of non-payment and in every third country we see acute risks. We continue to see the negative effects of the economic situation on sales, liquidity and opportunities for growth and future investments.

Sales and operating earnings



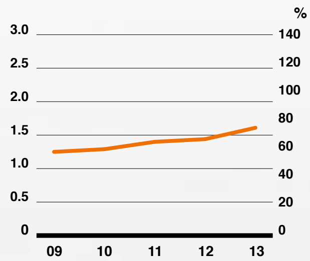
Operating earnings (EBIT)
Revenues %

ROI and earnings per share



Earnings per share after dilution
ROI in purchased debt %

Net debt/RTM* operating earnings before depreciation and amortization



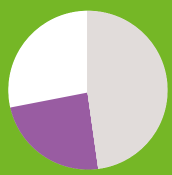
Net debt/RTM* operating earnings before depreciation and amortization

* RTM: Rolling twelve months

Sales by service line, %

Credit management services 66 %
Financial services 34 %

Sales by region, %



Northern Europe 48 %
Central Europe 24 %
Western Europe 28 %

In November, the first European report on consumer payments in Intrum Justitia's history was launched – the European Consumer Payment Report 2013. The results show that a third of Europe's consumers find themselves in poor financial circumstances. As many as 27 percent said that they did not have enough money to live a dignified life. Of the respondents, 35 percent said that they had been unable to pay a bill on at least one occasion over the past six months and 26 percent had no money left after paying their monthly bills.

In July, the Board of Directors of Intrum Justitia AB resolved to initiate a share repurchase program to return further funds to shareholders and it is the assessment of the Board of Directors that this will give the company a more optimum capital structure. The purpose of the program is to reduce Intrum Justitia's share capital by cancelling the shares that are repurchased.

KEY FIGURES,
SEK M, unless otherwise indicated

	2013	2012	2011	2010	2009
Revenues	4,566	4,048	3,950	3,766	4,128
Revenues excluding revaluations	4,559	4,127	3,931	3,763	4,164
Organic growth, %	10	6	2	–1	4
Operating earnings (EBIT)	1,207	879	868	731	668
Operating margin, %	26	22	22	19	16
Earnings before tax	1,046	729	753	639	588
Earnings for the period	819	584	553	452	441
Cash flow from operating activities	2,305	1,986	1,768	1,630	1,433
Earnings per share, SEK	10.30	7.32	6.91	5.67	5.53
Return on purchased debt, %	21	17	21	18	18
Investments in purchased debt	2,475	2,014	1,804	1,050	871
Net debt/RTM* operating earnings before depreciation and amortization	1.61	1.49	1.40	1.29	1.25

* RTM: Rolling twelve months

+23%

Disbursements for investments in Purchased Debt amounted to SEK 2,475 M (2,014) – an increase of 23 percent. The return on purchased debt was 21 percent (17), well above the Group's target of 15 percent.

In December 2013, it was announced that Intrum Justitia would, effective from January 2, 2014 be included in the Large Cap segment on the Nasdaq OMX exchange. Large Cap is the Stockholm Stock Exchange's list of Sweden's largest companies with a market capitalization of more than EUR 1 billion.

" Symbiosis can involve biological organisms that co-exist, but it is also a colorful way of describing the co-existence of two companies. This is a cooperation that entails us and our clients depending on one another in a positive way – we achieve profitability when we deliver credit management services that contribute to our clients' profitability."

In symbiosis with clients for 90 years

In 2013, Intrum Justitia celebrated 90 years in credit management. A great deal has happened since 1923 when the company was founded and many skilled people have worked to build the Intrum Justitia we see today. Particularly from 1971 and onwards, the company has expanded vigorously and transformed itself from a local Swedish company into Europe's foremost credit management company.

Naturally, an incalculable number of factors have affected our success over a period as long as 90 years. However, what foremost comes to my mind is one decisive characteristic – the art of developing in symbiosis with our clients.

WE DEVELOP ALONGSIDE OUR CLIENTS

Symbiosis can involve biological organisms that co-exist, but it is also a colorful way of describing the co-existence of two companies. This is a cooperation that entails us and our clients depending on one another in a positive way – we achieve profitability when we deliver credit management services that contribute to our clients' profitability. And we develop with our clients' help – continuously being able to offer the new services that are demanded in an ever-changing world.

During the last decades when Intrum Justitia has grown the most, advanced IT-systems has been built and our employees have developed, which in the same time has helped us to develop Intrum Justitia as a company. Intrum Justitia today is an excellent combination of sophisticated IT-systems and knowledgeable and committed employees all over Europe.

Intrum Justitia's specialty is helping clients with large volumes of consumer receivables. Most of our clients are found in sectors such as telecom, energy, banking and retail – sectors that have undergone enormous changes over the past 90 years.

One example that is familiar to most is the development of the telecom sector. Previously there were mainly nationalized telecom companies with a monopoly status in their markets and relatively few customers compared with today. Today, the sector is deregulated throughout Europe, entailing a completely different competitive situation and a completely different way of selling and attracting customers – resulting in new and considerably greater credit risks. Today, Intrum Justitia is a market leader and works with most of the larger telecom suppliers.

We have achieved our success in telecom through our extensive experience of the sector and our size, which provides an advantage in terms of information compared to our competitors. This information advantage allows us, for example, to make more accurate credit assessments. As we build our understanding of the conditions in the telecom sector over the years, we develop efficient customer service and other services tailored to the need of our telecom clients. The purpose all along is to offer our clients the greatest possible benefit through our services.

We work in a similar way in the energy sector, which has also progressed from a monopoly to a deregulated market open to competition.

The retail sector has developed for completely different reasons. Over the past ten years, technology has changed the playing field, with e-trade now having established itself in earnest. A new way of selling to consumers entails a new way of taking payment and new and greater needs for credit provision than previously. Consequently, the sector poses major challenges for the companies that operate within it, as well as for those like Intrum Justitia who can act as key partners with regard to credit management and on-line payments.

Intrum Justitia's history and future involve generating the greatest possible benefit for our clients and, to make this possible, offering a wide range of services.

2013

The year 2013 was a good year for Intrum Justitia. Revenues rose by 13 percent and operating earnings improved by 18 percent adjusted for revaluations of purchased debt and currency effects. Cash flow from operations increased by 16 percent and earnings per share rose by 41 percent to SEK 10.30. The Board of Directors proposes a dividend to shareholders of SEK 5.75 per share – an increase of 15 percent compared with 2012.

In our Credit Management service line, development has remained stable and we can see that activities aimed at improving collection have paid off. We will continue to prioritize activities to increase collection by enhancing the efficiency of internal processes and by pursuing more cases through the legal systems in more countries.

Development has been very good in our Financial Services service line. In Purchased Debt, we achieved a new record level with investments of SEK 2,475 M – an increase of 23 percent compared with 2012. The market has developed well and we have been able to acquire large, small and medium-sized portfolios in several markets. Overall, we have a highly diversified portfolio of purchased debt in terms of geographical spread, as well as the types of portfolios and business segments.

In 2013, we embarked on a new venture in financial services focusing on receivables that are not yet overdue. We call this unit Intrum Justitia Finance and the focus there over the year has been to establish a new organization, build up internal processes and launch services in three selected markets: Sweden, Finland and the Netherlands. The services we offer in this new business area are factoring – that is, buying companies' receivables before they have matured for payment – and payment services for e-trade, where Intrum Justitia helps e-trade companies manage payments and credit provision through invoiced payments.

We continued to conduct our annual European Payment Index (EPI) survey, which in 2013 showed that European companies write off an average 3 percent of their outstanding receivables each year, corresponding to EUR 350 billion – an increase of 7 percent. We also launched a new report focusing on consumer payments, the European Consumer Payment Report, which showed, among other things, that 27 percent of the 10,000 Europeans surveyed, say that they lack the resources necessary to lead a dignified life. The results of both reports show that the situation in several European countries remains challenging and that companies experience difficulties in securing payment for their goods and services.

FUTURE DEVELOPMENT

Intrum Justitia holds a favorable position in Europe and has a strong foundation on which to build over the upcoming years.

In Credit Management services it is our assessment that we can generate growth over time through increased volumes from our own investments in purchased debt, as well as increased efficiency in collection for clients. We also see opportunities to generate growth through small and medium-sized acquisitions where we have good conditions to create value through cost synergies.

In Financial Services, after ten years of investment in purchased debt, we now have a stable and very well diversified portfolio. We continue to believe that the market will develop favorably over the next few years and that Intrum Justitia, as one of the market leaders, has the conditions to achieve good growth over a period of several years. As we have seen historically, individual years can, however, be volatile when it comes to growth in investment in purchased debt.

CLIENTS AND EMPLOYEES – THANK YOU FOR A GOOD YEAR IN 2013!

After the first 90 years, Intrum Justitia is the market-leading credit management company in Europe. As long as we continue to develop alongside our clients to meet their changing needs, we will continue to hold this position in the future. My thanks to clients and employees for a strong 2013!

Lars Wollung
President & CEO

Stockholm, March 2014

"After the first 90 years, Intrum Justitia is the market-leading credit management company in Europe. As long as we continue to develop alongside our clients to meet their changing needs, we will continue to hold this position in the future."

Lars Wollung

Intrum Justitia – a summary

Size

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 representatives in a further 160 countries to serve those clients who also have operations outside Europe.

Market

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

Clients

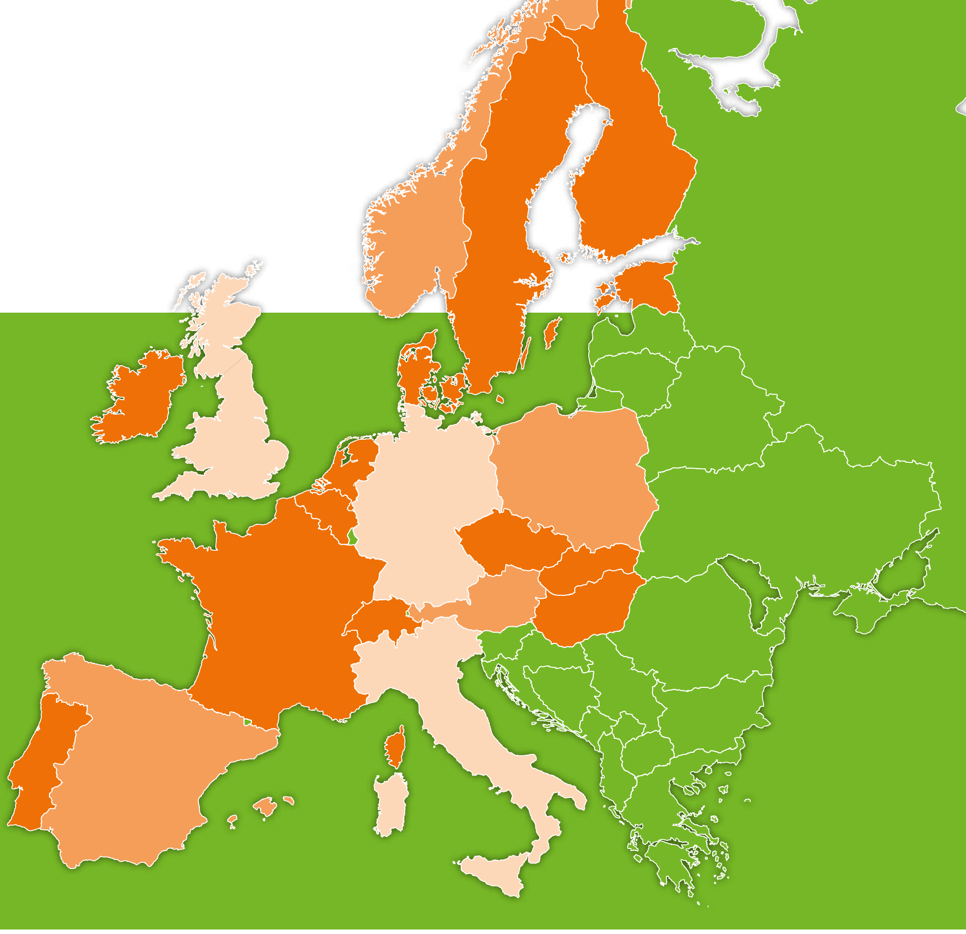
Helping clients with major volumes of consumer receivables is our specialty – and what we are best at altogether is helping clients in sectors such as telecom, energy, banking and retail. We have nearly 75,000 clients in 20 countries. Among them, the 30 largest account for about 15 percent of Intrum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

Mission

Intrum Justitia is a catalyst for a sound economy. Our principal task in society is to ensure that credit flows work as they should, because that generates opportunities for a sound business climate contributing to profitable business and increased employment. 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



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

Credit optimization. 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. With improved credit decisions, bills are paid and profitability rises.

Payment. Through factoring and accounts receivable services, we help our clients secure shorten payment times and reduce the number of collection processes by ensuring that payment reminders to their customers are consistent and on time. We also offer companies integrated on-line payment solutions.

Collection. If invoices mature without payment being received, we offer our debt-collection services to ensure full payment. 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.

Financial services. Through financing services, such as purchasing of invoices and payment solutions for e-trade, payment guarantees and purchased debt, companies are paid regardless of why payment was originally not 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. Alternatively, we acquire a client's overdue receivables for part of their value and proceed with longer-term collection measures.

Photo: Axel Malmström, Stockholms Stadsmuseum

Ninety years ago, Sven Göransson pondered how to build an enterprise based on concepts that would help business and industry obtain more secure payment paths. Both credit information and collection operations were necessary in getting to grips with the substantial problems associated with credit that impacted both companies and private individuals. He founded Justitia's Upplysningsbyrå, the origin of the Intrum Justitia we see today and which was even then driven by the same mission – to be a catalyst for a sound economy.

In 1971, founder Sven Göransson's son, Bo Göransson, acquired Justitias Inkasso och Juridiska Byrå, which was later renamed Intrum Justitia. Over the ensuing years, Bo Göransson, company management and employees worked intensively both to develop the market for credit management and to build the company into something completely different than a local, Swedish business.

We have been a catalyst for a sound economy since 1923

Intrum Justitia's mission is to ensure that payment flows function as they should. This creates conditions for a sound business climate and profitable industry, which enables increased employment and a flourishing society. When we create these functioning payment flows, we act as a catalyst for a sound economy.

When we are successful at this, we are also able to reach our financial objectives. The path towards achieving these targets is determined largely by our business concept, the benefit we generate for clients and the strategies we apply to develop our business. Just as important is our vision and mission – how we benefit society in general.

CREDIT MANAGEMENT AND FINANCIAL SERVICES WITH A STRONG COLLECTION OPERATION AS OUR BASE

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

WE CONTRIBUTE TO A SOUND BUSINESS CLIMATE

Our mission in society is to ensure that payment flows are working the way as they should, thereby contributing to a sound business climate.

In a society where an increasing amount of goods change owners on credit, not least due to recent years' explosive growth in e-trade, it is increasingly important that companies are able to sell goods and services with minimum credit risk and that they can be paid in a secure manner. Intrum Justitia exists to manage this payment flow – including credit assessment, invoicing, payment monitoring and debt collection. We facilitate business operations and contribute to creating a sound economy through services that make business flexible, secure and fair.

A COMPANY FOR AND WITH PEOPLE

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

CLIENT BENEFIT THROUGHOUT THE SERVICE PACKAGE

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

1923 – 1971

1923
Sven Göransson founds Justitias Upplysningsbyrå.

1937
The company changes name to Justitias Inkasso and Juridiska byrå and specializes in debt collection.

1971
Bo Göransson acquires the company from his father, Sven Göransson.

The company is established in Switzerland

With our payment services, we help our clients secure faster payment and reduce the number of collection processes by ensuring, among other things, that payment reminders to their customers are consistent and on time. At the same time, clients' resources are freed up to be focused on their core operations.

Thanks to Intrum Justitia's systems for scoring, our large-scale databases and analysis tools, we have good insights into consumers' payment habits and are therefore able to conduct collection operations individually adapted to the consumer's financial capacity. For our clients, this means fewer write-offs, improved liquidity and increased profitability, while we also help their customers in difficulty meeting payments to become debt-free.

Intrum Justitia's financial services gives our clients stronger cash flow and minimize financial risk. With our factoring service, our clients can either sell their outstanding receivables to us and secure some payment up front. Through payment guarantees, we can also guarantee payment to our clients even in cases where invoices are overdue. In turn, this means that clients have greater opportunities to offer their customers more and better payment alternatives. Alternatively, we acquire a client's overdue receivables and the client is paid for part of their value.

OPERATIONAL TARGETS AND STRATEGIES

Among the three largest

To be able to offer successful credit management, extensive knowledge of the market and the people who make up society is crucial. Consequently, a key ingredient is our size, since this grants us access to a larger database of business and credit data on individuals and companies compared with our competitors.

One of our goals is therefore to be among the three largest actors in all of our local markets.

The strategy to achieve this partly involves organic growth in both credit management and financial services, and partly acquisitions of complementary credit management companies and debt portfolios.

Complete range of services

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

Our 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 to broaden the range of services includes a continued increase in the volume of investments in purchased debt, further development of our credit management services for e-trade companies and increased measures to offer financial services early in the payment chain – an example being our venture to establish a new service line for factoring and payment solutions for e-trade, which we launched in 2013.

Operational efficiency

An on-going part of the work within our business is enhancing the quality and efficiency of the services we deliver to our clients. We develop our practices and IT systems, and we work to spread know-how between Group companies, identifying, foregrounding and disseminating the best practices.

The 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 are also continuing our extensive efforts to enhance productivity in IT.

Working according to our mission

Late payments put a strain on liquidity for the seller of a product or service. The effects can be far-reaching and even, in some cases, cause bankruptcy. According to our analysis, as many as 33 percent of European businesses saw a risk for their future survival because they do not get paid on time and in 2013 companies in Europe were forced to write down invoices for a value of EUR 350 billion that were not paid – money that could have been used for expansion, investment and new development. This results in decreased business activity, greater unemployment 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 business. It is important that our employees have the opportunity to develop

1978 – 1987

1978 – Establishment in Denmark.

Establishment in Germany.

Establishment in Finland through acquisition.

1982 – The Group changes name to Intrum.

Establishment in Norway through acquisition.

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 influencer and disseminator of information in the European credit market, both through active influence, as well as through our market surveys, the European Payment Index Report and the European Consumer Payment Report.

FINANCIAL GOALS

Effective from 2013, we 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 are to 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 encompasses 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 shows the historical outcome for annual growth in earnings per share:

2009	2010	2011	2012	2013
–1 %	3 %	22 %	6 %	41 %

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 shows the historical outcome for return on purchased debt:

2009	2010	2011	2012	2013
18 %	18 %	21 %	17 %	21 %

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

Intrum Justitia shall maintain a responsible financial structure, taking into account the operations' risks, volatility and access to capital on credit markets. The central measure for assessing the level of the Group's borrowing is to relate net debt to cash flow, with operating earnings before depreciation and amortization being judged to provide the best view and being the most generally accepted measure of financial capacity among creditors. Intrum Justitia has a 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 shows the historical outcome for net debt in relation to operating earnings before depreciation and amortization:

2009	2010	2011	2012	2013
1.25	1.29	1.40	1.49	1.61

Definitions of financial key figures are given on page 93.

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 2013 the Board has proposed a dividend totaling SEK 5.75 M (SEK 5.00 per share), which is equivalent to approximately 54 percent of the net earnings for the year.

1983 Establishment in the Netherlands.

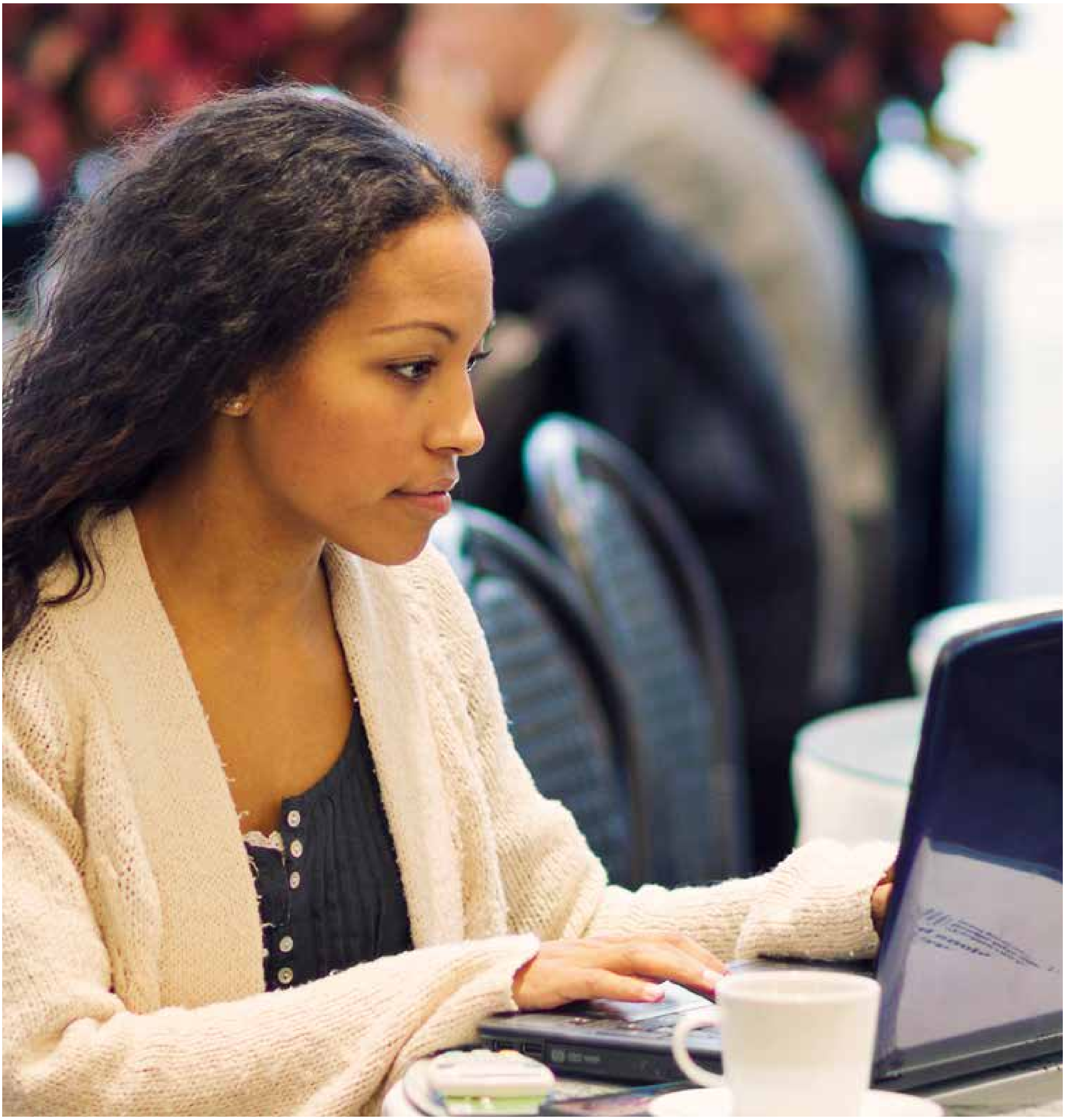
1984 Establishment in Spain.

Establishment in Ireland.

Establishment in Belgium.

1986 Operations are established in Italy.

1987 Intrum is listed on the Luxembourg Stock Exchange.



CREDIT MANAGEMENT SERVICES

CREDIT OPTIMIZATION SERVICES

PAYMENT SERVICES

DEBT COLLECTION SERVICES

Even back in 1923 when Intrum Justitia was founded, it was understood that services to enable good credit management were the key to sound consumption and growth in business. It was with that thought in mind that the company came into being – the company observed a need for more secure payment paths and began designing services to help businesses and consumers conduct transactions in a sounder way. Over more recent decades, we have developed the specialized services that we currently offer to our major client segments, such as the telecom, energy, bank, retail and e-trade sectors.

Our credit management services are the result of client collaborations developed over 90 years

Intrum Justitia offers services throughout the credit management chain – from credit optimization and payment services to collection services. In concrete terms, this means that before our clients sell a product, we help them assess their potential customers' financial status with the help of our credit optimization services. When our client has made a transaction, 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.

CREDIT OPTIMIZATION FOR GOOD BUSINESS

As cash payments decrease in scope and e-trade, mobile payment solutions and payments through various new credit solutions grow strongly, credit information is becoming an increasingly important part of companies' sales processes. Our credit optimization services provide our clients with data that helps them to decide who they should sell to and on what terms.

Successful credit management is based on a combination of knowledge, information and understanding. After many years' experience of European credit markets, we have an extensive register of consumer payment patterns. With this knowledge, combined with Intrum Justitia's own analysis models, our clients' risk assessment is made easier and granting credit to customers is more secure. It is a matter of finding the right balance – if our clients are too restrictive, they could lose customers, and if they are too generous when granting credit, the result could be a credit loss. The best transactions are made somewhere in between.

What we do

The work we carry out to provide clients with input prior to transactions we call "scoring". This entails Intrum Justitia assessing a group of people's creditworthiness on the basis of historical and statistical data and predicting payment habits and behaviors. The technique builds on a combination of advanced statistical tools and considerable IT capacity, a knowledge of psychology and good business acumen. Our clients save on sales resources and mitigate risk by gaining an awareness of payment patterns before the transaction takes place.

Even transactions entailing a higher risk can be accepted and contribute to the company's earnings, albeit with different payment conditions. Interpretations are based on the circumstances 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.

Nationally and internationally

Intrum Justitia seeks to offer credit optimization in all markets. Both domestic and international clients who, for example, want to combine information from their sales ledgers with external credit information shall be able to turn exclusively to Intrum Justitia rather than several different suppliers. In those markets where we do not yet have permits to provide credit information, we meet our clients' external credit information needs using information from third parties.

INDIVIDUALLY ADAPTED PAYMENT SERVICES

When letting Intrum Justitia take care of invoicing and sales ledgers, the management of payments and reminders is conducted professionally. We help our clients secure faster payment and reduce the number of collection processes by ensuring that payment reminders are consistent and on time.

Receiving payment faster

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 consumers behavioral patterns and payment trends, Intrum Justitia is able to provide individually adapted reminders to clients' customers who have fallen behind with their payments. Procedures are adapted for each customer with, for example, the design and frequency of payment reminders taking the customer's financial situation into account.

Intrum Justitia's analysis of consumers payment patterns provides a basis for individually tailored reminders to help customers who are behind with their payments. By conducting payment administration in this way, we help our clients improve their relations with their customers.

Business-critical services

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.

RESPECTFUL COLLECTION OPERATIONS

Consumers encountering difficulties in meeting their payments and our clients who risk not being paid actually find themselves in the same boat. The consumer would prefer to be debt-free and our clients would like to secure payment for their products. Intrum Justitia is the intermediary and, thanks to our scoring systems, large-scale databases and analysis tools, we have good insights into consumers' payment habits and we are able to conduct collection operations that are individually tailored to the consumer's financial capacity. We can, for example, see the difference between consumers with temporary financial problems and those in a more serious situation and are thus able to respectfully guide them towards becoming debt-free.

We counteract bankruptcies

Late payments put a strain on liquidity for the seller of a product or service. This is bad enough in itself – but it can go so far that it leads to bankruptcy.

According to our analyses, as many as 33 percent of European businesses saw a risk for their future survival because they do not get paid on time. Intrum Justitia works to reduce the number of bankruptcies thereby promoting more vigorous business in Europe. Our experience, tried and tested processes and analysis methods make the work of collecting payment highly efficient, even from debtors who are very late with their payments.

If the debt collection process is still not bearing fruit, even after the person liable for payment has been informed of their debt situation, received useful assistance from us and an opportunity to pay, but still does not pay, we can forward the matter to the legal authorities, such as the enforcement service, for a decision. In many countries we have a legal department with legal representatives working on collecting late payments.

International collection

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

CLIENT CASE – SUCCESSFUL TRANSITION TO INTRUM JUSTITIA

IP-Only is a data and telecommunication company that was founded in 1999 and is located in Uppsala, Sweden. The company offers powerful data and telecommunications services to customers throughout the Nordic region and operates a Nordic fiber-optic cable network, including sub-sea cables to Finland. Its customers range from well-known media companies such as Aftonbladet and Sveriges Television to industrial companies such as SSAB – companies that are highly demanding when it comes to bandwidth and reliability.

When IP-Only's previous credit management supplier failed to meet expectations, the company sought a new partner and chose Intrum Justitia.

"We first turned to Intrum Justitia a year ago for assistance in distributing invoices. A transition of that kind is a sensitive process, but we felt very secure from the outset. The real benefits of working with Intrum Justitia quickly became obvious, since our cash flow improved considerably over the past year. The difference is huge – we receive more payments around the maturity date than before, with fewer invoices continuing to collection, which has had a positive impact on our liquidity. We also decided to have Intrum Justitia take over our old accounts receivable ledger, which we thought we would have to write off as losses, but with their help the receivables were paid without debate. Our credit losses have, in general, decreased over the past year. Put simply, Intrum Justitia delivers what we want and we are very pleased."

Lindha Stolpe, Business Controller at IP-Only

Our financial services provide clients with stronger cash flow and reduced risk

Intrum Justitia's financial services help our clients strengthen their cash flow and minimize financial risk. They are paid even if their customer fails to pay. One option available to our clients is to 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. Alternatively, we acquire a client's overdue receivables for part of their value and proceed with longer-term collection measures.

FINANCING SERVICES – FACTORING AND PAYMENT SOLUTIONS FOR E-COMMERCE

The growing number of e-trade companies needs support to be able to accept online payment securely – 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 online trading.

For a variety of reasons, other 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 they may simply want to reduce their credit risk. To assist our clients in these situations, we offer various financing services, such as factoring. In such cases, our client transfers the rights to its invoices to us before they fall due for payment, enabling them to quickly increase cash flow in their operations. In 2012, Intrum Justitia introduced factoring on a small scale. In 2013, Intrum Justitia initiated a process to establish Intrum Justitia Finance – a new business area offering financing services early in the payment chain.

PAYMENT GUARANTEE – SUPPORT FOR E-TRADE GROWS

Many companies have operations involving extending large amounts of credit and a considerable financial risk can arise as a consequence. E-trade is an example where many companies offer major volumes on credit with invoiced payments.

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

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

PURCHASED DEBT OF INCREASING INTEREST

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

The purchase consideration for a portfolio is determined after an assessment of when and how much of the debts will be paid. Depending on the age and quality of the portfolio, the amount can be significantly lower than the nominal amount of the receivable – commonly between 5 and 50 percent of the receivables' nominal value.

After purchasing a portfolio, individual scoring is conducted to ensure that cases are assigned a select chain of measures to optimize the outcome. We determine 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, maintaining good contacts with debtors, and finding the best solutions for all parties, even old debts can be paid.

CLIENT CASE – REDUCED COLLECTION COSTS AND IMPROVED LIQUIDITY.

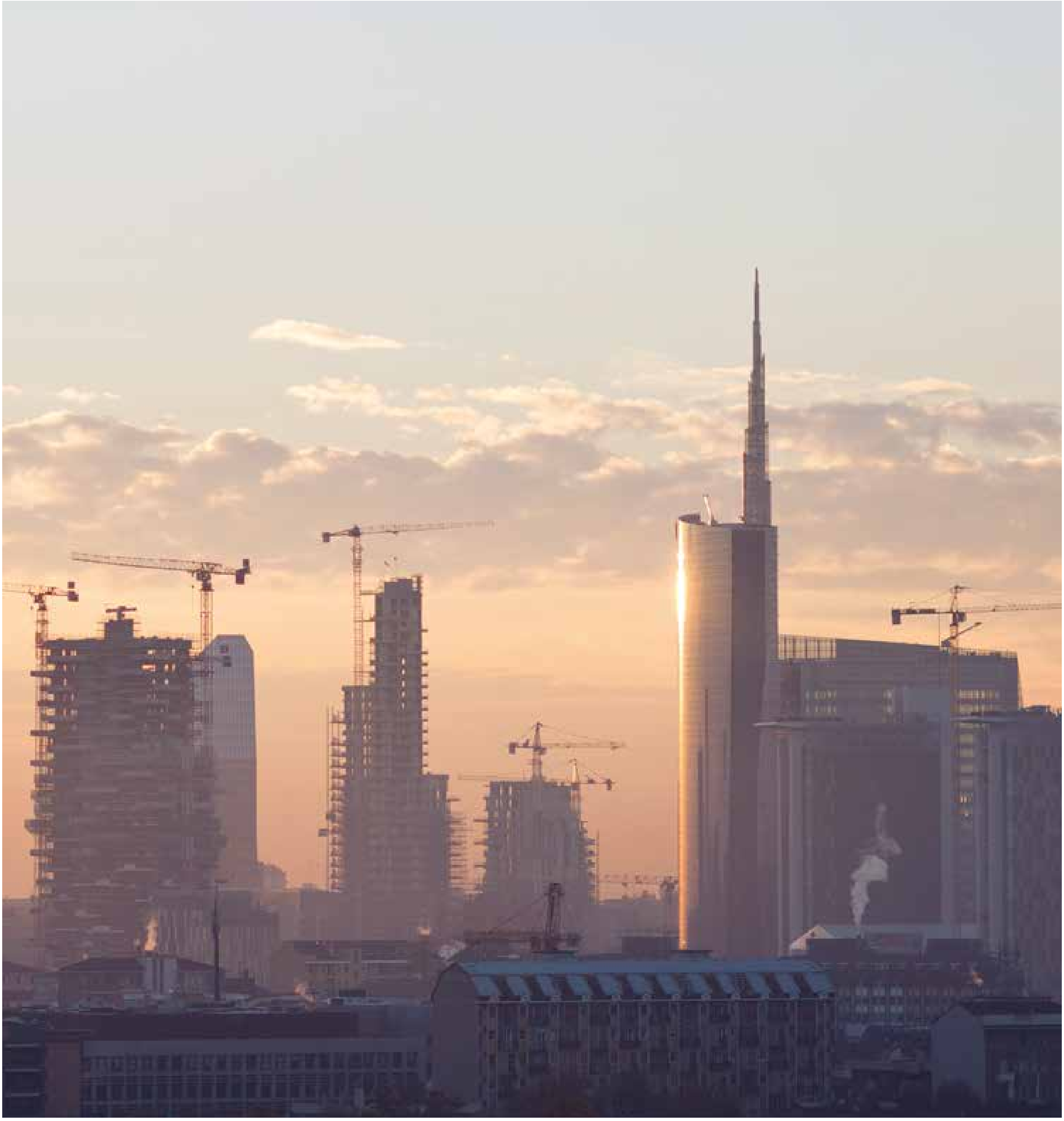
Páginas Amarelas is the main Portuguese player in online advertising solutions for SME's, being the premium Google reseller for the Portuguese market. Páginas Amarelas has a clear positioning on SEA (search engine advertising), SEO (search engine optimizing), Display and Service, and is well positioned in SME's by experience in developing products, processes and support. Furthermore, Páginas Amarelas has cross-boundary commercial competences and geographical presence, knowing the majority of SME's only advertise in Páginas Amarelas, either in online or, in a lower scale, in print products.

"Since 2012, Intrum Justitia has supported Paginas Amarelas with Credit Collections Services in a very satisfactory way. In 2012 we were named best B2B client by Intrum Justitia and with our win-win partnership, we have developed our processes using the Intrum Justitia platform. In a time of uncertainty, we have been able to improve our response times and increase client satisfaction, reduce collection costs and improve our liquidity. We have been looking for new possibilities to improve our processes and collection performance and have recently decided to extend our partnership with Intrum Justitia to perform Legal Collection Services as well. And in that regard, we have a single point of contact for our credit collection processes."

José Évora, Financial director of Páginas Amarelas

FINANCIAL SERVICES } FINANCING SERVICES | PAYMENT GUARANTEE | PURCHASED DEBT

In the 1970s, one way of developing the credit management market was to take care of bad debt – something about which companies had not previously concerned themselves particularly. The story behind this began with one of Justitia's salespeople one day visiting a TV store in Stockholm and happening to gain a glimpse of a mass of files that were being kept in a room behind the counter. The owner of the store explained that the files contained the invoices that his clients had failed to pay over the years. Following that event, all of the company's salespeople were sent out to visit companies around Sweden to ascertain the situation with regard to their overdue receivables.



In 1990, the company's share was listed on the London Stock Exchange. During that decade, the offering was also developed into a comprehensive range of services for credit administration while, at the same time, the operations expanded at an explosive pace. In Denmark, growth was achieved through the acquisition of two companies and the market position in the Netherlands was strengthened in the same way. In Switzerland and France too, the operations were expanded through acquisitions. Companies were set up in the new markets of Spain, Austria, Estonia, the Czech Republic, Portugal, Poland and Ireland, while acquisitions made the Group a market leader in Finland. In making these acquisitions in the 1990s, finances and market potential were not the only key components in the decision making process. Corporate culture and personnel were also important. "When we acquired companies, we didn't just meet auditors, lawyers and financial experts. Bo Göransson also went around the offices and chatted with staff to gain a picture of the people who worked there," recalls Lennart Laurén, who was Managing Director of the Swedish company and later Regional Managing Director for Scandinavia.

Intrum Justitia, one of a small number of actors, offering a comprehensive range of services

The European credit management market is divided into two types of companies – those providing credit management services and those who work with financial services. Intrum Justitia stands out by operating in both areas – we are one of a small number of players that offer their clients a comprehensive range of credit management and financial services.

CREDIT MANAGEMENT

In the market for credit management services, there is a relatively large number of small, local actors since it is relatively easy to become established and to work locally with small and medium-sized clients. In a market like this, with many competitors, Intrum Justitia's well-known brand is highly valuable.

FINANCIAL SERVICES

Conversely, the market for financial services is dominated by a small number of larger European companies. In addition to Intrum Justitia, others include EOS, Aktiv Kapital, Lindorff and Hoist. It requires both considerable capital and a substantial quantity of data on consumers' and companies' payment behaviors to establish in this market – aspects that are characteristic of Intrum Justitia and that only a small number of actors have.

GROWING MARKET

The majority of companies in Europe do not enlist a specialist for their credit management – nearly 90 percent in our assessment. In Southern and Central Europe in particular, there are several markets where the market for credit management services is not as established as it is in Northern Europe, offering considerable growth potential in the long term.With a strong offering covering the entire payment chain, we believe sizeable opportunities exist for continued growth in credit management throughout Europe.

The market for investment in purchased debt is probably the greatest motor for growth in the next few years. For a number of years, we have seen a tendency for companies to increasingly prefer to sell past-due receivables rather than outsourcing their entire credit management.

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

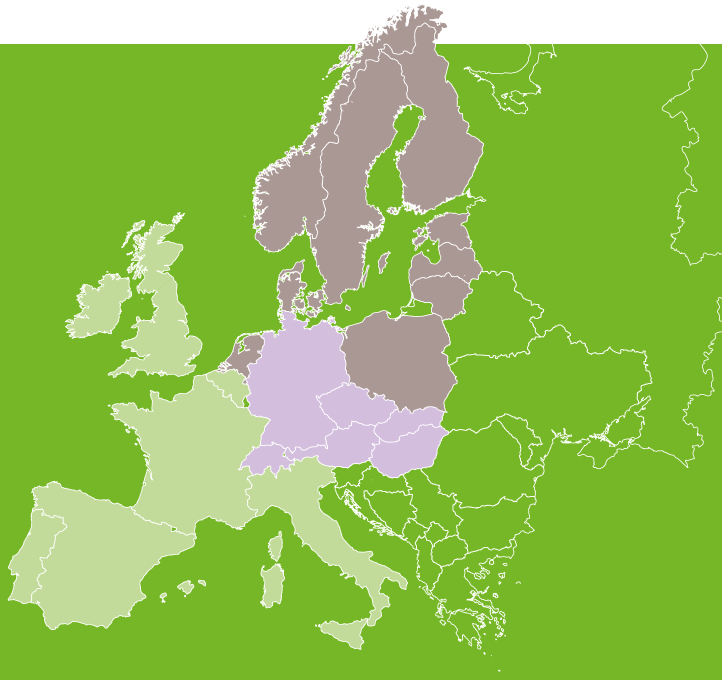
CLIENTS OF ALL SIZES

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

Examples of clients in the finance sector include the Nordic banks Swedbank and Nordea, Banco, VIG-Insurance Group in Austria and Erste Bank Hungary Zrt in Hungary. One of the Group's largest clients is Ärztekasse of Switzerland, which operates in the healthcare segment, while clients in the energy sector include Savon Voima in Finland and Nordic electricity companies Fortum and E.ON. In the telecom segment, we work with clients including Magyar Telekom Nyrt. in Hungary and UPC Cablecom in Switzerland and Vodafone in Spain.

1989 – 1991

- 1989: The Group changes name to Intrum Justitia.
- Establishment in England and Wales through the acquisition of Credit Ancillary Services.
- 1990: Intrum Justitia is listed on the London Stock Exchange.
- 1991: Operations are established in France.
- Expansion in Denmark through two acquisitions.
- The market position in the Netherlands is strengthened through the acquisition of Juridisch Advierbureau Jansen.



Regions

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

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
Poland	1998	Top 5

% of sales **% of profit** **% of employees**

48 % 60 % 38 %

	2013	2012	%	% fx**
Revenues, SEK M	2,175	1,980	10	11
Operating earnings, SEK M	719	580	24	25
Operating margin, %	33	29	4 ppt	

Central Europe

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

% of sales **% of profit** **% of employees**

24 % 22 % 16 %

	2013	2012	%	% fx**
Revenues, SEK M	1,087	936	16	19
Operating earnings, SEK M	265	192	38	41
Operating margin, %	24	21	3 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

% of sales **% of profit** **% of employees**

28 % 18 % 41 %

	2013	2012	%	% fx**
Revenues, SEK M	1,297	1,211	7	8
Operating earnings, SEK M	216	186	16	17
Operating margin, %	17	15	2 ppt	

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

*As from first of January 2014, the Netherlands is a part of Northern Region.

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

In 1993 and 1994, one of the keys to future growth was to conduct, for the first time, a major European campaign designed to increase awareness of Intrum Justitia externally and to unite staff around the brand internally. The company participated in the ocean sailing challenge, the 1993/94 Whitbread Round the World Race with its own boat, the Intrum Justitia. The project was hugely successful both internally and externally. The ocean race was followed by 750 million people around the world, with the focus being on the Group's principal European market. In 1993 and 1994, Intrum Justitia was mentioned in more than 10,000 newspaper articles, 18 hours of radio time and 90 hours of television broadcasts.

In 1998, Intrum Justitia was bought out from the London Stock Exchange. At that time, Industri Kapital became a 50-percent owner and a process was initiated to restructure the operations – a process that was to continue into the new millennium. Among other things, the restructuring process entailed the operations being divided into seven geographical regions, the head office being moved to Stockholm in 2002 and Intrum Justitia being listed on the Stockholm Stock Exchange that same year.

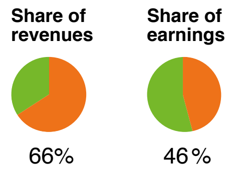
Outcome, service lines

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

The Credit Management service line comprises 66 percent of total consolidated revenues and more than 92 percent of the Group's employees work in this service line. The services are described in greater detail on pages 17–18.

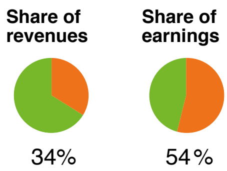
The Financial Services service line consists predominantly of investments in portfolios of overdue or written-off receivables. The services offered are described in greater detail on pages 19–21. Those selling receivables that Intrum Justitia buys are companies that grant credit, either as their primary service or as a part of their business operations. By selling their receivables they can quickly access liquid assets and concentrate on their core business and, at the same time, they avoid not getting paid at all. Intrum Justitia's focus is on consumer receivables with a low nominal value as this is an area where we have extensive collection experience and well-developed analysis and valuation methods. The average claim is SEK 8,100.

Credit Management Services

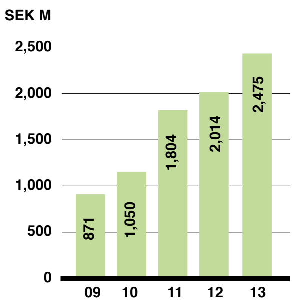


	2013	2012	%	% fx
Revenues, SEK M	3,469	3,369	3	4
Operating earnings, SEK M	823	827	0	1
Operating margin, %	24	25	–1 ppt	

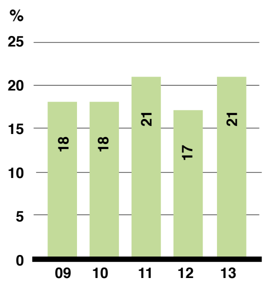
Financial Services



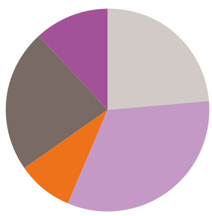
	2013	2012	%	% fx
Revenues, SEK M	1,791	1,191	50	52
Operating earnings, SEK M	969	599	62	64
Operating margin, %	54	50	4 ppt	



Investments in purchased debt
The investment level in 2013 exceeded SEK 2.4 billion.



Return on Investment
Return on investment in purchased debt was 21 % in 2013. Adjusted for revaluations the return was 21 %.



The portfolio divided in industry segments
- Telecom 24 % (25)
- Bank 33 % (31)
- Credit card 9 % (9)
- Other finance 23 % (20)
- Other segments 11 % (15)

A sound economy for a sustainable society

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

THREE BASIC AREAS

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

In 2013, there was a clear imbalance between these areas in many countries – and we are not speaking only of developing countries but of countries located near us and within the EU that are struggling with exceptional economic challenges that are undermining opportunities to improve the environment and develop society.

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

The environment, society and the economy are dependent on one another in achieving sustainability.

INTRUM JUSTITIA IS WORKING FOR A SOUND ECONOMY

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

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

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

SOME CONCRETE EXAMPLES

Each day, Intrum Justitia employees talk to some 50,000 consumers, trying to find solutions to make them debt-free.

Intrum Justitia conducts annual surveys among companies and consumers that are published to generate debate and insight regarding how payments that are late, or not made at all, affect economies in Europe (the European Payment Index and the Consumer Payment Report).

We participate in seminars and meetings at the EU Parliament in Brussels to inform delegates of the situation and the best approaches in working for a sound economy and secure payments in Europe. In 2013, we participated in 40 meetings and distributed about 8,000 reports containing data based on our surveys.

During 2013 and 2014, we are invited by the European Commission as the sole representative of the business community to speak during the campaign in which the "Late Payment Directive" is being implemented. Representatives from Intrum Justitia will participate as speakers at a total of 28 seminars in as many countries.

In addition to these measures, which involve the economy and society, we are also working for the environment by preferring videoconferencing to travel, owning a vehicle fleet consisting of cars that emit less than 130 grams of carbon dioxide and we seek to use office materials efficiently.

1992 – 1998

1992 – The operations in Switzerland are extended through the acquisition of Creditcontrol Data AG.

1993 – The operations in France are extended through the acquisition of Eureco.

Establishment in Hungary.

1993 – Establishment in Austria.

1996 – Intrum Justitia becomes the market leader in Finland through the acquisition of Tietopärinte.

To secure continued quality in Intrum Justitia's offering to customers, Centers of Excellence were established in 2002. The intention was for the entire Group to be able to benefit from the cutting-edge expertise to be found within different national units. Each Center of Excellence is tasked with gathering and assessing knowledge and experience from various parts of the organization to then develop and implement the working methods and procedures that give the best results in each area.

In the years leading up to 2010s, Intrum Justitia began to use the expression "catalyst for a sound economy", which means that we assume a responsibility in society and helps companies and consumers to conduct sound and secure business. Society works best when business functions as it should. In connection with this, the Group also updated its logotype and graphic design language. Among other things, the Group changed its principal color from the traditional and conservative blue to a more organic green, which better communicates the Group's human approach to credit management services and the social benefit to which Intrum Justitia contributes.

- Operations are established in Estonia and the Czech Republic.
- 1997 — Acquisition of French company GRC.
- Establishment in Portugal.
- 1998 — Establishment of operations in Poland.
- Acquisition of Assu-Ré Credit Management Services in Belgium.
- Acquisition of Inkasso und Finanzierungs AG in Switzerland.

3,500 employees and 4 values

About 3,500 people work at Intrum Justitia in a total of 20 countries. Although we cover a wide geographical area encompassing different cultures, we work together – our shared values providing our foundation. It is as much a matter of the heart as it is of the brain. Our values describe the people behind the business – who we are and how we act.

VALUES FOR A SOUND ECONOMY

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

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. Thanks to our long history and our size, we enjoy better conditions than most to gather the quantity of data that forms the basis of our ability to deliver innovative solutions to our clients. The information derives from our EPI survey (European Payment Index), purchases of debt portfolios and all of the data received as part of our day-to-day operations.

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

Committing to challenges: We are accustomed to transforming sensitive situations into positive ones. We work with assignments where people's finances may be on the line, 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.

LEADERSHIP PRINCIPLES FOR RETAINING AND DEVELOPING SKILLS

We want to attract, develop and retain the best employees in the market. This is essential if we are to be able to achieve our vision of being a genuinely people-focused company that offers credit management services and financial services that add considerable value. To retain and develop the competence of our employees, our managers apply three principles that entail us working towards common goals as a team with a coach.

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

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

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

MULTITUDE AND COMPETENCE

We are some 3,500 employees, of more than 75 different nationalities, throughout Europe. Men and women are given the same opportunities and the goal in recruitments is to always find the most competent person independent of gender. We have 37% female and thus 63% male employees, out of about 180 that are working in a leading position. Intrum Justitia is a diverse workplace that offers equal

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.

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.

OUR HR STRATEGY

We are a company with a genuine focus on people and we seek to be the obvious choice in our sector. 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 focus on training and improved tools to strengthen expert knowledge and leadership capacity among employees and managers.

During 2013, 100 of our top managers participated in our specially designed leadership training, conducted toghether with IFL at Stockholm School of Economics.

EMPLOYEE SURVEY

Our employee survey provides us with input that helps us understand how all employees at Intrum Justitia perceive their daily lives at work, what is important in employees' satisfaction, enabling them to do a good job, and how we can further improve Intrum Justitia to make it the sector's best employer. We know that motivated employees are needed to satisfy our clients and thus achieve business success and this is one way of increasing motivation.

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.

Several activities were initiated during 2013 to continue to increase the level of employees satisfaction within internal communication, professional development and employer branding.

	2013	2012	2011	2010	2009
Sales per employee, SEK M	1.29	1.16	1.19	1.22	1.22
Operating earnings per employee, SEK '000	342	252	260	236	199
Average number of employees	3,530	3,485	3,331	3,099	3,372
Percentage of women, %	64	63	64	63	63
Sick leave, %	4	4	4	4	5

HELEN SARA MELLES
GROUP LEADER, INTRUM JUSTITIA, NORWAY

My name is Helen Sara Melles. I am 27 years old and work as Group Leader, Benchmark at the operations department in Oslo, Norway. I started working at Intrum Justitia three and a half years ago as a debt collector, and now I have the pleasure of managing the daily work of five full-time collectors and four additional part-time collectors.

In our daily work, my group and I deal with incoming matters from customers, courts and other third parties. Based on daily portfolio reports, we also segment our cases into different target groups and act upon them accordingly.

The portfolios we work with are regularly benchmarked against our competitors, which affect how we deal with them in our daily work. The fact that we are measured and compared creates an enthusiastic and competitive spirit. Our goals are to take the lead and achieve top results.

The group I manage can be characterized as energetic, focused and solution-oriented. Our confidence and pride as a group are definitely correlated with our positive results. As a leader, I promote efficiency and consistent quality in order to obtain and achieve the desired results.

In addition to my job as a group leader, I am also responsible for personal liability and the allocation of our resources. I strive to achieve an open and inspiring environment where everyone can develop their skills. My goal is to be able to support my group professionally and encourage personal growth.

I take great pride in what we have accomplished so far – not only as a group, but also what I have achieved personally, as a leader. I am very excited to see what the future has in store for us.

FERMÍN JIMÉNEZ, BANK & FINANCE
COLLECTOR, INTRUM JUSTITIA, SPAIN

My name is Fermín Jiménez and I have worked for Intrum Justitia since 1985. I have always worked in the Bank and Financial collection teams with debt management, helping debtors regain control of their finances.

The general perception of me is that I am a social person who likes to listen and help others, and I agree with that. My 28 years of experience at Intrum Justitia have given me a lot of negotiation experience and considerable patience when dealing with various everyday tasks.

My daily work involves handling debtors' calls, responding to incoming e-mails or letters, sending payment proposals to my coordinator and following up on settled payment agreements. When I communicate with our customers' clients, I feel it is important to gain the trust of the person I am talking to. I try to give them confidence and make them understand that we are actually offering them help to resolve their problems. I want us to be perceived as a company that takes care of our clients' customers, in a good way.

I think my daily work relates perfectly to one of our values: "We understand people," because I enjoy listening to and gaining an understanding of the person I am talking to, and trying to find the best solution based on the situation they are in. I do not believe that anyone intentionally chooses to be in the position where they cannot pay their debts.

What I appreciate the most about working at Intrum Justitia is the stability of our company, both in terms of the financial stability and our strong market position. And I do of course appreciate the people I work with, as we together make a perfect team.

GANBOLD KHASH-ERDENE, TEAM LEADER,
PURCHASED DEBT, INTRUM JUSTITIA, HUNGARY

My name is Ganbold Khash-Erdene – I'm 30 years old and was born in Mongolia. I've lived in Hungary for 23 years and worked at Intrum Justitia Hungary for five years. I started my career at Intrum Justitia as a phone collector. My job was to find solutions for the clients to settle their debts. I found collections to be a developing business area in Hungary, so I decided to continue to work in this segment. The year 2013 was a milestone in my career as I got promoted to team leader in the Purchased Debt group.

I really love my present job. I have to process a lot of information which continuously makes me improve my level of knowledge. The supporting envi-

1998 – 2012

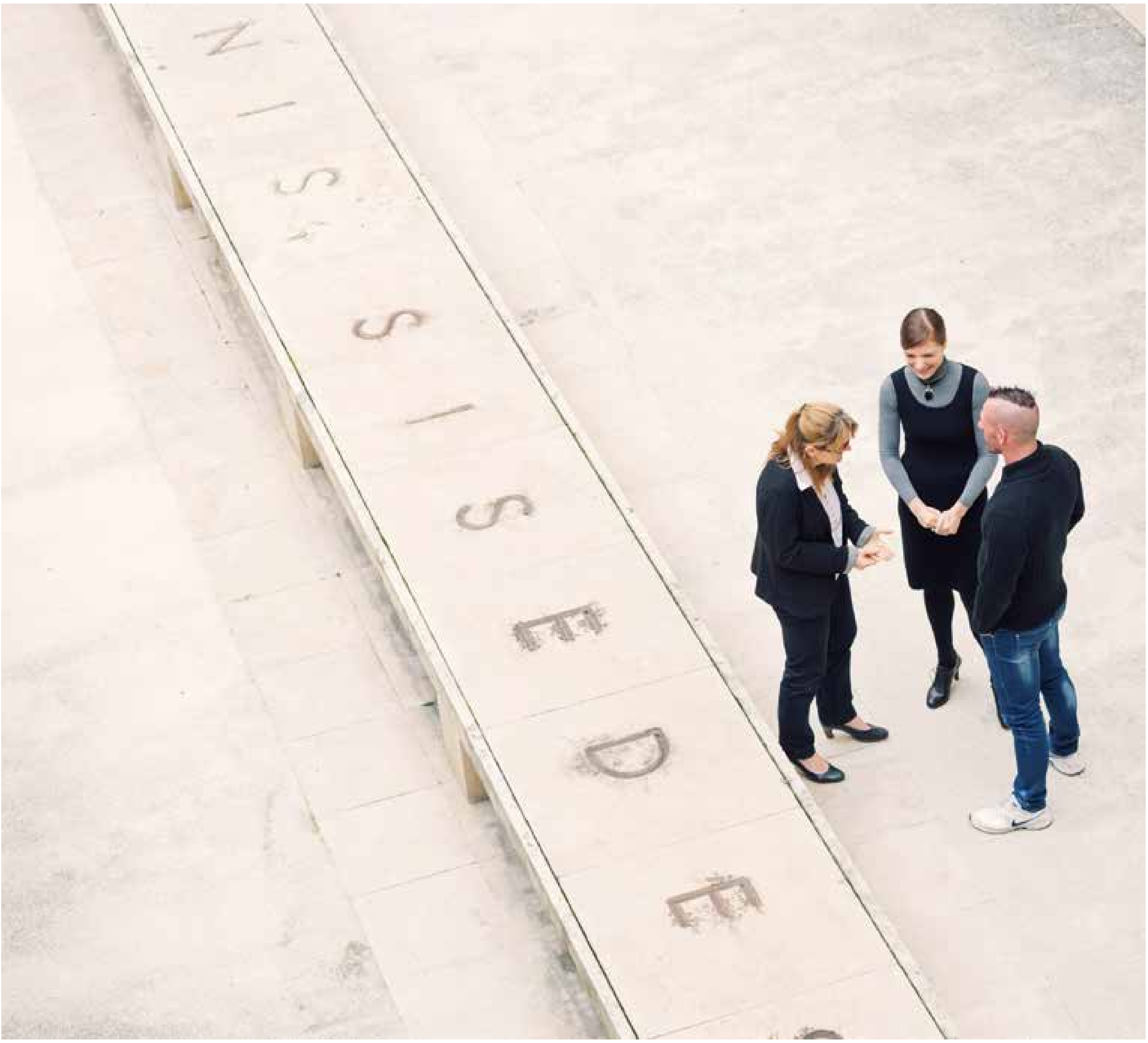
1998 Industri Kapital 1997 fund acquire 100 percent of Intrum Justitia through a public offer. The share is de-listed from the London Synergy Ltd and the Stock Exchange.

2000 Establishment in Lithuania.

2001 Acquisition of Dun & Bradstreet's European CMS operations.

Acquisition of Via Ejecutiva in Spain and Portugal.

2002 The Parent Company moves from the Dutch Antilles to Sweden and, in connection with this, the head office is also moved to Sweden.



ronment is quite important to me and I appreciate the way that I get support from my managers. We contact our clients via letter, telephone, e-mail and text messages and it's essential that we offer high-quality service to our clients in every aspect and find workable solutions for them.

I experience that I work in a company that has a clear vision and strategy with committed employees. Our management shows the path we have to follow to further develop our company and keep our market position. I think that Intrum Justitia is dynamic work place with a lot of possibilities if you have the right competence and ambition and it supports the employees in all possible ways.
In my group there are 18 people and they are all very results-oriented, something I'm very proud of. They work every day with full enthusiasm to achieve better and better results both individually and as a team. Intrum Justitia offers a friendly and safe working environment and shows respect towards the employees.

I met my girlfriend at Intrum Justitia two years ago. Balancing between work and private life has never been a problem for us as we both pay attention to it. We love to travel, and I plan to take her to Mongolia in the near future, so that she gets to know my home country. I'm proud to work at Intrum Justitia, and I plan to continue my career here in the future.

Intrum Justitia AB is introduced on the Stockholm Stock Exchange.

Operations are established in Latvia.

Acquisition Sterling Park in Scotland.

Acquisitions of Jean Riou Contentieux and Cofreco, making Intrum Justitia a market leader in France.

Establishment in Slovakia.

2005 – 2012

Acquisitions and partnership agreements in countries including Norway, Denmark, Sweden, the UK, France and the Netherlands.

Operations in the UK, Latvia and Lithuania are phased out.

The share

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

SHARE CAPITAL

On December 31, 2013, Intrum Justitia AB's share capital amounted to SEK 1,594,893 distributed among 79,744,651 shares with a quota value per share of SEK 0.02. During 2013, a share repurchase program was initiated that resulted in 1,197,773 shares being repurchased. Subtracting the shares held by the company, the number of shares outstanding amounts to 78,546,878. 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

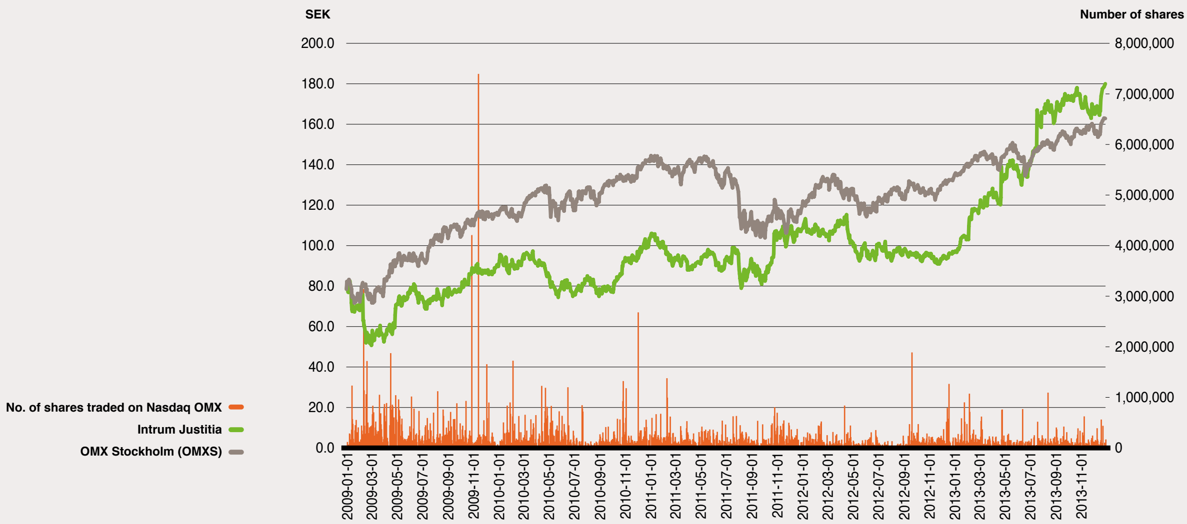
In 2013 the price of Intrum Justitia's share rose from SEK 96.75 to SEK 180, an increase of 91 percent, adjusted for a dividend of SEK 5.00 per share. During the same period the Stockholm Stock Exchange's index (OMXS) rose by 21 percent. The lowest price paid for the share during the year was SEK 96.75 on January 2, and the highest was SEK 180 on December 30. The price at the end of the year gave a market capitalization for Intrum Justitia of SEK 14,138 M (7,735). Share trades were concluded on every business day of the year. An average 173,166 shares were traded per day (156,261) on the NASDAQ OMX Stockholm Exchange. In total, when including all marketplaces on which the Intrum Justitia share trades, an average of 308,721 shares traded per day during the year. Trade on the NASDAQ OMX Stockholm Exchange accounted for 56 (57) percent of total trade in 2013. 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 2013 Intrum Justitia had 7,635 shareholders, compared to 10,358 the year before. The 12 members of the Group Management Team held a combined 329,905 shares in Intrum Justitia at the end of the year. Intrum Justitia's board members owned 48 ,500 shares at the end of the year. Intrum Justitia AB held 1,197,773 treasury shares at the end of 2013.

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 2013 financial year the Board is proposing a dividend of SEK 5,75 per share, corresponding to around 54 percent of the net earnings after tax. The proposed record date for the dividend is April 28, 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 in 2011.

SHAREHOLDINGS BY SIZE

Holding, no. of shares	No. of share-holders	Total no. of shares	Capital and votes, %
1 – 1,000	6,489	1,761,441	2.3
1,001 – 10,000	801	2,486,522	3.2
10,001 – 50,000	165	3,984,726	5.1
50,001 – 100,000	62	4,338,966	5.5
100,001 – 500,000	83	18,698,967	23.8
500,001 – 1,000,000	18	13,006,260	16.6
1,000,001 – 10,000,000	17	35,467,769	43.6
Total	**7,635**	**79,744,651**	**100**

Number of shareholders owning 100 shares or less: 2,814

OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2013

Total no. of shares 78,546,878	No. of shares	Capital and votes. %
Fidelity Investment Management	7,981,067	10.2
Lannebo Fonder	5,558,445	7.1
CapMan Oyi	3,607,550	4.6
SEB Fonder	3,226,738	4.1
Carnegie Fonder	2,914,000	3.7
SHB Fonder	2,567,206	3.3
State of New Jersey Pension Fund	2,500,000	3.2
Norges Bank Investment Management	2,174,015	2.8
Fjärde AP-fonden	2,111,284	2.7
Swedbank Robur Fonder	2,013,567	2.6
Total; top ten largest owners	**34,653,872**	**44.1**

DATA PER SHARE

	2013	2012	2011	2010	2009
Earnings before dilution, SEK	10.30	7.32	6.91	5.67	5.53
Operating cash flow, SEK	29.06	24.90	22.15	20.37	19.12
Equity before and after dilution, SEK	41.19	37.42	34.81	32.21	31.96
Dividend/proposed dividend, SEK	5.75	5.00	4.50	4.10	3.75
Dividend/net earnings	55	68	65	72	68
Share price, SEK	180.00	97.00	107.75	103.50	89.75
Yield, %	3.2	5.2	4.2	4.0	4.2
P/S Multiple	3.1	1.9	2.2	2.2	1.7
P/E Multiple	17.50	13.2	15.6	18.3	16.3
Beta	0.8	0.7	0.7	0.7	0.7
Number of shares at the year end	78,546,878	79,744,651	79,744,651	79,744,651	79,744,651
Average number of shares	79,306,099	79,744,651	79,744,651	79,744,651	79,658,944
Average number of shares after dilution	79,306,099	79,744,651	79,744,651	79,744,651	79,681,973

Financial overview

Income statement, SEK M	2013	2012	2011	2010	2009
Revenues	4,566	4,048	3,950	3,766	4,128
Cost of sales	–2,663	–2,482	–2,363	–2,322	–2,599
Gross earnings	**1,903**	**1,566**	**1,587**	**1,444**	**1,529**
Sales and marketing expenses	–211	–226	–243	–304	–338
Administrative expenses	–484	–468	–470	–411	–507
Disposal of operation/Goodwill impairment	–	–	–9	–	–16
Participation in associated companies and joint ventures	–1	7	3	2	0
Operating earnings (EBIT)	**1,207**	**879**	**868**	**731**	**668**
Net financial items	–161	–150	–115	–92	–80
Earnings before tax	**1,046**	**729**	**753**	**639**	**588**
Tax	–227	–145	–200	–187	–147
Net earnings for the period	**819**	**584**	**553**	**452**	**441**
Of which attributable to Parent Company shareholders	817	584	552	452	441
Non controlling interests	2	0	1	0	0
Net earnings for the period	**819**	**584**	**553**	**452**	**441**

Balance sheet, SEK M	2013	2012	2011	2010	2009
Assets					
Total fixed assets	8,412	6,955	6,019	5,243	4,862
of which Purchased debt	5,411	4,064	3,088	2,373	2,312
Total current assets	**1,810**	**1,520**	**1,892**	**1,872**	**1,937**
Total assets	**10,222**	**8,475**	**7,911**	**7,115**	**6,799**
Shareholders' equity and liabilities					
Total shareholders' equity	3,316	2,986	2,778	2,577	2,549
Total liabilities	6,906	5,489	5,133	4,538	4,250
Total shareholders' equity and liabilities	**10,222**	**8,475**	**7,911**	**7,115**	**6,799**

Key figures	2013	2012	2011	2010	2009
Revenues, SEK M	4,566	4,048	3,950	3,766	4,128
Revenue growth, %	13	2	5	–9	12
Operating earnings (EBIT), SEK M	1,207	879	868	731	668
Operating earnings excl. revaluations SEK M	1,200	958	849	727	704
Operating margin excl. revaluations, %	26	23	22	19	17
Operating result before depreciation and amortisation, SEK M	2,684	2,199	1,929	1,702	1,650
Earnings before tax, SEK M	1,046	729	753	639	588
Net earnings, SEK M	819	584	553	452	441
Net debt, SEK M	4,328	3,261	2,692	2,193	2,069
Net debt/EBITDA RTM	1.61	1.49	1.40	1.29	1.25
Earnings per share, SEK	10.30	7.32	6.91	5.67	5.53
EPS growth, %	41	6	22	3	–1
Dividend/proposed dividend per share, SEK	5.75	5.00	4.50	4.10	3.75
Average number of shares, '000	79,306	79,745	79,745	79,745	79,745
Number of shares outstanding at end of period, '000	78,547	79,745	79,745	79,745	79,745
Return on Purchased debt, %	21	17	21	18	18
Investments in Purchased debt, SEK M	2,475	2,014	1,804	1,050	871
Average number of employees	3,530	3,475	3,331	3,099	3,372

The comparison figures for 2012 are recalculated according to IFRS 11 and IAS 19R. The comparison figures for previous years has not been recalculated.

Board of Directors' Report

The Board of Directors and the President and CEO of Intrum Justitia AB (publ) hereby submit the annual report and consolidated financial statements for the 2013 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 which 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. On December 31, 2013, share capital amounted to SEK 1,594,893 and the number of shares to 79,744,651, of which treasury holdings were 1,197,773 shares. The Group maintains operations through subsidiaries, associated companies and joint ventures in about 20 countries.

SIGNIFICANT EVENTS DURING THE YEAR

• At a capital markets day in March, new financial targets for the Intrum Justitia Group were announced entailing that earnings per share should rise by at least 10 percent annually, that the return on purchased debt should be at least 15 percent annually and that net debt in relation to operating earnings before impairment and amortization (EBITDAA) should be in the interval 2.0–3.0.

• At the Annual General Meeting in April, Matts Ekman, Lars Lundquist, Joakim Rubin, Charlotte Strömberg, Fredrik Trägårdh and Joakim Westh were reelected as directors. Synnöve Trygg and Magnus Yngen were newly elected to the Board of Directors. Lars Lundquist was re-elected as Chairman of the Board. The Annual General Meeting approved the Board of Directors' dividend proposal and its proposal regarding principles of remuneration and other terms of employment for senior management. The AGM reelected Ernst & Young AB as the company's auditors. In accordance with the Board's proposal, the Annual General Meeting resolved to authorize the Board, over the period until the next Annual General Meeting, to make decisions on the acquisition and transfer of at most 10 percent of the shares outstanding in the company. Over the year, 1,197,773, shares were repurchased for SEK 200 M.

• In June, five-year bonds for a total SEK 1 billion were issued within the framework of the Group's MTN program. The purpose was to increase financial flexibility to enable continued expansion and to diversify the Group's borrowing. The Group's total approved loan financing thus amounts to SEK 7 billion, including SEK 2 billion that is used within the framework of the Group's bond program.

• In October, Intrum Justitia in France entered an agreement to extend the cooperation with Ellisphère (formerly Coface Services), a subsidiary of Natixis Bank. The purpose of the cooperation is, effective from January 1, 2014, to conduct joint collection operations for corporate receivables through the merger of Intrum Justitia's and Ellisphère's French operations for this segment, forming a joint company in which Intrum Justitia is the majority shareholder.

• In December, it was announced that Intrum Justitia AB would, effective from 2014, be transferred from the Mid-Cap segment on the Nasdaq OMX exchange to the Large-Cap segment. Large Cap is the Stockholm Stock Exchange's list of Sweden's largest companies with a market capitalization of more than EUR 1 billion.

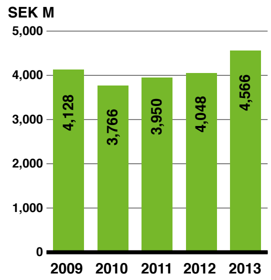
REVENUES AND EARNINGS

Consolidated net revenues during the year amounted to SEK 4,566 M (4,048). Revenues rose by 13 percent for the full-year, consisting of organic growth of 10 percent, acquisitions of 1 percent, revaluations of purchased debt of 2 percent and a currency effect of 0 percent.

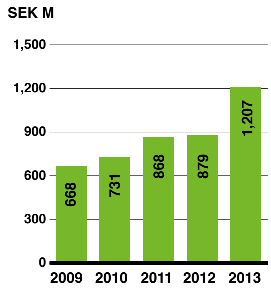
Operating earnings amounted to SEK 1,207 M (879) and included revaluations of purchased debt portfolios amounting to SEK 7 M (-83). This means that operating earnings improved by 37 percent over the year – adjusted for currency effects and revaluations of purchased debt portfolios, the increase was 26 percent.

Earnings for the previous year included items affecting comparability in Germany of SEK –69 M, of which revaluations comprised SEK –52 M and impairment of an IT platform by SEK –17 M.

The Group has launched new financial services during the year, including factoring and payment guarantees. These services are in a startup phase and have



Consolidated revenues.



Operating result.

burdened operating earnings for 2013 by SEK 41 M. On the service line level, SEK –31 M was included in the operating earnings for Financial Services, and SEK –10 M was recognized as shared expenses.

Earnings before tax for the year amounted to SEK 1,046 M (729) and net earnings were SEK 819 M (584).

Earnings per share rose by 41 percent compared with the previous year to SEK 10.30 M (7.32). Earnings per share for the full-year were affected by repurchasing, which reduced the average number of shares outstanding by 0.5 percent.

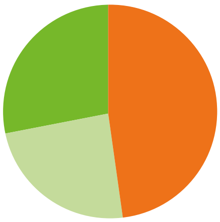
GEOGRAPHICAL REGIONS

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 2,175 M (1,980) during the year. In local currencies, revenues rose by 11 percent. Operating earnings excluding revaluations amounted to SEK 719 M (580), corresponding to a margin of 33 percent (29). In local currencies, operating earnings improved by 25 percent.

The region continues to be affected positively by increased investment in purchased debt in 2012–2013. Earnings were also affected positively by the efficiency enhancement programs in



GEOGRAPHICAL REGIONS
Share of consolidated revenues (%)

the region in recent years, with regard to both cost control and the increased number of cases being pursued in the legal systems. In Poland, however, earnings were affected negatively towards the end of the year by lower collection on our own portfolios, as a result of the legal system in the country being overloaded with cases.

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 1,087 M (936) during the year. In local currencies, revenues rose by 19 percent. Operating earnings excluding revaluations amounted to SEK 265 M (192), corresponding to a margin of 24 percent (21). In local currencies, operating earnings rose by 41 percent.

The strong earnings trend is partly an effect of the measures undertaken in 2012 to reduce costs in Germany, but is also an effect of increased investment in purchased debt. In the region, increasing the number of cases in the legal systems remains a priority in ensuring long-term stability and margin improvement, although, in the short term, this reduces the positive effects of high levels of investment in purchased debt.

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 1,297 M (1,211) during the year. In local currencies, revenues fell by 8 percent. Operating earnings excluding revaluations amounted to SEK 216 M (186), corresponding to a margin of 17 percent (15). In local currencies, operating earnings improved by 17 percent.

The region has increased its level of investment in purchased debt and has also had good volume growth in Credit Management. Efforts to increase efficiency in Credit Management in the region are giving favorable results, which is also contributing to a favorable earnings trend. Continued good cost control in the region means that operating margins can be maintained at a good level. The increase in revenue is mainly due to increased investment in purchased debt, as well as a positive contribution from the units acquired in the preceding year. Intrum Justitia and Ellisphère SA's (formerly Coface Financial Services) agreement on forming a jointly owned company for corporate receivables cases in France was completed according to plan in December 2013 and will have a positive effect on the region's revenues effective from 2014.

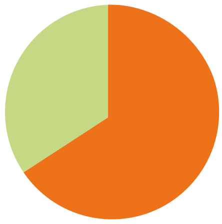
SERVICE LINES

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

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

Credit Management

Over the year, the service line's revenues amounted to SEK 3,469 M (3,369). Adjusted for currency effects, revenues rose by 4 percent over the year. Operating earnings amounted to SEK 823 M (827), corresponding to a margin of 24 percent



SERVICE LINES
Share of consolidated revenues (%).

(25). Operating earnings improved by 1 percent in local currencies.

Growth in the service line is mainly fuelled by increased investments in purchased debt, but the positive income trend from external customers has also continued. At the same time, work is continuing on streamlining collection processes and generating improved growth from external customers.

Purchased Debt

Revenues for the service line amounted to SEK 1,791 M (1,191) for the year. Adjusted for currency effects, revenues rose by 52 percent over the year. Operating earnings amounted to SEK 969 M (599), corresponding to an operating margin of 54 percent (50). Adjusted for currency effects, operating earnings rose by 64 percent over the year.

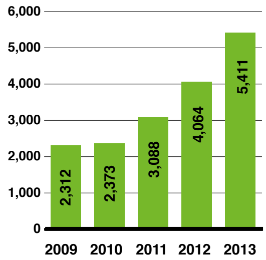
The level of investments in purchased debt was strong in several markets, meaning that investments on a full-year basis amounted to nearly SEK 2.5 billion, equivalent to

NET REVENUES EXCLUDING REVALUATIONS, SEK M	2013	2012	2011	2010	2009
Northern Europe	2,175	1,980	1,759	1,434	1,432
Central Europe	1,087	936	899	926	1,039
Western Europe	1,297	1,211	1,274	1,403	1,692
Total	**4,559**	**4,127**	**3,931**	**3,763**	**4,164**

OPERATING EARNINGS EXCLUDING REVALUATIONS, SEK M	2013	2012	2011	2010	2009
Northern Europe	719	580	435	322	354
Central Europe	265	192	193	198	207
Western Europe	216	186	230	209	142
Disposal of associated companies	–	–	–9	–	–
Participations in Island	–	–	–1	–1	0
Total	**1,200**	**958**	**849**	**727**	**704**

NET REVENUES BY SERVICE LINE, SEK M	2013	2012	2011	2010	2009
Credit Management	3,469	3,369	3,293	3,274	3,548
Financial services	1,791	1,191	1,088	861	924
Elimination of internal transactions	–694	–512	–431	–369	–345
Total	**4,566**	**4,048**	**3,950**	**3,766**	**4,128**

SERVICE LINE EARNINGS BY SERVICE LINE, SEK M	2013	2012	2011	2010	2009
Credit Management	823	827	843	830	894
Financial services	969	599	591	417	411
Common costs	–585	–547	–566	–516	–637
Total	**1,207**	**879**	**868**	**731**	**668**



Carrying value, purchased debt (SEK M).

an increase of 23 percent compared with 2012. The return on purchased debt was 21 percent for the full year – well above the Group's target of 15 percent. Revaluations amounted to SEK 7 M (-79) for 2013, with two non-recurring revaluations in Spain and Germany accounting for SEK -94 M of the comparison figure for 2012. Revaluations by geographical region amounted to the following:

SEK M	2013	2012
Northern Europe	3	10
Central Europe	1	–44
Western Europe	3	–45
Total	**7**	**–79**

The level of investment in purchased debt varied over the year and was relatively low in the fourth quarter due to the investment volumes in large portfolios being lower than in earlier periods and lower investments being made in forward flow contracts where the return level is not expected to reach the Group's target.

Operating earnings were burdened by costs of SEK 31 M for the building up of the new service line Intrum Justitia Finance. The Intrum Justitia Finance business in Sweden and Finland is developing according to plan, but the Dutch venture is not developing satisfactory and is currently being reviewed.

EXPENSES

The gross margin has increased compared to last year, partly explained by an increasing share of revenues coming from Financial Services which have a higher margin than Credit Management Services. Furthermore, costs of SEK 17 M for an impairment write-down of a German IT system were charged to gross earnings for 2012.

Depreciation/amortization

Operating earnings for the year were charged with depreciation of tangible and intangible fixed assets by SEK 157 M (187). Operating earnings before depreciation/amortization therefore amounted to SEK 1,364 M (1,066). 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 42 M (68). These were amortized by SEK 14 M (14) during the year.

NET FINANCIAL ITEMS

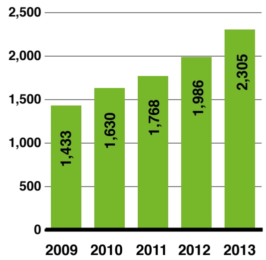
Net financial items amounted to an expense of SEK 161 M (150). Exchange rate differences have affected net financial items negatively by SEK 4 M (4), and other financial items by a negative SEK 29 M (27). Compared with 2012, net financial items for 2013 have been affected negatively by higher average borrowing. Other financial items mainly refer to fees to the banks and similar costs in connection with the Group's loan financing.

TAXES

Corporate income tax for the year was equivalent to 21.7 percent of earnings before tax compared to 19.9 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.



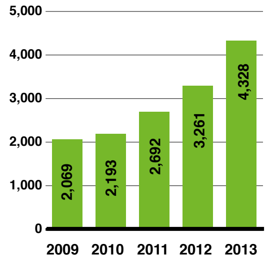
Cash flow from operating activities (SEK M).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities over the full-year amounted to SEK 2,305 M (1,986). 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 2,475 M (2,014) over the full-year.

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 121 M (152) 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.



Net debt (SEK M)

FINANCING

At December 31, 2013, net debt amounted to SEK 4,328 M, compared with SEK 3,261 at December 31, 2012.

Shareholders' equity, including non-controlling interests, amounted to SEK 3,316 M, compared with SEK 2,986 M last year.

The increase in consolidated net debt compared with the preceding year is primarily attributable to a continued increase in the level of investment in purchased debt, the share dividend paid out and share repurchases. A favorable earnings trend and strong operating cash flow mean that consolidated net debt in relation to operating earnings before depreciation and amortization remained at a relatively low level of 1.61 (1.49).

Over the year, Intrum Justitia acquired 1,197,773 of its own shares for a total price of SEK 200 M within the framework of the share repurchase program approved by the 2013 Annual General Meeting. Consequently, the number of shares outstanding at the end of the year amounted to 78,546,878, compared with 79,744,651 shares at the start of the year. The average number of shares over the year was 79,306,099. The Board of Directors intends to propose to the 2014 Annual General Meeting that the share capital in the company be reduced by cancelling the repurchased shares.

The Group's total committed financing amounts to SEK 7 billion, including SEK 2 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 1.9 billion was utilized at the end of the year. The maturity structure for the committed loans means that SEK 2 billion mature each year 2015–2017, and SEK 1 billion in 2018.

For its short-term financing, the Group uses a commercial paper program involving borrowing of SEK 598 M as per December 31, 2013.

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

RISK AND RISK MANAGEMENT

See also Note 34.

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

All economic activity is associated

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

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

Economic fluctuations
The credit management sector is affected negatively by a weakened economy. However, Intrum Justitia's assessment is that, historically, it has been less affected by economic fluctuations than many other sectors. Risks associated with changes in economic conditions are managed through 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.

Regulated operations
The Group conducts business which in certain countries are regulated, for example units that are subject to regulations for financial activities. It is important that Intrum Justitia maintains a good understanding and ability to meet the regulations and requirements imposed to avoid penalty fees or other sanctions from supervising authorities. The Group continuously works to ensure that such regulated units have the right competence and abilities.

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

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

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

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

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

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

Credit risks
As part of its normal operations, the Group incurs outlays for court expenses, legal representation, enforcement authorities and similar – outlays that are necessary for collection to be conducted through the legal system. In certain cases, these outlays can be passed on to, and collected from debtors. In many cases Intrum Justitia has agreements with its clients whereby any expenses that cannot be collected from debtors are instead refunded by the client. The amount that is expected to be recovered from a solvent 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 2013, the average nominal value per case was about SEK 8,100. Purchases are usually made from clients with whom the Group has maintained long-term relationships and therefore has a thorough understanding of the receivables in question. The acquisitions generally involve unsecured debt, which reduces the capital investment and significantly simplifies administration compared with collateralized receivables.

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

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

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

balance sheet to cover expenses that may arise due to the guarantee.

Financing risk

The Group's loan facility contains a number of operations-related and financial covenants, including limits on certain financial indicators. The Group Management Team carefully monitors these key financial indicators, so that it can quickly take measures if there is a risk that one or more limits may be exceeded. All such key financial indicators were fulfilled in 2013.

GOODWILL

Consolidated goodwill amounted to SEK 2,542 M compared with SEK 2,369 M as per December 31, 2012. Of the change, SEK 39 M was attributable to an increased ownership share in a French company, while SEK 83 M was attributable to the acquisition of the corporate collection business of Ellisphère SA (formerly Coface Services) and SEK 51 M was attributable to exchange rate differences.

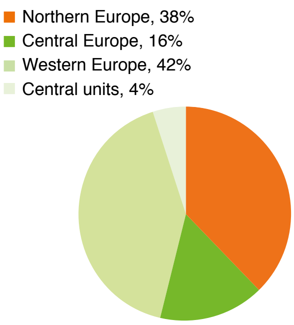
NON-FINANCIAL EARNINGS INDICATORS

Employees

The average number of employees during the year was 3,530 (3,485). The number of employees has risen in connection with the continued establishment of the Group's central software development company in Latvia and the building-up of the new service line Intrum Justitia Finance. Over the year, personnel turnover was 22 percent (24). Of the total number of employees during the year, 64 percent were women (63). The percentage of employees with university-level degrees was 45 percent (36). 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 pages 30–33 and Notes 26–28.



Number of employees by geographical region (%)

Social responsibility and the environment

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

Intrum Justitia's role in society

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

Business ethics

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

Working conditions

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

Environment

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

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

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

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

MARKET OUTLOOK

Europe is characterized by considerable regional differences and there is substantial uncertainty regarding the macroeconomic situation in several countries. 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 90 M (85) for the year and earnings before tax of a negative SEK 90 M (450), including impairments of shares in subsidiaries and net share dividends from subsidiaries of SEK 18 M (–326). The Parent Company invested SEK 0 M (0) in fixed assets during the year and had, at the end of the year, SEK 6 M (21) in cash and equivalents. The average number of employees was 46 (44).

THE SHARE AND SHAREHOLDERS

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

During the year, Intrum Justitia acquired 1,197,773 of its own shares for a total price of SEK 200 M within the framework of the share repurchase program approved by the 2013 Annual General Meeting. Consequently, the number of shares outstanding at the end of the year amounted to 78,546,878, compared with 79,744,651 shares at the start of the year. The average number of shares outstanding year was 79,306,099. The Board of Directors intends to propose to the 2014 Annual General Meeting that the share capital in the company be reduced by cancelling the repurchased shares.

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

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.

In 2013, the Board held 12 meetings (15 the previous year).

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

EVENTS AFTER THE END OF THE YEAR

On February 4, 2014, the Board of Directors of Intrum Justitia resolved to resume the share repurchase program that was initiated in 2013. The program will run from February 6, 2014, up to and including March 21, 2014. Through the program, the company returns further funds to shareholders and it is the assessment of the Board of Directors that this will give the company a more optimum capital structure. The purpose of the program is to reduce the share capital by cancelling the shares that are repurchased. In accordance with the authorization provided by the 2013 Annual General Meeting, a maximum corresponding to 10 percent of the company's shares may be repurchased during the period extending until the 2014 Annual General Meeting. During February–March 2014, 1,185,934 shares have been repurchased.

On January 31, 2014, Intrum Justitia acquired the Czech company Profidebt s.r.o., which focuses on collection of receivables. The acquisition entails Intrum Justitia taking over all of the company's assets, which consist of a well-diversified portfolio of purchased debt. Profidebt has about 70 employees, most of whom work with collection of receivables under the company's own auspices. There is also a smaller unit that works with credit management services for external customers.

After the end of the year, a decision has also been made to transfer the Group's Dutch credit management and purchased debt operations from the Group's Western Europe region to the Northern Europe region. The reason for this change is primarily that the Dutch model for the collection of receivables largely resembles that applied in Northern Europe and there are consequently advantages in conducting these operations under the same management, with opportunities for the exchange of knowledge, strategic coordination, etc.

PROPOSAL FOR REMUNERATIONS AND OTHER TERMS OF EMPLOYMENT FOR SENIOR EXECUTIVES

The board proposes that the following guidelines shall be approved by the annual general meeting for the time up until the annual general meeting 2015. 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.

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 MSEK 14,6 excluding social charges, during 2014.

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, 100 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.

DIVIDEND PROPOSAL

The Board of Directors and the President propose that a dividend of SEK 5.75 (5.00) is paid out as a dividend to the shareholders, corresponding to a total amount of SEK 445 M (399 M). The complete proposal for appropriation of earnings for the year appears on page 82.

Consolidated income statement

SEK M	NOTE	2013	2012
Revenues	2, 3	4,566	4,048
Cost of sales		–2,663	–2,482
Gross earnings		**1,903**	**1,566**
Sales and marketing expenses		–211	–226
Administrative expenses		–484	–468
Participations in associated companies and joint ventures	5	–1	7
Operating earnings (EBIT)	2, 3, 4	**1,207**	**879**
Financial income	6	17	21
Financial expenses	7	–178	–171
Net financial items		**–161**	**–150**
Earnings before tax		**1,046**	**729**
Taxes	8	–227	–145
Net earnings for the year		**819**	**584**
Of which attributable to:			
Parent Company's shareholders		817	584
Non-controlling interests	12	2	0
Net earnings for the year		**819**	**584**
Earnings per share before and after dilution (SEK)	9	10.30	7.32

Consolidated statement of comprehensive income

SEK M	NOTE	2013	2012
Net earnings for the year		819	584
Other comprehensive income:			
Items that can be reclassified to earnings for the year			
The year's change in translation reserve attributable to the translation of foreign operations		170	–117
The year's total comprehensive income attributable to hedging of currency risks in foreign operations		–140	100
Items that cannot be reclassified to earnings for the year			
Remeasurements of pension liability for the year	8, 21	3	0
Comprehensive income for the year		**852**	**567**
Of which attributable to:			
Parent Company's shareholders		850	567
Non-controlling interests		2	0
Comprehensive income for the year		**852**	**567**

Consolidated balance sheet

SEK M	NOTE	31 DEC 2013	31 DEC 2012	1 JAN 2012
ASSETS				
Fixed assets				
Intangible fixed assets	10			
Goodwill		2,542	2,369	2,204
Capitalized expenditure for IT development		200	230	281
Client relationships		42	68	102
Other intangible fixed assets		37	31	26
Total intangible fixed assets		**2,821**	**2,698**	**2,613**
Tangible fixed assets	11			
Computer hardware		31	20	21
Other tangible fixed assets		74	71	45
Total tangible fixed assets		**105**	**91**	**66**
Other fixed assets				
Shares and participations in associated companies and joint ventures	13	0	15	107
Purchased debt	14	5,411	4,064	3,088
Deferred tax assets	8	69	70	77
Other long-term receivables	15	6	17	68
Total other fixed assets		**5,486**	**4,166**	**3,340**
Total fixed assets		**8,412**	**6,955**	**6,019**
Current assets				
Accounts receivable	16	302	263	263
Client funds		525	473	580
Tax assets		25	26	28
Other receivables	17	452	267	300
Prepaid expenses and accrued income	18	166	143	119
Liquid assets	19	340	348	602
Total current assets		**1,810**	**1,520**	**1,892**
TOTAL ASSETS		**10,222**	**8,475**	**7,911**

Consolidated balance sheet

SEK M	NOTE	31 DEC 2013	31 DEC 2012	1 JAN 2012
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	20			
Shareholders' equity attributable to Parent Company's shareholders				
Share capital		2	2	2
Other paid-in capital		906	906	906
Reserves		203	273	290
Retained earnings including net earnings for the year		2,024	1,803	1,598
Total shareholders' equity attributable to Parent Company's shareholders		**3,235**	**2,984**	**2,776**
Shareholders' equity attributable to non-controlling interests	12	81	2	2
Total shareholders' equity		**3,316**	**2,986**	**2,778**
Long-term liabilities				
Liabilities to credit institutions	23	1,847	1,667	2,588
Bond loans	23	2,056	970	–
Other long-term liabilities		170	217	61
Provisions for pensions	21	102	87	87
Other long-term provisions	22	3	3	3
Deferred tax liabilities	8	383	239	175
Total long-term liabilities		**4,561**	**3,183**	**2,914**
Current liabilities				
Liabilities to credit institutions	23	51	243	5
Commercial paper	23	598	606	617
Client funds payable		525	473	580
Accounts payable		145	142	133
Income tax liabilities		78	69	115
Advances from clients		18	23	27
Other current liabilities		300	236	230
Accrued expenses and prepaid income	24	630	514	512
Total current liabilities		**2,345**	**2,306**	**2,219**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**10,222**	**8,475**	**7,911**

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

The comparison figures for 1 January and 31 December 2012 have been recalculated taking the changed accounting principles for joint ventures and pensions into account. The recalculated figures for 1 January 2012 form the opening balance after recalculation. See also Note 1.

Consolidated cash flow statement

SEK M	NOTE	2013	2012
Operating activities			
Operating earnings	2	1,207	879
Amortization, depreciation and impairment	4, 10, 11	157	187
Amortization and revaluations of purchased debt	14	1,320	1,133
Other adjustments for items not included in cash flow	2	6	–6
Interest received		17	21
Interest paid and financial expenses		–162	–133
Income tax paid		–111	–145
Cash flow from operating activities before changes in working capital		**2,434**	**1,936**
Changes in factoring receivables		–89	–2
Other changes in working capital		–40	52
Cash flow from operating activities		**2,305**	**1,986**
Investing activities			
Purchases of intangible fixed assets	10	-77	–97
Purchases of tangible fixed assets	11	-44	–2 014
Debt purchases*	14	–2,475	–2 014
Purchases of shares in subsidiaries and associated companies*	35	2	–69
Other cash flow from investing activities		16	15
Cash flow from investing activities		**–2,578**	**–2,220**
Financing activities			
Borrowings		1,234	2 146
Amortization of loans		-374	–1 805
Share repurchases		–200	–
Share dividend to Parent Company's shareholders		–399	–359
Cash flow from financing activities		**261**	**–18**
Change in liquid assets		**–12**	**–252**
Opening balance of liquid assets		**348**	**602**
Exchange rate differences in liquid assets		4	–2
Closing balance of liquid assets	19	**340**	**348**

* In the acquisition of Aktiv Kapital's Swiss operations in 2013, purchased debt of SEK 269 M was included. In the acquisition of 65 percent of the shares in LDF65 sarl in 2012, purchased debt of SEK 257 M was included. They are reported in the row Debt Purchases.

Consolidated statement of changes in shareholders' equity

See also Note 20 SEK M	Number outstanding shares	Share capital	Other paid-in capital	Reserves	Retained earnings incl. earn-ings for the year	Total	Non-controlling interests	Total share-holders' equity
Opening balance, January 1, 2012	79,744,651	2	906	290	1,613	2,811	2	2,813
Adjustment for changes in accounting principles					–35	–35		–35
Restated shareholders' equity 1 January 2012	79,744,651	2	906	290	1,578	2,776	2	2,778
Comprehensive income 2012								
Net earnings for the year					584	584		584
Other comprehensive income for the year:								
Change in translation reserve attributable to foreign operations				–117		–117		–117
Comprehensive income attributable to hedging of currency risks in foreign operations				100		100		100
Income tax on other comprehensive income				0		0		0
Comprehensive income for the year				**–17**	**584**	**567**		**567**
Transactions with shareholders in 2012								
Dividend					–359	–359		–359
Closing balance. December 31, 2012	**79,744,651**	**2**	**906**	**273**	**1,803**	**2,984**	**2**	**2,986**
Comprehensive income for the year, 2013								
Net earnings for the year					817	817	2	819
Other comprehensive income for the year								
Change in translation reserve attributable to foreign operations				170		170		170
Comprehensive income attributable to hedging of currency risks in foreign operations				–140		–140		–140
Remeasurement of pension liability					4	4		4
Income tax on other comprehensive income				0	–1	–1		–1
Comprehensive income for the year				**30**	**820**	**850**	**2**	**852**
Transactions with Group owners in 2013								
Dividend					–399	–399		–399
Repurchase of shares	–1,197,773				–200	–200		–200
Acquisitions of non-controlling interests							77	
Closing balance. December 31, 2013	**78,546,878**	**2**	**906**	**303**	**2,024**	**3,235**	**81**	**3,316**

Accumulated exchange rate differences since the transition to IFRS amounted to SEK 303 M (273) at the end of 2013).

Parent Company income statement

SEK M	NOTE	2013	2012
Revenues	3	90	85
Gross earnings		**90**	**85**
Sales and marketing expenses		–16	–16
Administrative expenses		–142	–141
Operating earnings	4	**–68**	**–72**
Income from participations in Group companies	6	324	60
Interest income and similar items	6	127	119
Impairment and liquidation losses on shares in subsidiaries	7	–306	–386
Interest expenses and similar items	7	–167	–171
Net financial items		**–22**	**–378**
Earnings before tax		**–90**	**–450**
Tax	8	0	
Net earnings for the year		**–90**	**–450**

Consolidated statement of comprehensive income

SEK M	NOTE	2013	2012
Net earnings for the year		–90	–450
Other comprehensive income:			
Items that can be reclassified to earnings for the year			
Exchange differences on monetary items classified as expanded investment		–14	–13
The year's total comprehensive income attributable to hedging of currency risks in foreign operations		–140	100
Comprehensive income for the year		**–244**	**–363**

Parent Company balance sheet

SEK M	NOTE	DEC 31, 2013	DEC 31, 2012
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Capitalized expenditure for IT development		0	1
Total intangible fixed assets		**0**	**1**
Financial fixed assets			
Participations in Group companies	12	6,413	6,372
Receivables from Group companies		996	848
Total financial fixed assets		**7,409**	**7,220**
Total fixed assets		**7,409**	**7,221**
Current assets			
Current receivables			
Tax assets		2	2
Receivables from Group companies		3,388	2,597
Other receivables	17	1	2
Prepaid expenses and accrued income	18	33	36
Total current receivables		**3,424**	**2,637**
Liquid assets	19		
Cash and bank balances		6	21
Total liquid assets		**6**	**21**
Total current assets		**3,430**	**2,658**
TOTAL ASSETS		**10,839**	**9,879**

Parent Company balance sheet

SEK M	NOTE	DEC 31, 2013	DEC 31, 2012
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Restricted equity			
Share capital		2	2
Statutory reserve		282	282
Total restricted equity		**284**	**284**
Non-restricted equity			
Share premium reserve		111	111
Fair value reserve		–748	–594
Retained earnings		3,739	4,788
Net earnings for the year		–90	–450
Total non-restricted equity		**3,012**	**3,855**
Total shareholders' equity		**3,296**	**4,139**
Long-term liabilities			
Liabilities to credit institutions	23	1,846	1,667
Bond loans		2,056	970
Liabilities to Group companies		1,622	1,176
Total long-term liabilities		**5,524**	**3,813**
Current liabilities			
Overdraft facility		48	43
Commercial paper		598	606
Accounts payable		5	5
Liabilities to Group companies		1,249	1,194
Other current liabilities		2	2
Accrued expenses and prepaid income	24	117	77
Total current liabilities		**2,019**	**1,927**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**10,839**	**9,879**
Pledged assets		None	None
Contingent liabilities		None	86

Parent Company cash flow statement

SEK M	NOTE	2013	2012
Operating activities			
Operating earnings		–68	–72
Interest received		128	119
Interest paid and financial expenses		–141	–143
Cash flow from operating activities before changes in working capital		**–81**	**–96**
Changes in working capital		22	–8
Cash flow from operating activities		**–59**	**–104**
Investing activities			
Dividend from subsidiaries		44	60
Cash flow from investing activities		**44**	**60**
Financing activities			
Borrowings		1,395	1,958
Amortization of loans		–178	–1,867
Net loans to subsidiaries		–618	61
Share dividend to Parent Company's shareholders		–399	–359
Share repurchases		–200	–
Cash flow from financing activities		**0**	**–207**
Change in liquid assets		**–15**	**–251**
Opening balance of liquid assets		21	272
Closing balance of liquid assets	19	6	21

Statement of changes in shareholders' equity, Parent Company

See also note 20.

SEK M	Number outstanding shares	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Retained earnings	Earnings for the year	Total share-holders
Opening balance, January 1, 2012	**79,744,651**	**2**	**282**	**111**	**–681**	**5,165**	**–18**	**4,861**
Comprehensive income for the year, 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	0
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**
Comprehensive income for the year, 2013								
Net earnings for the year							–90	–90
Other comprehensive income for the year					–154			–154
Comprehensive income for the year					–154		–90	–244
Disposition of previous year's earnings						–450	450	0
Transactions with Parent Company's shareholders in 2013								
Share dividend						–399		–399
Share repurchases	–1,197,773					–200		–200
Closing balance. December 31, 2013	**78,546,878**	**2**	**282**	**111**	**–748**	**3,739**	**–90**	**3,296**

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

Notes

NOTE 1

SIGNIFICANT ACCOUNTING AND VALUATION PRINCIPLES

General

The Parent Company Intrum Justitia AB (publ) is a registered company domiciled in Stockholm, Sweden. The address of the company's headquarters is Hesselmans Torg 14, Nacka, SE-105 24 Stockholm, Sweden. In 2013, the company was listed on the NASDAQ OMX Nordic, Mid Cap list. Effective from 2014, the company is included in the Large Cap list.

The consolidated accounts were approved for publication by the company's Board of Directors on March 26, 2014. The balance sheets and income statements will be presented to the Annual General Meeting on April 23, 2014.

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 SEK M.

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

Accounting standards applied

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

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

Assumptions

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

The preparation of financial 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, income and expenses. Estimates and assumptions are based on historical experience and a number of other factors that under current circumstances seem reasonable. The result of these estimates and assumptions is then used to determine the carrying values of assets and liabilities that otherwise are not clearly indicated by other sources. Actual outcomes may deviate from these estimates and assumptions.

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

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

The accounting principles described below for the Group have been applied consistently for all periods in the Group's financial 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 2013

Effective from 2013, the Group applies the amended IAS 1 Presentation of financial statements, which entails Other comprehensive income being divided into i) items that can be reclassified to earnings for the year (change in the translation reserve in the translation of foreign operations and the results of currency hedges), and ii) items that cannot be reallocated to earnings for the year (remeasurements of defined benefit pension plans).

Furthermore, effective from 2013, the Group applies the new IFRS 10 Consolidated financial statements, IFRS 11 Joint arrangements and IFRS 12 Disclosure of interests in other entities, in accordance with the dates on which each of those standards came into effect, as well as IAS 27 Separate financial statements and IAS 28 Investments in associates, although these first become obligatory for companies within the EU effective from 2014. The principal change for Intrum Justitia is that certain joint ventures, previously reported in accordance with the proportional method are now reported in accordance with the equity method. The numerical effect on the opening balance can be seen in the presentation below. See also Note 13, Associated companies and joint ventures. The impact on the income statement is that revenues are reduced in the comparative figures for 2012. For 2013 the impact is negligible.

Effective from 2013, the Group also applies the amended IAS 19 Employee benefits, meaning that the "corridor" method is no longer applied and that actuarial reassessments are instead reported under other comprehensive income. Pension costs for service in the current period are reported in the operating result, while the calculated interest expense on the pension liability and the interest income from assets under management are reported in net financial items. The numerical effect on the opening balance can be seen in the presentation below. See also Note 21 Pensions. The impact on the income statement for 2013 is that remeasurements of the pension liability are reported as Other comprehensive income. Under the old rules they would not have been reported, according to the corridor method.

Effective from 2013, IFRS 13 Fair value measurement is applied, as is the amended IFRS 7 Financial instruments: Disclosures, which have entailed increased disclosures in Note 33.

The effect of the implementation of IFRS 11 and the amended IAS 19 on the balance sheets for 2011 and 2012, compared with the figures stated in last year's balance sheet, can be seen in the presentation below.

Note 1 cont.

SEK M	Reported 2012	Adjust-ments IFRS 11	Adjust-ments IAS19R	Recalcu-lated 2012	Reported 2011	Adjust-ments IFRS 11	Adjust-ments IAS19R	Recalcu-lated 2011
ASSETS								
Intangible fixed assets	2,698	0	0	2,698	2,613	0	0	2,613
Tangible fixed assets	91			91	66			66
Shares and participations in associated companies and joint ventures	15			15	12	95		107
Purchased debt	4,071	–7		4,064	3,229	–141		3,088
Deferred tax assets	64		6	70	71		6	77
Other long-term receivables	17			17	32	36		68
Total fixed assets	**6,956**	**–7**	**6**	**6,955**	**6,023**	**–10**	**6**	**6,019**
Accounts receivable	264	–1		263	266	–3		263
Client funds	473			473	580			580
Tax assets	26			26	28			28
Other receivables	264	3		265	266	34		300
Prepaid expenses and accrued income	143			143	119			119
Liquid assets	349	–1		348	625	–23		602
Total current assets	**1,519**	**1**	**0**	**1,520**	**1,884**	**8**	**0**	**1,892**
TOTAL ASSETS	**8,475**	**–6**	**6**	**8,475**	**7,907**	**–2**	**6**	**7,911**
SHAREHOLDERS' EQUITY AND LIABILITIES								
Attributable to Parent Company's shareholders	3,019		–35	2,984	2,811		–35	2,776
Attributable to non-controlling interests	2			2	2			2
Total shareholders' equity	**3,021**	**0**	**–35**	**2,986**	**2,813**	**0**	**–35**	**2,778**
Liabilities to credit institutions	1,667			1,667	2,588			2,588
Bond loan	970			970	0			0
Other long-term liabilities	217			217	61			61
Provisions for pensions	46		41	87	46		41	87
Other long-term provisions	3			3	3			3
Deferred tax liabilities	153	86		239	89	86		175
Total long-term liabilities	**3,056**	**86**	**41**	**3,183**	**2,787**	**86**	**41**	**2,914**
Liabilities to credit institutions	243			243	5			5
Commercial papers	606			606	617			617
Client funds payable	473			473	580			580
Accounts payable	142			142	133			133
Income tax liabilities	155	–86		69	203	–88		115
Advances from clients	23			23	27			27
Other current liabilities	241	–5		236	229	1		230
Accrued expenses and prepaid income	515	–1		514	505	–1		504
Other short-term provisions	0			0	8			8
Total current liabilities	**2,398**	**–92**	**0**	**2,306**	**2,307**	**–88**	**0**	**2,219**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**8,475**	**–6**	**6**	**8,475**	**7,907**	**–2**	**6**	**7,911**

Note 1 cont.

Changes that enter into force in or after 2014

The Group made an early adoption of the changed version of IAS 36 Impairment, which entails among other things changed disclosures for impairment testing of goodwill.

IFRS 9 Financial instruments is intended to replace IAS 39 Financial instruments: Recognition and measurement effective from 2015. IASB has published three parts of what will together form the final IFRS 9. This first section deals with the classification and measurement of financial assets. The categories for financial assets contained in IAS 39 will be replaced by two categories, where valuation is carried out at fair value or amortized cost. Amortized cost is applied for instruments held according to a business model whose objective is to receive the contractual cash flows; which should consist of payments of capital amounts and interest on the capital on specified dates. Other financial assets are recognized at fair value and the possibility of applying the fair value option, as in IAS 39, is retained. Changes in fair value are to be recognized in profit or loss, with the exception of changes in value in equity instruments not held for trade and for which a choice is initially made to report changes in value in other comprehensive income. Changes in the value of derivatives in hedge accounting are not affected by this part of IFRS 9, but are reported, until further notice, in accordance with IAS 39.

Intrum Justitia's preliminary assessment is that the overdue receivables purchased by the Group shall, in accordance with IFRS 9, continue to be recognized at amortized cost, as in IAS 39, and that the effect on the consolidated financial statements will consequently not be significant. Intrum Justitia does not intend to adopt IFRS 9 prematurely in 2014.

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

Classification issues

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

Consolidation

Subsidiaries

The Group applies IFRS 3 Business combinations.

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 entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes 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. This analysis determines, in part, the cost of the holdings or operations and, in part, the fair value of the identifiable assets, liabilities and contingent liabilities assumed on the date of acquisition. The cost of the subsidiary's shares or operations consists of the fair value of the compensation on the transfer date. 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.

In business combinations where cost exceeds the net value of the 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, income and expenses, and unrealized gains and losses that arise from transactions within the Group are eliminated in their entirety in the consolidated accounts.

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

Associated companies

The Group applies IAS 28 Investments in Associates and joint ventures.

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 IFRS 11 Joint arrangements.

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

The equity method is applied from the date 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

Note 1 cont.

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. Income and expenses are translated at the average rate, which serves as an approximation of the rate that applied on each transaction date. Translation differences arise in the translation of subsidiary accounts in part because the balance sheet date rate changes each period and in part because the average rate deviates from balance sheet date rate. Translation differences are recognized directly in total comprehensive income as the year's change in the translation reserve.

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

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

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

Financial assets and liabilities

The Group applies IAS 39 Financial 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. Exceptions are financial instruments categorized as financial assets or liabilities recognized at fair value in profit or loss, which 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 rate swaps, fair value is determined based on listed prices. The fair value of forward exchange contracts and currency interest rate swaps is calculated by discounting the difference between the contracted forward rate and the forward rate that can be secured on the balance sheet date for the remaining contract period. The current value is obtained by discounting applying the Group's weighted average cost of capital. For further information, see Note 34.

Long-term receivables and other receivables

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

Accounts receivable

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

Legal outlays

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

Client funds

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

Liquid assets

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

Liabilities

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

Accounts payable

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

Derivatives

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

Forward exchange contracts are classified as financial assets or liabilities recognized at fair value via 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 together with hedge accounting via Other compre-

Note 1 cont.

hensive income. Currency interest rate swaps were signed in connection with the Parent Company's issue of bonds in SEK which was converted to EUR as a hedge for net assets in foreign subsidiaries, where the loan amount was used in the current business. The liability in SEK was exchanged into the same exchange rate in EUR on both the starting date and the date of maturity.

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

Investments in foreign subsidiaries (net assets including goodwill) have been hedged to some extent since February 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 in the income statement.

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 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 useful life.

IT development costs that are recognized as intangible assets are amortized using the straight-line method over their useful lives (3–5 years). Useful life is reassessed annually. The asset is recognized at cost less accumulated amortization and impairment 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 useful lives (5–10 years).Useful life is reassessed annually. 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 and are amortized on a straight-line basis over their estimated useful life (3–5 years). Useful life is reassessed annually. 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).Useful life is reassessed annually.

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

The residual value and useful life of each asset are assessed annually.

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.

Note 1 cont.

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

Unidentified 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 Employee benefits, and tax assets, which are valued according to IAS 12.

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

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. Upon calculating the value in use, future cash flows are discounted at a discount rate that takes into account risk-free interest and the risk associated with the specific asset.

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

Employee benefits

The Group applies IAS 19 Employee benefits.

Pension obligations

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

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

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

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

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

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

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

Borrowing costs

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 January 1, 2009. In terms of amount, qualified assets are material fixed assets with long completion times. No such investments were initiated in 2012 or 2013.

Income recognition

The Group applies IAS 18 Revenue and IAS 39 Financial Instruments.

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

Financial income and expenses

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

Note 1 cont.

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.

Income from purchased debt is recognized in the income statement as the collected amount less amortization. The collection is predominantly 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 charged 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 nominal 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 connection with operations such as credit advice and administration of credit applications on behalf of clients, the Group's clients can obtain a guarantee, for a certain charge, from Intrum Justitia for the client's receivables from its customers. The guarantee entails an undertaking by Intrum Justitia to acquire the receivable from the creditor at its nominal value, or a certain part thereof, once it has fallen overdue for payment by a certain number of days. The income, in the form of a guarantee 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 then recognized as an acquisition of a receivable, less the liability recognized when the guarantee was issued.

Cash flow statement

The Group applies IAS 7 Cash flow statements.

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

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

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

Earnings per share

The Group applies IAS 33 Earnings per share.

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

Segments

The Group applies IFRS 8 Operating Segments.

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

Intrum Justitia's operating segments are the geographical regions Northern Europe (Denmark, Estonia, Finland, Norway, Poland, Russia and Sweden), Central Europe (Austria, Czech Republic, Germany, Hungary, Slovakia and Switzerland) and Western Europe (Belgium, France, Ireland, Italy, Netherlands, Portugal, Spain and 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. Effective from 2014, the intention is for the Netherlands to be reported in the Northern Europe region rather than Western Europe.

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

Parent Company's accounting principles

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

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

Differences between the Group's and Parent Company's accounting principles are indicated below. The accounting principles for the Parent Company as stated below have been applied consistently to all periods presented in the Parent Company's financial 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 statement RFR 2 of the Swedish Financial Reporting Board.

Group contributions received are recognized as dividends and Group contributions paid are recognized as shareholders' contributions. Group contributions are recognized directly in the equity of the recipient and are carried as shares and participations by the contributor to the extent that no impairment needs to be applied.

Other

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

NOTE 2

OPERATING SEGMENTS

SEK M	Group 2013	Group 2012
Revenues from external clients by geographical region		
Northern Europe	2,178	1,990
Central Europe	1,088	892
Western Europe	1,300	1,166
Total	**4,566**	**4,048**
Revenues from external clients by country		
Finland	720	697
Sweden	808	690
Switzerland	507	497
France	501	415
Netherlands	298	318
Other countries	1,732	1,431
Total	**4,566**	**4,048**
Intra-Group revenues by geographical region		
Northern Europe	232	164
Central Europe	244	231
Western Europe	95	87
Elimination	–571	–482
Total	**0**	**0**
Operating earnings by geographical region		
Northern Europe	722	590
Central Europe	266	148
Western Europe	219	141
Total operating earnings	**1,207**	**879**
Net financial items	–161	–150
Earnings before tax	**1,046**	**729**
Assets by geographical region		
Northern Europe	4,816	3,907
Central Europe	2,300	1,802
Western Europe	2,950	2,419
Group-wide/eliminations	156	347
Total	**10,222**	**8,475**
Tangible and intangible fixed assets by country		
Sweden	520	548
Finland	504	495
Netherlands	382	368
Switzerland	263	250
Belgium	240	236
Other countries	1,017	892
Total	**2,926**	**2,789**
Liabilities and provisions by geographical region		
Northern Europe	1,814	1,675
Central Europe	838	819
Western Europe	1,322	957
Group-wide/eliminations	2,932	2,038
Total	**6,906**	**5,489**

SEK M	Group 2013	Group 2012
Investments in tangible and intangible fixed assets by region		
Northern Europe	39	78
Central Europe	41	44
Western Europe	18	19
Group-wide/eliminations	23	11
Total	**121**	**152**
Amortization, depreciation and impairment by geographical region		
Northern Europe	–72	–70
Central Europe	–39	–61
Western Europe	–34	–38
Group-wide/eliminations	–12	–18
Total	**–157**	**–187**
Adjustments for other items not included in cash flow, by region		
Northern Europe	3	3
Central Europe	1	1
Western Europe	1	–11
Group-wide/eliminations	1	1
Total	**6**	**–6**
Participations in associated companies and joint ventures, by region		
Northern Europe	–2	–8
Central Europe	–	11
Western Europe	1	4
Total	**–1**	**7**
Revenue from external clients by service line		
Credit Management	2,775	2,857
Financial Services	1,791	1,191
Total	**4,566**	**4,048**
Revenues by service line		
Credit Management	3,469	3,369
Financial Services	1,791	1,191
Elimination of inter-service line revenue	–694	–512
Total	**4,566**	**4,048**
Operating earnings by service line		
Credit Management	823	827
Financial Services	929	599
Common expenses	–585	–547
Total	**1,207**	**879**

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 revenues. The break-down by geographical region is also used for internal monitoring in the Group.

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

Internal transactions between the business areas Financial Services and

Note 2 cont.

Credit Management Services relate to payment on commercial terms for work carried out within Credit Management regarding handling and collection of the Group's financial services. 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.

Interest income and expenses are not reported by segment. This is judged not to be relevant as the allocation of financial items depends on the group structure and financing and does not influence the regions actual performances. Actual accounted rent incomes and rent fees per segment is not included in any internal reporting to the CEO.

Assets, liabilities and provisions in the parent company and other central Group companies are reported as Group-wide / eliminations.

Depreciation has been charged to each function as an operating expense as follows:

	Group		Parent company	
SEK M	**2013**	**2012**	**2013**	**2012**
Cost of sales	–148	–173	–	–
Sales and marketing expenses	–2	–3	–	–
Administrative expenses	–7	–11	0	0
Total	**–157**	**–187**	**0**	**0**

The figures for the Group in 2012 include an impairment write-down of capitalized expenses for IT development in the amount of SEK 17 M, reported as Cost of sales.

NOTE 3

REVENUE AND EXPENSES

Revenue	Group		Parent company	
SEK M	**2013**	**2012**	**2013**	**2012**
Collection fees, commissions and debtors fees	2,445	2,444	–	–
Subscription revenue	75	88	–	–
Collections on purchased debt	3,040	2,274	–	–
Amortization of purchased debt	–1,327	–1,054	–	–
Revaluation purchased debt	7	–79	–	–
Credit card guarantee fees	57	49	–	–
Revenue from Group companies	–	–	90	85
Other revenue	269	326	–	–
Total	**4,566**	**4,048**	**90**	**85**

Revenue from purchased debt consist of collected amounts less amortization, i.e., the decrease in the portfolios' book value for the period See also Note 14.

Expenses	Group		Parent company	
SEK M	**2013**	**2012**	**2013**	**2012**
Personnel costs	–1,639	–1,572	–124	–88
Amortization, depreciation and impairment	–157	–187	0	0
Other expenses	–1,563	–1,410	–134	–69
Total	**–3,359**	**–3,169**	**–258**	**–157**

NOTE 4

AMORTIZATION, DEPRECIATION AND IMPAIRMENT

	Group		Parent company	
SEK M	**2013**	**2012**	**2013**	**2012**
Capitalized expenses for IT development	–93	–128	0	0
Client relationships	–14	–14	–	–
Other intangible fixed assets	–19	–18	–	–
Computer hardware	–12	–13	0	0
Other equipment	–19	–14	0	0
Total	**–157**	**–187**	**0**	**0**

NOTE 5

PARTICIPATIONS IN ASSOCIATED COMPANIES AND JOINT VENTURES

	Group	
SEK M	**2013**	**2012**
Associated companies		
IJCOF SAS (France)	1	3
Total, associated companies	**1**	**3**

	Group	
SEK M	**2013**	**2012**
Joint ventures		
LDF65 sarl (Luxembourg)	–	-20
Inca sarl (Luxembourg)	–	32
EE-DF AG, Zug (Switzerland)	–2	–8
Total, joint ventures	**–2**	**4**
Total, associated companies and Total participations	**–1**	**7**

NOTE 6

FINANCIAL INCOME

	Group		Parent company	
SEK M	**2013**	**2012**	**2013**	**2012**
Interest income from Group companies	–	–	118	107
Other interest income	17	21	9	12
Dividends from Group companies	–	–	324	60
Total	**17**	**21**	**451**	**179**

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

The operating earnings include interest income attributable to purchased debt amounting to SEK 1,713 M (1,220), defined as the difference between the year's collected amount and amortization for the year. Amortization comprises the portion of the cost of the portfolio that, owing to allocation under the effective interest method, accrues over the current year.

The item Dividends from Group companies includes all group contributions from subsidiaries in Sweden at SEK 41 M (10).

NOTE 7

INTEREST EXPENSES AND SIMILAR ITEMS

	Group		Parent company	
SEK M	2013	2012	2013	2012
Interest expenses to Group companies	–	–	–14	–24
Interest expenses	–144	–140	–128	–117
Translation differences	–4	–4	3	–4
Amortization of capitalized borrowing costs	–11	–9	–11	–9
Expensed shareholder contributions to subsidiaries	–	–	–281	–
Impairment of shares in subsidiaries	–	–	–25	–386
Other financial expenses	–19	–18	–17	–17
Total	**–178**	**–171**	**–473**	**–557**

All interest expenses pertain to items not carried at fair value in profit or loss.

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

Compared with the preceding year, the increase in Other financial expenses is primarily attributable to borrowing costs allocated to the period.

The item Expensed capital contributions to subsidiaries includes Group contributions paid to subsidiaries in Sweden at a maximum of SEK 240 M (–).

NOTE 8

TAXES

The tax expense for the year breaks down as follows:

		Group
SEK M	2013	2012
Current tax		
Tax expense attributable to earnings for the year	–138	–149
Tax attributable to settled tax disputes and similar	0	14
Other tax adjustments attributable to previous years	13	47
Deferred tax		
Deferred tax related to temporary differences	–111	–42
Deferred tax asset in tax value of capitalized loss carryforwards	9	0
Deferred tax expense attributable to previously capitalized tax value in tax-loss carryforwards	0	–15
Total	**–227**	**–145**

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

Intrum Justitia AB is domiciled in Sweden where the nominal corporate tax rate in 2012 was 26.3 percent and was from 2013 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 taking the Swedish corporate tax rate into account:

	Group			
	2013		2012	
Reconciliation	SEK M	%	SEK M	%
Earnings before tax	1,046		729	
Income tax calculated at standard rates in Sweden, 22.0 and 26.3 percent respectively	**–230**	**22.0**	**–192**	**26.3**
Effect of different tax rates in other countries	10	–1.0	30	–4.0
Tax effect of tax-exempt income and non-deductible expenses	–4	0	–9	1.2
Unrecognized tax assets pertaining to loss carryforwards	–19	1.8	–98	13.4
Utilized previously unrecognized tax assets pertaining to loss carryforwards	10	–1.0	63	–8.6
Adjustments to previous years and other	6	–0.1	61	–8.4
Total tax on net earnings for the year	**–227**	**21.7**	**–145**	**19.9**

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 for previous years and other items include resolved tax disputes.

Corresponding reconciliation for the Parent Company:

	Parent company			
	2013		2012	
Reconciliation	SEK M	%	SEK M	%
Earnings after financial items	–90		–450	
Income tax calculated at standard rates in Sweden, 22.0 and 26.3 percent respectively	20	22.0	118	26.3
Tax effect of tax-exempt income and non-deductible expenses	81	90.0	–112	–25.0
Unrecognized tax assets pertaining to loss carryforwards	–101	–112.0	–6	–1.3
Total tax on net earnings for the year	**0**	**0.0**	**0**	**–0.5**

Tax-exempt income and non-deductible expenses in the Parent Company consist primarily of share dividends from subsidiaries, paid and expensed shareholder contributions, as well as impairment of shares in subsidiaries. The Parent Company has accumulated loss carryforwards of SEK 1,011 M (451) at year-end as a result of both income items and unrealized translation differences recognized in other comprehensive income. No deferred tax assets are recognized for these 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.

Note 8 cont.

	2013 Asset/ liability	2013 Income/ expense	2012 Asset/ liability	2012 Income/ expense
Legal outlays	–2	1	–2	–1
Purchased debt	–350	–115	–177	–59
Intangible assets	–13	8	–20	15
Tax-loss carryforwards	24	9	15	–15
Provisions for pensions	28	0	9	0
Other	–1	–5	6	3
Total	**–314**	**–102**	**–169**	**–57**
Deferred tax assets	69	–3	70	–3
Deferred tax liabilities	–383	–54	–239	–54
Total	**–314**	**–54**	**–169**	**–57**

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 1,704 M (1,636). Of this amount, SEK 110 M (95) serves as the basis of the deferred tax assets of SEK 24 M (15) 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 Italy, Norway, Poland, Slovakia and Austria. The operations in all of these countries, with the exception of Slovakia and Austria, reported positive taxable results for 2013. The accounts are based on an assessment of opportunities to achieve positive taxable results in the foreseeable future. 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 34 M (16) and Spain at SEK 4 M (4). 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.

Loss carryforwards for which no deferred tax assets are recognized pertain mainly to Sweden with SEK 1,011 M (981) and the UK with SEK 375 M (365). Most of the loss carryforwards in Sweden consist of the deficit in the Parent Company. As a consequence of the costs for the head office expenses and financing costs, the Parent Company has for several years incurred a tax deficit, even when taking in to account the group contributions received from the profitable companies conducting business in Sweden. It is Intrum Justitia's assessment that loss carryforwards cannot be utilized against positive taxable income in the foreseeable future without first restructuring the Group internally so that, for example, the Parent Company's interest expenses are transferred to foreign subsidiaries. If and when such restructuring is implemented, it may be relevant to evaluate the tax loss carryforwards in the accounts. Because the tax loss carryforwards exist in the Parent Company, they are not involved in the impairment testing of goodwill that pertains to the business of the subsidiaries.

Tax expenses recognized in other comprehensive income over the year amounted to SEK –1 M (0). No tax has been recognized directly against equity.

Following a tax audit of the Group's Swedish Parent Company for the 2009 financial year, the Swedish National Tax Board decided to impose a 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 Tax Agency won against the Company in the Administrative Court in October 2012 and in the Administrative Court of Appeal in February 2014. The Company considers appealing to the Supreme Administrative Court.

NOTE 9

EARNINGS PER SHARE

	Group 2013	Group 2012
Net earnings for the year attributable to Parent Company's shareholders (SEK M)	817	584
Number of shares outstanding at beginning of year	79,744,651	79,744,651
Share repurchases	–1,197,773	–
Number of shares outstanding at year-end	78,546,878	79,744,651
Weighted average no. of shares	79,306,099	79,744,651
Earnings per share before and after dilution (SEK)	**10.30**	**7.32**

In accordance with the Board's proposal, the 2013 annual general meeting resolved to authorize the Board, in the period until the next AGM, to acquire and transfer the company's own shares on the NASDAQ OMX Stockholm exchange. The company's holding of treasury shares may not at any time exceed 10 percent of the total number of shares in the company. Over the year, 1,197,773 shares were repurchased in accordance with decisions by the Board of Directors for SEK 200 M.

NOTE 10

INTANGIBLE FIXED ASSETS

SEK M	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Goodwill				
Acquisition cost, opening balance	2,369	2,204	–	–
Acquisitions for the year	122	224	–	–
Translation differences	51	–59	–	–
Accumulated acquisition cost, closing balance	**2,542**	**2,369**	**–**	**–**
Carrying values	**2,542**	**2,369**	**–**	**–**
Capitalized expenses for IT development				
Acquisition cost, opening balance	842	820	5	5
Capitalized expenditures for the year	48	75	0	0
Disposals	–7	–45	0	0
Reclassification	7	0	–	–
Purchased via acquisition	4	16	–	–
Translation differences	24	–24	–	–
Accumulated acquisition cost, closing balance	**918**	**842**	**5**	**5**
Accumulated depreciation /amortization, opening balance	–595	–539	–4	–4
Disposals	7	43	–	–
Reclassification	–2	0	–	–
Purchased via acquisition	0	–2	–	–
Depreciation/amortization for the year	–93	–111	–1	0
Translation differences	–18	14	–	–
Accumulated depreciation/ amortization, closing balance	**–701**	**–595**	**–5**	**–4**

Note 10 cont.

SEK M	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Impairments opening balance	–17	0		
Impairments for the year	0	–17		
Accumulated impairment, closing balance	**–17**	**–17**	**–**	**–**
Carrying values	**200**	**230**	**0**	**1**
Client relationships				
Acquisition cost, opening balance	150	173	–	–
Reclassification	–13	–36	–	–
Purchased via acquisition	0	17	–	–
Translation differences	5	–4	–	–
Accumulated acquisition cost, closing balance	**142**	**150**	**0**	**0**
Accumulated depreciation/ amortization, opening balance	–82	–71	–	–
Depreciation/amortization for the year	–14	–14	–	–
Translation differences	–4	3	–	–
Accumulated depreciation/ amortization, closing balance	**–100**	**–82**	**0**	**0**
Carrying values	**42**	**68**	**0**	**0**
Other intangible fixed assets				
Acquisition cost, opening balance	81	59	–	–
Capitalized expenditures for the year	25	23	–	–
Translation differences	4	–1	–	–
Accumulated acquisition cost, closing balance	**110**	**81**	**0**	**0**
Accumulated depreciation/ amortization, opening balance	–50	–34	–	–
Depreciation/amortization for the year	–19	–18	–	–
Translation differences	–4	2	–	–
Accumulated depreciation/ amortization, closing balance	**–73**	**–50**	**0**	**0**
Carrying values	**37**	**31**	**0**	**0**

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 77 M (97) for the Group).

Impariment test for cash-generating units containing goodwill.
The test gave no indication of a need of goodwill impairment.

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	2013	2012
Northern Europe	1,110	1,106
Central Europe	295	286
Western Europe	1,137	977
Total	**2,542**	**2,369**

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 budget for 2014 and a detailed forecast for the years 2015–2016 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 10.21 percent (10.01) per year before tax, corresponding to 7.91 percent (7.50) 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
Impairment testing is based on a number of assumptions, where the outcome is judged to be most sensitive to some of those assumptions in particular:

For 2015–2016, annual revenue growth of 10 percent (10) is assumed, with each SEK 1,000 in increased revenue being assumed to result in an increase in operating earnings of SEK 300, that is, an "incremental increase in earnings" of 30 percent. For the period after 2016, perpetual growth in cash flow of 3 percent (3) annually is assumed. The same assumptions were applied for all three geographical regions. The same discount rates were also applied, since no long-term difference can be identified between the regions' growth potential or risk. Hence, significant assumptions when calculating expected cash flows for Intrum Justitia are the revenue growth and the incremental increase in operating earnings. Other important factors include the requirements for capital expenditures and working capital. The significant assumptions have been analyzed in the light of various macroeconomic indicators as well as the company's own knowledge of market development, operating costs and the expected impact of long-term initiatives.

A sensitivity analysis has been carried out, with the annual revenue growth for 2015–2016 being assumed to be 5 percent, the incremental increase in earnings being assumed to be 20 percent, and the perpetual growth in cash flows after 2016 being assumed to be 1.5 percent annually. Even with these reasonably possible assumptions, impairment testing did not indicate any need to recognize impairment in goodwill for any of the three regions.

NOTE 11

TANGIBLE FIXED ASSETS

	Group		Parent company	
SEK M	2013	2012	2013	2012
Computer hardware				
Acquisition cost, opening balance	189	201	1	1
Investments for the year	21	12	–	–
Sales and disposals	–27	–24	–	–
Reclassification	3	2	–	–
Purchased via acquisition	0	2	–	–
Translation differences	5	–4	–	–
Accumulated acquisition cost, closing balance	**191**	**189**	**1**	**1**
Accumulated depreciation/ amortization, opening balance	–169	–180	–1	–1
Sales and disposals	26	23	–	–
Reclassification	–1	–2	–	–
Purchased via acquisition	0	–1	–	–
Depreciation/amortization for the year	–12	–13	0	0
Translation differences	–4	4	–	–
Accumulated depreciation/amortization, closing balance	**–160**	**–169**	**–1**	**–1**
Carrying values	**31**	**20**	**0**	**0**
Other equipment				
Acquisition cost, opening balance	231	223	2	2
Investments for the year	23	43	0	0
Sales and disposals	–7	–29	–	–
Reclassification	–3	0	–	–
Translation differences	5	–6	–	–
Accumulated acquisition cost, closing balance	**249**	**231**	**2**	**2**
Accumulated depreciation/ amortization, opening balance	–160	–178	–2	–2
Sales and disposals	7	27	–	–
Reclassification	1	0	–	–
Depreciation/amortization for the year	–19	–14	0	0
Translation differences	–4	5	–	–
Accumulated depreciation/amortization, closing balance	**–175**	**–160**	**–2**	**–2**
Carrying values	**74**	**71**	**0**	**0**

NOTE 12

GROUP COMPANIES

SEK M	No. of shares	2013	2012
Intrum Justitia A/S, Denmark	40	188	188
Intrum Justitia AS, Estonia	430	1	1
Intrum Justitia Finans AB	66,050,000	66	-
Intrum Justitia Oy, Finland	14,000	1,649	1,649
Intrum Justitia SAS, France	5,000	345	345
Intrum Justitia SpA, Italy	600,000	50	50
Intrum Justitia SDC SIA, Latvia	2,000	0	0
Intrum Justitia BV, Netherlands	40	377	377
Fair Pay Please AS, Norway	5,000	264	264
Intrum Justitia Portugal Unipessoal Lda, Portugal	68,585	71	71
Intrum Justitia AG, Switzerland	7,000	942	942
Intrum Justitia Ibérica S.A.U, Spain	600,000	173	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	0
Intrum Justitia Inkasso GmbH, Austria	72,673	37	37
Total carrying value		**6,413**	**6,372**

SEK M	2013	2012
Opening balance	6,372	6,749
Capital contributions paid	66	9
Impairment of shares in subsidiaries	-25	-386
Closing balance	**6,413**	**6,372**

For 2012, the impairment of participations in subsidiaries relates to the subsidiary in Germany and, for 2013, the subsidiary in Spain, applied when the development of these businesses was unsatisfactory.

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

Shares owned by the Parent Company	Corporate identity no.	Domicile	Share of capital
AUSTRIA			
Intrum Justitia GmbH	FN 48800s	Vienna	100%
Schimmelpfeng Auskunftei GmbH	FN 105105t	Vienna	100%
DENMARK			
Intrum Justitia A/S	DK 10613779	Copenhagen	100%
ESTONIA			
Intrum Justitia AS	10036074	Tallinn	100%
FINLAND			
Intrum Justitia Oy	FI 14702468	Helsinki	100%
Intrum Rahoitus Oy	FL25086904	Helsinki	100%
FRANCE			
Intrum Justitia SAS	B322 760 497	Lyon	100%
IJCOF Corporate SAS	B797 546 769	Lyon	58%
IJCOF SAS	B518 528 769	Lyon	70%
Socogestion SAS	B414 613 539	Lyon	100%

Shares owned by the Parent Company	Corporate identity no.	Domicile	Share of capital
GERMANY			
Intrum Justitia Holding GmbH	HRB 4709	Darmstadt	100%
Intrum Justitia GmbH	HRB 4622	Darmstadt	100%
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	Milan	100%
LATVIA			
Intrum Justitia Software Development Centre 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%
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%
Intrum Justitia Brugg AG	CHE-109.437.651	Brugg	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
LUXEMBOURG			
Intrum Justitia Luxembourg sarl	B 183.336	Luxembourg	100%
SWEDEN			
Fair Pay Management AB	556239-1655	Stockholm	100%
Fair Pay Please AB	556259-8606	Stockholm	100%
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 Portfolio AG	CHE-115.310.591	Zug	100%
Intrum Justitia Licensing AG	CH-020.3.926.747-8	Zug	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%
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%

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

Subsidiary of Fair Pay Please AB	Corporate identity no.	Domicile	Share of capital
BELGIUM			
Intrum N.V	BE 0426237301	Ghent	100%
Outsourcing Partners N.V	BE 0466643442	Ghent	100%
Solutius Belgium N.V.	BE 0889542260	Ghent	100%

Subsidiary of Intrum Justitia BV	Corporate identity no.	Domicile	Share of capital
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%
èM! Payment BV	51.184.990	Utrecht	100%
Intrum Justitia Leasing BV	58.348.042	The Hague	100%
POLAND			
Intrum Justitia Sp.zo.o.o	521-28-85-709	Warsaw	100%
Intrum Justitia Debt Finance Poland Sp.zo.o	521-31-83-398	Warsaw	100%
SLOVAKIA			
Intrum Justitia Slovakia s. r. o.	35,831,154	Bratislava	100%
CZECH REPUBLIC			
Intrum Justitia s.r.o.	25083236	Prague	100%

Note 12 cont.

Subsidiary of Intrum Justitia BV	Corporate identity no.	Domicile	Share of capital
HUNGARY			
Intrum Justitia Hitel Ügyintéző Szolgáltatás Kft	01-09-268230	Budapest	100%
Intrum Justitia Követeléskezelő Zrt.	01-10-044857	Budapest	100%

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

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

The share of capital is equal to the share of votes in each company.

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

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

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

Subsidiaries in which the company has holdings without a controlling interest (minority interests)

	Minority interest in equity		Minority interests in earnings	
SEK M	**2013**	**2012**	**2013**	**2012**
IJCOF Corporate SAS, France	66	–	0	–
IJCOF SAS, France	13	0	2	0
Inkasso Med AG, Switzerland	2	2	0	0
Credit Ancillary Services (Scotland) Ltd	0	0	0	0
Total	**81**	**2**	**2**	**0**

Ellisphère SA (former Coface Services) is a minority shareholder in IJCOF Corporate SAS and IJCOF SAS. Ärztekasse Genossenschaft Urdorf AG is a minority shareholder in Inkasso Med AG. Credit Ancillary Services (Scotland) Ltd is a dormant company.

See also Note 35 for more information about IJCOF Corporate SAS and IJCOF SAS

NOTE 13

ASSOCIATED COMPANIES AND JOINT VENTURES

SEK M	Corporate identity no.	2013	2012
IJCOF SAS (France)	B 515 528 435	–	15
Total associated companies		**0**	**15**
Joint ventures			
EE-DF AG, Zug (Switzerland)	CH-170.3.034.475-1	0	0
LDF65 sarl (Luxembourg)	B 134749	–	–
Inca sarl (Luxembourg)	B 139513	–	–
Total, joint ventures			
Total, associated companies and joint ventures	**0**	**15**	**176**

IJCOF SAS

IJCOF SAS was started by Intrum Justitia and Ellisphère SA (formerly Coface Services) at the start of 2010, and conducts collection operations in the French market. Intrum Justitia's interest was initially 21.4 percent, and Intrum Justitia had a significant influence, based among other things on a shareholder agreement and board representation. Intrum Justitia consequently reported the holding as an investment in an associate applying the equity method.

Effective from April 2013, Intrum Justitia's ownership increased to 70 percent and, since then, the holding has no longer been reported as an investment in an associate but is instead consolidated as a subsidiary, since Intrum Justitia now has a controlling influence.

EE-DF AG

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

Combined, Intrum Justitia and East Capital have a controlling interest in EE-DF AG and Intrum Justitia reports the holding as a joint venture according to the equity method. The reported value of the shares in the consolidated balance sheet is zero since the company has negative equity.

Summary income statements and balance sheets for EE-DF AG:

SEK M Income statement	2013	2012
Operating earnings	**–5**	**–16**
Net financial items	0	–4
Earnings after financial items	**–5**	**–20**
Taxes	0	0
Net earnings for the year	**–5**	**–19**

SEK M Balance sheet	2013	2012
Fixed assets	4	14
Current assets	0	1
Cash and bank balances	1	1
Total assets	**5**	**16**
Shareholders' equity	–27	–21
Current liabilities	32	37
Total equity and liabilities	**5**	**16**

LDF65 sarl and Inca sarl

The operations in LDF65 sarl comprise ownership of purchased debt portfolios in Austria and Spain. The operations in Inca sarl and its Dutch subsidiary Lyane BV involve the financing of LDF65 sarl. The operations in these companies started in 2007 and were 65 percent owned by a subsidiary to Credit Agricole and 35 percent owned by Intrum Justitia. Since November 2012, they are wholly-owned subsidiaries of Intrum Justitia.

Based on a shareholder agreement, Intrum Justitia and Credit Agricole had a joint controlling interest in the companies up until October 2012, and Intrum Justitia reported the holdings as joint ventures according to the equity method for the period January-October in the comparison figures for 2012. Effective from November 2012, they were consolidated as subsidiaries.

NOTE 14
PURCHASED DEBT

SEK M	2013	2012
Acquisition cost, opening balance	9,375	7,432
Purchased debt	2,255	1,875
Reclassification	13	36
Purchased via acquisition	269	257
Translation differences	422	–225
Accumulated acquisition cost, closing balance	**12,334**	**9,375**
Amortization, opening balance	–5,311	–4,345
Amortization for the year	–1,320	–1,133
Translation differences	–292	167
Accumulated amortization, closing balance	**-6,923**	**–5,311**
Carrying values	**5,411**	**4,064**

Amortization and revaluations for the year	Group	
SEK M	2013	2012
Time and interest component	–1,327	–1,054
Revaluation in connection with changes in projections of future cash flows	165	76
Impairment in connection with changes in projections of future cash flows	–158	–155
Total amortization and revaluations for the year	**–1,320**	**–1,133**

Payments during the year for investments in purchased debt amounted to SEK 2,475 M (2,014).

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

NOTE 16
ACCOUNTS RECEIVABLE

	Group		Parent company	
SEK M	2013	2012	2013	2012
Non–delinquent receivables	209	169	0	0
Accounts receivable < 30 days overdue	44	56	–	–
Accounts receivable 31– 60 days overdue	19	17	–	–
Accounts receivable 61– 90 days overdue	9	9	–	–
Accounts receivable > 91 days overdue	45	42	–	–
Total accounts receivable	**326**	**293**	**0**	**0**
Accumulated reserve for impaired receivables, opening balance	–30	–31	0	0
Reserve for impaired receivables for the year	–14	–2	–	–
Realized client losses for the year	5	–2	–	–
Withdrawals from reserve for impaired accounts receivable for the year	14	5	–	–
Translation difference	1	0	–	–
Accumulated reserve for impaired receivables, closing balance	**–24**	**–30**	**0**	**0**
Carrying values	**302**	**263**	**0**	**0**

See also Note 34.

NOTE 15
OTHER LONG-TERM RECEIVABLES

	Group	
SEK M	2013	2012
Deposits with landlords	2	2
Purchase consideration for shares in associated companies	3	6
Long-term VAT receivable	0	9
Prepaid expenses for investments in fixed assets	1	0
Total	**6**	**17**
Opening balances	18	33
Reclassified to current receivables	–3	–
Paid	1	–
Repaid	–9	–13
Exchange rate difference	0	–2
Closing balance	**7**	**18**
Accumulated impairment, opening balance	–1	–1
Accumulated impairment, closing balance	**–1**	**–1**
Carrying values	**6**	**17**

NOTE 17
OTHER RECEIVABLES

	Group		Parent company	
SEK M	2013	2012	2013	2012
Outlays on behalf of clients	87	108	–	–
Less: reserve for uncertainty in outlays on behalf of clients	–14	–12	–	–
Total	**73**	**96**	**–**	**–**
Factoring receivables	94	2		
VAT refund claims taken over on purchased debt	152	97	–	–
To be recovered from Netherlands enforcement authorities	56	32	–	–
Other	77	40	2	2
Total	**379**	**171**	**2**	**2**
Carrying values	**452**	**267**	**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 enforcement authorities in the Netherlands for collection cases can in some cases be recovered from the enforcement authorities 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 recover from enforcement authorities.

NOTE 18

PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
SEK M	2013	2012	2013	2012
Prepaid rent	12	14	0	0
Prepaid insurance premiums	3	3	2	0
Prepayments for purchased debt	12	21	0	0
Accrued income	74	51	0	1
Derivatives with positive value	29	32	29	32
Other	36	22	2	3
Carrying values	**166**	**143**	**33**	**36**

NOTE 19

LIQUID ASSETS

	Group		Parent company	
SEK M	2013	2012	2013	2012
Cash and bank balances	319	335	3	21
Restricted bank accounts	21	13	3	0
Total	**340**	**348**	**6**	**21**

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

NOTE 20

EQUITY

Share capital

According to the Articles of Association of Intrum Justitia AB (publ), the company's share capital shall 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.

Since 2011, there are 79,744,651 outstanding shares in the company, representing share capital of SEK 1,594,893.02.

Share repurchase

In 2013, 1,197,773 shares were repurchased for SEK 200 M. The amount is recognized as a reduction in retained earnings. The Board's intention is to reduce the share capital by cancelling the shares that are repurchased.

Consequently, excluding treasury shares, 78,546,878 shares were outstanding on the balance sheet date.

Other shareholders' equity in the Group

Other paid-in capital

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

Reserves

Includes the translation reserve, which contains all exchange rate differences that have, since the transition to IFRS in 2004, arisen in the translation of financial 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. Accumulated remeasurements of the Group's defined benefit pension provisions are also included. Dividends paid and share repurchases are deducted from the amount.

Following the balance sheet date the Board of Directors proposed a dividend of SEK 5.75 per share, or a total estimated payout of SEK 445 M (calculated on the number of shares outstanding, excluding treasury holdings, as per March 26, 2014).

In 2012, a share dividend of SEK 5.00 per share was paid, corresponding to a total payout of SEK 399 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 3,316 M (2,986).

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

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

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

On December 31, 2013, this key figure amounted to 1.61 (1.49), that is, lower than the targeted interval.

NOTE 21

PENSIONS

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

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

Note 21 cont.

plans since the company lacks sufficient data to report them as defined benefit plans. See also below regarding the ITP plan.

The amended version of IAS 19 requires, among other things, that the corridor method no longer be applied, and that actuarial revaluations be recognized instead under other comprehensive income. Pension costs for service in the current period are reported in the operating earnings, while the calculated interest expense on the pension liability and the interest income from assets under management are reported in net financial items. In conjunction with the implementation of the amended version of IAS 19, Intrum Justitia has also started to report the Swiss pension plans as defined benefit plans. These were previously reported as defined contribution plans, since the company lacked sufficient data to report them as defined benefit plans. The comparison figures for 2012 have been recalculated taking the amended accounting principles into consideration.

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

		Group
SEK M	2013	2012
Present value of fully or partly funded obligations	224	230
Fair value of plan assets	–182	–182
Deficit in the plan	**42**	**48**
Present value of unfunded obligations	60	39
Total provisions for pensions	**102**	**87**

Changes in net obligation:

		Group
SEK M	2013	2012
Opening balance	87	87
Costs for employment in current period	16	15
Interest expense	3	1
Pensions paid	–8	–12
Pension provisions in acquired operations	11	–
Remeasurements	–3	0
Translation differences	–4	–4
Closing balance	**102**	**87**

Reconciliation of fair value of plan assets:

		Group
SEK M	2013	2012
Opening balance	182	184
Fees paid	32	33
Compensation paid	–32	–33
Interest revenue	3	3
Translation differences	–3	–5
Closing balance	**182**	**182**

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

		Group
SEK M	2013	2012
Costs for employment in current period	16	15
Net interest income/expense	3	1
Total pension cost in profit/loss for the year	**19**	**16**

Costs for employment in the current period are reported in operating earnings. Remeasurements of pension liabilities are included in Other comprehensive income in the amount of SEK 3 M (0). Net interest income/expense is reported under net financial items.

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

		Group
SEK M	2013	2012
Discount rate	2.0–3.3%	2.2–4.6%
Assumed rate of increase in compensation	1.0–3.8%	2.0–3.3%
Assumed pension increases	0.6–5.0%	2.0–5.0%
Future adjustment to social security base	3.5–4.2%	3.0–4.2%

The Group also finances a number of defined contribution plans, The Group's costs for these amounted to SEK 71 M (93).

Funded defined benefit pension plans

For Group employees in Switzerland, commitments exist in the form of obligatory service pension plans funded through insurance policies in the Swiss Life Collective BVG Foundation and in Transparenta BVG Foundation. The funded commitments currently amount to SEK 155 M (151), and the fair value of the assets under management is SEK 123 M (117). Consequently, the net pension liability is SEK 32 M (34). The funding of the pension commitment corresponds to a share in each foundation's total invested assets, consisting of bonds (78 percent), real estate (12 percent) and other assets (10 percent).Over the year, Intrum Justitia paid SEK 6 M (6) to the plans, and payments to retirees amounted to SEK 6 M (6).In 2014 too, payments to the plans are calculated to amount to SEK 6 M, and payments to retirees are expected to amount to SEK 6 M. For these pension plans, a discount rate of 2.0 percent is applied. An increase/decrease in the discount rate by 0.5 percentage points would entail the pension liability decreasing by 4.9 percent/increasing by 5.5 percent.

For the Group's employees in Norway, there are commitments for a compulsory service pension, which are secured through insurance with the insurance company Storebrand Livforsikring. The funded commitments currently amount to SEK 69 M (79), and the fair value of the assets under management is SEK 59 M (65). Consequently, the net pension liability is SEK 10 M (14). The funded pension commitment corresponds to a share of Storebrand's total investment assets, which consist of bonds (67 percent), equities (14 percent), real estate (17 percent) and others (2 percent). Over the year, Intrum Justitia paid SEK 2 M (2) to the plans, and payments to retirees amounted to SEK 2 M (2). In 2014 too, payments to the plans are calculated to amount to SEK 2 M, and payments to retirees are expected to amount to SEK 2 M. For these pension plans, a discount rate of 3.3 percent is applied.

ITP plan

The commitments for retirement and family pensions for the Group's Swedish employees are secured through insurance with Alecta according to the so-called ITP plan. According to a statement from the Swedish Financial Reporting Board, UFR 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 148 percent (129). 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.

According to the terms of the ITP plan, action must be taken if the collective funding ratio falls below 125 percent (for example an increase of the premium for new plan participants) or exceeds 155 percent (for example a price reduction).

NOTE 22
OTHER PROVISIONS

SEK M		Group
	2013	2012
Opening balances	3	11
Amounts utilized during the year	0	–8
Closing balances	**3**	**3**

Long-term provisions are expected to be settled later than in 2014. The provisions pertain to rent and costs for returning the company's former UK premises to their original condition. Intrum Justitia is guaranteeing the current tenant's contractual obligations.

NOTE 23
BORROWING

SEK M	Group		Parent company	
	2013	2012	2013	2012
Long-term liabilities				
Bank loans	1,847	1,667	1,846	1,667
Bond loan	2,056	970	2,056	970
Current liabilities				
Commercial papers	598	606	598	606
Bank overdraft facilities	51	48	48	43
Short-term liabilities	–	195	–	–
Total	**4,552**	**3,486**	**4,548**	**3,286**

Intrum Justitia has since 2011 a five-year syndicated loan facility totaling SEK 4,000 M with Nordea and Swedbank, and since 2012 also a three-year bilateral loan facility of SEK 1,000 M with Swedbank. The facility limit of SEK 4,000 M can be utilized for borrowings in a number of different currencies.

In 2013, Intrum Justitia AB issued bonds for SEK 1,000 M (1,000) within the framework of its MTN program. In connection with the issue, the company elected to swap this policy to EUR by means of a currency interest rate swap in accordance with the company's policy for the hedging of its equity in foreign currency. The total amount outstanding is thus SEK 2,000 M (1,000).

On December 31, 2013, the loan framework had been utilized for loans in CHF totaling CHF 12 M (26), in EUR totaling EUR 87 M (115), in NOK totaling NOK 190 M (125), and in PLN totaling PLN 372 M (178). The unutilized portion of the facility amounted to SEK 3,129 M (3,303).

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, 2013, 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 2013, Intrum Justitia also issued a commercial paper that, at the end of the year, amounted to SEK 598 M (606).

Note 23 cont.

SEK M	Group		Parent company	
	2013	2012	2013	2012
Maturities of long-term bank borrowings				
Between 1 and 2 years	739	–	738	–
Between 2 and 3 years	739	938	739	938
Between 3 and 4 years	1,397	–	1,397	–
Between 4 and 5 years	1,028	1,699	1,028	1,699
Total	**3,903**	**2,637**	**3,902**	**2,637**
Unused lines of credit excluding guarantee facility				
Expiring within one year	–	–	–	–
Expiring beyond one year	3,129	3,303	3,129	3,303
Total	**3,129**	**3,303**	**3,129**	**3,303**

NOTE 24
ACCRUED EXPENSES AND PREPAID INCOME

SEK M	Group		Parent company	
	2013	2012	2013	2012
Accrued social security expenses	58	44	16	8
Accrued vacation pay	96	86	9	8
Accrued bonus cost	124	86	38	15
Prepaid subscription income	41	37	–	–
Provisions for losses on payment guarantees	19	17	–	–
Accrued interest	40	32	39	31
Provision for expenses to pay to bailiffs in the Netherlands	28	24	–	–
Other accrued expenses	224	188	15	15
Total	**630**	**514**	**117**	**77**

NOTE 25
PLEDGED ASSETS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

SEK M	Group		Parent company	
	2013	2012	2013	2012
Pledged assets				
Deposits	2	2	–	–
Restricted bank accounts	21	13	–	–
Total	**23**	**15**	**–**	**–**
Contingent assets	**None**	**None**	**None**	**None**
Contingent liabilities				
Payment guarantees	1,760	1,526	–	–
Guarantee undertaking	0	86	0	86
Tax disputes	19	110	19	19
Total	**1,779**	**1,722**	**19**	**105**

Pledged assets

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

Payment guarantees

In connection with operations such as credit advice and administration of credit applications on behalf of clients, the Group's clients can obtain a guarantee, for a certain charge, from Intrum Justitia for the client's receivables from its customers. The provision of guarantees in this way has primarily taken place in Switzerland and pertains mainly to period travel cards for rail. This entails a risk being incurred that Intrum Justitia must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. 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 amount at year-end was 1,760 M (1,526), of which receivables overdue by more than 30 days amounted to SEK 23 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 accrued SEK 19 M (17) in the balance sheet to cover payments that may arise due to the guarantee.

Guarantee undertaking

Intrum Justitia has previously issued guarantees for external bank loans for a small number of partners. These commitments were concluded in 2013.

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.The Tax Agency won against the Company in the Administrative Court in October 2012 and in the Administrative Court of Appeal in February 2014. The Company considers appealing to the Supreme Administrative Court.

During 2013, the Group's earlier discussions with the Belgian tax authorities following the 2011 tax audit were concluded with no additional cost being incurred by Intrum Justitia.

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 26
AVERAGE NUMBER OF EMPLOYEES

	Group				Of which the Parent company			
	2013		2012		2013		2012	
	men	women	men	women	men	women	men	women
Austria	15	28	12	30	–	–	–	–
Belgium	38	51	37	66	–	–	–	–
Czech Republic	15	16	15	19	–	–	–	–
Denmark	23	45	22	46	–	–	–	–
Estonia	7	25	6	26	–	–	–	–
Finland	101	265	105	258	–	–	–	–
France	166	364	151	345	–	–	–	–
Germany	38	89	47	92	–	–	–	–
Hungary	35	84	35	70	–	–	–	–
Italy	52	110	50	106	–	–	–	–
Ireland	22	37	16	38	–	–	–	–
Latvia	65	16	55	11	–	–	–	–
Lithuania	0	0	1	3	–	–	–	–
Luxembourg	1	0	0	0	–	–	–	–
Netherlands	169	123	190	128	–	–	–	–
Norway	38	65	39	67	–	–	–	–
Poland	134	250	115	226	–	–	–	–
Portugal	19	55	17	60	–	–	–	–
Slovakia	20	43	21	38	–	–	–	–
Spain	60	224	62	219	–	–	–	–
Sweden	160	258	170	266	–	–	–	–
Switzerland	107	95	117	86	–	–	–	–
UK	0	2	0	2	17	29	13	27
Total	**1,285**	**2,245**	**1,283**	**2,202**	**17**	**29**	**13**	**27**
		3,530		**3,485**		**46**		**40**

Of the Group's employees 29 percent are younger than 30 years old, 36 percent are 30–39 years, 23 percent are 40–49 years and 12 percent are 50 years or older.

	2013		2012	
	men	women	men	women
Gender distribution of senior executives				
Board of Directors	6	2	5	2
Group Management Team	11	1	10	1
Country Managers	13	3	13	3
Board members in subsidiaries (percent)	96	4	95	5

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

NOTE 27
SALARIES AND OTHER REMUNERATION

	Group		Parent company	
SEK M	2013	2012	2013	2012
Salaries and other remuneration to Board members, Presidents and Executive Vice Presidents	83	69	26	14
Salaries and other remuneration to other employees				
Northern Europe	480	456	–	–
Central Europe	224	235	–	–
Western Europe	395	378	–	–
Head offices and central operations	112	80	60	45
Total salaries and other remuneration, Group	**1,294**	**1,218**	**86**	**59**
Social security costs	345	354	38	29
Of which pension costs	87	108	12	10
Total	**1,639**	**1,572**	**124**	**88**

Salaries and other remuneration in the Group also include remuneration in forms other than cash payments, such as a free or subsidized car, housing and meals. However, details for the Parent Company only relate to cash remunerations. For information on compensation to the Group's senior executives, see Note 28.

NOTE 28
TERMS AND CONDITIONS OF EMPLOYMENT FOR SENIOR EXECUTIVES

Remuneration principles for senior executives

The 2013 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.

Note 28 cont.

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.

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 2012 or 2013.

There have been changes among other senior executives over the years. The table below is for 2012, during which the category included: 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. For 2013 it included: Annika Billberg, Johan Brodin, Per Christofferson, Jean-Luc Ferraton Erik Forsberg, Jan Haglund, Kari Kyllönen, Pascal Labrue, Stephan Ohlmeyer (June-December), Harry Vranjes 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.

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 3,520, 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.

Managing Director

In accordance with the currently applicable employment agreement with CEO and President Lars Wollung as of February 1, 2009, he received a fixed annual salary for 2013 of SEK 5,100,000. 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. Lars Wollung is required to give six months' notice if he should choose to leave the company and Intrum Justitia is required to give him 12 months' notice if it should choose to terminate his employment. In the event that the company serves notice, he is also entitled to severance pay equivalent to 12 months' salary.

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 65 percent of their variable short-term compensation is based on the region's operating earnings and 35 percent on the Group's operating earnings.

The Long Term Incentive program was introduced in 2008. The program is based on average growth in earnings per share 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.

SEK thousands	2013	2012
Board fees		
Lars Lundquist, Chairman	840	840
Matts Ekman	470	540
Helen Fasth Gillstedt	–	395
Joakim Rubin	390	390
Charlotte Strömberg	320	320
Synnöve Trygg	395	–
Fredrik Trägårdh	395	395
Joakim Westh	320	320
Magnus Yngen	390	–
Total Board fees	**3,520**	**3,200**
Senior executives		
Lars Wollung, President & CEO		
Basic salary	5,100	4,920
Variable compensation	9,210	2,123
Other benefits	93	98
Pension costs	1,815	1,751
Total Lars Wollung	**16,218**	**8,892**

Note 28 cont.

SEK thousands	2013	2012
Other senior executives (11 individuals for 2012 and 11 individuals for 2013)		
Basic salary	23,093	21,791
Variable compensation	17,848	8,037
Other benefits	1,012	1,141
Pension costs	3,428	3,963
Total other senior executives	**45,381**	**34,932**

Variable compensation for the President and Other senior executives refers to variable compensation vested during the year, and paid out the following year. Hence, variable compensation for 2012 was paid out in 2013, and variable compensation for 2013 is paid out in 2014.

Board fees pertain to the period from the 2012 Annual General Meeting until the 2013 Annual General Meeting and from the 2013 Annual General Meeting until the 2014 Annual General Meeting respectively. Some members of the Board of Directors issue invoices for their fees through their own companies, in which case those invoices include social security expenses and VAT.

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), Joakim Rubin and Magnus Yngen. The CEO and President and the company's CHRO are co-opted to the committee's meetings, though not when their own remuneration is discussed.

NOTE 29
AUDITOR'S FEES

SEK M	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Audit assignments, external auditors				
Ernst & Young	9	6	1	1
KPMG	0	1	0	0
Other assignments				
Ernst & Young review activities beyond the audit assignment	0	1	0	0
KPMG tax advice	1	1	1	0
KPMG other assignments	1	1	0	1
Audit assignments, other auditors	1	2	0	0
Total	**12**	**12**	**2**	**2**

NOTE 30
OPERATIONAL LEASING

SEK M	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Obligations for rental payments on non-cancelable rental contracts				
Year 1	115	114	1	1
Years 2-4	231	244	1	1
Year 5 and thereafter	79	87	0	0
Total	**425**	**445**	**2**	**2**

Lease costs for operational leases amounted to SEK 121 M (118) during the year, of which SEK 1 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 31
FINANCIAL LEASING

SEK M	Group 2013	Group 2012
Minimum lease payments and their present value		
Within one year	1	1
Later than one but within five years	0	0
Later than five years	0	0
Total	**1**	**1**

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

NOTE 32
INVESTING COMMITMENTS

Commitments to acquire fixed assets amounted to SEK 1 M (18) at year-end.

NOTE 33
FINANCIAL INSTRUMENTS

SEK M	Group Dec 31 2013	Group Dec 31 2012	Parent company Dec 31 2013	Parent company Dec 31 2012
Fair value and carrying value of financial instruments				
Financial assets valued at amortized cost	7,110	5,494	4,392	3,468
Financial assets measured at fair value	29	32	29	32
Financial liabilities valued at amortized cost	6,294	5,051	7,540	5,737
Financial assets valued at fair value	4	3	4	3

The only financial instruments that are regularly restated at fair value are derivatives (forward exchange contracts). They are valued based on a valuation technique that uses observable market data and thus falls under Level 2 in the valuation hierarchy according to IFRS 7.

The total recognized value of consolidated financial assets amounted to SEK 7,139 M (5,526) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable amounted to SEK 7,110 M (5,494) and financial assets recognized at fair value via profit and loss amounted to SEK 29 M (32).

The total recognized value of the Parent Company's financial assets amounted to SEK 4,421 M (3,500) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable amounted to SEK 4,392 M (3,468) and financial assets recognized at fair value via profit or loss amounted to SEK 29 M (32).

The total recognized value of consolidated financial assets amounted to SEK 6,298 M (5,054) on the balance sheet date. Financial liabilities recognized at amortized cost amounted to SEK 6,294 M (5,051) and financial liabilities recognized at fair value amounted to SEK 4 M (3).

The total recognized value of the Parent Company's financial liabilities amounted to SEK 7,544 M (5,740) on the balance sheet date. Financial liabilities recognized at amortized cost amounted to SEK 7,540 M (5,737) and financial liabilities recognized at fair value amounted to SEK 4 M (3).

Note 33 cont.

Purchased debt

Purchased debt is classified as loan receivables and recognized at amortized cost according to the 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 5,411 M (4,064). An account of purchased debt by year acquired is provided in Note 34.

Accounts receivable

Accounts receivable are recognized at amortized cost with no discount being applied since the remaining maturity is judged to be short. Accounts receivable amounted to SEK 302 M (263) on the balance sheet date.

Other receivables

Other receivables have short maturities. Receivables in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other receivables, including accrued income, amounted to SEK 1,086 M (851) on the balance sheet date. The item includes forward exchange contracts valued at SEK 29 M (32), which are classified as assets measured at fair value in the income statement (held for sale). The remaining SEK 1,057 M (819) is classified as loan receivables.

For the Parent Company, other receivables, including receivables from Group companies, amounted to SEK 4,415 M (3,479). The item includes forward exchange contracts valued at SEK 29 M (32), which are classified as assets measured at fair value in the income statement (held for sale). The remaining SEK 4,386 M (3,447) 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 340 M (348). For the Parent Company, the corresponding amount was SEK 6 M (21) 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 1,898 M (1,910) and for the Parent Company, they amounted to SEK 1,846 M (1,687).

Bond loans

Bond loans amount for the parent company and the Group to SEK 2,056 M (970 M) on the balance sheet date.

Commercial papers

The Parent Company and the Group had commercial papers outstanding for a value of SEK 598 M (606) 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 145 M (142). For the Parent Company, the equivalent amounts were SEK 5 M (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 1,631 M on the balance sheet date (1,426). The item includes forward exchange contracts for SEK 4 M (3), recognized at fair value in the income statement (held for sale). Other liabilities, excluding these forward exchange contracts amounted to SEK 1,627 M (1,423).

For the Parent Company, other liabilities amounted to SEK 2,991 M (2,449) 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 4 M (3). Other liabilities, excluding these forward exchange contracts amounted to SEK 2,987 M (2,446).

Offset of financial instruments

Financial assets and liabilities measured at fair value comprise currency derivatives. Financial assets and liabilities are not offset in the balance sheet. However, there are legally binding agreements that allow offsetting should one of the counterparties for the Group's currency derivatives suspend their payments. At the end of the year, Intrum Justitia had financial assets totaling SEK 3 M (1) that could be offset against debts should the counterparties suspend their payments.

NOTE 34

FINANCIAL RISKS AND RISK 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 temporary surpluses and deficits in the Group's various countries of operation, the Group's total interest expense can be minimized.

Market risk

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

Exchange rate risk

Exchange rate risk is the risk that fluctuations in exchange rates will negatively affect the Group's income statement, balance sheet and/or cash flows. The most important currencies for the Intrum Justitia Group, other than 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:

Local currency	Dec 31, 2013	Dec 31, 2012	Average 2013	Average 2012
EUR	8.97	8.62	8.65	8.71
CHF	7.32	7.13	7.03	7.22
PLN	2.16	2.11	2.06	2.08
NOK	1.06	1.17	1.11	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 income and most operating expenses are denominated in local currencies, and thus currency fluctuations have only a limited impact on the company's operating earnings in local currency. National operations seldom have receivables and liabilities in foreign currency. Income and expenses in local currency are thereby hedged in a natural way, which limits transaction exposure. The currency exposure that arises

Note 34 cont.

within the operating activities is limited to the extent it pertains to international collection operations. The subsidiaries' projected flow exposure is not hedged at present. All major known currency flows are hedged on a continuous basis in the Group and the Parent Company through forward exchange contracts.

Translation exposure

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

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

SEK M	2013	2012
SEK	809	690
EUR	2,358	2,119
CHF	507	486
PLN	311	273
NOK	211	215
Other currencies	370	265
Total	**4,566**	**4,048**

An appreciation of the Swedish krona of 10 percentage points on average in 2013 against the Euro would all else equal thus have affected shareholders' equity revenues by SEK –236 M, against CHF by SEK –51 M, against GBP by SEK –31 M and against NOK by SEK –21 M.

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

SEK M	2013	2012
SEK	1,770	906
EUR	3,435	2,999
– less EUR hedged through foreign currency loans	–2,578	–1,726
CHF	305	272
– less CHF hedged through foreign currency loans	–247	–168
PLN	1,086	795
– less PLN hedged through foreign currency loans	–805	–448
NOK	287	273
– less NOK hedged through foreign currency loans	–202	–146
Other currencies	265	229
Total	**3,316**	**2,986**

An appreciation of the Swedish krona of 10 percentage points on average in 2013 against the Euro would all else equal thus have affected shareholders' equity in the Group by SEK –86 M, against CHF by SEK -6 M, against PLN by SEK -28 M and against NOK by SEK –8 M.

Regarding the currency risk associated with currency basis swaps, 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 4,328 M (3,261) on December 31, 2013. 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 38 M. A five-percent increase would have adversely affected net financial items by SEK 190 M. In 2012, the Parent Company issued bonds for SEK 1,000 M, and in 2013, it issued a further SEK 1,000 M (reported debt of SEK 2,056 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 currency basis 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. SEK 1,000 M matures 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 is carried primarily in foreign currency, to hedge the Group against translation exposure in relation to net assets outside Sweden.

The Group's loan facility has a number of operational and financial conditions, including limits on certain key financial indicators such as debt divided by shareholders' equity and debt divided by the operating earnings 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 2012, a bond program for SEK 3,000 M was initiated, with the Parent Company issuing SEK 1,000 M in 2012 over five years at 310 bps, and in 2013, a further SEK 1,000 M over five years at 000 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 and short-term liquid investments, should amount to at least SEK 100 M more than the unutilized portion of committed lines of credit. The Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. The Group's finance function prepares regular liquidity forecasts with the purpose of optimizing the balance between loans and liquid funds so that the net interest expense is minimized without, for that matter, incurring difficulties in meeting external commitments.

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

Note 34 cont.

Financial liabilities in the balance sheet – Group

SEK M	Within one year	2–5 years	Later than 5 years	Total
Dec 31, 2013				
Long-term receivables and other receivables	1,748	0		1,748
Liabilities to credit institutions	51	1,870		1,921
Bond loan	80	2,241		2,321
Commercial papers	600	0		600
Total	**2,479**	**4,111**	**0**	**6,590**
Dec 31, 2012				
Long-term receivables and other receivables	1,568	0		1,568
Liabilities to credit institutions	243	1,697		1,940
Bond loan	43	1,176		1,219
Commercial papers	610			610
Total	**2,464**	**2,873**	**0**	**5,337**

Financial liabilities in the balance sheet – Parent Company

Dec 31, 2013	Within one year	2–5 years	Later than 5 years	Total
Long-term receivables and other receivables	124			124
Liabilities to credit institutions	48	1,870		1,918
Bond loan	80	2,241		2,321
Commercial papers	600			600
Liabilities to Group companies	1,249	1,622		2,871
Total	**2,101**	**5,733**	**0**	**7,834**
Dec 31, 2012				
Long-term receivables and other receivables	84			84
Liabilities to credit institutions	43	1,697		1,740
Bond loan	43	1,176		1,219
Commercial papers	610			610
Liabilities to Group companies	1,194	1,176		2,370
Total	**1,974**	**4,049**	**0**	**6,023**

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 two percent of revenues. Most accounts receivable outstanding are with customers previously known to the Group and whose creditworthiness is good. For an analysis of accounts receivable by age, see Note 16.

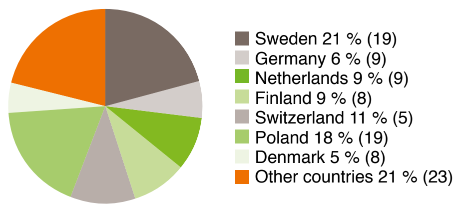
Purchased debt

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

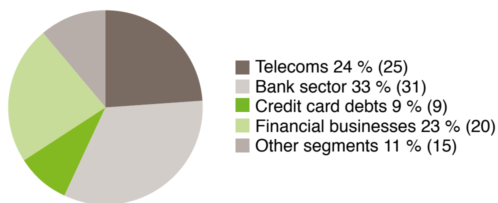
The acquired receivables are overdue and in many cases are from debtors who are having payment problems. It is obvious, therefore, that the entire nominal amount of the receivable will not be recovered. On the other hand, the receivables are acquired at prices significantly below their nominal value. 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 5,411 M (4,064) would become worthless and have to be written off.

To minimize the risks in this business, Intrum Justitia exercises prudence in its purchase decisions. The focus is on small and medium-sized portfolios with relatively low average amounts, to help spread risks. The average nominal value per case is approximately SEK 8,100. 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 SA since 2002, with Goldman Sachs sedan 2003 and with East Capital since 2010.

A considerable proportion of puchased debt acquisitions take plance 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 aquire the revievables if, for example, their quality decreases. Risks are diversified by acquiring receivables from clients in different sectors and different countries. The Group's purchased debt portfolios include debtors in 20 countries. The Group's total carrying amount for purchased debt is distributed as follows:



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



Of the total carrying value on the balance sheet date, 41 percent represents portfolio acquisitions in 2013, 23 percent acquisitions in 2012, 14 percent acquisitions in 2011 and 7 percent acquisitions in 2010. The remaining 15 percent relates to receivables acquired in or before 2009, 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.

Note 34 cont.

Outlays on behalf of clients

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

Derivative contracts

The Parent Company and the Group hold forward exchange contracts to a limited extent. The credit risk in the Group's forward exchange contracts 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 29 M (32). See Note 33 regarding the possibility of offsetting receivables and liabilities for derivative contracts.

The contracts have short maturities, typically one or more months. All outstanding forward exchange contracts are restated at fair value in the accounts, with adjustments recognized in the income statement.

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

Derivatives

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 fair value, SEK 25 M (29), net. Changes in the value of forward exchange contracts recognized during the year in the income statement amounted to SEK –43 M (11). 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 46 M (–15) during the year). The net effect in the income statement of exchange rate differences attributable to receivables and liabilities as well as forward exchange contracts is SEK 3 M (–4). The forward exchange contracts are short-term, with a maturity within three months from the balance sheet date.

Currency	Hedged amount, buy	Hedged amount, sell
CHF	5,583,432	–49,324,856
CZK	3,000,000	–174,274,919
DKK	–	–243,863,657
EUR	4,508,862	–23,176,028
GBP	108,857	–5,316,088
HUF	–	–7,313,547,245
LTL	–	–58,534
NOK	136,216,836	–1,416,839
PLN	1,528,890	–14,244,262

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 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 1,760 M (1,526), of which receivables overdue by more than 30 days amounted to SEK 23 M (2).

Intrum Justitia's risk in this business is managed through strict credit limits and analyses of card applicants' credit status. The guaranteed amount refers to several small receivables mainly against Swiss individuals, and the credit quality is in general considered to be good.

As of year-end Intrum Justitia had allocated SEK 19 M (17) in the balance sheet to cover payments that may arise due to the guarantee.

NOTE 35
ACQUISITIONS OF OPERATIONS

Net effect of acquisitions on liquid assets	Group	
SEK M	2013	2012
IJCOF SAS	–9	–
Aktiv Kapital's Swiss operations	40	–
IJCOF Corporate	0	–
Buckaroo	–29	–69
LDF65 and Inca	0	0
Total	**2**	**–69**

Acquisition of 48.6 percent of the shares in IJCOF SAS

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

The acquired company was consolidated effective from April 2013 and has contributed to consolidated revenues by SEK 52 M and to the consolidated operating earnings by SEK 10 M. The impact on earnings of the revaluation from the previous carrying value of the holding in an associate to fair value was negligible.

If the acquisition would have been executed by January 1, it would have contributed to revenues by SEK 69 M and to the operating earnings by SEK 12 M.

The acquisition is reported in accordance with the following:

SEK M	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Intangible fixed assets	4		4
Goodwill	32		32
Current assets	10		10
Liquid assets	10		10
Current liabilities	–17		– 17
Total	**39**		**39**
Minority interests			–13
Net assets			**26**
Consolidated goodwill			**7**
Purchase consideration paid in cash			**–19**
Liquid assets (acquired)			10
Net effect on liquid assets			**–9**

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

Transaction costs attributable to the acquisition amount to SEK 0 M.

Note 35 cont.

Acquisition of 100 percent of the shares in Aktiv Kapital's Swiss operations.

On July 11, 2013, Intrum Justitia agreed to acquire two companies encompassing Aktiv Kapital's Swiss operations, which primarily involved purchasing of overdue receivables. The purchase consideration paid in connection with the finalization of the transaction amounted to SEK 289 M.

The acquired companies were consolidated effective from July 2013.

The acquisition is treated in the cash flow statement mainly as a purchase of debts. It has the following impact on the consolidated balance sheet:

SEK M	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Goodwill	2		2
Purchased debt	2	267	269
Current assets	8		8
Liquid assets	59		59
Deferred tax liability	1	–37	–36
Current liabilities	–13		–13
Total	**59**	**230**	**289**
Purchase consideration paid in cash			**–289**
Liquid assets (acquired)			59
Reported as acquisition of purchased debt			**–269**
Net effect on cash and equivalents			**40**

Transaction costs attributable to the acquisition amount to SEK 1 M and are reported in the Group's administrative expenses.

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

On December 31, 2013, Intrum Justitia agreed to acquire the corporate collection operations in France of Ellisphere SA (formerly Coface Services). No purchase consideration was paid in cash. Instead, payment took the shape of 42 percent of the shares in the jointly-owned company IJCOF Corporate SAS, through an issue in kind valued at SEK 67 M.

The assets and liabilities of the acquired operations were consolidated in the Group's balance sheet as of December 31, 2013 and earnings from the operations will be consolidated effective from January 1, 2014. If the acquisition would have been executed by January 1, 2013, it would have contributed to revenues by SEK 175 M and to the operating earnings by a negative amount.

The acquisition is reported as follows:

SEK M	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Goodwill	83		83
Current receivables	2		2
Provisions for pensions	–11		–11
Current liabilities	–7		–7
Total	**67**	**0**	**67**
Minority interests			–67
Net assets			**0**
Purchase consideration paid in cash			**0**
Liquid assets (acquired)			0
Net effect on liquid assets			**0**

Transaction costs attributable to the acquisition amount to SEK 0 M.

Acquisition in 2012 of 100 percent of the shares in Buckaroo BV, etc.

In 2012, Intrum Justitia entered an agreement to acquire the Dutch company Buckaroo BV, a supplier of payment solutions particularly for e-trading companies. The acquisition analysis was detailed in the 2012 annual report.

The Group's strategy includes focusing on new service areas that could bring new growth. The acquisition of Buckaroo means that Intrum Justitia can increase its rate of expansion in the fast-growing e-trade segment. By combining Buckaroo's payment services with Intrum Justitia's own – credit decisions, payment guarantees and collection, for example – new financial services can be offered to the Group's clients and their customers. In the acquisition analysis, part of the purchase consideration was allocated to software and trademarks, but a large part of the value in the acquisition lies in the synergy that arises when Buckaroo's payment solution is combined with Intrum Justitia's knowledge and customer relations, and is therefore reported as goodwill.

The price for the shares consists of a cash payment of EUR 8 M, equivalent to SEK 69 M, which was paid in connection with the finalization of the transaction, and an additional purchase consideration of a maximum EUR 32 M divided between three payment occasions in 2013-2015, based on the results achieved by the acquired company. Intrum Justitia assumed an additional purchase consideration of a nominal EUR 22 M in accordance with the forecasts that were prepared prior to the acquisition. In 2013, payment amounted to EUR 3,2 M, equivalent to SEK 29 M, compared with the EUR 4,0 M that had been reserved at the time of acquisition. The reversal of a provision of EUR 0,8 M was recognized in earnings for 2013.

In the consolidated balance sheet as per December 31, 2013, the expected remaining purchase consideration to be paid to the sellers of Buckaroo is recognized under Other long-term liabilities in the amount of SEK 157 M (173), that is, the present value of EUR 18 M (22).

Acquisition in 2012 of 65 percent of the shares in LDF65 sarl and Incasarl

In 2012, Intrum Justitia also agreed to acquire 65 percent of the shares in LDF65 sarl and Inca sarl, whereby these companies became wholly-owned subsidiaries in the Intrum Justitia-Group. The acquisition analysis was detailed in the 2012 annual report. The operations in LDF65 comprise ownership of purchased debt portfolios and the operations in Inca comprise the financing of LDF65.

Acquisition in 2014 of 100 percent of the shares in Profidebt sro.

On January 31, 2014, Intrum Justitia agreed to acquire 100 percent of the shares in Czech company Profidebt sro for a cash purchase consideration of CZK 280 M, equivalent to SEK 90 M. The company's operations primarily involve purchasing overdue receivables and it owns a portfolio of overdue receivables that Intrum Justitia valued at approximately CZK 850 M in connection with the acquisition, equivalent to SEK 272 M. The acquisition analysis has not yet been completed because of the short time-span from the acquisition to the finalization of the Annual Report.

NOTE 36
CRITICAL ESTIMATES AND ASSUMPTIONS

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

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

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

Impairment testing of goodwill

As indicated in Note 10, an impairment test of goodwill was done prior to the preparation of the annual accounts. Several groups of countries 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 income and operating expenses.

Purchased debt

As indicated in Note 16, the recognition of purchased debt is based on the company's own projection 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 revaluations 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.

Reporting of liability for additional purchase consideration for subsidiary in the Netherlands

As detailed in Note 35, Intrum Justitia acquired the subsidiary Buckaroo BV in early 2012. The purchase consideration consisted of a cash payment in connection with the agreement to acquire the company and a possible additional purchase consideration to be paid to the sellers on three payment occasions in 2013-2015. The sellers include two private individuals who have remained employed in the management of the acquired company following the acquisition and Intrum Justitia has therefore been placed in the position of having to determine whether the additional purchase considerations are to be considered remuneration for work carried out following the acquisition or as a conditional part of the original purchase consideration, based on the valuation made at the time of the acquisition. Based on an overall assessment, the conclusion has been reached that the calculated additional purchase consideration is to be reserved as part of the acquisition cost. The background to this conclusion is, among other aspects, that the two individuals who are sellers of shares but who remain employed have normal terms of employment disregarding the additional purchase consideration, and that there are other sellers who are not employed by the company but who nonetheless can receive equivalent additional purchase considerations in proportion to their proportion of ownership prior to the acquisition of the company. The amounts reserved for the additional purchase consideration are based on the company's best assessment.

NOTE 37
RELATED PARTIES

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

During the year, a subsidiary within the Intrum Justitia Group sold factoring services to Dentally AB, a company in which the Group's CFO, Erik Forsberg was a member of the Board of Directors between January and September. Erik Forsberg has not been involved in any contractual negotiations between Intrum Justitia and Dentally. Intrum Justitia's income from Dentally in 2013 amounted to SEK 1 M (0) and receivables from Dentally were SEK 0 M (0) at the end of the year.

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

Although the Parent Company also has close relationship to its subsidiaries, see Note 12, it has no transactions with other related parties.

Proposed appropriation of earnings

The Parent Company's distributable funds are at the disposal of the Board of Directors as follows:

SEK	
Share premium reserve	111,255,873
Fair value reserve	–748,754,299
Retained earnings	3,739,361,991
Net earnings for the year	–90,149,191
Total	**3,011,714,374**

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

SEK	
Dividend, 77,360,944 shares x SEK 5.75	444,825,428
Balance carried forward	2,566,888,946
Total	**3,011,714,374**

The number of shares stated above, 77,360,944, is the number of shares outstanding, excluding the shares repurchased up until March 26, 2014. The number of shares and the dividend may decrease as an effect of further repurchases in 2014, prior to the record date for the dividend.

The Board of Directors' complete statement motivating the proposed disposition of profit for the 2013 financial year will be presented in a separate document prior to the 2014 Annual General Meeting. It concludes, among other things, that the proposed dividend is in line with the company's dividend policy and that the Board, having considered the nature, scope and risks of the company's operations, as well as the company's and the Group's consolidation requirements, liquidity and financial position in general, has found no indications that the proposed dividend is unjustified.

The Board of Directors and the President certify that the Annual Report has been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards.

The annual accounts and consolidated accounts give a true and fair view of the financial position and results of the Parent Company and the Group. The Board of Directors' Report for the Parent Company and the Group gives a true and fair overview of the operations, financial position and results of the Parent Company and the Group, and describes significant risks and uncertainties that the Parent Company and the companies in the Group face.

The annual and consolidated accounts were approved for publication by the Board of Directors and the President on March 26, 2014 and are proposed for approval by the Annual General Meeting on April 23, 2014.

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 26, 2014

Lars Wollung
President and CEO

Lars Lundquist
Chairman of the Board

Matts Ekman
Board member

Joakim Rubin
Board member

Charlotte Strömberg
Board member

Synnöve Trygg
Board member

Fredrik Trägårdh
Board member

Joakim Westh
Board member

Magnus Yngen
Board member

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 2013. The annual and consolidated accounts of the Company are included in the printed version of this document on pages 37–82.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT FOR THE ANNUAL AND CONSOLIDATED ACCOUNTS

The Board of Directors and the President are responsible for the preparation of annual accounts that give an accurate view in accordance with the Annual Accounts Act and consolidated accounts that give an accurate view in accordance with the International Financial Reporting Standards as adopted by the EU, and the Annual Accounts Act and for the internal controls deemed necessary by the Board of Directors and President in preparing annual accounts that do not contain material misstatements, whether these are due to irregularities or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the annual and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards demand that we. adhere to professional requirements and that we plan and perform the audit to obtain reasonable assurance that the annual and consolidated accounts are free of material misstatement

An audit entails gathering by various means audit evidence supporting the amounts and disclosures in the annual and consolidated accounts. The auditor selects the measures to be performed by assessing, among other aspects, the risk for material misstatements in the annual and consolidated accounts, whether these are due to irregularities or error. In this risk assessment, the auditor takes into account those parts of the internal control processes that are relevant to how the Company prepares the annual and consolidated accounts to provide an accurate view with the purpose of drawing up review measures that are appropriate to conditions, albeit not with the purpose of making any statements regarding the efficacy of the Company's internal control processes. An audit also includes assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Board of Directors and President in the accounts, as well as assessing the overall presentation of the annual and consolidated accounts.

We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our statements.

STATEMENTS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present, in all material respects, a fair portrayal of the financial position of the Parent Company as of December 31, 2013 and its financial performance and 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, 2013 and its financial performance and its cash flows for the year in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The Board of Directors' Report complies with other parts of the annual report and the consolidated accounts.

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 2013.

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, 2014

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 24 2013 the Nominations Committee's proposal for the Board to consist of eigth members and no deputies was adopted. Matts Ekman, Lars Lundquist, Joakim Rubin, Charlotte Strömberg, Fredrik Trägårdh och Joakim Westh was re-elected. Synnöve Trygg and Magnus Yngen was elected as new members of the board. Lars Lundquist was re-elected as the chariman of the board.

Lars Lundquist

Chairman

Born 1948. 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 at year end 2013: 25,000. After year end 10,000 shares was disposed. Current no of shares at the time for print of the annual report: 15,000.

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.

Synnöve Trygg

Born 1959. Director since 2013. Synnöve Trygg was the CEO of SEB Kort from 1993–2013. She is the Director of the board at the Swedish insurance company Trygg Hansa. Ms. Trygg holds a Bachelor in Business Administration from the University of Stockholm.

No. of shares in Intrum Justitia AB: 1,000.

Joakim Rubin

Born 1960. Director since 2010. Joakim Rubin is a Senior Partner at CapMan Public Market Fund and Funding Partner at Zeres Capital, 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.

Fredrik Trägårdh

Charlotte Strömberg

Joakim Westh

Magnus Yngen

Directors' independence
All Directors are independent in relation to the Company, its management and in relation to the principal shareholders.

Charlotte Strömberg
Born 1959. Director since 2009. Charlotte Strömberg is the Chariman of the board of Castellum AB, Director of Boomerang AB, the Fourth Swedish National Pension Fund 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.

Fredrik Trägårdh
Born 1956. Director since 2009. Fredrik Trägårdh is the Executive Vice President of Ekman & Co AB. He was formerly the CEO and CFO. 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.

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 and Absolent AB. Mr. Westh is a graduate engineer from the Royal Institute of Technology in Stockholm and he holds an MSC. from the Massachusetts Institute of Technology (MIT).

No. of shares in Intrum Justitia: 3,000.

Magnus Yngen
Born 1958. Director since 2013. Magnus Yngen is president and CEO at Camfil. Previous to that he was president and CEO of Husqvarna and has held several leading positions within Electrolux. His most recent executive position was as acting president and CEO of Dometic. Yngen is the chairman of the board of Sveba-Dahlén Group and a board member of Duni and Dometic. Mr. Yngen holds a Master of Enginering and Licentiate in Technology from the Royal Institute of Technology in Stockholm.

No. of shares in Intrum Justitia AB: 0.

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: BillerudKorsnäs, Boliden, JM, Scania.

No. of shares in Intrum Justitia: 0.


Lars Wollung


Erik Forsberg


Rickard Westlund


Per Christofferson


Kari Kyllönen


Johan Brodin

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.

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.

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.

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.

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.

Kari Kyllönen
Vice President
Born 1946. Mr. Kyllönen is the Vice President. Additionally, he works in Operational Excellence area for developing Group's business processes. Previous to that he has been responsible for the Purchased Debt service line between 1999–2009 as well as in 2012 until June 2013. 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). He holds a M.Sc. from Tampere University.

No. of shares in Intrum Justitia AB: 132,718.

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.

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.

Pascal Labrue
Regional Managing Director
Born 1967. Mr. Labrue has been an employee since 2000 and has held several leading position within Intrum Justitia. Since 2004 Mr Labrue is the Regional Managning Director for Western Europe. 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 at year end 2013: 164,042. After year end 94,329 shares was disposed. Current no of shares at the time for print of the annual report: 69,713.

Harry Vranjes
Chief Information Officer
Born in 1970. Vranjes holds his current position as Chief Information Officer since April 2012. He has been Group IT Director at Intrum Justitia 2008–2012 and previous to that he was Project Manager and Business Developer at Intrum Justitia 2002–2008. Harry Vranjes previously held the position as IT-management consultant at WM-Data between 1998–2001. Vranjes holds a Bachelor in Computer Science at Lund University.

No. of shares in Intrum Justitia: 6,000

Jean-Luc Ferraton
Chief Human Resources Officer
Born in 1973. Ferraton holds his current position as Chief Human Resources Officer (CHRO) since April 2012. From his start at Intrum Justitia 2006, Mr Ferraton has held several positions including Regional HR Director for Western and Southern Europe. 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.

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.

Stephan Ohlmeyer
Group Director Purchased Debt
Born 1968. Stephan Ohlmeyer joined Intrum Justitia in June 2013 as Director of Purchased Debt. Previously, Stephan has worked at investment funds Och-Ziff and Värde as well as investment banks Goldman Sachs, Morgan Stanley and JPMorgan Chase. Stephan has a PhD in Mathematical Physics and is a Chartered Financial Analyst (CFA).

No. of shares in Intrum Justitia AB: 0.


Annika Billberg


Pascal Labrue


Harry Vranjes

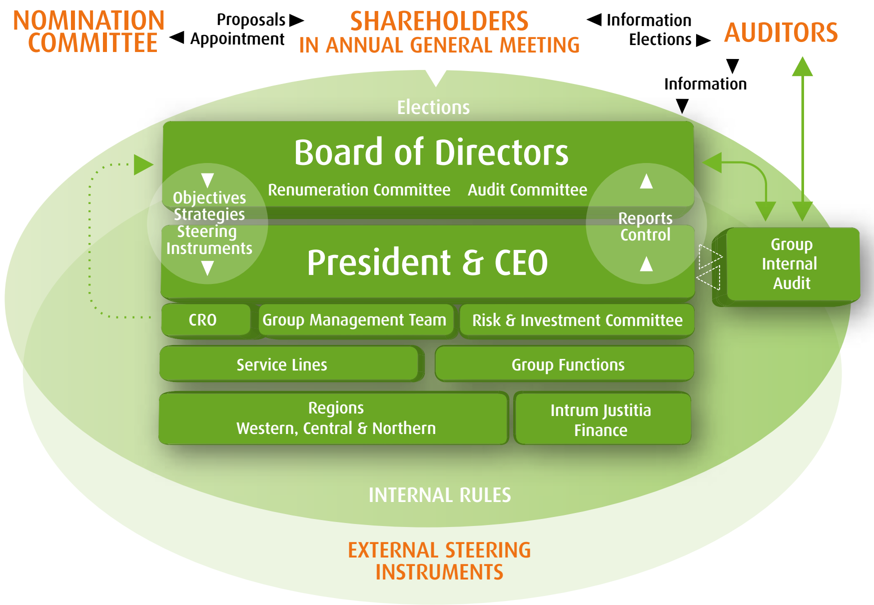

Jean-Luc Ferraton


Jan Haglund


Stephan Ohlmeyer

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 2013. Corporate governance at Intrum Justitia comprises structures and processes for management and control of the Company's operations for the purpose of creating value for the Company's owners and other stakeholders. Intrum Justitia applies the Code as of July 1, 2005. Intrum Justitia's corporate governance also complies with the applicable rules in the Swedish Companies Act, NASDAQ 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

At the end of the year, Intrum Justitia's largest shareholder, Fidelity Investments Management, held 10 percent of all outstanding shares in the Company. Other shareholders owned less than 10 percent of the shares. See also page 34.

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 24, 2013. Among other things, the Meeting resolved:

- to adopt the income statements and balance sheets for the Company and the Group,
- to pay a dividend of SEK 5 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 2012 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 the 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, 46 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 AGM of 2013 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 2014 Annual General Meeting was announced on

September 18, 2013: Mats Gustafsson, Chairman (Lannebo Funds), Karl Åberg (CapMan Oyj), Hans Hedström (Carnegie Funds), Anders Rydin (SEB Funds) and Pia Axelsson (Fourth Swedish National Pension Fund). The Chairman of the Board, Lars Lundquist, serves as a co-opted member of the Nomination Committee. The Group's legal counsel has served as the secretary of the Nomination Committee.

Besides nominating the Directors, the Chairman of the Board and the Chairman of the AGM, the duties of the Nomination Committee include evaluating the Board and its work, proposing a Chairman for the AGM, proposing compensation for the Board and its committees, and proposing candidates for auditors' elections and compensation for auditors. The Chairman of the Board presented the results of the annual evaluation of the Board to the Nomination Committee. The Nomination Committee's proposals to the 2014 AGM were announced in the notice are presented in the AGM. Shareholders have been offered the opportunity to submit proposals to the Nomination Committee. The Nomination Committee held three meetings for which minutes were recorded. No compensation has been paid to the members of the Nomination Committee.

BOARD OF DIRECTORS

The Board of Directors has the 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 2013 Annual General Meeting, eight 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 84–85. All Directors are considered to be independent in relation to the Company and its management as well as in relation to the principal shareholders. The composition of the Board thereby complies with the requirements of the Code in this respect. The President of the Company is not a member of the Board, but attends all Board meetings except when the evaluation of the Board's work and the President are on the agenda. The Secretary of the Board is the Group's Legal Counsel. The Board of Directors has established an Audit Committee and a Remuneration Committee. The committees are mainly subordinated to the Board and do not relieve the Board members of their duties and responsibilities. The committees are presented in more detail on the following pages.

THE BOARD'S RULES OF PROCEDURE

Each year, the Board of Directors reassesses and sets rules of procedure, instructions for the two committees and instructions for the President. The latter also includes instructions regarding financial reporting. These control documents contain instructions on the delegation of responsibilities and work between the Board, the President and the Board committees, as well as the forms of the Company's financial reporting. The Board's rules of procedure are based on the 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 12 meetings in 2013 (15 in 2012). During the year, the Board paid special attention to the following issues:

- the Group's earnings and financial position,
- interim reporting,
- corporate governance, risk management and internal control,
- corporate acquisitions, the expansion of services and acquisitions of major debt portfolios,
- review of the company's strategic focus and financial targets,
- 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 several Board meetings during the year.

ASSESSMENT OF THE BOARD AND PRESIDENT

Each year, the Board assesses the composition of the Board and its work with the purpose of illuminating matters concerning the Board's composition, areas of focus, materials and meeting climate, as well identifying areas for improvement. The Chairman presents the results of the evaluation to the Nomination Committee and the complete Board. The Board

ATTENDANCE AT BOARD MEETINGS IN 2013

	Matts Ekman	Helen Fasth-Gillstedt	Lars Lundquist	Joakim Rubin	Charlotte Strömberg	Synnöve Trygg	Fredrik Trägårdh	Joakim Westh	Magnus Yngen
February 4	●	●	●	●	●		●	●	
March 14	●	●	●	●	●		●	●	
March 27	●	●	●	●	●		●	●	
April 23	●	●	●	●	●		●	●	
April 24	●		●	●	●	●	●	●	●
June 5	●		●	●		●	●		
July 18	●		●	●	●	●	●	●	●
August 29	●		●	●	●	●	●	●	●
September 25–26	●		●	●	●	●	●	●	●
October 23	●		●	●	●	●	●	●	●
November 29	●		●	●	●	●	●	●	●
December 16	●		●	●	●	●	●	●	●

● Present

makes continuous evaluations of the President and discusses this at least one meeting without his presence.

COMPENSATION FOR DIRECTORS

In accordance with a decision by the 2013 Annual General Meeting, fees and other compensation to the Board totaled SEK 3,520,000, 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 independent and assist the Nomination Committee in connection with the election of an auditor. The committee has established guidelines for which services, other than auditing services, the company may procure from the auditor. The Audit Committee consists of Matts Ekman (Chairman), Synnöve Trygg and Fredrik Trägårdh. Helen Fasth Gillstedt was a member until the 2013 Annual General Meeting. All members are considered to be independent in relation to the Company and its management as well as in relation to the principal shareholders. Normally, the auditor, the Company's CFO, the head of the internal audit and the Group's Chief Accountant participate in the committee's meetings. The latter is also appointed secretary of the committee.

In 2013, the Audit Committee met four times (seven in 2012). The auditor participated in all of the meetings. Helen Fasth Gillstedt did not attend one of the meetings held by the committee. Apart from that, all members were present at all meetings. The issues addressed by the committee included interim reporting, risk management, internal control, the Group's accounting principles and interest hedging measures. Further to this the committee has considered the year-end accounts, audit work for the Group, investment proposals, taxes and refinancing, as well as assisting the Board in its preparations to assure the quality of the Company's financial reporting, particularly with respect to the accounting of purchased debt and goodwill.

REMUNERATION COMMITTEE

The tasks of the Remuneration Committee include preparing the Board's decisions on matters involving remuneration principles, remunerations and other terms of employment for senior management, following-up and evaluating programs for variable remunerations for senior management, and monitoring and assessing general remuneration structures and compensation levels in the Group.

The committee also assists the Board in drafting proposals for guidelines for remuneration for senior management that the Board presents to the AGM, and also to monitor and assess the use of these guidelines. The Remuneration Committee consists of Lars Lundquist (Chairman), Magnus Yngen and Joakim Rubin. All members are considered to be independent in relation to the Company and its management as well as in relation to the principal shareholders. The CEO and Human Resources Director normally participate in the committee's meetings. The latter is also the secretary of the committee. The committee met four times in 2013 (six in 2012). All members of the committee were present at all meetings.

PRINCIPLES FOR REMUNERATION FOR SENIOR EXECUTIVES

The 2013 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 2013 are described in Note 28, on page 75. The Board's complete proposal regarding guidelines for 2014 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 28 on page 75.

GROUP MANAGEMENT TEAM

The Group Management Team consists of the Chief Executive Officer, the Vice President, the Chief Financial Officer, the three regional managers, the Director of Purchased Debt, the Group's Chief Risk Officer, the Director of Investor Relations and Communications, the IT Director, the Human Resources Director, and the President of Intrum Justitia Finans.

The Group Management Team meets regularly to discuss financial targets and results, strategy issues and Group-wide guidelines. These discussions, decisions and guidelines are also part of the control of financial reporting. More information about the Group Management Team can be found on pages 86–87.

RISK AND INVESTMENT COMMITTEE

The CEO has established a Risk and Investment Committee consisting of members of the Group Management Team, tasked with making decisions on investment matters, primarily investments in purchased debt.

INTERNAL AUDIT

The Internal Audit constitutes an independent review function that reports directly to the board via the Audit Committee. The task of the Internal Audit is to review and evaluate the efficiency in steering control, risk assessment and internal control in the Group and it reports to the Audit Committee and the Group Management Team on a quarterly basis.

RISK FUNCTION

The Company has established a Risk function headed by the Chief Risk Officer. The two principal areas of responsibility for this function are to proactively engender risk awareness when business decisions 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 2013 Annual General Meeting, the audit 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 2014 Annual General Meeting. The auditor is considered to be independent. Beyond the audit assignment, the Company has also consulted Ernst & Young AB on matters of taxation and reporting, following approval by the Audit Committee. The scope of the compensation paid to Ernst & Young AB is presented in Note 29 on page 76. As Intrum Justitia's auditor, Ernst & Young AB is obliged to test its independence prior to every decision when providing independent advice to Intrum Justitia alongside its auditing assignment.

Board of Directors' Report on Internal Control

The responsibility of the Board of Directors for internal control is regulated by the Swedish Companies Act and the Corporate Governance Code. The Code includes a requirement for annual external reporting on how internal control processes regarding financial reporting are organized. These controls serve to assure reasonable reliability in financial reporting. Financial reporting comprises interim reports, year-end reports and most of the annual report.

FRAMEWORK

Intrum Justitia's internal control efforts follow the COSO framework (the Committee of Sponsoring Organization of the Treadway Commission). The framework is based on five internal control components as described below.

CONTROL ENVIRONMENT

The Board of Directors bears the ultimate responsibility for the internal control of the company's financial reporting. The Board's Audit Committee monitors adherence to set guidelines for financial reporting and internal control and maintains ongoing contacts with the company's auditors. The objective is to ensure that applicable laws and regulations are adhered to, that the financial reporting complies with Intrum Justitia's accounting principles in accordance with IFRS and that operations are conducted in an efficient and appropriate way. The basis for good internal control is the control environment, which includes the values and ethics on which the Board and Management base their actions, but also the Group's organization, leadership, decision-making paths, authorities and responsibilities, as well as the skills and knowledge of the employees.

Intrum Justitia's values include "working to promote a sound economy", which, alongside the Group's business concepts, targets and strategies, guides its day-to-day work. During 2013 the work has continued to further strengthen the company's internal governance and control environment in accordance with plan. As an example the Group-wide internal regulations directly attributable to financial reporting and compliance were further developed. Over the next few years, Intrum Justitia will continue to focus on 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 ongoing interaction between the Board, Group Management and local operations. The Board and Group Management work continuously to identify and manage risks, while the management of each local operation is responsible for identifying, assessing and managing, in accordance with the internal regulations, the risks that primarily impact the local operations. Each local management team is responsible for ensuring that a well-functioning process is in place, generating an awareness of risk, identifying new risks at an early stage and managing known risks in a cost-effective way. The risk assessment of the financial reporting serves to establish what risks may impact reporting by the Group's companies, business areas and processes. The Group-wide risk management process includes identifying and assessing the most significant risks affecting the financial reporting and ensuring that suitable measures are taken to mitigate those risks. This work is based on self-assessments conducted by the Group's central finance function complemented with an ongoing dialogue with the business units. These assessments then form the basis for continued efforts to continuously improve internal controls in the financial reporting process.

CONTROL ACTIVITIES

To a large extent, control activities are steered by risk assessment. Controls are designed to manage the risks identified in the work described above. The control structures are based on the Group's minimum requirements for internal controls in financial reporting and consist both of company-wide controls, controls at transaction level and general IT controls. Control activities include all subsidiaries within the Group and encompass methods and activities to secure assets, ascertain the accuracy and reliability in internal and external financial reports and to ensure adherence to legislation and established internal guidelines. The subsidiaries' are required to submit a quarterly assurance from the local manager and financial manager, which is then reviewed and followed-up at several levels of the group's finance organization. In addition, the Group financial function has worked with several activities to follow up and monitor the quality of the financial reporting in the Group's subsidiaries.

INFORMATION AND COMMUNICATION

The company works continuously to improve the awareness among employees of the control instruments applicable in financial reporting, both external and internal. Responsibilities and authorities are communicated within the Group to enable reporting and feedback from operations to Group Management and the Board's Audit Committee. All key internal guidelines can be accessed via the company's intranet and employees receive training on an ongoing basis. The local finance managers are part of a network that communicates to disseminate and share experiences, exchange information on new regulations and changes in the Group's accounting principles, 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 according to a matrix model, whereby financial review primarily follows the three geographical regions and, secondarily the service lines, Credit Management and Financial Services. Within the geographical regions, the respective regional and country managers bear considerable responsibility. Group Management exerts control through e.g. regular reviews of financial and operational performance, regional business review meetings twice a year and board representation in the local companies. Each month, the subsidiaries submit their monthly closing reports, which consist of income statements divided by service line, balance sheets and key performance indicators in the Group's reporting system. The closing figures are consolidated as a monthly report to Group Management. Consolidated accounts are prepared each month for internal follow-up and analysis. The subsidiaries receive feedback from the Group on their reporting and in-depth follow-up meetings are held with each country organization on a quarterly basis.

The follow-up of the internal control with regard to financial reporting is conducted primarily by the Group Finance function, as well as by the Board's Audit Committee. At the assignment of the Board, the internal audit also reviews and assesses how the internal control is organized and its efficacy, as well as follow up on outstanding material observations from previous audits. Lastly, the group's auditors also assess the internal control procedures as part of their annual audit and report on their findings to the board.

Stockholm, March 26, 2014
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 2013 for pages 88–92 and that it has been prepared in accordance to the Annual Account Act.

We have read the Corporate Governance Report, and based on this and our knowledge of the company and the Group we believe that we have enough ground for our statements. This implies that our statutory review of the Corporate Governance Report has a different focus and substantially lower scope than the focus and scope of an audit according to International Standards of Auditing and good auditing practice in Sweden.

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, 2014

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 activ-ities 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

The Annual General Meeting of Intrum Justitia AB will be held on on Wednesday 23 April, 2014 at 3.00 pm at Summit, Grev Turegatan 30, 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 5.75 (5.00) per share for fiscal year 2013.

Financial report dates 2014

Annual General Meeting 2014, April 23
Interim report January–March, April 23
Interim report January–June, July 17
Interim report January–September, October 22

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.

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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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Intrum Justitia's annual report 2013 has been produced in cooperation with Passion:Reutersten AB. Design: J.Friman. Photography: Lena Larsson. Printing: Vitt Grafiska. Intrum Justitia AB, corp. ID no. 556607-7581.

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