BOOSTING OUR BUSINESS

Annual Report 2015

intrum justitia

CONTENT

The annual report and consolidated accounts are found on pages 32-76.

2015 – A BROADER CLIENT OFFERING AND IMPROVED RESULTS

2015 was an eventful year in which Intrum Justitia conducted a number of projects to increase the value we provide our clients. As a consequence both revenues and earnings improved. Below follow the most important key figures and events in condensed form. You will find a more detailed account in the CEO statement on pages 6–7.

In 2015 we broadened our service offering when we launched flexible payment solutions for on-line merchants through the brands Avarda in the Nordic region and Byjuno in Switzerland. These services entail e-traders being paid directly when a sale is made, while consumers are offered monthly invoices or accounts with installment payments.

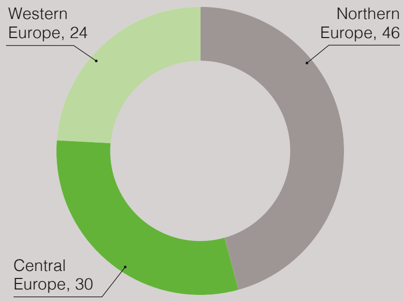
Since 1998, Intrum Justitia has studied payment behaviors in Europe. In May the European Payment Report 2015 was launched, which, among other things, reports that late payments are a major threat to companies. When asked whether they would hire more employees if they received payments faster, 32 percent of the respondents answered yes. This means that around 8 million businesses would recruit more people if credit management functioned properly. In November, the European Consumer Payment Report 2015 was launched, in which Intrum Justitia examines consumer payment behavior. The report shows that life is difficult for young Europeans (18–24 years of age). More than 20 percent are unemployed and 23 percent are willing to leave their country to build a better future.

In April Intrum Justitia received the credit rating BBB- from the credit rating agency Standard & Poor's. This is a result of Intrum Justitia's stable business model and strong financial position. Later the same year we strengthened our bank financing. All in all this means that Intrum Justitia is well positioned for further growth.

In December we announced acquisitions of two large portfolios of receivables from financial institutions in the Northern Europe. The acquisitions means that Intrum Justitia continues to grow in this area.

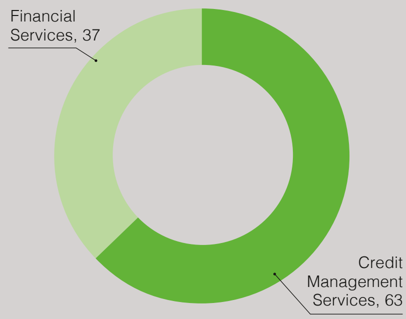
During the year we also strengthened our Credit Management Business via two smaller aquisitions – Logicomer in Portugal and Credita AG in Switzerland.

REVENUES BY REGION, %



Consolidated net revenues for 2015 amounted to SEK 5,628 M (5,184). Organic growth was 3 percent (6).

REVENUES BY SERVICE LINE, %



KEY FIGURES

SEK M, unless otherwise indicated

	2015	2014	2013	2012	2011
Revenues	5,628	5,184	4,566	4,048	3,950
Net revenues excluding revaluations	5,597	5,149	4,559	4,127	3,931
Operating earnings (EBIT)	1,624	1,430	1,207	879	868
Operating margin, %	29	28	26	22	22
Earnings for the period	1,172	1,041	819	584	553
Investments in purchased debt	2,428	1,950	2,475	2,014	1,804
Purchase Debt book value	7,027	6,197	5,411	4,064	3,088
Cash flow from operating activities	2,905	2,672	2,305	1,986	1,768
Earnings per share, SEK	15,92	13,48	10,30	7,32	6,91
Growth in EPS, %	18	31	41	6	22
Return on purchased debt, %	20	20	21	17	21
Net debt/RTM operating earnings before depreciation and amortization	1.8	1,9	1,6	1,5	1,4

18%

Operating earnings amounted to SEK 1,624 M (1,430). The operating margin was 29 percent (28). Net earnings amounted to SEK 1,172 M (1,041) and earnings per share amounted to SEK 15.92 (13.48) – an increase of 18 percent.

18%

The Board of Directors proposes a dividend of SEK 8.25 per share (7.00) – an increase of 18 percent.

WHAT WE DO FOR OUR 75,000 CLIENTS

Intrum Justitia offers services to companies to help them manage payments and accounts receivable, and to improve cash flows. We are one of a small number of companies in Europe that successfully combine the management of our clients' on-going credit matters with the purchasing of receivables that have matured without payment.

CREDIT MANAGEMENT SERVICES

Intrum Justitia offers a complete range of services covering our clients' entire credit management chain – from credit optimization and payment services to collection services. Through credit optimization, we help our clients assess their potential customers' payment capacity. Following the transaction, our payment services come into use, with billing and accounts receivable. Where invoices are past due, we offer our debt-collection services to ensure that full payment is received for the product or service.

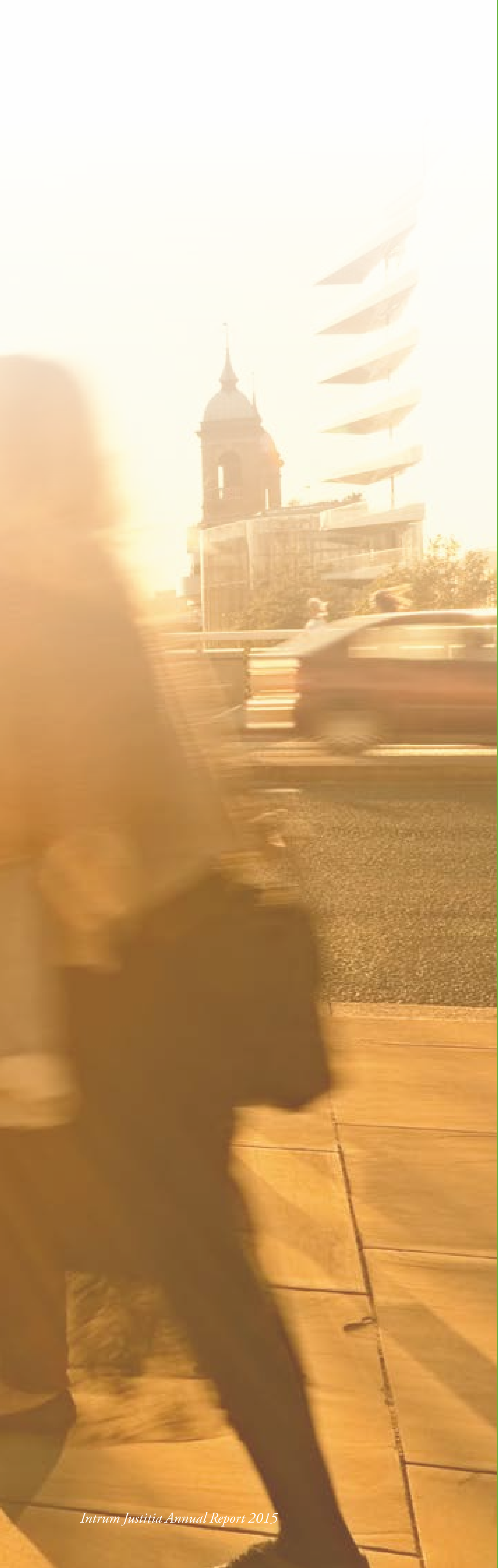
FINANCIAL SERVICES

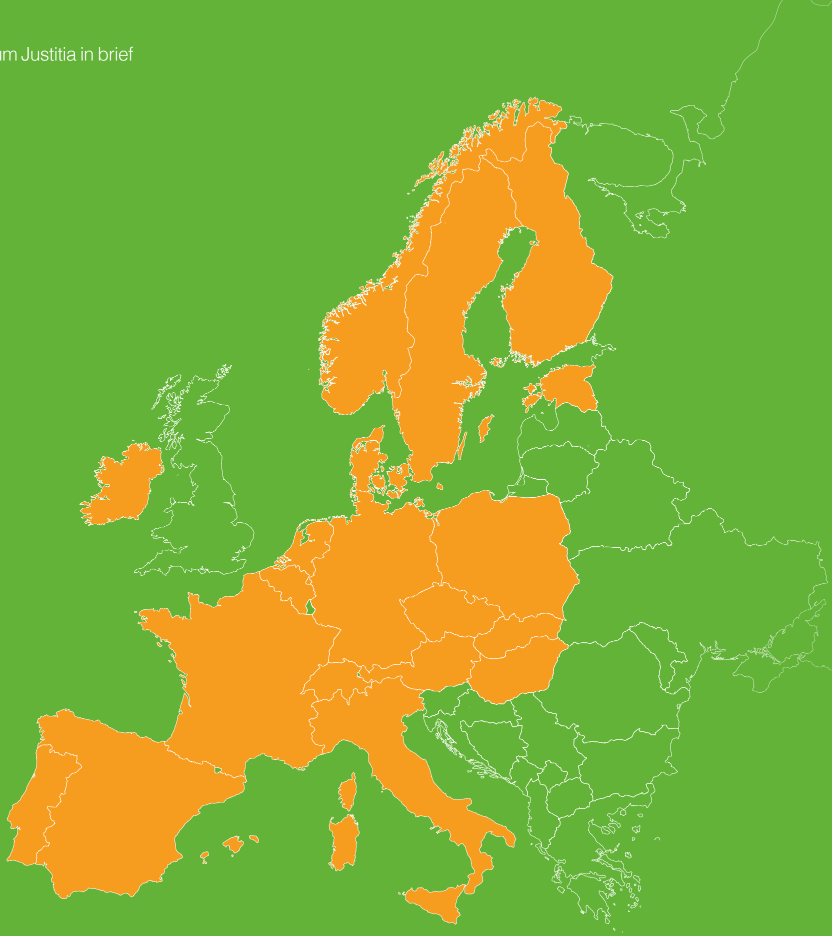
Through factoring, payment solutions for e-trade companies and purchased debt, our clients are reimbursed regardless if the end-customer paid or not. Through factoring, our clients can sell their invoices to us and secure most of the payment up front. With our service for e-trade companies, our clients are paid directly, while we offer consumers monthly invoices or accounts for payment by installments. We can also acquire our client's overdue receivables for a portion of the value and pursue collection activities ourselves.

CUSTOMER PROCESS	SALES & MARKETING	PAYMENT ADMINISTRATION	COLLECTION
OUR CREDIT MANAGEMENT SERVICES	CREDIT OPTIMIZA-TION SERVICES	PAYMENT SERVICES	COLLECTION SERVICES
OUR FINANCIAL SERVICES	FINANCING SERVICES		PURCHASED DEBT

”BOOSTING YOUR BUSINESS”

To summarize how we help companies and their customers conduct better business, Intrum Justitia employs the concept "Boosting your business". When credit assessments and payment flows function as they should, companies are paid. This allows companies to be more profitable, to develop, grow and recruit more employees. At the same time, we are helping people become debt-free and to achieve sound private finances. Intrum Justitia's mission is to act as a catalyst for a sound economy. Helping companies and private individuals in this way is how we contribute to vitality among businesses and in society.





Intrum Justitia's world. The objective is to be market leader in all countries in which we have business operations.

CLIENTS OF ALL SIZES

Intrum Justitia's clients operate primarily within fields including telecom, energy, banking and retail – helping clients with large volumes of consumer receivables is our specialty. But we also work with tens of thousands of small and medium-sized companies that need to focus on their operations rather than on payment management. We have nearly 75,000 clients in 19 countries. The 30 largest clients account for about 15 percent of Intrum Justitia's revenues, although no individual client accounts for more than 2 percent.

FOUNDED IN 1923

Intrum Justitia is is one of Europe's leading credit management companies with operations in credit management and financial services that build on strong collection operations. Intrum Justitia was founded in 1923 and today has some 3,850 employees and business operations in 19 countries. In addition, we partner with representatives in a approximately 160 countries to serve clients with operations both within Europe and beyond.

WELL-FUNCTIONING CREDIT FLOWS GENERATE GROWTH AND STABILITY

Well-functioning credit flows are a crucial precondition for growth, employment and sound finances for companies and private individuals. In this statement, I would like to convey a few perspectives on how Intrum Justitia performs a key societal function in its day-to-day efforts to help companies and individuals deal with credit in a responsible manner. I would also like to relate some of the key events for our Group in 2015 and how we view our future development.

Intrum Justitia contributes to a sound economy for both companies and private individuals.

We help companies grow through efficient credit flows. We work both with multinational companies with many hundreds of thousands of customers and with employees in several countries, as well as will small companies led by entrepreneurs. Regardless of the client's size, we know that an efficient credit process generates growth. An efficient credit process leads to increased sales, lower credit losses and improved cash flow. Furthermore, by entrusting their credit management to a company with Intrum Justitia's resources and expertise, our clients can increase their focus on their own core operations.

At the same time, Intrum Justitia helps private individuals achieve better finances. Every day, we are in contact with thousands of people who have a debt to settle. We work on the premise that together we will find ways to settle debts at a pace that takes into account each individual's financial situation. In several countries, we also conduct programs to inform and educate young people on the importance of sound private finances, with practical advice on how to avoid excessive debt.

Therefore, Intrum Justitia fills an important function in today's society. We contribute to vigorous companies with the resources to invest and recruit. We also contribute to sound private finances by helping consumers deal with debt on terms that the individual can manage.

LATE PAYMENTS – BOTH A THREAT AND OPPORTUNITY

Since 1998 Intrum Justitia has conducted an annual study of payment behaviors in Europe. In our European Payment Report 2015 survey, we see that late payments continue to be a threat to companies. Of the companies surveyed, 24 percent state that late payments force them to consider dismissing staff and 34 percent say that late payments mean they do not dare recruit more employees. 40 percent feel that late payments prevent them from developing and growing, while 31 percent consider them a threat against their long-term survival. The survey also shows that the proportion of invoices that are never paid amount to 3.1 percent of the companies' annual revenues, corresponding to an estimated EUR 289 billion.

> ”We shall consolidate or achieve a leading position in all of our markets.”

Through our annual surveys, which are used as a basis for decision making by the EU Commission and the European Central Bank among others, Intrum Justitia helps disseminate knowledge and increase the strength of action among politicians and public authorities. According to the European Payment Report, the trend is, in many ways, alarming and illustrates the importance of well-functioning credit flows for growth and prosperity in today's Europe. At the same time, our surveys also indicate the large potential to be found in credit management – if companies and authorities can join forces to improve conditions for the provision of credit and credit management, great potential exists for a rapid and marked improvement in Europe's economy.

2015 – A SUCCESSFUL YEAR

The year 2015 brought a continued positive trend for our business. We have invested considerable effort in further improving our operational efficiency to meet clients' increasing demands on quality and performance. We have achieved this by, among other things, strengthening and developing our analysis and optimization of data.

During the year we also strengthened our market position in several countries. We completed two company acquisitions in Credit Management. Within Financial Services we have grown in the area of Purchased Debt, mainly through two major acquisitions of debt portfolios from financial institutions. We also enjoyed continued strong activity in terms of investments in small and medium-sized debt portfolios. In addition, we have expanded our offering with the launch of flexible financing solutions for e-trade through the brands Avarda in the Nordic region and Byjuno in Switzerland.

Our financial performance in 2015 was good. Earnings per share rose by 18 percent and the return on purchased debt was 20 percent, well above our financial targets of 10 percent and 15 percent respectively. With regard to our capital structure, we were, over the year, just below or on par with our financial target of net debt in relation to operating earnings before impairment, depreciation and amortization of at least 2.0. In 2015, we also strengthened our financial flexibility by expanding our credit facility to SEK 7.5 billion, and by securing a credit rating from Standard & Poor's.

As a consequence of the favorable development in 2015, the Board proposes a dividend of SEK 8.25/share, an increase of 18 percent compared with the previous year.

In November 2015 Lars Wollung resigned after seven successful years as President and CEO of Intrum Justitia. In February 2016, the Board announced that it has appointed Mikael Ericson new President and CEO, with effect from March 1, 2016. Mikael Ericson has broad experience from leading positions in the banking and finance sector during the last 30 years.

OUTLOOK

We refer to Intrum Justitia's strategic road map as the Intrum Way. In the coming years, we will continue to work to develop our business in accordance with the cornerstones of the Intrum Way:

– We shall consolidate or achieve a leading position in all of our markets, since local market leadership is a prerequisite to being competitive in our sector.

– We will continue to develop our client offering, in which Intrum Justitia already offers a unique combination of credit management services and financing solutions, from credit decisions to collection.

– We will continuously improve our operational efficiency through the increased analytical application of our comprehensive database of payment behaviors.

– By improving cash-flow for companies and through payment plans that are developed to the situation of the consumers, we shall contribute to growth and stability in society.

Through the Intrum Way, we will realize our vision, according to which, Intrum Justitia's efforts generate value for companies, consumers and society. We view the coming years with confidence, trusting in favorable market conditions and our own capacity to continuously develop our business in close cooperation with our clients and employees.

In conclusion, I would like to thank our clients for their confidence in us and their good partnership over the past year. We enter 2016 firmly determined to continue increasing the value that a partnership with Intrum Justitia adds. I would also like to thank all of our employees for yet another year of strong efforts to develop our company.

Erik Forsberg
Acting President and CEO
Stockholm, February 2016

MARKET LEADER IN EVERY MARKET

Intrum Justitia's business concept is to offer clients credit management and financial services with a strong collection operation as our base. When credit assessments and payment flows function as they should, companies are paid, are able to develop, grow and recruit more staff. When we are successful at this, we are also able to reach our financial objectives – such as being market leader in each country in which we operate. How we achieve our operational objectives and financial goals is guided by our business concept, mission and vision, as well as the client value we can deliver and our strategies to develop the operations.

BUSINESS CONCEPT

To offer clients Credit Management and Financial Services that build on strong collection operations.

MISSION

To be a catalyst for a sound economy.

VISION

To be a company for and with people, offering Credit Management and Financial Services that add considerable value.

BUSINESS CONCEPT

Intrum Justitia is is one of Europe's leading credit management companies and our business concept is to offer clients credit management and financial services that build on strong collection operations. Our clients are companies and agencies that benefit from a concept in which our presence throughout Europe is combined with local expertise. Through our services, we help generate conditions for improved sales, profitability and cash flow, while reducing our clients' financial risk. At the same time we help people to get out of financial difficulties.

MISSION

It is our mission to act as a catalyst for a sound economy. When goods and services are increasingly paid for using various forms of credit, such as e-trade, it is ever more important for companies to be able to sell goods and services with minimum credit risk and to accept payment in a secure manner. Minimal credit risk also means that consumers can feel secure in credit-based purchases not leading to unsustainable debt. Intrum Justitia exists to manage these payment flows – including credit assessment, invoicing, payment monitoring and debt collection. When payment flows function as they should, companies are paid, are able to develop, grow and recruit more staff.

VISION

Our vision is to be a company for and with people, offering services that add considerable value and that help companies manage provision of credit and credit flows while providing consumers with a secure credit environment.

CLIENT BENEFIT

Credit optimization
With the right credit decision, our clients are able to maximize their sales results, Invoices are paid and profitability improves.

Payment administration
With Intrum Justitia taking care of invoicing and the accounts receivable ledger, the management of payments and reminders is conducted professionally, while our clients are able to focus on their core operations.

Collection
Thanks to collection efforts individually tailored to the consumer's financial capacity, our clients incur less depreciation and enjoy better liquidity and greater profitability. At the same time, people encountering payment difficulties are helped to become debt-free.

Financial services
Our financial services enable our clients to increase their cash flow and reduce their financial risk.

OPERATIONAL TARGETS AND STRATEGIES

	GOAL	PURPOSE	STRATEGY
Market-leading	We shall be market leader in each of the countries where we operate.	This is important in that, thanks to our size, we have access to a larger database of business and credit information on markets, consumer groups and companies than our competitors.	The strategy is to continue expanding – partly through organic growth in both credit management and financial services, and partly through acquisitions of complementary credit management companies and portfolios of receivables
Complete range	We shall be the natural choice for our clients and their needs throughout the credit management services chain.	A comprehensive offering in the payment chain strengthens our relations with clients and increases our own insight on credit and payment patterns.	The strategy entails continued growth in purchased debt, further development of our credit management services for e-trading companies and increased efforts to provide financial services early in the payment chain.
Operational efficiency	We deliver the highest quality as efficiently and securely as possible throughout the credit management services chain.	Operational efficiency provides the opportunity to achieve a stable earnings trend and efficient pricing for enhanced growth in both credit management and financial services.	The strategy primarily involves refining our methods and resources in scoring, collection measures via the legal system and risk management. We are also working continuously to enhance productivity in IT.
A sound economy	Intrum Justitia fills an important function in society by promoting a sound economy and credit environment.	Our business contribute to companies being paid and that consumers do not end up in debt. By doing so we create sound societies with growing companies that provide new job opportunities.	The strategy is to conduct sound debt collection processes and to be in the forefront of our industry. We also educate consumers on how credits and late payments impact the individual. We are also a disseminator of information through our European Payment Report and European Consumer Payment Report.

FINANCIAL GOALS

GOAL | **OUTCOME**

Earnings per share

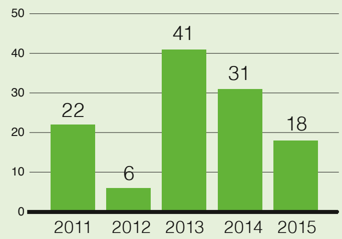
+10%

Earnings per share – an increase of at least 10 percent annually

Growth in earnings per share is a measure that, over time, is deemed to correlate very well 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.

HISTORICAL OUTCOME FOR ANNUAL GROWTH IN EARNINGS PER SHARE, %



Return on purchased debt

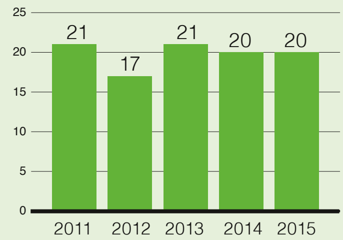
15%

Return on purchased debt should 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.

Growth should not, however, be achieved at the expense of profitability – Intrum Justitia prioritizes a stable and high return.

HISTORICAL OUTCOME FOR RETURN ON PURCHASED DEBT, %



Net debt in relation to operating earnings before depreciation and amortization

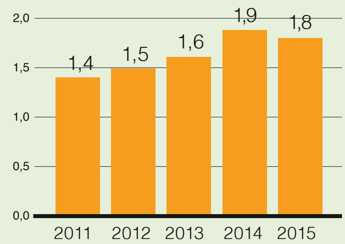
2.0-3.0

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

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

Intrum Justitia has very strong cash flow from operations by means of its stable earnings without capital being tied up in Credit Management and because purchased debt has a short maturity in terms of cash flow.

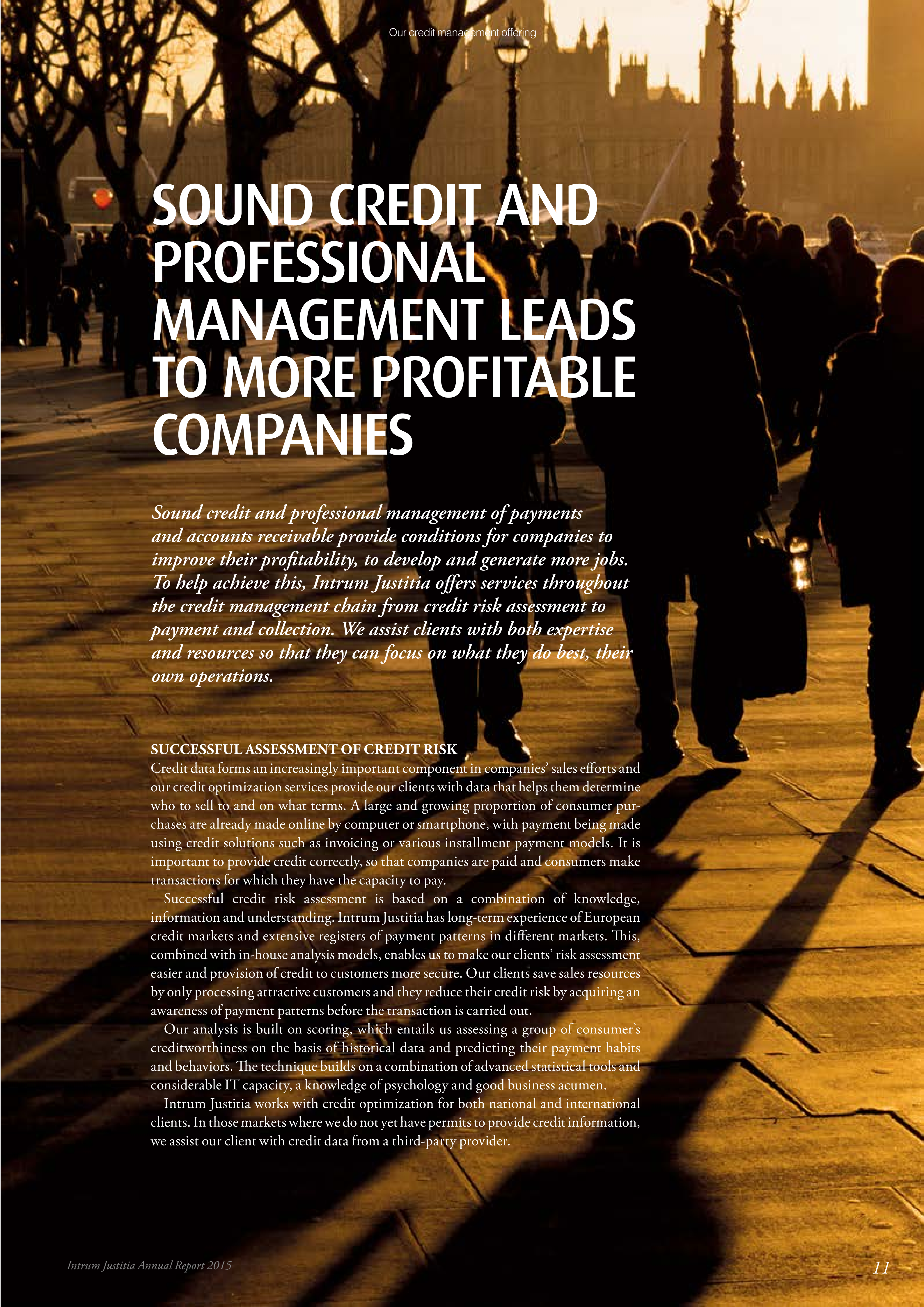
HISTORICAL OUTCOME FOR NET DEBT IN RELATION TO OPERATING EARNINGS BEFORE DEPRECIATION AND AMORTIZATION



Definitions of financial key figures are given on page 87.

DIVIDEND POLICY

Intrum Justitia's dividend policy is that shareholders should, over time, obtain a dividend or equivalent that averages at least half of the net earnings for the year after tax. Decisions relating to dividend proposals shall take into account the Company's future financial development, capital requirements and status in other regards. For 2015 the Board has proposed a dividend of SEK 8.25 per share (7.00 per share), which is equivalent to approximately 51 percent of net earnings.



SOUND CREDIT AND PROFESSIONAL MANAGEMENT LEADS TO MORE PROFITABLE COMPANIES

Sound credit and professional management of payments and accounts receivable provide conditions for companies to improve their profitability, to develop and generate more jobs. To help achieve this, Intrum Justitia offers services throughout the credit management chain from credit risk assessment to payment and collection. We assist clients with both expertise and resources so that they can focus on what they do best, their own operations.

SUCCESSFUL ASSESSMENT OF CREDIT RISK

Credit data forms an increasingly important component in companies' sales efforts and our credit optimization services provide our clients with data that helps them determine who to sell to and on what terms. A large and growing proportion of consumer purchases are already made online by computer or smartphone, with payment being made using credit solutions such as invoicing or various installment payment models. It is important to provide credit correctly, so that companies are paid and consumers make transactions for which they have the capacity to pay.

Successful credit risk assessment is based on a combination of knowledge, information and understanding. Intrum Justitia has long-term experience of European credit markets and extensive registers of payment patterns in different markets. This, combined with in-house analysis models, enables us to make our clients' risk assessment easier and provision of credit to customers more secure. Our clients save sales resources by only processing attractive customers and they reduce their credit risk by acquiring an awareness of payment patterns before the transaction is carried out.

Our analysis is built on scoring, which entails us assessing a group of consumer's creditworthiness on the basis of historical data and predicting their 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.

Intrum Justitia works with credit optimization for both national and international clients. In those markets where we do not yet have permits to provide credit information, we assist our client with credit data from a third-party provider.

Before our clients sell a product or service, we help them assess the credit risk by evaluating their customers' payment capacity using our credit optimization services. Once the transaction has been made, our payment services are used, with billing and accounts receivable. Where invoices are past due, we offer our debt-collection services, so that our client is paid and the consumer is helped to become debt-free.

SHORTER PAYMENT PERIODS IMPROVE PROFITABILITY

With Intrum Justitia taking care of invoicing and the accounts receivable ledger, the management of payments and reminders is conducted professionally and our clients have time left over to the things they do best – running and developing their own operations.

With our payment services, payment periods are shortened and the number of collection cases reduced as electronic and paper invoices are sent automatically using quality assured routines as well as when payment reminders are sent consistently and on time. In the expanding e-trading business and many other segments, well-functioning credit provision and payment processes are business critical.

Professional payment administration should be active and must therefore be well organized and up-to-date. Using scoring, which, among other things provides us with a knowledge of people's behavioral patterns and payment trends, Intrum Justitia is able to send individually adapted reminders to those who have fallen behind with their payments. Procedures are adapted with, for example, the design and frequency of payment reminders taking the end-customer's finances into account. By adapting payment administration in this way, we help our clients improve their relations with their customers.

INDIVIDUALLY TAILORED COLLECTION

Since 1998 Intrum Justitia has conducted an annual study of payment behaviors in Europe. In our European Payment Report 2015 survey, we see that late payments are a major problem for companies. Of the companies surveyed, 24 percent say that late payments cause them to consider dismissing staff and 34 percent say that late payments mean they do not dare recruit more employees.

Late payments are not positive for companies or end-customers. Companies want to manage their cash-flow and improve their operations to secure payment for their operations to function as they should and end-customers with debt hanging over their heads seek to become debt-free.

Intrum Justitia's task is to provide a solution. Thanks to our analysis systems, large-scale databases and analysis tools, we have good insights into consumers' payment habits and are able to conduct collection operations that are individually tailored to the consumer's payment capacity. We can, for example, see differences between consumers who have encountered temporary financial problems and those who find themselves in a far more difficult situation. This enables us to help them, in a respectful way, to resolve their debts.

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

Intrum Justitia also helps companies collect payments internationally, in countries other than their home markets. We cover some 180 countries worldwide thanks to our collaboration with qualified partners.

INTERFLORA: A SOLID PAYMENT SOLUTION FOR ITS CUSTOMERS AND REDUCED FINANCIAL RISK.

Sending flowers to our dear ones has become easier with digitization. The customers of Fleurop-Interflora AG in Switzerland need a service that enables them to order a bouquet of flowers with prompt delivery within a couple of hours regardless of the destination. This is possible through the worldwide network of the Interflora Group. And thanks to modern communication technology, the transmission of an order takes mere seconds. In Switzerland, more than 80 percent of sales are made directly via the Internet – and this percentage increases year by year.

To succeed, a strong partner is needed to conduct credit checks to minimize the financial risk of not receiving full payment. Intrum Justitia has been a partner to Fleurop-Interflora AG for 15 years. Thanks to a fully automated ordering process and integrated credit checks, Fleurop-Interflora AG can offer each customer the appropriate payment method. Should an invoice remain unpaid, the processing of reminders and debt collection is in the hands of Intrum Justitia. And Fleurop-Interflora AG can do what they do best, to sell and deliver flowers to their customers worldwide.

STABLE CASH FLOW BY MEANS OF FINANCIAL SERVICES

With our financial services, our clients gain the stable cash flow that is often needed to be able to run and develop their business. With services including factoring, payment solutions for e-trading companies and purchasing of receivables, our clients are paid even if the end-customer fails to pay.

With financing services such as factoring, our clients sell their invoices to us and secure payment for most of the amount. With our service for e-trading companies, companies are paid directly while we offer consumers monthly invoices or accounts for installment payments. We can also acquire our client's overdue receivables for a portion of the value and pursue collection activities ourselves.

FINANCING SERVICES REDUCE RISK AND PROVIDE STABLE CASH FLOW

When companies seek stable cash flow or to temporarily increase their liquidity, in order to make investments, for example, or when they seek to minimize their financial risk – we are there to offer our financing services.

This may, for example, involve factoring, whereby a company sells its invoices to us and is paid a larger part of the amount up front.

It may also involve our services for the growing e-trading market. An increasing number of e-trading companies conduct operations whereby thousands of credits are provided to consumers every day, thus incurring considerable financial risk. Here, we offer services whereby e-traders are paid directly on completion of a sale, while consumers are offered monthly invoices or accounts for installment payments. With these services, the e-trade company is the sender of all communications to the consumer, thereby strengthening its brand and, accordingly, its competitiveness.

For those clients, who seek to sell without risk and who do not want to devote resources to payment reminders and collection services, we offer payment guarantees after having first performed a credit assessment. We treat any unpaid invoices and collection cases.

OVERDUE RECEIVABLES BECOME INCOME

According to our European Payment Report survey 2015, the proportion of invoices that went unpaid amounted to 3.1 percent of European companies' annual revenues, corresponding to an estimated EUR 289 billion. This is money that could instead be used for investments in the companies' operations – investments that generate jobs and opportunities for more Europeans to gain employment.

As a stage in helping companies stabilize their cash flow, Intrum Justitia purchases overdue receivables. When we buy a company's overdue receivables, its liquidity improves because it receives payment for a portion of the former receivable on which it previously risked losing payment entirely. They also get the possibility to reduce capitalization by selling off receivables that have fallen due. We determine the purchase consideration for portfolios of overdue receivables by forecasting how much of the debt will be repaid and when it is expected to be paid.

Following a purchase, individual scoring is conducted, helping us manage cases in a way that optimizes the outcome. Through Intrum Justitia's long-term collection measures, consumers become debt-free more easily, since we can assist them, in a professional manner, to reduce their debt, for example through payment plans that take into account each consumer's payment capacity.

SCAN: DELIVERING MUSIC TO THE DUTCH PUBLIC.

Music in public spaces – at the hairdresser's, in schools, shopping centers or restaurants is something that we have grown accustomed to. But, for a company to be allowed to play the greatest hits of today or yesterday, it must have a license and pay a fee to ensure that the artist and creators of the music can make a living from their profession. In the Netherlands, this is regulated by Dutch law, and SCAN (Service Centre for Copyright and Neighbouring rights) is responsible for ensuring that this works in reality.

For eight years, Intrum Justitia Netherlands has helped SCAN manage the invoicing, processing of payments and debt collection for these fees. Our dedicated team supports SCAN every day to make sure that these processes work efficiently. In this way, the Dutch people can listen to music in public spaces while artists and producers can focus on making more great songs. Intrum Justitia will continue to manage the collection of the license fees and SCAN is able to focus on its core competence instead of managing invoices, reminders and collection.

PAYMENTS MADE ON TIME GENERATE THE POSSIBILITY OF SUSTAINABLE COMMUNITIES

The most effective thing that Intrum Justitia can do for a sustainable Europe is to work for sound provision of credit and payments being made on time. In this way, we contribute to good finances for companies, people and society in general.

Sound provision of credit means that people do not risk placing themselves in unsustainable debt situations. It also means that companies are able to lend money or sell goods and services on credit without incurring substantial financial risks. When companies are paid and on time, this affords them the opportunity to invest, develop and offer people jobs. These two things lead to a third – financial opportunities to build sustainable societies.

THE ENVIRONMENT, SOCIETY AND THE ECONOMY

Sustainability involves three areas that are also interwoven – the environment, society and the economy. All three areas are dependent on one another in achieving sustainability. None of them can function sustainably without the other two.

The basis for achieving sustainability builds on companies' business functioning well and preferably expanding. Sound finances provide opportunities to invest in sustainability. They also allow companies to hire more people, which is good for society's economy, and is, in turn, a prerequisite for being able to build a functioning society with the resources to invest in a responsible environmental approach.

Within Europe there was considerable variation in 2015 in countries' environmental objectives, how their societies function and their economic status. There is still an imbalance between the three areas of sustainability – environment, society and economy – in many countries in the EU. In particular, several countries are struggling with exceptional economic challenges, making it difficult to develop a more environmentally friendly way of life and to change society as a whole for the better.

> ”If a change is to be achieved, researchers say that everyone must contribute – governments, authorities and other organizations, as well as individuals and, in particular, companies.”

INTRUM JUSTITIA IS A CATALYST FOR A SOUND ECONOMY

Since 1998, Intrum Justitia has studied payment behaviors in Europe. European Payment Report 2015 shows that late payments are a major threat to companies. Asked whether they would hire more employees if they received payment faster, 32 percent of the respondent companies answered yes. This means that approximately 8 million businesses in Europe would recruit more people if credit management functioned properly. The results also show that 24 percent said late payments cause them to consider dismissing staff, while 40 percent believe that late payments prevent their businesses from developing and growing.

Our other survey, European Consumer Payment Report 2015, in which Intrum Justitia examines consumers' payment behavior, reveals that life is difficult for young Europeans (18-24 years of age). More than 20 percent are unemployed and 23 percent are willing to leave their country to build a better future. Eighteen percent say they are not in control of their financial situation, and only 62 percent know what bills to expect each month.

If a change is to be achieved, researchers say that everyone must contribute – governments, authorities and other organizations, as well as individuals and, in particular, companies.

As a company, Intrum Justitia must find ways of contributing towards sustainable development. These ways must also be profitable – otherwise, they risk being short-lived ventures that fade without achieving a long-term impact. Through 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. The most efficient contribution Intrum Justitia can make towards a sustainable Europe is working for healthier provision of credit, shorter payment times in several European countries and reducing the quantity of unpaid receivables.

CONCRETE EXAMPLES FROM 2015

In 2015, Intrum Justitia's employees made calls to about a million consumers each month to find solutions as to how they could become debt free, for example, through payment plans, and how companies can secure payment for their goods and services.

Intrum Justitia has taken on the role as a disseminator of information on the European credit market. This involves efforts including our annual European Payment Report and European Consumer Payment Report surveys, which show how late or missing payments affect Europe's economy. In 2015, the surveys were documented and disseminated to selected groups. They are used by the European Commission, among others, as a basis for decision making. They can also be ordered via our website www.intrum.com. We also play an important role in society in this way because we help companies and consumers recognize the link between a healthy attitude to payments and a well-functioning economy and, thus society.

During 2015, the EU Commission in Brussels performed an assessment of the late payment directive and the impact it has had on payment morality in the EU member states. Intrum Justitia has participated actively in the assessment by providing the Commission with data and we were also called in as experts to discuss the assessment together with representatives of the member states.

For several years, Intrum Justitia in Sweden has partnered with a number of upper-secondary schools in educating pupils in private and household economics. We have been able to see direct results of this partnership and have encountered great appreciation from the pupils, who are, through the program, even better prepared for adult life and being responsible for their own finances. During 2016, we will be extending the partnership to include schools throughout the country.

In Belgium too, we are involved in the education of upper-secondary pupils to increase their awareness of how important it is to manage debt in a sound manner.

In France, we support the CRESUS organization, whose focus is on supporting those who have accrued too much debt.

In Germany, we partner with the Caritas organization to help people with too much debt to return to a debt-free existence. Here too, we work extensively with education.

Compared with manufacturing companies, for example, Intrum Justitia's operations have only a limited environmental impact. Nonetheless, we make efforts to directly benefit the environment by preferring videoconferencing to travel, owning a vehicle fleet consisting of cars that emit less than 130 grams of carbon dioxide and using office materials efficiently.

The European Payment Report 2015 show that late payments pose a big threat to businesses.

32%

of businesses in Europe (around 8 million companies) would employ more people if they got paid faster.

24%

of businesses say that late payments force them to consider laying off people.

40%

think that late payments are hindering their business to develop and grow. The best Intrum Justitia can do for a sustainable Europe is to work for sound credit granting processes and shorter payment durations.

E.ON – FOCUS ON SUSTAINABLE ENERGY AND CUSTOMER RELATIONS.

Energy company E.ON, one of the leading energy companies in the Nordic market, produces and distributes energy in the form of electricity, biogas, heat and cooling to over one million customers in the Nordic region. For E.ON, it is important to be a valued partner in sustainable energy solutions and considerable focus is placed on taking both the environment and people into account in the company's actions.

Invoices form an important part of E.ON's customer relationships E.ON has partnered with Intrum Justitia for many years in part of its invoice management. The partnership builds on a common understanding of the end-customer and the management of payment flows, including cases where payment is not made on time. Through close dialogue and Intrum Justitia's professional handling of overdue receivables, this partnership has, over the years, increased satisfaction among E.ON's customers while increasing performance for both E.ON and Intrum Justitia.

INTRUM JUSTITIA – A FULL-SERVICE PLAYER IN A FRAGMENTED MARKET

The European credit management market is fragmented. Many small players conduct collection services locally in their individual countries – setting up business as a local provider of simpler collection services is relatively easy. Other large, international players offer the complete range of credit management services, from credit decisions to account ledger services, dunning and collection. Intrum Justitia is one of these.

What distinguishes us from other large players in Europe though is that we are both a streamlined services provider and a financial player. That is to say, that as a services provider, we offer a complete range of credit management services to both large and small companies throughout Europe. And, as a financial player, we invest in portfolios of overdue receivables and pursue collection measures to secure payment for these receivables. In addition, we offer a number of financing services, primarily to e-trading companies, which makes us all the more unique.

When it comes to investments in overdue receivables, the market is dominated by a small number of large European companies. Investment operations of this kind require both considerable capital and a substantial quantity of data on consumers' and companies' payment behaviors to achieve success. This is characteristic of Intrum Justitia.

A MARKET WITH GROWTH POTENTIAL

Many companies in Europe still operate without engaging a specialist for their credit management. Consequently, good growth potential remains. In several markets in Southern and Central Europe, there is far less of a traditionof engaging credit management services than in Northern Europe.

The uncertainty surrounding the economic trend in many countries also means that companies' need to establish stronger and more predictable cash flow is increasing. Also increasing is the need to create additional alternatives for the financing of working capital, for example through the sale of receivables – several trends that, in the long-term, benefit Intrum Justitia.

In our assessment, one large engine for growth over the next few years will be the market for investment in overdue receivables. In the long-term, we also believe that our growth will derive from assisting companies in more ways to reduce their overall financial risk through, for example, services that help them manage the entire payment flow and by assuming the credit risk before invoices mature for payment.

We also perceive considerable opportunities to generate value for our clients through the newer services that involve financing before invoices mature for payment, such as factoring or payment solutions for e-trade.

CLIENTS OF ALL SIZES

Intrum Justitia's clients operate primarily within fields including telecom, energy, banking and retail – helping clients with large volumes of consumer receivables is our speciality. But we also work with tens of thousands of small and medium-sized companies that need to focus on their operations rather than on payment management. We have nearly 75,000 clients in 19 countries. The 30 largest clients account for about 15 percent of Intrum Justitia's revenues, although no individual client accounts for more than 2 percent.

Some examples of clients in the financial sector include the Nordic banks Swedbank and Nordea. 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 the Nordic electricity companies Fortum and E.ON. In the telecom segment, we work with clients including Magyar Telekom Nyrt in Hungary, Orange in France, MEO in Portugal, DNA Oy in Finland and Vodafone in Spain. Clients in other sectors include Fleurop Interflora in Switzerland, Canon in Portugal, Schibsted in Norway and Fitness Dk in Denmark.

Under our Byjuno brand in Switzerland and Avarda in the Nordic region, we are collaborating with Vorwerk International Strecker & Co of Switzerland, a world-leading company in sales of consumer products, and the chain store Cervera and tire company Euromaster in Sweden and consumer electronics company Anttila in Finland.

REGIONS

Intrum Justitia's operations are divided into three regions: Northern Europe, Central Europe and Western Europe. We have 3,850 employees and business operation in 19 countries. The market position in each country and proportion of revenue, profit and employees, are distributed as follows:

NORTHERN EUROPE

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

Share of revenue	Share of earnings	Proportion of employees
46 %	53 %	43 %

	2015	2014	%	% fx*
Revenues, SEK M	2,652	2,539	4	3
Operating earnings, SEK M	842	733	15	13
Operating margin, %	32	29	3 ppt	–

CENTRAL EUROPE

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

Share of revenue	Share of earnings	Proportion of employees
30 %	31 %	21 %

	2015	2014	%	% fx*
Revenues, SEK M	1,636	1,418	15	6
Operating earnings, SEK M	499	416	20	10
Operating margin, %	31	29	2 ppt	–

WESTERN EUROPE

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

Share of revenue	Share of earnings	Proportion of employees
24 %	16 %	36 %

	2015	2014	%	% fx*
Revenues, SEK M	1,309	1,192	10	7
Operating earnings, SEK M	252	246	2	–1
Operating margin, %	19	21	–2 ppt	–

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

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

SERVICE LINES

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

The Credit Management service line accounts for 63 percent of consolidated total revenues and 44 percent of earnings. Almost 95 percent of the Group's employees work in this service line. The services are described in greater detail on pages 11–13.

The Financial Services service line consists predominantly of investments in portfolios of overdue or written-off receivables. This service line accounts for 37 percent of consolidated total revenues and 56 percent of earnings. The services are described in greater detail on pages 14–15.

CREDIT MANAGEMENT SERVICES

Share of revenue

63%

Share of service line earnings

44%

	2015	2014	%	% fx
Revenues, SEK M	4,194	3,844	9	5
Service line earnings, SEK M	1,049	912	15	11
Service line margin, %	25	24	1 ppt	–

FINANCIAL SERVICES

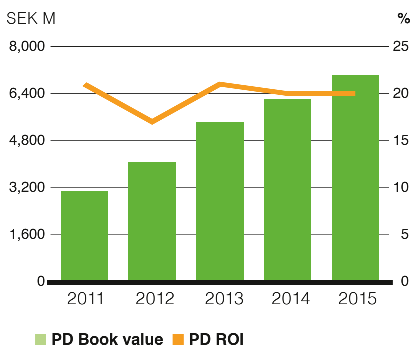
Share of revenue

37%

Share of service line earnings

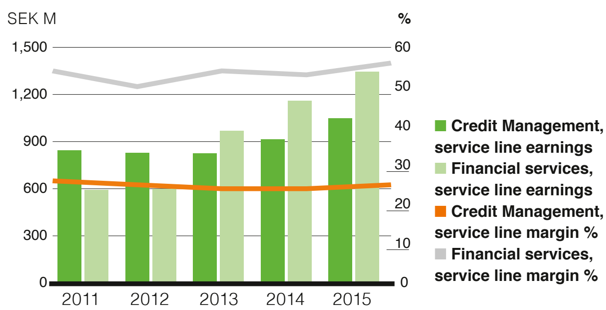
56%

	2015	2014	%	% fx
Revenues, SEK M	2,423	2,173	12	7
Service line earnings, SEK M	1,345	1,159	16	12
Service line margin, %	56	53	3 ppt	–



PD Book Value/PD ROI

Purchased debt book value increased to SEK 7 027 M in 2015. The return on purchased debt was 20 percent in 2015.



Service line earnings/Service line margin

Service line earnings were SEK 1,049 M for Credit Management and SEK 1,345 M for Financial services in 2015 while service line margins were 25 percent and 56 percent respectively.

IT IS OUR OBJECTIVE TO BE THE MOST ATTRACTIVE EMPLOYER IN OUR SECTOR

There are 3,850 of us employed and we have business operations in 19 countries at Intrum Justitia, from the very north of Europe to the south and from the east to the west. As we cover such a wide geographical area, there are naturally differences of culture – that is why a shared approach and shared values are important components in establishing a competitive offering throughout Europe.

SHARED VALUES IN 19 COUNTRIES

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

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

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

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

INTRUM JUSTITIA'S THREE PRINCIPLES OF LEADERSHIP

With the objective of attracting, developing and retaining the best employees in the market, Intrum Justitia's managers apply three principles that entail 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.

”Our ambition is to offer meaningful, stimulating and motivating employment.”

A MEANINGFUL, STIMULATING AND MOTIVATING WORKPLACE

Some 3,850 people with backgrounds in 75 different countries work at Intrum Justitia, making it a diverse workplace where everyone is offered equal opportunities and treated with respect. Women and men are afforded equal opportunities and our objective when recruiting is to find the most qualified candidate regardless of gender.

Our ambition is to offer meaningful, stimulating and motivating employment. We achieve meaningfulness by living up to our values and our overarching purpose of being a catalyst for a sound economy. Our market-leading position makes working at Intrum Justitia stimulating, as does the delegation of mandates and responsibility for

achieving results. And work here is motivating thanks to individually tailored training programs and opportunities for career development.

TOP OF MIND IN THE SECTOR

Intrum Justitia aims to be the obvious choice of employer in its sector. This ambitious aim causes us to attach considerable importance to our procedures for leadership planning, career opportunities, internal recruitment and opportunities for professional development. Our HR strategy also stresses the importance of recruitment, training and enhanced performance.

We focus on training and improved tools to strengthen expert knowledge and leadership capacity among employees and managers. In 2015, we continued our leadership program, which has been specially designed by us in collaboration with IFL at the Stockholm School of Economics. Close to 50 managers completed the program over the year.

EMPLOYEE SURVEY 2015

A key aspect in doing a good job for our clients and achieving success in business is that our employees feel motivated and satisfied in their work. We perform our employee survey to understand how employees perceive their daily lives at work, what is important in order to feel satisfied and perform well, and how we can further develop Intrum Justitia to make it the sector's best employer.

The survey addresses: 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.

During 2015, a dedicated action plan was defined, implemented and followed up in all of our countries to continuously enhance satisfaction and motivation in our teams.

FACTS PER EMPLOYEE

	2015	2014	2013	2012	2011
Revenues per employee, SEK M	1.46	1.36	1.29	1.16	1.19
Operating earnings per employee, SEK thousands	422	376	342	252	260
Average number of employees	3,846	3,801	3,530	3,485	3,331
Proportion women, %	65	64	64	63	64
Sick leave, %	4	4	4	4	4

Ciara McAdam
Supervisor Legal Department
Ireland

”My name is Ciara McAdam and I work as a supervisor at our legal department at Intrum Justitia Ireland. In my role I am responsible for processing accurate legal documentation while ensuring we are compliant and fulfilling all legal and regulatory requirements in our collection business. I have worked at Intrum Justitia for 8 years.”

“As an Intrum Justitia employee, I always try to apply our values to my work each day. I strive to look for improvements in order to work more efficiently and enjoy a challenge when each day is different and exciting. I enjoy working with other team members in order to deliver the best possible results. Communication is key to our success. We work together by supporting one another, encouraging one another and motivating each other to achieve our goals. My goal is to continue to grow and develop within the company.”

Selina Bürgin & Nadine Balzer
Senior Client Support Managers
Switzerland

”We are fascinated by the diversity of our daily tasks – four different areas provide us with opportunities to continuous exchange and access to diversely motivated customer concerns. We both tackle the same tasks and support each other while taking care of our customers: we fulfill manual requirements and monitor them – creating reports and introducing new customers to existing tools and procedures, included.”

“We gather important knowledge on customer visits and cater to new requests of our clients, which makes for a welcome change to handling their concerns via phone and in writing. Besides that, we support our colleagues in the sales department and lead the complaint management in customer service – while post-processing of terminated contracts also fall within our remit. It therefore is a matter of course that we function as our mutual delegate in all new tasks.”

Peter Kondakow
Senior Business Controller
Switzerland

”For the past seven years I have worked with Intrum Justitia, in several analytical as well as controlling functions. In my current function I value the wide variants of supporting our most important clients in finding optimal solutions in both servicing and reporting.”

“Apart from monitoring our Key clients’ performance with regards to revenue development and profitability, I also continuously seek to discover optimization potentials. Managing complex projects is a challenge I estimate highly, as well as the international environment in which I communicate with colleagues in Switzerland and abroad. Intrum Justitia allows me to develop according to my strengths and supports me in doing so. And – the family-like atmosphere in a fast-paced environment is a plus.”

Lesley Uitte de Willige
Manager Data & Interface Development (IT)
The Netherlands

”It has already been 9 years since the first day I started working for Intrum Justitia. I started as a student in computer science to fulfill my graduation. The challenging mission was to develop a process for one of our major clients. After that Intrum Justitia asked me to stay.”

“Now I have a management role and I work with a team of self-employed professionals. My team and I are involved in projects concerning integration of systems from clients and suppliers, improve processes and make sure we keep up with innovations from both the outside world and just as important our internal improvements like Intrum Web. Currently we are part of a project in which we are implementing a new collection system. A big change, but we commit to the challenge. I am proud of my team.”

Alexandra Lago Agujetas
Collection Manager, Banking & Finance
Spain

”I started working at Intrum Justitia 7 years ago. In my first role I was the administrative assistant in our legal department. It was a great experience and I gained a lot of knowledge about legal proceedings.”

“After two years I was given the opportunity to change department to our call center, gaining my first experience in managing collection activities by telephone. From there I went to Banking & Finance, where I work as a collection manager today. This change has been positive, not only because I learned more about managing claims, but also to able to put the values of Intrum Justitia into practice. In my role it is necessary to really live by our value “understanding people” as I talk to people in difficult situations every day. In my every day work I need to be methodical but at the same time make customized solutions for recovery that apply to each case as they are all individual. I would love to keep developing professionally in the company.”

Christina Nilsson
Training & Development Specialist
Sweden

”My journey with Intrum Justitia has been an exciting one. During my 15 years with the company, my development has never stood still. My career is a clear example of how the company nurtures expertise and encourages personal responsibility. I began as a case administrator at the Contact Center, where I was quickly assigned responsibility for supervising others. After having participated in building up the client web, I took on the role of Client Web Administrator.”

“Today I work as a Training & Development Specialist. I am motivated by working with training in an innovative way, since we monitor market trends and create new solutions at Intrum Justitia. We are not afraid to take on challenges, which is made possible by strong cooperation in which we support one another. I look forward to continuing to contribute to Intrum Justitia’s success and thereby contributing to sounder finances in society.”

THE SHARE

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

SHARE CAPITAL

On December 31, 2015, Intrum Justitia AB's share capital amounted to SEK 1,594,893 distributed among 73,421,328 shares with a quota value per share of SEK 0.02. The Company repurchased treasury shares in 2013, 2014 and 2015. Subtracting the shares held by the company, the number of shares outstanding amounts to 72,347,726. 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

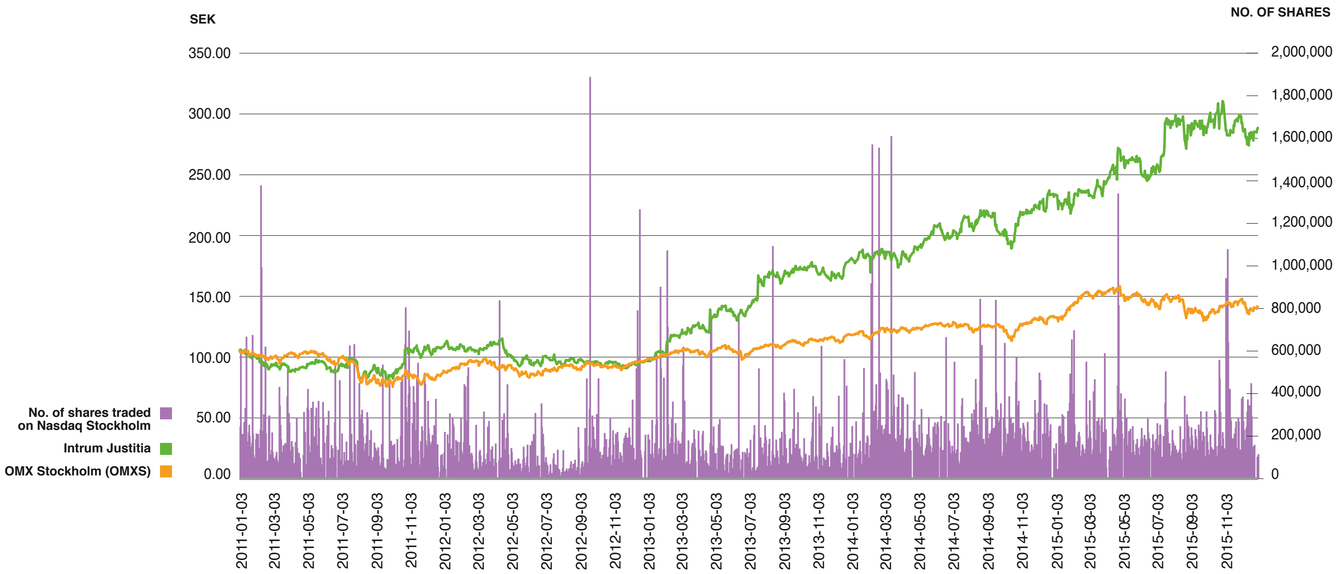
In 2015 the price of Intrum Justitia's share rose from SEK 232.00 to SEK 288.60, an increase of 27 percent adjusted for a dividend of SEK 7.00 per share. During the same period the Stockholm Stock Exchange's index (OMXS) rose by 6.6 percent. The lowest price paid for the share during the year was SEK 218.10 on January 29, and the highest was SEK 312.40 on October 29. The price at the end of the year gave a market capitalization for Intrum Justitia of SEK 20,880 M (17,133). Share trades were concluded on every business day of the year. An average 233,834 shares were traded per day (252,157) on the Nasdaq Stockholm Exchange. In total, when including all marketplaces on which the Intrum Justitia share trades, an average of 575,124 shares traded per day during the year. Trade on the Nasdaq Stockholm Exchange accounted for 41 (51) percent of total trade in 2015. Trades were also made via the Chi-X and Turquoise exchanges, as well as through "dark pools" and other OTC trading venues.

SHAREHOLDERS

At the end of 2014 Intrum Justitia had 9,266 shareholders, compared to 7,761 the year before. The 10 members of the Group Management Team holds a combined 15,433 shares in Intrum Justitia and Intrum Justitia's board members owns 32,800 shares. Intrum Justitia AB held 1,073,602 treasury shares at the end of 2015.

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 2015 financial year the Board is proposing a dividend of SEK 8.25 per share, corresponding to around 51 percent of the net earnings after tax. The proposed record date for the dividend is April 22, 2016.



DEVELOPMENT IN SHARE CAPITAL

	Transaction	Change in share capital	Total share capital	Total number of shares	Par value per share
2001	Founding of the company	100,000	100,000	1,000	100
2001	Split 5000:1	0	100,000	5,000,000	0.02
2001	New share issue [1]	778,729.4	878,729.4	43,936,470	0.02
2002	New share issue [2]	208,216.72	1,086,946.12	54,347,306	0.02
2002	New share issue [3]	612,765.96	1,699,712.08	84,985,604	0.02
2005	Redemption [4]	–140,587.06	1,559,125.02	77,956,251	0.02
2007	Exercise of employee stock options[5)]	22,672	1,581,797.02	79,089,851	0.02
2008	Exercise of employee stock options[6)]	10,046.40	1,591,843.42	79,592,171	0.02
2009	Exercise of employee stock options[7)]	8,049.60	1,599,893.02	79,994,651	0.02
2011	Reduction of share capital [8]	–5,000	1,594,893.02	79,774,651	0.02
2014	Cancellation of treasury shares [9]	0	1,594,893.02	77,360,944	0.02
2015	Cancellation of treasury shares[10]	0	1,594,893.02	73,421,328	0.02

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

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

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

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

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

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

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

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

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

10) The Company's share capital was decreased by SEK 81,220.13 through cancellation of 3,939,616 treasury shares, the share capital was further increased through a bonus issue with the equivalent amount without issuing new shares. After the cancellation, the Company has in total 73,421,328 outstanding shares equivalent to the same number of votes.

OWNERSHIP BY COUNTRY*

Country	No. of shares	Capital and votes, %
Sweden	29,415,451	40.1
USA	16,886,488	23.0
United Kingdom	12,419,583	16.9
Norway	4,491,198	6.1
Luxembourg	3,350,588	4.6
Germany	2,112,880	2.9
Switzerland	1,247,664	1.7
Netherlands	681,352	0.9
Finland	587,956	0.8
Belgium	451,560	0.6
Other	1,776,708	2.4

OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2015*

Total no. of shares 72,347,726	No. of shares	Capital and votes, %
SEB Funds	5,950,814	8.1
AMF Insurance & Funds	2,684,718	3.7
Norges Bank	2,521,304	3.4
Carnegie Funds	1,884,634	2.6
Odin Funds	1,698,980	2.3
Lannebo Funds	1,400,000	1.9
Skandia Life Insurance	1,346,660	1.8
Handelsbanken Funds	1,213,733	1.7
Standard Life Investment Funds	994,835	1.4
Enter Funds	732,600	1.0
Total, ten largest shareholders	**20,428,278**	**27.9**

DATA PER SHARE	2015	2014	2013	2012	2011
Earnings before dilution, SEK	15.92	13.48	10.30	7.32	6.91
Operating cash flow, SEK	39.74	34.95	29.06	24.90	22.15
Equity before and after dilution, SEK	42.66	39.92	41.19	37.42	34.81
Dividend/proposed dividend, SEK	8.25	7.00	5.75	5.00	4.50
Dividend/net earnings	51	52	55	68	65
Share price, SEK	288.60	232.00	180.00	97.00	107.75
Yield, %	2.9	3.0	3.2	5.2	4.2
P/S Multiple	3.7	3.4	3.1	1.9	2.2
P/E Multiple	18.12	17.21	17.50	13.2	15.6
Beta	0.7	1.0	0.8	0.7	0.7
Number of shares at the year end	72,347,726	73,847,534	78,546,878	79,744,651	79,744,651
Average number of shares after dilution	73,096,665	76,461,901	79,306,099	79,744,651	79,744,651

*) According to data supplied by Modular Finance Holdings

FINANCIAL OVERVIEW

Income Statement, SEK M	2015	2014	2013	2012	2011
Revenues	5,628	5,184	4,566	4,048	3,950
Cost of sales	–3,087	–2,963	–2,663	–2,482	–2,363
Gross earnings	**2,541**	**2,221**	**1,903**	**1,566**	**1,587**
Sales and marketing expenses	–252	–262	–211	–226	–243
Administrative expenses	–661	–585	–484	–468	–470
Disposal of operations/Goodwill impairment	–	–111	–	–	–9
Release of liability for shares in subsidiaries	–	164	–	–	–
Participations in associated companies and joint ventures	–4	3	–1	7	3
Operating earnings (EBIT)	**1,624**	**1,430**	**1,207**	**879**	**868**
Net financial items	–167	–183	–161	–150	–115
Earnings before tax	**1,457**	**1,247**	**1,046**	**729**	**753**
Taxes	–285	–206	–227	–145	–200
Net earnings for the year	**1,172**	**1,041**	**819**	**584**	**553**
Of which, attributable to the Parent Company's shareholders	1,164	1,031	817	584	552
Non-controlling interests	8	10	2	0	1
Net earnings for the year	**1,172**	**1,041**	**819**	**584**	**553**

Balance sheet, SEK M	2015	2014	2013	2012	2011
Assets					
Total fixed assets	10,294	9,362	8,412	6,955	6,019
of which, Purchased debt	7,027	6,197	5,411	4,064	3,088
Total current assets	1,851	1,979	1,810	1,520	1,892
Total assets	**12,145**	**11,341**	**10,222**	**8,475**	**7,911**
Shareholders' equity and liabilities					
Total shareholders' equity	3,166	3,041	3,316	2,986	2,778
Total liabilities	8,979	8,300	6,906	5,489	5,133
Total shareholders' equity and liabilities	**12,145**	**11,341**	**10,222**	**8,475**	**7,911**

Key figures	2015	2014	2013	2012	2011
Net revenues, SEK M	5,628	5,184	4,566	4,048	3,950
Revenue growth, %	9	14	13	2	5
Operating earnings (EBIT), SEK M	1,624	1,430	1,207	879	868
Operating earnings (EBIT) excluding revaluations, SEK M	1,593	1,395	1,200	958	849
Operating margin excl. revaluations, %	29	28	26	22	22
Operating margin, %	29	27	26	23	22
Operating earnings before depreciation and amortization, SEK M	3,282	2,996	2,684	2,199	1,929
Earnings before tax, SEK M	1,457	1,247	1,046	729	753
Net earnings, SEK M	1,172	1,041	819	584	553
Net debt, SEK M	6,026	5,635	4,328	3,261	2,692
Net debt/RTM EBITDA	1.8	1.9	1.6	1.5	1.4
Earnings per share, SEK	15,92	13,48	10,30	7,32	6,91
Growth in earnings per share, %	18	31	41	6	22
Dividend/proposed dividend per share, SEK	8.25	7.00	5.75	5.00	4.50
Average number of shares, thousands	73,097	76,462	79,306	79,745	79,745
Number of shares at year-end, thousands	72,348	73,848	78,547	79,745	79,745
Return on purchased debt, %	20	20	21	17	21
Investments in Purchased debt, SEK M	2,428	1,937	2,524	2,132	1,752
Average number of employees	3,846	3,801	3,530	3,475	3,331

The comparison figures for 2012 have been recalculated in accordance with IFRS 11 and IAS 19R. The comparison figures for 2011 have not been recalculated.

BOARD OF DIRECTORS' REPORT

The Board of Directors and the President and CEO of Intrum Justitia AB (publ) hereby submit the annual report and consolidated financial statements for the 2015 fiscal year.

THE INTRUM JUSTITIA GROUP

Intrum Justitia AB (publ) (corporate identity number 556607-7581) is domiciled in Stockholm and is a public limited liability company and conducts operations in accordance with the Swedish Companies Act. Intrum Justitia's operations were founded in Sweden in 1923 and have, through acquisitions and organic growth expanded to become one of Europe's leading credit management companies. The Parent Company was registered in 2001 and has been listed on the Nasdaq Stockholm exchange since June 2002. On December 31, 2013, share capital amounted to SEK 1,594,893 and the number of shares to 73,421,328, of which treasury holdings were 1,073,602 shares. The Group maintains operations through subsidiaries and joint ventures in 19 countries.

SIGNIFICANT EVENTS DURING THE YEAR

• In February, Intrum Justitia acquired a smaller credit management company in Switzerland, Credita AG, with a good market position in the public sector and health insurance.

• In February it was announced that Intrum Justitia had established a joint venture, Avarda AB, together with TF Bank, to offer payment solutions for e-merchants in the Nordic region. Avarda's solution entails e-traders being paid directly when a sale is made, while consumers are offered monthly invoices or accounts with installment payments. Avarda will offer a service whereby the e-merchant is at the center of all communications with the consumer, to strengthen the e-merchant's brand and competitiveness. Intrum Justitia holds 49 percent of the shares in Avarda and reports the holding according to the equity method. Intrum Justitia has an option to acquire all shares from TF Bank in 2020.

• At the Annual General Meeting in April, Matts Ekman, Lars Lundquist, Charlotte Strömberg, Fredrik Trägårdh, Synnöve Trygg and Magnus Yngen were re-elected as Board members, and Ragnhild Wiborg was newly elected. Joakim Rubin left the Board of Directors. Lars Lundquist was re-elected as Chairman of the Board. Later in the year, Sebastian Földes was appointed as the employee representative on the Board, with Karolina Sandahl as deputy. 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 Annual General Meeting reelected Ernst & Young 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. A decision was also made to cancel the 3,939,616 shares that had been repurchased in between January 2014 and March 2015. During April–December 2015, a further 1,073,602 shares were repurchased.

• In April, Intrum Justitia obtained the long-term credit rating of BBB- with a stable outlook, from Standard & Poor's. A rating from an established credit rating company increases Intrum Justitia's attractiveness in the credit market.

• In September, Intrum Justitia agreed to acquire the Portuguese company Logicomer Gestão e Recuperação de Créditos SA. The company is primarily engaged in credit management services, but also holds a purchased debt portfolio. The acquisition brings expertise in certain areas of collection to Intrum Justitia in Portugal.

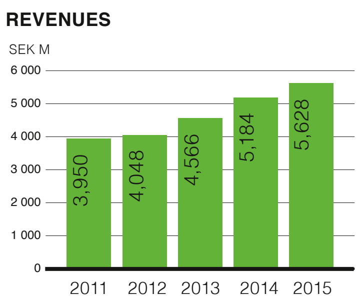
• In November, Intrum Justitia's Board of Directors decided to terminate CEO Lars Wollung's employment and appoint to appoint Chief Financial Officer Erik Forsberg as Acting CEO until a new CEO is recruited.

• In December two large portfolios of receivables were acquired from financial institutions for a total invested amount of SEK 670 M.

• In December the Group's revolving credit facility was renegotiated with the purpose of strengthening the future financial flexibility.

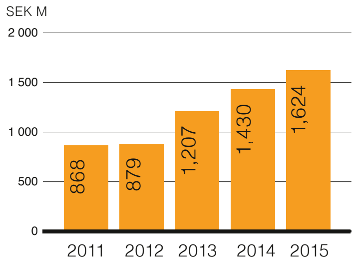
REVENUES AND EARNINGS

Consolidated net revenues during the year amounted to SEK 5,628 M (5,184). Revenues rose by 9 percent, consisting of organic growth of 3 percent, acquisition effects of 2 percent and currency effects of 4 percent.



Operating earnings amounted to SEK 1,624 M (1,430). The operating earnings include revaluations of purchased debt portfolios amounting to SEK 31 M (35). Earnings for 2014 were burdened by non-recurring items amounting to a negative net of SEK 35 M. The operating margin excluding revaluations of Purchased Debt and non-recurring items was 28 percent (28). Operating earnings improved by 14 percent over the year – adjusted for currency effects and revaluations of purchased debt portfolios, the increase was 10 percent.

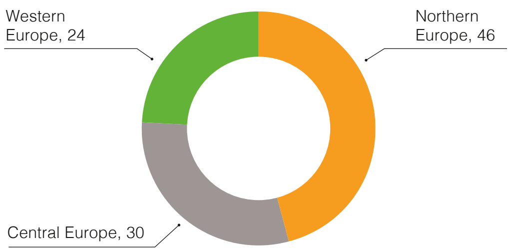
OPERATING EARNINGS



Earnings before tax for the year amounted to SEK 1,457 M (1,247) and net earnings were SEK 1,172 M (1,041).

Earnings per share for the full-year rose by 18 percent compared with the previous year to SEK 15.92 M (13.48). Earnings per share during the year were affected by repurchasing, which reduced the average number of shares outstanding by 4.4 percent compared with the full-year 2014.

SHARE OF CONSOLIDATED REVENUES, %



GEOGRAPHICAL REGIONS

Northern Europe

The region consists of the Group's operations for customers in Denmark, Estonia, Finland, the Netherlands, Norway, Poland and Sweden. The region reported revenues for the year of SEK 2,573 M (2,556) and an operating profit of SEK 763 M (750). Excluding purchased debt revaluations of SEK –79 M (17), revenues were SEK 2,652 M (2,539) and operating profit was SEK 842 M (733), corresponding to an operating margin of 32 percent (29). Adjusted for currency effects and revaluations of Purchased Debt, revenues rose by 3 percent and operating earnings improved by 13 percent. The region's operating earnings for the preceding year were affected by items affecting comparability amounting to a negative net of SEK 35 M.

The improvement in earnings is mainly attributable to growth and improved profitability in both Credit Management and Financial Services through improved operational efficiency and the development of regional units for the financing of receivables before maturity.

The integration of Advis A/S in Denmark, which was acquired in October 2014, has progressed according to plan with integration expenses of SEK 9 M being incurred over the year. Over the year, Avarda was established, a joint venture with Swedish company TF Bank, to offer payment and financing solutions to e-merchants in the Nordic region.

In late December, two large debt portfolios were acquired from two financial institutions, for a total investment of about SEK 670 M.

Central Europe

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

The region reported revenues for the year of SEK 1,705 M (1,433) and an operating profit of SEK 568 M (431). Excluding purchased debt revaluations of SEK 69 M (15), revenues were SEK 1,636 M (1,418) and operating profit was SEK 499 M (416), corresponding to an operating margin of 31 percent (29). Adjusted for currency effects and revaluations of Purchased Debt, revenues rose by 6 percent, while operating earnings improved by 10 percent.

Profitability in the region remains very strong, although growth in sales and earnings has slowed compared with previous years due to a period of lower investment in purchased debt.

The region's strong improvement in earnings in both Credit Management and Purchased Debt, include positive development for the company acquired in the Czech Republic in 2014 and a smaller company acquired in Switzerland in February 2015.

In Switzerland, new payment services and financing solutions for online merchants were also launched.

Western Europe

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

The region reported revenues for the year of SEK 1,350 M (1,195) and an operating profit of SEK 293 M (249). Excluding purchased debt revaluations of SEK 41 M (3), revenues were SEK 1,309 M (1,192) and operating profit was SEK 252 M (246), corresponding to an operating margin of 19 percent (21). Adjusted for currency effects and revaluations of Purchased Debt, revenues rose by 7 percent while operating earnings weakened by 1 percent.

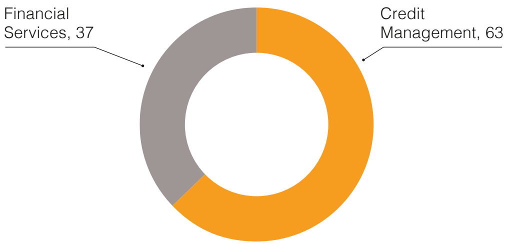
The earnings trend is attributable to a combination of positive development within Financial Services and weaker growth in Credit Management. Earnings for the year were also affected by costs in connection with the change of regional manager, personnel cutbacks to increase efficiency and transaction expenses for acquisitions. The integration of the unit acquired during the year, Logicomer, is progressing according to plan.

SERVICE LINES

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

- *Credit Management.* Collection services, credit information services and payment services.
- *Financial Services.* Purchased debt, 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. Financing services and payment guarantees.

SHARE OF CONSOLIDATED REVENUES, %



NET REVENUES EXCLUDING REVALUATIONS, SEK M	2015	2014	2013	2012	2011
Northern Europe	2,652	2,539	2,481	2,303	2,084
Central Europe	1,636	1,418	1,087	936	899
Western Europe	1,309	1,192	991	888	948
Total	**5,597**	**5,149**	**4,559**	**4,127**	**3,931**

OPERATING EARNINGS EXCLUDING REVALUATIONS, SEK M	2015	2014	2013	2012	2011
Northern Europe	842	733	748	622	488
Central Europe	499	416	265	192	193
Western Europe	252	246	187	144	178
Divestments, associated companies	–	–	–	–	–9
Participations in earnings, Iceland	–	–	–	–	–1
Total	**1,593**	**1,395**	**1,200**	**958**	**849**

NET REVENUES BY SERVICE LINE, SEK M	2015	2014	2013	2012	2011
Credit Management	4,194	3,844	3,469	3,369	3,293
Financial Services	2,423	2,173	1,791	1,191	1,088
Elimination of inter-service line revenue	–989	–833	–694	–512	–431
Total	**5,628**	**5,184**	**4,566**	**4,048**	**3,950**

OPERATING EARNINGS BY SERVICE LINE, SEK M	2015	2014	2013	2012	2011
Credit Management	1,049	912	823	827	843
Financial Services	1,345	1,159	969	599	591
Common costs	–770	–641	–585	–547	–566
Total	**1,624**	**1,430**	**1,207**	**879**	**868**

The comparison figures for 2012 have been recalculated in accordance with IFRS 11 and IAS 19R. The comparison figures for 2011 have not been recalculated.

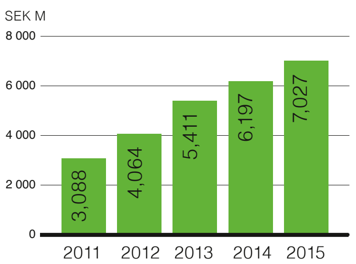
CREDIT MANAGEMENT

Over the year, the service line's revenues amounted to SEK 4,194 M (3,844). Adjusted for currency effects, revenues rose by 5 percent over the year. Operating earnings for the service line amounted to SEK 1,049 M (912), corresponding to a margin of 25 percent (24). Operating earnings improved by 11 percent in local currencies due to acquired units and improved efficiency.

FINANCIAL SERVICES

Revenues for the service line amounted to SEK 2,423 M (2,173) for the year. Adjusted for currency effects, revenues rose by 7 percent over the year. Operating earnings amounted to SEK 1,345 M (1,159), corresponding to an operating margin of 56 percent (53). Adjusted for currency effects, operating earnings rose by 12 percent over the year.

CARRYING VALUE, PURCHASED DEBT



Collection on purchased debt developed favorably, which generated a good return of 20 percent (20) for the year. Disbursements for investments in purchased debt amounted to SEK 2,428 M (1,937). The carrying value for purchased debt increased by 13 percent compared with the end of 2014, and by 15 percent excluding currency effects.

Purchased debt revaluations by geographical region amounted to the following:

SEK M	2015	2014
Northern Europe	–79	17
Central Europe	69	15
Western Europe	41	3
Total	**31**	**35**

EXPENSES

The gross profit margin increased compared with the previous year, offsetting increased administrative expenses.

In the Northern Europe region, earnings for 2014 were affected by items affecting comparability amounting to SEK –35 M. This amount consisted of SEK –56 M relating to a provision for a VAT dispute, of SEK –33 M relating to certain impairments in intangible assets and provisions attributable to the Dutch subsidiary Buckaroo BV, which was acquired in 2012, as well as of SEK –111 M for goodwill impairment and SEK 164 M for the reversal of a liability regarding the supplementary purchase consideration for this company. The provision for the VAT gain was attributable to a demand relating to a prior year, for which Intrum Justitia did not share the tax authority's assessment and therefore opposed the demand. The dispute was resolved in 2015.

DEPRECIATION/AMORTIZATION

Operating earnings for the year were charged with depreciation/amortization of tangible and intangible fixed assets by SEK 164 M (170). Operating earnings before depreciation/amortization therefore amounted to SEK 1,788 M (1,600). 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 70 M (50). These were amortized by SEK 13 M (6) over the year.

NET FINANCIAL ITEMS

Net financial items amounted to SEK –167 M (–183) and consisted of a net interest expense of SEK –122 M (–153), exchange rate differences of SEK –5 M (–1) and other financial items of SEK –40 M (–31). Net interest improved, primarily due to lower market interest rates. Other financial items mainly relate to bank fees and charges in connection with the Group's borrowings, including a cost of SEK 13 M related to previously capitalized borrowing expenses for the company's former credit facility, but expensed in connection with the signing of the new loan facility at the end of 2015.

TAXES

Corporate income tax for the year was equivalent to 20 percent of full-year earnings before tax. The preceding year's full-year corporate income tax was equivalent to 17 percent of full-year earnings before tax and to 19 percent when adjusted for certain non-recurring items. The lower tax expense in the preceding year was the result of certain nonrecurring items.

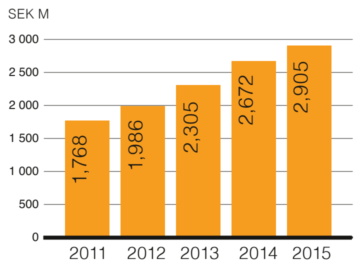
For further information on the Group's taxes and tax disputes, see also Note 8.

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.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities over the full-year amounted to SEK 2,905 M (2,672). Cash flow was affected positively by improved operating earnings excluding depreciation and amortization, as well as a positive change in working capital.

CASH FLOW FROM OPERATING ACTIVITIES



Disbursements for investments in purchased debt amounted to SEK 2,186 M (1,950) over the full-year. Cash flow from purchased debt for the year of SEK 2,724 M (2,455) is defined as funds collected on purchased debt at SEK 3,802 M (3,469) with deductions for the service line's costs, primarily collection costs at SEK 1,078 M (1,014).

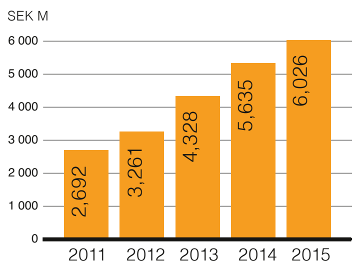
RESEARCH AND DEVELOPMENT

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 135 M (142) and primarily involved hardware and software for IT systems, primarily for production. Technical development is rapid and correctly used, new technical solutions can enhance efficiency in the management of customer receivables and the utilization of the Group's databases. In pace with increasing demands for customer-adapted IT solutions, it is of strategic importance for Intrum Justitia to continuously be able to meet changes in the demand scenario.

FINANCING

Intrum Justitia's net debt increased by SEK 391 M compared with the end of 2014. Cash flow from operating activities less the cash flow from investing activities has

NET DEBT



helped reduce net debt by approximately SEK 408 M. Share repurchases for SEK 400 M and dividends of SEK 514 M have helped increase net debt. Consolidated net debt, expressed as a multiple of operating earnings before depreciation, amortization and impairment amounted to 1.8, which is slightly below Intrum Justitia's financial target for this ratio, which is set at 2.0–3.0.

During the year, Intrum Justitia repurchased 1,499,808 of its own shares for SEK 400 M within the framework of the share repurchase programs approved by the 2014 and 2015 Annual General Meetings. The average number of shares outstanding during the year was therefore 73,096,665. The number of outstanding shares at the end of the year, after deductions for treasury holdings of 1,073,602 shares, was 72,347,726.

Shareholders' equity, including non-controlling interests, amounted to SEK 3,166 M, compared with SEK 3,041 M last year.

In December 2015, the Group's revolving credit facility was renegotiated to strengthen future financial flexibility. The credit facility increased to SEK 7.5 billion (previously SEK 5 billion) and the maturity profile was extended, whereby SEK 2.5 billion of the new facility will mature for repayment in 2018, 2019 and 2020 respectively (previously SEK 2 billion in 2017 and 2018, and SEK 1 billion in 2019).

For its short-term financing, the Group uses a commercial paper program involving borrowing of SEK 635 M (728) at the end of the year.

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

RISK FRAMEWORK

See also Note 34.

Risk management within Intrum Justitia shall comprise effective management and monitoring of all significant risks in the operations. Risk management shall support the business operations, maintain a high level of quality to ensure risks are kept under control, safeguard the company's survival and limit the volatility of Intrum Justitia's financial development. The capacity to protect the company's value, where the ability to assess and manage price risks in new transactions while monitoring the development of the investment portfolio, is of great importance. This entails an ongoing dialogue about the risks generated by the operations and the resources necessary to counter the risks.

Intrum Justitia shall maintain an organization that identifies, addresses and controls the risks to which the Group is or may be exposed. There shall be satisfactory internal control and a functioning and effective risk framework. Intrum Justitia shall be knowledgeable and aware of possible risks to which the company may be exposed and shall be able to estimate the scope of those risks. There should be an independent risk control function, which should have the requisite competences and authorizations. As part of their regular work, all Intrum Justitia's employees shall assume responsibility for managing the company's risks and the Group shall continuously inform and educate its employees about the risks inherent in the operations.

Intrum Justitia shall only expose itself to risks directly attributable to, or deemed necessary for, its business operations. Such risks primarily include credit risk, market risk, business risk, financial risk and operational risk.

Intrum Justitia shall have a documented process for approving new or significantly altered products, services, markets, processes and IT systems and in connection with major changes in the company's organization, IT systems and operations.

Risk strategy

Intrum Justitia's risk strategy entails managing and assessing the risks to which its operations are, or may be, exposed by:

- clear and documented internal procedures and control,
- an appropriate and transparent organizational structure with clearly defined and documented authorizations,
- up-to-date and documented decision-making processes,
- risk measurement methods and systems support tailored to the needs, complexity and scope of the operations,
- adequate resources and skills to achieve the desired quality in both business and control activities,
- regular incident reporting in operations,
- documented and disseminated contingency and business continuity plans.

Risk appetite

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

Intrum Justitia's risk appetite is based on the following principles:

- To be able to pursue our strategy, the culture at Intrum Justitia shall be such that there is a built-in balance between risk-taking and value generation.
- The risk culture determines the playing field on which the business operations can act with acceptable risks, within the limit set by the Board. Intrum Justitia's risk appetite is expressed in, among other things, policies, instructions and the guidelines established for the investment operations.
- The risk appetite establishes the basis for an ongoing discussion within management regarding what risk levels are appropriate and how they are to be adjusted to the Group's business strategy.
- Intrum Justitia's investment operations entail the greatest inherent risks with a potential impact on the income statement and balance sheet and are therefore a central concern in the area of risk, where particular emphasis is placed on industrializing both transaction management and reporting.

To define the division of responsibilities between the business operations, risk control, compliance and the Internal Audit, Intrum Justitia applies the division of roles and responsibilities deriving from the principle of the three lines of defense:

- The first line of defense is the risk-taking part of the organization, which is tasked with managing the day-to-day management of the risks taken in the business operations.
- The second line of defense refers to the Risk Control and Compliance functions (observance of rules). The risk organization shall ensure that there is sufficient risk awareness in the first line and shall play both a supportive and challenging role in the transaction process. Risk control shall also work to provide the business operations with the procedures, systems and tools required to uphold the on-going management of investments. Compliance shall verify that the business operations adhere to legislation and regulations, and shall support the business operations within their area of responsibility. The Chief Risk Officer, CRO, is responsible for the risk organization and compliance. The CRO reports to the President and, on a dotted line basis, to the Board of Directors.
- The third line of defense is the Internal Audit.

OPERATIONAL RISKS

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.

Regulatory compliance and changes of regulatory requirements

Intrum Justitia continuously monitors changes in the regulations that apply to our operations. A number of units within the Group are subject to financial supervision and are therefore operated in accordance with specific regulations. The company perceives a trend towards increasing regulation and consequently monitors and reports regulatory compliance risks on a continuous basis.

If the company lacks sufficient knowledge about its customers and the transactions undertaken, there is a risk that we may become involved in money laundering or unethical transactions. Accordingly, our sales policy requires that we collect information about our customers and their ownership. This means that the company must sometimes refrain from doing business with counterparties deemed unsuitable.

Reputation risk

A good reputation is crucial to the successful conduct of collection operations. Consequently, reputation risks are of great importance in the company's relationship with clients, debtors, employees, investors, regulators and other stakeholders. Our Code of Conduct plays a central role in the operations and describes the view of the company's role in society, our values, our relationship with our stakeholders and other relevant sustainability issues. Associated with the Code of Conduct, the company has implemented a procedure for the reporting of suspected irregularities, a so-called whistleblower function.

Tax risks
Changes in tax law or practice could result in financial losses or increased expenses for the company. There is also the risk of mistakes or misinterpretation with regard to tax regulations, or that the tax authorities in a particular country may not agree with the conclusion reached by Intrum Justitia on some particular matter of assessment. The risk is particularly great with regard to value added tax (VAT), since a systematic error could cause a rapid build-up of large amounts. Intrum Justitia cooperates with qualified tax consultants to avoid systematic errors and for assessments made in the area of taxation to be well documented and possible to defend in court if brought into question.

IT and information management
Intrum Justitia is dependent on accessible and well-functioning IT systems and prolonged disruptions and faults in systems critical to operations can pose significant risks to the smooth functioning of debt collection operations.

In both its debt collection and credit operations, the company is dependent on a large amount of information containing personal data. The operations are well aware that this information is sensitive and therefore prioritizes protection from access and the assurance of confidentiality in accordance with applicable regulations. Despite measures being taken, there is, as there is for other companies, always a residual risk of unauthorized access to data handled by the company, through, for example, intrusion into computer systems and fraud. There is also a risk of data loss due to malicious software or system failure.

The performance of the company's collection and payment services may attract attacks aimed at harming the company's operations. The handling of payments also generates a risk of phishing using the company's brand.

Risks relating to acquisitions
Part of Intrum Justitia's strategy involves acquiring companies and operations. Opportunities to successfully complete acquisitions are dependent on Intrum Justitia's capacity to identify and assess acquisition targets, to identify and manage risks in the acquired operations and to effectively integrate acquired companies into Intrum Justitia's existing operations. A potential acquisition may also depend on approval from an authority or other third party. Ahead of an acquisition, a detailed review of the acquired company, due diligence, is always performed, generally in conjunction with external consultants, with the aim of identifying risks and providing a basis for the valuation of the acquisition object. The Group also has a documented and standardized process for how acquisitions are to be implemented and followed up.

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, NOK 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 more than the unutilized portion of committed lines of credit. The Group did not fall short of the target level on the balance sheet date or at any time during the year.

The Group has deposited its liquid assets with established 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 attributable to outlays
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 2015, the average nominal value per case was about SEK 9,300. 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 yield requirements on purchased debt portfolios that are well in excess of the Group's cost of capital. 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 enable acquisitions of larger portfolios at attractive risk levels, Intrum Justitia has, on occasion, partnered with other companies such as Crédit Agricole, Goldman Sachs and East Capital to share the capital investment and return. Risks are further diversified by acquiring receivables from clients in different sectors and different countries.

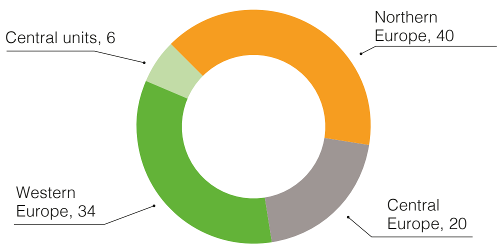
Payment guarantees

The Group offers services whereby clients, against payment, obtain a guarantee from Intrum Justitia regarding the clients' receivables from their customers. This entails a risk being incurred that Intrum Justitia must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In certain cases, however, it is possible for Intrum Justitia to demand compensation from the client in the shape of price adjustments in the event that credit quality weakens. In those cases where the guarantee comes into play, Intrum Justitia assumes the client's claim against its customer and takes over the continued handling of the case within the Purchased Debt area of operations. The Group's risk in this operation is managed through strict credit limits on the issuance of new guarantees 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 2015.

NUMBER OF EMPLOYEES BY GEOGRAPHICAL REGION (%)



GOODWILL

Consolidated goodwill amounted to SEK 2,810 M as per December 31, 2015, compared with SEK 2,719 M as per December 31, 2014. The increase since the end of 49 was attributable to an acquisition in Switzerland for SEK 36 M, an acquisition in Portugal for SEK 111 M, adjustments of the acquisition analysis for the acquisition of Advis A/S in Denmark or SEK –7 M and translation differences of SEK –49 M.

NON-FINANCIAL EARNINGS INDICATORS

The average number of employees during the year was 3,846 (3,801).

Over the year, personnel turnover was 22 percent (21). Of the total number of employees during the year, 65 percent were women (64). The percentage of employees with university-level degrees was 39 percent (37). 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 24–26 and Notes 26–28.

SOCIAL RESPONSIBILITY AND THE ENVIRONMENT

The Group continues to pursue its corporate social responsibility (CSR) work. See page 17–18 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 one of Europe's leading credit management companies, 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 permeated 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.

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. Since 2013, the Group's rules with regard to company cars only permits cars to be ordered that emit at most 130g of carbon dioxide/km. 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.

GROUP MANAGEMENT
In February, Alessandro Pappalardo was appointed Director, Purchased Debt. In March, Pascal Labrue vacated his position as Regional Manager for Western Europe and was replaced by Harry Vranjes, former Chief Information Officer. In November, Lars Wollung vacated his position as President and CEO. In November, Roland Gruneus was appointed Chief Technology Officer.

Consequently, at the end of the year, Group Management consisted of Erik Forsberg, Annika Billberg, Johan Brodin, Per Christofferson, Jean-Luc Ferraton, Roland Gruneus, Alessandro Pappalardo, Rickard Westlund and Harry Vranjes.

Erik Forsberg was the Acting CEO between November 2015 and February 2016. The new CEO, effective from March 1 2016, is Mikael Ericson. See also below under Events after the end of the year.

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

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

PARENT COMPANY
The Group's publicly listed Parent Company, Intrum Justitia AB (publ), owns the subsidiaries, provides the Group's head office functions and handles certain Group-wide development work, services and marketing.

The Parent Company reported net revenues of SEK 102 M (92) for the full-year and earnings before tax of SEK 1,090 M (102), including share dividends and other earnings from subsidiaries of SEK 1,237 M (221). The Parent Company invested SEK 0 M (0) in fixed assets during the year and had, at the end of the year, SEK 37 M (12) in cash and equivalents. The average number of employees was 54 (53).

THE SHARE AND SHAREHOLDERS
At the end of the year there were 73,421,328 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 1,499,808 of its own shares for a total price of SEK 400 M within the framework of the share repurchase programs approved by the 2014 and 2015 Annual General Meetings. Consequently, the number of shares outstanding at the end of the year amounted to 72,347,726, compared with 73,847,534 shares at the start of the year. The average number of shares outstanding year was 73,096,665. The Board of Directors intends to propose to the 2016 Annual General Meeting that the share capital in the company be reduced by canceling the shares comprising treasury holdings as per the first quarter of 2016.

The company's largest shareholders at year-end were SEB Fonder (8 percent of the share capital), AMF Försäkring & Fonder (4) and Norges Bank Investment Management (4). See also the table on page 30.

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, pages 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.

During 2015, the Board held 19 meetings (11 in the preceding year).

For a description of the work of the Board, please see the Corporate Governance Report on pages 82–86. 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 85-86. The Corporate Governance Report is also available at the corporate website www.intrum.com.

EVENTS AFTER THE END OF THE YEAR

In January 2016, the Board decided not to repurchase further shares during the first quarter of 2016. The intention is to maintain good financial flexibility, allowing the company to take advantage of potential investment opportunities in its operations.

In February 2016, the Board appointed Mikael Ericson as the new President and CEO. He took office on March 1. Mikael Ericson has worked in various senior positions in the banking and finance sectors over the past 30 years, including as Head of Handelsbanken Capital Markets and as CEO of Carnegie Investment Bank. He joins Intrum Justitia from Danske Bank, where he was Head of International Banking.

PROPOSAL FOR REMUNERATIONS AND OTHER TERMS OF EMPLOYMENT FOR SENIOR EXECUTIVES

The Board of Directors proposes that the following guidelines be approved by the annual general meeting for the time up until the annual general meeting 2017. The guidelines will apply to the CEO and the members of Intrum Justitia's Group Management Team. The proposal has been prepared by the Board and the Remuneration Committee of the Board.

Our remuneration philosophy

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

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

The total remuneration contains of salary, short term incentive, lont term incentive and other benefits.

Short term incentive

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

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

The cost for short-term incentive awarded to the CEO and members of the Group Management Team is estimated not to exceed MSEK 11 excluding social charges during 2016.

Long-term incentive

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

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

Shareholding guidelines

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

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

Miscellaneous

In case of termination of employment by Intrum Justitia, severance payments (if any) will not exceed 12 months' base salary.

If unusual or special reasons are at hand in an individual case, the board reserves the possibility to deviate from these principles.

PROPOSED APPROPRIATION OF EARNINGS

The Board of Directors and the President propose that SEK 8.25 per share (7.00) be distributed to shareholders, corresponding to a total of SEK 597 M (514). The full dividend proposal is presented on page 76.

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.

CONSOLIDATED INCOME STATEMENT

SEK M	NOTE	2015	2014
Revenues	2, 3	5,628	5,184
Cost of sales		–3,087	–2,963
Gross earnings		**2,541**	**2,221**
Sales and marketing expenses		–252	–262
Administrative expenses		–661	–585
Goodwill impairment	10	0	–111
Reversal of liability for additional purchase consideration for shares in subsidiaries	35	0	164
Participations in associated companies and joint ventures	5	–4	3
Operating earnings (EBIT)	2, 3, 4	**1,624**	**1,430**
Financial income	6	11	13
Financial expenses	7	–178	–196
Net financial items		**–167**	**–183**
Earnings before tax		**1,457**	**1,247**
Taxes	8	–285	–206
Net earnings for the year		**1,172**	**1,041**
Of which attributable to:			
Parent Company's shareholders		1,164	1,031
Non-controlling interests		8	10
Net earnings for the year		**1,172**	**1,041**
Earnings per share before and after dilution (SEK)	9	15.92	13.48

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	NOTE	2015	2014
Net earnings for the year		1,172	1,041
Other comprehensive income:			
Items that can be reallocated to earnings for the year			
The year's change in translation reserve attributable to the translation of foreign operations		–242	373
The year's total comprehensive income attributable to hedging of currency risks in foreign operations		155	–251
Items that cannot be reallocated to earnings for the year			
Remeasurements of pension liability for the year	8, 21	–26	–22
Comprehensive income for the year		**1,059**	**1,141**
Of which attributable to:			
Parent Company's shareholders		1,053	1,126
Non-controlling interests		6	15
Comprehensive income for the year		**1,059**	**1,141**

CONSOLIDATED BALANCE SHEET

SEK M	NOTE	DEC 31, 2015	DEC 31, 2014
ASSETS			
Fixed assets			
Intangible fixed assets	10		
Goodwill		2,810	2,719
Capitalized expenditure for IT development		159	171
Client relationships		61	37
Other intangible fixed assets		68	59
Total intangible fixed assets		**3,098**	**2,986**
Tangible fixed assets	11		
Computer hardware		38	40
Other tangible fixed assets		80	87
Total tangible fixed assets		**118**	**127**
Other fixed assets			
Shares and participations in associated companies and joint ventures	13	6	0
Other shares and participations		1	0
Purchased debt	14	7,027	6,197
Deferred tax assets	8	33	35
Other long-term receivables	15	11	17
Total other fixed assets		**7,078**	**6,249**
Total fixed assets		**10,294**	**9,362**
Current assets			
Accounts receivable	16	285	307
Client funds		569	568
Tax assets		42	48
Other receivables	17	510	633
Prepaid expenses and accrued income	18	180	157
Liquid assets	19	265	266
Total current assets		**1,851**	**1,979**
TOTAL ASSETS		**12,145**	**11,341**

SEK M	NOTE	DEC 31, 2015	DEC 31, 2014
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Shareholders' equity attributable to Parent Company's shareholders			
Share capital		2	2
Other paid-in capital		906	906
Reserves		335	420
Retained earnings including net earnings for the year		1,843	1,620
Total shareholders' equity attributable to Parent Company's shareholders		**3,086**	**2,948**
Shareholders' equity attributable to non-controlling interests	12	80	93
Total shareholders' equity		**3,166**	**3,041**
Long-term liabilities			
Liabilities to credit institutions	23	2,340	1,727
Bond loan	23	3,124	3,231
Other long-term liabilities		3	4
Provisions for pensions	21	174	133
Other long-term provisions	22	3	3
Deferred tax liabilities	8	522	390
Total long-term liabilities		**6,166**	**5,488**
Current liabilities			
Liabilities to credit institutions	23	17	85
Commercial papers	23	635	728
Client funds payable		569	568
Accounts payable		139	159
Income tax liabilities		128	142
Advances from clients		14	16
Other current liabilities		613	325
Accrued expenses and prepaid income	24	698	789
Total current liabilities		**2,813**	**2,812**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**12,145**	**11,341**

CONSOLIDATED CASH FLOW STATEMENT

SEK M	NOTE	2015	2014
Operating activities			
Operating earnings	2	1,624	1,430
Amortization, depreciation and impairment	4, 10, 11	164	170
Amortization and revaluations of purchased debt	14	1,495	1,395
Other adjustments for other items not included in cash flow	2	15	–45
Interest received		11	13
Interest paid		–227	–135
Payments for other financial expenses		–15	–27
Income tax paid		–229	–138
Cash flow from operating activities before changes in working capital		**2,838**	**2,650**
Changes in factoring receivables		–44	–38
Other changes in working capital		111	60
Cash flow from operating activities		**2,905**	**2,672**
Investing activities			
Purchases of intangible fixed assets	10	–105	–90
Purchases of tangible fixed assets	11	–30	–52
Debt purchases*	14	–2,186	–1,950
Purchases of shares in subsidiaries and associated companies*	35	–181	–148
Other cash flow from investing activities		5	–10
Cash flow from investing activities		**–2,497**	**–2,250**
Financing activities			
Borrowings		792	1,685
Amortization of loans		–270	–770
Share repurchases		–400	–968
Share dividend to Parent Company's shareholders		–514	–445
Share dividend to non-controlling interests		–7	–3
Cash flow from financing activities		**–399**	**–501**
Change in liquid assets		**9**	**–79**
Opening balance of liquid assets		**266**	**340**
Exchange rate differences in liquid assets		–10	5
Closing balance of liquid assets	19	**265**	**266**

* The acquisition of the Portuguese company Logicomer Gestão e Recuperação de Créditos SA in 2015 included purchased debt of SEK 62 M, and the acquisition of Czech company Profidebt sro in 2014 included purchased debt of SEK 276 M. These 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. earnings for the year	Total	Non-controlling interests	Total shareholders' equity
Opening balance. January 1, 2014	78,546,878	2	906	303	2,024	3,235	81	3,316
Comprehensive income for the year, 2014								
Net earnings for the year					1,031	1,031	10	1,041
Other comprehensive income for the year:								
The year's change in translation reserve attributable to the translation of foreign operations				342		342	5	347
The year's total comprehensive income attributable to hedging of currency risks in foreign operations				–251		–251		–251
Reameasurements of pension liability for the year					–24	–24		–24
Income tax on other comprehensive income				26	2	28		28
Comprehensive income for the year				**117**	**1,009**	**1,126**	**15**	**1,141**
Transactions with Group owners in 2014								
Share dividend					–445	–445	–3	–448
Share repurchases	–4,699,344				–968	–968		–968
Closing balance. December 31, 2014	**73,847,534**	**2**	**906**	**420**	**1,620**	**2,948**	**93**	**3,041**
Comprehensive income for the year, 2015								
Net earnings for the year					1,164	1,164	8	1,172
Other comprehensive income for the year:								
The year's change in translation reserve attributable to the translation of foreign operations				–228		–228	–2	–230
The year's total comprehensive income attributable to hedging of currency risks in foreign operations				155		155		155
Reameasurements of pension liability for the year					–30	–30		–30
Income tax on other comprehensive income				–12	4	–8		–8
Comprehensive income for the year				**–85**	**1,138**	**1,053**	**6**	**1,059**
Transactions with Group owners in 2015								
Share dividend					–514	–514	–7	–521
Acquired minority interest					–1	–1	–12	–13
Share repurchases	–1,499,808				–400	–400		–400
Closing balance. December 31, 2015	**72,347,726**	**2**	**906**	**335**	**1,843**	**3,086**	**80**	**3,166**

Accumulated exchange rate differences since the transition to IFRS, including tax effects, amounted to SEK 335 M (420) at the end of 2015.

INCOME STATEMENT – PARENT COMPANY

SEK M	NOTE	2015	2014
Revenues	3	102	92
Gross earnings		**102**	**92**
Sales and marketing expenses		–17	–22
Administrative expenses		–152	–130
Operating earnings (EBIT)		**–67**	**–60**
Income from participations in Group companies	6	1,237	321
Interest income and similar income	6	100	127
Impairment of shares in subsidiaries	7	0	–100
Interest expenses and similar items	7	–180	–186
Net financial items		1,157	162
Earnings before tax		**1,090**	**102**
Tax on earnings for the year	8	0	–19
Net earnings for the year		**1,090**	**83**

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK M	NOTE	2015	2014
Net earnings for the year	3	1,090	83
Items that can be reallocated to earnings for the year			
Exchange rate difference on monetary items classified as expanded investment		–48	–14
The year's total comprehensive income attributable to hedging of currency risks in foreign operations		155	–257
Comprehensive income for the year	4	**1,197**	**–154**

PARENT COMPANY BALANCE SHEET

SEK M	NOTE	DEC 31, 2015	DEC 31, 2014
ASSETS			
Fixed assets			
Financial fixed assets			
Participations in Group companies	12	6,321	6,313
Participations in joint ventures		10	–
Receivables from Group companies		1,205	1,272
Total financial fixed assets		**7,536**	**7,585**
Total fixed assets		**7,536**	**7,585**
Current assets			
Current receivables			
Tax assets		2	2
Receivables from Group companies		4,725	3,518
Other receivables	17	3	2
Prepaid expenses and accrued income	18	13	48
Total current receivables		**4,743**	**3,570**
Liquid assets	19		
Cash and bank balances		37	12
Total liquid assets		**37**	**12**
Total current assets		**4,780**	**3,582**
TOTAL ASSETS		**12,316**	**11,167**

SEK M	NOTE	DEC 31, 2015	DEC 31, 2014
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Restricted equity			
Share capital		2	2
Statutory reserve		282	282
Total restricted shareholders' equity		**284**	**284**
Non-restricted equity			
Share premium reserve		111	111
Fair value reserve		–879	–986
Earnings brought forward		1,406	2,237
Net earnings for the year		1,090	83
Total non-restricted equity		**1,728**	**1,445**
Total shareholders' equity		**2,012**	**1,729**
Long-term liabilities			
Liabilities to credit institutions	23	2,340	1,726
Bond loan	23	3,124	3,232
Liabilities to Group companies		2,005	1,710
Total long-term liabilities		**7,469**	**6,668**
Current liabilities			
Overdraft facility	23	16	85
Commercial papers	23	635	728
Accounts payable		4	7
Liabilities to Group companies		2,063	1,805
Other current liabilities		2	11
Accrued expenses and prepaid income	24	115	134
Total current liabilities		**2,835**	**2,770**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**12,316**	**11,167**
Pledged assets		None	None
Contingent liabilities		None	None

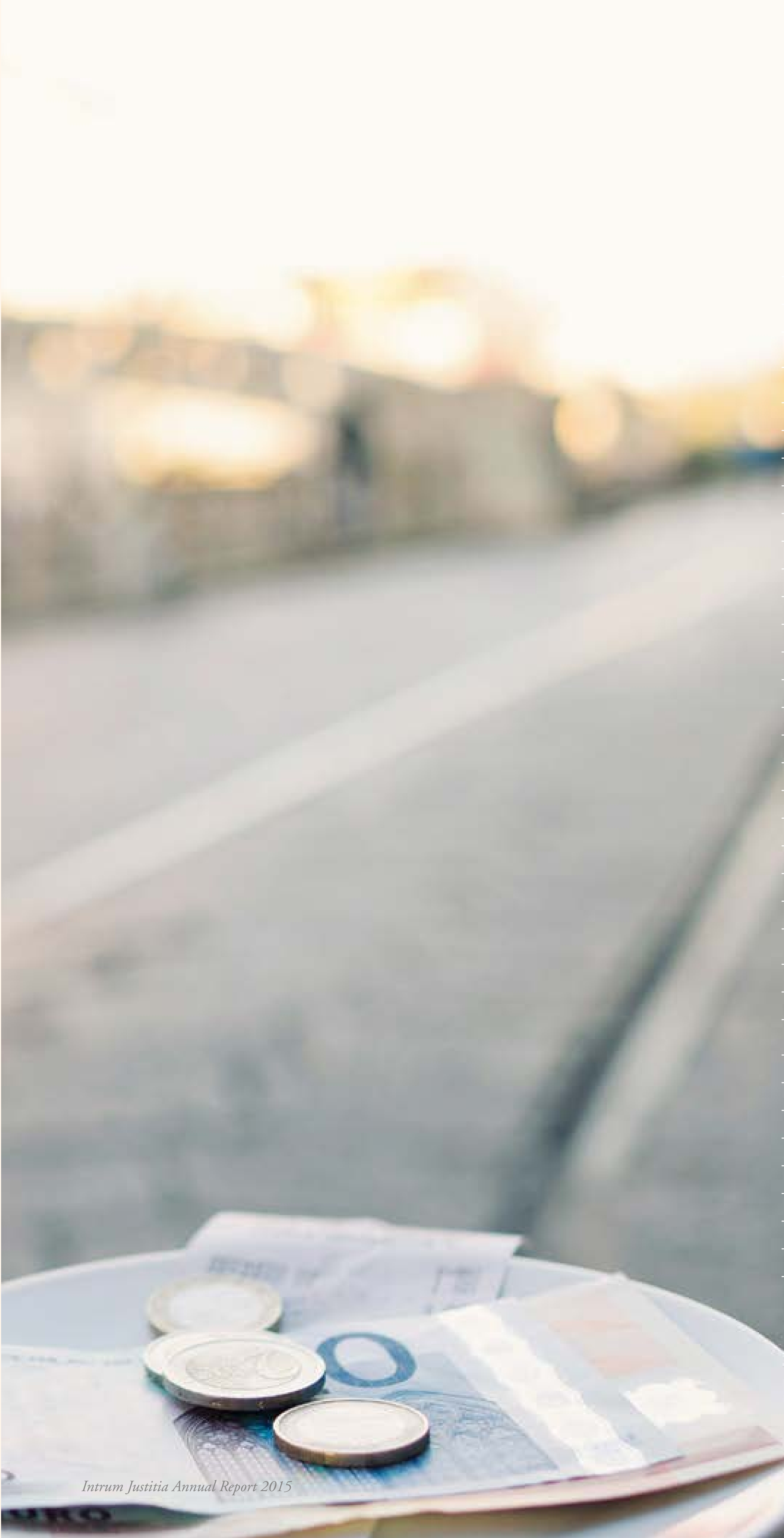
PARENT COMPANY CASH FLOW STATEMENT

SEK M	NOTE	2015	2014
Operating activities			
Operating earnings		–67	–60
Interest received		100	127
Interest paid		–232	–156
Payments for other financial expenses		–15	–22
Income tax paid		0	–19
Cash flow from operating activities before changes in working capital		**–214**	**–130**
Changes in working capital		6	25
Cash flow from operating activities		**–208**	**–105**
Investing activities			
Purchases of shares in subsidiaries and associated companies		–10	–
Share dividend from subsidiaries		237	216
Cash flow from investing activities		**227**	**216**
Financing activities			
Borrowings		681	1,698
Amortization of loans		–270	–770
Net loans to subsidiaries		509	380
Share dividend to Parent Company's shareholders		–514	–445
Share repurchases		–400	–968
Cash flow from financing activities		**6**	**–105**
Change in liquid assets		**25**	**6**
Opening balance of liquid assets		**12**	**6**
Closing balance of liquid assets	**19**	**37**	**12**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, PARENT COMPANY

SEK M	Number of shares outstanding	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Retained earnings	Earnings for the year	Total share-holders' equity
Opening balance. January 1, 2014	78,546,878	2	282	111	–748	3,739	–90	3,296
Comprehensive income for the year, 2014								
Net earnings for the year							83	83
Other comprehensive income for the year					–237			–237
Comprehensive income for the year					**–237**		**83**	**–154**
Disposition of previous year's earnings						–90	90	
Transactions with Parent Company's shareholders in 2014								
Share dividend						–445		–445
Share repurchases	–4,699,344					–968	83	–968
Closing balance. December 31, 2014	73,847,534	2	282	111	–986	2,237	83	1,729
Comprehensive income for the year, 2015								
Net earnings for the year							1,090	1,090
Other comprehensive income for the year:					107			107
Comprehensive income for the year					**107**		**1,090**	**1,197**
Disposition of previous year's earnings						83	–83	
Transactions with Parent Company's shareholders in 2015								
Share dividend						–514		–514
Share repurchases	–1,499,808					–400		–400
Closing balance. December 31, 2015	**72,347,726**	**2**	**282**	**111**	**–879**	**1,406**	**1,090**	**2,012**

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 2015, the company was listed on the Nasdaq Stockholm, Large Cap list.

The consolidated accounts were approved for publication by the company's Board of Directors and Chief Executive Officer on March 24, 2016. The balance sheets and income statements will be presented to the Annual General Meeting on April 20, 2016.

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

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

Accounting standards applied

With regard to the consolidated financial statements, the annual report for Intrum Justitia AB (publ) has been prepared in accordance with the Annual Accounts Act and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The Group applies IFRS as adopted by the European Union (EU). For 2015, there are no provisions relevant to Intrum Justitia in the IFRS issued by the IASB that have not been adopted by the EU. This means that the Group's application of IFRS as adopted by the EU during the year also corresponds to the application of IFRS as issued by the IASB.

Further, recommendation *RFR 1 Supplementary accounting rules for groups* from the Swedish Financial Reporting Board has been applied.

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

Assumptions

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

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

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

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

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

Changes in accounting principles

Changes that entered into force in 2015

Applicable effective from 2015 is interpretation IFRIC 21 Levies, which addresses how various fees imposed by the central government are to be reported.

Intrum Justitia is not affected by this interpretation, and the annual accounts for 2015 have therefore been prepared applying the same accounting policies and calculation methods as for the annual accounts for 2014.

Changes that enter into force in or after 2016

The Group has decided against early application of any new or amended accounting recommendations or interpretations that enter into force in or after 2016.

IFRS 9 Financial instruments is intended to replace IAS 39 Financial instruments: Recognition and Measurement. The IASB has prepared a package of changes regarding the accounting of financial instruments. The package contains a model for the classification and measurement of financial instruments, a forward-looking impairment model and a revised model for hedge accounting. IFRS 9 is expected to enter into force in 2018 and early adoption is permitted on the condition that the EU adopts the standard. The EU plans to approve the standard during the second half of 2016. 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 2016.

IFRS 15 Revenue from contracts with customers is intended to replace *IAS 18 Revenue.* The purpose of a new revenue standard is to have a single principle-based standard for all sectors that will replace existing standards and statements regarding revenue. The sectors deemed most affected are the construction and civil engineering sectors, as well as companies engaged in contract manufacturing. However, all companies will be affected by the new expanded disclosure requirements. IFRS 15 is expected to enter into force in 2018 and early adoption is permitted on the condition that the EU adopts the standard. The EU plans to approve the standard during the first half of 2016. Intrum Justitia has begun to map the effects of IFRS 15 on its financial statements and has yet to identify any significant impact. The Group currently has no plans to adopt the standard early.

IFRS 16 Leases was published in early 2016 and is intended to replace *IAS 17 Leases.* The new standard contains rules entailing that leases, with certain exceptions, are to be reported as assets and liabilities in the balance sheet, for both operational and financial leases. The most important effect on Intrum Justitia's accounts is that total assets will increase. IFRS 16 is expected to enter into force from 2019. The Group currently has no plans to adopt the standard early.

Other changes to IFRS are not expected to have any material effect on the consolidated accounts.

Classification issues

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

Consolidation

Subsidiaries

The Group applies *IFRS 3 Business combinations* and *IFRS 10 Consolidated financial statements.*

The consolidated accounts include the annual accounts of all subsidiaries, i.e., companies in which the Parent Company, directly or indirectly, holds more than 50 percent of the votes or otherwise can exercise control over operations. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control is achieved through existing rights that give it the ability to direct the relevant activities, i e the activities that significantly affect the investee's returns.

The consolidated accounts are prepared according to the acquisition method, which means that the acquisition of a subsidiary is treated as a transaction where the Group indirectly acquires the subsidiary's assets and takes over its liabilities and contingent liabilities. The Group's equity therefore includes only the portion of the subsidiary's equity added since acquisition. The Group's cost is determined through an acquisition analysis in connection with the acquisition. The analysis

Cont. Note 1

determines the cost of the shares or operations as well as the fair value of acquired, identifiable assets and assumed liabilities and contingent liabilities. The cost of the subsidiary's shares or operations consists of the fair value of the compensation on the transfer date and transaction expenses directly attributable to the acquisition. The cost includes conditional purchase considerations recognized as liabilities at fair value per the acquisition date. Transaction costs are expensed as incurred.

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

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

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

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

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

Associated companies and joint ventures

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 and joint ventures are recognized in the consolidated accounts according to the equity method, which means that the holding in the company is recognized at cost and subsequently adjusted to the Group's share of the change in the company's net assets. The value of the shares includes goodwill from the acquisition. The consolidated income statement includes the Group's participation in earnings less goodwill impairment. The amount is recognized on the line, Participations in associated companies and joint ventures. 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 company becomes a subsidiary.

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

Joint ventures

The Group applies *IFRS 11 Joint arrangements*.

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

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

Foreign currency

The Group applies *IAS 21 Effects of changes in foreign exchange rates*.

Transactions in foreign currency

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

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

Translation of the financial statements of foreign operations

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

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

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

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

Financial assets and liabilities

The Group applies *IAS 32 Financial Instruments: Presentation, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosure* and *IFRS 13 Fair Value 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 income statement, 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

Cont. Note 1

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. Accounts payable are recognized when an invoice is received.

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

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

Purchased debt

Purchased debt consists of portfolios of 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 performed by the same personnel who handle collections and debt surveillance on behalf of external clients within the Credit Management service line. The cost of collection is debited internally at market price and expensed in the income statement for the Purchased Debt service line as a cost of services sold.

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

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

The Group applies internal application rules which mean that the initial effective interest rate can be adjusted in certain cases without a change in the carrying value of the portfolio for minor projection adjustments within a predetermined interval.

Changes over time in the book value can be divided into a time and interest rate component and a component related to changes in estimates of future cash flows. The effects of changes in cash flow forecasts are referred to as revaluations and treated symmetrically, i.e., both increases and decreases in forecast flows affect the portfolios' book value and, as a result, earnings. However, the portfolios are never recognized at higher than cost.

Long-term receivables and other receivables

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

Accounts receivable

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

Factoring Receivables

Receivables acquired in the Group's factoring operations are recognized at accrued costs, ie the discounted present value of contractual future payments, less a provision for credit losses. Provisions for credit losses are made for overdue factoring receivables, using different percentages depending on how long the receivables have been past due date.

Legal outlays

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

Client funds

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

Liquid assets

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

Liabilities

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

Accounts payable

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

Derivatives

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

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

Hedge accounting is not needed for forward exchange contracts because the hedged item and the hedging instrument are carried at fair value with

Cont. Note 1

changes in value recognized in the income statement as exchange rate differences. Changes in the value of operations-related receivables and liabilities are recognized in operating earnings, while changes in the value of financial receivables and liabilities are recognized in net financial items.

Currency interest rate swaps are valued at fair value and reported in the balance sheet together with hedge accounting via Other comprehensive income. Currency interest rate swaps were signed in connection with the Parent Company's issue of bonds in SEK that were exchanged for EUR to hedge net investments in foreign operations where the loan currency has been used in the operations. The liability in SEK was exchanged into the same liability in EUR on both the starting date and the date of maturity.

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

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

Intangible fixed assets

Goodwill

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

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

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

Goodwill is recognized at cost less accumulated impairment. The fair value of goodwill is determined annually for each cash-generating unit in relation to the unit's performance and anticipated future cash flow. If deemed necessary, goodwill is written down on the basis of this evaluation. 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.

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

Client relationships

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

Other intangible fixed assets

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

Tangible fixed assets

The Group applies *IAS 16 Property, plant and equipment*.

Tangible fixed assets are recognized at cost less accumulated depreciation and impairment. Cost includes the purchase price and costs directly attributable to putting the asset into place and condition to be utilized in the way intended. Examples of directly attributable 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. An annual determination is made of each asset's residual value and a period of use.

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

Leasing

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

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

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

Taxes

The Group applies *IAS 12 Income taxes*.

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

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

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

Deferred tax assets from deductible temporary differences and tax-

Cont. Note 1

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

Shareholders' equity

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

Provisions

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

A provision is recognized in the balance sheet when the Group has a legal or informal obligation owing to an event that has occurred and it is likely that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. The carrying amount for the provision is based on an assessment of the most likely outcome, and can be calculated by weighing the various possible outcomes and multiplying this by their estimated probability. Where it is important when in time payment will be made, provisions are estimated by discounting the projected future cash flow at a 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 is recognized for an onerous contract 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 Income Taxes.

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

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

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

Employee benefits

The Group applies *IAS 19 Employee Benefits.*

Pension obligations

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

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

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

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

The balance sheet value of pensions and similar obligations is therefore equivalent to the present value on the balance sheet date less the fair value of 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 2 plan are reported as defined contribution pension solutions.

Borrowing costs

The Group applies *IAS 23 Borrowing costs* and *IAS 39 Financial Instruments: Recognition and Measurement.*

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 capitalizes borrowing costs in the cost of qualifying assets, that is, fixed assets for substantial amounts with long periods of completion. No such investments were initiated in 2014 or 2015.

Income recognition

The Group applies *IAS 18 Revenue.*

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

Financial income and expenses

Financial income and expenses consist of interest income on bank balances and receivables and interest-bearing securities, bank fees, interest expenses on loans, dividend income, exchange rate differences, realized

Cont. Note 1

and unrealized gains on financial investments, and derivatives used in financial operations. The net interest income attributable to the Group's factoring operations are recognized in net revenues.

Payment guarantees

Intrum Justitia offers some of the Group's clients the opportunity, against payment, to obtain a guarantee from Intrum Justitia regarding the clients' receivables from their 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.

Payments for investments in portfolios of Purchased Debt are accounted for under cash flow from investing activities, whereas collections and amortizations on such portfolios are accounted for under cash flow from operating activities.

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.

At an acquisition of a subsidiary that holds a portfolio of purchased debt, the fair value of the receivables on the acquisition date is reported on the line Debt Purchases in the consolidated cash-flow statement.

Earnings per share

The Group applies *IAS 33 Earnings per share*.

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

Segments

The Group applies *IFRS 8 Operating Segments*.

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

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

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

Parent Company's accounting principles

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

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

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

Subsidiaries, associated companies and joint ventures

Shares in subsidiaries, associated companies and joint ventures are recognized by the Parent Company at cost, including transaction 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 UFR 2 of the Swedish Financial Reporting Board.

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

Other

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

NOTE 2: Disclosures by geographic region and service line

	Group	
SEK M	**2015**	**2014**
Revenues from external clients by geographical region		
Northern Europe	2,573	2,556
Central Europe	1,705	1,433
Western Europe	1,350	1,195
Total	**5,628**	**5,184**
Revenues from external clients by country		
Finland	892	830
Sweden	842	833
Switzerland	759	597
France	701	618
Hungary	380	323
Other countries	2,054	1,983
Total	**5,628**	**5,184**
Intra-Group revenues by geographical region		
Northern Europe	288	265
Central Europe	295	261
Western Europe	171	121
Elimination	–754	–647
Total	**0**	**0**
Operating earnings by geographical region		
Northern Europe	763	749
Central Europe	568	432
Western Europe	293	249
Total operating earnings	**1,624**	**1,430**
Net financial items	–167	–183
Earnings before tax	**1,457**	**1,247**

Cont. Note 2

Assets by geographical region	Group 2015	2014
Northern Europe	6,714	6,080
Central Europe	2,777	2,625
Western Europe	2,662	2,570
Group-wide/eliminations	–8	66
Total	**12,145**	**11,341**

Tangible and intangible fixed assets by country		
Finland	507	532
Sweden	500	497
Switzerland	345	287
Netherlands	253	268
France	299	289
Other countries	1,312	1,240
Total	**3,216**	**3,113**

Liabilities and provisions by geographical region		
Northern Europe	2,143	2,425
Central Europe	1,066	1,070
Western Europe	983	954
Group-wide/eliminations	4,787	3,851
Total	**8,979**	**8,300**

Investments in tangible and intangible fixed assets by region		
Northern Europe	63	49
Central Europe	51	47
Western Europe	50	22
Group-wide/eliminations	20	28
Total	**184**	**146**

Amortization, depreciation and impairment, excluding goodwill impairment by geographical region		
Northern Europe	–74	–91
Central Europe	–51	–48
Western Europe	–20	–16
Group-wide/eliminations	–19	–15
Total	**–164**	**–170**

Goodwill impairment		
Northern Europe	–	–111
Total	**–**	**–111**

Other items not included in cash flow		
Northern Europe	8	–46
Central Europe	6	5
Western Europe	–1	–4
Group-wide/eliminations	2	0
Total	**15**	**–45**

Participations in associated companies and joint ventures, by region		
Northern Europe	–4	3
Total	**–4**	**3**

SEK M	Group 2015	2014
Revenues by service line		
Credit Management	4,194	3,844
Financial Services	2,423	2,173
Elimination of inter-service line revenue	–989	–833
Total	**5,628**	**5,184**

Revenues from external clients by service line		
Credit Management	3,205	3,011
Financial Services	2,423	2,173
Total	**5,628**	**5,184**

Operating earnings by service line		
Credit Management	1,049	912
Financial Services	1,345	1,159
Common costs	–770	–641
Total	**1,624**	**1,430**

No individual client generates more than two percent of the Group's total revenues.

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

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

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

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

NOTE 3: Net revenues and expenses

Net revenues		Group	Parent Company	
SEK M	2015	2014	2015	2014
Collection fees, commissions and debtors fees	2,834	2,673	–	–
Subscription income	70	72	–	–
Collections on purchased debt	3,802	3,469	–	–
Amortization of purchased debt	–1,526	–1,430	–	–
Revaluation purchased debt	31	35	–	–
Revenues from payment guarantees	29	36	–	–
Income from Group companies	–	–	102	92
Other income	388	329	–	–
Total	**5,628**	**5,184**	**102**	**92**

The revenues from Purchase Debt consists of collected amounts less amortizations, i.e. the reductions of the portfolio's carrying value. See also Note 14.

Costs Group Parent Company				
SEK M	2015	2014	2015	2014
Personnel costs	–1,971	–1,865	–145	–131
Amortization, depreciation and impairment	–164	–281	–	–
Other expenses	–1,869	–1,608	–24	–21
Total	**–4,004**	**–3,754**	**–169**	**–152**

NOTE 4: Amortization, depreciation and impairment

		Group	Parent Company	
SEK M	2015	2014	2015	2014
Capitalized expenses for IT development	–79	–97	0	0
Client relationships	–13	–6	–	–
Other intangible fixed assets	–30	–29	–	–
Computer hardware	–15	–15	–	–
Other tangible fixed assets	–27	–23	0	0
Goodwill impairment	–	–111	–	–
Total	**–164**	**–281**	**0**	**0**

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

		Group	Parent Company	
SEK M	2015	2014	2015	2014
Cost of sales	–143	–157	–	–
Sales and marketing expenses	–2	–2	–	–
Administrative expenses	–19	–11	0	0
Goodwill impairment	–	–111	–	–
Total	**–164**	**–281**	**0**	**0**

NOTE 5: Participations in earnings of associated companies and joint ventures

		Group
SEK M	2015	2014
Joint ventures		
EE-DF AG, Zug (Switzerland)	–	3
Avarda AB (Sweden)	–4	0
Total participations in earnings	**–4**	**3**

NOTE 6: Financial income

		Group	Parent Company	
SEK M	2015	2014	2015	2014
Interest income from Group companies	–	–	92	119
Other interest income	11	13	8	8
Dividends from Group companies	–	–	1,285	519
Total	**11**	**13**	**1,385**	**646**

All interest income is attributable to items that are not carried at fair value in the income statement.

The operating earnings include interest income attributable to purchased debt amounting to SEK 2,276 M (2,039), defined as the difference between the year's collected amount and amortization for the year. Amortization comprises the portion of the cost of the portfolio that, owing to allocation under the effective interest method, accrues over the current year.

The item Dividends from Group companies includes Group contributions received from subsidiaries in Sweden in the amount of SEK 221 M (303), and an anticipated dividend from the subsidiary, Intrum Justitia International AB of SEK 1,000 M (0).

NOTE 7: Interest expenses and similar items

		Group	Parent Company	
SEK M	2015	2014	2015	2014
Interest expenses to Group companies	–	–	–8	–12
Interest expenses	–133	–166	–131	–150
Translation differences	–5	1	–2	3
Amortization and impairment of capitalized borrowing costs	–25	–11	–25	–11
Expensed shareholder contributions to subsidiaries	–	–	–48	–198
Impairment of shares in subsidiaries	–	–	–	–100
Other financial expenses	–15	–20	–14	–16
Total	**–178**	**–196**	**–228**	**–484**

All interest expenses pertain to items not carried at fair value in the income statement.

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

NOTE 8: Taxes

The tax expense for the year breaks down as follows:

SEK M	2015	Group 2014
Current tax		
Tax expense attributable to earnings for the year	–195	–173
Tax attributable to settled tax disputes	0	18
Other tax adjustments attributable to previous years	2	4
Deferred tax		
Deferred tax related to temporary differences	–92	–29
Deferred tax expense attributable to previously capitalized tax value in tax-loss carryforwards	0	–26
Total	**–285**	**–206**

During the year, no taxes were recognized for discontinued operations, not for capital gains.

The Group has operations in some 20 countries in Europe, with various tax rates. The current tax expense for the year mainly relates to income taxes in Switzerland, France, Sweden, Norway, Finland and the Czech Republic. However, several of the Group's Swedish companies paid no income tax for the relevant year as they were able to utilize tax-loss carryforwards from historic losses.

Intrum Justitia AB is domiciled in Sweden where the nominal corporate tax rate in 2014 and 2015 was 22 percent. The following reconciliation explains the difference between the Group's actual tax cost and the expected tax cost taking the Swedish corporate tax rate into account:

				Group
		2015		2014
Reconciliation	SEK M	%	SEK M	%
Earnings before tax	1,456		1,247	
Income tax calculated at standard rate in Sweden, 22.0 percent	**–320**	**22.0**	**–274**	**22.0**
Effect of different tax rates in other countries	20	–1.4	30	–2.4
Tax effect of tax-exempt income and non-deductible expenses	–10	0.7	–16	1.3
Unrecognized tax assets pertaining to tax-loss carryforwards	–14	1.0	–66	5.3
Utilized previously unrecognized tax assets pertaining to tax-loss carryforwards	27	–2.0	89	–7.1
Adjustments to previous years and other	12	–0.7	31	–2.6
Total tax on net earnings for the year	**–285**	**19.6**	**–206**	**16.5**

Unrecognized tax assets regarding tax-loss carryforwards relate to the negative tax effect during the year attributable to losses in countries where no deferred tax asset is recognized because it is not sufficiently probable that enough taxable profit will arise within the foreseeable future. Utilized previously unrecognized tax assets pertaining to tax-loss carryforwards relate to the positive tax effect over the year arising through the utilization of tax-loss carryforwards never previously recognized as deferred tax assets. Adjustments for previous years and other items include resolved tax disputes in 2014.

Corresponding reconciliation for the Parent Company:

				Parent Company
		2015		2014
Reconciliation	SEK M	%	SEK M	%
Earnings after financial items	1,090		102	
Income tax calculated at standard rates in Sweden, 22.0 percent	**–240**	**22.0**	**–22**	**22.0**
Tax effect of tax-exempt income and non-deductible expenses	232	–21.3	–19	18.6
Effect on deferred tax assets of change in tax rate in Sweden	8	–0.7	41	–40.6
Adjustments to previous years and other	0	0.0	–19	18.6
Total tax on net earnings for the year	**0**	**0.0**	**–19**	**18.6**

Tax-exempt income and non-deductible expenses in the Parent Company consist primarily of dividends from subsidiaries, impairment of shares in connection with shareholder contributions, as well as impairment in 2014 of shares in subsidiaries. For 2014, Adjustments to previous years and other concerns a tax surcharge paid that related to the 2009 income year. The Parent Company has accumulated tax-loss carryforwards of SEK 852 M (1,037) at year-end as a result of both income items and unrealized translation differences recognized in other comprehensive income.

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 mainly arise for purchased debt, provisions for pensions and intangible assets. Deferred tax assets include the value of tax-loss carryforwards in the instances where they are likely to be utilized to offset taxable surpluses within the foreseeable future.

		2015		2014
Group SEK M	Asset/ liability	Income/ expense	Asset/ liability	Income/ expense
Legal expenses	–2	0	–2	0
Purchased debt	–487	–75	–388	–41
Intangible assets	–31	–21	–7	5
Tax-loss carryforwards	0	0	0	–26
Provisions for pensions	27	9	34	0
Other	4	–5	8	7
Total	**–489**	**–92**	**–355**	**–55**
Deferred tax assets	33	44	35	22
Deferred tax liabilities	–522	–136	–390	–77
Total	**–489**	**–92**	**–355**	**–55**

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

The Group has tax-loss carryforwards that can be utilized against future earnings totaling SEK 1,731 M (1,776). In the calculation of deferred tax liabilities attributable to temporary differences in the recognition of purchased receivables, however, SEK 94 M (102) has been subtracted, corresponding to a cautiously calculated option to offset the deferred tax liabilities against tax losses in the same country.

Tax-loss carryforwards in countries with maturities for the utilization of those carryforwards relate to Poland with SEK 5 M (48), the Netherlands with SEK 150 M (50) and Slovakia with SEK 4 M (3). In Poland, the tax-loss carryforwards can be utilized only for a period of five years from the year of the loss, in the Netherlands for nine years and in Slovakia for four years. No deferred tax assets are recognized for the tax-loss carryforwards in these three countries.

Loss carryforwards for which no deferred tax assets are recognized pertain mainly to Sweden with SEK 852 M (1,037) and the UK with SEK 381 M (371). Most of the tax-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

Cont. Note 8

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

Tax expenses recognized in other comprehensive income over the year amounted to SEK 8 M (28). No tax has been recognized directly against equity.

NOTE 9: Earnings per share

		Group
	2015	2014
Net earnings for the year attributable to Parent Company's shareholders (SEK M)	1,164	1,031
Number of shares outstanding at beginning of year	73,847,534	78,546,878
Share repurchases	–1,499,808	–4,699,344
Number of shares outstanding at year-end	**72,347,726**	**73,847,534**
Weighted average no. of shares during the year before and after dilution	73,096,665	76,461,901
Earnings per share before and after dilution (SEK)	15.92	13.48

In accordance with the Board's proposal, the 2014 and 2015 Annual General Meetings resolved to authorize the Board, in the period until the relevant subsequent AGM, to acquire and transfer the company's own shares on the Nasdaq Stockholm exchange. The company's holding of treasury shares may not at any time exceed 10 percent of the total number of shares in the company. Over the year, 1,499,808 shares (4,699,344) shares were repurchased in accordance with decisions by the Board of Directors for SEK 400 M (968).

NOTE 10: Intangible fixed assets

		Group		Parent Company
SEK M	2015	2014	2015	2014
Goodwill				
Acquisition cost, opening balance	2,719	2,542	–	–
Acquisitions for the year	140	150	–	–
Impairment for the year	–	–111	–	–
Translation differences	–49	138	–	–
Carrying values	**2,810**	**2,719**	**0**	**0**

		Group		Parent Company
SEK M	2015	2014	2015	2014
Acquisition cost, opening balance	996	918	5	5
Capitalized expenditures for the year	70	58	0	0
Disposals	–9	–29	0	0
Reclassification	3	–3	–	–
Purchased via acquisition	0	3	–	–
Translation differences	–24	49	–	–
Accumulated acquisition cost, closing balance	**1,036**	**996**	**5**	**5**
Accumulated depreciation/amortization, opening balance	–802	–701	–5	–5
Disposals	10	29	–	–
Reclassification	–2	1	–	–
Depreciation/amortization for the year	–79	–91	0	–
Translation differences	19	–40	–	–
Accumulated depreciation/ amortization, closing balance	**–854**	**–802**	**–5**	**–5**
Impairments, opening balance	–23	–17	–	–
Impairments for the year	0	–6		
Accumulated impairment, closing balance	**–23**	**–23**	**0**	**0**
Carrying values	**159**	**171**	**0**	**0**

		Group		Parent Company
SEK M	2015	2014	2015	2014
Client relationships				
Acquisition cost, opening balance	145	124	–	–
Reclassification	0	–11	–	–
Purchased via acquisition	36	23	–	–
Translation differences	–5	9	–	–
Accumulated acquisition cost, closing balance	**176**	**145**	**0**	**0**
Accumulated depreciation/amortization, opening balance	–108	–97	–	–
Depreciation/amortization for the year	–13	–6	–	–
Translation differences	6	–5	–	–
Accumulated depreciation/ amortization, closing balance	**–115**	**–108**	**0**	**0**
Carrying values	**61**	**37**	**0**	**0**

		Group		Parent Company
SEK M	2015	2014	2015	2014
Other intangible fixed assets				
Acquisition cost, opening balance	174	128	–	–
Capitalized expenditures for the year	40	35	–	–
Translation differences	1	11	–	–
Accumulated acquisition cost, closing balance	**215**	**174**	**0**	**0**

Cont. Note 10

SEK M	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Depreciation/amortization for the year	–30	–25	–	–
Translation differences	–2	–10	–	–
Accumulated depreciation/ amortization, closing balance	**–143**	**–111**	**0**	**0**
Impairments, opening balance	–4	–	–	–
Impairments for the year	0	–4	–	–
Accumulated impairment, closing balance	**–4**	**–4**	**0**	**0**
Carrying value	**68**	**59**	**0**	**0**

Payments during the year regarding investments in intangible fixed assets amounted to SEK 105 M (90) for the Group.

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

Impairment testing for cash-generating units containing goodwill

In 2015, the Group treated 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	2015	2014
Northern Europe	1,482	1,535
Central Europe	415	368
Western Europe	913	816
Total	**2,810**	**2,719**

Impairment testing of goodwill for each cash-generating unit was done prior to preparation of the annual accounts. The recoverable amount is determined through an estimation of its value in use. For each cash-generating unit, management has compiled a projection of annual future cash flows based on historical experience and the company's own plans and estimates for the future. The calculation is based on a detailed forecast for the years 2016–2018 and thereafter an annual increase of 1 percent. The cash flows have been discounted to present value applying the Group's weighted average cost of capital, which is estimated at 6.5 percent (8.0) per year before tax, corresponding to 5.2 percent (6.2) 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.

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 2017, annual revenue growth of 4 percent (10) is assumed, and for 2018, 2 percent (10), with each SEK 1,000 in increased revenue being assumed to result in an increase in working capital of SEK 250 (300), that is, an "incremental increase in earnings" of 25 percent (30). For the period after 2018, perpetual growth in cash flow of 2 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.

Sensitivity analysis

A sensitivity analysis has been performed, in which cash flows have been discounted at 8 percent interest after tax and an eternal growth of only 1 percent was assumed. Even with these assumptions, the impairment testing did not indicate any need to recognize impairment in goodwill for any of the three regions.

NOTE 11: Tangible fixed assets

SEK M	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Computer hardware				
Acquisition cost, opening balance	214	191	1	1
Investments for the year	16	21	–	–
Sales and disposals	–5	–12	–	–
Reclassification		1	–	–
Purchased via acquisition		2	–	–
Translation differences	–7	11	–	–
Accumulated acquisition cost, closing balance	**218**	**214**	**1**	**1**
Accumulated depreciation/ amortization, opening balance	–174	–160	–1	–1
Sales and disposals	4	11	–	–
Reclassification	–	–1	–	–
Purchased via acquisition	–	–1	–	–
Depreciation/amortization for the year	–15	–15	0	0
Translation differences	5	–8	–	–
Accumulated depreciation/amortization, closing balance	**–180**	**–174**	**–1**	**–1**
Carrying values	**38**	**40**	**0**	**0**

Other tangible fixed assets				
Acquisition cost, opening balance	286	249	2	2
Investments for the year	17	33	0	0
Sales and disposals	–11	–13	–	–
Reclassification	–	1	–	–
Purchased via acquisition	5	2	–	–
Translation differences	–1	14	–	–
Accumulated acquisition cost, closing balance	**296**	**286**	**2**	**2**
Accumulated depreciation/ amortization, opening balance	–199	–175	–2	–2
Sales and disposals	10	13	–	–
Reclassification	–	–1	–	–
Purchased via acquisition	–	–1	–	–
Depreciation/amortization for the year	–27	–23	0	0
Translation differences	0	–12	–	–
Accumulated depreciation/amortization, closing balance	**–216**	**–199**	**–2**	**–2**
Carrying values	**80**	**87**	**0**	**0**

Disbursements during the year regarding investments in intangible fixed assets for the Group amounted to SEK 30 M (52).

NOTE 12: Group companies

SEK M	No. of shares	2015	2014
Intrum Justitia A/S, Denmark	40	188	188
Intrum Justitia AS, Estonia	430	1	1
Intrum Justitia Finans AB	66,050,000	75	66
Intrum Justitia Oy, Finland	14,000	1,649	1,649
Intrum Justitia SAS, France	5,000	345	345
Intrum Justitia SpA, Italy	600,000	50	50
Intrum Justitia SDC SIA, Latvia	2,000	0	0
Intrum Justitia BV, Netherlands	40	377	377
Fair Pay Please AS, Norway	5,000	264	264
Intrum Justitia Portugal Unipessoal Lda, Portugal	68,585	71	71
Intrum Justitia AG, Switzerland	7,000	942	942
Intrum Justitia Ibérica S.A.U, Spain	600,000	73	73
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		**6,322**	**6,313**

	2015	2014
Opening balance	6,313	6,413
Capital contributions paid	9	0
Impairment of shares in subsidiaries	0	–100
Closing balance	**6,322**	**6,313**

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

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

Subsidiaries of Intrum Justitia AB and their subsidiaries in the same country	Corporate identity no.	Domicile	Equity share
AUSTRIA			
Intrum Justitia GmbH	FN 48800s	Vienna	100%
Schimmelpfeng Auskunftei GmbH	FN 105105t	Vienna	100%
ESTONIA			
Intrum Justitia AS	10036074	Tallinn	100%
FINLAND			
Intrum Justitia Oy	FI 14702468	Helsinki	100%
Intrum Rahoitus Oy	FI 25086904	Helsinki	100%
FRANCE			
Intrum Justitia SAS	B322 760 497	Lyon	100%
IJCOF Corporate SAS	B797 546 769	Lyon	58%
IJCOF SAS	B518 528 769	Lyon	100%
Socogestion SAS	B414 613 539	Lyon	100%
Cabinet PPN SAS	B380 637 405	Vernon	90%
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%
NETHERLANDS			
Intrum Justitia BV	33.273.472	Schiphol-Rijk	100%
NORWAY			
Fair Pay Please AS	979 683 529	Oslo	100%
Intrum Justitia AS	848 579 122	Oslo	100%
Intrum Justitia Finans AS	913,953,517	Oslo	100%
PORTUGAL			
Intrum Justitia Portugal Unipessoal Lda.	7318	Lisbon	100%
Logicomer Gestão e Recuperação de Créditos SA	504 027 794	Porto	100%
SPAIN			
Intrum Justitia Ibérica S.A.U.	A28923712	Madrid	100%
LGP Recuperaciones y Gestiones de Insolvecias Logi comer SL	B84825678	Santander	100%
SWEDEN			
Intrum Justitia Sverige AB	556134-1248	Stockholm	100%
Intrum Justitia International AB	556570-1181	Stockholm	100%
Intrum Justitia Finans AB	556885-5265	Stockholm	100%
SWITZERLAND			
Intrum Justitia AG	CH-020.3.020.656-9	Zurich	100%
Inkasso Med AG	CH-020.3.913.313-8	Zurich	70%
Byjuno AG	CH-020.3.921.420-2	Zug	100%
Intrum Justitia Finance Service AG	CH-020.3.912.665-1	Zurich	100%
Intrum Justitia Brugg AG	CHE-109.437.651	Brugg	100%
UNITED KINGDOM			
Collector Services Ltd	3515447	Liverpool	100%
Intrum Justitia (Holdings) Ltd	1356148	Liverpool	100%
Intrum Justitia Ltd	1918920	Liverpool	100%

Cont. Note 12

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

Subsidiaries of Intrum Justitia International AB	Corporate identity no.	Domicile	Share of capital
MAURITIUS			
ICC International Collection Center Ltd	127206	Port Louis	100%
SWEDEN			
Fair Pay Management AB	556239-1655	Stockholm	100%
Fair Pay Please AB	556259-8606	Stockholm	100%
SWITZERLAND			
Intrum Justitia Debt Finance AG	CHE-100.023.266	Zug	100%
Intrum Justitia Debt Finance Domestic AG	CHE-109.880.638	Zug	100%
Intrum Justitia Licensing AG	CHE-100.749.630	Zug	100%

Subsidiary of Intrum Justitia Debt Finance AG	Corporate identity no.	Domicile	Share of capital
LUXEMBOURG			
LDF65 sarl	B 134749	Sandweiler	100%
IJDF Luxembourg sarl	B 188281	Sandweiler	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 Fair Pay Please AB	Corporate identity no.	Domicile	Share of capital
BELGIUM			
Intrum N.V	BE 0426237301	Ghent	100%
Outsourcing Partners N.V	BE 0466643442	Ghent	100%

Subsidiary of Intrum Justitia BV	Corporate identity no.	Domicile	Share of capital
CZECH REPUBLIC			
Intrum Justitia s.r.o.	25083236	Prague	100%
Intrum Justitia Czech s.r.o.	27221971	Pardubice	100%
HUNGARY			
Intrum Justitia Hitel Ügyintéző Szolgáltatás Kft	01-09-268230	Budapest	100%
Intrum Justitia Követeléskezeló Zrt.	01-10-044857	Budapest	100%
IRELAND			
Intrum Justitia Ireland Ltd	175808	Dublin	100%
Default Investigation (Ireland) Limited	358355	Dublin	100%
NETHERLANDS			
Intrum Justitia Nederland BV	27.134.582	The Hague	100%
Intrum Justitia Data Centre BV	27.306.188	Schipol–Rijk	100%
Buckaroo BV	04.060.983	Utrecht	100%
èM! Payment BV	51.184.990	Utrecht	100%
POLAND			
Intrum Justitia Sp.zo.o.o	521-28-85-709	Warsaw	100%
Kancelaria Prawna Krol i Gajda SK	0000573531	Warsaw	100%
SLOVAKIA			
Intrum Justitia Slovakia s. r. o.	35,831,154	Bratislava	100%

Subsidiaries 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 ItalySrl	08438930961	Milano

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

	Minority interest in shareholders' equity		Minority interests in earnings	
SEK M	**2015**	**2014**	**2015**	**2014**
IJCOF Corporate SAS, France	76	76	6	6
IJCOF SAS, France	–	15	2	4
Cabinet PPN SAS, France	1	–	0	–
Inkasso Med AG, Switzerland	3	2	0	0
Total	**80**	**93**	**8**	**10**

Ellisphère SA is a minority shareholders in IJCOF Corporate SAS and SAS IJCOF. During 2015, however, Intrum Justitia acquired the minority shares in IJCOF SAS. The minority shareholder in Cabinet PPN SAS is L'Apave Parisienne SAS. Ärztekasse Genossenschaft Urdorf AG is a minority shareholder in Inkasso Med AG.

NOTE 13: Shares and participations in joint ventures

		Group		Parent Company	
SEK M	**Corporate identity no.**	**2015**	**2014**	**2015**	**2014**
Joint venture					
Avarda AB, Stockholm	556986-5560	6	–	10	–
Total, joint ventures		**6**	**0**	**10**	**0**

Cont. Note 13

Avarda AB

Avarda AB is a joint venture between Intrum Justitia and TF Bank. Avarda AB's business is to offer e-merchants payment services with customized solutions according to each company's needs. The company has a subsidiary in Finland, Avarda Oy.

There are 2,000 shares outstanding in Avarda AB, of which Intrum Justitia owns 980.

Combined, Intrum Justitia and TF Bank have a controlling interest in Avarda and Intrum Justitia reports the holding as a joint venture according to the equity method.

Summary of financial information for the Avarda Group:

SEK M	
Income statement	**2015**
Operating earnings	**–10**
Taxes	2
Net earnings for the year	**–8**

SEK M	
Balance sheet	**2015**
Fixed assets	4
Current assets	11
Total assets	**15**
Shareholders' equity	13
Current liabilities	2
Total equity and liabilities	**15**

NOTE 14: Purchased debt

	Group	
SEK M	**2015**	**2014**
Acquisition cost, opening balance	14,989	12,334
Purchase of debts	2,366	1,661
Reclassification	0	6
Purchased via acquisition	62	276
Translation differences	–501	712
Accumulated acquisition cost, closing balance	**16,916**	**14,989**
Amortization, opening balance	–8,792	–6,923
Amortizations and revaluations for the year	–1,495	–1,395
Reclassification	0	4
Translation differences	398	-478
Accumulated amortization, closing balance	**-9,889**	**–8,792**
Carrying values	**7,027**	**6,197**

	Group	
SEK M	**2015**	**2014**
Amortizations and revaluations for the year		
Time and interest component	–1,526	–1,430
Revaluation in connection with changes in expectations in projections of future cash flows	393	262
Impairment in connection with changes in expectations in projections of future cash flows	–362	–227
Total amortizations and revaluations for the year	**–1,495**	**–1,395**

Payments during the year for investments in purchased debt amounted to SEK 2,186 M (1,950).

For a description of Intrum Justitia's accounting principles for purchased debt, see Note 1, page 52.

NOTE 15: Other long-term receivables

	Group	
SEK M	**2015**	**2014**
Deposits	5	5
Receivable for purchase consideration for shares in associated companies	4	3
Interest-bearing loans receivables	2	9
Total	**11**	**17**
Opening balances	18	7
Paid	0	12
Repaid	–6	–1
Closing balance	**12**	**18**
Accumulated impairment, opening balance	–1	–1
Accumulated impairment, closing balance	**–1**	**–1**
Carrying values	**11**	**17**

NOTE 16: Accounts receivable

	Group		Parent Company	
SEK M	**2015**	**2014**	**2015**	**2014**
Non-delinquent receivables	175	189	0	0
Accounts receivable < 30 days overdue	58	64	–	–
Accounts receivable 30-60 days overdue	18	19	–	–
Accounts receivable 61<90 days overdue	13	10	–	–
Accounts receivable > 90 days overdue	44	51	–	–
Total accounts receivable	**308**	**333**	**0**	**0**
Accumulated reserve for impaired receivables, opening balance	–26	–24	0	0
Reserve for impaired receivables for the year	–11	–12	–	–
Realized client losses for the year	7	9	–	–
Withdrawals from reserve for impaired accounts receivable for the year	7	2	–	–
Translation difference	1	–1	–	–
Accumulated reserve for impaired receivables, closing balance	**–23**	**–26**	**0**	**0**
Carrying values	**285**	**307**	**0**	**0**

The reserve for impaired receivables relates primarily to receivables overdue by more than 90 days.

See also Note 34.

NOTE 17: Other receivables

SEK M	2015	Group 2014	Parent Company 2015	2014
Outlays on behalf of clients	68	78	–	–
Less: reserve for uncertainty in outlays on behalf of clients	–9	–9	–	–
Total	**59**	**69**	–	–
Factoring receivables	178	138	–	–
Acquired VAT refund claims on purchased debt	73	167	–	–
To be recovered from Netherlands bailiffs	80	105	–	–
Other	120	154	3	2
Total	**451**	**564**	**3**	**2**
Carrying values	**510**	**633**	**3**	**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.

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

NOTE 18: Prepaid expenses and accrued income

SEK M	2015	Group 2014	Parent Company 2015	2014
Prepaid expenses and accrued expenses				
Prepaid rent	14	14	0	0
Prepaid insurance premiums	3	1	1	1
Prepaid expenses for purchased debt	53	9	0	0
Accrued income	71	62	0	0
Derivatives with positive value	8	43	8	43
Other	30	28	4	4
Carrying values	**180**	**157**	**13**	**48**

NOTE 19: Cash and cash equivalents

SEK M	2015	Group 2014	Parent Company 2015	2014
Cash and bank balances	248	237	35	5
Restricted bank accounts	17	29	2	7
Total	**265**	**266**	**37**	**12**

NOTE 20: Shareholders' equity

Share capital

According to the Articles of Association of Intrum Justitia AB (publ), the company's share capital will amount to not less than SEK 1,300,000 and not more than SEK 5,200,000. All shares are fully paid in, carry equal voting rights and share equally in the company's assets and earnings. No shares are reserved for transfer.

There are 73,421,328 shares in the company, and the share capital amounts to SEK 1,594,893.02.

Share repurchase

During the year 1,499,808 shares were repurchased (4,699,344) for SEK 400 M (968). The amount for the repurchased shares is recognized as a reduction of retained earnings. The Board's intention is to reduce the share capital by canceling the shares that are repurchased. In accordance with the resolution by the Annual General Meeting in April 2015, the 3,939,616 shares repurchased between January 2014 and March 2015 were canceled and the number of registered shares in the company fell from 77,360,944 to 73,421,328. The share capital was reduced by SEK 81,220, but was immediately restored through a bonus issue and transfer from retained earnings.

The 1,073,602 shares repurchased in April-December 2015 represent the company's treasury holding as of the balance sheet date. Consequently, excluding treasury shares, 72,347,726 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 statements from foreign operations as well as long-term intra-Group receivables and liabilities that represent an increase or decrease in the Group's net investment in the foreign operations. The amount also includes exchange rate differences arising in the Parent Company's external loans in foreign currency, which are intended to hedge the Group's translation exposure attributable to net assets in foreign subsidiaries.

Retained earnings including net earnings for the year

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

Following the balance sheet date the Board of Directors proposed a dividend of SEK 8.25 per share (7.00), or a total estimated payout of SEK 597 M (514), calculated on the number of shares outstanding, excluding treasury holdings, as per December 31, 2015.

Cont.Note 20

Other shareholders' equity in the Parent Company

Statutory reserve

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

Share premium reserve

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

Fair value reserve

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

Earnings brought forward

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

Capital structure

The company's definition of capital corresponds to shareholders' equity including holdings without a controlling interest, which at year-end totaled SEK 3,166 M (3,041).

The measure of the Group's capital structure applied for control purposes is consolidated net debt divided by earnings before interests, taxes, depreciation, amortization and Purchased Debt revaluations (EBITDA).

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 EBITDA, on a rolling 12-month basis, should be between 2.0 and 3.0.

On December 31, 2015, this key figure amounted to 1.8 (1.9), that is, lower than the targeted interval

NOTE 21: Pensions

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

Group employees in Norway and Switzerland are covered by pension plans funded through assets under the management of insurance companies and are reported as defined benefit pension plans. Employees in Germany are covered by an unfunded defined benefit pension plan that can be paid out as a one-time sum or as monthly payments following retirement. In France and Italy, the company makes provisions for one-time payments made to employees on retirement, and these provisions are also reported according to the rules for defined benefit pension plans. In Belgium and Sweden, there are pension plans, funded through insurance, which theoretically should have been reported as defined benefit plans, but which are recognized as defined contribution plans since the company lacks sufficient data to report them as defined benefit plans. See also below regarding the ITP 2 plan.

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

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

	Group	
SEK M	**2015**	**2014**
Present value of fully or partly funded obligations	338	269
Fair value of plan assets	–233	–205
Deficit in the plan	**105**	**64**
Present value of unfunded obligations	69	69
Total provisions for pensions	**174**	**133**

Changes in net obligation:

	Group	
SEK M	**2015**	**2014**
Opening balance	133	102
Costs for employment in current period	20	12
Interest expense	3	3
Pensions paid	–18	–14
Pension provisions in acquired operations	4	–
Remeasurements	33	24
Translation differences	–1	6
Closing balance	**174**	**133**

Reconciliation of fair value of plan assets:

	Group	
SEK M	**2015**	**2014**
Opening balance	205	182
Fees paid	41	50
Compensation paid	–33	–40
Interest revenue	4	4
Plan assets in acquired operations	11	–
Remeasurements	1	0
Translation differences	4	9
Closing balance	**233**	**205**

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

	Group	
SEK M	**2015**	**2014**
Costs for employment in current period	20	12
Net interest income/expense	3	3
Total pension cost in earnings for the year	**23**	**15**

Costs for employment in the current period are reported in operating earnings. Net interest income/expense is reported under net financial items. Remeasurements of the pension liability are included in other comprehensive income in the negative amount of SEK 33 M (24) before tax.

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

	Group	
%	**2015**	**2014**
Discount rate	0.75–2.20	1.50–2.70
Assumed rate of increase in compensation	1.0–2.5	1.0–3.2
Assumed return on plan assets	1.0-1.9	2.0–2.7
Assumed pension increases	0.0–3.0	0.0–3.0
Future adjustment to social security base	2.25–4.20	3.0–4.5

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

Cont.Note 21

Funded defined benefit pension plans

For Group employees in Switzerland, commitments exist in the form of compulsory 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 268 M (202), and the fair value of the assets under management is SEK 181 M (148). Consequently, the net pension liability is SEK 87 M (54). The pension commitment is funded through insurance contracts. During the year Intrum Justitia paid SEK 15 M (11) to the plan, while disbursements to retirees amounted to SEK 32 M (39). In 2016 payments to the plan are estimated at SEK 14 M, with disbursements to retirees of SEK 15 M. For these pension plans, a discount rate of 0.75 percent is applied. An increase/decrease in the discount rate by 0.5 percentage points would entail the pension liability decreasing by 8.8 percent/increasing by 10.2 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 70 M (68), and the fair value of the assets under management is SEK 52 M (57). Consequently, the net pension liability is SEK 18 M (11). The pension commitment is funded through insurance contracts. During the year Intrum Justitia paid SEK 1 M (1) to the plan, while disbursements to retirees amounted to SEK 2 M (1). Even in 2016, payments to the plan are estimated at SEK 1 M, with disbursements to retirees of SEK 1 M. For these pension plans, a discount rate of 1.9 percent is applied.

ITP 2 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 2 plan. According to a statement from the Swedish Financial Reporting Board, UFR 10, the ITP 2 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 2 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 amounted to 153 percent (143). The collective funding ratio consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which do not conform to IAS 19.

Under the provisions of the ITP 2 plan, measures must be taken if the funding ratio falls below 125 percent (for example, in connection with an increase in the price of the subscription) or exceed 155 percent (for example, in connection with a premium reduction).

NOTE 22: Other provisions

	Group	
SEK M	**2015**	**2014**
Opening balances	3	3
Closing balances	**3**	**3**

Long-term provisions are expected to be settled later than in 2016.

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

NOTE 23: Borrowing

	Group		Parent Company	
SEK M	**2015**	**2014**	**2015**	**2014**
Long-term liabilities				
Bank loans	2,340	1,727	2,340	1,726
Bond loan	3,124	3,231	3,124	3,232
Current liabilities				
Commercial papers	635	728	635	728
Bank overdraft facilities	16	85	16	85
Short-term liabilities	1	–	–	–
Total	**6,117**	**5,771**	**6,115**	**5,771**

Intrum Justitia AB signed a three-year syndicated loan facility totaling SEK 7,500 M with Nordea Bank AB and Swedbank on December 23, 2015, to replace the previous one from 2014. The loan limit of SEK 7,500 M can be utilized for borrowing in a number of different currencies.

During 2015, Intrum Justitia AB issued no bonds under the Company's MTN program, compared to SEK 1,000 M in the preceding year.

On December 31, 2015, the loan framework had been utilized for loans in SEK totaling SEK 500 M (0), in CHF totaling CHF 5 M (12), in EUR totaling EUR 115 M (75), in NOK totaling NOK 250 M (200) and in PLN totaling PLN 240 M (330). The unutilized portion of the facilities amounted to SEK 5,141 M (3,250).

The loan carries a variable interest rate based on the interbank rate in each currency, with a margin. The loan facility contains a number of operations-related and financial covenants, including limits on certain financial indicators. All such conditions were met throughout 2015 and on December 31, 2015. 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 2015, Intrum Justitia also issued a commercial paper that, at the end of the year, amounted to SEK 635 M (728).

	Group		Parent Company	
SEK M	**2015**	**2014**	**2015**	**2014**
Maturities of long-term bank borrowings				
Between 1 and 2 years	1,034	–	1,034	–
Between 2 and 3 years	1,852	1,760	1,851	1,760
Between 3 and 4 years	1,799	1,799	1,798	1,799
Between 4 and 5 years	779	1,399	779	1,399
Total	**5,464**	**4,958**	**5,464**	**4,958**
Unused lines of credit excluding guarantee facility				
Expiring within one year	–	–	–	–
Expiring beyond one year	5,141	3,250	5,141	3,250
Total	**5,141**	3,250	**5,141**	3,250

NOTE 24: Accrued expenses and prepaid income

	Group		Parent Company	
SEK M	2015	2014	2015	2014
Accrued social security expenses	70	75	19	18
Accrued vacation pay	110	107	10	10
Accrued bonus cost	157	150	34	40
Prepaid subscription revenues	39	40	–	–
Provisions for losses on payment guarantees	3	39	–	–
Accrued interest	6	45	5	44
Provision for expenses to pay to bailiffs in the Netherlands	20	36	–	–
Other accrued expenses	293	297	47	22
Total	**698**	**789**	**115**	**134**

NOTE 25: Pledged assets, contingent assets and contingent liabilities

	Group		Parent Company	
SEK M	2015	2014	2015	2014
Pledged assets				
Deposits	2	3	–	–
Restricted bank accounts	17	29	2	7
Total	**19**	**32**	**2**	**7**
Contingent assets	None	None	None	None
Contingent liabilities				
Payment guarantees	230	1,961	–	–
Total	**230**	**1,961**	**0**	**0**

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

The Group offers services whereby clients, against payment, obtain a guarantee from Intrum Justitia regarding the clients' receivables from their customers. This entails a risk being incurred that Intrum Justitia must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes into play, Intrum Justitia assumes the client's claim against its customer and takes over the continued handling of the case within the Purchased Debt area of operations. The total guarantee at year-end amounted to SEK 230 M (1,961), of which receivables overdue by more than 30 days amounted to SEK 99 M (63). The change compared to previous year is attributable to changed volumes. Intrum Justitia's risk in this business is managed through strict credit limits and analyses of card applicants' credit status. As of year-end Intrum Justitia had allocated SEK 3 M (22) in the balance sheet to cover payments that may arise due to the guarantee.

Other

When Intrum Justitia acquired the Dutch subsidiary Buckaroo BV in 2012, a potential additional purchase consideration for the sellers was agreed upon, to be paid out based on the achieved earnings in the company for the years 2012–2014. Additional purchase consideration has only partly been paid out. One of the sellers sued Intrum Justitia and a few of its employees in 2015, demanding further payments of additional purchase consideration. The demand is explained by an allegation that Intrum Justitia's behavior would have induced lower than expected earnings in Buckaroo, and thereby a lower additional purchase consideration. Intrum Justitia contests all demands and has not posted any accrual or provision for this dispute.

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			
	2015		2014		2015		2014	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Austria	13	25	13	25	–	–	–	–
Belgium	44	52	44	47	–	–	–	–
Czech Republic	36	55	52	37	–	–	–	–
Denmark	32	68	20	43	–	–	–	–
Estonia	6	27	6	26	–	–	–	–
Finland	83	333	101	285	–	–	–	–
France	177	484	173	469	–	–	–	–
Germany	41	95	45	95	–	–	–	–
Hungary	61	140	51	115	–	–	–	–
Ireland	23	40	18	44	–	–	–	–
Italy	35	87	50	100	–	–	–	–
Latvia	83	27	85	29	–	–	–	–
Luxembourg	1	1	2	0	–	–	–	–
Mauritius	6	13	0	0	–	–	–	–
Netherlands	146	100	153	111	–	–	–	–
Norway	43	65	41	66	–	–	–	–
Poland	112	185	129	220	–	–	–	–
Portugal	29	64	22	59	–	–	–	–
Slovakia	27	53	25	42	–	–	–	–
Spain	59	211	64	228	–	–	–	–
Sweden	162	261	166	277	37	17	35	18
Switzerland	124	116	114	108	–	–	–	–
UK	0	1	0	1	–	–	–	–
Total	**1,343**	**2,503**	**1,374**	**2,427**	**37**	**17**	**35**	**18**
		3,846		**3,801**		**54**		**53**

Of the Group's employees 28 percent are younger than 30 years old, 34 percent are 30–39 years, 23 percent are 40–49 years and 15 percent are 50 years or older.

	2015		2014	
	MEN	WOMEN	MEN	WOMEN
Gender distribution of senior executives				
Board of Directors	5	4	5	2
Group Management Team	8	1	8	1
Country Managers	18	2	13	3
Board members in subsidiaries (percent)	89	11	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

SEK M	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Salaries and other remuneration to Board members, Presidents and Executive Vice Presidents	**87**	**83**	**25**	**18**
Salaries and other remuneration to other employees				
Northern Europe	616	610	–	–
Central Europe	307	263	–	–
Western Europe	389	375	–	–
Head offices and central operations	149	139	74	71
Total salaries and other remuneration, Group	**1,547**	**1,470**	**98**	**89**
Social security costs	424	395	47	42
Of which pension costs	109	101	16	14
Total	**1,971**	**1,865**	**145**	**131**

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

NOTE 28: Terms and conditions of employment for senior executives

Remuneration principles for senior executives

The 2015 Annual General Meeting adopted the following principles of remuneration for senior executives, the President and the members of the Group Management Team. The proposal has been prepared by the Board and its Remuneration Committee. The guidelines contains among other:

Salary and remuneration philosophy

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

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

Short term incentive

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

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

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

Long-term incentive

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

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

Shareholding guidelines

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

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

Miscellaneous

In case of termination of employment by Intrum Justitia, severance payments (if any) will not exceed 12 months' base salary. There are deviations from this in a few existing employment agreements.

If unusual or special reasons are at hand in an individual case, the board reserves the possibility to deviate from these principles.

Role of the Remuneration Committee

The Board of Directors has a Remuneration Committee whose task is to address the Group's remuneration issues on behalf of shareholders and the Board. The Remuneration Committee is responsible for preparing the Group's remuneration guidelines, which include general principles for how salaries and other remunerations are determined, as well as addressing remuneration issues concerning the CEO and Group Management. The Remuneration Committee comprises three Board members. Since the 2015 Annual General Meeting, the Remuneration Committee has consisted of Lars Lundquist (Chairman), Charlotte Strömberg and Magnus Yngen. The CEO and the company's Chief Human Resources Officer are co-opted to the committee's meetings, though not when their own remuneration is discussed.

Terms of employment and remuneration of the CEO

During 2015, Lars Wollung, CEO and President between January and October 2015, received remuneration in accordance with the Group's principles as detailed above. His fixed annual salary for 2015 amounted to SEK 5,650,000 (5,253,000). In addition, he had the opportunity to receive variable compensation up to 200 percent of his base salary, 50 percent within the framework of the short-term variable salary program and 150 percent within the framework of the long-term remuneration program year 2013. In addition to his salary, the company paid pension contributions corresponding to 35 percent of his fixed annual salary. The pension policy is a defined contribution plan and the retirement age is 65 years. He also had a company car in accordance with the Group's car policy, as well as subsidized meals under the same terms as other Group employees in Sweden.

Lars Wollung was required to give six months' notice if he had chosen to leave the company and Intrum Justitia was required to give him 12 months' notice when terminating his employment. On termination by the company, he was also entitled to severance pay equivalent to 12 months' salary, which is considered to be in accordance with the practice for CEOs employed by listed companies in Scandinavia.

Lars Wollung left his position as President and CEO in early November 2015, in accordance with a decision by the Board of Directors, and he thus receives salary during the period of notice as set out in the employment agreement.

Against earnings for 2015 an accrual has been charged for costs related to future payments to Lars Wollung of salary during the notice period and severance pay, totaling 11 MSEK, and 10 MSEK for variable com-

Cont.Note 28

pensation. Furthermore, mainly social security expenses and pension payments for such compensation are charged against the 2015 earnings in the amount of 9 MSEK. The accrual for variable compensation is included in the table below as compensation vested in 2015.

Terms of employment and remuneration for other members of Group Management

During 2015, other members of Group Management also had benefit levels in accordance with the Group's principles as detailed described above. This includes their fixed annual salary and the opportunity to receive variable remuneration of up to 100 percent of their annual salary, of which 50 percent was under the short-term remuneration program and 50 percent under the long-term remuneration program. Pension benefits vary from country to country. In several cases, they are included in monthly salaries. Pension policies are defined contribution plans, and the retirement age is generally 65. Members of Group Management have company cars, in accordance with the Group's car policy. Smaller benefits also occur according to local practice, such as subsidized meals and travel. One member of the Group Management enjoys free housing, since he moved to be able to take up his post.

During the period November 2015–February 2016, the Group's Chief Financial Officer, Erik Forsberg, was the acting CEO and he received a salary supplement of SEK 300,000 in total during this period, in addition to his regular monthly salary.

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.

Remuneration for the year

Other senior executives in the table are defined as members of Group Management (see pages 80–81) other than the CEO. They amount to nine people.

SEK thousands	2015	2014
Senior executives		
Lars Wollung, President and CEO until October 2015		
Basic salary	5,650	5,253
Variable compensation	10,240	9,946
Other benefits	94	101
Pension costs	1,857	1,869
Total Lars Wollung	**17,841**	**17,169**

In 2015 an accrual has been charged against earnings of SEK 11 M for salary during notice period and severance pay, in accordance with the table above.

Other senior executives (nine people)		
Basic salary	22,222	21,015
Variable compensation	13,569	15,199
Other benefits	1,306	1,679
Severance pay	13,113	0
Pension costs	4,073	5,095
Total other senior executives	**54,283**	**42,988**

Amounts given correspond to full compensation for the relevant year, including earned but not yet paid variable remuneration for the relevant year. This entails, for example, that the variable remuneration accrued and expensed by the company in 2014 was disbursed in 2015, while the variable remuneration for 2015 was disbursed in 2016.

No share-based remunerations were paid in 2014 or 2015.

Development of total remuneration over the last years

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

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

In 2014 and 2015, we have reported a strong EPS growth, and we have delivered solid and consistent results relating to our short term financial goals. Reflecting the high value delivered for our shareholders and following our EPS growth, the aggregate variable remuneration payouts for the CEO and Executives have also grown during this period:

	2015	2014	2013	2012
Variable salary, kSEK	23,809	25,145	27,058	10,160
Earnings per share, SEK	15.92	13.48	10.30	7.32
Change in variable salary, year-on-year	–5%	–7%	66%	0%
Change in EPS, year-on-year	18%	31%	41%	6%

The total variable remuneration payout for 2014 and 2015 are lower than for 2013 as the number of senior executives who were eligible for payouts in 2014 and 2015 was less, due to departures.

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 3,605,000. 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.

SEK thousands	2015	2014
Board fees		
Lars Lundquist, Chairman	945	920
Matts Ekman	530	520
Joakim Rubin	–	430
Charlotte Strömberg	440	350
Synnöve Trygg	445	435
Fredrik Trägårdh	360	435
Ragnhild Wiborg	445	–
Magnus Yngen	440	430
Total Board fees	**3,605**	**3,520**

Board fees pertain to the period from the 2014 Annual General Meeting until the 2015 Annual General Meeting and from the 2015 Annual General Meeting until the 2016 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.

NOTE 29: Fees to auditors

	Group		Parent Company	
SEK M	**2015**	**2014**	**2015**	**2014**
External audit assignments				
Ernst & Young	8	8	1	1
Other assignments				
Ernst & Young review activities beyond the audit assignment	2	1	0	0
Audit assignments, other auditors	0	3	0	0
Total	**10**	**12**	**1**	**1**

NOTE 30: Operational leasing

SEK M	2015	Group 2014	Parent Company 2015	2014
Obligations for rental payments on non-cancelable rental contracts				
Year 1	119	121	1	1
Years 2–4	251	266	1	1
Year 5 and thereafter	135	122	0	0
Total	**505**	**509**	**2**	**2**

Lease costs for operating leases amounted to SEK 134 M (120) during the year, of which SEK 1 M (2) in the Parent Company.

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

NOTE 31: Finance leasing

SEK M	2015	Group 2014
Minimum lease payments and their present value		
Within one year	1	1
Later than one but within five years	0	1
Later than five years	0	0
Total	**1**	**2**

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

NOTE 32: Investing commitments

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

NOTE 33: Financial instruments

SEK M	Group Dec 31, 2015	Dec 31, 2014	Parent Company Dec 31, 2015	Dec 31, 2014
Fair value and carrying value of financial instruments				
Financial assets valued at amortized cost	8,749	8,048	6,969	4,803
Financial assets measured at fair value	8	43	8	43
Financial liabilities valued at amortized cost	8,100	7,585	10,294	9,431
Financial assets valued at fair value	10	7	10	7

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

Financial assets include the balance sheet items: purchased debt, other long-term receivables, accounts receivable, client funds, other current receivables, accrued income, derivatives with positive value, cash and cash equivalents and, for the Parent Company, intra-Group receivables.

The total recognized value of consolidated financial assets amounted to SEK 8,757 M (8,091) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable amounted to SEK 8,749 M (8,048) and financial assets recognized at fair value through profit and loss amounted to SEK 8 M (43).

The total recognized value of the Parent Company's financial assets amounted to SEK 6,977 M (4,846) on the balance sheet date. Financial assets classified as loan receivables and accounts receivable amounted to SEK 6,969 M (4,803) and financial assets recognized at fair value through profit and loss amounted to SEK 8 M (43).

Financial liabilities include the balance sheet items: non-current and current liabilities to credit institutions, bond loans, commercial papers, client funds payable, accounts payable, advances from clients, other current liabilities, accrued expenses, prepaid income and, for the Parent Company, intra-Group liabilities.

The total recognized value of consolidated financial assets amounted to SEK 8,110 M (7,592) on the balance sheet date. Financial liabilities recognized at amortized cost amounted to SEK 8,100 M (7,585) and financial liabilities recognized at fair value amounted to SEK 10 M (7).

The total recognized value of the Parent Company's financial liabilities amounted to SEK 10,304 M (9,438) on the balance sheet date. Financial liabilities recognized at amortized cost amounted to SEK 10,294 M (9,431) and financial liabilities recognized at fair value amounted to SEK 10 M (7).

Purchased debt

Purchased debt is classified as loan receivables and recognized at amortized cost according to an effective interest method. The Group determines the carrying value by calculating the present value of estimated future cash flows at the receivables' original effective interest rate. Revaluations 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 7,027 M (6,197). 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 285 M (307) 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 1,180 M (1,321) on the balance sheet date. The item includes forward exchange contracts valued at SEK 8 M (43), which are classified as assets measured at fair value through profit and loss (held for sale). The remaining SEK 1,172 M (1,278) is classified as loan receivables.

For the Parent Company, other receivables, including receivables from Group companies, amounted to SEK 6,939 M (4,834). The item includes forward exchange contracts valued at SEK 8 M (43), which are classified as assets measured at fair value through profit and loss (held for sale). The remaining SEK 6,931 M (4,791) 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 265 M (266). For the Parent Company, the corresponding amount was SEK 37 M (12) on the balance sheet date.

Liabilities to credit institutions

The Parent Company's and the Group's loan liabilities carry market rate

Cont.Note 33

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 2,356 M (1,812) and for the Parent Company, they amounted to SEK 2,356 M (1,811).

Bond loan
The Parent Company and the Group had bond loans outstanding for a value of SEK 3,124 M (3,231) on the balance sheet date.

Commercial papers
The Parent Company and the Group had commercial papers outstanding for a value of SEK 635 M (728) 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 139 M (159). For the Parent Company, the equivalent amount was SEK 5 (7).

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 1,856 M on the balance sheet date (1,661). The item includes forward exchange contracts for SEK 10 M (7), recognized at fair value through profit and loss (held for sale). Other liabilities, excluding these forward exchange contracts amounted to SEK 1,846 M (1,654).

For the Parent Company, other liabilities amounted to SEK 4,185 M (3,660) on the balance sheet date and included liabilities to Group companies and accrued expenses. Forward exchange contracts are recognized at fair value through profit and loss (held for sale) and amounted to SEK 10 M (7). Other liabilities, excluding these forward exchange contracts amounted to SEK 4,175 M (3,653).

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 6 M (2) that could be offset against debts should the counterparties suspend their payments.

NOTE 34: Financial risks and financial policies

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

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

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

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

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

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

Currency	Dec 31, 2015	Dec 31, 2014	Average 2015	Average 2014
EUR	9.20	9.52	9.36	9.10
CHF	8.51	7.91	8.77	7.49
HUF	0.0293	0.0302	0.0302	0.0295
DKK	1.23	1.28	1.25	1.22
NOK	0.96	1.05	1.05	1.09
PLN	2.17	2.21	2.24	2.17

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

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

Translation exposure
Intrum Justitia operates in around 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	2015	2014
SEK	842	833
EUR	2,838	2,674
CHF	759	597
HUF	380	323
DKK	241	158
NOK	209	226
PLN	181	222
Other currencies	178	151
Total	**5,628**	**5,184**

An appreciation of the Swedish krona of 10 percentage points on average in 2015 against the Euro would thus, all else being equal, have affected revenues by SEK –284 M, against CHF by SEK –76 M, against HUF by SEK –38 M, against DKK by SEK –24 M, against NOK by SEK –21 M and against PLN by SEK –18 M.

Cont.Note 34

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

SEK M	2015	2014
SEK	551	1,189
EUR	5,377	4,696
– less EUR hedged through foreign currency loans	–3,888	–3,707
CHF	380	347
– less CHF hedged through foreign currency loans	–256	–305
HUF	303	164
DKK	30	27
NOK	304	334
– less NOK hedged through foreign currency loans	-239	–210
PLN	730	904
– less PLN hedged through foreign currency loans	–520	–731
Other currencies	394	333
Total	**3,166**	**3,041**

An appreciation of the Swedish krona of 10 percentage points as per December 31, 2015 against EUR would have affected shareholders' equity in the Group by SEK –149 M, against CHF by SEK –12 M, against HUF by SEK –30 M, against DKK by SEK –3 M, against NOK by SEK –6 M and against PLN by SEK –21 M.

Regarding the currency risk attributable to currency interest rate swaps, see the description 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 6,026 M (5,635) on December 31, 2015. The loan rate is tied to the market rate.

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

A one-percent increase in market interest rates would have adversely affected net financial items by approximately SEK 58 M. A five-percent increase would have adversely affected net financial items by SEK 292 M.

In 2012 the Parent Company issued bonds for SEK 1,000 M, in 2013 for a further SEK 1,000 M, and in 2014 for a further SEK 1,000 M. No new bonds were issued in 2015. On the balance sheet date, reported debt totaled EUR 3,124 M. To achieve correct currency matching in the balance sheet and thus manage the currency risk between assets and liabilities, the company used currency interest rate swaps. Consequently, the Parent Company has exchanged the liability to the bond holders in SEK with one of the relation banks, receiving EUR at the same rate on both the start and closing dates. The company has thus maintained the level at which it secures shareholders' equity in EUR at the same level as prior to the issue and has also maintained its currency exposure in the same currency.

Liquidity risk

Liquidity risk is the risk of a loss or higher-than-expected 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.

The Group has a syndicated loan facility of EUR 7,500 M from Nordea and Swedbank. The maturity structure means that the bank loan matures by SEK 2.5 billion each year in 2018, 2019 and 2020 respectively.

While available, the facility was utilized by the Parent Company, which withdrew amounts in various currencies, with short maturities, usually SEK, EUR, CHF, NOK or PLN 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 is subject to a number of operational and financial conditions. If the limits are exceeded the loans fall due. The Group Management Team carefully monitors these key financial indicators, so that it can quickly take measures if there is a risk that a limit may be exceeded.

In 2012 bond program for SEK 3,000 M was launched in which the Parent Company issued SEK 1,000 M over five years with an interest margin of 3.10 percent in 2012, a further SEK 1,000 M over five years with an interest margin of 2.22 percent in 2013, and a further SEK 1,000 M over five years with an interest margin of 1.60 percent in 2014. No new bonds were issued in 2015.

Intrum Justitia has also issued commercial papers with a carrying amount of SEK 635 M (728) at year-end.

The Group's aim is that the liquidity reserve, which consists of cash, bank balances and short-term liquid investments should amount to at least SEK 100 M 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.

Financial liabilities in the balance sheet – Group

SEK M	Within one year	2-5 years	Later than 5 years	Total
Dec 31, 2015				
Long-term receivables and other receivables	1,994			1,994
Liabilities to credit institutions	49	2,359		2,408
Bond loan	84	3,127		3,211
Commercial papers	635			635
Total	**2,762**	**5,486**	**0**	**8,248**
Dec 31, 2014				
Long-term receivables and other receivables	1,820			**1,820**
Liabilities to credit institutions	122	1,749		**1,871**
Bond loan	90	3,235		**3,325**
Commercial papers	730	0		**730**
Total	**2,762**	**4,984**	**0**	**7,746**

Cont.Note 34

Financial liabilities in the balance sheet – Parent Company

SEK M	Within one year	2-5 years	Later than 5 years	Total
Dec 31, 2015				
Long-term receivables and other receivables	122			122
Liabilities to credit institutions	48	2,359		2,407
Bond loan	84	3,127		3,211
Commercial papers	635			635
Liabilities to Group companies	2,063	2,005		4,068
Total	**2,952**	**7,491**	**0**	**10,443**
Dec 31, 2014				
Long-term receivables and other receivables	152			152
Liabilities to credit institutions	122	1,749		1,871
Bond loan	90	3,235		3,325
Commercial papers	730			730
Liabilities to Group companies	1,805	1,710		3,515
Total	**2,899**	**6,694**	**0**	**9,593**

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.

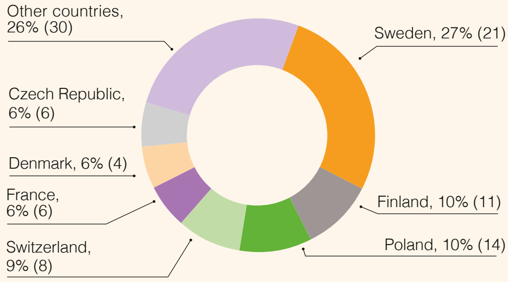
The acquired receivables are overdue and in many cases are from debtors who are having payment problems. It is obvious, therefore, that the entire nominal amount of the receivable will not be recovered. On the other hand, the receivables are acquired at prices significantly below their nominal value. 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 7,027 M (6,197) 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 9,300. 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 enable acquisitions of larger portfolios at attractive risk levels, Intrum Justitia has, on occasion, partnered with other companies such as Crédit Agricole, Goldman Sachs and East Capital to share the capital investment and return.

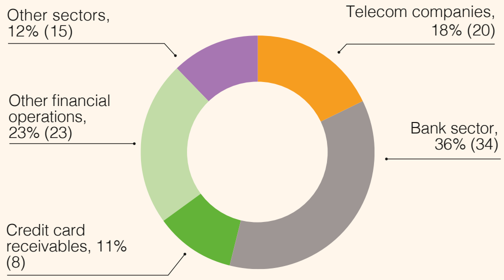
The currency risk attributable to the currency revaluation of the balance sheet item Purchased Debt is limited through currency hedging by having loans in the same currencies as the assets, and by currency forward contracts.

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

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



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



Of the total carrying value on the balance sheet date, 30 percent represents portfolio acquisitions in 2015, 19 percent acquisitions in 2014, 20 percent acquisitions in 2013 and 11 percent acquisitions in 2012. The remaining 20 percent relates to receivables acquired in or before 2011, which have therefore been past due for more than four years. In the case of a large share of the oldest receivables, Intrum Justitia has reached agreement with the debtors on payment plans.

Outlays on behalf of clients

As an element in its operations, the Group incurs outlays for court fees, legal representation, 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

Cont.Note 34

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, assets regarding forward exchange contracts were valued at SEK 8 M (43), and liabilities at SEK 10 M (7). 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. Changes in the value of forward exchange contracts recognized during the year in the income statement amounted to SEK –61 M (–43). The purpose of these forward exchange contracts has been to minimize exchange rate differences in the Parent Company attributable to receivables and liabilities in foreign currency. These exchange rate differences amounted to SEK 59 M (46) during the year. The net effect through profit or loss of exchange rate differences attributable to receivables and liabilities as well as forward exchange contracts is SEK –2 M (3).

Currency	Local currency, buy	Hedged amount, sell
CHF	–	–46,826,535
CZK	35,000,000	–572,711,535
DKK	206,686	–488,685,901
EUR	157,917,320	–10,028,064
GBP	–	–4,912,634
HUF	–	–966,945,363
NOK	54,579,187	–1,321,908
PLN	–	–13,142,923

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

Payment guarantees

The Group offers services whereby clients, against payment, obtain a guarantee from Intrum Justitia regarding the clients' receivables from their customers. This entails a risk being incurred that Intrum Justitia must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes into play, Intrum Justitia assumes the client's claim against its customer and takes over the continued handling of the case within the Purchased Debt area of operations. The total guarantee at year-end amounted to SEK 230 M (1,961), of which receivables overdue by more than 30 days amounted to SEK 99 M (63). Intrum Justitia's risk in this business is managed through strict credit limits and analyses of card applicants' credit status. As of year-end Intrum Justitia had allocated SEK 3 M (22) in the balance sheet to cover payments that may arise due to the guarantee.

NOTE 35: Acquisitions of operations

In the Cash flow statement, the amount reported as Purchases of shares in subsidiaries and associated companies is SEK –181 M (–148). The amount for 2015 consists of the acquisitions of Credita SEK –33 M, Logicomer SEK –112 M and other acquisitions SEK –36 M as specified below. The amount for 2014 consists of the acquisitions of Advis SEK –171 M, Profidebt SEK 26 M and other acquisitions SEK –3 M.

Acquisition of 100 percent of the shares in Credita

In February, Intrum Justitia acquired a smaller credit management company in Switzerland, Credita AG, with a good market position in the public sector and health insurance. Credita AG had 19 employees.

The purchase price amounted to SEK 51 M.

The acquired company was consolidated effective from February 2015 and has contributed to consolidated revenues by SEK 21 M. If the acquisition would have been executed by January 1, it would have contributed to the Group's revenues by SEK 23 M.

The acquisition is reported as follows in the consolidated balance sheet:

SEK M	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Intangible fixed assets	0	5	5
Tangible fixed assets	4	–4	0
Current assets	11		11
Liquid assets	18		18
Pension liabilities		–4	–4
Current liabilities	–16	1	–15
Net assets	**17**	**–2**	**15**
Consolidated goodwill			36
Purchase consideration paid			–51
Liquid assets (acquired)			18
Net impact on cash and bank			**–33**

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

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

Acquisition of 100 percent of the shares in Logicomer

In September, Intrum Justitia agreed to acquire the Portuguese company Logicomer Gestão e Recuperação de Créditos SA, which operates primarily in credit management services, but also has a purchased debt portfolio with a nominal value of approximately SEK 1.2 billion. The company has 40 employees and very good profitability. The acquisition Logicomer is expected to contribute positively to Intrum Justitia's earnings and market position in Portugal, with the company adding expertise in certain areas of collection.

The purchase price amounted to SEK 187 M.

The acquired company was consolidated effective from November 2015 and has contributed to consolidated revenues by SEK 9 M. If the acquisition would have been executed by January 1, it would have contributed to the Group's revenues by SEK 48 M.

The acquisition is preliminarily reported as follows in the consolidated balance sheet:

SEK M	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Intangible fixed assets	0	8	8
Tangible fixed assets	5		5
Purchased debt	4	58	62
Current assets	11		11
Liquid assets	13		13
Deferred tax	0	–14	–14
Other liabilities	–9		–9
Net assets	**24**	**52**	**76**
Consolidated goodwill			111
Purchase consideration paid			–187
Acquired cash and cash equivalents			13
Reported as aquisition of Purchased Debt			62
Net effect on cash and cash equivalents			**–112**

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

Cont.Note 35

Transaction costs attributable to the acquisition amount to SEK 2 M and are reported in the Group's administrative expenses.

Other acquisitions in 2015

In June, a minority stake was acquired in the French company IJCOF SAS, which operates in credit management for consumer receivables, whereby ownership rose from 70 percent to 100 percent. The investment amounted to SEK 13 M, and did not give rise to any goodwill in the consolidated balance sheet.

In October, 90 percent of the shares in a small credit management company in France, Cabinet PPN SAS, were acquired for a purchase consideration of SEK 11 M. The acquisition did not give rise to any goodwill in the consolidated balance sheet.

During the year, Intrum Justitia acquired shares in the joint venture Avarda AB for SEK 10 M.

Acquisition in 2014 of 100 percent of the shares in Profidebt

In January 2014, Intrum Justitia agreed to acquire 100 percent of the shares in Czech company Profidebt sro for a cash purchase consideration of SEK 90 M. The company's operations mainly comprised purchased debt and, at the time of acquisition, it held a portfolio of receivables that Intrum Justitia valued at SEK 276 M. The acquired company was consolidated as of February 2014. The acquisition analysis was detailed in the 2014 annual report.

Acquisition in 2014 of 100 percent of the shares in Advis

In January 2014, Intrum Justitia agreed to acquire 100 percent of the shares in the Danish company Advis A/S for a cash purchase consideration of SEK 174 M. Advis was a leading credit management company in Denmark – a market leader in the telecom sector, also with a strong presence in the media and energy segments. The acquired company was consolidated effective from September 2014. A preliminary acquisition analysis was presented in the 2014 annual report, but was adjusted as follows in 2015:

SEK M	Carrying amounts before the acquisition	Fair value adjustment	Consolidated fair value
Intangible fixed assets	28	2	30
Tangible fixed assets	1		1
Financial fixed assets	14	2	16
Current assets	6		6
Liquid assets	3		3
Provisions	0	–16	–16
Deferred tax	0	3	3
Other liabilities	–12		–12
Net assets	**40**	**–9**	**31**
Consolidated goodwill			143
Purchase consideration paid			–174
Acquired cash and cash equivalents			3
Net impact on cash and bank			**–171**

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 performed prior to the preparation of the annual accounts. The geographical regions are judged to achieve a sufficient degree of integration that they form combined cash generating units. Recoverable amounts for cash generating units have been established by calculating their value in use. The assumptions and assessments made with regard to expected cash flows and discount rates in the form of weighted average cost of capital, as well as a sensitivity analysis are detailed in Note 10. Projections of future cash flows are based on the best possible assessments of future 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 service line. All changes in cash flow projections are ultimately decided on by a central revaluation committee.

Useful lifetimes of intangible fixed assets

Group management establishes assessed useful lifetimes and thus consistent amortization and depreciation for the Group's intangible 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 fixed assets, see Note 10.

Assessment of deferred tax assets

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

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

Reporting of Polish investment fund

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

NOTE 37: Related parties

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

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

In 2015, Intrum Justitia purchased services for SEK 1 M (0) from Caperio AB, an IT company where Intrum Justitia's country manager in Sweden, Per-Henrik Persson is a Board member.

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

During the year, the Parent Company had SEK 102 M (92) of revenues from selling services to subsidiaries in the Group, and SEK 9 M (9) of costs for acquiring services from subsidiaries in the Group.

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	–878,667,989
Earnings brought forward	1,405,133,486
Net earnings for the year	1,090,346,933
Total	**1,728,068,303**

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

SEK	
Dividend, 72,347,726 shares x SEK 8.25	596,868,740
Balance carried forward	1 131 199 563
Total	**1,728,068,303**

The Board of Directors' complete statement motivating the proposed disposition of earnings for the 2015 financial year will be presented in a separate document prior to the 2016 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 24, 2016 and are proposed for approval by the Annual General Meeting on April 20, 2016.

Stockholm, March 24, 2016

Lars Lundquist
CHAIRMAN OF THE BOARD

Matts Ekman
BOARD MEMBER

Sebastian Földes
EMPLOYEE REPRESENTATIVE

Charlotte Strömberg
BOARD MEMBER

Synnöve Trygg
BOARD MEMBER

Fredrik Trägårdh
BOARD MEMBER

Ragnhild Wiborg
BOARD MEMBER

Magnus Yngen
BOARD MEMBER

Mikael Ericson
PRESIDENT AND CEO

Our audit report regarding this annual report was submitted on March 24, 2016.

Ernst & Young AB

Erik Åström
AUTHORIZED PUBLIC ACCOUNTANT

AUDIT REPORT

To the Annual General Meeting of Intrum Justitia AB (publ), corporate identity number 556607-7581

REPORT ON THE ANNUAL AND CONSOLIDATED ACCOUNTS

We have conducted an audit of the annual accounts and the consolidated accounts of Intrum Justitia AB (publ) for the year 2015. The annual and consolidated accounts of the company are included in this document on pages 32–76.

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, 2015 and its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and give, in all material respects, a fair portrayal of the financial position of the Group as of December 31, 2015 and its financial performance and its cash flows for the year in accordance with the Interim Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. We believe that our audit provides a reasonable basis for our opinion set out below.

We therefore recommend that the Annual General Meeting approve the consolidated Income Statement and Balance Sheet and the Income Statement and Balance Sheet of the Parent Company.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual and consolidated accounts, we have also audited the proposed appropriation of the company's earnings and the administration of Intrum Justitia AB (publ) by the Board of Directors and the President in 2015.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT

The Board of Directors is responsible for the proposed appropriation of the company's earnings, and the Board of Directors and the President are responsible for the administration of the Company in accordance with the Companies Act.

AUDITORS' RESPONSIBILITY

It is our responsibility, based on our audit, to express an opinion, with a reasonable degree of certainty, on the proposed appropriation of the company's earnings and the administration of the company. We have conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our statement regarding the proposed appropriation of the company's earnings, we have reviewed the statement by the Board of Directors explaining its proposal and a selection of the data on which this is based to ascertain whether the proposal complies with the Companies Act.

As a basis for our statement regarding discharge from liability, we have, in addition to our audit of the annual and consolidated accounts, reviewed significant decisions, measures and conditions in the company to ascertain whether any director or the President is liable for compensation to the company. In our review, we have also considered whether any director or the President has in any other way contravened the Companies Act, the Annual Accounts Act or the Articles of Association.

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

STATEMENTS

We recommend that the Annual General Meeting appropriate the 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 24, 2016

Ernst & Young AB
Erik Åström
AUTHORIZED PUBLIC ACCOUNTANT

BOARD OF DIRECTORS

According to Intrum Justitia's Articles of Association, the Board of Directors shall consist of no less than five and no more than nine members with no more than four deputies. All members are elected by the Annual General Meeting (AGM). At the AGM on April 22, 2015 the Nominations Committee's proposal for the Board to consist of seven members and no deputies was adopted. Matts Ekman, Lars Lundquist, Charlotte Strömberg, Fredrik Trägårdh, Synnöve Trygg and Magnus Yngen was re-elected. Ragnhild Wiborg was elected as new board member. Lars Lundquist was re-elected as the chairman of the board.

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

Lars Lundquist

Chairman
Born 1948. Director and Chairman since April 2006. Lars Lundquist is the Chairman of the Board and Remuneration Committee of JM AB, the Chairman of Försäkrings AB Erika and Director and Treasurer of the Swedish Heart- and Lungfoundation. Mr Lundquist is a Board member and Head of the Risk- and Audit Comittee of Skandia Group. Lundquist holds a M.Sc. in Economics from the Stockholm School of Economics and an MBA from the University of Wisconsin. Own holdings and/or holdings of closely affiliated persons: 15,000.

Matts Ekman

Born 1946. Director since 2007. Former Executive Vice President and CFO of the Vattenfall Group. He was also Finance Director of the Electrolux Group, for 18 years. Mr Ekman is Chairman of International Trading House Ekman & Co and Carnegie Fonder AB and Board memberof Profoto AB (Belgium). He has a M.Sc. from University of Lund and an MBA from University of California at Berkeley. Own holdings and/or holdings of closely affiliated persons: 10,000.

Ragnhild Wiborg

Born 1961. Director since 2015. Ms. Wiborg is the Chairman of the Board of EAM Solar AS and a Board Member of Gränges AB, Borregaard AS, REC Silicon ASA, Skandiabanken ASA, Vardia Insurance ASA and I.M. Skaugen SE. She has previously been active in asset management with Odin Fonder and Wiborg Kapitalförvaltning. Prior to that, she worked for investment banks in the Nordics and London. Wiborg holds a Bachelor's degree in Business Administration from the Stockholm School of Economics and has studied a Master's program at Fundacao Getulio Vargas, Sao Paolo. Own holdings and/or holdings of closely affiliated persons: 300.

Synnöve Trygg

Born 1959 Director since 2013. Ms. Trygg was the CEO of SEB Kort Bank AB between 1993 and 2013. She is member of the Board of Landshypotek Bank AB and Volvo Finans Bank AB and Nordax Bank AB, Vaitor Hf (Island) and Wrapp AB. Trygg holds a bachelor in Business Administration from the University of Stockholm. Own holdings/and or holdings of closely affiliated persons: 1,000.

Charlotte Strömberg

Born 1959. Director since 2009. Ms. Strömberg is Chairman of the Board in Castellum AB and Board member of Karolinska Institutet, Aktiemarknadsnämnden, Ratos AB, Rezidor Hotel Group AB, Bonnier Holding AB and Skanska AB. Ms. Strömberg is former CEO of Jones Lang LaSalle in the Nordic and she has held several leading positions at Carnegie Investment Bank, including Head of Investment Banking, Sweden. She has also held leading positions at Alfred Berg and ABN Amro. Strömberg holds a M. Sc. from the Stockholm School of Economics. Own holdings/and or holdings of closely affiliated persons: 5,000.

Fredrik Trägårdh

Born 1956. Director since 2009. Fredrik Trägårdh is the Executive Vice President of Ekman & Co AB and he was formerly CEO of Net Insight AB. Trägårdh has held positions as Head of Group Finance at Daimler-Chrysler Rail Systems GmbH, Berlin, and several management positions at ABB Financial Services in Sweden and Switzerland. Trägårdh holds a M.Sc. in Business Administration and International Economics from the Göteborg School of Economics. Own holdings and/or holdings of closely affiliated persons: 0.

Magnus Yngen

Born 1958. Director since 2013. Magnus Yngen is President and CEO of Camfil AB. He was formerly president and CEO of Husqvarna and has held several leading positions within Electrolux. Yngen is the chairman of the board of Sveba-Dahlén Group and a board member of Duni, Dometic and Camfil Farr. Yngen holds a Master of Enginering and Licentiate in Technology from the Royal Institute of Technology in Stockholm Own holdings and/or holdings of closely affiliated persons: 1,500.

Sebastian Földes

Employee representative

Born: 1976. Position: Senior Process laywer, Intrum Justitia Sverige AB. Employee representative since October 2015. Own holdings and/or holdings of closely affiliated persons: 0.

Karolina Sandahl

Deputy employee representative

Born: 1971. Position: Lawyer, Intrum Justitia Sverige AB. Deputy employee representative since October 2015. Own holdings and/or holdings of closely affiliated persons: 0.

AUDITORS

Ernst & Young

Erik Åström

Born 1957. Chief Auditor since 2014. Mr. Åström is an Authorized Public Accountant at the Ernst & Young firm of auditors. Other auditing assignments: Kommuninvest, Svensk Exportkredit, ICA Group och Södra skogsägarna.

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 Group Sales, Marketing & Communications Director, the Chief Human Resource Officer, the Chief Technology Officer and the Regional Managing Directors. Between November 2, 2015 and February 29, 2016 the Chief Financial Officer also held the position as acting Chief Executive Officer and President.

Mikael Ericson

Chief Executive Officer and President

Born 1960. Ericson assumed the role as CEO and President on March 1 2016. Previously he has held various leading positions within the banking and finance sector. His last position as Head of International Banking at Danske Bank. He was previously the CEO of Carnegie AB. Ericson holds an M. Sc. in Economics from Stockholm University. Own holdings and/or holdings of closely affiliated persons: 0.

Erik Forsberg

Chief Financial Officer

Born 1971. Mr Forsberg joined as CFO in November 2011. He previously held the same position at PR software company Cision, that was listed on the Nasdaq Stockholm. Erik Forsberg has previously held positions as CFO, Group Treasurer and Business Controller at different companies including EF Education. Forsberg holds a M.Sc. in Economics from the Stockholm School of Economics. Own holdings and/or holdings of closely affiliated persons: 1,000.

Johan Brodin

Chief Risk Officer

Born 1968. Mr Brodin joined as Chief Risk Office (CRO) in November 2011. Previous he was CRO at SBAB Bank. Johan Brodin has also held different positions at Handelsbanken, as well as Management consultant within financial services at KPMG and Oliver Wyman. Brodin holds a M.Sc. in Economics from University of Örebro. Own holdings and/or holdings of closely affiliated persons: 250.

Per Christofferson

Regional Managing Director Central Europe

Born 1968. Mr. Christofferson is Regional Managing Director Central Europe since 23 April 2012. Mr. Christofferson joined Intrum Justitia in September 2009 as Director of Credit Management Services. He was previously Vice President and Business Area Director at the management and IT consulting company Acando AB, where he also has been advisor to multinational clients. He has a M.Sc. from CWRU (Case Western Reserve University) Cleveland, Ohio, and a M.Sc in Engineering from the Institute of Technology in Linköping, Sweden. Own holdings and/or holdings of closely affiliated persons: 5,345.

Annika Billberg

Group Sales, Marketing & Communications Director

Born 1975. Annika Billberg joined as IR & Communications Director in June 2010. Since June 2012, she is also reponsible for the unit Marketing. And since July 2015 she is responsible for the Group Sales, Marketing and Communications. Previous to that she has worked as Head of IR and Corporate Communications 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, from Jönköping International Business School. Own holdings and/or holdings of closely affiliated persons: 800.

Jean-Luc Ferraton

Chief Human Resources Officer

Born in 1973. Ferraton holds his current position as Chief Human Resources Officer (CHRO) since April 2012. Ferraton has held several positions at Intrum Justitia between 2006–2012; he was Group HR Director 2011–2012, HR Director region Western Europe 2010–2012 and HR Director region Southern Europe 2006–2012. Prior to Intrum Justitia, Ferraton was HR Director JTEKT of Toyota Group. Ferraton holds a M. Sc. in Economics at ESDES Lyon. Own holdings and/or holdings of closely affiliated persons: 120.

Roland Grunéus

Chief Technology Officer

Born in 1970. Roland Grunéus holds his current position as Chief Technology Officer since december 2015. He has been Enterprise Architect and Head of Data Management at Intrum Justitia from 2010 to 2015. Roland Grunéus previously held positions as IT management consultant at Acando 2001–2010, and American Management Systems Inc. 1995-2001. Grunéus holds an MSc in Computer Science at the Royal Institute of Technology. Own holdings and/or holdings of closely affiliated persons: 0.

Harry Vranjes

Regional Managing Director Western Europe

Born in 1970. Vranjes holds his current position as Regional Managing Director since April 2015. Before that he was the Chief Technology Officer 2012-2015. He has been Group IT Director at Intrum Justitia 2008–2012. and previous to that he was Project Manager and Business Developer at Intrum Justitia 2002-2008. Harry Vranjes previously held the position as IT-management consultant at WM-Data between 1998-2001. Vranjes holds a Bachelor in Computer Science at Lund University. Own holdings and/or holdings of closely affiliated persons: 7,500.

Alessandro Pappalardo

Chief Investment Officer

Born 1975. Mr Pappalardo has been employed at Intrum Justitia since 2013, currently holding the position as Chief Investment Officer. He has over 15 years of professional experience valuing and investing in European loan portfolios including with Goldman Sachs Special Situations Group. Mr Pappalardo is an Italian native with a degree in Economics from the Bocconi University. Own holdings and/or holdings of closely affiliated persons: 0.

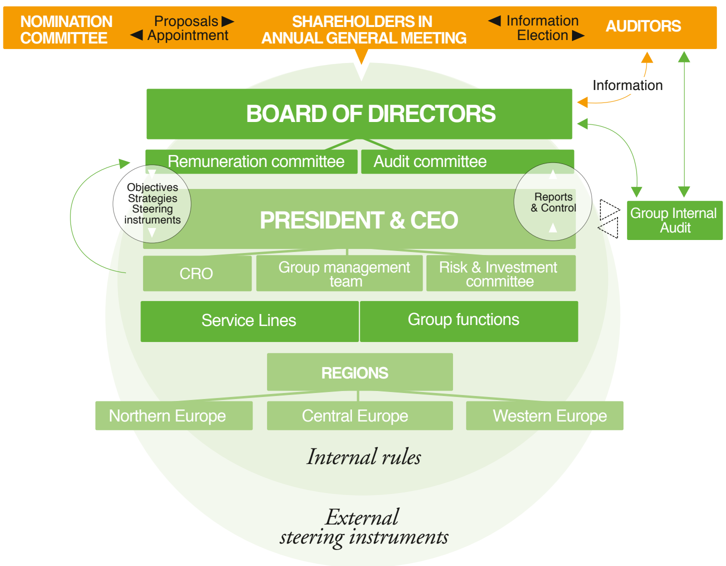
Rickard Westlund

Regional Managing Director Northern Europe

Born 1966. Mr. Westlund joined Intrum Justitia as Managing Director for Intrum Justitia Sverige AB in November 2009 and assumed the position as Regional Managing Director for Scandinavia and became the Regional Managing Director for Northern Europe in 2010. Mr. Westlund held several positions at Lindorff between 2006 and 2009 such as inter alia Director of Capital Collection, CEO Lindorff Capital AS and Head of Capital Scandinavia. Prior to Lindorff, Mr. Westlund was CEO for Aktiv Kapital Sweden and has also worked at Swedbank for eleven years where he held the position as Head of Loan Process between 2000 and 2003. Mr. Westlund holds a M.Sc. in economics from Örebro University. Own holdings and/or holdings of closely affiliated persons: 418.

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's shares are listed on the Nasdaq Stockholm exchange.



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 2015. Corporate governance at Intrum Justitia comprises structures and processes for management and control of the company's operations for the purpose of creating value for the company's owners and other stakeholders. Intrum Justitia applies the Code as of July 1, 2005. Intrum Justitia's corporate governance also complies with the applicable rules in the Swedish Companies Act, Nasdaq Stockholm's rule book for issuers, the decisions of the Swedish Securities Council and the company's Articles of Association. The company has not deviated from the Code's provisions during the period covered by the annual report.

SHAREHOLDERS

At the end of the year, Intrum Justitia's largest shareholder, SEB Fonder, held 8.2 percent of all outstanding shares in the company. See also page 30.

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 22, 2015. 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 7.00 per share in accordance with the proposal of the Board of Directors,
- to discharge the Board of Directors and the President from liability for the 2014 fiscal year,
- to elect the Board of Directors and Chariman of the Board,
- to agree on remuneration to the Board of Directors and auditor,
- to adopt guidelines on compensation for senior executives,
- to adopt guidelines for the appointment of a new Nomination Committee
- to authorize the Board of Directors to repurchase (and, under certain conditions transfer) up to 10 percent of shares in the company via the stock market, and
- to reduce share capital by canceling repurchased shares and to restore share capital through a bonus issue.

At the Annual General Meeting, 51 percent of the shares conveying voting rights were represented. All individuals proposed for election or re-election as Board members were present. The CEO, auditor and chairman of the Nomination Committee were present.

NOMINATION COMMITTEE

The task of the Nomination Committee, among others, is to nominate Board members for election at the next Annual General Meeting. The 2015 Annual General Meeting 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 2016 Annual General Meeting was announced on October 8, 2015: Johan Strandberg (SEB Fonder), Hans Hedström (Carnegie Fonder), Katja Bergqvist (Handelsbanken Fonder), Mats Gustafsson (Lannebo Fonder) and Tomas Flodén (AMF and AMF Fonder). 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 Board members, the Chairman of the Board and the Chairman of the Annual General Meeting, the duties of the Nomination Committee include evaluating the Board and its work, proposing a Chairman for the Annual General Meeting, proposing compensation for the Board and its committees, and proposing candidates for auditors' elections and compensation for auditors. The Chairman of the Board has reported the results of the annual Board evaluation to the Committee, which also held individual meetings with certain Board members. The Nomination Committee's proposals to the 2016 Annual General Meeting were announced in the notice to attend the Annual General Meeting. Shareholders have been offered the opportunity to submit proposals to the Nomination Committee. The Nomination Committee held four meetings for which minutes were recorded. No compensation has been paid to the members of the Nomination Committee.

BOARD OF DIRECTORS

The Board of Directors has the overarching responsibility for administering Intrum Justitia's affairs in the interests of its shareholders. The Board consists of seven elected members and one employee representative with a deputy appointed by the Unionen trade union. At the 2015 Annual General Meeting, seven Board members were elected with no deputies. Lars Lundquist was elected as Chairman of the Board. Further information about the Board members, including their share holdings, can be found on pages [X]. All Board members elected by the Annual General Meeting are considered to be independent in relation to the company and its management as well as in relation to the principal shareholders. The composition of the Board thereby complies with the requirements of the Code in this respect. The President of the company is not a member of the Board, but attends all Board meetings except when the evaluation of the Board's work and the President are on the agenda. The Secretary of the Board is the Group's General Counsel. The Board of Directors has established an Audit Committee and a Remuneration Committee. The committees are mainly subordinated to the Board and do not relieve the Board members of their duties and responsibilities. The committees are presented in more detail on the following pages.

THE BOARD'S RULES OF PROCEDURE

Each year, the Board of Directors reassesses and sets rules of procedure, instructions for the two committees and instructions for the President. The latter also includes instructions regarding financial reporting. These control documents contain instructions on the delegation of responsibilities and work between the Board, the President and the Board committees, as well as the forms of the company's financial reporting. The Board's rules of procedure are based on the overarching rules included in the Swedish Companies Act on the overall responsibilities of the Board and President and otherwise on the decision-making procedure approved by the Board. In addition the rules of procedure primarily govern other issues such as:

- number of Board meetings and decision points normally on the agenda at each meeting,
- the duties of the Chairman, the President and CEO,

Attendance at Board meetings in 2015

	Matts Ekman	Lars Lundquist	Joakim Rubin	Charlotte Strömberg	Synnöve Trygg	Fredrik Trägårdh	Magnus Yngen	Ragnhild Wiborg	Sebastian Földes	Karolina Sandahl
28 January	●	●	●	●	●	●	●			
9 February	●	●	●	●	●	●	●			
11 March	●	●		●	●	●	●			
19 March	●	●	●	●	●	●	●			
21 April	●	●	●	●	●	●	●			
22 April	●	●		●	●	●	●	●		
2 June	●	●		●	●	●	●	●		
4 June	●	●		●	●	●	●	●		
24 June	●	●		●	●	●	●	●		
15 July	●	●		●	●	●	●	●		
26 August	●	●		●	●		●	●		
23-24 September	●	●		●	●	●	●	●		
28 September	●	●		●	●	●	●	●		
20 October	●	●		●	●	●	●	●	●	●
1 November	●	●		●	●	●		●	●	●
18 November	●	●		●	●	●	●	●	●	
27 November	●				●	●	●	●	●	●
7 December	●	●		●	●	●	●	●	●	●
15 December	●	●		●	●	●	●	●	●	●

● participated

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 Board members well in advance of each meeting. Decisions by the Board are preceded by an open discussion led by the Chairman. The Board held 19 meetings in 2015 (11 in the preceding year). Over the year, the Board devoted particular focus to the following issues:
- the Group's earnings and financial position,
- interim reporting,
- corporate governance, risk management and internal control,
- corporate acquisitions and acquisitions of large debt portfolios,
- review of the company's strategic direction, risk appetite, investment objectives and financial targets,
- the Group's capital structure and financing as well as share repurchases, an assessment of the work of the Board and an assessment of the President.

The company's auditor attended one Board meeting 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 evaluation 2015 was carried out with the help of an external advisor. The Chairman presents the results of the assessment to both the Board and the Nomination Committee. The Board makes continuous evaluations of the President and discusses this at least one meeting without his presence.

On November 2, 2015, the Board of Directors dismissed the CEO. The company's CFO was appointed as the Acting CEO until March 1, 2016 when Mikael Ericson assumed the position.

COMPENSATION FOR DIRECTORS

In accordance with a decision by the 2015 Annual General Meeting, fees and other compensation to the Board totaled SEK 3,605,000, of which SEK 86,5 000 was paid to the Chairman and SEK 360,000 to each of the other Board members. A further SEK 17, 000 was paid to the Chairman of the Audit Committee, SEK 85 000 to the other two members of the Audit Committee and SEK 80,000 each to the three 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 the efficiency in the Group's internal control, internal auditing and risk management with regard to the financial reporting. The committee shall also keep itself informed regarding the audit process, consider the auditor's impartiality and assist the Nomination Committee in connection with the election of an auditor. The committee has established guidelines for which services, other than auditing services, the company may procure from the auditor. Since the 2015 Annual General Meeting, the Audit Committee has consisted of Matts Ekman (chairman), Synnöve Trygg and Ragnhild Wiborg. Fredrik Trägårdh was previously a member of the Audit Committee, but was replaced by Ragnhild Wiborg at the 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.

The Audit Committee met five times in 2015 (seven times in 2014). All members of the committee were present at all of the meetings. The external auditor, or another representative of the auditing firm, has also participated in all meetings except one. The issues addressed by the committee over the year included interim reporting, risk management, aspects of internal control. The Committee has paid special attention to questions relating to data security, value added tax and regulatory compliance.

In addition, the committee has considered the year-end accounts, audit work for the Group, tax and financing matters, as well as assisting the Board in its preparations to assure the quality of the Group's financial reporting, particularly with respect to the accounting of purchased debt and good will.

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 Annual General Meeting, and also to monitor and assess the use of these guidelines. Since the 2015 Annual General Meeting, the Remuneration Committee has consisted of Lars Lundquist (Chairman), Charlotte Strömberg and Magnus Yngen. Joakim Rubin was previously a member of the Remuneration Committee, but was replaced by Charlotte Strömberg at the 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. The CEO and Human Resources Director normally participate in the committee's meetings. The latter is also the secretary of the committee. The committee met three times in 2015 (three in the preceding year). All members of the committee were present at all of the meetings.

PRINCIPLES FOR REMUNERATION FOR SENIOR EXECUTIVES

The 2015 Annual General Meeting 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 2015 are described in Note 28, on page 68-69. The Board's complete proposal regarding guidelines for 2015 can be found in the Board of Directors' report on page 32. For a more detailed account of wages and remunerations for senior executives, see Note 28 on page 68-69.

GROUP MANAGEMENT TEAM

Group Management consists of the CEO, the CFO, the three Regional Managers, the Chief Risk Officer (CRO), the Sales, Marketing & Communications Director, the Chief Investment Officer, Chief Technology Officer and the Chief Human Resources Officer.

On November 2, 2015, the Board of Directors dismissed the CEO. The company's CFO was appointed as the Acting CEO until March 1, 2016 when Mikael Ericson assumed the position.

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 80-81.

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, within defined financial limits, on investment matters, primarily regarding investments in purchased debt. Investment decisions above a certain amount require Board approval.

GROUP INTERNAL AUDIT

Group Internal Audit is the independent assurance function that reports directly to the Board via the Audit Committee. The role of the Internal Audit is to provide objective assurance to the Board and the CEO over the effectiveness of controls, risk management and governance processes. In so doing Internal Audit shall advice management and the Board on how to improve the control environment and mitigate control deficiencies. It reports to the Audit Committee and the Group Management Team on a quarterly basis.

RISK AND COMPLIANCE

The company has a Risk and Compliance function that is headed by the CRO. The responsibility of this function is to proactively engender risk awareness and regulatory compliance 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 2015 Annual General Meeting, the accounting firm Ernst & Young AB was elected as the auditor of the Parent Company. Authorized Public Accountant Erik Åström is the auditor in charge. The auditor was elected for the period extending until the close of the 2016 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 70. 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.

INTERNAL CONTROL

The Board is responsible for the company having sound internal control and ensuring that the company has formalized procedures to ensure that established principles for financial reporting and internal control are adhered to. 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 and 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.

CONTROL ENVIRONMENT

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, delegation of authority, accountability and responsibilities, as well as the skills and knowledge of the employees. Intrum Justitia's management model is based on a clear delegation and follow-up of powers and authorities, which pervades all business areas, staff units and control functions. The annual process of revising the Group's targets and strategies constitutes a major effort, which includes all units and is systematically followed up. The strategy process also includes risk analyses of the operations.

For a number of years, the Group has had a Code of Conduct, which is communicated to all employees and followed up with an ancillary training program. The Code of Conduct embodies Intrum Justitia's mission to be a catalyst for a sound economy and the company's vision of being a genuinely people-focused company that offers credit and financial services with considerable added value.

The Code of Conduct is included in the Group's internal regulations, which were further developed in 2015, following a review of the Group-wide regulations and the further strengthening of the process for their implementation. The process for following-up and controlling the internal rules will also be strengthened and improved in 2016 through the newly established Compliance function.

Intrum Justitia operates according to the principle of three lines of defense, where the business operations, along with the support functions, form the first line of defense. These are responsible for risk management in their respective areas and report risks to the second line of defense.

The second line of defense consists of the Risk and Compliance functions. These serve to support to the operations in the first line of defense and provide them with training and advice. The functions are also tasked with following-up and controlling the operations in the first line of defense.

The third line of defense comprises internal and external audits, which are tasked with following-up, on a risk based approach, the operations in the first and second lines of defense to ensure that the company's internal control works satisfactorily and that operations are conducted effectively.

RISK ASSESSMENT

The Group's risks are managed in coordination between the

Board, Group Management and local operations. The Board and Group Management work to identify and manage risks on Group level. The management of each local entity is responsible for identifying, assessing and managing the risks that primarily affect the local operations. Each local management team is responsible for 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 identify risks that may impact the financial reporting, 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 Finance function complemented with an ongoing dialogue with regional finance managers. These assessments then form the basis for continued efforts to continuously improve internal controls in the financial reporting process.

In 2015, the Group introduced a mandatory decisions- and risk analysis process process to be used in connection with material changes in the Group, such as acquisitions, launches of new products or services, major reorganizations or the establishment of new Group-wide systems or processes. In addition, the company has expanded and strengthened the implementation of crisis and continuity plans to permeate all units within the Group and these efforts will continue in 2016.

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 Function. The Group Finance function is also implementing a number of control activities among local operations to safeguard good quality in the financial reporting of 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, and to exchange information on new regulations and changes in the Group's accounting principles. This cooperation serves to increase coordination and opportunities for comparisons of analyses, follow-up of accounting and business systems and the development of various key figures.

FOLLOW-UP

The Group is organized on a matrix model, whereby financial review primarily follows the three geographical regions and, secondarily the service areas Financial Services and Credit Management 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 area, 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 monthly basis.

The follow-up of the internal control with regard to financial reporting is conducted primarily by the Group Finance function, and is reported to the Board's Audit Committee.

At the assignment of the Board, the internal audit also reviews and assesses how the internal control is organized and its efficacy, as well as following up on outstanding material observations from previous audits. Lastly, the Group's external auditors also assess the internal control procedures as part of their annual audit and report on their findings to the Board, Group Management and the Board of Directors.

Stockholm, March 24 2016

The Board of Directors of Intrum Justitia AB (publ)

AUDITOR'S STATEMENT REGARDING THE CORPORATE GOVERNANCE REPORT

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

The Board of Directors is responsible for the Corporate Governance Report for 2015 presented on pages 82–86 and for it having been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report and, based on that reading and our knowledge of the company and the Group, we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Report has a different focus and is substantially less in scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. A Corporate Governance Report has been prepared, and we consider its statutory information to be consistent with the annual and consolidated accounts.

Stockholm, March 24, 2016

Ernst & Young AB
Erik Åström
AUTHORIZED PUBLIC ACCOUNTANT

DEFINITIONS

Average number of employees: Average number of employees during the year, recalculated to full-time positions.

Beta: Measure of the share price's fluctuation in relation to the market as a whole, in the form of the OMX Stockholm Index, over the course of the year. Changes that precisely follow the index produce a beta of 1.0. A figure below 1.0 means that the changes in the share price have been smaller than those in the index.

Dilution: Theoretical impact of outstanding employee stock options on the number of shares and shareholders' equity.

Dividend payout: Dividend as a percentage of net earnings for the year.

Earnings per share: Net earnings for the year attributable to the Parent Company's shareholders divided by the average number of shares during the year.

Net debt: Interest-bearing liabilities and pension provisions less liquid funds and interest-bearing receivables.

Net debt in relation to operating earnings before depreciation and amortization: Net debt divided by the operating result before depreciation of tangible and intangible assets as well as amortization of Purchased debt.

Operating cash flow per share: Cash flow from operating activities divided by the average number of shares during the year.

Operating earnings: Earnings before net financial items and income tax.

Operating margin: Operating earnings as a percentage of revenues.

Organic growth: Increase of net revenues in the continuous business, excluding any impact of mergers and acquisitions, revaluations of Purchased Debt and changes in currency exchange rates.

P/E Price /earnings ratio: Year-end share price divided by earnings per share before dilution.

P/S Price /sales ratio: Year-end share price divided by sales per share.

Return on Purchased debt: The service line earnings divided by the average value of Purchased debt

Revaluations: Operating revenue derived from the increase or decrease in the carrying value of a Purchased Debt portfolio that is related to changes during the period in estimates of future cash flows.

Revenues: Variable collection commissions, fixed collection fees, debtor fees, guarantee commissions, subscription revenue and income within Financial Services.

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 20 April, 2016 at 3.00 pm the company's head office, Hesselmanstorg 14, Nacka. 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 8.25 (7.00) per share for fiscal year 2015.

FINANCIAL REPORT DATES 2016

Annual General Meeting 2016, April 20
Interim report January–March, April 20
Interim report January–June, July 19
Interim report January–September, October 19

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.

SHAREHOLDER CONTACT

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A printed version of this annual report can be ordered via ir@intrum.com or be downloaded as a pdf-document at www.intrum.com.

In case of any discrepancy between the Swedish and English versions of this Annual Report, the Swedish version shall govern.

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