UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2018

☐ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

Commission File Number: 000-50058

PRA Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware		75-3078675
(State or other jurisdiction of incorporation or organization)		(I.R.S. Employer Identification No.)
120 Corporate Boulevard, Norfolk, Virginia	23502	(888) 772-7326
(Address of principal executive offices)	(Zip Code)	(Registrant's Telephone No., including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☑ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☑ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to h Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☑

The number of shares of the registrant's common stock outstanding as of May 4, 2018 was 45,275,197.

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Item 1. Financial Statements

PRA Group, Inc.
Consolidated Balance Sheets
March 31, 2018 and December 31, 2017
(Amounts in thousands)

	(unaudited) March 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	$ 101,418	$ 120,516
Investments	87,764	78,290
Finance receivables, net	2,767,131	2,771,921
Other receivables, net	14,308	15,770
Income taxes receivable	10,271	21,686
Net deferred tax asset	60,446	57,529
Property and equipment, net	53,788	49,311
Goodwill	544,293	526,513
Intangible assets, net	22,523	23,572
Other assets	37,639	32,656
Total assets	$ 3,699,581	$ 3,697,764
Liabilities and Equity		
Liabilities:		
Accounts payable	$ 2,330	$ 4,992
Accrued expenses	85,137	85,993
Income taxes payable	23,872	10,771
Net deferred tax liability	146,410	171,185
Interest-bearing deposits	90,769	98,580
Borrowings	2,150,873	2,170,182
Other liabilities	15,146	9,018
Total liabilities	2,514,537	2,550,721
Redeemable noncontrolling interest	9,697	9,534
Equity:		
Preferred stock, $0.01 par value, 2,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $0.01 par value, 100,000 shares authorized, 45,275 shares issued and outstanding at March 31, 2018; 100,000 shares authorized, 45,189 shares issued and outstanding at December 31, 2017	453	452
Additional paid-in capital	54,271	53,870
Retained earnings	1,228,808	1,211,632
Accumulated other comprehensive loss	(155,687)	(178,607)
Total stockholders' equity - PRA Group, Inc.	1,127,845	1,087,347
Noncontrolling interest	47,502	50,162
Total equity	1,175,347	1,137,509
Total liabilities and equity	$ 3,699,581	$ 3,697,764

The accompanying notes are an integral part of these consolidated financial statements.

PRA Group, Inc.
Consolidated Income Statements
For the three months ended March 31, 2018 and 2017
(unaudited)
(Amounts in thousands, except per share amounts)

	Three Months Ended March 31,	
	2018	2017
Revenues:		
Income recognized on finance receivables, net	$ 217,699	$ 194,535
Fee income	5,327	9,858
Other revenue	157	2,165
Total revenues	223,183	206,558
Operating expenses:		
Compensation and employee services	81,237	68,468
Legal collection expenses	32,912	31,728
Agency fees	8,278	10,800
Outside fees and services	14,158	13,285
Communication	11,557	9,137
Rent and occupancy	4,314	3,783
Depreciation and amortization	4,929	5,215
Other operating expenses	12,184	10,885
Total operating expenses	169,569	153,301
Income from operations	53,614	53,257
Other income and (expense):		
Gain on sale of subsidiaries	—	46,845
Interest expense, net	(25,781)	(21,257)
Foreign exchange gain	1,293	2,179
Other	243	—
Income before income taxes	29,369	81,024
Provision for income taxes	6,137	31,409
Net income	23,232	49,615
Adjustment for net income attributable to noncontrolling interests	2,126	1,448
Net income attributable to PRA Group, Inc.	$ 21,106	$ 48,167
Net income per common share attributable to PRA Group, Inc.:		
Basic	$ 0.47	$ 1.04
Diluted	$ 0.47	$ 1.03
Weighted average number of shares outstanding:		
Basic	45,231	46,406
Diluted	45,370	46,627

The accompanying notes are an integral part of these consolidated financial statements.

PRA Group, Inc.
Consolidated Statements of Comprehensive Income/(Loss)
For the three months ended March 31, 2018 and 2017
(unaudited)
(Amounts in thousands)

	Three Months Ended March 31,	
	2018	2017
Net income	$ 23,232	$ 49,615
Other comprehensive income:		
Change in foreign currency translation	29,941	14,823
Total comprehensive income	53,173	64,438
Comprehensive income/(loss) attributable to noncontrolling interest:		
Net income attributable to noncontrolling interest	2,126	1,448
Change in foreign currency translation	7,021	(3,645)
Comprehensive income/(loss) attributable to noncontrolling interest	9,147	(2,197)
Comprehensive income attributable to PRA Group, Inc.	$ 44,026	$ 66,635

The accompanying notes are an integral part of these consolidated financial statements.

PRA Group, Inc.
Consolidated Statement of Changes in Equity
For the three months ended March 31, 2018
(unaudited)
(Amounts in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Noncontrolling Interest	Total Equity
	Shares	Amount					
Balance at December 31, 2017	45,189	$ 452	$ 53,870	$ 1,211,632	$ (178,607)	$ 50,162	$ 1,137,509
Cumulative effect of change in accounting principle - equity securities [1]	—	—	—	(3,930)	—	—	(3,930)
Balance at January 1, 2018	45,189	452	53,870	1,207,702	(178,607)	50,162	1,133,579
Components of comprehensive income:							
Net income	—	—	—	21,106	—	2,126	23,232
Foreign currency translation adjustment	—	—	—	—	22,920	7,021	29,941
Distributions paid to noncontrolling interest	—	—	—	—	—	(11,807)	(11,807)
Vesting of restricted stock	86	1	(1)	—	—	—	—
Share-based compensation expense	—	—	2,415	—	—	—	2,415
Employee stock relinquished for payment of taxes	—	—	(2,013)	—	—	—	(2,013)
Balance at March 31, 2018	45,275	$ 453	$ 54,271	$ 1,228,808	$ (155,687)	$ 47,502	$ 1,175,347

(1) Relates to the adoption of FASB ASU 2016-01, "Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"). Refer to Note 3 for further detail.

The accompanying notes are an integral part of these consolidated financial statements.

PRA Group, Inc.
Consolidated Statements of Cash Flows
For the three months ended March 31, 2018 and 2017
(unaudited)
(Amounts in thousands)

	Three Months Ended March 31,	
	2018	**2017**
Cash flows from operating activities:		
Net income	$ 23,232	$ 49,615
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation expense	2,415	2,199
Depreciation and amortization	4,929	5,215
Gain on sale of subsidiaries	—	(46,845)
Amortization of debt discount and issuance costs	5,430	3,083
Deferred tax (benefit)/expense	(10,138)	25
Net unrealized foreign currency transaction gain	(467)	(1,723)
Fair value in earnings for equity securities	(409)	—
Other	—	(1,359)
Changes in operating assets and liabilities:		
Other assets	(5,787)	1,837
Other receivables, net	1,536	(4,744)
Accounts payable	(2,749)	648
Income taxes payable, net	9,984	27,708
Accrued expenses	(1,058)	(5,526)
Other liabilities	6,799	2,518
Net cash provided by operating activities	33,717	32,651
Cash flows from investing activities:		
Purchases of property and equipment	(7,917)	(2,938)
Acquisition of finance receivables, net of buybacks	(165,913)	(226,092)
Collections applied to principal on finance receivables	208,881	185,295
Proceeds from sale of subsidiaries, net	—	89,077
Purchase of investments	(13,924)	(3,569)
Proceeds from sales and maturities of investments	96	2,907
Net cash provided by investing activities	21,223	44,680
Cash flows from financing activities:		
Proceeds from lines of credit	101,015	153,353
Principal payments on lines of credit	(147,980)	(232,108)
Tax withholdings related to share-based payments	(2,013)	(2,320)
Distributions paid to noncontrolling interest	(12,464)	(710)
Principal payments on notes payable and long-term debt	(2,502)	(10,012)
Payments of origination costs and fees	(380)	—
Net (decrease)/increase in interest-bearing deposits	(6,314)	1,473
Net cash used in financing activities	(70,638)	(90,324)
Effect of exchange rate on cash	(3,400)	816
Net decrease in cash and cash equivalents	(19,098)	(12,177)
Cash and cash equivalents, beginning of period	120,516	94,287
Cash and cash equivalents, end of period	$ 101,418	$ 82,110
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 22,833	$ 20,257
Cash paid for income taxes	12,175	4,858

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Business:

As used herein, the terms "PRA Group," "the Company," or similar terms refer to PRA Group, Inc. and its subsidiaries.

PRA Group, Inc., a Delaware corporation, and its subsidiaries, is a global financial and business services company with operations in the Americas and Europe. The Company's primary business is the purchase, collection and management of portfolios of nonperforming loans. The Company also provides the following fee-based services: class action claims recovery services and purchases; servicing of consumer bankruptcy accounts in the United States ("U.S."); and, to a lesser extent, contingent collections of nonperforming loans in Europe and South America.

The consolidated financial statements of the Company are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and include the accounts of all of its subsidiaries. All significant intercompany accounts and transactions have been eliminated. Under the guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 280 "Segment Reporting" ("ASC 280"), the Company has determined that it has several operating segments that meet the aggregation criteria of ASC 280, and, therefore, it has one reportable segment, accounts receivable management, based on similarities among the operating units, including economic characteristics, the nature of the products and services, the nature of the production processes, the types or class of customer for their products and services, the methods used to distribute their products and services and the nature of the regulatory environment.

The following table shows the amount of revenue generated for the three months ended March 31, 2018 and 2017, respectively, and long-lived assets held at March 31, 2018 and 2017, respectively, both for the U.S., the Company's country of domicile, and outside of the U.S. (amounts in thousands):

	As of and for the Three Months Ended March 31, 2018		As of and for the Three Months Ended March 31, 2017	
	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets
United States	$ 154,627	$ 46,439	$ 143,928	$ 29,166
United Kingdom	24,919	2,225	18,428	3,083
Other (1)	43,637	5,124	44,202	5,775
Total	$ 223,183	$ 53,788	$ 206,558	$ 38,024

(1) None of the countries included in "Other" comprise greater than 10% of the Company's consolidated revenues or long-lived assets.

Revenues are attributed to countries based on the location of the related operations. Long-lived assets consist of net property and equipment. The Company reports revenues earned from debt purchasing and collection activities, fee-based services and its investments. It is impracticable for the Company to report further breakdowns of revenues from external customers by product or service.

The accompanying interim financial statements have been prepared in accordance with the instructions for Form 10-Q and, therefore, do not include all information and notes to the consolidated financial statements necessary for a complete presentation of financial position, results of operations, comprehensive income and cash flows in conformity with GAAP. In the opinion of management, all adjustments, consisting of normal and recurring items, necessary for the fair presentation of the Company's consolidated balance sheet as of March 31, 2018, its consolidated income statements and statements of comprehensive income/(loss) for the three months ended March 31, 2018 and 2017, its consolidated statement of changes in equity for the three months ended March 31, 2018, and its consolidated statements of cash flows for the three months ended March 31, 2018 and 2017, have been included. The consolidated income statements of the Company for the three months ended March 31, 2018 may not be indicative of future results. Certain prior period amounts have been reclassified for consistency with the current period presentation. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's 2017 Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission on February 28, 2018.

2. Finance Receivables, net:

Changes in finance receivables, net for the three months ended March 31, 2018 and 2017 were as follows (amounts in thousands):

	Three Months Ended March 31,	
	2018	2017
Balance at beginning of period	$ 2,771,921	$ 2,307,969
Acquisitions of finance receivables [1]	165,020	226,397
Foreign currency translation adjustment	39,071	17,809
Cash collections applied to principal and net allowance charges	(208,881)	(185,295)
Balance at end of period	$ 2,767,131	$ 2,366,880

(1) Acquisitions of finance receivables are net of buybacks and include certain capitalized acquisition related costs.

During the three months ended March 31, 2018, the Company purchased finance receivables portfolios with a face value of $1.5 billion for $168.3 million. During the three months ended March 31, 2017, the Company purchased finance receivables portfolios with a face value of $1.7 billion for $227.8 million. At March 31, 2018, the estimated remaining collections ("ERC") on the receivables purchased during the three months ended March 31, 2018 and 2017 were $309.3 million and $304.4 million, respectively. At March 31, 2018 and 2017, total ERC were $5.8 billion and $5.1 billion, respectively.

At the time of acquisition and each quarter thereafter, the life of each pool is estimated based on projected amounts and timing of future cash collections using the proprietary models of the Company. Based upon current projections, cash collections expected to be applied to principal are estimated to be as follows for the years ending March 31, (amounts in thousands):

2019	$ 800,078
2020	639,673
2021	493,857
2022	361,017
2023	208,769
2024	118,724
2025	52,008
2026	33,981
2027	16,914
2028	12,037
Thereafter	30,073
Total ERC expected to be applied to principal	$ 2,767,131

At March 31, 2018, the Company had aggregate net finance receivables balances in pools accounted for under the cost recovery method of $149.2 million; at December 31, 2017, the amount was $166.6 million.

Accretable yield represents the amount of income on finance receivables the Company can expect to recognize over the remaining life of its existing portfolios based on estimated future cash flows as of the balance sheet date. Additions represent the original expected accretable yield, on portfolios purchased during the period, to be earned by the Company based on its proprietary analytical models. Net reclassifications from nonaccretable difference to accretable yield primarily result from the increase in the Company's estimate of future cash flows. When applicable, net reclassifications to nonaccretable difference from accretable yield result from the decrease in the Company's estimates of future cash flows and allowance charges that together exceed the increase in the Company's estimate of future cash flows.

Changes in accretable yield for the three months ended March 31, 2018 and 2017 were as follows (amounts in thousands):

	Three Months Ended March 31,	
	2018	2017
Balance at beginning of period	$ 2,932,144	$ 2,740,006
Income recognized on finance receivables, net	(217,699)	(194,535)
Additions from portfolio purchases	146,832	163,395
Reclassifications from nonaccretable difference	112,028	47,078
Foreign currency translation adjustment	37,241	20,502
Balance at end of period	$ 3,010,546	$ 2,776,446

The following is a summary of activity within the Company's valuation allowance account, all of which relates to loans acquired with deteriorated credit quality, for the three months ended March 31, 2018 and 2017 (amounts in thousands):

	Three Months Ended March 31,	
	2018	2017
Beginning balance	$ 225,555	$ 211,465
Allowance charges	6,833	2,708
Reversal of previously recorded allowance charges	(5,908)	(29)
Net allowance charges	925	2,679
Foreign currency translation adjustment	495	269
Ending balance	$ 226,975	$ 214,413

3. Investments:

Investments consisted of the following at March 31, 2018 and December 31, 2017 (amounts in thousands):

	March 31, 2018	December 31, 2017
Debt securities		
Available-for-sale	$ 5,464	$ 5,429
Held-to-maturity	58,181	57,204
Equity securities		
Private equity funds	8,824	14,248
Mutual funds	15,295	1,409
Total investments	$ 87,764	$ 78,290

Debt Securities

Available-for-Sale

Government bonds: The Company's investments in government bonds are classified as available-for-sale and are stated at fair value. Fair value is determined using quoted market prices. Unrealized gains and losses are included in comprehensive income and reported in equity.

Held-to-Maturity

Investments in securitized assets: The Company holds a majority interest in a closed-end Polish investment fund. The investment, which provides a preferred return based on the expected net income of the portfolios, is accounted for as a beneficial interest in securitized financial assets and stated at amortized cost. The Company has determined it has the ability and intent to hold these certificates until maturity, which occurs when the fund terminates or liquidates its assets. The preferred return is not a guaranteed return. Income is recognized under FASB ASC Topic 325-40, "Beneficial Interest in Securitized Financial Assets" ("ASC 325-40"). Prior to April 1, 2017, income was recognized using the effective yield method. The underlying securities have both known principal repayment terms as well as unknown principal repayments due to potential borrower pre-payments. Accordingly, it is difficult to accurately predict the final maturity date of this investment. Revenues recognized on this investment are recorded in the Other Revenue line item in the consolidated income statements. Effective April 1, 2017, the Company determined

that it could not reasonably forecast the timing of future cash flows and accordingly began using the cost recovery method to recognize income. During the three months ended March 31, 2018 and 2017, revenues recognized on this investment were $0 and $1.4 million, respectively.

The unrealized loss on this investment was caused by a change in the timing of the estimated cash flows. Total expected cash flows on this investment exceed the carrying amount. Therefore, the Company does not consider this investment to be other-than-temporarily impaired at March 31, 2018.

The amortized cost and estimated fair value of investments in debt securities at March 31, 2018 and December 31, 2017 were as follows (amounts in thousands):

	March 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Fair Value
Available-for-sale				
Government bonds	$ 5,624	$ —	$ 160	$ 5,464
Held-to-maturity				
Securitized assets	58,181	—	13,004	45,177

	December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Fair Value
Available-for-sale				
Government bonds	$ 5,452	$ —	$ 23	$ 5,429
Held-to-maturity				
Securitized assets	57,204	—	14,249	42,955

Equity Securities

Investments in private equity funds: Investments in private equity funds represent limited partnerships in which the Company has less than a 3% interest. In the first quarter of 2018, the Company adopted ASU 2016-01, which requires that investments in equity securities be measured at fair value with changes in unrealized gains and losses reported in earnings. Upon adoption of ASU 2016-01, the investments are carried at the fair value reported by the Fund manager. The Company recorded a cumulative effect adjustment of $3.9 million, net of tax, to beginning retained earnings for the unrealized loss on the investment. Prior to 2018, the investments were carried at cost with income recognized in Other Revenue in the consolidated income statements when distributions, up to reported income, were received from the partnerships. The aggregate carrying amount of cost-method investments for which cost exceeded fair value but for which an impairment loss was not recognized was $14.2 million at December 31, 2017.

Mutual funds: The Company invests certain excess funds held in Brazil in a U.S. dollar denominated mutual fund that invests in foreign currency contracts that hedge the risk in variation of the Brazilian real to the U.S. dollar. The investments are carried at fair value based on quoted market prices.

Unrealized gains and losses: The Company recognized an unrealized gain of $0.4 million for the period ended March 31, 2018 on its equity securities. No securities were sold during the period.

4. Goodwill and Intangible Assets, net:

In connection with the Company's business acquisitions, the Company acquired certain tangible and intangible assets. Intangible assets resulting from these acquisitions include client and customer relationships, non-compete agreements, trademarks and technology. The Company performs an annual review of goodwill as of October 1 of each year or more frequently if indicators of impairment exist.

The following table represents the changes in goodwill for the three months ended March 31, 2018 and 2017 (amounts in thousands):

	Three Months Ended March 31,	
	2018	2017
Balance at beginning of period:		
Goodwill	$ 526,513	$ 506,308
Accumulated impairment loss	—	(6,397)
	526,513	499,911
Changes:		
Foreign currency translation adjustment	17,780	6,329
Net change in goodwill	17,780	6,329
Goodwill	544,293	512,637
Accumulated impairment loss	—	(6,397)
Balance at end of period:	$ 544,293	$ 506,240

The change in the accumulated impairment loss at March 31, 2018 as compared to March 31 2017 was related to the June 2017 sale of PRA Location Services, LLC.

5. Borrowings:

The Company's borrowings consisted of the following as of the dates indicated (amounts in thousands):

	March 31, 2018	December 31, 2017
Revolving credit	$ 820,022	$ 849,815
Term loans	771,463	764,830
Convertible senior notes	632,500	632,500
	2,223,985	2,247,145
Less: Debt discount and issuance costs	(73,112)	(76,963)
Total	$ 2,150,873	$ 2,170,182

The following principal payments are due on the Company's borrowings as of March 31, 2018 for the 12 month periods ending March 31, (amounts in thousands):

2019	$ 10,000
2020	10,000
2021	1,087,986
2022	10,000
2023	760,999
Thereafter	345,000
Total	$ 2,223,985

The Company believes it was in compliance with the covenants of its financing arrangements as of March 31, 2018.

North American Revolving Credit and Term Loan

On May 5, 2017, the Company amended and restated its existing credit agreement (as amended, and modified from time to time, the "North American Credit Agreement") with Bank of America, N.A., as administrative agent, Bank of America, National Association, acting through its Canada branch, as the Canadian administrative agent, and a syndicate of lenders named therein. The total credit facility under the North American Credit Agreement includes an aggregate principal amount of $1.2 billion (subject to compliance with a borrowing base and applicable debt covenants), which consists of (i) a fully-funded $442.5 million term loan, (ii) a $705.0 million domestic revolving credit facility, and (iii) a $50.0 million Canadian revolving credit facility. The facility includes an accordion feature for up to $45.0 million in additional commitments (at the option of the lenders) and also provides

for up to $25.0 million of letters of credit and a $25.0 million swingline loan sublimit that would reduce amounts available for borrowing. The term and revolving loans accrue interest, at the option of the Company, at either the base rate or the Eurodollar rate (as defined in the North American Credit Agreement) for the applicable term plus 2.50% per annum in the case of the Eurodollar rate loans and 1.50% in the case of the base rate loans. The base rate is the highest of (a) the Federal Funds Rate (as defined in the North American Credit Agreement) plus 0.50%, (b) Bank of America's prime rate, or (c) the one month Eurodollar rate plus 1.00%. Canadian Prime Rate Loans will bear interest at a rate per annum equal to the Canadian Prime Rate plus 1.50%. The revolving credit facilities also bear an unused line fee of 0.375% per annum, payable quarterly in arrears. The loans under the North American Credit Agreement mature May 5, 2022. As of March 31, 2018, the unused portion of the North American Credit Agreement was $396.5 million. Considering borrowing base restrictions, as of March 31, 2018, the amount available to be drawn was $365.4 million.

The North American Credit Agreement is secured by a first priority lien on substantially all of the Company's assets. The North American Credit Agreement contains restrictive covenants and events of default, which are defined in the North American Credit Agreement, including the following:

- borrowings under each of the domestic revolving loan facility and the Canadian revolving loan facility are subject to separate borrowing base calculations and may not exceed 35% of the ERC of all domestic or Canadian, as applicable, core eligible asset pools, plus 55% of ERC of domestic or Canadian, as applicable, insolvency eligible asset pools, plus 75% of domestic or Canadian, as applicable, eligible accounts receivable;
- the consolidated total leverage ratio cannot exceed 2.75 to 1.0 as of the end of any fiscal quarter;
- the consolidated senior secured leverage ratio cannot exceed 2.25 to 1.0 as of the end of any fiscal quarter;
- subject to no default or event of default, cash dividends and distributions during any fiscal year cannot exceed $20.0 million;
- subject to no default or event of default, stock repurchases during any fiscal year cannot exceed $100.0 million plus 50% of the prior year's net income;
- permitted acquisitions during any fiscal year cannot exceed $250.0 million (with a $50.0 million per year sublimit for permitted acquisitions by non-loan parties);
- indebtedness in the form of senior, unsecured convertible notes or other unsecured financings cannot exceed $750.0 million in the aggregate (without respect to the 2020 Notes (as defined below));
- the Company must maintain positive consolidated income from operations during any fiscal quarter; and
- restrictions on changes in control.

European Revolving Credit Facility and Term Loan

On October 23, 2014, European subsidiaries of the Company ("PRA Europe") entered into a credit agreement with DNB Bank ASA for a Multicurrency Revolving Credit Facility (such agreement as later amended or modified, the "European Credit Agreement"). In the first quarter of 2018, the Company entered into the Fourth Amendment and Restatement Agreement (the "Fourth Amendment") to its European Credit Agreement which, among other things, expanded the scope of loan portfolios that constitute Approved Loan Portfolios (as defined in the Fourth Amendment). Additionally, other changes to the European Credit Agreement resulting from the Fourth Amendment include: reduced all applicable margins for the interest payable under the multicurrency revolving credit facility by 15 basis points; reduced all applicable margins for the interest payable under the term loan facility by 50 basis points, subject to the lenders' right to increase the applicable margin by up to 50 basis points if one or more of the lenders elects to syndicate and/or transfer its commitment under the term loan in accordance with the terms of the Fourth Amendment; reduced the maximum permitted amount of interest bearing deposits in AK Nordic AB from SEK 1.5 billion to SEK 1.2 billion; and revised the definitions of ERC and LTV Ratio. Under the terms of the European Credit Agreement, the credit facility includes an aggregate amount of approximately $1.2 billion (subject to the borrowing base), of which 267.0 million EUR (approximately $329.0 million) is a term loan, accrues interest at the Interbank Offered Rate ("IBOR") plus 2.65% - 3.75% under the revolving facility and 3.75% - 4.00% under the term loan facility (as determined by the loan-to-value ratio ("LTV Ratio") as defined in the European Credit Agreement), bears an unused line fee, currently 1.21% per annum, of 35% of the margin, is payable monthly in arrears, and matures February 19, 2021. The European Credit Agreement also includes an overdraft facility in the aggregate amount of $40.0 million (subject to the borrowing base), which accrues interest (per currency) at the daily rates as published by the facility agent, bears a facility line fee of 0.125% per quarter, payable quarterly in arrears, and also matures February 19, 2021. As of March 31, 2018, the unused portion of the European Credit Agreement (including the overdraft facility) was $478.5 million. Considering borrowing base restrictions and other covenants, as of March 31, 2018, the amount available to be drawn under the European Credit Agreement (including the overdraft facility) was $184.6 million.

The European Credit Agreement is secured by the shares of most of the Company's European subsidiaries and all intercompany loan receivables in Europe. The European Credit Agreement also contains restrictive covenants and events of default, which are defined in the European Credit Agreement, including the following:

- the LTV Ratio cannot exceed 75%;
- the gross interest-bearing debt ratio in Europe cannot exceed 3.25 to 1.0 as of the end of any fiscal quarter;
- interest bearing deposits in AK Nordic AB cannot exceed SEK 1.2 billion; and
- PRA Europe's cash collections must exceed 95% of PRA Europe's IFRS ERC for the same set of portfolios, measured on a quarterly basis.

Convertible Senior Notes due 2020

On August 13, 2013, the Company completed the private offering of $287.5 million in aggregate principal amount of its 3.00% Convertible Senior Notes due 2020 (the "2020 Notes"). The 2020 Notes were issued pursuant to an Indenture, dated August 13, 2013 (the "2013 Indenture"), between the Company and Regions Bank, as successor trustee. The 2013 Indenture contains customary terms and covenants, including certain events of default after which the 2020 Notes may be due and payable immediately. The 2020 Notes are senior unsecured obligations of the Company. Interest on the 2020 Notes is payable semi-annually, in arrears, on February 1 and August 1 of each year, beginning on February 1, 2014. Prior to February 1, 2020, the 2020 Notes will be convertible only upon the occurrence of specified events. On or after February 1, 2020, the 2020 Notes will be convertible at any time. The Company does not have the right to redeem the 2020 Notes prior to maturity. As of March 31, 2018, the Company does not believe that any of the conditions allowing holders of the 2020 Notes to convert their notes have occurred.

The conversion rate for the 2020 Notes is initially 15.2172 shares per $1,000 principal amount of 2020 Notes, which is equivalent to an initial conversion price of approximately $65.72 per share of the Company's common stock, and is subject to adjustment in certain circumstances pursuant to the 2013 Indenture. Upon conversion, holders of the 2020 Notes will receive cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election. The Company's current intent is to settle conversions through combination settlement (i.e., the 2020 Notes would be converted into cash up to the aggregate principal amount, and shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, for the remainder). As a result and in accordance with authoritative guidance related to derivatives and hedging and earnings per share, only the conversion spread is included in the diluted earnings per share calculation, if dilutive. Under such method, the settlement of the conversion spread has a dilutive effect when the average share price of the Company's common stock during any quarter exceeds $65.72.

The Company determined that the fair value of the 2020 Notes at the date of issuance was approximately $255.3 million, and designated the residual value of approximately $32.2 million as the equity component. Additionally, the Company allocated approximately $7.3 million of the $8.2 million 2020 Notes issuance cost as debt issuance cost and the remaining $0.9 million as equity issuance cost.

Convertible Senior Notes due 2023

On May 26, 2017, the Company completed the private offering of $345.0 million in aggregate principal amount of its 3.50% Convertible Senior Notes due 2023 (the "2023 Notes" and, together with the 2020 Notes, the "Notes"). The 2023 Notes were issued pursuant to an Indenture, dated May 26, 2017 (the "2017 Indenture"), between the Company and Regions Bank, as trustee. The 2017 Indenture contains customary terms and covenants, including certain events of default after which the 2023 Notes may be due and payable immediately. The 2023 Notes are senior unsecured obligations of the Company. Interest on the 2023 Notes is payable semi-annually, in arrears, on June 1 and December 1 of each year, beginning on December 1, 2017. Prior to March 1, 2023, the 2023 Notes will be convertible only upon the occurrence of specified events. On or after March 1, 2023, the 2023 Notes will be convertible at any time. The Company has the right, at its election, to redeem all or any part of the outstanding 2023 Notes at any time on or after June 1, 2021 for cash, but only if the last reported sale price (as defined in the 2017 Indenture) exceeds 130% of the conversion price on each of at least 20 trading days during the 30 consecutive trading days ending on and including the trading day immediately before the date the Company sends the related redemption notice. As of March 31, 2018, the Company does not believe that any of the conditions allowing holders of the 2023 Notes to convert their notes have occurred.

The conversion rate for the 2023 Notes is initially 21.6275 shares per $1,000 principal amount of 2023 Notes, which is equivalent to an initial conversion price of approximately $46.24 per share of the Company's common stock, and is subject to adjustment in certain circumstances pursuant to the 2017 Indenture. Upon conversion, holders of the 2023 Notes will receive cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election. The Company's current intent is to settle conversions through combination settlement (i.e., the 2023 Notes would be converted into cash up to the aggregate principal amount, and shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, for the remainder). As a result and in accordance with

authoritative guidance related to derivatives and hedging and earnings per share, only the conversion spread is included in the diluted earnings per share calculation, if dilutive. Under such method, the settlement of the conversion spread has a dilutive effect when the average share price of the Company's common stock during any quarter exceeds $46.24.

The Company determined that the fair value of the 2023 Notes at the date of issuance was approximately $298.8 million, and designated the residual value of approximately $46.2 million as the equity component. Additionally, the Company allocated approximately $8.3 million of the $9.6 million 2023 Notes issuance cost as debt issuance cost and the remaining $1.3 million as equity issuance cost.

The balances of the liability and equity components of the Notes outstanding were as follows as of the dates indicated (amounts in thousands):

	March 31, 2018	December 31, 2017
Liability component - principal amount	$ 632,500	$ 632,500
Unamortized debt discount	(52,660)	(55,537)
Liability component - net carrying amount	$ 579,840	$ 576,963
Equity component	$ 76,216	$ 76,216

The debt discount is being amortized into interest expense over the remaining life of the 2020 Notes and the 2023 Notes using the effective interest rate, which is 4.92% and 6.20%, respectively.

Interest expense related to the Notes was as follows for the periods indicated (amounts in thousands):

	Three Months Ended March 31,	
	2018	2017
Interest expense - stated coupon rate	$ 5,175	$ 2,156
Interest expense - amortization of debt discount	2,877	1,155
Total interest expense - convertible senior notes	$ 8,052	$ 3,311

6. Fair Value:

As defined by ASC Topic 820, "Fair Value Measurements and Disclosures" ("ASC 820"), fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also requires the consideration of differing levels of inputs in the determination of fair values.

Those levels of input are summarized as follows:

- Level 1: Quoted prices in active markets for identical assets and liabilities.
- Level 2: Observable inputs other than Level 1 quoted prices, such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3: Unobservable inputs that are supported by little or no market activity. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Financial Instruments Not Required To Be Carried at Fair Value

In accordance with the disclosure requirements of ASC Topic 825, "Financial Instruments" ("ASC 825"), the table below summarizes fair value estimates for the Company's financial instruments that are not required to be carried at fair value. The total of the fair value calculations presented does not represent, and should not be construed to represent, the underlying value of the Company.

The carrying amounts of the financial instruments in the following table are recorded in the consolidated balance sheets at March 31, 2018 and December 31, 2017 (amounts in thousands):

	March 31, 2018		December 31, 2017	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash and cash equivalents	$ 101,418	$ 101,418	$ 120,516	$ 120,516
Held-to-maturity investments	58,181	45,177	57,204	42,955
Finance receivables, net	2,767,131	3,082,652	2,771,921	3,060,907
Financial liabilities:				
Interest-bearing deposits	90,769	90,769	98,580	98,580
Revolving lines of credit	820,022	820,022	849,815	849,815
Term loans	771,463	771,463	764,830	764,830
Convertible senior notes	579,840	649,790	576,963	620,079

Disclosure of the estimated fair values of financial instruments often requires the use of estimates. The carrying amount and estimates of the fair value of the Company's debt obligations outlined above do not include any related debt issuance costs associated with the debt obligations. The Company uses the following methods and assumptions to estimate the fair value of financial instruments:

Cash and cash equivalents: The carrying amount approximates fair value and quoted prices for identical assets can be found in active markets. Accordingly, the Company estimates the fair value of cash and cash equivalents using Level 1 inputs.

Held-to-maturity investments: Fair value of the Company's investment in the certificates of a closed-end Polish investment fund is estimated using proprietary pricing models that the Company utilizes to make portfolio purchase decisions. Accordingly, the Company estimates the fair value of its held-to-maturity investments using Level 3 inputs as there is little observable market data available and management is required to use significant judgment in its estimates.

Finance receivables, net: The Company computed the estimated fair value of these receivables using proprietary pricing models that the Company utilizes to make portfolio purchase decisions. Accordingly, the Company's fair value estimates use Level 3 inputs as there is limited observable market data available and management is required to use significant judgment in its estimates.

Interest-bearing deposits: The carrying amount approximates fair value due to the short-term nature of the deposits and the observable quoted prices for similar instruments in active markets. Accordingly, the Company uses Level 2 inputs for its fair value estimates.

Revolving lines of credit: The carrying amount approximates fair value due to the short-term nature of the interest rate periods and the observable quoted prices for similar instruments in active markets. Accordingly, the Company uses Level 2 inputs for its fair value estimates.

Term loans: The carrying amount approximates fair value due to the short-term nature of the interest rate periods and the observable quoted prices for similar instruments in active markets. Accordingly, the Company uses Level 2 inputs for its fair value estimates.

Convertible senior notes: The fair value estimates for the Notes incorporate quoted market prices which were obtained from secondary market broker quotes which were derived from a variety of inputs including client orders, information from their pricing vendors, modeling software, and actual trading prices when they occur. Accordingly, the Company uses Level 2 inputs for its fair value estimates. Furthermore, in the table above, carrying amount represents the portion of the Notes classified as debt, while estimated fair value pertains to the face amount of the Notes.

Financial Instruments Required To Be Carried At Fair Value

The carrying amounts in the following table are measured at fair value on a recurring basis in the accompanying consolidated balance sheets at March 31, 2018 and December 31, 2017 (amounts in thousands):

	Fair Value Measurements as of March 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale investments				
Government bonds	$ 5,464	$ —	$ —	$ 5,464
Fair value through net income				
Mutual funds	15,295	—	—	15,295
Interest rate swap contracts (recorded in other assets)	—	2,550	—	2,550

	Fair Value Measurements as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale investments				
Government bonds	$ 5,429	$ —	$ —	$ 5,429
Liabilities:				
Interest rate swap contracts (recorded in accrued expenses)	—	1,108	—	1,108

Available-for-sale

Government bonds: Fair value of the Company's investment in government bonds is estimated using quoted market prices. Accordingly, the Company uses Level 1 inputs.

Fair value through net income

Mutual funds: Fair value of the Company's investment in mutual funds is estimated using quoted market prices. Accordingly, the Company uses Level 1 inputs.

Interest rate swap contracts: The estimated fair value of the interest rate swap contracts is determined by using industry standard valuation models. These models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rate curves and other factors. Accordingly, the Company uses Level 2 inputs for its fair value estimates.

Investments measured using net asset value

Private equity funds: This class of investments consists of private equity funds that invest primarily in loans and securities including single-family residential debt; corporate debt products; and financially-oriented, real-estate-rich and other operating companies in the Americas, Western Europe, and Japan. These investments are subject to certain restrictions regarding transfers and withdrawals. The investments cannot be redeemed with the funds. Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. The investments are expected to be returned through distributions as a result of liquidations of the funds' underlying assets over 1 to 6 years. The fair value of these private equity funds following the Net Asset Value ("NAV") practical expedient was $8.8 million as of March 31, 2018 and December 31, 2017.

7. Earnings per Share:

Basic earnings per share ("EPS") are computed by dividing net income available to common stockholders of PRA Group, Inc. by weighted average common shares outstanding. Diluted EPS are computed using the same components as basic EPS with the denominator adjusted for the dilutive effect of the Notes and nonvested share awards, if dilutive. For the Notes, only the conversion spread is included in the diluted EPS calculation, if dilutive. Under such method, the settlement of the conversion spread has a dilutive effect when the average share price of the Company's common stock during any quarter exceeds $65.72 for the 2020 Notes or $46.24 for the 2023 Notes, neither of which occurred during the respective periods from which the Notes were

issued through March 31, 2018. Share-based awards that are contingent upon the attainment of performance goals are included in the computation of diluted EPS if the effect is dilutive. The dilutive effect of nonvested shares is computed using the treasury stock method, which assumes any proceeds that could be obtained upon the vesting of nonvested shares would be used to purchase common shares at the average market price for the period.

The following table provides a reconciliation between the computation of basic EPS and diluted EPS for the three months ended March 31, 2018 and 2017 (amounts in thousands, except per share amounts):

	For the Three Months Ended March 31,					
	2018			2017		
	Net income attributable to PRA Group, Inc.	Weighted Average Common Shares	EPS	Net income attributable to PRA Group, Inc.	Weighted Average Common Shares	EPS
Basic EPS	$ 21,106	45,231	$ 0.47	$ 48,167	46,406	$ 1.04
Dilutive effect of nonvested share awards		139	—		221	(0.01)
Diluted EPS	$ 21,106	45,370	$ 0.47	$ 48,167	46,627	$ 1.03

There were no antidilutive options outstanding for the three months ended March 31, 2018 and 2017.

8. Income Taxes:

The Company follows the guidance of FASB ASC Topic 740 "Income Taxes" ("ASC 740") as it relates to the provision for income taxes and uncertainty in income taxes. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

On May 10, 2017, the Company reached a settlement with the Internal Revenue Service ("IRS") in regards to the assertion that tax revenue recognition using the cost recovery method did not clearly reflect taxable income. Under the settlement, the Company will utilize a new tax accounting method to recognize net finance receivables revenue effective with tax year 2017. Under the new method, a portion of the annual collections amortizes principal and the remaining portion is taxable income. The deferred tax liability related to the difference in timing between the new method and the cost recovery method will be incorporated evenly into the Company's tax filings over four years effective with tax year 2017.

On December 22, 2017, the United States government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to the following provisions which are the most relevant to the Company: (1) reducing the U.S. federal corporate tax rate from 35% to 21%; (2) requiring companies to pay a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries; (3) generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; (4) requiring a current inclusion in U.S. federal taxable income of certain earnings of controlled foreign corporations referred to as Global Intangible Low-Taxed Income ("GILTI"); (5) creating the base erosion anti-abuse tax, a new minimum tax; (6) creating a new limitation on deductible interest expense; and (7) increasing limitations on the deductibility of executive compensation.

The Company had not completed its accounting for the income tax effects of the Tax Act for the tax year ended December 31, 2017, since formal application guidance has not yet been finalized or issued to date. Where the Company has been able to make reasonable estimates of the effects for which its analysis is not yet complete, the Company has recorded provisional amounts in accordance with SEC Staff Accounting Bulletin No. 118. Where the Company has not yet been able to make reasonable estimates of the impact of certain elements, the Company has not recorded any amounts related to those elements and has continued accounting for them in accordance with ASC 740 on the basis of the tax laws in effect immediately prior to the enactment of the Tax Act.

The Company was able to make reasonable estimates of certain effects and, therefore recorded provisional amounts in 2017 as follows:

- Revaluation of deferred tax assets and liabilities: The Tax Act reduces the U.S. federal corporate tax rate from 35% to 21% for tax years beginning after December 31, 2017. The Company has evaluated the financial impact and recorded a provisional deferred tax benefit of $73.8 million during the year ended December 31, 2017. The Company is still completing its calculation of the impact in its deferred tax balances.

- Transition Tax on unrepatriated foreign earnings: The Transition Tax on unrepatriated foreign earnings is a tax on previously untaxed accumulated and current earnings and profits ("E&P") of the Company's foreign subsidiaries. The

Company was able to make a reasonable estimate of the Transition Tax and has provisionally recorded no Transition Tax expense.

- GILTI: The Tax Act creates a new requirement that certain income (i.e., GILTI) earned by foreign subsidiaries must be included currently in the gross income of the U.S. shareholder. Due to the complexity of the new GILTI tax rules, the Company is continuing to evaluate the provision of the Tax Act and the application of ASC 740. The Company's accounting for this element of the Tax Act is subject to change since formal application guidance has not yet been finalized or issued to date. As a result, the Company has not recorded any amounts related to potential GILTI tax in its financial statements and has not yet made a policy decision regarding whether to record deferred taxes on GILTI.

- The Company has evaluated the impact of the other most relevant Tax Act provisions and determined the impact to be insignificant.

At March 31, 2018, the tax years subject to examination by the major federal, state and international taxing jurisdictions are 2013 and subsequent years.

The Company intends for predominantly all foreign earnings to be indefinitely reinvested in its foreign operations. If foreign earnings were repatriated, the Company may need to accrue and pay taxes, although foreign tax credits may be available to partially reduce U.S. income taxes. The amount of cash on hand related to foreign operations with indefinitely reinvested earnings was $80.7 million and $106.0 million as of March 31, 2018 and December 31, 2017, respectively.

9. Commitments and Contingencies:

Employment Agreements:

The Company has entered into employment agreements with all of its U.S. executive officers and with several members of its U.S. senior management group. Such agreements provide for base salary payments as well as potential discretionary bonuses that are based on the attainment of a combination of financial and management goals. At March 31, 2018, estimated future compensation under these agreements was approximately $21.8 million. The agreements also contain confidentiality and non-compete provisions. Outside the U.S., employment agreements are in place with employees pursuant to local country regulations. Generally, these agreements do not have expiration dates and therefore it is impractical to estimate the amount of future compensation under these agreements. Accordingly, the future compensation under these agreements is not included in the $21.8 million total above.

Leases:

The Company is party to various operating leases with respect to its facilities and equipment. Future minimum lease payments at March 31, 2018 totaled approximately $49.2 million.

Forward Flow Agreements:

The Company is party to several forward flow agreements that allow for the purchase of nonperforming loans at pre-established prices. The maximum remaining amount to be purchased under forward flow agreements at March 31, 2018 was approximately $351.3 million.

Finance Receivables:

Certain agreements for the purchase of finance receivables portfolios contain provisions that may, in limited circumstances, require the Company to refund a portion or all of the collections subsequently received by the Company on particular accounts. The potential refunds as of the balance sheet date are not considered to be significant.

Litigation and Regulatory Matters:

The Company is from time to time subject to routine legal claims, proceedings and regulatory matters, most of which are incidental to the ordinary course of its business. The Company initiates lawsuits against customers and is occasionally countersued by them in such actions. Also, customers, either individually, as members of a class action, or through a governmental entity on behalf of customers, may initiate litigation against the Company in which they allege that the Company has violated a state or federal law in the process of collecting on an account. From time to time, other types of lawsuits are brought against the Company. Additionally, the Company receives subpoenas and other requests or demands for information from regulators or governmental authorities who are investigating the Company's debt collection activities.

The Company accrues for potential liability arising from legal proceedings and regulatory matters when it is probable that such liability has been incurred and the amount of the loss can be reasonably estimated. This determination is based upon currently available information for those proceedings in which the Company is involved, taking into account the Company's best estimate of such losses for those cases for which such estimates can be made. The Company's estimate involves significant judgment, given the varying stages of the proceedings (including the fact that many of them are currently in preliminary stages), the number of unresolved issues in many of the proceedings (including issues regarding class certification and the scope of many of the claims), and the related uncertainty of the potential outcomes of these proceedings. In making determinations of the likely outcome of pending litigation, the Company considers many factors, including, but not limited to, the nature of the claims, the Company's experience with similar types of claims, the jurisdiction in which the matter is filed, input from outside legal counsel, the likelihood of resolving the matter through alternative mechanisms, the matter's current status and the damages sought or demands made. Accordingly, the Company's estimate will change from time to time, and actual losses could be more than the current estimate.

The Company believes that the estimate of the aggregate range of reasonably possible losses in excess of the amount accrued for its legal proceedings outstanding at March 31, 2018, where the range of loss can be estimated, was not material.

In certain legal proceedings, the Company may have recourse to insurance or third-party contractual indemnities to cover all or portions of its litigation expenses, judgments, or settlements. Loss estimates and accruals for potential liability related to legal proceedings are typically exclusive of potential recoveries, if any, under the Company's insurance policies or third-party indemnities. During the year ended December 31, 2017, the Company recorded $4.0 million in potential recoveries under the Company's insurance policies or third-party indemnities which is included in other receivables, net at March 31, 2018 and December 31, 2017.

The matters described below fall outside of the normal parameters of the Company's routine legal proceedings.

Multi-State Investigation

The Company previously received Civil Investigative Demands from multiple state Attorneys General offices broadly relating to its debt collection practices in the U.S. The Company, which has fully cooperated with the investigation, has discussed potential resolution of the investigation with this coalition of Attorneys General, which could include penalties, restitution and/or the adoption of new practices and controls in the conduct of the Company's business. In these discussions, the state Attorneys General offices have taken positions with which the Company disagrees. If the Company is unable to resolve its differences with this multi-state coalition, it is possible that individual state Attorneys General offices may file claims against the Company. The range of loss, if any, cannot be estimated at this time.

Iris Pounds v. Portfolio Recovery Associates, LLC

On November 21, 2016, Iris Pounds filed suit against the Company in Durham County, North Carolina alleging violations of the North Carolina Prohibited Practices by Collection Agencies Act. The purported class consists of all individuals against whom the Company had obtained a judgment by default in North Carolina on or after October 1, 2009. The Company removed the matter to the United States District Court for the Middle District of North Carolina (the "District Court"), and has filed a motion to dismiss. The District Court has entered an order remanding the matter to the North Carolina state court, which order the Company has appealed to the Fourth Circuit Court of Appeals. The range of loss, if any, cannot be estimated at this time due to the uncertainty surrounding liability, class certification and the interpretation of statutory damages.

10. Sale of Subsidiaries:

As part of the Company’s strategy to focus on its primary business, the purchase, collection and management of portfolios of nonperforming loans, the Company sold its government services businesses: PRA Government Services, LLC; MuniServices, LLC; and PRA Professional Services, LLC on January 24, 2017, for $91.5 million in cash plus additional consideration for certain balance sheet items. The pre-tax gain on sale was $46.8 million, and was recorded in the first quarter of 2017.

11. Recent Accounting Pronouncements:

In May 2014, FASB issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09") that updates the principles for recognizing revenue. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance specifically excludes revenue received for servicing finance receivables. ASU 2014-09 also amends the required disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, and can be adopted either retrospectively to each prior

reporting period presented or as a cumulative-effect adjustment as of the date of adoption, with early application not permitted. The Company determined that the revenue generated by its subsidiary Claims Compensation Bureau, LLC ("CCB") is within the scope of this standard. The Company adopted ASU 2014-09 in the first quarter of 2018 which had no material impact on its consolidated financial statements.

In January 2016, FASB issued ASU 2016-01, as amended by ASU 2018-03, "Financial Instruments-Overall: Technical Corrections and Improvements", issued in February 2018**,** which revises the classification and measurement of investments in equity securities. ASU 2016-01 requires that equity investments, except those accounted for under the equity method of accounting, be measured at fair value and changes in fair value are recognized in net income. However, for equity investments that do not have readily determinable fair values and don't qualify for the existing practical expedient to estimate fair value using the NAV per share (or its equivalent) of the investment, the guidance provides a new measurement alternative. Entities may choose to measure those investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company adopted ASU 2016-01 in the first quarter of 2018, which resulted in a cumulative effect adjustment of $3.9 million, net of tax, to retained earnings for the unrealized loss on its equity investments.

In February 2016, FASB issued ASU 2016-02, "Leases (Topic 842) Section A - Leases: Amendments to the FASB Account Standards Codification" ("ASU 2016-02"). ASU 2016-02 requires that a lessee should recognize a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term on the balance sheet. It is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, using a modified retrospective approach and early adoption is permitted. The Company is currently in the process of evaluating the impact of adoption of ASU 2016-02 on its consolidated financial statements. The Company has approximately $49.2 million in operating lease obligations as disclosed in its contractual obligations table in Part I, Item 2 of this Quarterly Report on Form 10-Q and is in the process of evaluating those contracts as well as other existing arrangements to determine if they qualify for lease accounting under the new standard. The Company does not plan to adopt the standard early.

In June 2016, FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326)" ("ASU 2016-13"). ASU 2016-13 requires the measurement of expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable forecasts. The main objective of ASU 2016-13 is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years and allows for early adoption as of the beginning of an interim or annual reporting period beginning after December 15, 2018. ASU 2016-13 supersedes ASC Topic 310-30, which the Company currently follows to account for revenue on its finance receivables. ASU 2016-13 could have a significant impact on how the Company measures and records net revenue on its finance receivables. The Company is currently in the process of evaluating the impact of adoption of ASU 2016-13 on its consolidated financial statements.

In August 2016, FASB issued ASU 2016-15, "Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments (Topic 230)" ("ASU 2016-15"). ASU 2016-15 reduces diversity in practice of how certain transactions are classified in the statement of cash flows. The new guidance clarifies the classification of cash activity related to debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate and bank-owned life insurance policies, distributions received from equity-method investments, and beneficial interests in securitization transactions. The guidance also describes a predominance principle in which cash flows with aspects of more than one class that cannot be separated should be classified based on the activity that is likely to be the predominant source or use of cash flow. ASU 2016-15 is effective for the Company for fiscal years beginning after December 15, 2018. Early adoption is permitted, including adoption in an interim period, but requires all elements of the amendments to be adopted at once rather than individually. The new standard must be adopted using a retrospective transition method. The Company is currently in the process of evaluating the impact of adoption of ASU 2016-15 on its consolidated financial statements.

In October 2016, FASB issued ASU 2016-16, "Income Taxes - Intra-Entity Transfers of Assets Other Than Inventory" ("ASU 2016-16"), which requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The standard is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The new standard must be adopted using a modified retrospective transition method which is a cumulative-effect adjustment to retained earnings as of the beginning of the first effective reporting period. The Company adopted ASU 2016-16 in the first quarter of 2018 which had no material impact on its consolidated financial statements.

In January 2017, FASB issued ASU-2017-01, "Business Combinations - Clarifying the Definition of a Business (Topic 805)" ("ASU 2017-01"). ASU 2017-01 clarifies the definition of a business with the objective of adding guidance to assist companies

with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The new guidance is expected to reduce the number of transactions that need to be further evaluated as businesses. The guidance applies to transactions that occur on or after an entity's adoption date, the earliest of which is January 1, 2017.

In January 2017, FASB issued ASU No. 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"). ASU 2017-04 eliminates Step 2 of the goodwill impairment test. Instead, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. ASU 2017-04 is effective for annual and interim periods beginning after December 15, 2019, and early adoption is permitted for interim or annual goodwill impairment tests performed after January 1, 2017. The Company is currently in the process of evaluating the impact of adoption of ASU 2017-04 on its consolidated financial statements.

In May 2017, FASB issued ASU No. 2017-09, "Compensation–Stock Compensation (Topic 718): Scope of Modification Accounting" (ASU 2017-09"). ASU 2017-09 clarifies when a change to the terms or conditions of a share-based payment award must be accounted for as a modification. The new guidance requires modification accounting if the fair value, vesting condition or the classification of the award is not the same immediately before and after a change to the terms and conditions of the award. The new guidance is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company adopted ASU 2017-09 in the first quarter of 2018 which had no material impact on its consolidated financial statements.

In August 2017, FASB issued ASU No. 2017-12, "Derivatives and Hedging - Targeted Improvements to Accounting for Hedging Activities" ("ASU 2017-12"). ASU 2017-12 modifies the presentation and disclosure of hedging results. Further, it provides partial relief on the timing of certain aspects of hedge documentation and eliminates the requirement to recognize hedge ineffectiveness separately in income. The amendments in ASU 2017-12 are effective for fiscal years beginning after December 15, 2018 and for interim periods therein. The Company is currently in the process of evaluating the impact of adoption of ASU 2017-12 on its consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" (ASU 2018-02"). Under existing U.S. GAAP, the effects of changes in tax rates and laws on deferred tax balances are recorded as a component of income tax expense in the period in which the law was enacted. When deferred tax balances related to items originally recorded in accumulated other comprehensive income (loss) are adjusted, certain tax effects become stranded in accumulated other comprehensive income. The amendments in ASU 2018-02 allow a reclassification from accumulated other comprehensive income (loss) to retained earnings (accumulated deficit) for stranded income tax effects resulting from the 2017 Tax Cuts and Jobs Act. The amendments in this ASU also require certain disclosures about stranded income tax effects. The guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption in any period is permitted. The Company's provisional adjustments recorded during the year ended December 31, 2017 to account for the impact of the Tax Act did not result in stranded tax effects. The Company does not anticipate the adoption of this standard will have a material impact on its consolidated financial statements.

The Company does not expect that any other recently issued accounting pronouncements will have a material effect on its consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements:

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements involve risks, uncertainties and assumptions that could cause our results to differ materially from those expressed or implied by such forward-looking statements. All statements, other than statements of historical fact, are forward-looking statements, including statements regarding overall cash collection trends, gross margin trends, operating cost trends, liquidity and capital needs and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The risks, uncertainties and assumptions referred to above may include the following:

- a prolonged economic recovery or a deterioration in the economic or inflationary environment in the Americas or Europe, including the interest rate environment;
- changes in the credit or capital markets, which affect our ability to borrow money or raise capital;
- our ability to replace our portfolios of nonperforming loans with additional portfolios;
- our ability to purchase nonperforming loans at appropriate prices;
- changes in, or interpretations of, federal, state, local, or foreign laws or the administrative practices of various bankruptcy courts, which may impact our ability to collect on our nonperforming loans;
- our ability to collect sufficient amounts on our nonperforming loans;
- the possibility that we could incur significant allowance charges on our finance receivables;
- changes in, or interpretations of, bankruptcy or collection laws that could negatively affect our business, including by causing an increase in certain types of bankruptcy filings involving liquidations, which may cause our collections to decrease;
- our ability to manage risks associated with our international operations;
- changes in tax laws regarding earnings of our subsidiaries located outside of the United States ("U.S.");
- the impact of the Tax Cuts and Jobs Act, including interpretations and determinations by tax authorities;
- the possibility that we could incur goodwill or other intangible asset impairment charges;
- adverse effects from the vote by the United Kingdom ("UK") to leave the European Union ("EU");
- adverse outcomes in pending litigations or administrative proceedings;
- our loss contingency accruals may not be adequate to cover actual losses;
- the possibility that class action suits and other litigation could divert management's attention and increase our expenses;
- the possibility that we could incur business or technology disruptions or cyber incidents;
- our ability to collect and enforce our nonperforming loans may be limited under federal, state, local and foreign laws;
- our ability to comply with existing and new regulations of the collection industry, the failure of which could result in penalties, fines, litigation, damage to our reputation, or the suspension or termination of or required modification to our ability to conduct our business;
- investigations or enforcement actions by governmental authorities, including the Consumer Financial Protection Bureau ("CFPB"), which could result in changes to our business practices; negatively impact our portfolio purchasing volume; make collection of account balances more difficult or expose us to the risk of fines, penalties, restitution payments, and litigation;
- the possibility that compliance with foreign and U.S. laws and regulations that apply to our international operations could increase our cost of doing business in international jurisdictions;
- our ability to raise the funds necessary to repurchase the convertible senior notes or to settle conversions in cash;
- our ability to maintain, renegotiate or replace our credit facilities;
- changes in interest or exchange rates, which could reduce our net income, and the possibility that future hedging strategies may not be successful, which could adversely affect our results of operations and financial condition, as could our failure to comply with hedge accounting principles and interpretations;
- the possibility that the adoption of future accounting standards could negatively impact our business; and
- the risk factors discussed in our filings with the Securities and Exchange Commission (the "SEC").

You should assume that the information appearing in this Quarterly Report is accurate only as of the date it was issued. Our business, financial condition, results of operations and prospects may have changed since that date.

You should carefully consider the factors listed above and review the following "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as the "Risk Factors" section and "Business" section of our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on February 28, 2018 ("2017 Form 10-K").

Our forward-looking statements could be wrong in light of these and other risks, uncertainties and assumptions. The future events, developments or results described in, or implied by, this Quarterly Report could turn out to be materially different. Except

as required by law, we assume no obligation to publicly update or revise our forward-looking statements after the date of this Quarterly Report and you should not expect us to do so.

Investors should also be aware that while we do, from time to time, communicate with securities analysts and others, we do not, by policy, selectively disclose to them any material nonpublic information or other confidential commercial information. Accordingly, investors should not assume that we agree with any statement or report issued by any analyst regardless of the content of the statement or report. We do not, by policy, confirm forecasts or projections issued by others. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

Frequently Used Terms

We use the following terminology throughout this Quarterly Report:

- "Amortization rate" refers to cash collections applied to principal on finance receivables as a percentage of total cash collections.
- "Buybacks" refers to purchase price refunded by the seller due to the return of ineligible accounts.
- "Cash collections" refers to collections on our owned finance receivables portfolios.
- "Cash receipts" refers to collections on our owned finance receivables portfolios plus fee income.
- "Core" accounts or portfolios refer to accounts or portfolios that are nonperforming loans and are not in an insolvent status upon purchase. These accounts are aggregated separately from insolvency accounts.
- "Estimated remaining collections" or "ERC" refers to the sum of all future projected cash collections on our owned finance receivables portfolios.
- "Insolvency" accounts or portfolios refer to accounts or portfolios of receivables that are in an insolvent status when we purchase them and as such are purchased as a pool of insolvent accounts. These include Individual Voluntary Arrangements ("IVAs"), Trust Deeds in the UK, Consumer Proposals in Canada and bankruptcy accounts in the U.S., Canada, Germany and the UK.
- "Principal amortization" refers to cash collections applied to principal on finance receivables.
- "Purchase price" refers to the cash paid to a seller to acquire nonperforming loans, plus certain capitalized costs, less buybacks.
- "Purchase price multiple" refers to the total estimated collections (as defined below) on owned finance receivables portfolios divided by purchase price.
- "Total estimated collections" or "TEC" refers to actual cash collections, including cash sales, plus estimated remaining collections on our finance receivables portfolios.

All references in this Quarterly Report to "PRA Group," "our," "we," "us," "the Company" or similar terms are to PRA Group, Inc. and its subsidiaries.

Overview

We are a global financial and business services company with operations in the Americas and Europe. Our primary business is the purchase, collection and management of portfolios of nonperforming loans.

We are headquartered in Norfolk, Virginia, and as of March 31, 2018 employ 5,639 full time equivalents. Our shares of common stock are traded on the NASDAQ Global Select Market under the symbol "PRAA."

Results of Operations

The results of operations include the financial results of the Company and all of its subsidiaries. The following table sets forth consolidated income statement amounts as a percentage of total revenues for the periods indicated:

	For the Three Months Ended March 31,			
	2018		2017	
Revenues:				
Income recognized on finance receivables, net	$ 217,699	97.5 %	$ 194,535	94.2 %
Fee income	5,327	2.4	9,858	4.8
Other revenue	157	0.1	2,165	1.0
Total revenues	223,183	100.0	206,558	100.0
Operating expenses:				
Compensation and employee services	81,237	36.4	68,468	33.1
Legal collection expenses	32,912	14.7	31,728	15.4
Agency fees	8,278	3.7	10,800	5.2
Outside fees and services	14,158	6.4	13,285	6.5
Communication	11,557	5.2	9,137	4.4
Rent and occupancy	4,314	1.9	3,783	1.8
Depreciation and amortization	4,929	2.2	5,215	2.5
Other operating expenses	12,184	5.5	10,885	5.3
Total operating expenses	169,569	76.0	153,301	74.2
Income from operations	53,614	24.0	53,257	25.8
Other income and (expense):				
Gain on sale of subsidiaries	—	—	46,845	22.7
Interest expense, net	(25,781)	(11.6)	(21,257)	(10.3)
Foreign exchange gain	1,293	0.6	2,179	1.1
Other	243	0.1	—	—
Income before income taxes	29,369	13.1	81,024	39.3
Provision for income taxes	6,137	2.7	31,409	15.2
Net income	23,232	10.4	49,615	24.1
Adjustment for net income attributable to noncontrolling interests	2,126	1.0	1,448	0.7
Net income attributable to PRA Group, Inc.	$ 21,106	9.4 %	$ 48,167	23.4 %

Three Months Ended March 31, 2018 Compared To Three Months Ended March 31, 2017

Revenues

Total revenues were $223.2 million for the three months ended March 31, 2018, an increase of $16.6 million, or 8.0%, compared to total revenues of $206.6 million for the three months ended March 31, 2017.

A summary of how our revenues were generated during the three months ended March 31, 2018 and 2017 is as follows (amounts in thousands):

	For the Three Months Ended March 31,	
	2018	2017
Cash collections	$ 426,580	$ 379,830
Principal amortization	(207,956)	(182,616)
Net allowance charges	(925)	(2,679)
Income recognized on finance receivables, net	217,699	194,535
Fee income	5,327	9,858
Other revenue	157	2,165
Total revenues	$ 223,183	$ 206,558

Income Recognized on Finance Receivables, net

Income recognized on finance receivables, net was $217.7 million for the three months ended March 31, 2018, an increase of $23.2 million, or 11.9%, compared to $194.5 million for the three months ended March 31, 2017. The increase was primarily the result of overperformance on select Americas Core and European Core portfolios which resulted in yield increases on certain pools, a decline in net allowance charges, and the impact of elevated buying in 2017. This was partially offset by a decline in income generated by our Americas Insolvency portfolios due primarily to lower volume of purchasing during fiscal years 2014 to 2016.

Cash collections were $426.6 million in the three months ended March 31, 2018, up $46.8 million, or 12.3%, as compared to the three months ended March 31, 2017. The increase was primarily attributable to record collections in our Americas Core and European Core portfolios, which increased $19.3 million and $20.0 million, respectively. Additionally, our Americas Insolvency and European Insolvency collections increased $5.5 million and $1.9 million, respectively. Cash collections on fully amortized pools were $15.6 million in the three months ended March 31, 2018, an increase of $2.1 million or 15.6%, compared to $13.5 million in the three months ended March 31, 2017. Cash collections on pools on cost recovery were $17.5 million in the three months ended March 31, 2018, an increase of $8.9 million or 103.5%, compared to $8.6 million in the three months ended March 31, 2017.

Income recognized on finance receivables, net, is shown net of changes in valuation allowances which are recorded for significant decreases in expected cash flows or a change in timing of cash flows which would otherwise require a reduction in the stated yield on a pool of accounts. For the three months ended March 31, 2018, we recorded net allowance charges of $0.9 million, consisting of net allowance reversals of $0.7 million on our Americas Core portfolios and net allowance charges of $0.2 million and $1.4 million on our Americas Insolvency and our European Core portfolios, respectively. For the three months ended March 31, 2017, we recorded net allowance charges of $2.7 million, consisting of $1.0 million and $0.1 million on our Americas Core and Americas Insolvency portfolios, respectively, and $1.5 million on our European Core portfolios.

During the three months ended March 31, 2018, we reclassified $112.0 million from nonaccretable difference to accretable yield primarily due to increased cash collection forecasts relating to certain Americas Core and European Core pools. During the three months ended March 31, 2017, we reclassified $47.1 million from nonaccretable difference to accretable yield primarily due to increased cash collection forecasts relating to pools acquired from 2013-2016.

Fee Income

Fee income was $5.3 million in the three months ended March 31, 2018, a decrease of $4.6 million or 46.5%, compared to $9.9 million in the three months ended March 31, 2017. This was primarily due to the sale of our government services businesses in January 2017 and the sale of PRA Location Services, LLC ("PLS") in June 2017, partially offset by an increase in fee income generated by Claims Compensation Bureau, LLC ("CCB").

Other Revenue

Other revenue decreased to $0.2 million in the three months ended March 31, 2018 from $2.2 million in the three months ended March 31, 2017, primarily due to a decrease in revenue generated by our investments.

Operating Expenses

Total operating expenses were $169.6 million for the three months ended March 31, 2018, an increase of $16.3 million or 10.6%, compared to operating expenses of $153.3 million for the three months ended March 31, 2017.

Compensation and Employee Services

Compensation and employee services expenses were $81.2 million for the three months ended March 31, 2018, an increase of $12.7 million, or 18.5%, compared to $68.5 million for the three months ended March 31, 2017. Compensation expense increased primarily as a result of larger average staff sizes, partially offset by a decrease resulting from the sale of our government services businesses in January 2017 and the sale of PLS in June 2017. As part of our strategy to expand our domestic collector workforce, in the U.S., we have hired approximately 1,100 new collectors, net of attrition, since March 31, 2017. Total full-time equivalents increased to 5,639 as of March 31, 2018, compared to 4,205 as of March 31, 2017.

Legal Collection Expenses

Legal collection expenses primarily consist of costs paid to courts where a lawsuit is filed and contingent fees incurred for the cash collections generated by our independent third-party attorney network. Legal collection expenses were $32.9 million for the three months ended March 31, 2018, an increase of $1.2 million or 3.8%, compared to legal collection expenses of $31.7 million for the three months ended March 31, 2017. The increase was primarily due to an increase in costs paid to courts where a lawsuit is filed, mainly due to an increase in the number of accounts brought into the legal collection process in the Americas. Our costs paid to courts were $22.0 million for the three months ended March 31, 2018, an increase of $2.0 million or 10.0% compared to $20.0 million for the three months ended March 31, 2017. This was partially offset by a decrease in legal collection expenses paid to third-party attorneys. Our costs paid to third-party attorneys were $10.7 million for the three months ended March 31, 2018, a decrease of $0.6 million or 5.3% compared to $11.3 million for the three months ended March 31, 2017.

Agency Fees

Agency fees primarily represent third-party collection fees, primarily outside the U.S. Prior to the sale of PLS in June of 2017, agency fees also included costs paid to repossession agents to repossess vehicles. Agency fees were $8.3 million for the three months ended March 31, 2018, a decrease of $2.5 million or 23.1%, compared to $10.8 million for the three months ended March 31, 2017. The decrease was primarily due to the impact of the sale of PLS in June 2017.

Outside Fees and Services

Outside fees and services expenses were $14.2 million for the three months ended March 31, 2018, an increase of $0.9 million or 6.8%, compared to outside fees and services expenses of $13.3 million for the three months ended March 31, 2017.

Communication

Communication expenses were $11.6 million for the three months ended March 31, 2018, an increase of $2.5 million or 27.5%, compared to communication expenses of $9.1 million for the three months ended March 31, 2017. This increase was primarily due to a $1.5 million increase in postage expenses and a $1.0 million increase in telephone related expenses. These increases are primarily the result of increased letter and call volume associated with record portfolio purchases in Americas Core in 2017.

Rent and Occupancy

Rent and occupancy expenses were $4.3 million for the three months ended March 31, 2018, an increase of $0.5 million or 13.2%, compared to rent and occupancy expense of $3.8 million for the three months ended March 31, 2017. The increase was primarily due to the opening of two new call centers in the U.S. in the fourth quarter of 2017.

Depreciation and Amortization

Depreciation and amortization expenses were $4.9 million for the three months ended March 31, 2018, a decrease of $0.3 million, or 5.8%, compared to depreciation and amortization expenses of $5.2 million for the three months ended March 31, 2017. The decrease was primarily due to the impact of the sale of our government services businesses in January 2017 and the sale of PLS in June 2017.

Other Operating Expenses

Other operating expenses were $12.2 million for the three months ended March 31, 2018, an increase of $1.3 million, or 11.9%, compared to other operating expenses of $10.9 million for the three months ended March 31, 2017. The increase was primarily due to a $0.9 million increase in repairs and maintenance and a $0.8 million increase in general office expenses. This was partially offset by a $1.0 million decrease in expense related to a prior acquisition that was incurred during the three months ended March 31, 2017. None of the remaining variance was attributable to any significant identifiable items.

Gain on Sale of Subsidiaries

Pre-tax gain on sale of subsidiaries was $46.8 million for the three months ended March 31, 2017 as the direct result of our sale of the government services businesses on January 24, 2017.

Interest Expense, Net

Interest expense, net was $25.8 million during the three months ended March 31, 2018, an increase of $4.5 million or 21.1%, compared to $21.3 million for the three months ended March 31, 2017. The increase was primarily due to higher levels of average borrowings outstanding, increases in interest rates, and increases to deferred financing costs related to our financing activities during the three months ended March 31, 2018. This was partially offset by changes in fair value on our interest rate swap agreements.

Interest expense, net consisted of the following for the three months ended March 31, 2018 and 2017 (amounts in thousands):

	Three Months Ended March 31,		
	2018	2017	Change
Stated interest on debt obligations and unused line fees	$ 20,043	$ 17,327	$ 2,716
Coupon interest on convertible debt	5,175	2,156	3,019
Amortization of convertible debt discount	2,877	1,155	1,722
Amortization of loan fees and other loan costs	2,553	1,928	625
Change in fair value on interest rate swap agreements	(3,673)	158	(3,831)
Interest income	(1,194)	(1,467)	273
Interest expense, net	$ 25,781	$ 21,257	$ 4,524

Net Foreign Currency Transaction Gains

Net foreign currency transaction gains were $1.3 million and $2.2 million for the three months ended March 31, 2018 and 2017, respectively. In any given period, we may incur foreign currency transactions gains or losses from transactions in currencies other than the functional currency.

Other Income

Other Income was $0.2 million and $0 during the three months ended March 31, 2018 and March 31, 2017, respectively.

Provision for Income Taxes

Provision for income taxes was $6.1 million for the three months ended March 31, 2018, a decrease of $25.3 million, or 80.6%, compared to provision for income taxes of $31.4 million for the three months ended March 31, 2017. The decrease was primarily due to a $51.6 million decrease in income before income taxes for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017, coupled with a decrease in our effective tax rate. During the three months ended March 31, 2018, our effective tax rate was 20.9%, compared to 38.8% for the three months ended March 31, 2017. The decrease was due to the effects of U.S. tax reform, primarily the reduction of the U.S. Federal income tax rate from 35% to 21%, changes in the mix of projected taxable income between tax jurisdictions and a decrease in the estimated blended rate for U.S. state deferred taxes.

Supplemental Performance Data

Finance Receivables Portfolio Performance

The following tables show certain data related to our Americas and European Core and Insolvency portfolios. Certain adjustments, as noted in the footnotes to these tables, have been made to reduce the impact of foreign currency fluctuations on ERC and purchase price multiples.

The accounts represented in the insolvency tables are those portfolios of accounts that were in an insolvency status at the time of purchase. This contrasts with accounts in our Core portfolios that file for bankruptcy/insolvency protection after we purchase them, which continue to be tracked in their corresponding Core portfolio. Core customers sometimes file for bankruptcy/insolvency protection subsequent to our purchase of the related Core portfolio. When this occurs, we adjust our collection practices to comply with bankruptcy/insolvency rules and procedures; however, for accounting purposes, these accounts remain in the original Core portfolio. Insolvency accounts may be dismissed voluntarily or involuntarily subsequent to our purchase of the Insolvency portfolio. Dismissal occurs when the terms of the bankruptcy are not met by the petitioner. When this occurs, we are typically free to pursue collection outside of bankruptcy procedures; however, for accounting purposes, these accounts remain in the original Insolvency pool.

Purchase price multiples can vary over time due to a variety of factors, including pricing competition, supply levels, age of the receivables purchased, and changes in our operational efficiency. For example, increased pricing competition during the 2005 to 2008 period negatively impacted purchase price multiples of our Core portfolio compared to prior years. Conversely, during the 2009 to 2011 period, pricing disruptions occurred as a result of the economic downturn. This created unique and advantageous purchasing opportunities, particularly within the Insolvency market, relative to the prior four years. Purchase price multiples can also vary among types of finance receivables. For example, we generally incur lower collection costs on our Insolvency portfolio compared with our Core portfolio. This allows us, in general, to pay more for an Insolvency portfolio and experience lower purchase price multiples, while generating similar net income margins when compared with a Core portfolio.

When competition increases and/or supply decreases, pricing often becomes negatively impacted relative to expected collections, and yields tend to trend lower. The opposite tends to occur when competition decreases and/or supply increases.

Within a given portfolio type, to the extent that lower purchase price multiples are the result of more competitive pricing and lower yields, this will generally lead to higher amortization rates and lower profitability. As portfolio pricing becomes more favorable on a relative basis, our profitability will tend to increase. Profitability within given Core portfolio types may also be impacted by the age and quality of the receivables, which impact the cost to collect those accounts. Fresher accounts, for example, typically carry lower associated collection expenses, while older accounts and lower balance accounts typically carry higher costs and as a result require higher purchase price multiples to achieve the same net profitability as fresher paper.

Revenue recognition under Financial Accounting Standards Board ("FASB") Accounting Standards Codification 310-30, "Loans and Debt Securities Acquired with Deteriorated Credit Quality" ("ASC 310-30") is driven by estimates of total collections as well as the timing of those collections. We record new portfolio purchases based on our best estimate of the cash flows expected at acquisition, which reflects the uncertainties inherent in the purchase of nonperforming loans and the results of our underwriting process. Subsequent to the initial booking, as we gain collection experience and confidence with a pool of accounts, we regularly update ERC. As a result, our estimate of total collections has often increased as pools have aged. These processes have tended to cause the ratio of ERC to purchase price for any given year of buying to gradually increase over time. Thus, all factors being equal in terms of pricing, one would typically tend to see a higher collection to purchase price ratio from a pool of accounts that was six years from purchase than a pool that was just two years from purchase.

The numbers presented in the following tables represent gross cash collections and do not reflect any costs to collect; therefore, they may not represent relative profitability. Due to all the factors described above, readers should be cautious when making comparisons of purchase price multiples among periods and between types of receivables.

We hold a majority interest in a closed-end Polish investment fund that purchases and services nonperforming loans. Our investment in this fund is classified in our Consolidated Balance Sheets as "Investments" and as such is not included in the following tables. The estimated remaining collections of the portfolios held by the closed-end Polish investment fund, expected to be received by us, was $74.9 million at March 31, 2018.

Purchase Price Multiples
as of March 31, 2018
Amounts in thousands

Purchase Period	Purchase Price [1][2]	Net Finance Receivables [3]	ERC-Historical Period Exchange Rates [4]	Total Estimated Collections [5]	ERC-Current Period Exchange Rates [6]	Current Estimated Purchase Price Multiple	Original Estimated Purchase Price Multiple [7]
Americas-Core							
1996-2007	$ 638,460	$ 7,015	$ 30,278	$ 2,046,593	$ 30,278	321%	240%
2008	166,434	3,603	14,173	374,917	14,173	225%	220%
2009	125,155	865	27,803	458,854	27,803	367%	252%
2010	148,204	4,985	46,845	536,785	46,845	362%	247%
2011	209,625	12,606	66,779	725,666	66,779	346%	245%
2012	254,247	23,753	97,231	679,874	97,231	267%	226%
2013	391,247	70,571	220,876	980,948	220,876	251%	211%
2014	405,653	117,573	322,221	985,160	318,909	243%	204%
2015	444,516	173,302	399,613	967,727	401,173	218%	205%
2016	455,595	254,573	560,793	1,007,980	565,577	221%	201%
2017	536,130	466,780	880,523	1,060,591	879,773	198%	193%
2018	131,849	130,415	260,311	266,947	260,311	202%	202%
Subtotal	3,907,115	1,266,041	2,927,446	10,092,042	2,929,728		
Americas-Insolvency							
1996-2007	132,917	—	494	197,106	494	148%	148%
2008	108,549	—	517	168,662	517	155%	163%
2009	155,989	—	1,769	470,653	1,769	302%	214%
2010	208,947	—	3,215	547,333	3,215	262%	184%
2011	180,447	—	947	368,231	947	204%	155%
2012	251,433	—	1,375	388,349	1,375	154%	136%
2013	227,905	3,920	18,342	354,844	18,342	156%	133%
2014	148,720	20,772	33,630	211,087	33,583	142%	124%
2015	63,199	28,113	35,834	82,204	35,834	130%	125%
2016	92,290	46,194	55,800	111,922	55,887	121%	123%
2017	276,637	216,719	268,797	342,254	268,797	124%	125%
2018	13,588	13,587	17,012	17,100	17,012	126%	126%
Subtotal	1,860,621	329,305	437,732	3,259,745	437,772		
Total Americas	5,767,736	1,595,346	3,365,178	13,351,787	3,367,500		
Europe-Core							
2012	20,426	—	2,319	38,398	1,998	188%	187%
2013	20,358	442	1,477	23,682	1,248	116%	119%
2014	797,539	312,494	1,038,365	2,121,937	966,698	266%	208%
2015	422,595	238,428	474,480	743,376	465,341	176%	160%
2016	348,857	282,181	442,083	578,493	483,364	166%	167%
2017	250,089	239,234	331,287	363,123	351,038	145%	144%
2018	17,913	17,562	25,449	25,935	25,449	145%	145%
Subtotal	1,877,777	1,090,341	2,315,460	3,894,944	2,295,136		
Europe-Insolvency							
2014	10,876	1,765	4,880	18,234	4,786	168%	129%
2015	19,408	7,696	14,038	28,829	13,261	149%	139%
2016	42,215	27,141	38,073	60,340	40,977	143%	130%
2017	38,836	39,405	46,996	49,742	49,731	128%	128%
2018	5,454	5,437	6,521	6,546	6,521	120%	120%
Subtotal	116,789	81,444	110,508	163,691	115,276		
Total Europe	1,994,566	1,171,785	2,425,968	4,058,635	2,410,412		
Total PRA Group	$ 7,762,302	$ 2,767,131	$ 5,791,146	$ 17,410,422	$ 5,777,912		

(1) The amount reflected in the Purchase Price also includes the acquisition date finance receivables portfolios that were acquired through our various business acquisitions.
(2) For our international amounts, Purchase Price is presented at the exchange rate at the end of the quarter in which the pool was purchased. In addition, any purchase price adjustments that occur throughout the life of the pool are presented at the period-end exchange rate for the respective quarter of purchase.
(3) For our international amounts, Net Finance Receivables are presented at the March 31, 2018 exchange rate.
(4) For our international amounts, ERC-Historical Period Exchange Rates is presented at the period-end exchange rate for the respective quarter of purchase.
(5) For our international amounts, TEC is presented at the period-end exchange rate for the respective quarter of purchase.
(6) For our international amounts, ERC-Current Period Exchange Rates is presented at the March 31, 2018 exchange rate.
(7) The Original Purchase Price Multiple represents the purchase price multiple at the end of the year of acquisition.

Portfolio Financial Information
Year-to-date as of March 31, 2018
Amounts in thousands

Purchase Period	Purchase Price [1][2]	Cash Collections [3]	Gross Revenue [3]	Amortization [3]	Allowance [3]	Net Revenue [3]	Net Finance Receivables as of March 31, 2018[4]
Americas-Core							
1996-2007	$ 638,460	$ 2,922	$ 2,259	$ 663	$ (460)	$ 2,719	$ 7,015
2008	166,434	1,403	627	776	—	627	3,603
2009	125,155	2,431	2,361	70	125	2,236	865
2010	148,204	3,266	2,417	849	(2,325)	4,742	4,985
2011	209,625	6,539	5,388	1,151	(570)	5,958	12,606
2012	254,247	8,664	5,129	3,535	(2,000)	7,129	23,753
2013	391,247	16,915	12,005	4,910	1,945	10,060	70,571
2014	405,653	25,535	17,251	8,284	1,925	15,326	117,573
2015	444,516	39,516	20,877	18,639	—	20,877	173,302
2016	455,595	59,875	31,913	27,962	316	31,597	254,573
2017	536,130	72,534	41,712	30,822	380	41,332	466,780
2018	131,849	6,637	5,003	1,634	—	5,003	130,415
Subtotal	3,907,115	246,237	146,942	99,295	(664)	147,606	1,266,041
Americas-Insolvency							
1996-2007	132,917	48	48	—	—	48	—
2008	108,549	72	72	—	—	72	—
2009	155,989	238	238	—	—	238	—
2010	208,947	441	441	—	—	441	—
2011	180,447	482	482	—	—	482	—
2012	251,433	1,704	1,704	—	—	1,704	—
2013	227,905	8,532	4,833	3,699	—	4,833	3,920
2014	148,720	7,609	1,554	6,055	—	1,554	20,772
2015	63,199	4,941	830	4,111	—	830	28,113
2016	92,290	6,761	1,193	5,568	210	983	46,194
2017	276,637	24,364	4,335	20,029	—	4,335	216,719
2018	13,588	88	88	—	—	88	13,587
Subtotal	1,860,621	55,280	15,818	39,462	210	15,608	329,305
Total Americas	5,767,736	301,517	162,760	138,757	(454)	163,214	1,595,346
Europe-Core							
2012	20,426	583	585	(2)	—	585	—
2013	20,358	385	251	134	—	251	442
2014	797,539	58,099	33,059	25,040	(140)	33,199	312,494
2015	422,595	23,130	9,130	14,000	(224)	9,354	238,428
2016	348,857	20,190	6,581	13,609	1,743	4,838	282,181
2017	250,089	15,236	3,550	11,686	—	3,550	239,234
2018	17,913	486	136	350	—	136	17,562
Subtotal	1,877,777	118,109	53,292	64,817	1,379	51,913	1,090,341
Europe-Insolvency							
2014	10,876	765	316	449	—	316	1,765
2015	19,408	1,228	396	832	—	396	7,696
2016	42,215	3,335	1,303	2,032	—	1,303	27,141
2017	38,836	1,600	548	1,052	—	548	39,405
2018	5,454	26	9	17	—	9	5,437
Subtotal	116,789	6,954	2,572	4,382	—	2,572	81,444
Total Europe	1,994,566	125,063	55,864	69,199	1,379	54,485	1,171,785
Total PRA Group	$ 7,762,302	$ 426,580	$ 218,624	$ 207,956	$ 925	$ 217,699	$ 2,767,131

(1) The amount reflected in the Purchase Price also includes the acquisition date finance receivables portfolios that were acquired through our various business acquisitions.
(2) For our international amounts, Purchase Price is presented at the exchange rate at the end of the quarter in which the pool was purchased. In addition, any purchase price adjustments that occur throughout the life of the pool are presented at the period-end exchange rate for the respective quarter of purchase.
(3) For our international amounts, amounts are presented using the average exchange rates during the current reporting period.
(4) For our international amounts, net finance receivables are presented at the March 31, 2018 exchange rate.

The following table, which excludes any proceeds from cash sales of finance receivables, illustrate historical cash collections, by year, on our portfolios.

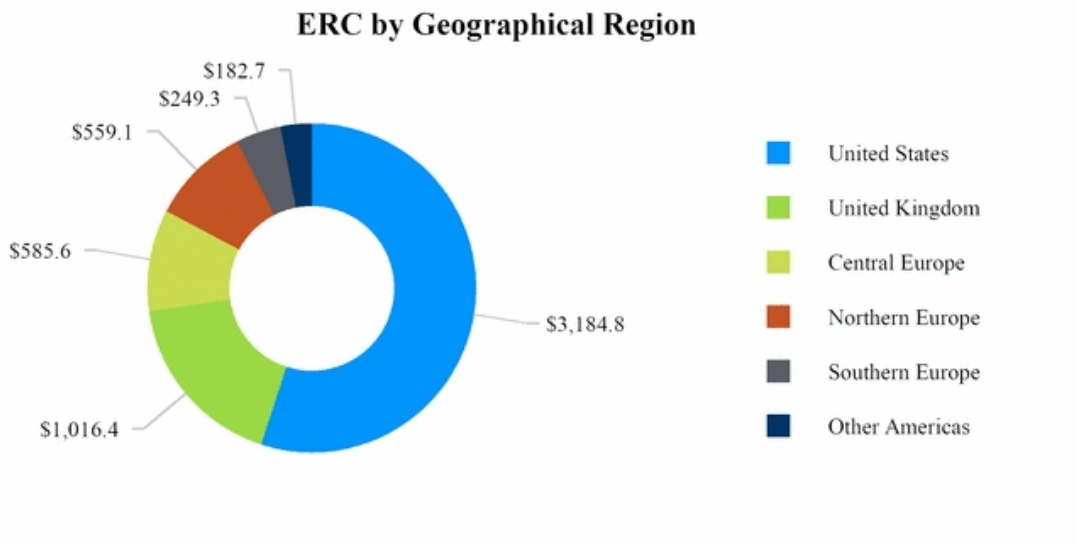
Cash Collections by Year, By Year of Purchase [1]
as of March 31, 2018
Amounts in thousands

		Cash Collections												
Purchase Period	Purchase Price [2][3]	1996-2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Americas-Core														
1996-2007	$ 638,460	$ 1,096,153	$ 222,628	$ 168,849	$ 137,689	$ 115,551	$ 89,405	$ 63,955	$ 45,247	$ 32,491	$ 20,745	$ 13,427	$ 2,922	$ 2,009,062
2008	166,434	—	47,253	72,080	62,363	53,654	42,850	31,307	21,027	13,786	8,989	6,031	1,403	360,743
2009	125,155	—	—	40,703	95,627	84,339	69,385	51,121	35,555	24,896	16,000	10,994	2,431	431,051
2010	148,204	—	—	—	47,076	113,554	109,873	82,014	55,946	38,110	24,515	15,587	3,266	489,941
2011	209,625	—	—	—	—	61,971	174,461	152,908	108,513	73,793	48,711	31,991	6,539	658,887
2012	254,247	—	—	—	—	—	56,901	173,589	146,198	97,267	59,981	40,042	8,664	582,642
2013	391,247	—	—	—	—	—	—	101,614	247,849	194,026	120,789	78,880	16,915	760,073
2014	405,653	—	—	—	—	—	—	—	92,660	253,448	170,311	114,219	25,535	656,173
2015	444,516	—	—	—	—	—	—	—	—	116,951	228,432	185,898	39,516	570,797
2016	455,595	—	—	—	—	—	—	—	—	—	138,723	256,531	59,875	455,129
2017	536,130	—	—	—	—	—	—	—	—	—	—	107,327	72,534	179,861
2018	131,849	—	—	—	—	—	—	—	—	—	—	—	6,637	6,637
Subtotal	3,907,115	1,096,153	269,881	281,632	342,755	429,069	542,875	656,508	752,995	844,768	837,196	860,927	246,237	7,160,996
Americas-Insolvency														
1996-2007	132,917	61,154	42,794	33,842	27,347	18,234	8,574	1,884	1,151	802	463	321	48	196,614
2008	108,549	—	14,024	35,894	37,974	35,690	28,956	11,650	1,884	1,034	635	332	72	168,145
2009	155,989	—	—	16,635	81,780	102,780	107,888	95,725	53,945	5,781	2,531	1,581	238	468,884
2010	208,947	—	—	—	39,486	104,499	125,020	121,717	101,873	43,649	5,008	2,425	441	544,118
2011	180,447	—	—	—	—	15,218	66,379	82,752	85,816	76,915	35,996	3,726	482	367,284
2012	251,433	—	—	—	—	—	17,388	103,610	94,141	80,079	60,715	29,337	1,704	386,974
2013	227,905	—	—	—	—	—	—	52,528	82,596	81,679	63,386	47,781	8,532	336,502
2014	148,720	—	—	—	—	—	—	—	37,045	50,880	44,313	37,350	7,609	177,197
2015	63,199	—	—	—	—	—	—	—	—	3,395	17,892	20,143	4,941	46,371
2016	92,290	—	—	—	—	—	—	—	—	—	18,869	30,426	6,761	56,056
2017	276,637	—	—	—	—	—	—	—	—	—	—	49,093	24,364	73,457
2018	13,588	—	—	—	—	—	—	—	—	—	—	—	88	88
Subtotal	1,860,621	61,154	56,818	86,371	186,587	276,421	354,205	469,866	458,451	344,214	249,808	222,515	55,280	2,821,690
Total Americas	5,767,736	1,157,307	326,699	368,003	529,342	705,490	897,080	1,126,374	1,211,446	1,188,982	1,087,004	1,083,442	301,517	9,982,686
Europe-Core														
2012	20,426	—	—	—	—	—	11,604	8,995	5,641	3,175	2,198	2,038	583	34,234
2013	20,358	—	—	—	—	—	—	7,068	8,540	2,347	1,326	1,239	385	20,905
2014	797,539	—	—	—	—	—	—	—	153,180	291,980	246,365	220,765	58,099	970,389
2015	422,595	—	—	—	—	—	—	—	—	45,760	100,263	86,156	23,130	255,309
2016	348,857	—	—	—	—	—	—	—	—	—	40,368	78,915	20,190	139,473
2017	250,089	—	—	—	—	—	—	—	—	—	—	17,894	15,236	33,130
2018	17,913		—	—	—	—	—	—	—	—	—	—	486	486
Subtotal	1,877,777	—	—	—	—	—	11,604	16,063	167,361	343,262	390,520	407,007	118,109	1,453,926
Europe-Insolvency														
2014	10,876	—	—	—	—	—	—	—	5	4,297	3,921	3,207	765	12,195
2015	19,408	—	—	—	—	—	—	—	—	2,954	4,366	5,013	1,228	13,561
2016	42,215	—	—	—	—	—	—	—	—	—	6,175	12,703	3,335	22,213
2017	38,836	—	—	—	—	—	—	—	—	—	—	1,233	1,600	2,833
2018	5,454		—	—	—	—	—	—	—	—	—	—	26	26
Subtotal	116,789	—	—	—	—	—	—	—	5	7,251	14,462	22,156	6,954	50,828
Total Europe	1,994,566	—	—	—	—	—	11,604	16,063	167,366	350,513	404,982	429,163	125,063	1,504,754
Total PRA Group	$ 7,762,302	$ 1,157,307	$ 326,699	$ 368,003	$ 529,342	$ 705,490	$ 908,684	$ 1,142,437	$ 1,378,812	$ 1,539,495	$ 1,491,986	$ 1,512,605	$ 426,580	$ 11,487,440

(1) For our international amounts, cash collections are presented using the average exchange rates during the cash collection period.
(2) The amount reflected in the Purchase Price also includes the acquisition date finance receivables portfolios that were acquired through our various business acquisitions.
(3) For our international amounts, Purchase Price is presented at the exchange rate at the end of the quarter in which the portfolio was purchased. In addition, any purchase price adjustments that occur throughout the life of the pool are presented at the period end exchange rate for the respective quarter of purchase.

Estimated Remaining Collections

The following chart shows our ERC by geographical region at March 31, 2018 (amounts in millions).



Seasonality

Cash collections in the Americas tend to be higher in the first and second quarters of the year and lower in the third and fourth quarters of the year; by contrast, cash collections in Europe tend to be higher in the third and fourth quarters of the year. Customer payment patterns are affected by seasonal employment trends, income tax refunds and holiday spending habits geographically.

The following table displays our quarterly cash collections by geography and portfolio type, for the periods indicated.

Cash Collections by Geography and Type
Amounts in thousands

	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Americas-Core	$ 246,237	$ 204,245	$ 212,756	$ 217,020	$ 226,906	$ 193,360	$ 210,524	$ 213,741
Americas-Insolvency	55,280	59,103	60,436	53,163	49,813	52,988	60,429	67,745
Europe-Core	118,109	107,124	102,681	99,121	98,081	97,429	96,028	102,972
Europe-Insolvency	6,954	5,794	5,961	5,371	5,030	4,974	4,719	2,744
Total Cash Collections	$ 426,580	$ 376,266	$ 381,834	$ 374,675	$ 379,830	$ 348,751	$ 371,700	$ 387,202

The following table provides additional details on the composition of our U.S. Core cash collections for the periods indicated.

Domestic Portfolio Core Cash Collections by Source
Amounts in thousands

	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Call Center and Other Collections	$ 155,448	$ 120,349	$ 123,009	$ 122,780	$ 127,368	$ 103,595	$ 115,454	$ 119,568
External Legal Collections	38,891	31,960	35,042	37,863	40,267	35,231	36,415	40,369
Internal Legal Collections	33,423	31,154	31,761	32,511	34,937	31,458	33,206	34,505
Total Domestic Core Cash Collections	$ 227,762	$ 183,463	$ 189,812	$ 193,154	$ 202,572	$ 170,284	$ 185,075	$ 194,442

Collections Productivity (Domestic Portfolio)

The following tables display certain collections productivity measures.

Cash Collections per Collector Hour Paid
Domestic Portfolio

	Total domestic core cash collections [1]				
	2018	2017	2016	2015	2014
First Quarter	$ 176	$ 254	$ 274	$ 247	$ 223
Second Quarter	—	202	269	245	220
Third Quarter	—	191	281	250	217
Fourth Quarter	—	170	248	239	203

	Call center and other cash collections [2]				
	2018	2017	2016	2015	2014
First Quarter	$ 121	$ 161	$ 168	$ 143	$ 119
Second Quarter	—	129	167	141	107
Third Quarter	—	125	177	145	112
Fourth Quarter	—	112	153	139	110

(1) Represents total cash collections less Insolvency cash collections from trustee-administered accounts. This metric includes cash collections from Insolvency accounts administered by the Core call centers as well as cash collections generated by our internal staff of legal collectors. This calculation does not include hours paid to our internal staff of legal collectors or to employees processing the required notifications to trustees on Insolvency accounts.

(2) Represents total cash collections less internal legal cash collections, external legal cash collections, and Insolvency cash collections from trustee-administered accounts.

Portfolio Purchasing

The following graph shows the purchase price of our portfolios by year since 2008. It also includes the acquisition date finance receivable portfolios that were acquired through our various business acquisitions.

The following table displays our quarterly portfolio purchases for the periods indicated.

Portfolio Purchases by Geography and Type
Amounts in thousands

	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Americas-Core	$ 131,427	$ 160,278	$ 115,572	$ 144,871	$ 115,166	$ 91,800	$ 95,452	$ 130,529
Americas-Insolvency	13,436	44,195	73,497	100,040	67,123	20,929	16,760	33,723
Europe-Core	18,000	152,417	14,695	42,876	39,505	80,129	34,240	68,835
Europe-Insolvency	5,392	17,698	7,146	7,860	6,020	6,943	14,803	16,410
Total Portfolio Purchasing	$ 168,255	$ 374,588	$ 210,910	$ 295,647	$ 227,814	$ 199,801	$ 161,255	$ 249,497

Portfolio Purchases by Stratifications (Domestic Only)

The following table categorizes our quarterly domestic portfolio purchases for the periods indicated into major asset type and delinquency category. Over the past 20 years, we have acquired more than 48 million customer accounts in the U.S. alone.

Domestic Portfolio Purchases by Major Asset Type
Amounts in thousand

	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Major Credit Cards	$ 84,858	$ 87,895	$ 54,892	$ 65,177	$ 57,615	$ 35,306	$ 38,858	$ 48,471
Consumer Finance	3,558	2,360	3,308	7,354	7,987	5,678	1,309	1,616
Private Label Credit Cards	47,962	90,332	78,609	101,162	73,473	56,681	54,969	86,331
Auto Related	613	21,219	49,741	67,701	30,191	6,104	—	831
Total	$ 136,991	$ 201,806	$ 186,550	$ 241,394	$ 169,266	$ 103,769	$ 95,136	$ 137,249

Domestic Portfolio Purchases by Delinquency Category
Amounts in thousand

	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Fresh [1]	$ 71,067	$ 76,910	$ 67,540	$ 73,813	$ 43,786	$ 30,919	$ 30,114	$ 42,048
Primary [2]	3,290	23,100	1,623	4,314	726	2,672	1,568	29,990
Secondary [3]	49,198	48,865	43,366	52,217	49,794	48,005	51,630	51,019
Tertiary [3]	—	8,736	524	—	1,111	557	—	—
Insolvency	13,436	44,195	73,497	100,040	67,123	20,930	11,145	13,702
Other [4]	—	—	—	11,010	6,726	686	679	490
Total	$ 136,991	$ 201,806	$ 186,550	$ 241,394	$ 169,266	$ 103,769	$ 95,136	$ 137,249

(1) Fresh accounts are typically past due 120 to 270 days, charged-off by the credit originator and are either being sold prior to any post-charge-off collection activity or placement with a third-party for the first time.
(2) Primary accounts are typically 360 to 450 days past due and charged-off and have been previously placed with one contingent fee servicer.
(3) Secondary and tertiary accounts are typically more than 660 days past due and charged-off and have been placed with two or three contingent fee servicers.
(4) Other accounts are typically two to three years or more past due and charged-off and have previously been worked by four or more contingent fee servicers.

Liquidity and Capital Resources

We manage our liquidity to help provide access to sufficient funding to meet our business needs and financial obligations. As of March 31, 2018, cash and cash equivalents totaled $101.4 million. Of the cash and cash equivalent balance as of March 31, 2018, $80.7 million consisted of cash on hand related to foreign operations with indefinitely reinvested earnings. See the "Undistributed Earnings of Foreign Subsidiaries" section below for more information.

At March 31, 2018, we had approximately $2.2 billion in borrowings outstanding with $875.0 million of availability under all our credit facilities (subject to the borrowing base and applicable debt covenants). Considering borrowing base restrictions, as of March 31, 2018, the amount available to be drawn was $550.0 million. Of the $875.0 million of borrowing availability, $478.5 million was available under our European credit facility and $396.5 million was available under our North American credit facility. Of the $550.0 million available considering borrowing base restrictions, $184.6 million was available under our European credit facility and $365.4 million was available under our North American credit facility. The primary borrowing base under both credit facilities is ERC of the respective finance receivables portfolios. For more information, see Note 5.

An additional funding source is interest-bearing deposits generated in Europe. Per the terms of our European credit facility, we are permitted to obtain interest-bearing deposit funding of up to SEK 1.2 billion (approximately $143.5 million as of March 31, 2018). Interest-bearing deposits as of March 31, 2018 were $90.8 million.

We believe we were in compliance with the covenants of our financing arrangements as of March 31, 2018.

We have the ability to slow the purchasing of finance receivables if necessary, with low impact to current year cash collections. For example, we invested $1.1 billion in portfolio purchases in 2017. The portfolios purchased in 2017 generated $175.5 million of cash collections, representing only 11.6% of 2017 cash collections.

Contractual obligations over the next year are primarily related to debt maturities and purchase commitments. Our North American credit facility expires in May 2022. Our European credit facility expires in February 2021. Of our $771.5 million in term loans outstanding at March 31, 2018, $10.0 million is due within one year.

We have in place forward flow commitments for the purchase of nonperforming loans with a maximum purchase price of $351.3 million as of March 31, 2018, of which $348.5 million is over the next 12 months. We may also enter into new or renewed flow commitments and close on spot transactions in addition to the aforementioned flow agreements.

On May 10, 2017, we reached a settlement with the Internal Revenue Service in regards to the assertion that tax revenue recognition using the cost recovery method did not clearly reflect taxable income. Under the settlement, we will utilize a new tax accounting method to recognize net finance receivables revenue effective with tax year 2017. Under the new method, a portion of the annual collections amortizes principal and the remaining portion is taxable income. The deferred tax liability related to the difference in timing between the new method and the cost recovery method will be incorporated evenly into our tax filings over four years effective with tax year 2017. We estimate the related tax payments for future years to be approximately $9.8 million per quarter.

We believe that funds generated from operations and from cash collections on finance receivables, together with existing cash and available borrowings under our revolving credit facilities will be sufficient to finance our operations, planned capital expenditures, forward flow purchase commitments, and additional portfolio purchasing during the next 12 months. Business acquisitions, adverse outcomes in pending litigation or higher than expected levels of portfolio purchasing could require additional financing from other sources.

Cash Flows Analysis

Our operating activities provided cash of $33.7 million and $32.7 million for the three months ended March 31, 2018 and 2017, respectively. Key drivers of the change included cash collections recognized as revenue, income tax payments and other changes to our income tax payable and receivable accounts. Cash collections recognized as revenue increased $23.2 million, as previously described in the revenues discussion and analysis, and cash paid for income taxes increased $7.3 million. We also had a gain on the sale of subsidiaries of $46.8 million during the three months ended March 31, 2017, which impacted our operating cash flows.

Our investing activities provided cash of $21.2 million and $44.7 million for the three months ended March 31, 2018 and 2017, respectively. Cash provided by investing activities is primarily driven by cash collections applied to principal on finance receivables. Cash used in investing activities is primarily driven by acquisitions of nonperforming loans. The change in net cash provided by investing activities is primarily due to the sale of subsidiaries during the three months ended March 31, 2017, which provided us with net proceeds of $89.1 million; an increase in collections applied to principal on finance receivables, which totaled $208.9 million during the three months ended March 31, 2018, compared to $185.3 million during three months ended March 31,

2017. This was partially offset by a decrease in the amounts of acquisitions of finance receivables, which totaled $165.9 million during the three months ended March 31, 2018, compared to $226.1 million during three months ended March 31, 2017.

Our financing activities used cash of $70.6 million and $90.3 million for the three months ended March 31, 2018 and 2017, respectively. Cash for financing activities is normally provided by draws on our lines of credit. Cash used in financing activities is primarily driven by principal payments on our lines of credit and long-term debt. The change in cash used in financing activities for the three months ended March 31, 2018 compared to three months ended March 31, 2017 was primarily due to a decrease in net payments on our lines of credit and long-term debt. During the three months ended March 31, 2018, net payments on our borrowing activities totaled $49.5 million compared to $88.8 million during the three months ended March 31, 2017. Cash used in financing activities was also impacted by distributions paid to noncontrolling interests which totaled $12.5 million and $0.7 million for the three months ended March 31, 2018 and 2017, respectively. Additionally, during the the three months ended March 31, 2018 we had a decrease in interest bearing deposits of $6.3 million, compared to an increase of $1.5 million during the three months ended March 31, 2017.

Undistributed Earnings of Foreign Subsidiaries

We intend to use predominantly all of our accumulated and future undistributed earnings of foreign subsidiaries to expand operations outside the U.S.; therefore, such undistributed earnings of foreign subsidiaries are considered to be indefinitely reinvested outside the U.S. Accordingly, no provision for income tax and withholding tax has been provided thereon. If management's intentions change and eligible undistributed earnings of foreign subsidiaries are repatriated, we could be subject to additional income taxes and withholding taxes. This could result in a higher effective tax rate in the period in which such a decision is made to repatriate accumulated or future undistributed foreign earnings. The amount of cash on hand related to foreign operations with indefinitely reinvested earnings was $80.7 million and $106.0 million as of March 31, 2018 and December 31, 2017, respectively. Refer to Note 8 for further information related to our income taxes and undistributed foreign earnings.

Contractual Obligations

Our contractual obligations as of March 31, 2018 were as follows (amounts in thousands):

		Payments due by period			
Contractual Obligations	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Operating leases	$ 49,170	$ 11,975	$ 16,873	$ 11,720	$ 8,602
Revolving credit (1)	983,756	48,316	555,031	379,910	499
Long-term debt (2)	1,699,132	62,875	826,275	458,945	351,037
Purchase commitments (3)	351,341	351,341	—	—	—
Employment agreements	21,802	7,864	13,938	—	—
Total	$ 3,105,201	$ 482,371	$ 1,412,117	$ 850,575	$ 360,138

(1) This amount includes estimated interest and unused line fees due on our revolving credit and assumes that the outstanding balances on the revolving credit remain constant from the March 31, 2018 balances to maturity.
(2) This amount includes scheduled interest and principal payments on our term loans and convertible senior notes.
(3) This amount includes the maximum remaining amount to be purchased under forward flow and other contracts for the purchase of nonperforming loans in the amount of approximately $351.3 million.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined by Item 303(a)(4) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Recent Accounting Pronouncements

For a summary of recent accounting pronouncements and the anticipated effects on our consolidated financial statements see Note 11.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles. Our significant accounting policies are discussed in Note 1 to our Consolidated Financial Statements included in Part II, Item 8 of our 2017 Form 10-K. Our significant accounting policies are fundamental to understanding our results of operations and financial

condition because they require that we use estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets, and liabilities.

Three of these policies are considered to be critical because they are important to the portrayal of our financial condition and results, and because they require management to make judgments and estimates that are difficult, subjective, and complex regarding matters that are inherently uncertain.

We base our estimates on historical experience, current trends and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. If these estimates differ significantly from actual results, the impact on our consolidated financial statements may be material.

Management has reviewed these critical accounting policies with the Audit Committee of our board of directors.

Revenue Recognition - Finance Receivables

We account for our investment in finance receivables under the guidance of ASC 310-30. Revenue recognition for finance receivables accounted for under ASC 310-30 involves the use of estimates and the exercise of judgment on the part of management. These estimates include projections of the quantity and timing of future cash flows and economic lives of our pools of finance receivables. Significant changes in such estimates could result in increased revenue via yield increases which are recognized prospectively or decreased revenue through the incurrence of allowance charges which are recognized immediately.

We implement the accounting for income recognized on finance receivables under ASC 310-30 as follows:

We create each accounting pool using our projections of estimated cash flows and expected economic life. We then compute the effective yield that fully amortizes the pool over a reasonable expectation of its economic life based on the current projections of estimated cash flows. As actual cash flow results are recorded, we review each pool watching for trends, actual performance versus projections and curve shape (a graphical depiction of the timing of cash flows). We then re-forecast future cash flows utilizing our proprietary analytical models.

Significant judgment is used in evaluating whether variances in actual performance are due to changes in the total amount or changes in the timing of expected cash flows. Significant changes in either may result in yield increases or allowance charges if necessary for the pool's amortization period to fall within a reasonable expectation of its economic life.

Valuation of Acquired Intangibles and Goodwill

In accordance with FASB ASC Topic 350, "Intangibles-Goodwill and Other" ("ASC 350"), we amortize intangible assets over their estimated useful lives. Goodwill, pursuant to ASC 350, is not amortized but rather evaluated for impairment annually and more frequently if indicators of potential impairment exist. Goodwill is reviewed for potential impairment at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment.

Goodwill is evaluated for impairment either under the qualitative assessment option or the two-step test approach depending on facts and circumstances of a reporting unit, including the excess of fair value over carrying amount in the last valuation or changes in business environment. If we qualitatively determine it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, the two-step impairment test is unnecessary. Otherwise, goodwill is evaluated for impairment using the two-step test, where the carrying amount of a reporting unit is compared to its fair value in Step 1; if the fair value exceeds the carrying amount, Step 2 is unnecessary. If the carrying amount exceeds the reporting unit’s fair value, this could indicate potential impairment and Step 2 of the goodwill evaluation process is required to determine if goodwill is impaired and to measure the amount of impairment loss to recognize, if any. When Step 2 is necessary, the fair value of individual assets and liabilities is determined using valuations (which in some cases may be based in part on third-party valuation reports), or other observable sources of fair value, as appropriate. If the carrying amount of goodwill exceeds its implied fair value, the excess is recognized as an impairment loss.

We determine the fair value of a reporting unit by applying the approaches prescribed under the fair value measurement accounting framework: the income approach and the market approach. Depending on the availability of public data and suitable comparables, we may or may not use the market approach or we may emphasize the results from the approach differently. Under the income approach, we estimate the fair value of a reporting unit based on the present value of estimated future cash flows and a residual terminal value. Cash flow projections are based on management's estimates of revenue growth rates, operating margins, necessary working capital, and capital expenditure requirements, taking into consideration industry and market conditions. The discount rate used is based on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. Under the market

approach, we estimate fair value based on prices and other relevant market transactions involving comparable publicly-traded companies with operating and investment characteristics similar to the reporting unit.

Income Taxes

We are subject to the income tax laws of the various jurisdictions in which we operate, including U.S. federal, state, local, and international jurisdictions. These tax laws are complex and are subject to different interpretations by the taxpayer and the relevant government taxing authorities. When determining our domestic and foreign income tax expense, we must make judgments about the application of these inherently complex laws.

We follow the guidance of FASB ASC Topic 740 "Income Taxes" ("ASC 740") as it relates to the provision for income taxes and uncertainty in income taxes. Accordingly, we record a tax provision for the anticipated tax consequences of the reported results of operations. In accordance with ASC 740, the provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, and for operating losses and tax credit carry-forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. The evaluation of a tax position in accordance with the guidance is a two-step process. The first step is recognition: the enterprise determines whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, the enterprise should presume that the position will be examined by the appropriate taxing authority that would have full knowledge of all relevant information. The second step is measurement: a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. We record interest and penalties related to unrecognized tax benefits as a component of income tax expense.

In the event that all or part of the deferred tax assets are determined not to be realizable in the future, a valuation allowance would be established and charged to earnings in the period such determination is made. If we subsequently realize deferred tax assets that were previously determined to be unrealizable, the respective valuation allowance would be reversed, resulting in a positive adjustment to earnings in the period such determination is made. The establishment or release of a valuation allowance does not have an impact on cash, nor does such an allowance preclude the use of loss carry-forwards or other deferred tax assets in future periods. The calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws. Resolution of these uncertainties in a manner inconsistent with our expectations could have a material impact on our results of operations and financial position.

Our international operations require the use of material estimates and interpretations of complex tax laws in multiple jurisdictions, and increases the complexity of our accounting for income taxes.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our activities are subject to various financial risks including market risk, currency and interest rate risk, credit risk, liquidity risk and cash flow risk. Our overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. We may periodically enter into derivative financial instruments, typically interest rate swap agreements, to reduce our exposure to fluctuations in interest rates on variable-rate debt and their impact on earnings and cash flows. We do not utilize derivative financial instruments with a level of complexity or with a risk greater than the exposure to be managed nor do we enter into or hold derivatives for trading or speculative purposes. Derivative instruments involve, to varying degrees, elements of non-performance, or credit risk. We do not believe that we currently face a significant risk of loss in the event of non-performance by the counterparties associated with these instruments, as these transactions were executed with a diversified group of major financial institutions with a minimum investment-grade or better credit rating. Our credit risk exposure is managed through the periodic monitoring of our exposures to such counterparties.

Interest Rate Risk

We are subject to interest rate risk from outstanding borrowings on our variable rate credit facilities. As such, our consolidated financial results are subject to fluctuations due to changes in the market rate of interest. We assess this interest rate risk by estimating the increase or decrease in interest expense that would occur due to a change in short-term interest rates. The borrowings on our variable rate credit facilities were approximately $1.6 billion as of March 31, 2018. Based on our current debt structure, assuming a 50 basis point decrease in interest rates, for example, interest expense over the following 12 months would decrease by an estimated $4.6 million. Assuming a 50 basis point increase in interest rates, interest expense over the following 12 months would increase by an estimated $6.2 million.

To reduce the exposure to changes in the market rate of interest and to be in compliance with the terms of our European credit facility, we have entered into interest rate swap agreements for a portion of our borrowings under our floating rate financing arrangements. Terms of the interest rate swap agreements require us to receive a variable interest rate and pay a fixed interest rate. The sensitivity calculations above consider the impact of our interest rate swap agreements.

The fair value of our interest rate swap agreements was a net asset of $2.6 million at March 31, 2018. A hypothetical 50 basis point decrease in interest rates would cause a decrease in the estimated fair value of our interest rate swap agreements and the resulting estimated fair value would be a liability of $1.5 million at March 31, 2018. Conversely, a hypothetical 50 basis point increase in interest rates would cause an increase in the estimated fair value of our interest rate swap agreements and the resulting estimated fair value would be an asset of $8.0 million at March 31, 2018.

Currency Exchange Risk

We operate internationally and enter into transactions denominated in various foreign currencies. During the three months ended March 31, 2018, we generated $68.6 million of revenues from operations outside the U.S. and used 11 functional currencies. Weakness in one particular currency might be offset by strength in other currencies over time.

As a result of our international operations, fluctuations in foreign currencies could cause us to incur foreign currency exchange gains and losses, and could adversely affect our comprehensive income and stockholders' equity. Additionally, our reported financial results could change from period to period due solely to fluctuations between currencies.

Foreign currency gains and losses are primarily the result of the re-measurement of transactions in certain other currencies into an entity's functional currency. Foreign currency gains and losses are included as a component of other income and (expense) in our consolidated income statements.

When an entity's functional currency is different than the reporting currency of its parent, foreign currency translation adjustments may occur. Foreign currency translation adjustments are included as a component of other comprehensive income/(loss) in our consolidated statements of comprehensive income and as a component of equity in our consolidated balance sheets.

We have taken measures to mitigate the impact of foreign currency fluctuations. We have restructured our European operations so that portfolio ownership and collections generally occur within the same entity. Our European credit facility is a multi-currency facility, allowing us to better match funding and portfolio investments by currency. We strive to maintain the distribution of our European borrowings within defined thresholds based on the currency composition of our finance receivables portfolios. When those thresholds are exceeded, we engage in foreign exchange spot transactions to mitigate our risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. We conducted an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on this evaluation, the principal executive officer and principal financial officer have concluded that, as of March 31, 2018, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting. There was no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

For information regarding legal proceedings as of March 31, 2018, refer to Note 9.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in our 2017 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

3.1	Fourth Amended and Restated Certificate of Incorporation of PRA Group, Inc. (Incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K (File No. 000-50058) filed on October 29, 2014).
3.2	Amended and Restated By-Laws of PRA Group, Inc. (Incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K (File No. 000-50058) filed on May 22, 2015).
4.1	Form of Common Stock Certificate (Incorporated by reference to Exhibit 4.1 of Amendment No. 1 to the Registration Statement on Form S-1 (Registration No. 333-99225) filed on October 15, 2002).
4.2	Form of Warrant (Incorporated by reference to Exhibit 4.2 of Amendment No. 2 to the Registration Statement on Form S-1 (Registration No. 333-99225) filed on October 30, 2002).
4.3	Indenture dated August 13, 2013 between Portfolio Recovery Associates, Inc. and Wells Fargo Bank, National Association, as trustee (Incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K (File No. 000-50058) filed on August 14, 2013).
4.4	Indenture dated May 26, 2017 between PRA Group, Inc. and Regions Bank, as trustee (Incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K (File No. 000-50058) filed on May 26, 2017).
10.1	Fourth Amendment and Restatement Agreement to the Term and Multicurrency Revolving Credit Facility Agreement, dated as of January 23, 2018, by and among PRA Group Europe Holding S.à r.l., PRA Group Europe Holding S.à r.l., Luxembourg, Zug Branch and DNB Bank ASA (filed herewith).
10.2	Form of Performance Stock Unit Agreement * (filed herewith).
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (filed herewith).
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (filed herewith).
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (filed herewith).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkable Document
101.LAB	XBRL Taxonomy Extension Label Linkable Document
101.PRE	XBRL Taxonomy Extension Presentation Linkable Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Denotes management contract or compensatory plan or arrangement in which directors or executive officers are eligible to participate.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PRA Group, Inc.
(Registrant)

May 9, 2018 By: /s/ Kevin P. Stevenson
Kevin P. Stevenson
President and Chief Executive Officer
(Principal Executive Officer)

May 9, 2018 By: /s/ Peter M. Graham
Peter M. Graham
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

FOURTH AMENDMENT AND RESTATEMENT AGREEMENT

dated 23 January 2018

to the

USD 900,000,000 + EUR 267,000,000

TERM AND MULTICURRENCY REVOLVING CREDIT FACILITIES AGREEMENT

originally dated 23 October 2014

and

amended by an amendment letter dated 18 December 2014 and an amendment letter dated 13 January 2015, and as further amended and restated by a first amendment and restatement agreement dated 12 June 2015, a second amendment and restatement agreement dated 19 February 2016 and a third amended and restatement agreement dated 2 September 2016

for

PRA Group Europe Holding S.à r.l.

arranged by

DNB Bank ASA, Nordea Bank AB (publ), filial i Norge and Swedbank AB (publ)

with

DNB Bank ASA

acting as Facility Agent, Security Agent and Bookrunner

CONTENTS

THIS FOURTH AMENDMENT AND RESTATEMENT AGREEMENT is dated 23 January 2018 and made between:

(1) **PRA Group Europe Holding S.à r.l.** (formerly **SHCO 54 S.à r.l**.), a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 42-44, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxemburg Trade and Companies Register under number B183422 and acting through its Swiss branch office PRA Group Europe Holding S.à r.l., Luxembourg, Zug Branch (formerly SHCO 54 S.à r.l., Luxemburg, Zug Branch) (the " **Swiss Branch**") at Bundesstrasse 5, 6300 Zug, Switzerland (registration number CHE-305.746.539) as borrowers (each a "**Borrower**", together the "**Borrowers**");

(2) **THE GUARANTORS** listed in Schedule 2 hereto (the **"Guarantors"**);

(3) **DNB Bank ASA**, of Dronning Eufemias gate 30, 0191 Oslo, Norway (registration number 984 851 006) as mandated lead arranger, **Nordea Bank AB (publ), filial i Norge**, of Essendrops gate 7, 0368 Oslo, Norway (the Norwegian branch of **Nordea Bank AB (publ)**, of SE 105 71 Stockholm, Sweden with registration no. 5164060120) and **Swedbank AB (publ)** of Brunkebergstorg 8, Stockholm, Sweden as mandated lead arrangers (registration number 502017-7753) (the "**Mandated Lead Arrangers**");

(4) **DNB Bank ASA**, of Dronning Eufemias gare 30, 0191 Oslo, Norway (registration number 984 851 006) as bookrunner (the "**Bookrunner**");

(5) **DNB Bank ASA, Nordea Bank AB (publ), filial i Norge and Swedbank AB (publ)** as lenders (the "**Lenders**"); and

(6) **DNB Bank ASA**, of Dronning Eufemias gate 30, 0191 Oslo, Norway (registration number 984 851 006) as agent on behalf of itself and the Finance Parties (the "**Facility Agent**" and the "**Security Agent**"),

collectively referred to as the "**Parties**".

WHEREAS:

(A) Pursuant to the Original Facility Agreement, the Lenders have granted to the Borrower a loan in the amount of up to USD 900,000,000 + EUR 267,000,000 for the purpose described therein.

(B) The Parties have entered into this Agreement as a consequence of the Borrower having requested the Lenders to make certain amendments to the Original Facility Agreement, *inter alia* to (i) reduce the margin, (ii) amend certain financial covenants and (iii) reduce the basket for AK Nordic Deposits from SEK 1,500,000 to SEK 1,200,000.

(C) Subject to the terms of this agreement, the Lenders have agreed to make the contemplated amendments to the Original Facility Agreement.

NOW THEREFORE, it is hereby agreed as follows:

1. DEFINITIONS

In this Agreement, including the preamble hereto (unless the context otherwise requires), all capital terms or expressions shall have the meaning ascribed to such term in the Amended Facility Agreement unless otherwise explicitly defined herein.

"**Agreement**" means this fourth amendment and restatement agreement.

"**Amended Facility Agreement**" means the Original Facility Agreement, as amended and restated by this Agreement in the form set out in Schedule 4 (*Form of Amended Facility Agreement*).

"**Effective Date**" means the date the Agent has confirmed to the Lenders and the Borrower that the conditions pursuant to Clause 2 (*Conditions precedent*) have been satisfied and that the Effective Date has occurred.

"**Guarantors**" means the entities listed in Schedule 2 (*Guarantors*) hereto.

"**Original Facility Agreement**" means the USD 900,000,000 + EUR 267,000,000 term and revolving credit facilities agreement originally dated 23 October 2014 and made between the parties hereto as amended by an amendment letter dated 18 December 2014 and an amendment letter dated 13 January 2015, and as amended and restated by a first

amendment and restatement agreement dated 12 June 2015, a second amendment and restatement agreement dated 19 February 2016 and further amended by a third amended and restatement agreement dated 2 September 2016.

"**Security Providers"** means the companies listed in Schedule 3 (*Security Providers*) attached hereto as security providers and any other security provider in connection with the Original Facility Agreement not being a Guarantor.

"**Spanish Share Pledge Ratification**" means the Spanish law ratification of the pledge over the *quotas* in PRA Iberia, S.L.U. granted by PRA Group Europe Financial Services AS and originally dated 16 December 2014.

2. CONDITIONS PRECEDENT

The provisions of Clause 5 (*Amendment and Restatement*) shall be effective only if the Agent has received all the documents and other evidence listed in Schedule 1 (*Conditions Precedent*), each in a form and substance satisfactory to the Agent. The Agent shall notify the Borrowers promptly upon being so satisfied.

3. CONDITIONS SUBSEQUENT

The Borrowers shall procure that (i) the Spanish Share Pledge Ratification is duly executed, (ii) this Agreement and the Spanish Share Pledge Ratification shall be notarised in Spain by way of notarial deeds and (iii) that evidence of (i) and (ii) shall be provided to the Agent no later than 19 February 2018. Failure by the Borrowers to meet the deadline in (iii) shall not be capable of remedy.

4. REPRESENTATIONS

(a) Each Borrower and each Obligor signing this Agreement makes the representations and warranties set out in Clause 13 (*Representations and warranties*) of the Amended Facility Agreement with respect to itself, the other Obligors and each Security Provider (in respect of the Security Providers so that the representations and warranties in Clause 13 (*Representations and warranties*) of the Amended Facility Agreement shall be given also in respect of the Security Providers) to each Finance Party by reference to the facts and circumstances then existing:

(i) on the date of this Agreement; and

(ii) on the Effective Date.

(b) The Borrowers confirm that:

(i) no Default (A) has occurred as of the date of this Agreement and as of the Effective Date nor (B) will occur as a result of the Amended Facility Agreement becoming effective on the Effective Date; and

(ii) pursuant to Clause 2.5 of the Original Facility Agreement, we are authorised to act and execute this Agreement on behalf of the Guarantors, and that the powers and authority granted to us pursuant to that Clause remain in full force and effect and have not been revoked by any Guarantor as of the date of this Agreement nor as of the Effective Date.

5. AMENDMENT AND RESTATEMENT

5.1 Amendment and restatement

With effect from the Effective Date, the Original Facility Agreement will be amended and restated in the form set out in Schedule 4 (*Form of Amended Facility Agreement*).

5.2 Continuing obligations

The provisions of the Amended Facility Agreement and the other Finance Documents and Security Documents shall, save as amended and restated by this Agreement, continue in full force and effect. Reference to the Facility Agreement in the Finance Documents and the Security Documents shall be construed as reference to the Amended Facility Agreement.

5.3 Confirmation of guarantee and security

The Borrowers (on behalf of themselves and on behalf of the Guarantors (other than the Guarantors signing this Agreement) as Obligor's agent), each Guarantor signing this Agreement and the Security Providers confirm their agreement and acceptance to the terms and conditions in this Agreement and in the Amended Facility Agreement, and confirm that the obligations and liabilities of the Obligors and/or Security Providers (as the case may be) in the Security Documents and other Finance Documents shall continue in full force and effect for the Amended Facility Agreement,

and that any security under the Security Documents and any guarantee created or given under any Finance Document will extend to the liabilities and obligations of the Obligors to the Finance Parties under the Finance Documents, as amended by this Agreement.

6. MISCELLANEOUS

6.1 Incorporation of terms

The provisions of Clauses 1.1, 1.2 and 1.3 of the Amended Facility Agreement shall be incorporated into this Agreement as if set out in full in this Agreement and as if references in those clauses to "this Agreement" are references to this Agreement.

6.2 Additional Finance Document

This Agreement shall constitute a "Finance Document" for the purposes of the Amended Facility Agreement.

6.3 Fee

The Borrower shall pay to the Agent (for distribution to the Lenders) a fee as set out in a separate Fee Letter.

7. GOVERNING LAW

(a) This Agreement shall be governed by Norwegian law.

(b) Clauses 26.2 (*Jurisdiction*) and 26.3 (*Service of process*) of the Original Facility Agreement shall be incorporated into this Agreement as if set out in full herein.

* * *

[The rest of this page has intentionally been left blank]

SIGNATORIES:

The Borrowers (as Borrowers and as Obligor's agent on behalf of the other Guarantors (other than PRA Group Deutschland GmbH, PRA Group Österreich Inkasso GmbH, PRA Group Österreich Portfolio GmbH, PRA Group (UK) Limited, PF1 UK Limited and PRA Iberia, S.L.U.)):

PRA Group Europe Holding S.à r.l.

By: /s/ Christopher Hagberg
Name: Christopher Hagberg
Title: Attorney-in-fact

PRA Group Europe Holding S.à r.l., Luxembourg, Zug Branch

By: /s/ Christopher Hagberg
Name: Christopher Hagberg
Title: Attorney-in-fact

PRA Group Deutschland GmbH represented by the Borrowers pursuant to Clause 2.5.1 of the Original Facility Agreement:

PRA Group Europe Holding S.à r.l.

By: /s/ Christopher Hagberg
Name: Christopher Hagberg
Title: Attorney-in-fact

PRA Group Europe Holding S.à r.l., Luxembourg, Zug Branch

By: /s/ Christopher Hagberg
Name: Christopher Hagberg
Title: Attorney-in-fact

PRA Group Österreich Inkasso GmbH and PRA Group Österreich Portfolio GmbH represented by the Borrowers pursuant to Clause 2.5.1 of the Original Facility Agreement:

PRA Group Europe Holding S.à r.l.

By: /s/ Christopher Hagberg
Name: Christopher Hagberg
Title: Attorney-in-fact

PRA Group Europe Holding S.à r.l., Luxembourg, Zug Branch

By: /s/ Christopher Hagberg
Name: Christopher Hagberg
Title: Attorney-in-fact

For the purposes of Article 1 of the Protocol annexed to the Convention on Jurisdiction and the Enforcement of Proceedings in Civil and Commercial Matters done at Lugano on 16th September 1988 the undersigned hereby expressly and specifically accepts the jurisdiction of the Norwegian Courts.

By: /s/ Christopher Hagberg
Name: Christopher Hagberg
Title: Attorney-in-fact

The Guarantors:

PRA Group (UK) Limited

By: /s/ Christopher Hagberg

Name: Christopher Hagberg

Title: Attorney-in-fact

PF1 UK Limited

By: /s/ Christopher Hagberg

Name: Christopher Hagberg

Title: Attorney-in-fact

PRA Iberia, S.L.U.

By: /s/ Henning Dokset

Henning Dokset

Name:

Title: Director

For the purposes of confirming Clause 5.3 of this Agreement:

PRA Group Europe Holding S.à r.l.
(as security provider)
By: /s/ Christopher Hagberg
Name: Christopher Hagberg
Title: Attorney-in-fact

Aktiv Capital Sourcing AS
(as security provider)
By: /s/ Christopher Hagberg
Name: Christopher Hagberg
Title: Attorney-in-fact

The Facility Agent:

DNB Bank ASA

By: /s/ Finn Kristian Reinertsen
Finn Kristian Reinertsen
Name:
Title: Senior Advisor

By: /s/ Hans Petter Korslund
Name: Hans Petter Korslund
Title: Advisor

The Security Agent:

DNB Bank ASA

By: /s/ Finn Kristian Reinertsen
Finn Kristian Reinertsen
Name:
Title: Senior Advisor

By: /s/ Hans Petter Korslund
Name: Hans Petter Korslund
Title: Advisor

The Lenders and Mandated Lead Arrangers:

P. P. DNB Bank ASA

By: /s/ Ole A. Kruge
Ole A. Kruge
Name:
Title: SVP

Swedbank AB (publ)

By: /s/ Rikard Talling
Name: Rikard Talling
Title: Director Structured Finance Swedbank

Nordea Bank AB (publ), filial i Norge

By: /s/ Mikkel Andreas Vogt
Name: Mikkel Andreas Vogt
Title: Manging Director
Head of C&IB Manufacturing & Services

By: /s/ Karoline ask Kristiansen
Name: Karoline Ask Kristiansen
Title: Associate

The Bookrunner:

DNB Bank ASA

By: /s/ Ole A. Kruge
Ole A. Kruge
Name:
Title: SVP

SCHEDULE 1

CONDITIONS PRECEDENT

1. In respect of each Borrower and each Obligor incorporated under the laws of Switzerland, Spain, Germany, Austria or England:

(a) Company Certificate or equivalent;

(b) Certificate of Incorporation, Articles of Association, Memorandum or equivalent documents, inter alia:

(i) in relation to an Obligor incorporated in Luxembourg: (a) an Excerpt from the Luxembourg Trade and Companies Register not older than one Business Day prior to the Effective Date, (b) Certificate of non-inscription of a judicial decision from the Luxembourg Trade and Companies Register not older than one Business Day prior to the Effective Date and (c) a Domiciliation Certificate issued by the domiciliation agent; and

(ii) in relation to an Obligor incorporated in Germany: (a) up to date articles of association and (b) an excerpt from the electronic commercial register;

(c) resolutions duly passed at a board meeting (or equivalent) (and/or if applicable, a shareholders meeting or supervisory board if required by lawyers of the Agent in the relevant jurisdiction), evidencing:

(i) the approval of the terms of, and the transactions contemplated by, this Agreement and any Finance Document to which the entity is a party;

(ii) the authorisation of its appropriate officer or officers or other representatives to execute this Agreement and any other Finance Document on its behalf; and

(iii) confirmation that the guarantees and security granted by the respective Obligor/Security Provider remains in force notwithstanding the amendments and that such guarantees and security extend to cover the Amended Facility Agreement;

(d) (unless granted directly by the board pursuant to the resolutions referred to in item (c) above) powers of attorney to its representative(s) for the execution of the relevant Finance Documents (as required by lawyers of the Agent in the relevant jurisdiction); and

(e) specimen signatures or passport copies of the person(s) authorised in the resolutions described in item (c) above and who has signed or will sign any Finance Document, together with such identification any Lender may reasonably require to satisfy "know-your-customer" requirement applicable to such Obligor/Security Provider.

2. Finance Documents

(a) Original counterparts of this Agreement duly executed on behalf of the Parties.

SCHEDULE 2

GUARANTORS

Country	Company	Organisation number
Norway	PRA Group Europe AS	960 545 397
Norway	PRA Group Europe Portfolio AS (formerly Aktiv Kapital Portfolio AS)	942 464 347
Switzerland	PRA GROUP EUROPE PORTFOLIO AS, Oslo, Zweigniederlassung Zug (formerly Aktiv Kapital Portfolio AS, Oslo, Zweigniederlassung Zug)	CHE-115.187.385
Norway	PRA Group Norge AS	995 262 584
Norway	PRA Group Europe Financial Services AS (formerly Aktiv Kapital Financial Services AS)	979 112 300
Sweden	PRA Group Sverige AB	556189-4493
Sweden	AK Nordic AB	556197-8825
Switzerland	PRA Group Switzerland Portfolio AG	CHE-116.343.570
Finland	Aktiv Kapital Portfolio Oy	1569399-7
Finland	PRA Suomi Oy	1569394-6
Austria	PRA Group Österreich Inkasso GmbH	FN 207430 w
Austria	PRA Group Österreich Portfolio GmbH	FN 426567 f
Germany	PRA Group Deutschland GmbH	HRB 18837
England	PRA Group (UK) Limited	4267803
England	PF1 UK Limited	10153414
Spain	PRA Iberia, S.L.U.	B 8056 8769
Poland	PRA Group Polska Holding sp. z o.o. (formerly PRA Group Polska sp. z o.o.)	0000537397
Poland	PRA Group Polska sp. z o.o. (formerly Debt Trading Partners BIS sp. z o.o.)	0000517951
Poland	Debt Trading Partners sp. z o.o. S.K.A.	0000482450
Poland	Debt Trading Partners sp. z o.o.	0000275441

SCHEDULE 3

SECURITY PROVIDERS

Country	**Company**	**Organisation number**
Norway	Aktiv Kapital Sourcing AS	879 174 392
Luxembourg	PRA Group Europe Holding I S.à r.l.a *société à responsabilité limitée*, 6, rue Eugène Ruppert, L-2453 Luxembourg, R.C.S. Luxembourg B185154	B185154

SCHEDULE 4

AMENDED FACILITY AGREEMENT

USD 900,000,000 + EUR 267,000,000

TERM AND MULTICURRENCY REVOLVING CREDIT FACILITIES AGREEMENT

originally dated 23 October 2014

and

amended by an amendment letter dated 18 December 2014 and an amendment letter dated 13 January 2015, and as amended and restated by a first amendment and restatement agreement dated 12 June 2015, a second amendment and restatement agreement dated 19 February 2016, a third amendment and restatement agreement dated 2 September 2016 and a fourth amendment and restatement agreement dated 23 January 2018

for

PRA Group Europe Holding S.à r.l

arranged by

DNB Bank ASA, Nordea Bank Norge ASA and Swedbank AB (publ)
as Mandated Lead Arrangers
and

DNB Bank ASA
as Bookrunner

with

DNB BANK ASA
as Facility Agent

and

DNB BANK ASA
as Security Agent

www.bahr.no

CONTENTS

THIS AGREEMENT is originally dated 23 October 2014 as amended and restated by a first amendment agreement dated 12 June 2015, a second amendment and restatement agreement dated 19 February 2016, a third amendment and restatement agreement dated 2 September 2016 and a fourth amendment and restatement agreement dated 23 January 2018 and made between

(1) **PRA Group Europe Holding S.à r.l.** (formerly **SHCO 54 S.à r.l.)**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 42-44, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxemburg Trade and Companies Register under number B183422 and acting through its Swiss branch office PRA Group Europe Holding S.à r.l., Luxembourg, Zug Branch (the "**Swiss Branch**") at Bundesstrasse 5, 6300 Zug, Switzerland (registration number CHE-305.746.539) as borrowers (each a "**Borrower**", together the "**Borrowers**");

(2) **THE COMPANIES** listed in Schedule 1 as guarantors (each a "**Guarantor**");

(3) **THE LENDERS** listed in Schedule 2 as lenders (each a "**Lender**");

(4) **DNB Bank ASA** of Dronning Eufemias Gate 30, 0191 Oslo, Norway (registration number 984 851 006) as facility agent (the "**Facility Agent**");

(5) **DNB Bank ASA** of Dronning Eufemias gate 30, 0191 Oslo, Norway (registration number 984 851 006) as security agent (the "**Security Agent**");

(6) **DNB Bank ASA**, of Dronning Eufemias gate 30, 0191 Oslo, Norway (registration number 984 851 006), **Nordea Bank AB (publ), filial i Norge** of Essendrops gate 7, 0368 Oslo, Norway (the Norwegian branch of **Nordea Bank AB (publ)** of SE-105 71 Stockholm, Sweden with registration no. 5164060120 (being the legal successor to Nordea Bank Norge ASA)) and **Swedbank AB (publ)** of Brunkebergstorg 8, Stockholm, Sweden as mandated lead arrangers (the "**Mandated Lead Arrangers**"); and

(7) **DNB Bank ASA**, of Dronning Eufemias gare 30, 0191 Oslo, Norway (registration number 984 851 006) as bookrunner (the "**Bookrunner**").-

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement the terms and expressions with capital letters shall have the meaning as set out in this Clause 1.1 unless the context otherwise requires.

"**Accession Agreement**" means an agreement substantially in the form set out in Schedule 5 (*Form of Accession Agreement*), or as otherwise approved by the Facility Agent whereby *inter alia* a person becomes a Party to this Agreement in relation to all existing Parties under this Agreement and all existing Parties, including any subsequent Party, become bound in relation to such new acceding Party.

"**Accounting Principles**" means IFRS procedure.

"**Accounting Reference Date**" means 31 December.

"**Accounts**" means the financial statements provided pursuant to Clause 14.1.1 (*Financial Statements*).

"Acquisition Price" means the Aggregate Cash Purchase Price being paid to a seller of one or more than one Approved Loan Portfolio with any additional external fees and VAT paid by the buyer as applicable.

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a holding company of that person or any other Subsidiary of that holding company.

"**Aggregate Cash Purchase Price**" means the agreed purchase price for a Loan Portfolio. Any claims and/or cash paid to the seller as a result of claims reported in accordance with Clause 14.1.9 (*Claims from sellers of Approved Loan Portfolio*) shall be deducted from the Acquisition Price.

"**Agents**" means the Facility Agent and the Security Agent and "**Agent**" means either of them, as applicable.

"**Agreement**" means this agreement as from time to time amended.

"**AK Nordic**" means AK Nordic AB, a company incorporated in Sweden with organisation number 556197-8825.

"**AK Nordic Deposits**" means any funds provided to AK Nordic by accountholders with AK Nordic.

"**Applicable Margin**" means:

(a) in relation to any Facility A Loan when the LTV Ratio is:

(i) equal to or above 70%, 3.75% per annum;

(ii) equal to or above 60% but lower than 70%, 3.45% per annum;

(iii) equal to or above 40% but lower than 60%, 3.15% per annum; and

(iv) below 40%, 2.65% per annum; and

(b) in relation to the Facility B Loan when the LTV Ratio is:

(i) equal to or above 70%, 4.00% per annum; and

(ii) below 70%, 3.75% per annum,

subject to that the Lenders may (in their sole discretion) increase the margin in relation to the Facility B Loan with 50bps if one or more of the Lenders select to syndicate and/or transfer its Facility B Commitment, in each case in accordance with the terms of this Agreement.

"**Approved Loan Portfolio**" means, subject to Clause 14.3.7 (*Merger and Acquisitions etc.*):

(a) a Loan Portfolio which is acquired after the date hereof; or

(b) a Loan Portfolio belonging to a company which is acquired by a Group Company after the date hereof and has become a Portfolio Owner;

and which satisfies the following conditions (if not otherwise approved in writing by the Facility Agent on behalf of the Majority Lenders):

(i) claims arising from Lenders, financial institutions under supervision of a financial authority, other reputable entities engaged in consumer based financing or telecommunication, utility or mail order companies within a Permitted Jurisdiction;

(ii) the seller of the Loan Portfolio is a party unconnected with the Borrower or any of its affiliates;

(iii) the buyer of the Loan Portfolio is a Portfolio Owner (except for such acquisition described in (b) above);

(iv) the acquired Loan Portfolio is not subject to any Encumbrance or any other restrictions where the seller of the Loan Portfolio or a related party of the seller has a right to re-purchase the acquired Loan Portfolio (save where such re-purchase right addresses concerns of the seller relating to (i) (its) compliance with laws and regulations, (ii) reputational issues, (iii) the failure of the relevant portfolio owner to comply with industry practice standards, or (iv) similar reasons not financially motivated, provided in each case that such re-purchase right is on customary terms and conditions;

(v) the Acquisition Price does not exceed USD 100,000,000, other than for the Brighton Portfolio, the Belfast Portfolio and the MBNA Portfolio;

(vi) forward flow contracts shall have a maturity of maximum twenty four (24) months or a termination clause with the same effect; and

(vii) the acquisition shall not lead to a breach of any of the following conditions:

(A) Book Value of Loan Portfolios with an Acquisition Price exceeding 60% of face value shall in aggregate not constitute more than 5% of the aggregate Book Value of Total Loan Portfolios;

(B) Book Value of Loan Portfolios from France, Portugal or the Netherlands shall in aggregate not constitute more than 5% of the aggregate Book Value of Total Loan Portfolios;

(C) Book Value of Loan Portfolios from Italy shall in aggregate not constitute more than 20% of the aggregate Book Value of Total Loan Portfolios;

(D) Book Value of Loan Portfolios from Spain shall in aggregate not constitute more than 20% of the aggregate Book Value of Total Loan Portfolios;

(E) Book Value of Loan Portfolios from Poland shall in aggregate not constitute more than 15% of the aggregate Book Value of Total Loan Portfolios;

(F) Book Value of Loan Portfolios consisting of claims deriving from telecommunication business shall not exceed 10% of the aggregate Book Value of Total Loan Portfolios; and

(G) Book Value of Loan Portfolios consisting of personal claims or personally guaranteed claims shall exceed 90% of the aggregate Book Value of Total Loan Portfolios.

For the avoidance of doubt, any Loan Portfolio which had a forward flow contract which did not meet the requirement in sub-paragraph (vi) above at the time of acquisition, may be counted as an Approved Loan Portfolio with effect from the first Financial Quarter after the Financial Quarter in which the maturity of the relevant forward flow contract became less than twenty four (24) months, subject to such Loan Portfolio meeting the other conditions to constitute an Approved Loan Portfolio pursuant to this Agreement.

"Assignment of Intra-Group Loans" means the first priority assignment of Intra-Group Loans in favour of the Security Agent (on behalf of the Finance Parties) on terms and in substance satisfactory to the Security Agent.

"Assignment of Restructuring Intra-Group Loans" means the first priority assignment of Restructuring Intra-Group Loans in favour of the Security Agent (on behalf of the Finance Parties) on terms and in substance satisfactory to the Security Agent pursuant to (b) of the definition of Restructuring Intra-Group Loans.

"**Auditors**" means, in relation to each Group Company, the chartered accountant firms known as Ernst & Young, PWC, KPMG, Deloitte or any other firm of chartered accountants of internationally recognised standing that has been appointed as auditors of such Group Company and approved by the Facility Agent (on behalf of all the Lenders) (each an "**Auditor**").

"**Availability Period**" means:

(a) in relation to Facility A, the period from and including 23 October 2014 to the date falling thirty (30) days before the Final Repayment Date; and

(b) in relation to Facility B, the period from and including the Third Effective Date up to and including the date falling 20 Business Days after the Third Effective Date, however so that Facility B shall not in any event be available after 28 September 2016.

"**Belfast Portfolio**" means the Loan Portfolio as presented to the Agent and Lenders on 13 May 2015, to be acquired by the Group from Barclaycard within 4 months of the First Effective Date, for a consideration not exceeding GBP 170,000,000. The Belfast Portfolio shall be owned by a Security Portfolio Owner.

"**Book Value**" means the book value calculated in accordance with the Accounting Principles and confirmed by an Auditor [in the annual financial statements delivered pursuant to Clause 14.1.1(a).]

"**Book Value of Approved Loan Portfolios**" has the meaning given to the term in Clause 14.4.1 (*Financial Definitions*).

"**Brighton Portfolio**" means the Loan Portfolio as presented to the Agent and Lenders in September 2015, to be acquired by the Group, for a consideration of approximately GBP 85,000,000. The Brighton Portfolio shall be owned by a Security Portfolio Owner.

"**Business Day**" means:

(a) a day (other than a Saturday or a Sunday) on which Lenders are open for general interbank business in Oslo and Stockholm; and

(b) in respect of a transaction involving Euros a day which also is a TARGET Day; and

(c) in respect of a day on which a payment or other transaction in an Optional Currency is made under this Agreement, also a day (other than a Saturday, Sunday or other public holiday) on which a bank and foreign exchange markets are open for business in the principal financial centre of that Optional Currency.

"**Cash Pool Account**" means any account established under the Cash Pool Agreement.

"**Cash Pool Agreement**" means a cash pool agreement (including any participation agreement) entered into between amongst others, DNB Bank ASA, the Borrowers and certain other specified Subsidiaries of the Borrowers and where the top account is held by either of the Borrowers, or any other company approved by the Majority Lenders.

"**Certified Copy**" means, in relation to a document, a copy of that document certified as being a true, complete and accurate copy of the original by a duly authorised officer of the relevant company or Borrower.

"**Change**" means, in relation to a Lender (or any company of which that Lender is a Subsidiary), the introduction, implementation, repeal, withdrawal or change in, or in the interpretation or application of, (a) any law, regulation, practice or concession, or (b) any directive, requirement, request or guidance (whether or not having the force of law but if not having the force of law, one which applies generally to a class or category of financial institutions of which that Lender (or that company) forms part and compliance with which is in accordance with the general practice of those financial institutions) of the European Community, any central Lender including the European Central Lender, any relevant Financial Supervisory Authority, or any other fiscal, monetary, regulatory or other authority.

"**Change of Control**" has the meaning given to that term in Clause 7.3.2.

"CIBOR" means in relation to any Loan or other sum in DKK:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Interest Period of that Loan or other sum) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request quoted by the Reference Banks to leading Lenders in the Danish interbank market,

in both cases at or about 12.00 a.m. (Oslo time) on the second Business Day prior to the relevant Interest Period for the offering of deposits in DKK and for a period comparable to the Interest Period of that Loan or other sum and if any such rate is below zero, CIBOR will be deemed to be zero.

"**Code**" means the US Internal Revenue Code of 1986.

*"***Collection Company**" means an entity appointed as a collection company for the sole purpose of collection in respect of a Loan Portfolio on behalf of a Portfolio Owner (unless otherwise agreed with the Majority Lenders)

"**Commitment**" means a Facility A Commitment and/or a Facility B Commitment.

"**Compliance Certificate**" has the meaning given to that term in Clause 14.1.4 (*Compliance Certificates*), a form of which is set out in Schedule 9.

"**Default**" means any event specified as such in Clause 15.1 (*Default*).

"**Default Notice**" has the meaning given to that term in Clause 15.2 (*Acceleration*, *etc*.).

"**Disposal**" means a sale, transfer or other disposal (including by way of lease or loan) by a person of all or part of its assets, whether by one transaction or a series of transactions and whether at the same time or over a period of time and shall, for the avoidance of doubt, include any repurchase of any part of a Loan Portfolio pursuant to a repurchase right as described under the definition of Approved Loan Portfolio, clause (iv).

"**Drawdown Date**" means the date on which a Loan is made, or is proposed to be made.

"**Drawdown Notice**" means a notice substantially in the form set out in Part 1 of Schedule 4.

"**Earmarked Funds**" means AK Nordic Deposits which are transferred to an account with the Facility Agent.

"EBITDA" shall have the meaning ascribed to it under Clause 14.4.1 (*Financial definitions*).

"**Encumbrance**" means any mortgage, charge, assignment by way of security, pledge, hypothecation, lien, right of set off, retention of title provision (for the purpose of, or which has the effect of, granting security) or any other security interest of any kind whatsoever, or any agreement, whether conditional or otherwise, to create any of the same, or any agreement to sell or otherwise dispose of any asset on terms whereby such asset is leased to or re acquired or acquired by any Group Company.

"ERC" shall have the meaning ascribed to it under Clause 14.4.1 (*Financial definitions*).

"**EURIBOR**" means, in relation to any Loan or other sum in Euro:

(a) the applicable Screen Rate, or

(b) (if no Screen Rate is available for the Interest Period of that Loan or other sum) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request quoted by the Reference Banks to leading Lenders in the European interbank market,

in both cases at or about 11.00 am (Brussels time) on the second Business Day prior to the relevant Interest Period for the offering of deposits in Euro and for a period comparable to the Interest Period of that Loan or other sum and if any such rate is below zero, EURIBOR will be deemed to be zero.

"**Existing Loan Portfolio(s)**" means Loan Portfolios owned by a Portfolio Owner at the date of this Agreement which fulfils the requirements set out under (i) through (vii) under the definition of Approved Loan Portfolio, or to the extent listed in Schedule 8.

"**Existing Facilities**" means the (i) term loan facility agreement originally dated 29 March 2011 (as amended), (ii) the revolving credit facility agreement originally dated 4 May 2012 (as amended), both entered into between PRA Group Europe AS (formerly Aktiv Kapital AS) as the borrower and the Lenders and the Agent and (iii) a NOK 350,000,000 bridge loan between DNB Bank ASA and PRA Group Europe AS (formerly Aktiv Kapital AS) dated 24 June 2014.

"**Face Value"** means the aggregate amount of principal, interest accrued on claims and collection costs accrued on claims within a Loan Portfolio.

"**Facility**" means (i) Facility A and (ii) Facility B (together the "**Facilities**").

"**Facility A**" means the up to USD 900,000,000 multicurrency revolving credit facility as described in Clause 2.1 (*The Facilities*).

"**Facility A Commitment**" means, in relation to a Lender, the principal amount described as such set opposite its name in Schedule 2 part I or set out under the heading "Amount of Facility A Commitment Transferred" in the schedule to

any relevant Transfer Certificate, in each case as (i) reduced or cancelled, or (ii) increased, in accordance with this Agreement.

"**Facility A Loan**" means a loan made or to be made under Facility A or the principal amount outstanding for the time being of that loan.

"**Facility B**" means the EUR 267,000,000 term loan facility as described in Clause 2.1 (*The Facilities*).

"**Facility B Commitment**" means, in relation to a Lender, the principal amount in relation to Facility B described as such set opposite its name in Schedule 2 or set out under the heading "Amount of Facility B Commitment Transferred" in the schedule to any relevant Transfer Certificate, in each case as (i) reduced or cancelled, or (ii) increased, in accordance with this Agreement.

"**Facility B Loan**" means a loan made, or to be made, in one drawdown under Facility B or the principal amount outstanding for the time being of that loan.

"FATCA" means;

(a) Sections 1471 to 1474 of Code of 1986 or any associated regulations or other official guidance;

(b) Any treaty, law regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other Jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or

(c) Any agreement pursuant to the implementation of paragraphs (a) or (b) above with the United States of America Internal Revenue Service, the United States of America's government or any governmental or taxation authority in any other jurisdiction.

"**FATCA Application Date"** means:

(d) in relation to a "withholdable payment" described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the United States of America), 1 July 2014;

(e) in relation to a "withholdable payment" described in section 1473(1)(A)(ii) of the Code (which relates to "gross proceeds" from the disposition of property of a type that can produce interest from sources within the United States of America), 1 January 2017; or

(f) in relation to a "passthru payment" described in section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, 1 January 2017,

or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of this Agreement.

"**FATCA Deduction"** means a deduction or withholding from a payment under a Finance Document required by FATCA.

"**FATCA Exempt Party"** means a Party that is entitled to receive payments free from any FATCA Deduction.

"**Fee Letter(s)**" means any letter entered into by reference to this Agreement between the Bookrunner, Agents and Borrowers setting out the amount of certain fees referred to in this Agreement.

"**Final Repayment Date**" means 19 February 2021.

"**Finance Documents**" means:

(a) this Agreement;

(b) the Fee Letter(s);

(c) any Overdraft Facility Agreement;

(d) the Hedging Agreements;

(e) the Security Documents;

(f) each Accession Agreement;

(g) each Transfer Certificate;

(h) the Parallel Debt Agreement;

(i) the Cash Pool Agreement; and

(j) each other document agreed as such in writing by the Facility Agent and the Borrowers.

"**Finance Parties**" means each Lender, the Facility Agent, the Security Agent, each Hedging Bank and the Bookrunner and " **Finance Party**" means any of them.

"**Financial Quarter"** means the period commencing on the day after one Quarter Date and ending on the next Quarter Date.

"**Financial Year**" means, in relation to a company, the period in respect of which its annual audited financial statements are required to be made up, i.e. 1 January - 31 December.

"First Amendment and Restatement Agreement" means the agreement for the first amendment and restatement of this Agreement, dated 12 June 2015.

"**First Effective Date**" means the date of the amendment and restatement of this Agreement becoming effective in accordance with the First Amendment and Restatement Agreement.

"**Fourth Amendment and Restatement Agreement**" means the agreement for the fourth amendment and restatement of this Agreement, dated 23 January 2018.

"**Fourth Effective Date**" means the date of the amendment and restatement of this Agreement becoming effective in accordance with the Fourth Amendment and Restatement Agreement.

"German Portfolio" means certain portfolios for a maximum amount up to EUR 8,000,000 to be purchased and held on trust by Berliner Inkassogesellschaft mbH (**"BIG"**) for PRA Group Deutschland GmbH in accordance with a trust agreement dated 5 December 2014.

"GIBD" shall have the meaning ascribed to it under Clause 14.4.1 (*Financial definitions*).

"GIBD Ratio" shall have the meaning ascribed to it under Clause 14.4.1 (*Financial definitions*).

"**Group**" means the Borrowers and its Subsidiaries, except for any Non-Recourse Companies, but for the avoidance of doubt including the Polish Securitization Funds.

"**Group Company**" means any of the Borrowers and its Subsidiaries, except for any Non-Recourse Company.

"**Guarantors**" means the Group Companies specified in Schedule 1 as guarantors and any other Group Company that becomes party to this Agreement pursuant to Clause 12.3 (*Additional Guarantor*) and "**Guarantor**" shall be construed accordingly. For the avoidance of doubt: AK Nordic shall not be a Guarantor to the extent prohibited by law or the terms of its public license(s).

"**Hedging Agreement**" means a master agreement and related interest and currency hedging instruments entered into or to be entered into between PRA Group Europe AS (formerly Aktiv Kapital AS) or the Borrowers and a Hedging Bank as part of the Hedging Strategy.

"**Hedging Bank**" means (i) each Lender or an affiliate of a Lender which enters or has entered into a Hedging Agreement with a member of the Group.

"**Hedging Strategy**" means a strategy in respect of the currency and interest rate exposure.

"**IBOR**" means:

(a) in respect of a Loan or other sum in DKK, CIBOR;

(b) in respect of a Loan or other sum in NOK, NIBOR;

(c) in respect of a Loan or other sum in SEK, STIBOR;

(d) in respect of a Loan or other sum in EUR, EURIBOR; and

(e) in respect of a Loan or other sum in USD or an Optional Currency (other than DKK, NOK, SEK and EUR), LIBOR.

"**Indebtedness**" means, in relation to a person, its obligation (whether present or future, actual or contingent, as principal or guarantor) for the payment or repayment of money (whether in respect of interest, principal or otherwise) incurred in respect of:

(a) moneys borrowed or raised;

(b) any bond, note, loan stock, convertible, debenture or similar instrument;

(c) any redeemable preference share which is redeemable at the option of the holder at any time prior to the second anniversary of the Final Repayment Date;

(d) any acceptance credit, bill discounting, note purchase, factoring or documentary credit facility;

(e) the supply of any goods or services which is more than eighty (80) days past the expiry of the period customarily allowed by the relevant supplier after the due date;

(f) any lease, hire agreement, credit sale agreement, hire purchase agreement, conditional sale agreement or instalment sale and purchase agreement which should be treated in accordance with the Accounting Principles as a finance or capital lease or in the same way as a finance or capital lease;

(g) any guarantee, bond, stand by letter of credit or other similar instrument issued in connection with the performance of contracts;

(h) any interest rate or currency swap agreement or any other hedging or derivatives instrument or agreement;

(i) any arrangement entered into primarily as a method of raising finance pursuant to which any asset sold or otherwise disposed of by that person is or may be leased to or re acquired by a Group Company (whether following the exercise of an option or otherwise); or

(j) any guarantee, indemnity or similar insurance against financial loss given in respect of the obligation of any person falling within any of paragraphs (a) to (i) above.

"**Intellectual Property Rights**" means all registered patents, trade-marks, service marks, trade names, design rights, copyright, titles, rights to know-how and other intellectual property rights.

"**Interest Date**" means the last day of an Interest Period.

"**Interest Period**" means each period determined in accordance with Clause 6 (*Interest*) for the purpose of calculating interest on Loans or overdue amounts.

"Intra-Group Loans" means any and all loans and credits between (i) the Borrowers and any of their Subsidiaries and (ii) PRA Group Europe AS (formerly Aktiv Kapital AS) and any of its Subsidiaries, in each case, subject to a loan agreement being satisfactory to the Agent and any receivables created thereunder being assigned, where required in order to comply with the terms of this Agreement, pursuant to an Assignment of Intra-Group Loans.

"**Lenders**" means the lenders and financial institutions listed in Schedule 2, their respective successors and any Lender Transferee.

"**Lender Transferee**" has the meaning given to that term in Clause 23.3.2.

"**LIBOR**" means, in relation to a Loan or other sum in an Optional Currency (other than DKK, EUR, NOK and SEK):

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Interest Period of that Loan or other sum) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request quoted by the Reference Banks to leading Lenders in the London interbank market,

in both cases as of 11.00 p.m. (London time) on the second Business Day prior to the relevant Interest Period for the offering of deposits in that Optional Currency and for a period comparable to the Interest Period for that Loan or other sum and if any such rate is below zero, LIBOR will be deemed to be zero.

"Luxco" means PRA Group Europe Holding III S.à r.l (formerly SHCO 70 S.à r.l), a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having a share capital of USD 20,000 and its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B187.126 which shall be an indirect holding company of the Borrower.

"**Loan**" means a Facility A Loan and/or a Facility B Loan.

"**Loan Portfolio**" means a portfolio of claims (either loans, invoices or other debt) which have not been paid upon their maturity and/or on their due dates.

"Lone Star Equity Commitment" means Aktiv Kapital Investment AS' existing commitment with the Lone Star Funds to invest a total amount of USD 10,000,000 in Lone Star Fund 7 and USD 25,000,000 in Lone Star Fund 8.

"**LTV Ratio**" shall have the meaning ascribed to it under Clause 14.4.1 (*Financial definitions*).

"**Majority Lenders**" means a Lender or a group of Lenders including any overdraft lenders whose Commitments comprise at least 66, 66 per cent of the Total Commitments (taking no account, for the purpose of this definition, of the last sentence of Clause 15.2 (*Acceleration*, *etc.*)). The Majority Lenders shall consist of a minimum of two Lenders if there is more than one Lender.

"**Management Agreement**" means an agreement between PRA Group Europe AS (formerly Aktiv Kapital AS) and all other companies within the Group on services provided by the Borrowers or any of its Subsidiaries which is not a member of the Group to any member of the Group.

"**Material Adverse Effect**" means any effect which:

(a) is materially adverse to the ability of any Obligor to comply with its payment obligations under any Finance Document; or

(b) is materially adverse to the ability of any Obligor to comply with its obligations under Clause 14.4 (*Financial undertakings*); or

(c) is materially adverse to the business, financial condition or assets of the Group taken as a whole; or

(d) will result in any of the Finance Documents not being legal, valid and binding and enforceable substantially in accordance with their material terms against any party thereto.

"MBNA Portfolio" means the Loan Portfolio as presented to the Agent and Lenders on 13 May 2015, partly acquired in batches with registration codes UK 1521 and UK 1522 on the First Effective Date, and to be acquired in additional batches by PRA Group UK from MBNA Ltd. for a consideration not exceeding USD 200,000,000. The MBNA Portfolio shall be owned by a Security Portfolio Owner.

"**NIBOR**" means in relation to any Loan or other sum in NOK:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Interest Period of that Loan or other sum) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request quoted by the Reference Banks to leading Lenders in the Norwegian interbank market,

in both cases at or about 12.00 a.m. (Oslo time) on the second Business Day prior to the relevant Interest Period for the offering of deposits in NOK and for a period comparable to the Interest Period of that Loan or other sum and if any such rate is below zero, NIBOR will be deemed to be zero.

"**Non-Recourse Companies**" means a Subsidiary of the Borrowers in which any debt financing of that Non-Recourse Company is on a standalone basis, without any Group Company committing to any financial support save as approved by the Majority Lenders.

"**Obligors**" means the Borrowers and the Guarantors, and "**Obligor**" shall be construed accordingly.

"**Operating Budget**" means, in relation to each successive 12 months period during the Security Period on an aggregate basis for the Portfolio Owners located in the same jurisdiction, a projected cash flow statement relative to each such period and on a month by month basis.

"**Optional Currency**" means NOK, EUR, DKK, SEK, CHF, CAD, GBP, PLN and any other currency which the Facility Agent (on behalf of all the Lenders) has confirmed to the Borrowers is acceptable.

"**Original Base Currency Amount**" means in relation to a Loan denominated in a currency other than USD, the USD Equivalent of the amount of that Loan or that Participation, as the case may be, calculated as at the Drawdown Date of that Loan; provided that if all or part of a Loan is not made or is repaid or prepaid, the "Original Base Currency Amount" of that Loan and of the Participations of the Lenders in that Loan, shall be correspondingly reduced.

"Original Collection Companies" means PRA Group Norge AS, PRA Group Sverige AB, PRA Suomi Oy, PRA Group Deutschland GmbH, PRA Group Österreich Inkasso GmbH, PRA Iberia, S.L.U. and PRA Group (UK) Limited.

"Overdraft Facility" means the facility in the maximum amount of the Overdraft Facility Commitment to be made available to the Borrowers in accordance with Clause 2.2.2.

"**Overdraft Facility Commitment**" means an amount of up to USD 40,000,000.

"**Overdraft Facility Agreement**" means an agreement between the Borrowers and a Lender for an overdraft facility agreement in the amount of the Overdraft Facility Commitment.

"**Parallel Debt Agreement**" means the second amended parallel debt agreement originally dated 19 September 2016 entered into between PRA Group Europe Holding S.à r.l. and DNB Bank ASA.

"**Parent**" means Portfolio Recovery Associates Inc.

"**Participation**" means, in relation to a Lender:

(a) and a Loan, the part of that Loan made available or to be made available by that Lender and thereafter the part of that Loan owing to that Lender from time to time;

(b) and the Facility, the aggregate of its Participations in each Loan.

"**Party**" means a party to this Agreement.

"**Permitted Encumbrance**" means:

(a) any Encumbrance under the Existing Facilities (which is to be released upon first Utilisation under this Agreement);

(b) any Encumbrance created under the Finance Documents;

(c) any right of set off or lien, in each case arising by (i) operation of law in the ordinary course of business or (ii) otherwise in day-today operation of the Group, provided that no Vendor Financing may benefit from any Encumbrance including any right of set off or lien;

(d) any Encumbrance incurred as a result of any Group Company acquiring another entity and which is due to such entity having provided security over any of its assets, provided that the debt secured with such security is Permitted Indebtedness in accordance with paragraph (g) of the definition of "Permitted Indebtedness" and that such security is discharged upon refinancing with the Borrower as the new borrower and in any event within two (2) months after the date of acquisition of such asset or business;

(e) any Encumbrance not listed above, securing debt of any Group Company, up to a maximum aggregate amount (for the Group) of USD 3,000,000, provided that such Encumbrance shall not exist over any asset which is subject to a Security Document; and

(f) any other Encumbrance to the extent approved by the Majority Lenders in writing.

"**Permitted Indebtedness**" means:

(a) Indebtedness under any Finance Document;

(b) Indebtedness arising under a Hedging Agreement;

(c) for PRA Group Europe AS and the Borrowers only, any indebtedness arising under the Cash Pool Agreement between a cash pool owner and the participants as set out in the Cash Pool Agreement in accordance with Clause 14.3.6 (*Cash Pool Agreement*), from 1 April 2015 limited (on an aggregate basis for the Group) to the total amount collected from the Loan Portfolios over the preceding calendar month;

(d) any Indebtedness under any Intra Group Loan which has been assigned pursuant to an Assignment of Intra-Group Loans, except for Intra Group Loans to the Omega Securitization Fund exceeding a total of USD 1,000,000;

(e) any indebtedness under any Restructuring Intra-Group Loan;

(f) financial support from the Borrowers to its shareholder resulting from the allocation, but not payment of dividends, subject to such receivable being fully subordinated to the Facility on terms acceptable to the Lenders and pledged in favour of the Lenders;

(g) indebtedness pertaining to any acquired asset or business existing on the date of their acquisition, but not created in the contemplation of their acquisition, provided that any such Indebtedness has been discharged within two (2) months after the date of acquisition of such asset or business;

(h) Vendor Financing from entities not being Affiliates of the Borrowers, on terms acceptable to the Majority Lenders;

(i) AK Nordic Deposits provided the conditions in Clause 14.3.5(c) (*Indebtedness*) is complied with;

(j) Indebtedness incurred under the bond option in accordance with clause 2.2.1;

(k) Indebtedness under the Overdraft Facility;

(l) Indebtedness incurred pursuant to any current and future operating leases incurred in the ordinary course of the Group's business;

(m) the amount of any Indebtedness in respect of any rental obligations for the lease of real property incurred in the ordinary course of business and on normal commercial terms;

(n) any Shareholder Loan;

(o) any Indebtedness not listed above in the aggregate amount (for the Group) of USD 3,000,000; and

(p) any other Indebtedness to the extent approved by the Majority Lenders in writing.

"**Permitted Jurisdictions**" means in respect of the Portfolio Owner and in relation to the predominant domicile of the debtors in a Loan Portfolio (i) Austria, Canada, Norway, Denmark, Finland, France, Germany, Spain, Sweden, United Kingdom, Switzerland, Ireland, Italy, Portugal, Poland and the Netherlands and (ii) such other jurisdiction acceptable to the Majority Lenders provided it has received a satisfactory legal due diligence report for such eligible jurisdiction.

"Pledge of Shareholder Loans" means the first priority pledge of any Shareholder Loan in favour of the Security Agent (on behalf of the Finance Parties) on terms and in substance satisfactory to the Security Agent.

"Polish Horyzont Portfolio" means the Loan Portfolios owned by the Horyzont Securitization Fund.

"Polish Omega Portfolio" means the Loan Portfolio owned by the Omega Securitization Fund.

"Polish Portfolios" means (i) the Polish Omega Portfolio and (ii) the Polish Horyzont Portfolio (each a **"Polish Portfolio"**).

"Polish Portfolio Notes" means

(a) the not less than 70% of the investment certificates in Omega Wierzytelnoœci Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamkniêty (Omega Receivables Non-Standardised Securitization Closed-End Investment Fund) registered in Poland under the entry number RFI: 1038 (**"Omega Securitization Fund"**), which owns or will own the underlying Loan Portfolio in Poland purchased or to be purchased for a maximum amount up to PLN 250,000,000, to the extent such certificates are owned by a Portfolio Owner (the **"Omega Portfolio Notes"**); and

(b) not less than 100% of the investment certificates in Horyzont Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamkniêty (Horyzont Non-Standardised Securitization Closed-End Investment Fund) registered in Poland under the entry number RFi: 1121 (**"Horyzont Securitization Fund"**), which owns or will own the underlying Loan Portfolios in Poland to the extent such certificates are owned by a Portfolio Owner (the **"Horyzont Portfolio Notes"**).

"Polish Securitization Funds" means (i) the Omega Securitization Fund and (ii) the Horyzont Securitization Fund (each a **"Polish Securitization Fund"**).

"Polish Security" means:

(a) a pledge agreement over (i) the Omega Portfolio Notes and (ii) the Horyzont Portfolio Notes; and

(b) submissions to enforcement in the form of notarial deeds from the relevant security provider in respect of its Polish assets.

"**Portfolio Owner**" means any wholly owned direct or indirect subsidiary of the Borrowers owning Existing Loan Portfolios and/or Approved Loan Portfolios in accordance with clause 14.2.15 (*Ownership of Loan Portfolios*) which for the avoidance of doubt shall not include the Polish Securitization Funds.

"Potential Default" means an event or omission which, with the giving of any notice, the lapse of time, the determination of materiality or the satisfaction of any other condition, in each case, under Clause 15.1 (*Default*), is likely to constitute a Default.

"**Quarter**" means a period of three (3) months ending on a Quarter Date.

"**Quarter Date**" means each 31 March, 30 June, 30 September and 31 December.

"**Reference Banks**" means DNB Bank ASA, Nordea Bank AB (publ) and Swedbank AB (publ).

"**Reservations**" means the limitation of enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors, defences of set off or counterclaim and similar principles.

"**Restricted Party**" means a person:

(a) that is listed on any Sanctions List (whether designated by name or by reason of being included in a class of persons);

(b) that is domiciled, registered as located or having its main place of business in, or is incorporated under the laws of, a country which is subject to Sanctions Laws, which attach legal effect to being domiciled, registered as located in, having its main place of business in, and/or being incorporated under the laws of such country; or

(c) that is directly or indirectly owned or controlled by a person referred to in paragraph a)and/or (b) above; or

(d) with which any Lender is prohibited from dealing with by any Sanctions Laws.

"**Restructuring**" means the restructuring of the Group as set out in a memo dated 22 September 2014 from KPMG.

"**Restructuring Intra-Group Loans**" means:

(a) any loan from an Obligor to another member of the Group (other than an Intra-Group Loan):

  (i) under which no more than USD 40,000,000 is outstanding at any time; and

  (ii) which is incurred pursuant to the Restructuring; and

  (iii) which remains outstanding for no more than 2 (two) months; and

  (iv) which is established and repaid within the Restructuring Period,

(b) any other loans, not meeting the requirements set out in (a) above, between any members of the Group, which are incurred pursuant to the Restructuring, established and repaid within the Restructuring Period, and assigned on identical terms as the Assignment of Intra-Group Loans.

"**Restructuring Period**" means the period from the original date of this Agreement up and until 31 December 2015.

"**Rollover Loan**" means one or more Loans:

(a) made or to be made on the same day that a maturing Loan is due to be repaid;

(b) the aggregate amount of which is equal to or less than the maturing Loan; and

(c) made or to be made to the same Borrower for the purpose of refinancing a maturing Loan.

"**Sanctions Authority**" means the Norwegian State, the United Nations, the European Union, the member states of the European Union, the United Kingdom of Great Britain and Northern Ireland, the United States of America, the State Secretariat for Economic Affairs SECO (Switzerland), the Monetary Authority of Singapore and the Hong Kong Monetary Authority and any authority acting on behalf of any of them in connection with Sanctions Laws.

"**Sanctions Laws**" means the economic or financial sanctions laws and/or regulations, trade embargoes, prohibitions, restrictive measures, decisions, executive orders or notices from regulators implemented, adapted, imposed, administered, enacted and/or enforced by any Sanctions Authority.

"**Sanctions List**" means any list of persons or entities published in connection with Sanctions Laws by or on behalf of any Sanctions Authority.

"**Screen Rate**" means the percentage rate per annum for the relevant period which appears:

(a) in relation to EURIBOR, on Reuters screen page EURIBOR 01;

(b) in relation to LIBOR, on Reuters screen page Libor 01, or Libor 02, as appropriate;

(c) in relation to NIBOR, on Reuters screen page OIBOR; and

(d) in relation to STIBOR, on Reuters screen page SIOR,

or, in each case, such percentage rate per annum for the relevant period which appears (i) on such other page as may replace such page on the Reuters service for the purpose of displaying quotations of offered rates for deposits in the relevant currency in the relevant interbank Lender or, if no such replacement page is available, (ii) on the relevant page of the Telerate screen displaying quotations of offered rates for deposits in the relevant currency in the relevant interbank Lender.

"Second Amendment and Restatement Agreement" means the agreement for the second amendment and restatement of this Agreement, dated 19 February 2016.

"**Second Effective Date**" means the date of the amendment and restatement of this Agreement becoming effective in accordance with the Second Amendment and Restatement Agreement.

"Secured Obligations" means all obligations and liabilities of each Obligor under the Finance Documents, including (without limitation) the Borrowers' obligation to repay the Utilisations together with all unpaid interest, default interest, commissions, charges, expenses and any other derived liability whatsoever of the Obligors towards the Finance Parties in connection with the Finance Documents.

"**Security Agent**" means DNB Bank ASA in its capacity as Security Agent and each successor Security Agent appointed under Clause 18.12 (*Resignation and Removal*).

"**Security Documents**" means:

(a) the documents listed in Schedule 10 (Security Documents) as from time to time amended and/or supplemented;

(b) this Agreement and any Accession Agreement pursuant to which a Group Company becomes an Obligor; and

any other document the Security Agent may require a Group Company to enter into pursuant to any Finance Document, whereby security and/or guarantees are granted .

"**Security Period**" means the period starting on the first Drawdown Date hereunder and ending on the date on which all of the obligations and liabilities of the Group Companies under each Finance Document are discharged irrevocably in full and none of the Finance Parties has any continuing obligation in relation to the Facility or under any Finance Document.

"Security Portfolio Owners" means Portfolio Owners which are Guarantors and over which security is created and perfected pursuant to the Security Documents and which have entered into all relevant Security Documents and perfected any security contemplated thereunder (as applicable), all in a form and substance satisfactory to the Facility Agent, including a satisfactory legal opinion.

"Service Agreement" means an agreement entered into between a Portfolio Owner and a Collection Company regulating the collection made by the Collection Company for the Portfolio Owner.

"**Shareholder Loan**" means any shareholder loan to the Borrower that:

(a) is fully subordinated to the obligations of the Group under any Finance Documents on terms satisfactory to the Agent (acting on the instruction of the Majority Lenders), subject to a separate subordination undertaking and with no right of service or repayment unless consented to in writing by the Agent (acting on the instruction of the Majority Lenders);

(b) has a tenor of no less than three months (subject to (a) above);

(c) has an interest rate that does not exceed LIBOR + margin of 7.5%;

(d) is pledged in favour of, and on terms satisfactory to, the Security Agent (on behalf of the Lenders) as security for the Secured Obligations;

(e) can solely be utilised to acquire Approved Loan Portfolios; and

(f) is only to be entered into if, at the time the relevant shareholder loan is entered into, either (i) the LTV Ratio is reasonably expected to exceed 70% over the next three months or (ii) the Facility have been utilised with more than 90% of the Total Commitments.

The aggregate amount of the Shareholder Loans including interest shall not at any time exceed an amount equal to 10% of the Total Commitment.

"Share Pledges" means the pledges over all shares in the Portfolio Owners, Collection Companies, the Borrowers and PRA Group Europe AS (formerly Aktiv Kapital AS) in favour of the Security Agent (on behalf of the Finance Parties) on terms and in substance satisfactory to the Security Agent, subject to Clause 12.4.

"**STIBOR**" means in relation to a Loan or other sum in SEK:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Interest Period of that Loan or other sum) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request quoted by the Reference Banks to leading Lenders in the Stockholm interbank market,

in each case, at or about 11.00 a.m. (Stockholm time) the second Business Day prior to the relevant Interest Period for the offering of deposits in SEK and for a period comparable to the Interest Period for that Loan or other sum and if any such rate is below zero, STIBOR will be deemed to be zero.

"**Subsidiary**" means an entity from time to time of which a person:

(a) has direct or indirect control; or

(b) owns directly or indirectly more than fifty (50) per cent (votes and/or capital),

for these purposes, an entity shall be treated as being controlled by a person if that person is able to direct its affairs and/or control the composition of its board of directors or equivalent body.

"**Swiss Guidelines**" means the following guidelines issued by the Swiss Federal Tax Administration:

(a) guideline S-02.123 in relation to interbank loans of September 22, 1986 (Merkblatt Verrechnungssteuer auf Zinsen von Bankguthaben, deren Gläubiger Banken sind (Interbankguthaben) vom 22. September 1986);

(b) guideline S-02.130.1 in relation to money market instruments and book claims of April 1999 (Merkblatt vom April 1999 betreffend Geldmarktpapiere und Buchforderungen inländischer Schuldner);

(c) guideline S-02.122.1 in relation to bonds of April 1999 (Merkblatt Obligationen vom April 1999);

(d) circular letter no. 34 (1.034 - V - 2011) of July 2011 in relation to deposits (Kreisschreiben Nr. 34 vom Juli 2011 betreffend Kundenguthaben); and

(e) guideline S-02.128 in relation to syndicated credit facilities of January 2000 (Merkblatt Steuerliche Behandlung von Konsortialdarlehen, Schuldscheindarlehen, Wechseln und Unterbeteiligungen vom Januar 2000),

in each case, as issued, amended or replaced from time to time.

"**Swiss Non-Qualifying Bank**" means any person which does not qualify as a Swiss Qualifying Bank.

"**Swiss Obligor**" means any Obligor incorporated (or otherwise organised) or having its registered office in Switzerland or being resident in Switzerland for purposes of Swiss Withholding Tax.

"**Swiss Qualifying Bank**" means a financial institution acting on its own account which is licensed as a bank by the banking laws in force in its jurisdiction of incorporation and a branch of a financial institution, which is licensed as a bank by the

banking laws in force in the jurisdiction where such branch is situated, and which, in each case, exercises as its main purpose a true banking activity, having bank personnel, premises, communication devices of its own and authority of decision making, all in accordance with the Swiss Guidelines.

"**Swiss Ten Non-Bank Rule**" means the rule that the aggregate number of Lenders which are Swiss Non-Qualifying Banks must not at any time exceed 10 (ten), all in accordance with the Swiss Guidelines.

"**Swiss Twenty Non-Bank Rule**" means the rule that the aggregate number of creditors (including the Lenders, but excluding to the extent permissible as per Art 14a of the Swiss Withholding Tax Ordinance members of the Group), other than Swiss Qualifying Banks, of a Swiss Obligor under all outstanding borrowings (including under the Finance Documents), such as loans, facilities and private placements, made or deemed to be made by such Swiss Obligor must not at any time exceed 20 (twenty), all in accordance with the Swiss Guidelines and being understood that for purposes of this Agreement the maximum number of 10 (ten) Swiss Non-Qualifying Banks permitted under this Agreement shall be taken into account irrespective of whether or not 10 (ten) Swiss Non-Qualifying Banks do so participate at any given time.

"**Swiss Withholding Tax**" means any taxes imposed under the Swiss Withholding Tax Act (*Bundesgesetz über die Verrechnungssteuer*).

"**Swiss Withholding Tax Act**" means the Swiss Federal Act on the Withholding Tax of 13 October 1965 (*Bundesgesetz über die Verrechungsteuer*), together with the related ordinances, regulations and guidelines, all as amended and applicable from time to time.

"Swiss Withholding Tax Ordinance" means the Swiss Federal Ordinance on the Withholding Tax of 19 December 1966 (*Verordung über die Verrechungssteuer*).

"**Target Day**" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2) is operating.

"**Taxes**" includes all present and future taxes, charges, imposts, duties, levies, deductions, withholdings or fees of any kind whatsoever, or any amount payable on account of or as security for any of the foregoing, by whomsoever on whomsoever and wherever imposed, levied, collected, withheld or assessed, together with any penalties, additions, fines, surcharges or interest relating thereto; and "**Tax**" and "**Taxation**" shall be construed accordingly.

"**Third Amendment and Restatement Agreement**" means the agreement for the third amendment and restatement of this Agreement, dated 2 September 2016.

"**Third Effective Date**" means the date of the amendment and restatement of this Agreement becoming effective in accordance with the Third Amendment and Restatement Agreement.

"**Total Commitment**" means the aggregate of the Total Facility A Commitments and the Total Facility B Commitments of the Lenders.

"**Total Facility A Commitments**" means the aggregate of the Facility A Commitments, being USD 900,000,000 at the date of this Agreement.

"**Total Facility B Commitments**" means the aggregate of the Facility B Commitments, being EUR 267,000,000 at the date of this Agreement.

"**Total Loan Portfolios**" means the Existing Loan Portfolios and the Approved Loan Portfolios.

"Transaction Security" shall have the meaning ascribe to it in Clause 12.1 (*Security Documents*)

"**Transfer Certificate**" means a document substantially in the form set out in Schedule 6, whereby *inter alia* a person becomes a Party to this Agreement in relation to all existing Parties under this Agreement and all existing Parties, including any subsequent Party, becomes bound in relation to such new acceding Party.

"**USD**" means the lawful currency of the United States of America.

"**USD Equivalent**" means, in relation to an amount in an Optional Currency on the day on which the calculation falls to be made, the amount of USD which could be purchased with that amount of the Optional Currency using the Facility Agent's spot rate of exchange for the purchase of USD with the Optional Currency at or about 11.00 a.m. on the second Business Day prior to that date.

"**Value Added Tax** " or "**VAT**" means value added tax and any other tax similar or equivalent to value added tax imposed by any country whether, provided for in primary, secondary or purported legislation and whether delegated or otherwise (including, where relevant, any primary or secondary legislation promulgated by the European Community or any official body or agency of the European Community) and any similar to turnover tax replacing or introduced in addition to any of the same.

"**Vendor Financing**" means any Indebtedness provided by any person in connection with the purchase of an Approved Loan Portfolio or Existing Loan Portfolio, either directly or indirectly, to a Portfolio Owner.

1.2 Headings

The headings in this Agreement are for convenience only and shall be ignored in construing this Agreement.

1.3 Construction

In this Agreement (unless otherwise provided):

(a) words importing the singular shall include the plural and vice versa;

(b) references to Clauses and Schedules are to be construed as references to the clauses of, and schedules to, this Agreement;

(c) references to any provision of law include any amendment of that provision or law;

(d) references to a "person" shall be construed so as to include that person's assigns, transferees or successors in title and shall be construed as including references to an individual, firm, partnership, joint venture, company, corporation, body corporate, unincorporated body of persons or any state or any agency of a state;

(e) accounting terms shall be construed so as to be consistent with the Accounting Principles;

(f) references to a "**Finance Document**" or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated from time to time;

(g) currency codes shall be interpreted as set out in ISO 4217:2008 as amended (www.iso.org); and

(h) references to time are (unless otherwise stated) to Oslo time.

2. THE FACILITIES

2.1 The Facilities

2.1.1 Subject to the terms of this Agreement, the Lenders agree to make available to the Borrowers, during the Availability Period, a:

(a) multicurrency revolving credit facility up to an aggregate principal amount not exceeding the equivalent of the Total Facility A Commitments; and

(b) EUR term loan facility up to an aggregate principal amount not exceeding the equivalent of the Total Facility B Commitments.

2.1.2 Notwithstanding any other term of this Agreement, the aggregate of all Loans shall not, at any time, exceed the Total Commitments, which for the purpose of this calculation shall be reduced by the USD-Equivalent of any Lone Star Equity Commitment.

2.2 Additional financing

2.2.1 Bond option

Subject to the Borrowers being in compliance with the Agreement before and after disbursement of any bond proceeds, the Borrowers has the option to issue a bond loan in the amount up to USD 200,000,000 subject to such bonds being (i) issued by the Borrowers or a holding company of the Borrowers or an affiliate thereof, (ii) such bond being contractually subordinated to the amounts outstanding at any time under the Finance Documents, and (iii) the bonds issued on terms acceptable to the Lenders.

2.2.2 The Borrowers may by a written request and by providing acceptable documentation to the Agent (with no less favourable terms as set out in this Agreement) request the Overdraft Facility, such Overdraft Facility being secured pursuant to the Security Documents.

2.3 Obligations several

2.3.1 The obligations of each Finance Party under this Agreement are several.

2.3.2 The failure of a Finance Party to carry out its obligations under this Agreement shall not relieve or effect any other Party of any of its obligations under this Agreement.

2.3.3 None of the Finance Parties shall be responsible for the obligations of any other Party under this Agreement.

2.4 Rights several

2.4.1 The rights of the Finance Parties under this Agreement are several. All amounts due, and obligations owed, to each of them are separate and independent debts or, as the case may be, obligations.

2.4.2 A Finance Party may, except as otherwise stated in this Agreement, separately enforce its rights under this Agreement.

2.5 Obligor's Agent

2.5.1 Each Obligor (other than the Borrowers), by its execution of this Agreement or an Accession Agreement, hereby irrevocably authorises Borrowers to act on its behalf as its agent in relation to the Finance Documents and authorises and appoints the Borrowers, as its attorney, on its behalf, to supply all information concerning itself, its financial condition and otherwise to the Lenders as contemplated under this Agreement and to give all notices and instructions to be given by such Obligor under the Finance Documents, to execute, on its behalf, any Finance Document and to enter into any agreement and amendment in connection with the Finance Documents (however fundamental and notwithstanding any increase in obligations of or other effect on an Obligor and including, for the avoidance of doubt, any further increase of the total commitments under this Agreement as set out in Clause 2.3) including confirmation of guarantee obligations in connection with any amendment or consent in relation to the Facility, without further reference to or the consent of such Obligor and each Obligor to be obliged to confirm such authority in writing upon the request of the Facility Agent. The power hereby conferred is a general power of attorney and the Obligor hereby ratifies and confirms and agrees to ratify and confirm any instrument, act or thing which such attorney may execute or do and to grant as many private and public document (including certificates and notarial powers of attorney duly apostilled) and comply with as many formalities as may be necessary or convenient for this power to be effective under each relevant jurisdiction. In relation to the power referred to herein, the exercise by the Borrowers of such power shall be conclusive evidence of its right to exercise the same.

2.5.2 Each Obligor (other than the Borrowers), hereby appoints the Borrowers as its agent for service and hereby authorises each Finance Party to give any notice, demand or other communication to be given to or served on such Obligor pursuant to the Finance Documents to Borrowers on its behalf, and in each such case such Obligor will be bound thereby (and shall be deemed to have notice thereof) as though such Obligor itself had been given such notice and instructions, executed such agreement or received any such notice, demand or other communication.

2.5.3 Every act, omission, agreement, undertaking, waiver, notice or other communication given or made by Borrowers under this Agreement, or in connection with this Agreement (whether or not known to any Obligor) shall be binding for all purposes on all other Obligors as if the other Obligors had expressly made, given or concurred with the same. In the event of any conflict between any notice or other communication of Borrowers and any other Obligor, the choice of Borrowers shall prevail.

3. PURPOSE

3.1 Purposes of the Facility

The Borrowers shall apply all amounts borrowed by it under the Facility to;

(a) refinance the Existing Facilities;

(b) financing of Approved Loan Portfolios; and

(c) general corporate purposes (excluding payment of dividends and other distributions or any other indirect refinancing of acquisition debt).

3.2 Restrictions

The Borrowers undertakes that it will only utilise the Facility as permitted by Clause 3.1 and no proceeds of any amounts borrowed under any Finance Documents shall be made available, directly or indirectly, to or for the benefit of a Restricted Party nor shall they otherwise be applied in a manner or for a purpose prohibited by Sanctions Laws.

3.3 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. CONDITIONS PRECEDENT

4.1 Documentary conditions precedent

(a) The Borrowers may not deliver an Utilisation Request unless the Agent has received all of the documents and other evidence listed in Schedule 3 (*Conditions Precedent*) in form and substance satisfactory to the Agent. The Agent shall notify the Borrowers and the Lenders promptly upon being so satisfied.

(b) Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

4.2 Further conditions precedent

4.2.1 The obligation of each Lender to make available its Participation in a Loan is subject to the conditions that on the date on which the relevant Drawdown Notice is given and on the relevant Drawdown Date, or Issue Date:

(a) the representations and warranties in Clause 13 (*Representations and warranties*) to be repeated pursuant to Clause 13.1.24 (*Repetition*) on those dates are correct; and

(b) in the case of a Loan, no Default has occurred and is continuing or would occur on the making of the Loan.

(c) In the case of a Loan other than a Rollover Loan, the Borrowers providing a Compliance Certificate (no older than 3 weeks) evidencing the compliance with the financial covenants and ratios pursuant to this Agreement pro-forma after the Drawdown of the Loan.

4.2.2 The Lenders will only be obliged to comply with Clause 5.8 (*Change of Currency*) if, on the first day of an Interest Period, no Default is continuing or would result from the change of currency and the Repeating Representations to be made by each Obligor are true in all material respects.

5. UTILISATIONS

5.1 Drawdown under Facility A

5.1.1 Subject to the other terms of this Agreement, Facility A Loans shall be made to the Borrowers at any time during the Availability Period when requested by the Borrowers by means of a Drawdown Notice in accordance with Clause 5.3 (*Drawdown Notice*).

5.1.2 The following limitations apply to Facility A Loans:

(a) the Drawdown Date of a Facility A Loan shall be a Business Day during the Availability Period in one drawing for each currency;

(b) the principal amount of a Facility A Loan denominated in USD or an Optional Currency shall be:

(i) a minimum Original Base Currency Amount of USD 1,000,000 and an integral multiple of USD 500,000; and

(ii) in no case more than the amount of the Total Facility A Commitments;

(c) no Facility A Loan shall be made if the making of that Facility A Loan would result in the aggregate of the Original Base Currency Amount of all Facility A Loans exceeding the Total Facility A Commitment and for the purpose of this calculation any remaining commitment under the Lone Star Equity Commitment shall reduce the amount of Total Facility A Commitment with its USD-Equivalent;

(d) no Facility A Loan shall be made as long as prepayments are mandatory according to Clause 7.3*;*

(e) no more than twenty (20) Facility A Loans may be outstanding at any one time; and

(f) in the case of a Facility A Loan denominated in an Optional Currency, the requirements of Clause 5.7 (*No Optional Currency*) are met.

5.2 Drawdown under Facility B

5.2.1 Subject to the other terms of this Agreement, the Facility B Loan shall be made to the Borrowers at any time during the Availability Period when requested by the Borrowers by means of a Drawdown Notice in accordance with Clause 5.3 (*Drawdown Notice*).

5.2.2 The following limitations apply to Facility B Loan:

(a) the Drawdown Date of the Facility B Loan shall be a Business Day during the Availability Period in one drawing;

(b) the principal amount of the Facility B Loan shall be no less than EUR 267,000,000;

(c) the Facility B Loan shall be drawn in EUR;

(d) the Interest Period for the Facility B Loan shall be three (3) months;

(e) no Facility B Loan shall be made as long as prepayments are mandatory according to Clause 7.3 (*Mandatory prepayment on Change of Control);* and

(f) no more than one (1) Facility B Loan may be outstanding at any time.

5.3 Drawdown Notice

5.3.1 Whenever the Borrowers wish to draw down a Loan, they shall give a duly completed Drawdown Notice to the Facility Agent to be received not later than 10.00 a.m. on the third Business Day before the relevant Drawdown Date (or such later time as the Lenders may agree).

5.3.2 A Drawdown Notice shall be irrevocable and the Borrowers shall be obliged to borrow in accordance with its terms.

5.3.3 The Facility Agent shall promptly notify each Lender of the details of each Drawdown Notice received by it.

5.4 Participations

Subject to the terms of this Agreement, each Lender acting through its lending office shall make available to the Facility Agent on the Drawdown Date for a Loan an amount equal to its Participation in the amount specified in the Drawdown Notice for that Loan.

5.5 Availability

The Borrowers may not request a Loan to be denominated in an Optional Currency unless the Facility Agent has confirmed to the Borrowers that the Optional Currency is available for drawing under the relevant Facility.

5.6 Notification to Lenders

The Facility Agent shall promptly notify each Lender of the currency and the Original Base Currency Amount of each Loan.

5.7 No Optional Currency

5.7.1 If, no later than 9.00 a.m. on the second Business Day before the first day of an Interest Period in relation to a Loan which is proposed to be denominated in an Optional Currency, a Lender notifies the Facility Agent that:

(a) in that Lender's reasonable opinion, it is impracticable for that Lender to fund its Participation in that Loan in the proposed Optional Currency in the ordinary course of business in the relevant interbank market; or

(b) Central Bank or other governmental authorisation in the country of the proposed Optional Currency is required to permit its use by that Lender for the making of that Loan and the authorisation has not been obtained or is not in full force and effect or is subject to unacceptable conditions; or

(c) the use of the proposed Optional Currency is restricted or prohibited by any request, directive, regulation or guideline of any governmental body, agency, department or regulatory or other authority (whether or not having the force of law) in accordance with which that Lender is accustomed to act,

the Facility Agent shall notify the Borrowers and the Lenders by 10.00 a.m. on the same day. In this event, the Borrowers and the Lenders may agree that the Loan shall not be made, provided that, in the absence of such agreement by 11.00 a.m. on the same day, the Loan shall be denominated in USD during that Interest Period.

5.8 Change of Currency

A Loan which is denominated in a currency may not be denominated in different currencies.

5.9 Cancellation of Commitment

The Total Facility B Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for Facility B.

6. INTEREST

6.1 Interest rate

Interest shall accrue on each Loan from and including the relevant Drawdown Date to but excluding the date the Loan is repaid at the rate determined by the Facility Agent to be the aggregate of:

(a) the Applicable Margin; and

(b) IBOR.

6.2 Interest Periods

6.2.1 Interest payable on each Loan shall be calculated by reference to Interest Periods of one (1), two (2), three (3) or six (6) months duration (or such other Interest Period as the Facility Agent, acting on the instructions of all the Lenders, may agree) as selected by the Borrowers in accordance with this Clause 6.2, however the Interest Period for the Facility B Loan shall be three (3) months. The Borrowers may not select more than ten (10) Interest Periods with a tenor of one (1) Month during any calendar year. If an Interest Period would extend beyond six (6) months then interest shall be payable every six (6) months. The Facility Agent may require shorter Interest Periods to be elected if this would facilitate the syndication of the Facility.

6.2.2 The Borrowers shall select an Interest Period for a Loan in the relevant Drawdown Notice or (in the case of any subsequent Interest Period for that Loan) by notice received by the Facility Agent no later than three (3) Business Days before the commencement of that Interest Period.

6.2.3 If the Borrowers fail to select an Interest Period for a Loan in accordance with Clause 6.2.2, that Interest Period shall, subject to the other provisions of this Clause 6, be three (3) months.

6.2.4 If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall instead end on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

6.2.5 If an Interest Period begins on the last Business Day in a calendar month or on a Business Day for which there is no numerically corresponding day in the calendar month in which that Interest Period is to end, it shall end on the last Business Day in that later calendar month.

6.2.6 If an Interest Period for a Loan would otherwise extend beyond the Final Repayment Date under which such Loan is made, it shall be shortened so that it ends on the Final Repayment Date.

6.3 Default interest

6.3.1 If an Obligor fails to pay any amount payable under any Finance Document on the due date, it shall pay default interest on the overdue amount from the due date to the date of actual payment calculated by reference to successive Interest Periods (each of such duration as the Facility Agent may select and the first beginning on the relevant due date) at the rate per annum being the aggregate of (a) two (2) per cent per annum, (b) the Applicable Margin, and (c) the higher of either (i) IBOR, or (ii) the Lender's funding costs. Default interest is payable on demand.

6.3.2 So long as the overdue amount remains unpaid, the default interest rate shall be recalculated in accordance with the provisions of this Clause 6.3 on the last day of each such Interest Period and any unpaid interest shall be compounded at the end of each Interest Period.

6.4 Calculation and payment of interest

6.4.1 At the beginning of each Interest Period, subject to clause 6.5 (*Determination of Applicable Margin*), the Facility Agent shall notify the Lenders and the relevant Obligor of the duration of the Interest Period and the rate and amount of interest payable for the Interest Period (but in the case of any default interest calculated under Clause 6.3 (*Default interest*), any such notification need not be made more frequently than weekly). Each notification shall set out in reasonable detail the basis of computation of the amount of interest payable.

6.4.2 Interest due from an Obligor under this Agreement shall:

(a) accrue from day to day at the rate calculated under this Clause 6;

(b) except as otherwise provided in this Agreement, be paid by the relevant Obligor to the Facility Agent (for the account of the Lenders or the Facility Agent, as the case may be) in arrears on the last day of each Interest Period, provided that for any Interest Period which is longer than three (3) months, the relevant Obligor shall also pay interest every (three) 3 months in arrears during that Interest Period; and

(c) be calculated on the basis of the actual number of days elapsed and a 360 day year (a 365 day year for GBP) or, if different, such number of days as is market practice.

6.5 Determination of Applicable Margin

6.5.1 Any adjustment of the Applicable Margin to be effective within five (5) Business Days after the delivery of the Compliance Certificate evidencing the LTV Ratio.

6.5.2 Upon the date of utilisation of the Facility for the financing of the Belfast Portfolio the Applicable Margin shall be recalculated with reference to a Compliance Certificate not more than six weeks old delivered on that date, adjusted on a pro-forma basis to take into account the acquisition of the Belfast Portfolio. Such recalculated Applicable Margin shall apply until the next determination of Applicable Margin pursuant to clause 6.2.1 above.

6.5.3 In the event that the Borrower fails to deliver a Compliance Certificate on time the Interest shall: (i) when the overdue Compliance Certificate is delivered, be recalculated for the period from the latest date on which the Compliance Certificate should have been delivered, based on the Applicable Margin determined with reference to that Compliance Certificate, or (ii) if no Compliance Certificate is delivered before the next Compliance Certificate is due for delivery, be recalculated based on the highest Applicable Margin, for that period. To the extent any Interest has already been paid by the Borrower for any part of the period for which Interest is recalculated, the Borrower shall not be entitled to receive any reimbursement of Interest paid in excess of the recalculated interest.

6.6 Minimum interest

6.6.1 When entering into this Agreement, the Parties have assumed that the interest payable under this Agreement is not and will not become subject to any tax deduction on account of Swiss Withholding Tax.

6.6.2 Notwithstanding Clause 6.6.1, if a tax deduction is required by law in respect of any sum payable by a Swiss Obligor under a Finance Document and should it be unlawful for such Swiss Obligor to comply with Clauses 10.2 (*Taxes*) and 19.9 (*Grossing-up*) for any reason (where this would otherwise be required by the terms of Clauses 10.2 (*Taxes*) and 19.9 (*Grossing-up*)) then:

(a) the applicable interest rate in relation to that payment shall be the rate which would have applied to that payment as provided for by Clause 6.1 divided by 1 minus the rate at which the relevant tax deduction is required to be made under Swiss domestic tax law and/or applicable double taxation treaties (where the rate at which the relevant tax deduction is required to be made is for this purpose expressed as a fraction of 1); and

(b) that Swiss Obligor shall:

(i) pay the relevant sum at the adjusted rate in accordance with paragraph (a) above;

(ii) make the tax deduction on the amount so recalculated; and

all references to a rate of interest under the Finance Documents shall be construed accordingly.

6.6.3 To the extent that a sum payable by a Swiss Obligor under a Finance Document becomes subject to Swiss Withholding Tax, each relevant Lender and each relevant Swiss Obligor shall promptly cooperate in completing any procedural formalities (including submitting forms and documents required by the appropriate tax authority) to the extent possible and necessary (i) for the Swiss Obligor to obtain authorisation to make such payments without them being subject to Swiss Withholding Tax and (ii) to ensure that any person which is entitled to a full or partial refund under any applicable double taxation treaty is so refunded.

6.7 Facility Agent's determination

The determination by the Facility Agent of any interest or commission payable under this Clause 6 shall be conclusive and binding on the Obligors except for any manifest error.

7. REDUCTION, REPAYMENT, PREPAYMENT AND CANCELLATION

7.1 Repayment of Facility A Loans

7.1.1 Subject to Clause 7.1.3 and 7.1.4, each Facility A Loan shall be repaid in full on the Interest Date of the Interest Period relating to that Facility A Loan.

7.1.2 Subject to the terms of this Agreement, any amounts repaid under Clause 7.1.1 may be re-borrowed.

7.1.3 If all or part of a Facility A Loan is to be repaid from the proceeds of all or part of a new Facility A Loan to be made to the Borrowers then, as between each Lender and the Borrowers, the amount to be repaid by the Borrowers shall be set off against the amount to be advanced by that Lender in relation to the new Facility A Loan and the party to whom the smaller amount is to be paid shall pay to the other party a sum equal to the difference between the two amounts (in the currency of the outstanding Facility A Loan for the first Interest Period).

7.1.4 Subject to any terms of this Agreement expressly providing otherwise, the Borrowers may not prepay any Facility A Loan before the end of its Interest Period. On the Final Repayment Date the Borrowers shall repay any Facility A Loan then outstanding under this Agreement in full, together with all other sums due and outstanding under the Finance Documents at such date (if any).

7.2 **Repayment of Facility B Loan**

The Borrower shall repay the Facility B Loan in full on the Final Repayment Date.

7.3 Mandatory prepayment on Change of Control

7.3.1 Unless otherwise agreed by the Facility Agent (acting on the instructions of the Majority Lenders), ninety (90) days from the date a Change of Control occurs (a "**Prepayment Date**"):

(a) all Loans together with all incurred interest and all other amounts owing to under this Agreement shall be repaid in full; and

(b) the Lenders' obligations shall be terminated and each Lender's Commitments shall be cancelled.

7.3.2 For the purposes of this Agreement a "**Change of Control**" will occur if the Parent ceases to control directly or indirectly 2/3 of the voting rights of the Borrowers.

7.3.3 The Borrowers shall give the Facility Agent prompt notice when it becomes aware of a Change of Control or a proposed Change of Control.

7.4 Mandatory prepayment - Disposal

Upon a Disposal of whole or part of an Existing Loan Portfolio or Approved Loan Portfolio (directly or indirectly through a sale of a Portfolio Owner or otherwise) the Borrowers shall no later than five (5) Business Days prior to such Disposal document to the Facility Agent's satisfaction that the Group will be in compliance with the LTV Ratio immediately after such Disposal.

7.5 Application of prepayments

Each mandatory prepayment shall be applied in pro rata in order of maturity.

7.6 Voluntary prepayment of Loans

7.6.1 The Borrowers may, by giving the Facility Agent not less than five (5) Business Days' prior notice, prepay the whole or part (but if in part, in a minimum amount of USD 1,000,000 and an integral multiple of USD 1,000,000 or such whole amount as, the Facility Agent may agree) of any Loan, however so that the Facility B Loan cannot be prepaid before all Facility A Loans have been prepaid and the Total Facility A Commitments have been cancelled in full.

7.6.2 Any notice of prepayment shall be irrevocable, shall specify the date on which the prepayment is to be made and the amount of the prepayment, and shall oblige the Borrowers to make that prepayment. The Facility Agent shall promptly notify the Lenders of receipt of any such notice.

7.7 Prepayment and breakage costs

7.7.1 Any prepayment shall be made together with accrued interest on the amount prepaid and any amounts payable under Clause 24.1 (*Breakage costs indemnity*).

7.8 Voluntary cancellation of Facility

7.8.1 The Borrowers may, by giving the Facility Agent not less than five (5) days' prior notice, cancel all or part of the Total Commitment (but if in part, in a minimum amount of USD 1,000,000 and an integral multiple of USD 1,000,000) however so that the Total Facility B Commitments cannot be cancelled before the Total Facility A Commitments have been cancelled in full.

7.8.2 Any notice of cancellation shall be irrevocable and shall specify the date on which the cancellation shall take effect and the amount of the cancellation. The Facility Agent shall promptly notify the Lenders of receipt of any such notice.

7.8.3 The Borrowers may not utilise any part of the Facility which has been cancelled. Any cancellation of the Facility shall reduce each Lender's Commitment rateably and shall reduce the Facility by the aggregate amount so cancelled.

8. CHANGES IN CIRCUMSTANCES

8.1 Illegality

8.1.1 If it is or becomes illegal (including under any Sanctions Law) for a Lender to maintain all or part of its Commitment or to continue to make available or fund or maintain its Participation in all or any part of the Facility, then:

(a) that Lender shall notify the Facility Agent and Borrowers;

(b) the Commitment of that Lender shall be cancelled immediately; and

(c) the Obligors shall prepay to the Facility Agent (for the account of that Lender) that Lender's Participation in all Loans (together with accrued interest on the amount prepaid and all other amounts owing to that Lender under this Agreement) within fifteen (15) Business Days of demand by that Lender (or, if permitted by the relevant law, on the last day of the Interest Period of the relevant Loans);

Any such prepayment shall be subject to Clause 24.1 (*Breakage costs indemnity*).

8.2 Increased Costs

8.2.1 If a Change occurs which causes an Increased Cost (as defined in Clause 8.2.3) to a Lender (or any company of which that Lender is a Subsidiary) then each Obligor shall pay (as additional interest) to the Facility Agent (for the account of that Lender) within ten (10) Business Days of demand all amounts which that Lender certifies to be necessary to compensate that Lender (or any company of which that Lender is a Subsidiary) for the Increased Cost.

8.2.2 Any demand made under Clause 8.2.1 shall be made by the relevant Lender through the Facility Agent and shall set out in reasonable detail so far as is practicable the basis of computation of the Increased Cost.

8.2.3 In this Clause 8.2:

"**Increased Cost**" means any cost to, or reduction in the amount payable to, or reduction in the return on capital or regulatory capital achieved by, a Lender (or any company of which that Lender is a Subsidiary) to the extent that it arises, directly or indirectly, as a result of the Change and is attributable to the Commitment of that Lender or its Participation in the Facility or the funding of that Lender's Participation in any Loan including but not limited to:

(a) any Tax Liability (other than Tax on Overall Net Income) incurred by that Lender;

(b) any changes in the basis or timing of Taxation of that Lender in relation to its Commitment or Participation in the Facility or to the funding of that Lender's Participation in any Loan;

(c) the cost to that Lender (or any company of which that Lender is a Subsidiary) of complying with, or the reduction in the amount payable to or reduction in the return on capital or regulatory capital achieved by that Lender (or any company of which that Lender is a Subsidiary) as a result of complying with, any capital adequacy or similar requirements howsoever arising, including as a result of an increase in the amount of capital to be allocated to the Facility or of a change to the weighting of that Lender's Commitment or Participation in that Facility;

(d) the cost to that Lender of complying with any reserve, cash ratio, special deposit or liquidity requirements (or any other similar requirements); and

(e) the amount of any fees payable by that Lender to any supervisory or regulatory authority.

"**Tax Liability**" means *inter alia*, in respect of any person:

(a) any liability or any increase in the liability of that person to make any payment of or in respect of Tax;

(b) the loss of any relief, allowance, deduction or credit in respect of Tax which would otherwise have been available to that person;

(c) the setting off against income, profits or gains or against any Tax liability of any relief, allowance, deduction or credit in respect of Tax which would otherwise have been available to that person; and

(d) the loss or setting off against any Tax liability of a right to repayment of Tax which would otherwise have been available to that person.

For the purposes of this definition of "Tax Liability", any question of whether or not any relief, allowance, deduction, credit or right to repayment of Tax has been lost or set off, and if so, the date on which that loss or set off took place, shall be conclusively determined by the relevant person.

"**Tax on Overall Net Income**" means, in relation to a Lender, Tax (other than Tax deducted or withheld from any payment) imposed on the net profits of that Lender or its lending office by the jurisdiction in which its lending office or its head office is situated.

8.2.4 The Obligors shall not be obliged to make a payment in respect of an Increased Cost under this Clause 8.2 if and to the extent that the Increased Cost has been compensated for by the operation of Clause 19.9 (*Grossing-up*) or the cost is attributable to a FATCA Deduction required to be made by an Obligor or a Finance Party.

8.2.5 If the Obligors are required to pay any amount to a Lender under this Clause 8.2, then, without prejudice to that obligation and so long as the circumstances giving rise to the relevant Increased Cost are continuing and subject to the Borrowers giving the Facility Agent and that Lender not less than 10 days' prior notice (which shall be irrevocable), the Obligors may prepay all, but not part, of that Lender's Participation in the Loans together with accrued interest on the amount prepaid. Any such prepayment shall be subject to Clause 24.1 (*Breakage costs indemnity*). On any such prepayment the Commitment of the relevant Lender shall be automatically cancelled.

8.3 Market disruption

8.3.1 If, in relation to a Loan and a particular Interest Period:

(a) at or about noon on the second Business Days prior to the relevant Interest Period, the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Facility Agent to determine the relevant IBOR for the relevant currency and Interest Period; or

(b) the Facility Agent has been notified by a group of Lenders, who together exceed 40 per cent of the Total Commitments, that in their opinion:

(i) matching deposits would not be available to them in the relevant interbank market in the ordinary course of business to fund their Participations in that Loan for that Interest Period; or

(ii) the cost to them of obtaining matching deposits in the relevant interbank market would be in excess of IBOR for that Interest Period,

the Facility Agent shall promptly notify the Borrowers and the Lenders of that event (such notice being a "**Market Disruption Notice**").

8.3.2 If a Market Disruption Notice applies to a proposed Loan, that Loan shall not be made. Instead, the Facility Agent and the Borrowers shall immediately enter into negotiations for a period of not more than 30 days with a view to agreeing a substitute basis for calculating the interest rate for the Loan or for funding the Loan. Any substitute basis agreed by the Facility Agent (with the consent of all the Lenders) and the Borrowers shall take effect in accordance with its terms and be binding on all the Parties.

8.3.3 If a Market Disruption Notice applies to an outstanding Loan then:

(a) the Facility Agent and the Borrowers shall immediately enter into negotiations for a period of not more than 30 days with a view to agreeing a substitute basis for calculating the rate of interest for the Loan or for funding the Loan;

(b) any substitute basis agreed under Clause 8.3.3(a) by the Facility Agent (with the consent of all the Lenders) and the Borrowers shall take effect in accordance with its terms and be binding on all the Parties;

(c) if no substitute basis is agreed under Clause 8.3.3(a), then, subject to Clause 8.3.4, each Lender shall (through the Facility Agent) certify before the last day of the Interest Period to which the Market Disruption Notice relates a substitute basis for maintaining its Participation in the Loan which shall reflect the cost to the Lender of funding its Participation in the Loan from whatever sources it selects plus the Applicable Margin; and

(d) each substitute basis so certified shall be binding on the relevant Obligor and the certifying Lender and treated as part of this Agreement.

8.3.4 If no substitute basis is agreed under Clause 8.3.3(a), then, so long as the circumstances giving rise to the Market Disruption Notice continue and subject to the Borrowers giving the Facility Agent and the Lenders not less than ten (10) days' prior notice (which shall be irrevocable), the relevant Obligor may prepay the Loan to which the Market Disruption Notice applies together with accrued interest on the amount prepaid. Any such prepayment shall be subject to Clause 24.1 (*Breakage costs indemnity*).

8.4 Mitigation

8.4.1 If any circumstances arise in respect of any Lender which would, or upon the giving of notice would, result in the operation of Clause 19.9 (*Grossing-up*),6.6 (*Minimum interest*), 8.1 (*Illegality*), 8.2 (*Increased Costs*) or 8.3 (*Market disruption*) to the detriment of any Obligor, then that Lender shall:

(a) promptly upon becoming aware of those circumstances and their results, notify the Facility Agent and the Borrowers; and

(b) in consultation with the Facility Agent and the Borrowers, take all such steps as are reasonably open to it to mitigate the effects of those circumstances (including changing its lending office in a manner which will avoid the circumstances in question and on terms acceptable to the Facility Agent, the Borrowers and that Lender),

provided that no Lender shall be obliged to take any steps which in its opinion would be likely to have an adverse effect on its business or financial condition or the management of its Tax affairs or cause it to incur any material costs or expenses without being reimbursed therefor.

8.4.2 Nothing in this Clause 8.4 shall limit, reduce, affect or otherwise qualify the rights of any Lender or the obligations of the Obligors under Clauses 19.9 (*Grossing-up*), 6.6 (*Minimum interest),* 8.1 (*Illegality*), 8.2 (*Increased Cost*s) or 8.3 (*Market disruption*).

8.5 Certificates

The certificate or notification of the Facility Agent or, as the case may be, the relevant Lender as to any of the matters referred to in this Clause 8 shall be in reasonable detail and shall be conclusive and binding on the Obligors except for any manifest error.

9. FEES AND EXPENSES

9.1 Expenses

The Borrowers shall on demand (including a specification) pay all evidenced expenses properly incurred (including legal fees, valuation and accounting fees and other out-of-pocket expenses, but only to the extent the same are reasonable in amount), and any VAT (direct or by reverse charge) on those expenses incurred:

(a) by the Bookrunner in connection with the negotiation, preparation, syndication and execution of the Finance Documents and the other documents contemplated by the Finance Documents;

(b) by an Agent in connection with the taking of any security in accordance with Clause 11.10.5(a) (*Security*);

(c) by an Agent or the Lenders in connection with the granting of any release, waiver or consent or in connection with any amendment or variation of any Finance Document;

(d) by an Agent or the Lenders in enforcing, perfecting, protecting or preserving (or attempting so to do) any of their rights, or in suing for or recovering any sum due from an Obligor or any other person under any Finance Document, or in investigating any Default or Potential Default;

(e) by an Agent in connection with any cost of engaging any person in connection with any due diligence process to be performed pursuant to the terms of this Agreement;

(f) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; and

(g) by an Agent in connection with any cost of engaging an Auditor pursuant to the terms of this Agreement.

9.2 Fees

The Borrowers shall pay the fees as set out in the Fee Letter(s).

9.3 Indemnity payments

Where in any Finance Document an Obligor has an obligation to indemnify or reimburse an Agent, the Bookrunner or a Lender in respect of any loss or payment, the calculation of the amount payable by way of indemnity or reimbursement shall take account of the Tax treatment in the hands of the Agent, the Bookrunner or the relevant Lender, as the case may be, (as conclusively determined by the relevant party) of the amount payable by way of indemnity or reimbursement and of the loss or payment in respect of which that amount is payable.

10. TAXES AND TAX INDEMNITIES

10.1 Definitions

In this Agreement:

"**Protected Party**" means a Finance Party which is or will be subject to any liability or required to make any payment for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

"**Tax Credit**" means a credit against, relief or remission for, or repayment of, any Tax.

"**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

"**Tax Payment**" means either the increase in a payment made by an Obligor to a Finance Party under Clause 6.6 (Minimum interest) Clause 10.2 (*Taxes*) or a payment under Clause 10.3 (*Tax indemnity*).

10.2 Taxes

(a) All payments by an Obligor under the Finance Documents shall be made free and clear of and without deduction or withholding for or on account of any Tax or any other governmental or public payment imposed by the laws of any jurisdiction from which or through which such payment is made, unless a Tax deduction or withholding is required by law.

(b) Any Obligor shall promptly upon becoming aware that it must make a Tax deduction or withholding (or that there is any change in the rate or the basis of a Tax deduction or withholding) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the relevant Obligor.

(c) If a Tax deduction or withholding is required by law to be made by an Obligor:

(i) the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax deduction or withholding) leaves an amount equal to the payment which would have been due if no Tax deduction or withholding had been required (tax gross-up); and

(ii) the Obligor shall make that Tax deduction or withholding within the time allowed and in the minimum amount required by law.

(d) Within thirty (30) days of making either a Tax deduction or withholding or any payment required in connection with that Tax deduction or withholding, the Borrowers shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax deduction or withholding has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

10.3 Tax indemnity

(a) The Borrowers shall (within three Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

(b) Paragraph (a) above shall not apply:

(i) with respect to any Tax assessed on a Finance Party:

(A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or

(B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or

(ii) to the extent a loss, liability or cost is compensated for by an increased payment under Clause 6.6 (*Minimum interest*), Clause 10.2 (*Taxes*) or relates to a FATCA Deduction required to be made by a Party

(c) A Protected Party making, or intending to make a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Borrowers.

(d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 10.3, notify the Agent.

10.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

(a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part or to that Tax Payment; and

(b) that Finance Party has effectively and definitively obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor. Nothing in this clause shall interfere with the corresponding Finance Party's right to arrange its tax affairs in whatever manner it thinks fit.

10.5 Stamp taxes

The Parent shall pay and, within three Business Days of demand, indemnify each Secured Party and Arranger against any cost, loss or liability that Secured Party or Arranger incurs in relation to all transfer tax, stamp duty, judicial duties,

registration and other similar Taxes payable in respect of the formalisation, execution, performance or enforcement of any Finance Document.

10.6 VAT

(a) All amounts set out, or expressed to be payable under a Finance Document shall be deemed to be exclusive of any VAT. If VAT is chargeable, the relevant Obligor shall pay to the Agent for the account of such Finance Party (in addition to the amount required pursuant to the Finance Documents) an amount equal to such VAT.

(b) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

(c) Any relation to any supply made by a Finance Party to any other Party under a Finance Document, as requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

(d) Any reference in this Clause 10.6 to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context requires otherwise) a reference to the person who is treated as that time as making the supply, or (as appropriate) receiving the supply, under the grouping rules (provided for in Article 11 of Council Directive 2006/112/EC (or as implemented by the relevant member state of the European Union) so that a reference to a Party shall be construed as a reference to that Party or the relevant group or entity (or fiscal unity) of which that Party is a member for VAT purposes at the relevant time or the relevant representative member (or representative or head) of that group or entity at the relevant time (as the case may be).

10.7 FATCA Information

(a) Subject to paragraph (c) below, each Party shall, within ten (10) Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party;

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA.

(iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.

(b) If a Party confirms to another Party pursuant to 10.7 (i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige any Finance Party to do anything, and paragraph (a)(iii) above shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (a)(i) or (ii) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

10.8 FATCA Deduction

(a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify the Company and the Agent and the Agent shall notify the other Finance Parties.

10.9 Other indemnities

The Borrowers shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

(a) the occurrence of any Default;

(b) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 17;

(c) funding, or making arrangements to fund, its participation in a Loan requested by a Borrower (or the Parent on its behalf) in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone);

(d) any claim, action, civil penalty or fine against, any settlement, and any other kind of loss or liability, and all reasonable costs and expenses under any Finance Documents (including reasonable counsel fees and disbursements) incurred by the Agent or any Finance Party as a result of conduct of any Obligor or any of their partners, directors, officers or employees, that violates any Sanctions Laws; or

(e) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by a Borrower.

11. ON DEMAND GUARANTEE AND INDEMNITY

11.1 Guarantee and indemnity

Each Guarantor hereby irrevocably and unconditionally jointly and severally, but subject to any limitations set out in Clause 11.10 (*Limitations*) or any equivalent limitations set out in any Accession Agreement by which such Guarantor became party hereto;

(a) guarantees to each Finance Party, as and for its own debt as principal obligor and not merely as a surety, punctual performance by each Obligor of all that Obligor's obligations under the Finance Documents;

(b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

(c) undertakes to indemnify each Finance Party it will, as an independent and primary obligation, on the Facility Agent's first demand against any cost, loss, expense, damage or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.

A statement in writing by the Agent setting out the amount due and payable hereunder is binding and conclusive evidence against the Guarantor as to the obligation to pay such amount subject to the maximum amount stated in paragraph (b) above.

11.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

11.3 Number of claims

There is no limit on the number of claims that may be made by the Agent (on behalf of the Finance Parties) under this Agreement.

11.4 Reinstatement

If any payment by an Obligor or any discharge given by a Finance Party (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

(a) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and

(b) each Finance Party shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

11.5 Waiver of defences

The obligations of each Guarantor under this Clause 10 will not be affected by any act, omission, matter or thing which would reduce, release or prejudice any of its obligations under this Clause 10 (without limitation and whether or not known to it or any Finance Party) including but not limited to:

(a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

(b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group, including for the avoidance of doubt the liquidation of the Dormant Companies as set out in Clause 13.3.12 (b) and the increase of the Total Commitment in accordance with Clause 2.3;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

(e) any amendment (however fundamental) or replacement of a Finance Document or any other document or security, including for the avoidance of doubt the liquidation of the Dormant Companies as set out in Clause 13.3.12 (b) and the increase of the Total Commitment in accordance with Clause 2.3;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(g) any insolvency or similar proceedings.

11.6 Immediate recourse

Each Guarantor waives any right it may have of first requiring any Finance Party (or any agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 10. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

Each Guarantor incorporated under the laws of Spain waives its rights of benefits of execution (*excusion*), order (*orden*) and division (*division*).

11.7 Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party and (or any agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

(b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 10.

11.8 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Facility Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by each of its obligations under the Finance Documents:

(a) to be indemnified by an Obligor and/or any Group Company;

(b) to claim any contribution from any other guarantor of any Obligor's and/or Group Company's obligations under the Finance Documents;

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party; and/or

(d) to make any objection to pay on first demand.

11.9 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

11.10 Limitations

11.10.1 The obligations of each Guarantor shall be limited to a maximum amount of USD 1,500,000,000 with the addition of interest and costs. Sections 62 - 74 of the Norwegian Financial Contracts Act 1999 shall not apply to any Guarantor's obligations hereunder.

11.10.2 As required by Section 61 (2) of the Norwegian Financial Contracts Act 1999, the following information is given to each Guarantor:

(a) in addition to the guarantees created under this Clause 10, Clause 12.1 (*Security Documents*) to this Agreement contains a list of all pledges, mortgages, guarantees and other security created as at the date of this hereof pursuant to this Agreement;

(b) as of the date of this Agreement, no Default Notice has been issued pursuant to this Agreement; and

(c) the guarantee created by each Guarantor hereunder is created in respect of obligations which have not been incurred prior to the creation of such guarantee.

11.10.3 The obligations of each Guarantor shall furthermore be limited to such mandatory provisions of law applicable to such Guarantor limiting the legal capacity or ability of the relevant Guarantors to grant a guarantee hereunder, it being understood by each Guarantor that if a limitation no longer is applicable such limitation will no longer be applicable to the guarantee set out herein.

11.10.4 If a payment by a Guarantor has been made in contravention of the limitations contained in Clause 11.10, the Finance Parties shall not be liable for any damages in relation thereto and the maximum amount repayable by the Finance Parties as a consequence of such contravention shall be the amount received from the Guarantor.

11.10.5 Norwegian limitations

(a) The obligations of a Guarantor incorporated in Norway (each a "**Norwegian Guarantor**") under the Guarantees will be limited by mandatory provisions of law applicable to the Norwegian Guarantor limiting the legal capacity or ability of the Norwegian Guarantor to provide a guarantee as provided for under this Clause 11 (including, but not limited to, the provisions of Sections 8-7 and 8-10, cf. 1-3, of the Norwegian Companies Acts of 1997.

(b) The limitations set out in paragraph (a) above shall apply mutatis mutandis to any Security provided by any Norwegian Guarantor under the Finance Documents and to any guarantee, undertaking, obligation, indemnity and payment, including but not limited to distributions, cash-sweeps, credits, loans and set-offs, pursuant to or permitted by the Finance Documents in relation to a Norwegian Guarantor;

(c) If a payment or the honouring of any Security by a Norwegian Guarantor has been made in contravention of the limitations contained in this Clause 11, the Finance Parties shall not be liable for any damages in relation thereto, and the maximum amount repayable by the Finance Parties as a consequence of such contravention shall be the amount received from that Norwegian Guarantor; and

(d) If any limitation is no longer applicable as a mandatory provision under Norwegian law, such limitation will no longer apply to the Guarantee or Security provided by a Norwegian Guarantor.

11.10.6 Austrian limitations

Nothing in this Agreement shall be construed to create any obligation of a Guarantor incorporated in Austria (an "**Austrian Guarantor**") to act in violation of mandatory Austrian capital maintenance rules (Kapitalerhaltungsvorschriften), including, without limitation, § 82 et seq. of the Austrian Act on Limited Liability Companies (Gesetz über Gesellschaften mit beschränkter Haftung - GmbHG) and § 52 et seq. of the Austrian Act on Joint Stock Companies (Aktiengesetz - AktG) (the "**Austrian Capital Maintenance Rules**"), and all obligations of an Austrian Guarantor under this Clause 11 (*On Demand Guarantee and Indemnity*) and under any other provision in a Finance Document shall be limited in accordance with Austrian Capital Maintenance Rules.

If and to the extent the payment obligations of an Austrian Guarantor under this Clause 11 and/or under any other provision in a Finance Document would not be permitted under Austrian Capital Maintenance Rules, then such payment obligations shall be limited to the maximum amount permitted to be paid under Austrian Capital Maintenance Rules. According to the Parties' understanding of the Austrian Capital Maintenance Rules as of the date hereof, the amount secured is not less than (i) that Austrian Guarantor's balance sheet profit (including retained earnings) (Bilanzgewinn) as defined in § 224 (3) lit A no. IV of the Austrian Enterprise Code (Unternehmensgesetzbuch - UGB) as calculated by reference to the most recent (audited, if applicable) financial statements of that Austrian Guarantor then available, plus (ii) any other amounts which are freely available or can be converted into amounts freely available for distribution to the shareholder(s) under the GmbHG or AktG (as the case may be) and the UGB (such as, for instance, unrestricted reserves (freie Rücklagen)) at the time or times payment under or pursuant to this Clause 11 is requested from an Austrian Guarantor, plus, (iii) to the extent applicable, the equivalent of the aggregate Loans (plus any accrued interest, commission and fee thereon) borrowed by that Austrian Guarantor in its capacity as Borrower, plus (iv) to the extent applicable, the equivalent of the aggregate Loans (plus any accrued interest, commission and fees thereon) borrowed by any other Obligor under this Agreement and made available to that Austrian Guarantor and/or its Subsidiaries plus (v) the amount of any indebtedness capable of being discharged by way of setting-off that Austrian Guarantor's recourse claim following an enforcement of this guarantee against any indebtedness owed by that Austrian Guarantor to another Obligor.

If and to the extent the assumption or enforcement of any such payment obligation or liability of an Austrian Guarantor under this Clause 11 and/or under any other provision in a Finance Document would expose any officer of an Austrian Guarantor to personal liability or criminal responsibility such obligation or liability shall be limited to the maximum amount then permissible under Austrian Capital Maintenance Rules.

No reduction of an amount enforceable hereunder pursuant to these limitations will prejudice the rights of the Finance Parties or the Agent acting for and on behalf of the Finance Parties to continue enforcing their or his rights under this guarantee (subject always to the limitations set out in this Clause 11) until full satisfaction of the Obligors' obligations under the Finance Documents.

11.10.7 Swiss Limitations

(a) If and to the extent that a Guarantor incorporated in Switzerland (a "**Swiss Guarantor**") becomes liable under the Finance Documents for obligations of its Affiliates other than its Subsidiaries and if complying with such

obligations would be restricted under then applicable Swiss corporate law (the "**Restricted Obligations**"), the aggregate liability of the Swiss Guarantor for Restricted Obligations shall be limited to the amount of unrestricted equity capital surplus (including the unrestricted portion of general and statutory reserves, other free reserves, retained earnings and, to the extent permitted by then applicable law, current net profits) available for distribution as dividends to the shareholders of the Swiss Guarantor (the "**Maximum Amount**"), provided that this is a requirement under then applicable mandatory Swiss law and understood that such limitation shall not free the Swiss Guarantor from its obligations in excess of the Maximum Amount, but that it shall merely postpone the performance date of those obligations until such time or times as performance is again permitted.

(b) Immediately after having been requested to perform the Restricted Obligations under the Finance Documents, the Swiss Guarantor shall (i) perform any obligations which are not affected by the above limitations, and (ii) in respect of any balance, if and to the extent requested by the Facility Agent or required under then applicable Swiss law, provide the Facility Agent with an interim balance sheet audited by the statutory auditors of the Swiss Guarantor setting out the Maximum Amount, take any further corporate and other action as may be required by the Facility Agent (such as board and shareholders' approvals and the receipt of any confirmations from the Swiss Guarantor's statutory auditors) and other measures required to allow the Swiss Guarantor to make the payments agreed hereunder with a minimum of limitations and, immediately thereafter, pay up to the Maximum Amount to the Facility Agent.

(c) In relation to payments made hereunder in satisfaction of Restricted Obligations, the Swiss Guarantor shall:

(i) if and to the extent required by applicable law and subject to any applicable double tax treaties in force at the relevant time:

(A) deduct Swiss Withholding Tax at the rate of 35 per cent. (or such other rate as is in force at that time) from any such payment;

(B) pay any such deduction to the Swiss Federal Tax Administration; and

(C) notify and provide evidence to the Facility Agent that the Swiss Withholding Tax has been paid to the Swiss Federal Tax Administration;

(ii) as soon as possible after a deduction for Swiss Withholding Tax is made as required by applicable law:

(A) ensure that any person which is entitled to a full or partial refund of the Swiss Withholding Tax, is in a position to be so refunded; and

(B) in case it has received any refund of the Swiss Withholding Tax, pay such refund to the Agent promptly upon receipt thereof.

(d) For the avoidance of doubt, where a deduction for Swiss Withholding Tax is required pursuant to paragraph (c) above, the obligations of the Obligors under Clause 6.5 (*Minimum interest*), Clause 10.2 (*Taxes*), Clause 19.9 (*Grossing-up*) and Clause 10.3 (*Tax indemnity*) of this Agreement shall remain applicable, save to the extent and for as long as that would cause the Maximum Amount to be exceeded.

(e) If the enforcement of Restricted Obligations would be limited due to the effects referred to in this Clause 11.10.7, then the Swiss Guarantor shall (i) to the extent permitted by applicable law, revalue and/or realize any of its assets that are shown on its balance sheet with a book value that is significantly lower than the market value of such assets, and (ii) reduce its share capital to the minimum allowed under then applicable law.

11.10.8 German limitations

(a) To the extent that the guarantee and indemnity created under this Clause 11 (the "**Guarantee**") is granted by a German guarantor incorporated in Germany as a limited liability company (*GmbH*) (each a "**German Guarantor**") and the Guarantee of the German Guarantor guarantees amounts which are owed by direct or indirect shareholders of the German Guarantor or Subsidiaries of such shareholders (with the exception of Subsidiaries which are also Subsidiaries of the German Guarantor), the Guarantee of the German Guarantor shall be subject to the limitations set out in the following paragraphs of this Clause 11.10.8. In relation to any other amounts guaranteed, the Guarantee of the German Guarantor remains unlimited.

(b) Subject to paragraphs (d) to(n) below, the Agent shall not be entitled to enforce the Guarantee to the extent that the German Guarantor demonstrates before the enforcement that such enforcement has the effect of:

(i) reducing the German Guarantor's net assets (*Nettovermögen* within the German law meaning of that term) (the "**Net Assets**") to an amount less than its stated share capital (*Stammkapital* within the German law meaning of that term) (such reduction being a *Begründung einer Unterbilanz* within the German law meaning of that term); or

(ii) (if its Net Assets are already lower than its stated share capital) causing such amount to be further reduced (*Vertiefung einer Unterbilanz* within the German law meaning of that term),

(c) and thereby contravenes the obligatory preservation of its stated share capital according to §§ 30, 31 German GmbH-Act (*GmbH-Gesetz*) (the "**GmbH-Act**") ("**Limitation on Enforcement**" or "**Limitation Event**"). For the avoidance of doubt, to the extent the enforcement of the Guarantee will result in a fully valuable recourse claim (*vollwertiger Rückgriffsanspruch*) within the meaning of sentence 2 of paragraph 1 of § 30 GmbH-Act ("**Recourse Claim**") of the German Guarantor against a third party including a shareholder or another member of the Group, no Limitation on Enforcement applies and no Limitation Event occurs.

(d) The value of the Net Assets shall be determined in accordance with German GAAP consistently applied by the German Guarantor in preparing its unconsolidated balance sheets (*Jahresabschluss* according to § 42 GmbH-Act, §§ 242, 264 German Commercial Code (Handelsgesetzbuch - HGB)) in the previous years, save that:

(i) the amount of any increase of the stated share capital (*Stammkapita*l) of the German Guarantor registered after the date of this Agreement without the prior written consent of the Majority Lenders shall be deducted from the relevant stated share capital;

(ii) loans provided to the relevant German Guarantor by a member of the Group or by a direct or indirect shareholders of that German Guarantor shall be disregarded if they are subordinated by an agreement in the sense of § 19 para. 2, 2nd sentence of the German Insolvency Code (*Insolvenzordnung*); and

(iii) loans and other liabilities incurred in violation of the provisions of any Finance Document shall be disregarded.

(e) The Limitation on Enforcement shall only apply if and to the extent that the managing director(s) (*Geschäftsführer*) on behalf of the respective German Guarantor have confirmed in writing to the Agent within ten Business Days following the Agent's demand under the Guarantee (i) the amount of the German Guarantor's Net Assets and (ii) to what extent the demanded payment would lead to the occurrence of a Limitation Event (the "**Management Determination**"), provided that until and including the earlier of (A) the date falling ten Business Days after the Agent's demand under the Guarantee and (B) the date of delivery of the Management Determination to the Agent, the right to enforce the Guarantee (whether in full or in part) shall be suspended.

(f) If the Agent disagrees with the Management Determination, the Agent (acting on behalf of the Finance Parties) shall nevertheless be entitled to enforce the Guarantee up to such amount, which is undisputed between itself and the relevant German Guarantor in accordance with the provisions of paragraph (e) above, provided that the Agent may only distribute any proceeds of such enforcement to any other Finance Party (in accordance with the relevant provisions of this Agreement) after receipt, and, subject to paragraph (l) below, on the basis of, the Auditor's Determination (as defined below). In relation to the amount which is disputed, the Agent and such German Guarantor shall instruct a firm of auditors of international standing and reputation to determine within 45 calendar days (or such longer period as has been agreed between the Company and the Agent) from the date the Agent has contested the Management Determination in writing to the relevant German Guarantor (i) the amount of the German Guarantor's Net Assets and (ii) to what extent the demanded payment would lead to the occurrence of a Limitation Event (the "**Auditor's Determination**"). If the Agent and the German Guarantor do not agree on the appointment of a joint auditor within five (5) Business Days from the date the Agent has disputed the Management Determination in writing to the relevant German Guarantor, the Agent shall be entitled to appoint auditors of international standing and reputation in its reasonable discretion. Without prejudice to paragraph (l) below, the amounts determined in the Auditor's Determination shall be (except for manifest error) binding on all Parties. The costs of the Auditor's Determination shall be borne by the Borrowers.

(g) If the amount which is enforceable under the Guarantee as determined by the Auditor's Determination (calculated as of the date the demand under the Guarantee was made and in accordance with paragraph (d) above) is lower than as determined by the Management Determination (the excess amount, the "**Excess Amount**"), but the Guarantee has been enforced on the basis of the amount determined by the Management Determination, then the Agent (acting on behalf of the Finance Parties) shall, within five (5) Business Days of receipt by the Agent of a written demand from the relevant German Guarantor

(i) repay the Excess Amount (if and to the extent the amounts enforced on the basis of the Management Determination have not been received by any other Finance Party), and

(ii) if and to the extent the amounts enforced on the basis of the Management Determination have been received by any other Finance Party, notify that Finance Party of the Excess Amount and forthwith pass on any amounts actually returned to the Agent by the Finance Parties in respect of the Excess Amount,

(h) in each case provided a demand for repayment of the Excess Amount is made by the relevant German Guarantor to the Agent within one Month from the earlier of (i) the date of receipt by the Agent of the Auditor's Determination and (ii) the date falling 45 calendar days (or such longer period as has been agreed between the Borrowers and the Agent) from the date the Agent has contested the Management Determination in writing to the relevant German Guarantor (it being understood that any demand for repayment needs to specify the Excess Amount and can therefore only be made by the relevant German Guarantor once the Auditor's Determination is available). For the avoidance of doubt, each Finance Party shall only be liable to return such portion of the Excess Amount actually received (and, in the case of the Agent, not on-paid) by it and nothing set out in this paragraph (g) shall establish any joint and several liability of the Finance Parties in respect of any Excess Amount.

(i) If pursuant to the Auditor's Determination the amount payable under the Guarantee is higher than set out in the Management Determination the relevant German Guarantor shall pay the difference to the Finance Parties within five (5) Business Days after receipt of the Auditor's Determination.

(j) If the German Guarantor intends to demonstrate that the enforcement of the Guarantee would lead to the occurrence of a Limitation Event, then the German Guarantor shall, if the Agent so requests acting upon instruction of the Majority Lenders (each such request a "**Realisation Request**"), within two Months (or such longer period as the Agent may specify) following receipt by the German Guarantor of the Realisation Request, realise at arm's length terms to the extent necessary to satisfy the amounts demanded under this Guarantee any and all of its assets that:

(i) are shown in its balance sheet with a book value (*Buchwert* within the German law meaning of that term) which is significantly lower than their market value; and

(ii) are not operationally necessary to continue its existing business or are capable to be replaced by the German Guarantor by way of sale and lease-back, the purchase of services from third parties or otherwise, (the "**Relevant Assets**").

(k) The German Guarantor shall within one Month following the Agent's Realisation Request provide to the Agent a list of all Relevant Assets. If the German Guarantor has not realised the Relevant Assets within two Months following the Agent's Realisation Request (the "**Realisation Period**") but delivered a Management Determination to the Agent, and (A) has omitted to undertake reasonable endeavours to effect such realisation or (B) has not provided reasonably detailed evidence to the Agent that it has undertaken reasonable endeavours to effect such realisation, until the last day of the Realisation Period, the Agent may instruct the auditor instructed to prepare the Auditor's Determination to prepare within fifteen calendar days an Auditor's Determination (regardless whether an Auditor's Determination has already been provided), taking into account any not realised Relevant Assets at 70 per cent. of their market value. Without prejudice to paragraph (l) below, the amounts determined in that Auditor's Determination shall be (except for manifest error) binding for all Parties. The costs of that Auditor's Determination shall be borne by the Borrowers.

(l) The Limitation on Enforcement does not affect the right of the Finance Parties to claim again any outstanding amount at a later point in time if and to the extent that paragraph (b) would allow this at that later point.

(m) The Limitation on Enforcement does not apply in relation to amounts that correspond to funds that have been on-lent to the relevant German Guarantor or any of its Subsidiaries. The burden of demonstrating that no amounts have been on-lent is on the German Guarantor, provided that an up-to-date financial statement of the German

Guarantor prepared in accordance with the principles applicable to its unconsolidated balance sheet (*Jahresabschluss* according to § 42 GmbH-Act, §§ 242, 264 German Commercial Code) and setting out in reasonable detail in its annex (Anhang) any such on-lending (including to its Subsidiaries) or confirming its non-existence, shall constitute prima facie evidence for this purpose.

(n) The Limitation on Enforcement does not apply to any amounts payable under the Guarantee by a German Guarantor during the existence of a domination and/or profit and loss transfer agreement with the relevant German Guarantor as controlled entity (in accordance with § 291 of the German Stock Corporation Act (*Aktiengesetz*) other than where the existence of such domination and/or profit and loss transfer agreement has not the effect as set out in sentence 2 of paragraph 1 of section 30 GmbH-Act.

(o) This Clause 11.10.8 shall apply mutatis mutandis, if the Guarantee is granted by a German Guarantor organised as a limited partnership (*Kommanditgesellschaft*, *KG*) or general partnership (*offene Handelsgesellschaft*, *OHG*) with a limited liability company incorporated under German law (*Gesellschaft mit beschränkter Haftung, GmbH*) as general partner (Komplementär *bzw. unbeschränkt haftender Gesellschafter* within the German law meaning of that term) (a "**Relevant General Partner**") of such Guarantor, in respect of such Relevant General Partner.

(p) The restrictions under this Clause 11.10.8 shall not apply if, at the time of enforcement of the Guarantee, as a result of a change in the laws or German supreme court jurisprudence (*höchstrichterliche Rechtsprechung*), the granting or enforcement of the Guarantee can no longer result in a personal liability of the German Guarantor's or, as applicable, the Relevant General Partner's managing directors with a view to the obligatory preservation of its stated share capital according to §§ 30, 31 German GmbH-Act or any substitute provision.

11.10.9 Spanish limitations

(a) Notwithstanding anything set out to the contrary in this Agreement or any other Finance Document, the obligations and liabilities of any Guarantor incorporated in Spain under this Agreement or any other Finance Document to which it is a party shall be deemed to have been given only to the extent such guarantee does not violate articles 143 or 150 of the Spanish Capital Companies Act (Real Decreto Legislativo 1/2010, de 3 de Julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital), governing, inter alia, unlawful financial assistance, and the liability of each such Guarantor only applies to the extent permitted by such provisions.

(b) The limitation set out in paragraph (a) above shall apply mutatis mutandis to any security created by any Obligors incorporated in Spain under the Security Documents and to any guarantee, undertaking, obligation, indemnity and payment, including (but not limited to) distributions, cash sweeps, credits, loans and set-offs, pursuant to or permitted by the Finance Documents and made by each such Obligor.

11.10.10 Polish Limitations

(a) The guarantee and the liability of any Guarantor incorporated in Poland under this guarantee shall:

(i) in the case of a Guarantor incorporated in Poland being a limited liability company, be limited in such way that such Guarantor shall not be obliged to effect any payment under this guarantee in the event and to the extent that they result in reduction of its assets necessary to fully cover its share capital in breach of Article 189 § 2 of the Polish Commercial Companies Code; and

(ii) in the case of a Guarantor incorporated in Poland being a joint stock company, or a subsidiary of a joint stock company, not extend to any part of the Facilities which provide direct, or indirect, financing (within the meaning of Article 345 § 1 of the Polish Commercial Companies Code) in respect of the acquisition of shares issued by such joint stock company incorporated in Poland to the extent the requirements under Article 345 of the Polish Commercial Companies Code has not been satisfied; for the avoidance of doubt, the foregoing means that the guarantee to such extent shall be limited and deemed not to be given by such Guarantor.

(iii) be limited and shall not include a guarantee or liability of any Guarantor incorporated in Poland for payment of any amounts due under or in connection with any Finance Document to the extent such amounts were used to finance acquisition of shares in DTP S.A (with its registered seat in Warsaw) by PRA Group Polska sp. z o.o (with its registered seat in Warsaw), for the avoidance of doubt, the foregoing means that the guarantee to such extent shall be limited and deemed not to be given by such Guarantor.

(b) Notwithstanding anything to the contrary contained in this Agreement or in any of the other Finance Documents, the obligations of each Guarantor incorporated in Poland are limited to the extent that they do not result in its insolvency in the meaning of Article 11 § 2 of the Polish Bankruptcy Law or insolvency under any relevant regulation (the "**New Bankruptcy Law**") that will replace or amend the Polish Bankruptcy Law and which will specify that entity is insolvent when the value of its liabilities (all or some of them) exceeds the value of its assets (regardless of whether such situation will result in immediate insolvency or lapse of time will be required). The limitation in this subparagraph will not apply if one or more of the following circumstances occur:

(i) a Default is declared, occurs and is outstanding, irrespective of whether it occurs before or after the Guarantor incorporated in Poland concerned becomes insolvent within the meaning of Article 11 section 2 of the Polish Bankruptcy Law or similar provisions of the New Bankruptcy Law;

(ii) the liabilities of the Guarantor incorporated in Poland (except those under the Finance Documents) result in its insolvency within the meaning of Article 11 section 2 of the Polish Bankruptcy Law or similar provisions of the New Bankruptcy Law.

12. SECURITY

12.1 Security Documents

The Secured Obligations shall be secured by the interests and rights granted to the Finance Parties under the Security Documents. Such security shall rank with first priority and consist of:

(i) the Share Pledges;

(ii) the Assignment of Intra-Group Loans;

(iii) the Pledge of Shareholder Loans;

(iv) the Assignment of Restructuring Intra-Group Loans; and

(v) the Polish Security,

(collectively the **"Transaction Security"**)

12.2 Hedging Agreements

All obligations and liabilities of any Group Company to any Lender under or in connection with any Hedging Agreement or the Overdraft Facility shall be treated, for all purposes (other than Clauses 19.7 (*Partial payments*) and 17.1 (*Redistribution*)), as obligations and liabilities incurred under this Agreement and, for the avoidance of doubt, a Group Company's obligations and liabilities under any Hedging Agreement or the Overdraft Facility shall be considered as Secured Obligations and liabilities under the Security Documents and for such purposes any reference in any Security Document to a Lender shall be deemed to include that Lender as a party to the relevant Hedging Agreements.

12.3 Additional Guarantor

12.3.1 Any company which is or becomes a Portfolio Owner or a Collection Company shall become an additional Guarantor and shall as soon as reasonably practicable execute and deliver an Accession Agreement to the Facility Agent together with all the documents referred to in the schedule to that Accession Agreement, each in form and substance reasonably satisfactory to the Facility Agent.

12.3.2 Each Finance Party hereby irrevocably authorises the Facility Agent to execute on its behalf Accession Agreements delivered to the Facility Agent by a Group Company in accordance with the terms of this Clause 12.3.

12.4 Additional Security

(a) The Borrowers shall procure that a company which is or becomes a Portfolio Owner or a Collection Company (subject to as set out in (b) below) or becomes a Portfolio Owner or a Collection Company shall as soon as reasonably practicable grant the relevant Transaction Security and the Borrowers shall procure that the relevant Transaction Security is granted and perfected over the shares of that Portfolio Owner or Collection Company, as security for the Secured Obligations.

(b) The Borrowers shall procure that the Original Collection Companies shall grant the relevant Transaction Security including any relevant documents as set out in Schedule 5, and that the relevant Transaction Security is granted and perfected over the shares of the Original Collection Companies at the earlier of (i) 28 February 2015, (ii) upon being transferred to the Borrowers in accordance with the Restructuring, and (iii) upon becoming Portfolio Owners (provided in (i) and (ii) that they are Collection Companies at that point.

12.5 Special provision on Spanish enforcement procedures

12.5.1 Accounts of the Security Agent and of the Lenders

For the purposes of enforcing or foreclosing, pursuant to Spanish law, this Agreement (including any Guarantee provided by any Guarantor incorporated in Spain pursuant to Clause 11 or under the Security Documents), the Security Agent, in its capacity as such (and on behalf of the Lenders), shall open and maintain a special credit facility account in its books on behalf of the Obligors, from which all interest, fees, expenses, default interest, additional costs and any other amounts that the Obligors owe to the Lenders under the Finance Documents will be debited and into which all amounts received by or on account of the Lenders from the Obligors under the Finance Documents will be credited, so that the balance of the credit account represents the amount owed from time to time by the Obligors to the Lenders.

In addition to the account referred to in the preceding Clause, each Lender shall open and maintain a special account in its records equivalent to that described above, into which the interest, fees, expenses, default interest, additional costs and any other amounts that the Obligors owe to the Lender hereunder will be debited and into which all amounts received by the Lender from the Obligors under the Finance Documents shall be credited, so that the sum of the balance of the credit account represents the amount owed from time to time by the Obligors to the Lender. In the event of assignment as provided in Clause 23, the assignor will totally or partially cancel the referenced accounts, with corresponding accounts to be opened by the assignee.

Any failure to keep the records referred to in the two preceding Clauses or any error in doing so will not, however, limit or otherwise affect the obligation of the Lenders to pay any amount owed pursuant to the Finance Documents.

12.5.2 Determination of outstanding balance

In the event of any discrepancy between the accounts and records maintained by any Lender and the accounts and records of the Security Agent corresponding to such matters, the Security Agent's accounts and records will take precedence in the absence of manifest error.

12.5.3 If any of the events of termination by maturity or acceleration of the Facility occurs, the Security Agent or, if applicable, a Lender who brings the action separately, will settle the accounts referred to in Clause 12.5.1(*Accounts of the Security Agent and of the Lenders*). For the purposes of enforcement in judicial or extrajudicial proceedings, it is expressly agreed that the balance of the accounts referred to in Clause 12.5.1 (*Accounts of the Security Agent and of the Lenders*) resulting from the certification for that purpose issued by the Security Agent or, if applicable, the Lender who brings the action separately will be deemed a liquid, due and payable amount enforceable against the Borrowers and any Guarantor incorporated in Spain, provided that it is evidenced in a notarial document that the settlement was made in the form agreed by the parties in the enforceable instrument (*título ejecutivo*) and that the outstanding balance is equivalent to that recording in the corresponding account of the Borrowers opened in connection with the Facility.

12.5.4 The Security Agent or, if applicable, the relevant Lender, shall give advance notice to the Borrowers of the amount due as a result of the settlement.

12.5.5 In the event that the Lenders or, if applicable, the Lender who brings the action separately, decide to commence the ordinary enforcement proceedings contemplated under articles 517 et seq. of the Spanish Civil Procedure Act (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*), the Parties expressly agree for the purposes of articles 571 et seq. of the Spanish Civil Procedure Act that the settlement to determine the enforceable due debt (*deuda ejecutivamente reclamable*) will be carried out by the Security Agent or, if applicable, by the Lender who brings the action separately. Therefore, the following will be sufficient for the commencement of summary proceedings:

(i) an executory copy (*copia autorizada de la escritura matriz con carácter ejecutivo*) of the notarial instrument raising this Agreement to the status of a public deed;

(ii) a certificate, issued by the Security Agent or, if applicable, by the Lender who brings the action separately, of the debt for which the Borrowers are liable, which shall include an extract of the debit and credit entries and the entries corresponding to the application of interest that determine the specific balance for which enforcement is requested;

(iii) the document evidencing (*documento fehaciente*) that the settlement of the debt has been carried out in the form agreed in this Agreement; and

(iv) a certified document evidencing the service of prior notice to the Borrowers of the amount due as a result of the settlement.

12.5.6 All taxes, expenses and duties that accrue or incurred by reason of the notarial instruments referred to in the preceding Clause will be satisfied by the Borrowers.

13. REPRESENTATIONS AND WARRANTIES

13.1 Representations and warranties

Each Obligor makes the representations and warranties set out in this Clause 13 to each Finance Party, in respect of itself.

13.1.1 Status

Each Group Company, except for the Polish Securitzation Funds, is a limited liability company duly incorporated with perpetual corporate existence under the laws of the jurisdiction of its incorporation, and it possesses the capacity to sue and be sued in its own name and has the power to carry on its business and to own its property and other assets.

13.1.2 Powers and authority

Each Group Company, where applicable, has the power to execute, deliver and perform its obligations under the Finance Documents and to carry out the transactions contemplated by those documents and all necessary corporate, board, management body, shareholder and other action has been or will be taken to authorise the execution, delivery and performance of the same.

13.1.3 Binding obligations

Subject to the Reservations, the obligations of each Group Company under the Finance Documents constitute its legal, valid, binding and enforceable obligations.

13.1.4 Contraventions

The execution, delivery and performance by each Group Company of the Finance Documents do not:

(a) contravene any applicable law, regulation or any order of any governmental or other official authority, body or agency or any judgement, order or decree of any court having jurisdiction over it, including Sanctions;

(b) conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement, arrangement or other instrument to which it is a party or any licence or other authorisation to which it is subject or by which it or any of its property is bound, which is likely to have a Material Adverse Effect; or

(c) contravene or conflict with the provisions of its articles of association, registration certificate or other constitutional documents.

13.1.5 Insolvency

No Group Company is (i) unable to pay its debts as they fall due or has admitted in writing its inability to pay its debt as they fall due or has become insolvent, (ii) has suspended making payments on any of its debts as they fall due or, by reason of actual or anticipated financial difficulties, has commenced negotiations with one or more of its creditors with view to rescheduling any of its indebtedness or the Lone Star Commitment; (iii) has taken any action (by petition, application, answer, consent or otherwise), (iv) otherwise has taken any action nor have any steps been taken or legal proceedings been started or, to the best of any Obligor's knowledge and belief, threatened against it for winding up, liquidation, bankruptcy, dissolution (including liquidacion, disolucion, concurso de acreedores or any similar situation under the Spanish corporate, commercial and civil law regulation) or re organisation (other than a solvent re-organisation), or similar executor or judicial proceeding, or has submitted to the relevant court a notice as set forth under article 5 bis of the Spanish Act 22/2003, of 9 July, on insolvency, (v) any such action has been instituted against such member of the Group and remains undismissed, undischarged or unstayed,(vi) has taken any corporate or similar action for the purpose of effecting any of the foregoing and (vii) the enforcement of any Encumbrance over its assets or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of it or of any of its assets.

13.1.6 No default

No Group Company is (nor would be with any of the giving of notice, the lapse of time, the determination of materiality, or the satisfaction of any other condition), in breach of or in default under any agreement or arrangement to which it is a party or which is binding on it or any of its assets in a manner or to an extent which is likely to have a Material Adverse Effect.

13.1.7 Litigation

No action, litigation, arbitration or administrative proceeding has been commenced or is pending or, as far as each Obligor is aware, threatened against any Group Company which, if decided adversely, is likely to have a Material Adverse Effect, nor is there subsisting any unsatisfied judgement or award given against any of them by any court, arbitrator or other body.

13.1.8 Accounts and projections

Each of the Accounts prepared of each Group Company required to be delivered under Clause 14.1.1 (*Financial Statements*) is prepared in accordance with the Accounting Principles and gives, to the best knowledge and belief of each Obligor, a true and fair view of the financial position of the relevant company as at the date to which they were prepared and for the Financial Year of that company then ended and there are no material adverse change in in the consolidated financial condition of the Obligors since the date of the latest published financial statements.

13.1.9 Encumbrances

No Encumbrance other than a Permitted Encumbrance exists over all or any part of the assets of any Group Company.

13.1.10 No Encumbrances created

The execution of the Finance Documents by the Obligors and the exercise of each of their respective rights and the performance of each of their respective obligations under the Finance Documents will not result in the creation of, or any obligation to create, any Encumbrance over or in respect of any of their assets (other than pursuant to the Finance Documents).

13.1.11 Indebtedness

No Group Company has any outstanding Indebtedness (save for any Permitted Indebtedness).

13.1.12 Authorisations

Other than the registration of and/or giving of notice in accordance with the Security Documents, all authorisations, approvals, licences, consents, filings, registrations, payment of duties or taxes and notarisations required:

(a) for the conduct of the business, trade and ordinary activities of each Group Company, except to the extent that failure to make, pay or obtain the same would not have a Material Adverse Effect;

(b) for the performance and discharge of the obligations of each Group Company under the Finance Documents to which it is a party; and

(c) in connection with the execution, delivery, validity, enforceability or admissibility in evidence of the Finance Documents,

are in full force and effect.

13.1.13 Stamp duties

Other than the registration of the Security Documents, no stamp or registration duty or similar taxes or charges are payable in any relevant jurisdiction in respect of any Finance Document, except where the Finance Documents are (i) voluntarily presented to the registration formalities or (ii) appended to a document that requires mandatory registration, a registration duty (*droit d'enregistrement*) will be due, the amount of which will depend on the nature of the document to registered.

13.1.14 Financial year

The financial year of each Group Company is the calendar year.

13.1.15 Corporate structure

On the date of the Agreement:

(a) The details of Borrowers and its Subsidiaries set out in Schedule 7 are accurate and complete in all respects.

(b) Save as specified in Schedule 7, no person has any interest in (including but not limited to any right of pre-emption, option to acquire or the equivalent) the shares of any Group Company other than over the shares in the Borrowers.

(c) No Group Company has any interest in any person in respect of which the liability of that Group Company in respect of the obligations of that person is unlimited.

(d) Each of the Group Companies (other than the Borrowers) set out in Schedule 7 is, unless otherwise expressly stated in Schedule 7, owned to 100 per cent (votes and capital).

13.1.16 Intellectual Property Rights

(a) The Group Companies own or have the legal right to use all of the Intellectual Property Rights which are material to the conduct of the business of any Group Company or are required by any Group Company in order for it to carry on its business.

(b) The operations of each Group Company do not infringe, or are not likely to infringe, any Intellectual Property rights held by any third party, which infringement if ruled against the company is likely to have a Material Adverse Effect.

(c) No claim has been made in writing by any third party which alleges any infringing act or process which would fall within paragraph (b) above or which otherwise disputes the right of any Group Company to use any Intellectual Property Rights relating to that company's business which if ruled against the company is likely to have a Material Adverse Effect and no Group Company is aware of any circumstances (including any act or omission to act) which could reasonably be expected to give rise to such a claim.

(d) There exists no actual or threatened, as far as each Obligor is aware, infringement by any third party of any Intellectual Property Rights relating to the business of any Group Company or any event likely to constitute such an infringement, which infringement if ruled against the company is likely to have a Material Adverse Effect.

(e) All Intellectual Property Rights owned by a Group Company are subsisting and no act has been done or omitted to be done and no event has occurred or, is likely to occur which has or could reasonably be expected to render any Intellectual Property Rights subject to revocation, compulsory licence, cancellation or amendment, which event is likely to have a Material Adverse Effect.

13.1.17 Ownership of Assets

Save to the extent provided for in this Agreement or disposed of without breaching the terms of any of the Finance Documents, each Group Company has good title to or valid leases or licences of or is otherwise entitled to use and permit other Group Companies to use all assets necessary to conduct its business in all material ways. All Existing Loan Portfolios and Approved Loan Portfolios are wholly owned by a Portfolio Owner, save only as set out in Clause 14.2.15 (*Ownership of Loan Portfolio*).

13.1.18 Security Documents

(a) Subject to the Reservations, the Security Documents create the Encumbrance they purport to create with the priority stated therein and are not liable to be avoided or otherwise set aside on the liquidation, administration, bankruptcy or equivalent of the Group Company party to them.

(b) Each Group Company is the owner of the assets of each member of the Group which it pledges or purports to pledge pursuant to any of the Security Documents. The assets pledged (or purported to be pledged) pursuant to the Security Documents are all fully paid (as applicable), are pledged by way of first ranking pledge if not otherwise expressly stated in this Agreement and are not subject to any option to purchase, pre-emption rights, right of first refusal or similar rights and, represent all of the issued share capital of the relevant company.

13.1.19 Deduction of Tax and no filing or Stamp taxes

(a) It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document to a Lender.

(b) Under the law of its jurisdiction of incorporation it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be

paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents, except that in the case of court proceedings in a Luxembourg court or the presentation of the Finance Documents - either directly or by way of reference - to an autorité constituée, such court or autorité constituée may require registration of all or part of the Finance Documents with the Administration de l'Enregistrement et des Domaines in Luxembourg, which may result in registration duties, at a fixed rate or an ad valorem rate which depends on the nature of the registered document, becoming due and payable.

13.1.20 Pari passu ranking

Its payment obligations under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

13.1.21 No Residency

No Finance Party will be deemed resident, domiciled or carrying on business in any jurisdiction by reason only of the execution, performance and/or enforcement of any Finance Document.

13.1.22 No material adverse change

There has been no change in the financial condition, operations, assets, business, properties or prospects of the Group since the date of the most recent annual Accounts of the Group, which has, or is reasonably likely to have, a Material Adverse Effect.

13.1.23 Compliance with Swiss Twenty Non-Bank Rule

(a) Each Swiss Obligor is in compliance with the Swiss Twenty Non-Bank Rule.

(b) For the purposes of paragraph (a) above, each Swiss Obligor shall assume that the aggregate number of Lenders which are Swiss Non-Qualifying Banks is 10 (ten).

13.1.24 Sanctions

(a) Each Obligor, each Subsidiary other member of the Group, their joint ventures, and their respective directors, officers, employees, and, to the best of the Obligors' knowledge, having made due enquiries, agents or representatives has been and is in compliance with Sanctions Laws;

(b) No Obligor, nor any Subsidiary other member of the Group, their joint ventures, and their respective directors, manager, officers, employees, and, to the best of the Obligors' knowledge, having made due enquiries, agents, Affiliates or representatives:

(i) is a Restricted Party, or is involved in any transaction through which it is likely to become a Restricted Party; or

(ii) is subject to or involved in any inquiry, claim, action, suit, proceeding or investigation against it with respect to Sanctions Laws by any Sanctions Authority.

13.1.25 Taxation

(a) It is not (and none of its Subsidiaries is) materially overdue in the filing of any Tax returns and it is not (and none of its Subsidiaries is) overdue in the payment of any amount in respect of Tax.

(b) No claims or investigations are being, or are reasonably likely to be, made or conducted against it (or any of its Subsidiaries) with respect to Taxes.

(c) It (excluding the Swiss Branch) is resident for Tax purposes only in its Original Jurisdiction and does not act through a permanent establishment in a jurisdiction or country different from the Original Jurisdiction.

13.1.26 Anti-corruption law

Each member of the Group has conducted its businesses in compliance with applicable anti-corruption laws and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

13.1.27 Centre of main interest

The "centre of main interests" (as that term is used in the regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) (the "**Insolvency Regulation**")) of the Borrower is in Luxembourg, and the Borrower (other than the Swiss Branch) has not any "establishment" (as that term is used in the Insolvency Regulation) outside Luxembourg. All the legal requirements of the Luxembourg law of 31 May 1999, as amended, regarding the domiciliation companies have been complied with by the Borrower.

13.1.28 Repetition

The representations and warranties set out in Clause 13.1 (*Representations and warranties*) shall survive the execution of this Agreement and each of the said representations and warranties (other than the representations and warranties set out in Clauses 13.1.9 (*Encumbrances*) 13.1.10, (*No Encumbrances created*), 13.1.11 (*Indebtedness*), 13.1.25 (*Taxation*), 13.1.14 (*Financial Year*) and 13.1.15 (*Corporate structure*)) shall be repeated (the "**Repeating Representations**") on each Interest Date, each Drawdown Date as if made with reference to the facts existing at the time of repetition.

14. UNDERTAKINGS

14.1 Information undertakings

The undertakings in this Clause 14.1 remain in force during the Security Period unless otherwise agreed by the Facility Agent (acting on the instructions of the Majority Lenders).

14.1.1 Financial Statements

The Borrowers shall supply to the Facility Agent in sufficient copies for all the Lenders:

(a) as soon as the same become available and in any event within one hundred and fifty (150) days from the end of each Financial Year the audited financial statements for Luxco based on the agreed simplified IFRS-procedure (as agreed between the Agent and the Borrower) together with audited annual financial statements and audit report for the Parent (both on a consolidated basis) for that Financial Year.

(b) as soon as the same become available and in any event within one hundred and fifty (150) days from the end of each Financial Year, the unaudited annual financial statements of the Borrowers (on a consolidated basis) for that Financial Year, such accounts to be prepared according to the agreed IFRS procedure.

(c) as soon as the same become available and in any event within sixty (60) days after the end of each Financial Quarter, the quarterly financial statements (the first financial statements to be delivered shall be based on Q3 2014) of the Borrowers and Parent (on a consolidated basis) for that Financial Quarter, where such accounts for the Borrowers are to be prepared by the agreed IFRS procedure.

(d) Following a breach of the 95% ERC requirement as set out in Clause 14.4.4 (*Collection*) the Borrowers shall deliver monthly calculations of the ERC requirement.

14.1.2 Information: miscellaneous

(a) The Borrowers shall, as soon as possible following the Facility Agent's request (issued by the Facility Agent at the request by any of the Lenders), provide to the Facility Agent such other information, estimates, forecasts or projections in relation to any Group Company and any of their respective businesses, assets, financial condition, ownership or prospects, including ERC and Book Value calculations as the Facility Agent may reasonably require, provided that such information, estimates, forecasts or projections shall be used solely for the purpose of the Finance Documents and shall be held in confidence by the Facility Agent and each Lender to which it is disclosed.

(b) The Obligors shall promptly upon becoming aware of them provide to the Facility Agent such other information of details of any inquiry, claim, action, suit, proceeding or investigation pursuant to Sanctions Laws by any Sanctions Authority against it, any of its direct or indirect owners, Subsidiaries, other member of the Group, any of their joint ventures or any of their respective directors, officers, employees, agents or representatives, as well as information on what steps are being taken with regards to answer or oppose such.

(c) The Obligors shall promptly upon becoming aware that it, any of its direct or indirect owners, Subsidiaries or other members of the Group, any of their joint ventures or any of their respective directors, officers, employees, agents or representatives has become or is likely to become a Restricted Party.

14.1.3 Repurchases of Loan Portfolios

(a) The Borrowers shall promptly inform the Agent of any exercise of any repurchase right and provide reasonably detailed information concerning the background for such repurchases (in relation to (i) below, for the aggregate provide, in reasonable detail, an overview of all repurchases), in relation to any Loan Portfolio where:

(i) The repurchase would lead to the aggregate amount of repurchases for the previous 12 month period exceeding USD 5,000,000; or

(ii) The repurchase is initiated on the basis of a breach or alleged breach of law or regulation by a Borrower or any of its Subsidiaries.

(b) The Borrowers shall in connection with the delivery of each Compliance Certificate report the aggregate amount of repurchases of Loan Portfolios during the relevant reporting period.

14.1.4 Compliance certificates

(a) The Borrowers shall provide to the Facility Agent within sixty (60) days of each Quarter Date a certificate substantially in the form set out in Schedule 9 (*Form of Compliance Certificate*) (a "**Compliance Certificate**") executed by the chairman of the Board or the chief executive officer, the de facto chief financial officer or vice president finance of the Group certifying that on such Quarter Date (the first Compliance Certificate to be delivered to be based on the financial statements for Q3 2014) all the undertakings on the part of Borrowers under this Agreement are for the time being complied with and including the calculations relating to the financial undertakings set out in Clause 14.4 (*Financial undertakings*).

(b) Each Compliance Certificate shall be verified by the Auditors in a form to be agreed between the Borrowers and the Facility Agent.

14.1.5 Accounting Principles

The Borrowers shall ensure that all Accounts and other financial information submitted to the Facility Agent have been prepared in accordance with the Accounting Principles. The Accounts will not need to include notes unless required by the Facility Agent.

14.1.6 Default, litigation, etc

The Borrowers shall promptly, upon becoming aware of the same, notify the Facility Agent of:

(a) any Default or Potential Default;

(b) any litigation, arbitration or administrative proceeding commenced against any Group Company involving a potential liability of any Group Company exceeding USD 5,000,000 on an aggregated basis; and

(c) any Encumbrance (other than a Permitted Encumbrance) attaching to any of the assets of any Group Company.

14.1.7 Management presentations, etc

The Borrowers shall

(a) once in every Financial Year and on the occurrence of a Default or a Potential Default, if requested by the Facility Agent, the chief executive officer and the de facto chief financial officer of the Group will, if so requested in writing, give a presentation to the Lenders, at a time and venue agreed with the Facility Agent (or otherwise as specified by the Facility Agent by not less than ten (10) Business Days' notice), about the status for and development of the Loan Portfolios, including any deviation from the mandate structure of the Service Agreements, the ongoing business and financial performance of the Group and the budget and about such other matters relating to the ongoing business and financial performance of the Group or any member of the Group as any of the Lenders may reasonably request;

(b) if requested by the Facility Agent to carry out a due diligence of the Existing Loan Portfolios based on an agreed scope, but including calculation of the LTV Ratio. However, such request can only be made once a year.

14.1.8 "Know Your Customer"

If any Lender (or any prospective new Lender) needs to comply with "know your customer" or similar identification procedures, each Obligor shall (and the Borrowers shall ensure that each member of the Group will) promptly upon the request of the Facility Agent supply such information as is reasonably requested for this purpose by the Facility Agent.

14.1.9 Claims from sellers of Approved Loan Portfolio

The Borrowers shall report to the Facility Agent any additional claims a seller of an Approved Loan Portfolio makes on the cash flow from the Approved Loan Portfolio after the settlement date of the acquisition of such Approved Loan Portfolio.

14.2 Positive undertakings

The undertakings in this Clause 14.2 remain in force during the Security Period unless otherwise agreed by the Facility Agent (acting on the instructions of the Majority Lenders).

14.2.1 Taxes

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) pay and discharge all Taxes and governmental charges payable by or assessed upon it prior to the date on which the same become overdue unless, and only to the extent that, such Taxes and charges shall be contested in good faith by appropriate proceedings, pending determination of which payment may lawfully be withheld, and there shall be set aside adequate reserves with respect to any such Taxes or charges so contested in accordance with the Accounting Principles.

14.2.2 Insurance

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) maintain insurances of such types, in such amounts and against such risks as are maintained by prudent companies carrying on business comparable with that of the relevant Group Company.

14.2.3 Authorisations

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) obtain, maintain and comply with the terms of any authorisation, approval, licence, consent, exemption, clearance, filing or registration required:

(a) for the conduct of its business, trade and ordinary activities (except to the extent that failure to obtain, maintain or comply with such requirements is not likely to have a Material Adverse Effect); and

(b) to enable it to perform its obligations under, or for the validity, enforceability or admissibility in evidence of, any Finance Document.

14.2.4 Access

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) upon reasonable notice being given to the Borrowers by the Facility Agent, and not more than once a calendar year, permit the Facility Agent and any person (such as but not limited to an accountant, auditor, lawyer, valuer or other professional adviser of the Facility Agent) authorised by the Facility Agent to have, to a reasonable extent and at all reasonable times during normal business hours, access to the premises, sites or property of any Group Company and the right to discuss the affairs of each Group Company with the senior management of the relevant Group Company.

14.2.5 Ranking of obligations

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) ensure that its obligations under the Finance Documents to which it is a party shall at all times rank at least pari passu with all its other present and future unsecured and unsubordinated Indebtedness except for any obligations which are mandatorily preferred by law.

14.2.6 Further documents

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) at the reasonable request of the Facility Agent, do or procure the doing of all such things and execute or procure the execution of all such documents as are, in the reasonable opinion of the Facility Agent or the Security Agent, necessary to ensure that the Facility Agent or the Security Agent and the other Finance Parties obtain, maintain and protect all their rights and benefits under the Finance Documents and maintain perfected security interests as contemplated under the Security Documents.

14.2.7 Hedging

The Borrowers shall always comply with the Hedging Strategy delivered pursuant to Clause 4.1 (*Documentary conditions precedent*), and shall not change such strategy unless consented to by the Facility Agent.

14.2.8 Intellectual Property Rights

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) take all necessary action to protect, maintain and keep in full force and effect all the rights and benefits of each Group Company and ensure that the Group has full legal ownership in relation to any Intellectual Property Rights which is material to such Group Company.

14.2.9 Compliance

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) comply in all respects with all laws to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect and each Obligor shall also (and the Borrowers shall ensure that any Subsidiary or other members of the Group will) at all times comply with all Sanctions Laws.

14.2.10 Sanctions

Each Obligor shall ensure that none of them, nor any of their Subsidiaries or any other member of the Group, respective directors, officers, employees, and, to the best of their ability agents or representatives or any other persons acting on any of their behalf, is or will become a Restricted Party.

14.2.11 Maintenance of status

Unless otherwise expressly permitted under this Agreement, each Obligor shall (and the Borrowers shall ensure that each Group Company will) do all things necessary to maintain its corporate existence save only as contemplated under the Restructuring.

14.2.12 Auditors

The Borrowers shall ensure that each Group Company is audited by the Auditors.

14.2.13 Collection Company

(a) The Borrowers shall ensure that each Portfolio Owner has entered into a Service Agreement (to the extent collection is not provided by the Portfolio Owner itself) and each Portfolio Owner shall procure or ensure that the Collection Company under the Service Agreement undertakes to remit all amounts received under a Loan Portfolio in segregated client accounts. The Borrowers shall ensure that each Service Agreement shall be entered into on arm's length principles containing a compensation level which is acceptable to the Facility Agent and shall not materially deviate from the standard approved by the Facility Agent.

(b) The Borrowers shall ensure that no material change in the mandate structure of the Service Agreements will occur.

14.2.14 Compliance with Swiss Twenty Non-Bank Rule

(a) Each Swiss Obligor shall at all times during the term of this Agreement be in compliance with the Swiss Twenty Non-Bank Rule.

(b) For the purposes of paragraph (a) above, each Swiss Obligor shall assume that the aggregate number of Lenders which are Swiss Non-Qualifying Bank is 10 (ten).

14.2.15 Ownership of Loan Portfolio

The Borrowers shall procure that each relevant Portfolio Owner is the sole legal and beneficial owner of:

(a) the cash flow from the Existing Loan Portfolios and Approved Loan Portfolios, except for cash flow from the Polish Portfolios which will be owned through the Polish Portfolio Notes representing ownership of (i) 70% of the total Loan Portfolios in case of the Omega Portfolio Notes and (ii) 100% of the total Loan Portfolios in case of the Horyzont Portfolio Notes, pursuant to their constitutional documents. For the avoidance of doubt, the Polish Securitization Funds shall be the sole legal and beneficial owner of the cash flow from the relevant Existing Loan Portfolios and Approved Loan Portfolios.

(b) the Existing Loan Portfolios and Approved Loan Portfolios, except for:

(i) Approved Loan Portfolios where the beneficial owner is a Group Company but the legal ownership of such Loan Portfolio is with a financial institution holding a rating of at least "A-1" with Standard & Poor's Ratings Services, a division from the Mc Graw-Hill Companies, Inc or "A3" with Moody's Investors Service Inc., provided that the Borrowers has explicitly informed the Facility Agent that the Portfolio Owner does not have legal ownership and the Majority Lenders have not dis-approved the situation in writing to the Facility Agent within 7 Business Days of the Lenders receiving written notice thereof from the Facility Agent (the "**Tacit Consent Procedure**") provided that the Tacit Consent Procedure shall only be applicable to the extent that the Borrowers explicitly includes, in the information to the Facility Agent, that the information provided to the Facility Agent is subject to the Tacit Consent Procedure and the Facility Agent shall provide the Borrowers a prompt response as to the result of the Tacit Consent Procedure;

(ii) The BAWAG Portfolio, Eisberg Portfolio and the German Portfolio (all as set out in Schedule 8), provided that they shall be beneficially wholly owned by the respective Portfolio Owner and that no change in ownership, ownership structure or legal status and no substantial change in the agreements relating to the ownership of these, shall occur in relation to these from what has been presented to and approved by the Agent;

(iii) Approved Loan Portfolios as approved by the Facility Agent (on behalf of the Majority Lenders); and

(iv) The Loan Portfolios owned through the Polish Portfolio Notes, provided that:

a) the relevant Portfolio Owner is the sole legal and beneficial owner of the Polish Portfolio Notes;

b) the relevant Polish Securitization Fund is the sole legal and beneficial owner of the relevant Existing Loan Portfolios and Approved Loan Portfolios;

c) that no change in ownership structure or legal status and no substantial change (including changes that may adversely effect the security interests of the Finance Parties) in the agreements relating to the rights or interests of the relevant Portfolio Owner to the Polish Portfolio Notes, the underlying portfolios or the Polish Securitization Funds, shall occur from what has been presented to and consented to in writing by the Agent;

d) any and all trading/transfer restrictions on the Polish Portfolio Notes are removed (i) in relation to the Omega Portfolio Notes within 60 days from the First Effective Date and (ii) in relation to the Horyzont Portfolio Notes from the First Effective Date; and

e) the Polish Security is in place from the First Effective Date, except for (i) the pledge over the Omega Portfolio Notes which shall be in place within 60 days from the First Effective Date.

Any calculations relating to that Loan Portfolio (including calculation of ERC and financial covenants) shall be made on the basis of the Polish Portfolio Notes' respective share of the underlying Loan Portfolio(s).

14.2.16 Centre of main interest

The Borrower undertakes that;

(i) its "centre of main interests" (as that term is used in the Council Regulation (EC) n°1346/2000 of 29 May 2000 on insolvency proceedings) is in Luxembourg, and it (other than the Swiss Branch) has not any "establishment" (as that term is used in the Council Regulation (EC) n°1346/2000 of 29 May 2000 on insolvency proceedings) outside Luxembourg; and

(ii) that all the legal requirements of the Luxembourg law of 31 May 1999, as amended, regarding the domiciliation companies have been complied with by.

14.2.17 Simplified IFRS procedure

The Borrower undertakes to deliver to the Agent, in form and substance satisfactory to the Agent, the description of the simplified IFRS procedure 10 days before the delivery of the Financial Statements in Clause 4.1.1.

14.3 Negative undertakings

The undertakings in this Clause 14.3 remain in force during the Security Period unless otherwise agreed by the Facility Agent (acting on the instructions of the Majority Lenders).

14.3.1 Negative Pledge

(a) No Obligor shall (and the Borrowers shall ensure that no member of the Group will) create or permit to subsist any Encumbrance over any of a Group Company's assets or future assets other than Permitted Encumbrances without the Facility Agent's prior written consent.

(b) The Borrowers shall ensure that no Subsidiary of the Borrowers which is a Collection Company shall create or permit to subsist any Encumbrances over any of its assets or future assets except for Encumbrances arising by operation of law or by seller's retention of title.

14.3.2 Change of business

No Obligor shall (and the Borrowers shall ensure that no other member of the Group will) make any substantial change to the ordinary business of any member of the Group or the Group as a whole (being sale, purchase and collection of Loan Portfolios) or the business of AK Nordic from that carried on at the date of this Agreement. For the avoidance of doubt, Non-Recourse Companies may invest in assets other than those which are invested in as a part of the general nature or scope of the business of the Group as a whole.

14.3.3 Fees

No Obligor shall (and the Borrowers shall ensure that no member of the Group will) pay any fees or commissions to any person other than:

(a) on open market terms; or

(b) fees incurred under or in connection with any Finance Document.

14.3.4 No financial support

No Obligor shall (and the Borrowers shall ensure that no member of the Group will) make any financial support (including but not limited to provision of loans, credit, guarantees, comfort letters, future commitments), other than:

(a) Intra-Group Loans to any Group Company, except Intra Group Loans to the Omega Securitization Fund exceeding a total of USD 1,000,000 ;

(b) Restructuring Intra-Group Loans;

(c) Injection of equity or granting of shareholder loans (in respect of the shareholder loans on terms and conditions acceptable to the Facility Agent (on behalf of the Majority Lenders)) by the Borrowers to a Non-Recourse Company provided that;

based on the latest Compliance Certificate and the latest Operating Budget (such Operating Budget to be acceptable to the Majority Lenders) the Borrowers is able to verify that immediately after the financial support being provided:

(A) the LTV Ratio to be below 55%;

(B) GIBD Ratio for the Group to be below 2.0; and

(C) no Default has occurred and is continuing or would occur on the making of the financial support;

(d) Customary guarantees, in relation to a Portfolio Owner's acquisition, of a Loan Portfolio, from the Borrowers to the seller:

(i) before settlement; and

(ii) after settlement provided such guarantees are not for the payment of an Acquisition Price other than the Acquisition Price of forward flow loan portfolios;

(e) to the extent not covered by paragraph (f) of this Clause 14.3.4, guarantees, in relation to a Portfolio Owner's acquisition of a Loan Portfolio, from the Borrowers to the seller subject to the approval of the Facility Agent (on behalf of the Lenders);

(f) financial support provided by AK Nordic in its ordinary course of business;

(g) financial support provided between a Portfolio Owner and a Collection Company in its ordinary course of business;

(h) any financial support provided under the Cash Pool Agreement in accordance with Clause 14.3.6 (*Cash Pool Agreement*);

(i) Any financial support from the Borrowers to any of the Borrower's parent companies PRA Group Europe Holding I S.à r.l., PRA Group Europe Holding II S.à r.l. and PRA Group Europe Holding III S.à r.l. which is not in aggregate for these three companies in excess of USD 1,000,000 per calendar year;

(j) in respect of real property leased by an Obligor in the ordinary course of business and on customary arm's length terms;

(k) any other financial support to the extent approved by the Majority Lenders in writing; or

(l) any financial support not listed above and not exceeding the aggregate amount of USD 1,000,000 (for the Group).

14.3.5 Indebtedness

(a) No Obligor (except for the Collection Companies) shall (and the Borrowers shall ensure that no member of the Group will) incur or permit to subsist any Indebtedness other than Permitted Indebtedness.

(b) The Borrowers shall ensure that no Collection Company shall incur or permit to subsist any Indebtedness other than Indebtedness arising by operation of law or in the ordinary course of business.

(c) The Borrowers shall procure that the AK Nordic Deposits which are not deposited as Earmarked Funds shall not at any time exceed SEK 1,200,000,000 unless approved by the Majority Lenders. The Borrowers shall ensure that AK Nordic shall only apply Earmarked Funds to repay the AK Nordic Deposits.

14.3.6 Cash Pool Agreement

(a) The Borrowers shall procure that funds which according to applicable law shall be held on a separate account or otherwise, shall not be transferred to any Cash Pool Account.

(b) The Borrowers shall procure that only the Borrowers and the Portfolio Owners under this Agreement are participants under the Cash Pool Agreement.

(c) From 1 April 2015, only PRA Group Europe AS (formerly Aktiv Kapital AS) and the Borrowers shall be able to draw under the Cash Pool Agreement.

14.3.7 Merger and Acquisitions etc.

(a) Unless agreed by the Facility Agent (acting on the instructions of the Majority Lenders), no Obligor shall (and the Borrowers shall ensure that no member of the Group will) (i) enter into any amalgamation, de-merger, merger, reconstruction, combination, arrangement and plan of arrangement or similar transaction, or (ii) acquire any business of, or shares or securities of, any company (including but not limited to any shares in an unlimited liability person or the equivalent) or start up or enter into any joint venture or other legal entity irrespectively of whether the liabilities of such joint venture or person is unlimited except for:

(i) a solvent re-organisation on a solvent basis of Group Companies, always provided that the Borrowers shall be a surviving entity (if the Borrowers is subject to the merger); and

(ii) the acquisition of single purpose companies that owns an Approved Loan Portfolio, or companies with a total equity value less than USD 50,000,000 per year (on an aggregate basis for the Group),

provided always that (i) none of the security interests created under the Security Documents are impaired, and (ii) the Borrowers prior to the transaction provide evidence satisfactory to the Facility Agent that the Group will remain in compliance with the financial undertakings set out in clause 14.4 (Financial undertakings) upon completion of the transaction.

14.3.8 Transactions similar to security

No Obligor shall (and the Borrowers shall ensure that no member of the Group will) other than as permitted by the definition of "Permitted Encumbrance":

(a) sell, transfer or otherwise make a Disposal of any of its assets on terms whereby it is or may be leased to or re-acquired or acquired by a Group Company or any of its related entities; or

(b) sell, transfer or otherwise make a Disposal of any of its receivables on recourse terms, except for the discounting of bills or notes in the ordinary course of trading on non-recourse terms,

in circumstances where the transaction is entered into primarily as a method of raising finance or of financing the acquisition of an asset.

14.3.9 Accounting and Auditors

No Obligor shall (and the Borrowers shall ensure that no member of the Group will):

(a) Change its Accounting Reference Date;

(b) change its Financial Year;

(c) change its Accounting Principles; or

(d) change its Auditors,

without the Majority Lenders' written consent.

14.3.10 Corporate Structure

No Obligor shall (and the Borrowers shall ensure that no member of the Group will) change the corporate structure as set out in Schedule 7 (Group Structure), except as set out in the Restructuring of the Group.

14.3.11 Ownership of Portfolio Owners

The Borrowers shall ensure that all Portfolio Owners shall be, directly or indirectly, wholly owned by the Borrowers.

14.3.12 Licencing requirements

Neither the Borrowers, nor any of its Subsidiaries shall engage in business subject to any licence requirement unless such licence(s) are obtained and operated in accordance with the relevant requirements.

14.3.13 Management Agreement

The Management Agreement(s) shall be entered into on arm's length principles containing a compensation level which is acceptable to the Facility Agent.

14.3.14 Compliance with laws

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) comply in all respects with all laws to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect, each Obligor shall also (and the Borrowers shall ensure that any Subsidiary or other members of the Group will) at all times comply with all Sanctions Laws.

14.3.15 Sanctions

Each Obligor shall ensure that none of them, nor any of their Subsidiaries or other members of the Group, respective directors, officers, employees, and, to the best of their ability agents or representatives or any other persons acting on any of their behalf, is or will become a Restricted Party.

14.4 Financial undertakings

14.4.1 Financial definitions

In this Clause 14.4:

"Aggregate Collections" means the aggregate amount received by the Security Portfolio Owners and/or Collection Companies (without double counting) in the relevant Financial Quarter.

"**Book Value of Approved Loan Portfolios**" means the book value of Approved Loan Portfolios (excluding any Loan Portfolio subject to a Permitted Encumbrance (other than any Encumbrance under the Finance Documents) or held by a company over which such an Encumbrance exists) calculated in accordance with the Accounting Principles and confirmed by an Auditor.

"**EBITDA**" means, in relation to any twelve (12) months period the aggregate of:

(a) the operating profit of the Borrower on a consolidated basis save for Non-Recourse Companies, for that period (as reported in accordance with the IFRS as the relevant Accounting Principles);

(b) minus Interest income on portfolios during such period of the Borrower on a consolidated basis;

(c) plus negative changes in portfolio collection estimates during such period of the Borrower on a consolidated basis;

(d) minus positive changes in portfolio collection estimates during such period of the Borrower on a consolidated basis;

(e) plus paid in on portfolios with full twelve months trading for a Portfolio Owner during such period of the Borrower on a consolidated basis;

(f) plus depreciation of tangible fixed assets during such period; and

(g) plus amortisation of intangible fixed assets during such period.

"ERC" means estimated remaining collections, meaning the gross remaining cash collections which the Security Portfolio Owners anticipate to receive from the Total Loan Portfolios (excluding such Total Loan Portfolios which is subject to or otherwise affected by an Encumbrance permitted under (d) of the definition of Permitted Encumbrance or held by a company over which such an Encumbrance exists) calculated in accordance with the Accounting Principles on a gross basis for a maximum of a rolling hundred and eighty (180) months forward looking period.

"**GIBD**" means gross interest bearing debt, including but not limited to (i) the amount of any Lone Star Equity Commitment (ii) any Loan, (iii) any Vendor Financing, (iv) any utilisations under the Overdraft Facility, (v) the AK Nordic Deposits less Earmarked Funds and (vi) any debt as permitted under (g) of the definition of Permitted Indebtedness (where such portfolio is included in the calculation of Approved Loan Portfolios, EBITDA and/or RFT (as the case may be)), but for the avoidance of doubt excluding any Shareholder Loans.

"**GIBD Ratio**" means the ratio of GIBD divided by the aggregate of EBITDA plus RFT (without double counting) calculated in accordance with the principles set out in Schedule 11 (*GIBD Ratio Calculation Principles*).

"**LTV Ratio**" means the percentage of GIBD to the aggregate Book Value of Approved Loan Portfolios.

"**RFT**" means the pro-forma EBITDA for the remainder of the first twelve months for portfolios without full twelve months trading for a Portfolio Owner, to be based on actual EBITDA for the period the relevant portfolio has been owned by any Portfolio Owner aggregated to reflect pro-forma twelve months trading and further calculated in accordance with the principles set out in Schedule 11 (*GIBD Ratio Calculation Principles*). For the avoidance of doubt RFT cannot be

an amount greater than 25% of EBITDA when calculating GIBD Ratio (i.e. RFT cannot constitute more than 20% of pro-forma adjusted EBITDA (including RFT)).

14.4.2 General

The financial undertakings set out in Clause 14.4.5 (*GIBD Ratio*) shall be measured on a consolidated basis for the Group adjusted for the Portfolio Owner's share of the Omega Securitization Fund as set out in Clause 14.2.15(b)(iv) and be calculated in accordance with the Accounting Principles (unless otherwise indicated), and all financial undertakings set out in this Clause 14.4 shall be measured on a quarterly basis with reference to each of the financial statements delivered pursuant to Clause 14.1.1 (*Financial statements*).

14.4.3 LTV Ratio

The Borrowers undertake that, unless the Facility Agent (acting on the instructions of the Majority Lenders) otherwise agrees, the LTV Ratio shall not exceed 75%.

14.4.4 Collection

Aggregate Collections shall constitute minimum 95% of ERC for the same set of portfolios, measured monthly on a quarterly basis. The minimum ratio could be breached up to three times during the lifetime of this Agreement, provided that:

(a) the ratio does not at any time fall below 90%; and

(b) such breach does not happen two quarters in a row.

14.4.5 GIBD Ratio

(a) The Borrowers shall ensure that the GIBD Ratio of the Group (measured on a consolidated basis using the Accounting Principles) at all times, unless the Facility Agent (acting on the instructions of the Majority Lenders) otherwise agrees, does not exceed 3.25:1.0.

(b) The Borrowers shall not allocate or distribute any dividend during any period where the permitted GIBD Ratio or actual GIBD Ratio exceeds the applicable GIBD Ratio as determined in accordance with paragraph (a) above.

14.4.6 Change in accounting principles

(a) If during the Security Period the accounting principles applied in the preparation of any of the Accounts shall be different from the Accounting Principles, or if as a result of the introduction or implementation of any accounting standard or any change in them or in any applicable law such accounting principles are required to be changed, the Borrower shall promptly give notice to the Facility Agent of that change, determination or requirement.

(b) If the Facility Agent or Borrower believes that the financial undertakings set out in this Clause 14.4 need to be amended as a result of any such change, determination or requirement, the Borrower and the Borrower and the Facility Agent, acting on the instructions of the Lenders, shall negotiate in good faith to amend the existing financial undertakings so as to provide the Lenders with substantially the same protections as the financial undertakings set out in this Clause 14.4 (but which are not materially more onerous).

(c) If the Borrower and the Facility Agent cannot agree on such amended financial undertakings within thirty (30) days of notice from the Borrower pursuant to paragraph (a) above, the Borrower shall prepay any amount outstanding under the Finance Documents within ninety (90) days after the Facility Agent has provided the Borrower with a claim for prepayment.

15. DEFAULT

15.1 Default

Each of the events or circumstances set out in Clause 15 is a Default (whether or not caused by any reason whatsoever outside the control of the Obligor or any other person).

15.1.1 Non-payment

An Obligor does not pay on the due date any amount payable by it under a Finance Document at the place and in the currency and funds in which it is expressed to be payable, unless the failure to pay such amount is due solely to

administrative or technical delays and such amount is paid within five (5) Business Days after a notice from the Facility Agent.

15.1.2 Financial Undertakings

Any requirement in Clause 14.4 (*Financial undertakings*) is not satisfied at any time.

15.1.3 Other defaults

Any Obligor breaches any of its obligations under any Finance Document (other than the obligations referred to in Clause 15.1.1 (*Non-payment*) and 15.1.2 (*Financial Undertakings*)) and, if that breach is capable of remedy, it is not remedied within thirty (30) days after notice of that breach has been given by the Facility Agent to the Borrowers.

15.1.4 Breach of representation or warranty

Any representation or warranty made or deemed to be repeated by any Group Company under any Finance Document is incorrect when made or deemed to have been repeated and if that breach is capable of remedy and it is not remedied within thirty (30) days after notice of that breach has been given by the Facility Agent to the Borrowers.

15.1.5 Cross-default

Any Indebtedness (which for the purpose of this clause shall include the Lone Star Equity Commitment) (other than Indebtedness under a Finance Document) of all or any of the Group Companies in excess of, in aggregate, USD 2,000,000 (or equivalent in other currencies):

(a) is not paid when due or within any applicable grace period;

(b) is declared to be or otherwise becomes due and payable prior to its specified maturity by reason of a default or an event of default (howsoever described); or

(c) any creditor of all or any of the Group Companies becomes entitled to declare any such Indebtedness due and payable prior to its specified maturity by reason of a potential default or an event of default (howsoever described).

15.1.6 Attachment or distress

A creditor or encumbrancer attaches or takes possession of, or a distress, execution, sequestration or other process is levied or enforced upon or sued out against, any of the assets of any Group Company (having a value of at least USD 2,000,000 or equivalent in other currencies) and such process is not proved to the reasonable satisfaction of the Majority Lenders to be frivolous or vexatious and is, in any event, not discharged within thirty (30) days of its presentation or challenged on grounds reasonably satisfactory to the Majority Lenders.

15.1.7 Inability to pay debts

Any Group Company:

(a) suspends payment of its debts or is unable or admits its inability to pay its debts as they fall due;

(b) begins negotiations with any creditor with a view to the readjustment or rescheduling of any of its Indebtedness (which for the purpose of this clause shall include the Lone Star Equity Commitment) which it would not otherwise be able to pay when it falls due; or

(c) proposes or enters into any re-organisation, composition or other arrangement for the benefit of its creditors generally or any class of creditors.

(d) Is over -indebted (überschuldet) within the meaning of Article 725 para.2 of the Swiss Federal Code of Obligations or the value of its assets is less than its liabilities (taking into account contingent and prospective liabilities).

(e) A moratorium is declared in respect of any indebtedness (which for the purpose of this clause shall include the Lone Star Equity Commitment) of an Obligor. If a moratorium occurs, the ending of the moratorium will remedy any Default caused by that moratorium.

15.1.8 Insolvency proceedings

Any person takes any action or any legal proceedings are started or other steps taken (including the presentation of a petition) for:

(a) the bankruptcy, liquidation, composition, suspension of payments, compulsory debt settlement, re organisation, winding up or dissolution of any Group Company other than (A) in connection with a solvent reconstruction, the terms of which have been previously approved in writing by the Majority Lenders, or (B) a winding up or bankruptcy or petition which is proved to the reasonable satisfaction of the Majority Lenders to be frivolous or vexatious and which is, in any event, discharged within fifteen (15) days of its presentation or challenged on grounds reasonably satisfactory to the Facility Agent; or

(b) the appointment of a trustee, receiver, administrative receiver or similar officer in respect of any Group Company or any of its assets.

15.1.9 Adjudication or appointment

Any adjudication, order or appointment is made under or in relation to any of the proceedings referred to in Clause 15.1.8 (*Insolvency proceedings*).

15.1.10 Analogous proceedings

Any event occurs or proceeding is taken with respect to any Group Company in any jurisdiction to which it is subject which has an effect equivalent or similar to any of the events mentioned in Clause 15.1.7 (*Inability to pay debts*), 15.1.8 (*Insolvency proceedings*) or 15.1.9 (*Adjudication or appointment*).

15.1.11 Cessation of business

Any Group Company suspends, ceases or threatens to suspend or cease to carry on all or a substantial part of its business other than in relation to a merger with another Group Company in accordance with this Agreement or otherwise approved by the Facility Agent as instructed by the Majority Lenders.

15.1.12 Invalidity or repudiation

(a) Any of the Finance Documents ceases to be in full force and effect in any material respect or (A) ceases to constitute the legal, valid and binding obligation of any Group Company party to it, or (B) in the case of any Security Document, fails to provide valid and enforceable security in favour of the Security Agent and the Finance Parties over the assets in relation to which security is intended to be given.

(b) It is unlawful for any Group Company to perform any of its material obligations under any of the Finance Documents.

(c) Any Group Company repudiates any of its obligations under any Finance Document.

15.1.13 Regulatory Proceedings

Any regulatory or other proceedings are instigated by any competition or similar authority (including the Competition Authority and the European Commission) as a result of the Finance Documents having been entered into or implemented and the same has, or is likely to have, a Material Adverse Effect.

15.1.14 Litigation

Any litigation, arbitration or administrative proceeding is commenced by or against any Group Company which is reasonably likely to be resolved against the relevant Group Company and if so resolved, is likely to have a Material Adverse Effect.

15.1.15 Mandatory Liquidation Event

AK Nordic (or any other Group Company holding licenses) does not comply with the relevant licence requirements it is subject to at any one time.

15.1.16 Material adverse change

Any event or series of events occurs which, in the reasonable opinion of the Majority Lenders, has or is likely to have a Material Adverse Effect.

15.1.17 Unlawfulness and invalidity

(a) It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents or any security created or expressed to be created or evidenced by the Security Documents ceases to be effective or becomes unlawful.

(b) Any obligation or obligations of any Obligor under any Finance Documents are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lenders under the Finance Documents.

(c) Any Finance Document ceases to be in full force and effect or any Security created or intended to be created under the Security Documents or any subordination required pursuant to this Agreement ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.

15.2 Acceleration, etc.

If a Default occurs the Facility Agent may and shall if so instructed by the Majority Lenders, by notice (a "**Default Notice**") to the Borrowers to cancel the Facility and require the Borrowers immediately to repay each Loan together with accrued interest and all other sums payable under the Finance Documents, whereupon they shall become immediately due and payable. Upon the service of any Default Notice, the Lenders' obligations to each Borrowers under this Agreement shall be terminated and the Commitment of each Lender shall be cancelled, and the Lenders may exercise or direct the Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

16. SET-OFF

Each Agent and each Lender may set off any matured obligation owed by an Obligor under any Finance Document against any obligation (whether or not matured) owed by the relevant Agent or the relevant Lender to that Obligor, or to another Obligor (to the extent permissible pursuant to law) regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the relevant Agent or the relevant Lender may convert either obligation at the relevant spot rate of exchange of the Facility Agent or the relevant Lender, as the case may be, for the purpose of the set off.

17. PRO RATA SHARING

17.1 Redistribution

If any amount owing by an Obligor under this Agreement to a Finance Party (the "**Sharing Lender**") is discharged by voluntary or involuntary payment, set off or any other manner other than through the Facility Agent in accordance with Clause 19 (*Payments*), then:

(a) the Sharing Lender shall immediately notify the Facility Agent of the amount discharged and the manner of its receipt or recovery;

(b) the Facility Agent shall determine whether the amount discharged is in excess of the amount which the Sharing Lender would have received had the amount discharged been received by the Facility Agent and distributed in accordance with Clause 19 (*Payments*);

(c) the Sharing Lender shall pay the Facility Agent an amount equal to that excess (the "**Excess Amount**") within five (5) Business Days of demand by the Facility Agent;

(d) the Facility Agent shall treat the Excess Amount as if it were a payment by an Obligor under Clause 19 (*Payments*) and shall pay the Excess Amount to the Finance Parties (other than the Sharing Lender) in accordance with such clause; and

(i) on a redistribution of payments under Clause 17.1(d) above, the Sharing Lender shall be subrogated to the rights of each Finance Party which have shared in the redistribution;

(ii) if and to the extent that the Sharing Lender is not able to rely on its rights under Clause 17.1 (*Redistribution*) above, the relevant Obligor shall be liable to the Sharing Lender for a debt equal to the Excess Amount which is immediately due and payable;

(iii) if and to the extent that the Sharing Lender is not able to rely on its rights under Clause 17.1(d)(i) and 17.1(d)(ii) above, each Finance Party (other than the Sharing Lender) hereby agrees to indemnify the Sharing Lender against any loss which the Sharing Lender may subsequently suffer by reason of this Clause 17 including but not limited to any such redistribution having to be refunded or having made such payment of the Excess Amount to the Facility Agent or any loss resulting from the Sharing Lender not being able to claim its pro rata share of the Loans.

17.2 Legal proceedings

Notwithstanding Clause 17.1 (*Redistribution*), no Sharing Lender shall be obliged to share any Excess Amount which it receives or recovers pursuant to legal proceedings taken by it to recover any sums owing to it under this Agreement with any other Finance Party which has a legal right to, but does not, either join in such proceedings or commence and diligently pursue separate proceedings to enforce its rights, unless the proceedings instituted by the Sharing Lender are instituted by it without prior notice having been given to such Finance Party through the Facility Agent and an opportunity to such Finance Party to join in such proceedings.

17.3 Reversal of redistribution

If any Excess Amount subsequently has to be wholly or partly refunded to an Obligor by a Sharing Lender which has paid an amount equal to that Excess Amount to the Facility Agent under Clause 17.1 (*Redistribution*), each Finance Party to which any part of that amount was distributed shall on request from the Sharing Lender repay to the Sharing Lender that Finance Party's proportionate share of the amount which has to be so refunded by the Sharing Lender.

17.4 Information

Each Finance Party shall on request supply to the Facility Agent such information as the Facility Agent may from time to time request for the purpose of this Clause 17.

18. THE AGENTS, THE MANDATED LEAD ARRANGERS, THE BOOKRUNNER AND THE LENDERS

18.1 Appointment and duties

18.1.1 Each Lender irrevocably appoints the Agents to act as its agents in connection with the Facility and the Finance Documents and irrevocably authorises each Agent on its behalf to perform the duties and to exercise the rights, powers and discretions that are specifically delegated to it under or in connection with the Finance Documents together with any other incidental rights, powers and discretions.

18.1.2 An Agent shall have no duties or responsibilities except those expressly set out in the Finance Documents. As to any matters not expressly provided for, the Agent shall act in accordance with the instructions of the Majority Lenders (but in the absence of any such instructions shall not be obliged to act). Any such instructions, and any action taken by each Agent in accordance with those instructions, shall be binding upon all the Lenders.

18.1.3 Each Agent may:

(a) act in an agency, fiduciary or other capacity on behalf of any other Lenders or financial institutions providing facilities to any Group Company or any associated company of a Group Company, as freely in all respects as if it had not been appointed to act as agent for the Lenders under this Agreement and without regard to the effect on the Lenders of acting in such capacity; and

(b) subscribe for, hold, be beneficially entitled to or dispose of shares or securities, or options or other rights to and interests in shares or securities in any Group Company or any associated company of a Group Company (in each case, without liability to account).

18.1.4 The Security Agent is hereby irrevocably authorised by the Facility Agent, the Bookrunner and the Lenders to sign and execute on behalf of such party all and any Finance Document including any appendices or documents relating thereto. To that effect, each of the Lenders may grant as many private and public documents (including certificates and notarial powers of attorney duly apostilled) and comply with as many formalities as may be necessary or convenient under each relevant jurisdiction.

18.1.5 The Facility Agent is hereby irrevocably authorised by the Security Agent, the Bookrunner and the Lenders to sign and execute on behalf of such party all and any Finance Document including any appendices or documents relating thereto. To that effect, each of the Lenders may grant as many private and public documents (including certificates and notarial powers of attorney duly apostilled) and comply with as many formalities as may be necessary or convenient under each relevant jurisdiction.

18.1.6 In relation to any Polish Obligor and/or Security granted by any Party incorporated under the laws of Poland the Lenders hereby appoint the Security Agent to act as the pledge administrator (*administrator zastawu*) in the meaning of the Polish Act on Registered Pledge and the Pledge Register as of 6 December 1996 (Journal of Laws of 1996, No. 149, item 703, as amended) in respect of any registered pledge(s) to be established in order to secure the receivables of the Lenders under the this Agreement. The Security Agent is hereby irrevocably authorised by the Lenders to sign and execute on behalf of the Lenders all and any agreements on registered pledge(s) governed by Polish law and exercising the rights and obligations of the pledgee in its own name but on behalf of all Lenders. This provision 18.1.6. shall be governed by and construed in accordance of the Polish law.

18.2 Payments

18.2.1 Each Agent shall promptly account to the lending office of each Lender for such Lender's due proportion of all sums received by the Agent for such Lender's account, whether by way of repayment or prepayment of principal or payment of interest, fees or otherwise.

18.2.2 The Facility Agent shall maintain a memorandum account showing the principal amount of each Loan outstanding under this Agreement and the amount of each Lender's Participation in each Loan.

18.2.3 Each Lender confirms in favour of each Agent that, unless it notifies the Agent to the contrary, it will be the beneficial owner of any interest paid to it under this Agreement.

18.3 Default

An Agent shall not be obliged to monitor or enquire as to whether or not a Default or Potential Default has occurred. Each Agent shall be entitled to assume that no Default or Potential Default has occurred unless it receives notice to the contrary from an Obligor or any Finance Party describing the Default or Potential Default and stating that such notice is a "Default Notice" or unless it is aware of a payment default under this Agreement, in which case it shall promptly notify each Lender.

18.4 Reliance

Each Agent may:

(a) rely on any communication or document believed by it to be genuine and correct and to have been communicated or signed by the person by whom it purports to be communicated or signed; and

(b) engage, pay for and rely on the advice of any professional advisers selected by it given in connection with the Finance Documents or any of the matters contemplated by the Finance Documents,

and shall not be liable to any Party for any of the consequences of such reliance.

18.5 Legal proceedings

18.5.1 No Agent shall be obliged to take or commence any legal action or proceeding against an Obligor or any other person arising out of or in connection with the Finance Documents until it shall have been indemnified or secured to its satisfaction against all costs, claims and expenses (including any costs award which may be made against it as a result of any such legal action or proceeding not being successful) which it may expend or incur in such legal action or proceeding.

18.5.2 Each Agent may refrain from doing anything which might in its opinion constitute a breach of any law or any duty of secrecy or confidentiality or be otherwise actionable at the suit of any person.

18.6 No liability

18.6.1 None of the Facility Agent, the Security Agent, the Bookrunner and/or the Mandated Lead Arrangers shall be responsible for any statements, representations or warranties in the Finance Documents or for any information supplied or provided to any Lender by the Facility Agent or the Security Agent or the Bookrunner in respect of an Obligor or any other person or for any other matter relating to the Finance Documents or for the execution, genuineness, validity, legality, enforceability or sufficiency of such documents or any other document referred to in the Finance Documents or for the recoverability of any Loan or any other sum to become due and payable under the Finance Documents.

18.6.2 None of the Facility Agent, the Security Agent, the Bookrunner and/or the Mandated Lead Arrangers nor any of their respective agents shall be liable for any action taken or not taken by any of them under or in connection with the Finance Documents unless directly caused by its or their gross negligence or wilful misconduct.

18.7 Credit decisions

18.7.1 Each Lender:

(a) acknowledges that it has, independently and without reliance on any Agent, made its own analysis of the transaction contemplated by, and reached its own decision to enter into, this Agreement and made its own investigation of the financial condition and affairs and its own appraisal of the creditworthiness of the Obligors and any surety for the Obligors' obligations; and

(b) shall continue to make its own independent appraisal of the creditworthiness of the Obligors and any surety for the Obligors' obligations.

18.7.2 Each Lender shall, independently and without reliance on any Agent, make its own decision to take or not take action under the Finance Documents.

18.8 Information

18.8.1 The Facility Agent shall promptly provide the Lenders and/or the Security Agent with all information and copies of all notices which are given to it and which by the terms of this Agreement are to be provided or given to the Lenders and/or the Security Agent, as the case may be.

18.8.2 Except as provided in this Agreement, the relevant Agent shall be under no duty or obligation:

(a) either initially or on a continuing basis, to provide any Lender with any credit information or other information with respect to the financial condition of an Obligor or which is otherwise relevant to the Facility; or

(b) to request or obtain any certificate, document or information from an Obligor unless specifically requested to do so by a Lender in accordance with this Agreement.

18.9 Relationship with Lenders

18.9.1 In performing its functions and duties under this Agreement, an Agent shall act solely as the agent for the Lenders and except as provided in the Finance Documents shall not be deemed to be acting as trustee for any Lender. No Agent shall assume or be deemed to have assumed any obligation as agent for, or any relationship of agency with, any Obligor.

18.9.2 Neither the Facility Agent, the Security Agent nor any Lender shall be under any liability or responsibility of any kind to an Obligor or any other Lender arising out of or in relation to any failure or delay in performance or breach by an Obligor or any other Lender of any of its or their respective obligations under the Finance Documents.

18.10 The Agents' position

18.10.1 With respect to its own Participation in the Facility, an Agent shall have the same rights and powers under and in respect of the Finance Documents as any other Lender and may exercise those rights and powers as though it were not also acting as agent under this Agreement or any other Finance Document. An Agent may, without liability to account, accept deposits from, lend money to and generally engage in any kind of lending finance, advisory, trust or other business with or for an Obligor as if it were not the agent for other persons under any Finance Documents.

18.10.2 Each Agent may retain for its own use and benefit (and shall not be liable to account to any Lender for all or any part of) any sums received by it by way of agency or management or arrangement fees or by way of reimbursement of expenses incurred by it.

18.11 Indemnity

Each Lender shall immediately on demand indemnify any Agent (to the extent not reimbursed by the Obligors) rateably according to that Lender's Participation in the Facility (or, if no Loan shall then be outstanding, its Commitment) from and against all liabilities, losses and expenses of any kind or nature whatsoever (except in respect of any agency, management or other fee due to the Facility Agent or the Security Agent) which may be incurred by the Facility Agent or the Security Agent in its capacity as agent under the Finance Documents or in any way relating to or arising out of the Finance Documents or any action taken or omitted by the Facility Agent or the Security Agent in enforcing or preserving the rights of the Lenders, the Facility Agent or the Security Agent under the Finance Documents, provided that no Lender shall be liable for any portion of such liabilities, losses or expenses resulting from the Facility Agent's or the Security Agent's gross negligence or wilful misconduct.

18.12 Resignation and Removal

18.12.1 Each Agent may resign by giving at least sixty (60) days' notice to the Borrowers and each Lender. Upon service of a notice of resignation by the relevant Agent, the Majority Lenders may select any Lender or other financial institution as successor Agent.

18.12.2 If no Lender or other financial institution selected by the Majority Lenders shall have accepted such appointment within forty (40) days after the giving of a notice of resignation then the resigning Agent may, appoint any Lender or other financial institution with an office in Oslo or London (or another city agreed by the Majority Lenders) as successor Agent.

18.12.3 The resignation of an Agent and the appointment of any successor the Agent shall both become effective only upon the successor Agent notifying the resigning Agent, the Borrowers and each Lender that it accepts its appointment. On such notification:

(a) the resigning Agent shall be discharged from its obligations and duties as Agent under the Finance Documents but it shall continue to be able to rely on the provisions of this Clause 18 in respect of all matters relating to the period of its appointment; and

(b) the successor Agent shall assume the role of Agent and shall have all the rights, powers, discretions and duties which the Agent has under the Finance Documents.

18.12.4 The resigning Agent shall make available to the successor Agent all records and documents held by it as Agent and shall co-operate with the successor Agent to ensure an orderly transition. Additionally, the Parties will enter as many private and public documents as may be necessary for the Security Documents to remain as security in favour of the Finance Parties and/or the Lenders under this Agreement from time to time.

18.13 Distribution of proceeds of enforcement

18.13.1 In this Clause 18.13:

"**Lender Outstandings**" means, in respect of a Lender, the aggregate of:

(a) all amounts actually and contingently due to it under this Agreement; and

(b) all amounts actually and contingently due to it in respect of the Hedging Agreements.

"**Total Outstandings**" means the aggregate amount of all Lender Outstandings.

18.13.2 On the enforcement of all or any of the Security Documents any amounts to be distributed to each Lenders shall be distributed with an amount equal to the remaining proceeds multiplied by (Lender Outstandings of such Lender divided by Total Outstandings) where Lender Outstandings and the Total Outstandings are all calculated as at the date of distribution and after the provisions of Clauses 17.1 (*Redistribution*) and 17.3 (*Reversal of redistribution*) have been complied with.

18.13.3 Where any part of any Lender Outstandings is denominated in a currency other than USD, any calculation for the purposes of this Clause 18.13 shall be made on the basis of the USD Equivalent of that part calculated at the date of distribution. However, an actual distribution may, in the Facility Agent's discretion, be made in the currencies of the Lender Outstandings and for this purpose the Facility Agent is authorised to convert any proceeds of enforcement (including the proceeds of any previous conversion under this Clause) from their existing currency into any other currency at such rate of exchange and at such time as the Facility Agent thinks fit.

18.13.4 The Facility Agent shall notify each Lender of any proposed distribution and the proposed date of distribution and each Lender shall provide to the Facility Agent a calculation of what is due to it in respect of the sums referred to in Clause 18.13.1. The Facility Agent shall send copies of all such calculations to each Lender and shall make the distributions on the basis of such calculations.

18.13.5 If any future or contingent liability included in the calculation of Lender Outstandings finally matures, or is settled, for less than the future or contingent amount provided for in that calculation, the relevant Lender shall notify the Facility Agent of that fact and such adjustment shall be made by payment by that Lender to the Facility Agent for distribution amongst the Lenders as may be necessary to put the Lenders into the position they would have been in (but taking no account of the time cost of money) had the original distribution been made on the basis of the actual as opposed to the future or contingent liability.

18.13.6 The Facility Agent may, at its discretion, accumulate proceeds of enforcement in an interest bearing account in its own name until there is a minimum of USD 5,000,000 to distribute under Clause 18.13.2.

18.14 The Bookrunner and Mandated Lead Arrangers

Except as specifically provided in this Agreement the Bookrunner or the Mandated Lead Arrangers have no obligation of any kind to any other Party and shall not have any liability whatsoever to any other Party under or in connection with any Finance Document.

19. PAYMENTS

19.1 Place and time

All payments by an Obligor or a Lender under this Agreement shall be made to the Facility Agent to its account at such office or Lender at such time as the Facility Agent may notify the Obligors or the Lenders for this purpose.

19.2 Funds

All payments to the Facility Agent under this Agreement shall be made for value on the due date in freely transferable and readily available funds.

19.3 Distribution

19.3.1 Each payment received by the Facility Agent under this Agreement for another Party shall, subject to Clauses 19.3.2 and 19.3.3, be made available by the Facility Agent to that Party by payment to its account with such office or Lender as it may notify to the Facility Agent for this purpose by not less than three (3) Business Days' prior notice.

19.3.2 The Facility Agent shall apply any amount received by it for an Obligor in or towards payment of any amount due from that Obligor or, so far as legally permissible, any other Obligor under this Agreement.

19.3.3 Where a sum is to be paid to the Facility Agent under this Agreement for another Party, the Facility Agent is not obliged to pay that sum to that Party until it has established that it has actually received that sum. The Facility Agent may, however, assume that the sum has been paid to it in accordance with this Agreement, and, in reliance on that assumption, make available to that Party a corresponding amount. If the sum has not been made available but the Facility Agent has paid a corresponding amount to another Party, that Party shall immediately on demand by the Facility Agent refund the corresponding amount together with interest on that amount from the date of payment to the date of receipt, calculated at a rate determined by the Facility Agent to reflect its cost of funds.

19.4 Business Days

If a payment under this Agreement is due on a day which is not a Business Day, the due date for that payment shall instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

19.5 Currency

In this Agreement:

(a) all payments by an Obligor in respect of a Loan, whether of interest or principal, shall be made in the currency (or the denomination of the currency) in which that Loan is denominated;

(b) all payments relating to costs, losses, expenses or Taxes shall be made in the currency in which the relevant costs, losses, expenses or Taxes were incurred; and

(c) any other amount payable under this Agreement shall be made in USD or the relevant currency (as applicable).

19.6 Accounts as evidence

Each Lender shall maintain in accordance with its usual practice an account which shall, as between the Borrowers and that Lender, be prima facie evidence of the amounts from time to time advanced by, owing to, paid and repaid to that Lender under this Agreement.

19.7 Partial payments

19.7.1 If the Facility Agent receives a payment insufficient to discharge all the amounts then due and payable by an Obligor under this Agreement, the Facility Agent shall apply that payment towards the obligations of that Obligor in the following order:

(a) first, in or towards payment of any unpaid costs and expenses of the Facility Agent and/or the Security Agent under this Agreement or the Security Documents;

(b) second, in or towards payment *pro rata* of any accrued interest due by that Obligor but unpaid under this Agreement;

(c) third, in or towards payment *pro rata* any other sum due by that Obligor but unpaid under the Finance Documents.

19.7.2 The Facility Agent shall, if so directed by all the Lenders, vary the order set out in Clauses 19.7.1(b) to 19.7.1(c).

19.7.3 Clauses 19.7.1 and 19.7.2 shall override any appropriation made by any Obligor.

19.8 Set-off and counterclaim

All payments by any Obligor under this Agreement shall be made without set off or counterclaim.

19.9 Grossing-up

19.9.1 Subject to Clause 19.9.2, all sums payable to a Finance Party pursuant to or in connection with any Finance Document shall be paid in full free and clear of all deductions or withholdings whatsoever except only as may be required by law.

19.9.2 If any deduction or withholding is required by law in respect of any payment due from an Obligor to a Finance Party pursuant to or in connection with any Finance Document, that Obligor shall:

(a) ensure or procure that the deduction or withholding is made and that it does not exceed the minimum legal requirement therefor;

(b) pay, or procure the payment of, the full amount deducted or withheld to the relevant Taxation authority or other authority in accordance with the applicable law;

(c) increase the payment in respect of which the deduction or withholding is required so that the net amount received by the payee (which expression when used in this Clause 19.9.2 shall mean each Finance Party) after the deduction or withholding (and after taking account of any further deduction or withholding which is required to be made as a consequence of the increase) shall be equal to the amount which the payee would have been entitled to receive in the absence of any requirement to make any deduction or withholding; and

(d) promptly deliver or procure the delivery to the relative payee of receipts evidencing each deduction or withholding which has been made.

19.9.3 If the Facility Agent is obliged to make any deduction or withholding from any payment to any Lender (an "**Agency Payment**") which represents an amount or amounts received by that Agent from an Obligor under any Finance Document, that Obligor shall pay directly to that Lender such sum (an "**Agency Compensating Sum**") as shall, after taking into account any deduction or withholding which that Obligor is obliged to make from the Agency Compensating Sum, enable that Lender to receive, on the due date for payment of the Agency Payment, an amount equal to the Agency Payment which that Lender would have received in the absence of any obligation to make any deduction or withholding.

19.9.4 If any Lender determines that it has received, realised, utilised and retained a Tax benefit by reason of any deduction or withholding in respect of which an Obligor has made an increased payment or paid an Agency Compensating Sum under this Clause 19.9, that Lender shall, provided that each Finance Party have received all amounts which are then due and payable by the Obligors under any Finance Document, pay to that Obligor (to the extent that that Lender can do so without prejudicing the amount of the benefit or repayment and the right of that Lender to obtain any other benefit, relief or allowance which may be available to it) such amount, if any, that will leave that Lender in no worse position than it would have been in if the deduction or withholding had not been required, provided that:

(a) each Lender shall have an absolute discretion as to the time at which and the order and manner in which it realises or utilises any Tax benefit and shall not be obliged to arrange its business or its Tax affairs in any particular way in order to be eligible for any credit or refund or similar benefit;

(b) no Lender shall be obliged to disclose any information regarding its business, Tax affairs or Tax computations;

(c) if a Lender has made a payment to an Obligor pursuant to this Clause 19.9.4 on account of any Tax benefit and it subsequently transpires that that Lender did not receive that Tax benefit, or received a lesser Tax benefit, that Obligor shall, on demand, pay to that Lender such sum as that Lender may determine as being necessary to restore its after-tax position to that which it would have been had no adjustment under this Clause 19.9.4 been made.

19.9.5 No Lender shall be obliged to make any payment under Clause 19.9.4 if, by doing so, it would contravene the terms of any applicable law or any notice, direction or requirement of any governmental or regulatory authority (whether or not having the force of law).

19.9.6 If an Obligor is required to make an increased payment for the account of a Lender under Clause 19.9.2, then, without prejudice to that obligation and so long as such requirement exists and subject to the Borrowers giving the Facility Agent and that Lender not less than ten (10) days' prior notice (which shall be irrevocable), the Obligors may prepay all, but not part, of that Lender's Participation in the Loans together with accrued interest on the amount prepaid. Any such prepayment shall be subject to Clause 24.1 (*Breakage costs indemnity*). On any such prepayment, the Commitment of the relevant Lender shall be automatically cancelled.

20. AMENDMENTS AND WAIVERS

20.1 Majority Lenders

20.1.1 Subject to Clause 20.2 (*All Lenders*), any term of any Finance Document, save for any Finance Documents relating thereto, may be amended or waived with the written agreement of the Borrowers and the Majority Lenders. The Facility Agent and the Security Agent (as applicable) may effect and are irrevocably authorised, on behalf of the Finance Parties, to execute an amendment or waiver to which the Majority Lenders have agreed.

20.1.2 The Facility Agent shall promptly notify the Borrowers and each Lender of any amendment or waiver effected under Clause 20.1.1 and any such amendment or waiver shall be binding on the Borrowers, each Obligor, each Group Company and each Finance Party.

20.2 All Lenders

An amendment or waiver which relates to:

(a) the definition of "Majority Lenders" in Clause 1.1 (*Definitions*);

(b) an extension of the date for, or a decrease in an amount or a change in the currency of, any payment under any Finance Document;

(c) an increase in a Lender's Commitment;

(d) a term of any Finance Document which expressly requires the consent of each Lender; or

(e) Clauses 6 (*Interest*), 7 (*Reduction, Repayment, prepayment and cancellation*) , 17 (*Pro rata sharing*), or this Clause 20 (*Amendments and Waivers*),

may not be effected without the prior written consent of each Lender.

20.3 Security Agent

An amendment or waiver which affects the rights and/or obligations of the Security Agent in that capacity may not be effected without the prior written consent of the Security Agent.

20.4 No implied waivers; remedies cumulative

The rights of the Finance Parties under the Finance Documents:

(a) may be exercised as often as necessary;

(b) are cumulative and not exclusive of its rights under the general law; and

(c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

21. MISCELLANEOUS

21.1 Severance

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or

(b) the legality, validity or enforceability in any other jurisdiction of that or any other provision of this Agreement.

21.2 Counterparts

This Agreement may be executed in any number of counterparts and this shall have the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

21.3 Obligations Binding

The obligations of the Parties who have executed this Agreement shall not be affected by the fact that not all of the Parties have validly executed this Agreement.

22. NOTICES

22.1 Method

Each notice or other communication to be given under this Agreement shall be given in writing in English and, unless otherwise provided, shall be made by e-mail or letter.

22.2 Delivery

Any notice or other communication to be given by one Party to another under this Agreement shall (unless one Party has by ten (10) days' notice to the other Party specified another *address*) be given to that other Party, in the case of the Borrowers, the Obligors, the Facility Agent, the Security Agent, at the respective addresses given in Clause 22.3 (*Addresses*), in the case of the Lenders, at the respective addresses given in Schedule 1 or, as the case may be, the schedule to its relevant Transfer Certificate and in the case of any Borrower or Obligor (other than the Borrowers) as set out in the schedule to its relevant Accession Agreement.

22.3 Addresses

The address and e-mail address number of the Borrowers, the Facility Agent, and the Security Agent:

(a) The Borrowers:

PRA Group Europe Holding S.à r.l.
42-44, Avenue de la Gare
L-1610 Luxembourg
Luxembourg
Attention: Vice President Finance in PRA Group Europe
E-mail: christopher.hagberg@pragroup.no

(b) The Facility Agent:

DNB Bank ASA
N-0021 Oslo, Norway
Attention: Agentdesk
E-mail: agentdesk@dnb.no

(c) The Security Agent:

DNB Bank ASA
N-0021 Oslo, Norway
Attention: Agentdesk
E-mail; agentdesk@dnb.no

22.4 Deemed receipt

22.4.1 Any notice or other communication given by any Agent shall be deemed to have been received:

(a) if sent by e-mail, when received in a readable form and only if addressed in such manner as the Agent shall specify for this purpose;

(b) in the case of a notice given by hand, on the day of actual delivery; and

(c) if posted, on the second Business Day or, in the case of mail from one country to another country, the fifth Business Day following the day on which it was despatched by first class mail postage prepaid or, as the case may be, airmail postage prepaid,

provided that a notice given in accordance with the above but received on a day which is not a Business Day or after normal business hours in the place of receipt shall be deemed to have been received on the next Business Day.

22.4.2 Any notice or other communication given to any Agent shall be deemed to have been given only on actual receipt.

22.5 Notices through Facility Agent

Any notice or other communication from or to an Obligor under this Agreement shall be sent through the Facility Agent.

23. ASSIGNMENTS, TRANSFERS AND ACCESSION

23.1 Benefit of Agreement

This Agreement shall be binding upon and inure to the benefit of each Party and its successors and assigns.

23.2 Assignments and transfers by Obligors

No Obligor shall be entitled to assign or transfer any of its rights or obligations under the Finance Documents.

23.3 Assignments by Lenders

23.3.1 Any Lender may assign or transfer, in accordance with this Clause 23.3, any of its rights and obligations under this Agreement to (i) any other Lender, (ii) any company being controlled by any Lender or under the control of the same legal entity as any Lender (where control shall have the same meaning mutatis mutandis as set out in the definition of "Subsidiary"), (iii) to any other financial institution upon the occurrence of a Default, or (iv) to any other financial institution, in a minimum amount of USD 2,000,000, provided, in each case, that such assignment does not result in a breach of the Swiss Ten Non-Bank Rule, and provided in each case that:

(a) The consent of the Borrowers is required for any assignment or transfer, unless the Lender Transferee (as defined in Clause 23.3.2) falls within one of the categories set out under (i), (ii) or (iii) above.

(b) The consent of the Borrowers must not be unreasonably withheld or delayed.

(c) The consent of the Borrowers to an assignment or transfer may not be withheld solely because the assignment or transfer (i) is to a person who is a Swiss Non-Qualifying Bank, provided that each assignment must be in compliance with the Swiss Ten Non-Bank Rule or (ii) may or will lead to an increase of the Applicable Margin in relation to the Facility B Loan.

The Borrowers will be deemed to have given their consent three Business Days after the Borrowers were given notice of the request unless the Lender Transferee (as defined in Clause 23.3.2) has been expressly refused by the Borrowers within that time.

23.3.2 If any Lender (the "**Existing Lender**") wishes to assign or transfer all or any part of its Commitment or Participation in the Facility to another Lender or other financial institution (the "**Lender Transferee**"), such transfer may be effected by delivery to, and the execution by, the Facility Agent or the Security Agent (as applicable) of a duly completed Transfer Certificate and the transfer must be done on a pro rata basis.

23.3.3 On the date specified in the Transfer Certificate:

(a) to the extent that in the Transfer Certificate the Existing Lender seeks to assign its Commitment or Participation in the Facility or interest under any Finance Document, the Obligors and the Existing Lender shall each be released from further obligations to each other under this Agreement and their respective rights against each other shall be cancelled (such rights and obligations being referred to in this Clause 23.3.3 as "**Discharged Rights and Obligations**");

(b) the Obligors and the Lender Transferee shall each assume obligations towards each other and/or acquire rights against each other which differ from the Discharged Rights and Obligations only insofar as the Obligors and the Lender Transferee have assumed and/or acquired the same in place of the Obligors and the Existing Lender;

(c) each of the Parties and the Lender Transferee shall acquire the same rights and assume the same obligations among themselves as they would have acquired and assumed had the Lender Transferee been a party under this Agreement as a Lender with the rights and/or the obligations acquired or assumed by it as a result of the transfer;

(d) a proportion of the Existing Lender's rights under the Security Documents, equal to the proportion of the Existing Lender's rights under this Agreement being transferred, shall automatically be transferred to the Lender Transferee; and

(e) the Existing Lender's rights and benefits under the Security Documents shall be transferred by the relevant and necessary transfer certificates.

23.3.4 The Facility Agent and/or the Security Agent (as applicable) shall promptly complete a Transfer Certificate on request by an Existing Lender and upon payment by the Lender Transferee of a fee of USD 3,000 to the Facility Agent. Each Party irrevocably authorises each Agent to execute any duly completed Transfer Certificate on its behalf provided that such authorisation does not extend to the execution of a Transfer Certificate on behalf of either the Existing Lender or the Lender Transferee named in the Transfer Certificate.

23.3.5 The Facility Agent and/or the Security Agent (as applicable) shall promptly notify the Borrowers of the receipt and execution on its behalf by the relevant Agent of any Transfer Certificate.

23.3.6 Each Obligor undertakes to sign and execute any Transfer Certificate or other document necessary to complete a transfer of any interest under any Finance Document if so requested by the Facility Agent or the Security Agent.

23.4 Further assurance for assignments or transfers

23.4.1 The Obligors undertake to procure that in relation to any assignment by a Lender of all or part of its Commitment and/or its Participation in the Facility under this Agreement, the Group Companies shall at the request of the relevant assignor or transferor execute (at the cost and expense of the Borrowers) such documents as may be reasonably necessary to ensure that the relevant assignee or, as the case may be, transferee, attains the benefit of the Security Documents.

23.4.2 Without prejudice to Clause 23.3.5, each Lender shall notify the Agents and Borrowers (on behalf of itself and the other Obligors) of any assignment or transfer by such Lender of all or part of its Commitment or Participation in the Facility or interest under the Finance Documents.

23.4.3 In the case of any assignment, transfer or novation by an Existing Lender to a Lender Transferee of all or any part of its rights and obligations under the Finance Documents, the Existing Lender and the Lender Transferee agree that, for the purpose of Article 1278 of the Luxembourg Civil Code (to the extent applicable), the securities created under the Finance Documents and securing the rights assigned, transferred or novated thereby will be preserved for the benefit of the Lender Transferee.

23.5 Consequences of assignment

The Obligors shall be under no obligation to pay any greater amount under this Agreement following an assignment or transfer by a Lender of any of its rights or obligations pursuant to this Clause 23 if, in the circumstances existing at the time of such assignment or transfer, such greater amount would not have been payable but for the assignment or transfer.

23.6 Disclosure of information

The Facility Agent, the Security Agent, the Bookrunner and each Lender may disclose to each other, to their professional advisers and to any person with whom they are proposing to enter, or have entered into, any kind of assignment, transfer, participation or other agreement in relation to this Agreement or any other Finance Document provided such person has entered into an appropriate confidentiality undertaking in writing, any information which the Facility Agent, the Security Agent, the Bookrunner or that Lender has acquired under or in connection with any Finance Document.

23.7 Accession

The accession to this Agreement of each additional Guarantor shall take effect on the Facility Agent countersigning the relevant Accession Agreement which they are hereby irrevocably authorised to do by the Parties to this Agreement. The Parties hereto agree that this authorisation is given to secure the interest of the Parties under this Agreement and is accordingly irrevocable. After the execution of an Accession Agreement the acceding party shall be bound by this Agreement in relation to the other Parties and the Parties to this Agreement, not being the acceding party, shall be bound in relation to the acceding party.

23.8 Exposure transfer transactions

Nothing herein restricts the Lenders from entering into any arrangement with another person under which such Lender substantially transfers its credit risk exposure under this Agreement to that other person, unless under such arrangement (and for the duration of such arrangement):

(a) the relationship between the Lender and that other person is that of a debtor and creditor (including in the event of the bankruptcy or similar event of the Lender or an Obligor);

(b) the other person will have no proprietary interest in the benefit of this Agreement or in any monies received by the Lender under or in relation to this Agreement;

(c) the other person will under no circumstances (other than pursuant to a transfer or assignment permitted under Clause 23.3.1) be subrogated to, or substituted in respect of, the Lender's claims under this Agreement; and

(d) the other person will under no circumstances (other than pursuant to a transfer or assignment permitted under Clause 23.3.1) otherwise have any contractual relationship with, or rights against, an Obligor under or in relation to this Agreement.

23.9 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 23, each Lender may, without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(a) any charge, assignment or other security to secure obligations to a federal reserve or central bank; and

(b) in the case of any Lender which is a fund, any charge, assignment or other security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or security shall:

(A) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or security for the Lender as a party to any of the Finance Documents

(B) require any payments to be made by an Obligor other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents; or

(C) result in a breach of the Swiss Ten Non-Bank Rule.

24. INDEMNITIES

24.1 Breakage costs indemnity

Each Obligor shall, to the extent legally possible, indemnify each Finance Party on demand against any loss or expense (including any loss or expense on account of funds borrowed, contracted for or utilised to fund any amount payable under this Agreement, any amount repaid or prepaid under this Agreement or any Loan) which that Finance Party properly has sustained or incurred as a consequence of:

(a) a Loan not being made following the service of a Drawdown Notice (except as a result of the failure of that Finance Party to comply with its obligations under this Agreement);

(b) the failure of an Obligor to make payment on the due date of any sum due under this Agreement;

(c) the occurrence of any Default or by the operation of Clause 15.2 (*Acceleration*, *etc.*); or

(d) any prepayment or repayment of a Loan otherwise than on the last day of the Interest Period in relation to that Loan.

24.2 Currency indemnity

24.2.1 Any payment made to or for the account of or received by an Agent or any Lender in respect of any moneys or liabilities due, arising or incurred by an Obligor to an Agent or any Lender in a currency (the "Currency of Payment") other than the currency in which the payment should have been made under this Agreement (the "Currency of Obligation") in whatever circumstances (including as a result of a judgement against an Obligor) and for whatever reason shall constitute a discharge to that Obligor only to the extent of the Currency of Obligation amount which an Agent or that Lender, as the case may be, is able on the date of receipt of such payment (or if such date of receipt is not a Business Day, on the next succeeding Business Day) to purchase with the Currency of Payment amount at its spot rate of exchange (as conclusively determined by the relevant Agent or that Lender) in the relevant foreign exchange market.

24.2.2 If the amount of the Currency of Obligation which an Agent or that Lender is so able to purchase falls short of the amount originally due to an Agent or that Lender, as the case may be, under this Agreement, then the relevant Obligor shall immediately on demand indemnify the relevant Agent or that Lender, as the case may be, against any loss or damage arising as a result of that shortfall by paying to the relevant Agent or that Lender, as the case may be, that amount in the Currency of Obligation certified by the relevant Agent or that Lender, as the case may be, as necessary so to indemnify it.

24.3 General

24.3.1 Each indemnity in this Clause 24 shall constitute a separate and independent obligation from the other obligations contained in this Agreement or any other Finance Document and shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted from time to time and shall continue in full force and effect notwithstanding any judgement or order for a liquidated sum or sums in respect of amounts due under this Agreement or any other Finance Document or under any such judgement or order.

24.3.2 The certificate of an Agent or the relevant Lender as to the amount of any loss or damage sustained or incurred by it shall be conclusive and binding on the Obligors except for any manifest error.

25. FORCE MAJEURE

25.1.1 No Finance Party shall be held responsible for any damage arising out of any Norwegian or foreign legal enactment, or any measure undertaken by a Norwegian or foreign public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance. The reservation in respect of strikes, lockouts, boycotts and blockades applies even if a Finance Party takes such measures, or is subject to such measures.

25.1.2 Any damage that may arise in other cases shall not be indemnified by a Finance Party if it has observed normal care. A Finance Party shall not in any case be held responsible for any indirect damage. Should there be an obstacle as described above for any of the parties set out above in this Clause 25 to take any action in compliance with any Finance Document, such action may be postponed until the obstacle has been removed.

26. LAW AND JURISDICTION

26.1 Law

26.1.1 This Agreement is governed by and shall be construed in accordance with Norwegian law.

26.2 Jurisdiction

26.2.1 Subject to Clause 26.2.2 below, the courts of Norway shall have exclusive jurisdiction over matters arising out of or in connection with this Agreement. Oslo tingrett shall be the court of first instance.

26.2.2 The submission to the jurisdiction of Norwegian Courts shall not limit the right of a Finance Party to take proceedings against any Obligor in any court which may otherwise exercise jurisdiction over any Obligor or any of its assets.

26.3 Service of process

26.3.1 Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in Norway):

(a) irrevocably appoints PRA Group Europe AS (formerly Aktiv Kapital AS) (represented by the chairman of the board of directors from time to time) as its agent for service of process in relation to any proceedings before the Norwegian courts in connection with any Finance Document governed by Norwegian law; and

(b) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.

26.3.2 If any process agent appointed pursuant to this Clause 26.3 (Service of process) (or any successor thereto) shall cease to exist for any reason where process may be served, the Obligor will forthwith appoint another process agent with an office in Norway where process may be served and will forthwith notify the Agent thereof.

IN WITNESS whereof the Parties have caused this Agreement to be duly executed on the date set out above.

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PRA Group, INC.

PERFORMANCE STOCK UNIT AGREEMENT

PRA Group, Inc., a Delaware corporation, (the "Company") has duly adopted, and its stockholders have approved, the Company's 2013 Omnibus Incentive Plan (the "Plan"), the terms of which are hereby incorporated by reference. In the case of any conflict between the provisions hereof and those of the Plan, the provisions of the Plan shall be controlling. A copy of the Plan is available upon request from the Secretary of the Company or can be accessed through the Company's filings with the Securities and Exchange Commission at the following weblink:

http://www.sec.gov/Archives/edgar/data/1185348/000119312513161958/d521369ddef14a.htm#rom521369_45.

This Performance Stock Unit Agreement, including the country-specific terms set forth in the attached Appendix (collectively the "Agreement"), describes in detail your rights with respect to the Performance Stock Units ("PSUs") granted herein ("LTI Award") and sets forth the conditions, terms and limitations applicable to this grant, subject to the terms and conditions of the Plan. This Agreement constitutes a legal agreement between you ("Grantee") and the Company. Capitalized terms used in this Agreement, but not otherwise defined herein, shall have the meanings set forth in the Plan.

Grantee Name	
Grantee Id	
Grant/Award Type	
Total Number of Units Granted	
Grant Date	

IN WITNESS WHEREOF, the parties have accepted, witnessed and agreed to be bound by this Agreement as of the Grant Date specified and agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the intent of this Agreement.

PRA GROUP, INC.

/s/ Chris D. Lagow

By:Senior Vice President, General Counsel and Assistant Secretary

/s/ Kevin P. Stevenson

By:President and Chief Executive Officer

1. Performance-based LTI Awards - PSUs

I. Performance Categories

(a) The number and extent to which any PSUs granted herein may be delivered to the Grantee pursuant to this Agreement shall be based upon the extent to which either or all of the performance categories (the "Performance Categories") below are met. The total number of target PSUs granted herein and eligible for vesting shall be divided equally among the following two Performance Categories:

(i) **Performance Category 1: 2018-2020 Adjusted EBITDA.** 50% of the PSUs will be based on the extent to which the Company achieves a three-year adjusted EBITDA target, which shall be calculated annually during the period beginning on January 1, 2018 and ending on December 31, 2020 (the "Performance Period").

(ii) **Performance Category 2: 2018-2020 Relative TSR.** 50% of the PSUs will be based on the Company's Total Shareholders Return ("TSR") relative to its peers during the Performance Period, using as a comparison with respect to the GICS Consumer Finance peer group.

(b) The percentage of PSUs which shall become vested at the end of the Performance Period shall be as set forth in the tables in Section II below.

(c) At the end of the Performance Period, the Committee shall certify the Company's performance and determine the extent to which any PSUs have been earned, if at all.

(d) If, at the end of the Performance Period, stated performance targets have been met, except as otherwise provided herein, including in Section 21, the Grantee shall be entitled to receive fully paid Shares of common stock of the Company equal to the applicable percentage of the PSUs as determined in accordance with Section II below, as soon as administratively feasible after the Committee certifies the actual performance of the Company during the applicable Performance Period and the extent to which the Company's performance objectives have been met (and in all events by December 31st of the year in which such PSUs become vested or within two and one half (2 ½) months after vesting, if later). Such determination shall be final and binding upon the Grantee.

(e) For purposes of this Agreement, except as provided in Sections 2, 3 and 4 below, on the date the Grantee: (i) ceases active employment by the Company or any Subsidiary or affiliate of the Company (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment or service contract, if any) prior to the applicable vesting date, or (ii) gives or receives notice of the termination of the Grantee's employment for any reason and either (a) is placed on garden leave pursuant to the Grantee's contract of employment (if applicable) or, (b) ceases to perform their duties and responsibilities during the Grantee's notice period in accordance with the Grantee's contract of employment prior to the applicable vest date, no PSUs granted hereunder shall be determined to have been earned if the Grantee is not an Employee or on the Board of Directors of the Company, if applicable, at the end of the Performance Period and if the Grantee terminates employment or Board Service, if applicable, prior to the end of the Performance Period, and all rights of the Grantee hereunder shall thereupon terminate, any unvested PSUs shall be immediately and automatically forfeited and neither the Grantee, nor any successors, heirs, assigns or legal representatives of the Grantee, shall thereafter have any further rights or interest in any unvested PSUs. The Committee shall have the exclusive discretion to determine whether service has been interrupted in the case of any leave of absence approved by the Company, Subsidiary or affiliate of the Company, including sick leave, military leave or any other personal leave. Nothing contained herein shall be construed to confer on the Grantee any right to be retained in the employ of the Company or any Subsidiary or affiliate of the Company or to affect any right of the Company

or any Subsidiary or affiliate thereof to terminate the Grantee's employment, free from any liability, or any claim under this Agreement, unless otherwise expressly provided in this Agreement.

II. Determining the Number of PSUs Earned

A number of PSUs, ranging from zero to 200%, shall be earned and vested in accordance with the tables below, based upon the extent to which the Company achieves the performance targets stated therein.

(a) **Performance Category 1: 2018-2020 Adjusted EBITDA.** 50% of the Grantee's PSUs will be determined as of December 31, 2020, based upon achievement of a three-year Adjusted EBITDA goal, calculated as described in Annex A, during the Performance Period in accordance with the table below. To the extent that actual Adjusted EBITDA falls between any two of the values indicated in the table below, the number of PSUs earned and vested will be determined by the Committee based on an interpolation between the applicable ranges in the table below. Any earned PSUs shall be settled in Shares of common stock of the Company at the time set forth in Section 1.I(d) above.

2018-2020 Adjusted EBITDA

Adjusted EBITDA Value ***($ in thousands)***	**Target Shares Earned (%)**
$xxxxxxxx	Zero
$xxxxxxxx	50
$xxxxxxxx	100
$xxxxxxxx	150
$xxxxxxxx	200

(b) **Performance Category 2: 2018-2020 Relative TSR.** (i) 50% of the Grantee's PSUs will be determined as of December 31, 2020 based upon the Company's achievement of relative shareholder value, using as a comparison the TSR of the companies comprising the GICS Code Consumer Finance as of the first day of the Performance Period in accordance with the table below. To the extent that the relative TSR falls between any of the rankings indicated in the table below, the applicable number of PSUs earned and vested will be determined by the Committee based on an interpolation between the applicable ranges in the table below. Any earned PSUs shall be settled in Shares of common stock of the Company at the time set forth in Section 1.I(d) above.

TSR Ranking	**Target Shares Earned (%)**
Below 35th percentile	Zero
35th percentile	50
50th percentile	100
65th percentile	150
80th percentile or more	200

The share price for purposes of the TSR calculation will be based on calendar day averaging periods to mitigate the effect of stock price volatility; accordingly, the beginning share price will be the average closing price for 30 calendar days immediately preceding the first day of the Performance Period and the ending share price will be the average closing price for the last 365 calendar days of the Performance Period. The TSR calculation will assume reinvestment of dividends. Companies comprising the GICS Code Consumer Finance (i) that file for bankruptcy or delist at any time during the Performance Period will remain for calculation purposes in the relevant comparator group with a deemed TSR of negative 100% in the final percentile rankings and (ii) that are acquired (including by merger) during the Performance Period will be removed from the relevant comparator group.

2. Death or Disability

(a) In the event of the Grantee's termination of employment due to death or Disability (as defined below) while employed by the Company or any of its Subsidiaries or affiliates, the Grantee shall become immediately and fully vested in any outstanding PSUs granted herein.

(b) For purposes of this Agreement, "Disability" means that the Grantee is unable to render the services or perform the duties of the Grantee employment by reason of illness, injury or incapacity (whether physical, mental, emotional or psychological) for a period of either (i) 90 consecutive days or (ii) a total of 180 days, whether or not consecutive, within the preceding 365-day period.

3. Retirement

(a) In the event of the Grantee's termination of both (i) employment due to Retirement (as defined below) and/or (ii) service on the Board of Directors of the Company, if applicable, the PSUs shall remain outstanding and capable of vesting in the normal course subject to actual performance, provided that the PSUs shall be prorated based on a fraction, the numerator of which is the number of months since the Grant Date during which the Grantee was employed by the Company or any of its Subsidiaries or affiliates and/or served on the Board (without duplicative counting of any days during which the Grantee was both employed by the Company or any of its Subsidiaries or affiliates and serving on the Board) and the denominator of which is 36.

(b) For purposes of this Agreement, "Retirement" means the Grantee's voluntary termination of employment with the Company and its Subsidiaries or affiliates (without "Cause") on or after his or her 55th birthday with at least ten years of service with the Company and its Subsidiaries or affiliates.

Notwithstanding the above, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in the Grantee's jurisdiction that likely would result in the favorable Retirement treatment (as set forth above) that applies to the PSUs being deemed unlawful and/or discriminatory, then the Company will not apply the favorable Retirement treatment at the time of termination and the PSUs will be treated as they would under the rules that apply if the Grantee's employment is terminated for reasons other than Retirement.

(c) For the avoidance of doubt, the Retirement benefit provided under this Section 3 is subject to the Grantee's compliance with the restrictive covenants set forth in Section 7 of this Agreement.

4. Effect of a Change in Control

(a) **CIC During First Year of Performance Period:** In the event of a Change in Control (and subject to the Grantee's being in the employ of the Company, its Subsidiaries or any other affiliate as of the date of the Change in Control) during the first year of the Performance Period, the target number of PSUs will automatically convert into, and represent the right to receive, an equivalent number of time-based Restricted Stock Units ("Assumed PSUs") which will continue to vest in accordance with Section 1 but without regard to achievement of any Performance Categories.

(b) **CIC After First Year of Performance Period:** In the event of a Change in Control (and subject to the Grantee's being in the employ of the Company, its Subsidiaries or any other affiliate as of the date of the Change in Control) after the first year of the Performance Period, the number of PSUs deemed earned based on actual performance vs. budget as of the most recent year end for Adjusted EBITDA and as of the Change in Control date for Relative TSR, will automatically convert into, and represent the right to receive, an equivalent number of time-based Restricted Stock Units ("Assumed PSUs") which will continue to vest in accordance with Section 1 but without regard to achievement of any Performance Categories.

(c) **Accelerated Vesting if Awards not Assumed:** In the event of a Change in Control (and subject to the Grantee's being in the employ of the Company, its Subsidiaries or any other affiliate as of the date of the Change in Control), if the successor company does not equitably assume, continue or substitute the outstanding LTI Awards in connection with a Change in Control, such LTI Awards shall become fully vested (for the avoidance of doubt, in the case of PSUs based on clauses (a) or (b) above) as of the date of the Change in Control and the Grantee shall be eligible to receive (at the same time and in the same form) the equivalent per share consideration offered to common shareholders generally.

(d) **"Double-Trigger" Vesting for Assumed Awards:** To the extent the successor company does equitably assume, continue or substitute the outstanding PSUs, the assumed PSUs shall continue to vest in accordance with Section 1 but without regard to achievement of any Performance Categories; provided, however, if within twenty-four (24) months after the date of the Change in Control the Grantee's employment is terminated by the Company or a Subsidiary or affiliate (or the successor company or a subsidiary or affiliate thereof) without Cause[1] or by the Grantee for Good Reason[2] any then Assumed PSUs shall become fully vested as of the date of termination of employment.

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[1] Solely for the purposes of Section 4(d) of this Agreement, "Cause" shall mean: (A) Grantee's conviction of, or plea of guilty or nolo contendere to, any felony or other comparable offense under local law ; (B) Grantee's engaging in illegal or willful misconduct, or engaging in conduct that has a material adverse effect on the financial performance, financial condition and/or reputation of the Company or any Subsidiary; or (C) Grantee's embezzlement of funds or misappropriation of other material property of the Company or any Subsidiary.

[2] Solely for purposes of Section 4(d) of this Agreement, "Good Reason" shall mean (1) a material and adverse change in the responsibilities of Grantee, or (2) a material reduction in Grantee's base salary other than a reduction that is also applicable generally to other similarly situated employees; provided, however, that no such change or reduction shall constitute Good Reason (A) unless Grantee gives notice of the existence of such change or reduction that Grantee believes constitutes Good Reason within 30 days after the initial existence of such change or reduction, and the Company fails to cure such change or reduction within 30 days after receipt of such notice or (B) if the Executive consented in writing to such change or reduction.

5. Non-assignability

No rights hereunder shall be assignable, alienable, transferable or otherwise encumbered by the Grantee other than by will or by the laws of descent and distribution and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Subsidiary or affiliate of the Company. However, the Committee may, in its discretion, provide that rights may be transferable, without consideration, to immediate family members (i.e., children, grandchildren or spouse) to trusts for the benefit of such immediate family members and to partnerships in which such family members are the only parties. In addition, the Grantee may, in the manner established by the Committee, designate a beneficiary to receive any distribution with respect to any Shares upon the death of the Grantee.

6. Responsibility for Taxes

(a) The Grantee acknowledges that, regardless of any action taken by the Company or any of its Subsidiaries or affiliates, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items"), is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or any Subsidiary or affiliate. The Grantee further acknowledges that the Company and/or any Subsidiary or affiliate: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the LTI Award, including, but not limited to, the grant of the LTI Award, the vesting of the PSUs, the issuance of Shares (or payment of the cash equivalent) in settlement of the PSUs, the subsequent sale of Shares acquired at vesting and the receipt of any dividends and/or Dividend Equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the LTI Award or any aspect of the PSUs to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee has become subject to Tax-Related Items in more than one jurisdiction, the Grantee acknowledges that the Company and/or any Subsidiary or affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, the Grantee agrees to make adequate arrangements satisfactory to the Company and/or any Subsidiary or affiliate to satisfy all withholding obligations of the Company and/or any of its Subsidiaries or affiliates with respect to Tax-Related Items. In this regard, the Grantee hereby authorizes the Company, in its sole discretion and without any notice to or further authorization by the Grantee, to withhold from the Shares being distributed under this LTI Award upon vesting, that number of whole Shares the value of which is equal to the aggregate withholding obligation for Tax-Related Items as determined by the Company.

In the event that such withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, the Grantee authorizes the Company and/or any Subsidiary or affiliate satisfy the aggregate withholding obligation for Tax-Related Items as the Company determines to be appropriate by (i) selling, on the Grantee's behalf, a whole number of shares from those Shares issued to the Grantee, (ii) cash payment, (iii) withholding from the Grantee's wages or other cash compensation paid to the Grantee, or (iv) such other means as the Committee deems appropriate.

(c) Depending on the withholding method, the Company or the Subsidiary or affiliate may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Grantee will receive a refund of any over-withheld amount and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Grantee is deemed to have been issued the full number of Shares subject to the vested PSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

(d) Finally, the Grantee shall pay to the Company or any Subsidiary or affiliate any amount of Tax-Related Items that the Company or any Subsidiary or affiliate may be required to withhold as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of the Shares, if the Grantee fails to comply with the Grantee's obligations in connection with the Tax-Related Items as described in this Section 6. The Grantee shall have no further rights with respect to any Shares that are retained by the Company or sold by the Company or its designated broker pursuant to this Section 6, and under no circumstances will the Company be required to issue any fractional Shares.

7. Nature of Grant

In accepting the LTI Award, the Grantee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) all decisions with respect to future LTI Award grants, if any, will be at the sole discretion of the Company;

(c) the grant of the LTI Award and the Grantee's participation in the Plan shall not create a right to continued employment or service or be interpreted as forming an employment or services contract with the Company or any Subsidiary or affiliate and shall not interfere with the ability of the Company or any Subsidiary or affiliate to terminate the Grantee's employment relationship at any time;

(d) the Grantee's participation in the Plan is voluntary;

(e) the LTI Award and the Shares subject to the LTI Award, and the income and value of the same, are not intended to replace any pension rights or compensation;

(f) the LTI Award and the Shares subject to the LTI Award, and the income and value of the same, are extraordinary items outside the scope of the Grantee's employment or services contract, if any, and are not part of normal or expected compensation or salary of any kind for services of any kind rendered to the Company, any Subsidiary or any affiliate or for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(h) unless otherwise agreed with the Company, the LTI Award and the Shares subject to the LTI Award, and the income and value of same, are not granted as consideration for, or in connection with, the service the Grantee may provide as a director of the Company or any Subsidiary or affiliate;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the LTI Award resulting from termination of the Grantee's termination of employment by the Company or any Subsidiary or affiliate (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment or services contract, if any);

(j) the PSUs and the benefits under the Plan, if any, will not necessarily transfer to another company in the case of a merger, takeover or transfer of liability;

(k) the Grantee acknowledges and agrees that neither the Company nor any Subsidiary or affiliate shall be liable for any foreign exchange rate fluctuation between the Grantee's local currency and the United States

Dollar that may affect the value of the LTI Award or of any amounts due to the Grantee pursuant to the settlement of the LTI Award or the subsequent sale of any Shares acquired upon settlement.

8. No Advice Regarding Grant

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying Shares. The Grantee is hereby advised to consult with the Grantee's own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

9. Data Privacy

The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement and any other grant materials by and among, as applicable, the Company and any Subsidiary or affiliate for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.

The Grantee understands that the Company and any Subsidiary or affiliate may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, e-mail address, date of birth, passport number, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any Subsidiary or affiliate, details of all PSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Grantee's favor ("Personal Data"), for the exclusive purpose of implementing, administering and managing the Plan.

The Grantee understands that Personal Data will be transferred to E*TRADE Financial Corporate Services, Inc. and/or its affiliates ("E*Trade") or any other stock plan service provider which is, presently or in the future, assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that these recipients of Personal Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that he or she may request a list with the names and addresses of any potential recipients of Personal Data by contacting the Grantee's local human resources representative. The Grantee authorizes the Company, E*Trade and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Personal Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any Shares received upon vesting of the PSUs. The Grantee understands that Personal Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. Further, the Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to withdraw his or her consent, his or her employment status or service with the Company or any Subsidiary or affiliate will not be affected; the only consequence of refusing or withdrawing the Grantee's consent is that the Company would not be able to grant the Grantee PSUs or other equity awards or to administer or maintain PSUs or other equity awards granted to the Grantee prior or subsequent to such refusal or withdrawal. Therefore, the Grantee understands that refusal or withdrawal of consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that he or she may contact his or her local human resources representative.

10. Confidentiality; Non-Competition and Non-Solicitation Covenants

(a) **Confidentiality.** Grantee covenants and agrees that Grantee will not at any time use, disclose or make accessible or available to any other person, firm, partnership, corporation or any other entity any Confidential Information (as defined below) pertaining to the business of the Company or any of its Subsidiaries or affiliates, except (i) while employed by the Company or any of its Subsidiaries or affiliates, in the business of and for the benefit of the Company or any of its Subsidiaries or affiliates, or (ii) when required to do so by a subpoena, by any court of competent jurisdiction, by any governmental agency having supervisory authority over the business of the Company or any of its Subsidiaries or affiliates, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order the Company or any of its Subsidiaries or affiliates to divulge, disclose or make accessible such information. For purposes of this agreement, "**Confidential Information**" shall mean non-public information concerning the Company's or any of its Subsidiaries' or affiliates' financial data, statistical data, strategic business plans, product development (or other proprietary product data), customer and supplier lists, customer and supplier information, information relating to practices, processes, methods, trade secrets, marketing plans and other non-public, proprietary and confidential information of the Company or any of its Subsidiaries or affiliates; provided, however, that Confidential Information shall not include any information which (x) is known generally to the public other than as a result of unauthorized disclosure by Grantee, (y) becomes available to Grantee on a non-confidential basis from a source other than the Company or any of its Subsidiaries or affiliates that lawfully obtained such information or (z) was available to Grantee on a non-confidential basis prior to its disclosure to Grantee by the Company or any of its Subsidiaries or affiliates. In addition to and not in limitation of anything in the foregoing, it is specifically understood and agreed by Grantee that any and all Confidential Information received by Grantee during his/her employment by the Company or any Subsidiary or affiliate is deemed Confidential Information. In the event Grantee's employment is terminated hereunder for any reason, he/she immediately shall return to the Company or any of its Subsidiaries or affiliates all tangible Confidential Information (including any and all copies thereof) in his/her possession.

(b) **Non-Competition Covenant.** Grantee agrees that during the period of Grantee's employment with the Company or any of its Subsidiaries and for a period of twelve (12) months after the effective date of termination of employment (the "Restricted Period"), without the prior written consent of the Company's CEO (or if Grantee is the CEO, without the prior written consent of the Committee), Grantee shall not, except in furtherance of his employment duties, directly or indirectly (whether as a sole proprietor, owner, partner, principal, manager, officer, director, agent, consultant, executive or management employee, or otherwise) , engage in, assist or enable any other person to engage in, or directly or indirectly own more than 1% of any class or series of equity securities in, any business activity competitive (directly or indirectly) with the Business (as defined below) (a "Competing Entity") anywhere in the world (the "Territory"), it being understood and agreed that the Company or any of its Subsidiaries or affiliates conducts and will conduct the Business throughout the Territory and that the Business effectively may be engaged in from any location throughout the Territory. As used in this Agreement, the term "**Business**" means the business of the Company and its Subsidiaries or affiliates, including (i) the purchase, collection, and/or management of portfolios of defaulted consumer receivables, (ii) claims filing, administration, or related services pertaining to securities or antitrust class action or similar litigation, (iii) the acquisition of claims or accounts related to securities or antitrust class action or similar litigation, (iv) the administration, management, auditing or collection of state, federal or municipal taxes or other government accounts receivable, or (v) skip tracing or collateral, property and/or asset location. Notwithstanding the foregoing, an entity will not be deemed to be a Competing Entity, and Grantee and other persons assisted by Grantee will not be deemed to be engaged in the Business in violation of the terms of this Section 7(b) if (A) Grantee is employed by an entity that is meaningfully engaged in one or more enterprises whose principal business is other than the Business (the "Non-Competing Businesses"), (B) such entity's relationship with Grantee relates solely to the Non-Competing Businesses, and (C) if requested by the Company or any of its Subsidiaries or affiliates, such entity and Grantee provide the Company or any of its Subsidiaries or

affiliates with reasonable assurances that Grantee will have no direct or indirect involvement in the Business on behalf of such entity.

(c) **Non-Solicitation Covenant.** Grantee agrees that during the Restricted Period, without the prior written consent of the Company, Grantee shall not, on his own behalf or on behalf of any person or entity (other than on behalf of the Company or any of its Subsidiaries or affiliates), directly or indirectly, (i) solicit any Customer or Prospective Customer (as defined below)of the Company or any of its affiliates or Subsidiaries for the purpose of providing services or products relating to and competitive with the Business or facilitating the provision of such products or services; or (ii) engage, hire or solicit the employment of, whether on a full-time, part-time, consulting, advising, or any other basis, any Employee who was employed by the Company or its affiliates or Subsidiaries on the effective date of Grantee's termination or at any time during the six (6) months preceding such termination date. This provision does not prohibit the solicitation of employees by means of a general advertisement. "Customer", as used in this Agreement, means any client or customer of the Company or any of its Subsidiaries or affiliates with respect to whom, at any time during the two (2) year period preceding the termination of Grantee's employment, Grantee: (i) performed services on behalf of the Company or any of its Subsidiaries or affiliates, or (ii) had substantial contact or acquired or had access to Confidential Information or other substantial information as a result of or in connection with Grantee's employment. "Prospective Customer", as used in this Agreement, means any entity other than a Customer with respect to whom, at any time during the one (1) year period preceding the termination of Grantee's employment, Grantee: (i) submitted or assisted in the submission of a presentation or proposal of any kind on behalf of the Company or any of its Subsidiaries or affiliates, or (ii) had substantial contact or acquired or had access to Confidential Information or other substantial information as a result of or in connection with Grantee's employment.

(d) Grantee agrees that the covenants of confidentiality, non-competition and non-solicitation are reasonable covenants under the circumstances and further agrees that if, in the opinion of any court of competent jurisdiction, any such covenants are not reasonable or are unenforceable in any respect, such court shall have the right, power and authority to excise or modify such provision or provisions of these covenants as appear to the court not reasonable or unenforceable and to enforce the remainder of these covenants as so amended, and to that end the provisions of this Section 10 shall be deemed severable. Grantee agrees that any breach of the covenants contained in this Section 10 will result in immediate and irreparable harm to the Company and its Subsidiaries and affiliates for which full damages cannot readily be calculated and for which damages are an inadequate remedy. Accordingly, Grantee agrees that the Company or any of its Subsidiaries or affiliates, in addition to pursuing any other remedies it may have in law or in equity, may obtain an injunction (without posting a bond or other security) against Grantee from any court having jurisdiction over the matter restraining any breach or threatened breach of this Section 10. If the Grantee breaches this Section 10 all undelivered PSUs (whether vested or unvested) shall be immediately forfeited and cancelled and the Company may clawback (i) any PSUs delivered to Grantee in the preceding year and (ii) any other PSUs delivered in connection with, or following, Grantee's termination of employment.

(e) To the extent that the restrictive covenants at section (b) and (c) above are covered by any restrictive covenants in the Grantee's contract of employment, for the avoidance of any doubt, the restrictive covenants contained in the Grantee's contract of employment shall prevail.

(f) No particular consideration is payable for the covenants contained in this Section 10. However, if mandatory legislation is in effect or is introduced, pursuant to which consideration is a requirement for the validity and/or enforceability of the covenants in this Section 10, the Grantee shall receive the minimum compensation provided by law. The Company may waive the covenants contained in this Section 10 in whole or in parts, and the Grantee will only be entitled to such mandatory consideration for any period the covenants are invoked.

(g) Notwithstanding the foregoing, no subsection of this Section 10 is intended to or shall limit, prevent, impede or interfere with the Grantee's non-waivable right, without prior notice to the Company, to provide

information to the government, participate in investigations, testify in proceedings regarding the Company or any Subsidiaries or affiliates past or future conduct, engage in any activities protected under whistleblower statutes, or to receive and fully retain a monetary award from a government-administered whistleblower award program for providing information directly to a government agency. The Grantee does not need prior authorization from the Company to make any such reports or disclosures and is not required to notify the Company that the Grantee has made such reports or disclosures.

11. Regulatory Requirements

(a) Anything in this Agreement to the contrary notwithstanding, in no event may any PSUs granted pursuant to this Agreement be effective if the Company or any of its Subsidiaries or affiliates shall, at any time and in its sole discretion, determine that the consent or approval of any governmental or regulatory body, is required or desirable in connection with such LTI Award. In such event, the LTI Award shall be held in abeyance and shall not be effective unless and until such consent or approval shall have been affected or obtained free of any conditions not acceptable to the Company or any of its Subsidiaries or affiliates.

(b) The Committee may require as a condition to the right to receive any PSUs hereunder that the Company receive from the Grantee representations, warranties and agreements, at the time of any such grant, to the effect that the Shares are being purchased without any present intention to sell or otherwise distribute such Shares in violation of applicable securities laws and that the Shares will not be disposed of in transactions which would violate the Company's policies, including its Insider Trading Policy, or violate registration provisions of the Securities Act of 1933, as then amended, and the rules and regulations promulgated thereunder or other applicable law. If applicable, the certificate issued to evidence such Shares shall bear appropriate legends summarizing such restrictions on the disposition thereof.

(c) All certificates for Shares or other securities of the Company shall be subject to such stop transfer orders and other restrictions as the Company or the Committee may deem advisable under the Company's policies, or the rules, regulations and other restrictions of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

12. Language

If the Grantee has received this Agreement, or any other document related to the Plan or this LTI Award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

13. Electronic Delivery and Participation

The Company may, in its sole discretion, decide (a) to deliver any documents related to the LTI Award, the Grantee's participation in the Plan, or future LTI Awards by electronic means, or (b) to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party designated by the Company.

14. Governing Law / Venue

This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia and applicable United States laws, without giving effect to the conflict of laws principles thereof. Subject to Section 5 hereof, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors or assigns, as the case may be. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by any LTI Award

or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the Commonwealth of Virginia and agree that such litigation shall be conducted only in the courts of Norfolk, Virginia, or the federal courts for the United States for the Eastern District of Virginia, and no other courts, where this LTI Award is made and/or to be performed.

15. Equitable Adjustments; Rights as Shareholder

If any change is made to the outstanding Shares or capital structure of the Company, the outstanding and unvested PSUs shall be adjusted as necessary to prevent dilution or enlargement of a Grantee's rights hereunder in the manner contemplated by Section 12.2 of the Plan.

The Grantee shall not have any rights of a shareholder with respect to the LTI Award, including, but not limited to, voting rights until vesting and delivery of the applicable Shares underlying the LTI Award.

As of any date that the Company pays an ordinary cash dividend on its Shares, the Company will increase the applicable number of outstanding and unvested PSUs by the number of shares that represent an amount equal to the per share cash dividend paid by the Company on its shares of Common Stock multiplied by the number of outstanding and unvested PSUs as of the related dividend payment date (collectively, "Dividend Equivalent Shares"). Any such Dividend Equivalent Shares shall be subject to the same vesting, forfeiture, payment, termination and other terms, conditions and restrictions as the original PSUs to which they relate.

16. Interpretation

Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Grantee and the Company.

17. Successors and Assigns.

The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Grantee and the Grantee's beneficiaries, executors, administrators and the person(s) to whom the LTI Award may be transferred by will or the laws of descent or distribution.

18. Severability

The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

19. Discretionary Nature

The grant of the LTI Award is exceptional, voluntary and occasional and does not create any contractual right or other right to receive any other awards or benefits in lieu of awards in the future, even if awards have been granted in the past. Future awards, if any, will be at the sole discretion of the Committee. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Grantee's employment with the Company or any of its Subsidiaries or affiliates.

20. Amendment.

This Agreement may be modified or amended by the Board or the Committee at any time; provided, however, no modification or amendment to this Agreement or the Plan shall be made which would materially and adversely affect the rights of the Grantee under this Agreement, without such Grantee's written consent.

21. Section 409A

To the extent Grantee is or becomes subject to U.S. Federal income taxation, this Agreement is intended to comply with Section 409A of the Code or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code. For purposes of this Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final Treasury regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time. In addition, and notwithstanding anything to the contrary in this Agreement, the Company reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without Grantee's consent, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection with this LTI Award. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of non-compliance with Section 409A.

Notwithstanding anything herein to the contrary, (i) to the extent any LTI Award constitutes nonqualified deferred compensation within the meaning of, and subject to, Section 409A, then, with respect to such LTI Award, all references in the Plan and this Agreement to the Grantee's termination of employment shall mean the Grantee's separation from service within the meaning of Section 409A, and (ii) in the event that Grantee is a "specified employee" within the meaning of Section 409A, and a payment or benefit provided for under this Agreement would be subject to additional tax under Section 409A if such payment or benefit is paid within six (6) months after such Grantee's "separation from service" (as defined under Section 409A), then such payment or benefit shall not be paid (or commence) during the six (6) month period immediately following such Grantee's separation from service except as provided in the immediately following sentence. In such an event, any payments or benefits that would otherwise have been made or provided during such six (6) month period and which would have incurred such additional tax under Section 409A shall instead be paid to the Grantee in a lump-sum cash payment, without interest, on the earlier of (i) the first business day following the six (6) month anniversary of such Grantee's separation from service or (ii) the tenth business day following such Grantee's death.

22. Repayment Obligation.

In the event that (i) the Company issues a restatement of financial results to correct a material error, (ii) the Committee determines, in good faith, that Grantee's fraud or willful misconduct was a significant contributing factor to the need to issue such restatement and (iii) some or all of the PSUs that were granted and/or earned during the three year period prior to such restatement would not have been granted and/or earned, as applicable, based upon the restated financial results, the Grantee shall immediately return to the Company the PSUs or the pre-tax income derived from any disposition of the shares previously received in settlement of the PSUs that would not have been granted and/or earned based upon the restated financial results (the "Repayment Obligation"). This Repayment Obligation shall be in addition to any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

23. Entire Agreement

The above terms and conditions control this Agreement, notwithstanding any terms or provisions in any prior awards from the Company to the Grantee. In the case of any conflict between the provisions hereof and those of the Plan, the provisions of the Plan shall be controlling.

24. Appendix

The LTI Award shall be subject to any special terms and conditions set forth in the Appendix for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

25. Imposition of Other Requirements

The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the LTI Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

26. Insider Trading/Market Abuse Laws

Grantee acknowledges that he or she may be subject to insider trading and/or market abuse laws in Grantee's country of domicile and the United States, which may affect the Grantee's ability to acquire or sell Shares under the Plan during such times as the Grantee is considered to have "inside information" (as defined by the laws in the Grantee's country and the United States). The requirements of these laws may or may not be consistent with the terms of any applicable Company insider trading policy. The Grantee acknowledges that it is Grantee's responsibility to be informed of and compliant with any such laws and such Company policies, and is hereby advised to speak to the Grantee's personal legal advisor on this matter.

27. Foreign Asset/Account Reporting Notification

The Grantee understands that the Grantee's country may have certain exchange control and/or foreign asset/account reporting requirements which may affect the Grantee's ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside of the Grantee's country. The Grantee may be required to report such accounts, assets or transactions to the tax or other authorities in the Grantee's country. The Grantee acknowledges that it is the Grantee's responsibility to comply with any applicable regulations, and the Grantee should speak to the Grantee's personal advisor on this matter.

28. Waiver

The Grantee acknowledges that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any prior or subsequent breach by the Grantee or any other grantee.

Annex A
Adjusted EBITDA Calculation

Adjusted EBITDA is defined as Net Operating Income, adding back Depreciation, Amortization and Portfolio Amortization (but not adding back allowances) and will be adjusted for the following items:

- To neutralize foreign exchange fluctuations throughout the Performance Period
- Adjustment for any earnings, costs, gains, or losses resulting from Acquisitions or Divestitures that occur throughout the Performance Period

APPENDIX

PRA Group, INC.

2013 Omnibus Incentive Plan
Restricted Stock Unit Agreement and Performance Stock Unit Agreement
Country-Specific Provisions

Capitalized terms used but not defined herein shall have the meanings set forth in the Plan and/or the Agreement.

This Appendix includes special terms and conditions applicable to Grantees and the RSUs and PSUs (collectively, the "Stock Units") granted to such Grantees under the Plan if the Grantee resides and/or works in one of the countries listed below.

This Appendix also includes information regarding exchange control and certain other issues of which the Grantee should be aware with respect to the Grantee's participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as of December 2016. However, such laws are often complex and change frequently. As a result, the Company strongly recommends that the Grantee does not rely on the information noted herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the Grantee vests in the Stock Units, acquires Shares (or the cash equivalent) or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Grantee's particular situation and the Company is not in a position to assure the Grantee of any particular result. Accordingly, the Grantee is advised to seek appropriate professional advice as to how the relevant laws in the Grantee's country may apply to the Grantee's situation.

Finally, if the Grantee is a citizen or resident of a country other than the one in which the Grantee is currently residing and/or working, transfers employment and/or residency to another country after the Stock Units are granted or is considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to the Grantee. The Company shall, in its sole discretion, determine to what extent the terms and conditions included herein will apply under these circumstances.

AUSTRIA

TERMS AND CONDITIONS

The following provision supplements Section 10(b) of the Agreement:
The phrase "any business activity competitive (directly or indirectly) with the Business (as defined below) (a "Competing Entity") anywhere in the world (the "Territory")" shall be replaced with:

"any business activity competitive (directly or indirectly) with the Business (as defined below) (a “Competing Entity”) in Europe (the “Territory”)"

NOTIFICATIONS

Exchange Control Information. If the Grantee is an Austrian resident and holds Shares acquired under the Plan outside of Austria, the Grantee must submit a report to the Austrian National Bank. An exemption applies if the value of the Shares as of the last day of any given calendar quarter does not exceed €30,000,000 or as of December 31 does not exceed €5,000,000. If the former threshold is exceeded, quarterly obligations are imposed; whereas, if the latter threshold is exceeded, annual reports must be filed. The deadline for filing the quarterly report is the 15th day of the month following the end of the relevant quarter. The annual reporting date is December 31 and the deadline for filing the annual report is January 31 of the following year.
When the Grantee sells Shares acquired under the plan, there may be exchange control obligations if the cash proceeds are held outside of Austria. If the transaction volume of all accounts abroad exceeds €10,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth day of the following month using the prescribed form.

CANADA

TERMS AND CONDITIONS

Payment. Notwithstanding any discretion contained in the Plan or this Agreement, the LTI Award granted to Grantees in Canada shall be paid in Shares only and does not provide any right for the Grantee to receive a cash payment.

The following provisions apply if the Grantee resides in Quebec:

Language Consent. The parties acknowledge that it is their express wish that this Agreement as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la redaction en anglais de cette convention ("Agreement"), ainsi que de tous documents executes, avis donnés et procedures judiciaries intentées, directement ou indirectement, relativement á la présente convention.

The following provision supplements Section 9 of the Agreement:

Data Privacy. The Grantee hereby authorizes the Company, its Subsidiaries, affiliates and their representatives to discuss with and obtain all relevant information from all personnel, professional or otherwise, involved in the administration and operation of the Plan. The Grantee further authorizes the Company and/or any Subsidiary or affiliate of the Company to record such information in his or her employee file.

NOTIFICATIONS

Securities Law Information. The Grantee is permitted to sell Shares acquired under the Plan provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the Nasdaq Exchange in the United States.

Foreign Asset/Account Reporting Information. Foreign property, including Shares and rights to receive shares (*e.g.*, Stock Units), held by Canadian residents must be reported annually to the tax authorities on Form T1135 (Foreign Income Verification Statement) if the total cost of all of your foreign specified property exceeds C$100,000 at any time during the year. The form must be filed by April 30th of the following year when such foreign property was held

by a Canadian resident. It is the Grantee's responsibility to comply with applicable reporting obligations and the Grantee should consult with his or her personal tax advisor in this regard.

GERMANY

NOTIFICATIONS

Exchange Control Information

Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. No report is required for payments less than €12,500. In case of payments in connection with securities (including proceeds realized upon the sale of Shares), the report must be made by the 5th day of the month following the month in which the payment was received. The report must be filed electronically. The form of report ("*Allgemeine Meldeportal Statistik*") can be accessed via the *Bundesbank's* website (www.bundesbank.de) and is available in both German and English. The Grantee is responsible for satisfying the reporting obligation.

ITALY

TERMS AND CONDITIONS

The following provision replaces Section 9 of the Agreement:

Data Privacy

The Grantee understands that his / her employer (the "Employer"), the Company and any Subsidiary or affiliate may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares or directorships held in the Company or any Subsidiary, details of the LTI Award, or any other entitlement to shares awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor and will process such data for the exclusive purpose of implementing, managing and administering the Plan ("Data") and in compliance with applicable laws and regulations.

The Grantee also understands that providing the Company with Data is mandatory for compliance with local law and necessary for the performance of the Plan and that the Grantee's refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect the Grantee's ability to participate in the Plan. The Controller of personal data processing is PRA Group, Inc. with its address at 140 Corporate Blvd., Norfolk, VA 23502 USA and, pursuant to Legislative Decree no. 196/2003, its representative in Italy for privacy purposes is PRA Iberia SLU with its registered address at C/Albasanz, nº 16, 3ª planta, 28037, Madrid, Spain.

The Grantee understands that Data will not be publicized, but it may be accessible by the Employer and its internal and external personnel in charge of processing of such Data and by the data processor (the "Processor"), if any. An updated list of Processors and other transferees of Data is available upon request from the Employer. Furthermore, Data may be transferred to banks, other financial institutions, or brokers involved in the management and administration of the Plan. The Grantee understands that Data may also be transferred to the independent registered public accounting firm engaged by the Company. The Grantee further understands that the Company and/or any Subsidiary or affiliate will transfer Data among themselves as necessary for the purpose of implementing, administering and managing the Grantee's participation in the Plan, and that the Company and/or any Subsidiary or affiliate may each further transfer Data to third parties assisting the Company in the implementation, administration, and management of the Plan, including any requisite transfer of Data to a broker or other third party with whom the Grantee may elect to deposit any Shares acquired pursuant to the Stock Units. Such recipients may receive, possess, use, retain, and transfer Data in electronic or other form, for the purposes of implementing, administering, and managing the Grantee's participation in the Plan. The Grantee understands that these recipients may be acting as Controllers, Processors or persons in charge

of processing, as the case may be, in accordance with local law and may be located in or outside the European Economic Area in countries such as in the United States that might not provide the same level of protection as intended under Italian data privacy laws. Should the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Data as soon as it has completed all the necessary legal obligations connected with the management and administration of the Plan.

The Grantee understands that Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.

The processing activity, including communication, the transfer of Data abroad, including outside of the European Economic Area, as herein specified and pursuant to applicable laws and regulations, does not require the Grantee's consent thereto as the processing is necessary to performance of contractual obligations related to the implementation, administration and management of the Plan. The Grantee understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, the Grantee has the right to, including but not limited to, access, delete, update, correct, or terminate, for legitimate reason, the Data processing. The Grantee should contact the Employer in this regard.

Furthermore, the Grantee is aware that Data will not be used for direct marketing purposes. In addition, Data provided can be reviewed and questions or complaints can be addressed by contacting the Grantee's human resources department.

Plan Document Acknowledgment. The Grantee further acknowledges that he or she has read and specifically and expressly approves the Data Privacy section above as well as the following sections of the Agreement Section 1 ("Time-vested Shares - RSUs" or "Performance-based LTI Awards - PSUs "); Section 4 ("Effect of a Change in Control"); Section 5 ("Non-assignability"), Section 6 ("Responsibility for Taxes"); Section 7 ("Nature of Grant"); Section 12 ("Language"), Section 14 ("Governing Law / Venue"); Section 25 ("Imposition of Other Requirements") and the "Data Privacy" provision included immediately above.

NOTIFICATIONS

Foreign Asset/Account Reporting Information. Italian residents who, at any time during the tax year, hold foreign financial assets outside of Italy (*e.g.*, cash and Shares) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

Tax on Foreign Financial Assets

A tax on the value of financial assets held outside of Italy by individual residents in Italy will be due. The taxable amount will be the fair market value of the financial assets (including Shares) assessed at the end of each calendar year.

NORWAY

No country-specific provisions apply.

POLAND

NOTIFICATIONS

Foreign Asset / Account Reporting Information. Polish residents holding foreign securities (including Shares) and/or maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (when combined with all

other assets held abroad) exceeds PLN 7,000,000. If required, the reports must be filed on a quarterly basis on special forms available on the website of the National Bank of Poland. Polish residents should consult with their personal tax advisor to determine their personal reporting obligations.

Exchange Control Information. If a Polish resident transfers funds in excess of a specific threshold (currently €15,000), the funds must be effected through a Polish bank account or financial institution. Polish residents are required to maintain evidence of such foreign exchange transactions for five years, in case of a request for their production by the National Bank of Poland.

SPAIN

TERMS AND CONDITIONS

The following provision supplements Section 10(b) of the Agreement: Grantee agrees that any RSUs granted under the Plan during his or her employment with the Company or its Subsidiaries constitute adequate compensation for the covenants of confidentiality, non-competition and non-solicitation. If the Grantee breaches this Section 10, all undelivered RSUs (whether vested or unvested) shall be immediately forfeited and cancelled and the Company may clawback (i) any RSUs delivered to Grantee in the preceding year and (ii) any other RSUs delivered in connection with, or following, Grantee's termination of employment and (iii) when applicable, the cash compensation paid during the Restricted Period. If at the effective date of termination of the employment, the Grantee has not received through LTI Awards at least a 50% of his/her fixed gross salary at termination date for the Restricted Period as compensation for the covenants of noncompetition and non-solicitation, the Company will pay the difference up to the referred 50% in 12 cash monthly installments during the Restricted Period.

Nature of Grant. This provision supplements Section 7 of the Agreement:

By accepting the LTI Award, the Grantee acknowledges that he or she consents to participation in the Plan and has received a copy of the Plan and the Agreement.

The Grantee understands that the Company has unilaterally, gratuitously and discretionally decided to grant the LTI Award under the Plan to individuals who may be employed by the Company or its Subsidiaries or affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that the grant will not economically or otherwise bind the Company or any of its Subsidiaries or affiliates on an ongoing basis other than as set forth in the applicable award agreement. Consequently, the Grantee understands that the LTI Award is granted on the assumption and condition that the LTI Award and any Shares subject to the vesting of the Stock Units shall not become a part of any employment contract (either with the Company or any of its Subsidiaries or affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever.

Additionally, the Grantee understands that the vesting of the Stock Units covered by the LTI Award is expressly conditioned on the Grantee's continued and active rendering of service to the Company or the employer, as applicable, such that if the Grantee's employment terminates for any reason, except death, Disability, Retirement and certain circumstances at a Change in Control, the Stock Units will cease vesting immediately effective as of the date of cessation of active employment by reason of, but not limited to, resignation, retirement, disciplinary dismissal adjudged to be with cause (i.e., subject to a "*despido improcedente*"), disciplinary dismissal without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985.

NOTIFICATIONS

Exchange Control Information. The acquisition, ownership and sale of Shares under the Plan must be declared to the Spanish Dirección General de Comercio e Inversiones (the "DGCI"), which is a department of the Ministry of

Economy and Competitiveness. The Grantee must also declare ownership of any Shares by filing a Form D-6 with the Directorate of Foreign Transactions each January while the Shares are owned. In addition, the sale of Shares must also be declared on Form D-6 filed with the DGCI in January, unless the sale proceeds exceed the applicable threshold (currently €1,502,530), in which case, the filing is due within one month after the sale.

The Grantee is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), any foreign instruments (including any Shares acquired under the Plan) and any transactions with non-Spanish residents (including any payments of Shares made to the Grantee by the Company) depending on the value of such accounts and instruments and the amount of the transactions during the relevant year as of December 31 of the relevant year.

Foreign Asset/Account Reporting Information. If the Grantee holds rights or assets (*e.g.*, Shares or cash held in a bank or brokerage account) outside of Spain with a value in excess of €50,000 per type of right or asset (*e.g.*, Shares, cash, etc.) as of December 31 each year, the Grantee is required to report certain information regarding such rights and assets on tax form 720. After such rights and/or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. The reporting must be completed by the following March 31.

Securities Law Information. The LTI Award and the Shares subject to the LTI Award do not qualify as securities under Spanish regulations. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory. Neither the Plan nor the Agreement have been or will be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), nor do they constitute a public offering prospectus.

SWEDEN

No country-specific provisions apply.

SWITZERLAND

NOTIFICATIONS

Securities Law Information. The Stock Units offered by the Company are considered a private offering in Switzerland; therefore, such offer is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Stock Units constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, and neither this document nor any other materials relating to the Stock Units may be publicly distributed or otherwise made publicly available in Switzerland.

UNITED KINGDOM

The following provision supplements Section 10(b) of the Agreement:
The phrase "directly or indirectly own more than 1% of any class or series of equity securities in, any business activity competitive (directly or indirectly) with the Business (as defined below) (a “Competing Entity”) anywhere in the world (the “Territory”)" shall be replaced with:

"directly or indirectly own more than 1% of any class or series of equity securities in, any entity or business which at such time has material operations that are engaged, or about to be engaged, in any business activity competitive (directly or indirectly) with the Business (as defined below) in Europe and with which the Grantee was materially involved at any time during the last 12 months of the Grantee’s employment with the Company or any Subsidiary (a “Competing Entity”) anywhere in the world (the “Territory”)"

Responsibility for Taxes. The following provision supplements Section 6 of the Agreement:

If payment or withholding of the income tax due is not made within ninety (90) days of the end of the U.K. tax year (April 6 - April 5) in which such event giving rise to the income tax liability occurs, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected tax shall constitute a loan owed by the Grantee to the Company or the Employer, as applicable, effective as of the Due Date. The Grantee agrees that the loan will bear interest at the then current Her Majesty's Revenue and Customs ("HMRC") official rate, it will be immediately due and repayable, and the Company or the Employer may recover it at any time thereafter by any of the means referred to in Section 6 of the Agreement.

Notwithstanding the foregoing, if the Grantee is an executive officer or director of the Company within the meaning of Section 13(k) of the Exchange Act, the Grantee shall not be eligible for a loan to cover the income tax due as described above. In the event that the Grantee is such an executive officer or director and the income tax due is not collected by the Due Date, the amount of any uncollected income tax may constitute a benefit to the Grantee on which additional income tax and National Insurance Contributions may be payable. The Grantee acknowledges that the Grantee ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as applicable) for the value of any employee NICs due on this additional benefit, which the Company or the Employer may recover from the Grantee by any of the means referred to in Section 6 of the Agreement.

Exhibit 31.1

I, Kevin P. Stevenson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PRA Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 9, 2018

By: /s/ Kevin P. Stevenson

Kevin P. Stevenson
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

I, Peter M. Graham, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PRA Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 9, 2018

By: /s/ Peter M. Graham

Peter M. Graham
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PRA Group, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin P. Stevenson, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

May 9, 2018 By: /s/ Kevin P. Stevenson

Kevin P. Stevenson
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PRA Group, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter M. Graham, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

May 9, 2018 By: /s/ Peter M. Graham

Peter M. Graham
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)