



# PRA Group Q4 2022 Conference Call Presentation



Nasdaq: PRAA



# Forward-Looking Statements

Statements in this presentation, other than statements of historical fact, are forward-looking statements, which are based on our current beliefs, projections, assumptions and expectations concerning future operations and financial performance. Such statements involve uncertainties and risks, some of which are not currently known to us, and may be superseded by future events that could cause actual results to differ materially from those expressed or implied in this presentation.

You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this presentation and are qualified in their entirety by these cautionary statements.

Information regarding risks and other factors that could cause our actual results to differ materially from our expectations can be found in our most recent Annual Report on Form 10-K and in subsequent SEC filings and should be considered in evaluating the forward-looking statements in this presentation. Except as required by law, we assume no obligation to update or revise these statements to reflect changes in the events, conditions, or circumstances upon which any such forward-looking statements are based.

# 2022: A Year in Review



**Successfully navigated** a challenging macroeconomic environment that included high inflation, rising interest rates, and the strengthening U.S. dollar



**Celebrated 20<sup>th</sup> anniversary** as a publicly traded company on Nasdaq



**Celebrated 10 years** of operations in U.K. market

# Execution on Strategic Objectives in 2022

## Expanding products and market share

- **Record European cash collections** on a constant currency-adjusted basis, representing ten consecutive years of growth
- **Invested in all but one of our European markets** with operations
- **Completed first full year of collections** in Australia

## Modernizing collections and improving efficiency at all levels

- **Global digital collections increased 80%+** since 2019
- **U.S. digital collections increased 25%** since 2019
- **Continued to build out internal legal capabilities**, which improved efficiency and increased our data knowledge

## Being a recognized and trusted brand

- **Meetings with 300+ local, state and federal legislators** and their staffs
- **Tracked hundreds of bills** and proactively worked on dozens that would have an impact on our industry
- **Created and leveraged coalitions** with industry stakeholders

## Fostering a high-performing workforce

- **Launched two employee resource groups**, which hundreds of employees participated in
- **Continued to serve** the communities where we work and live through donations and volunteer efforts

# Q4 2022 Highlights

Global cash collections of **\$392 million**

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Net income attributable to PRA Group of **\$16 million**

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Portfolio purchases of **\$288 million**

# Portfolio Investments

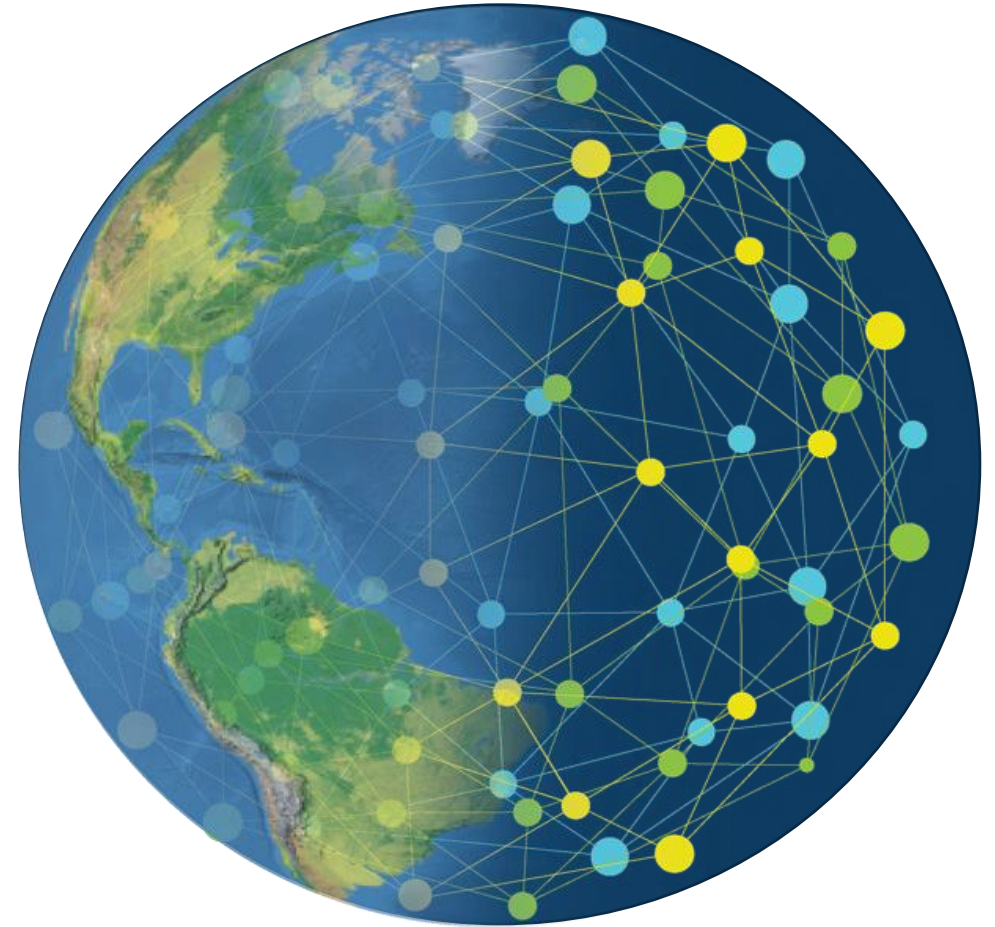
Q4 2022 total portfolio purchases  
of **\$288 million**

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Invested **\$128 million** in the Americas

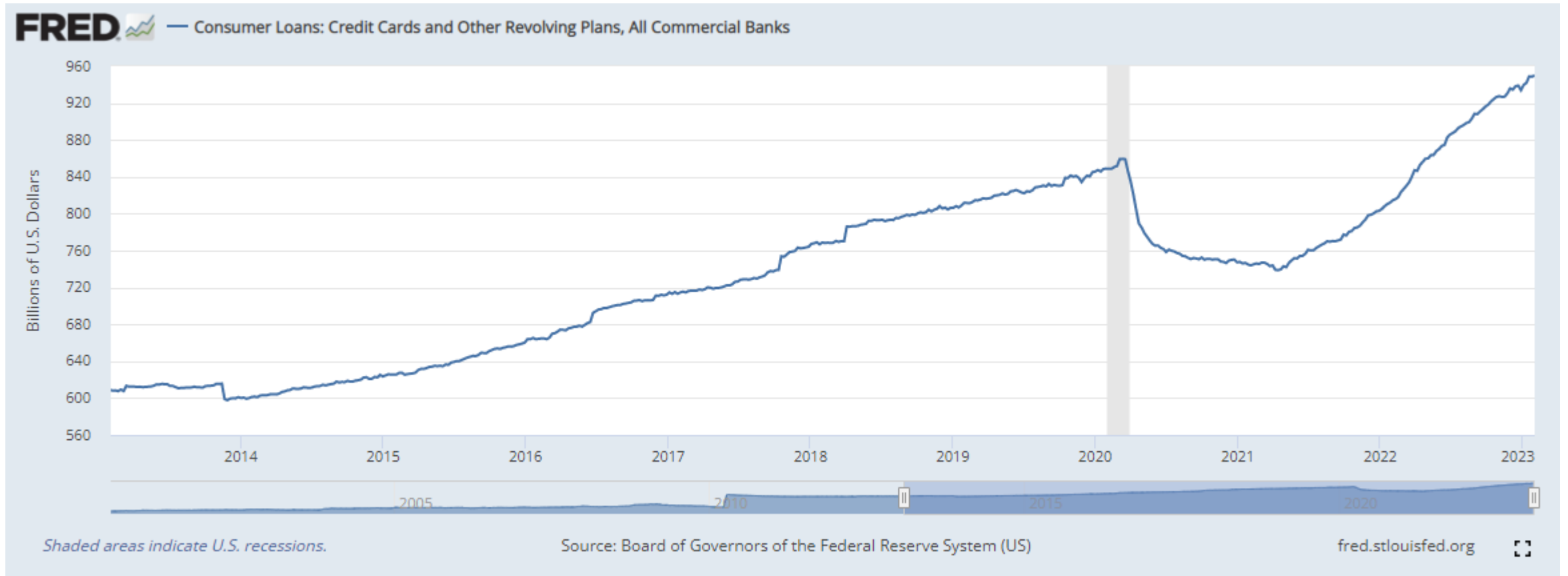
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Invested **\$161 million** in Europe



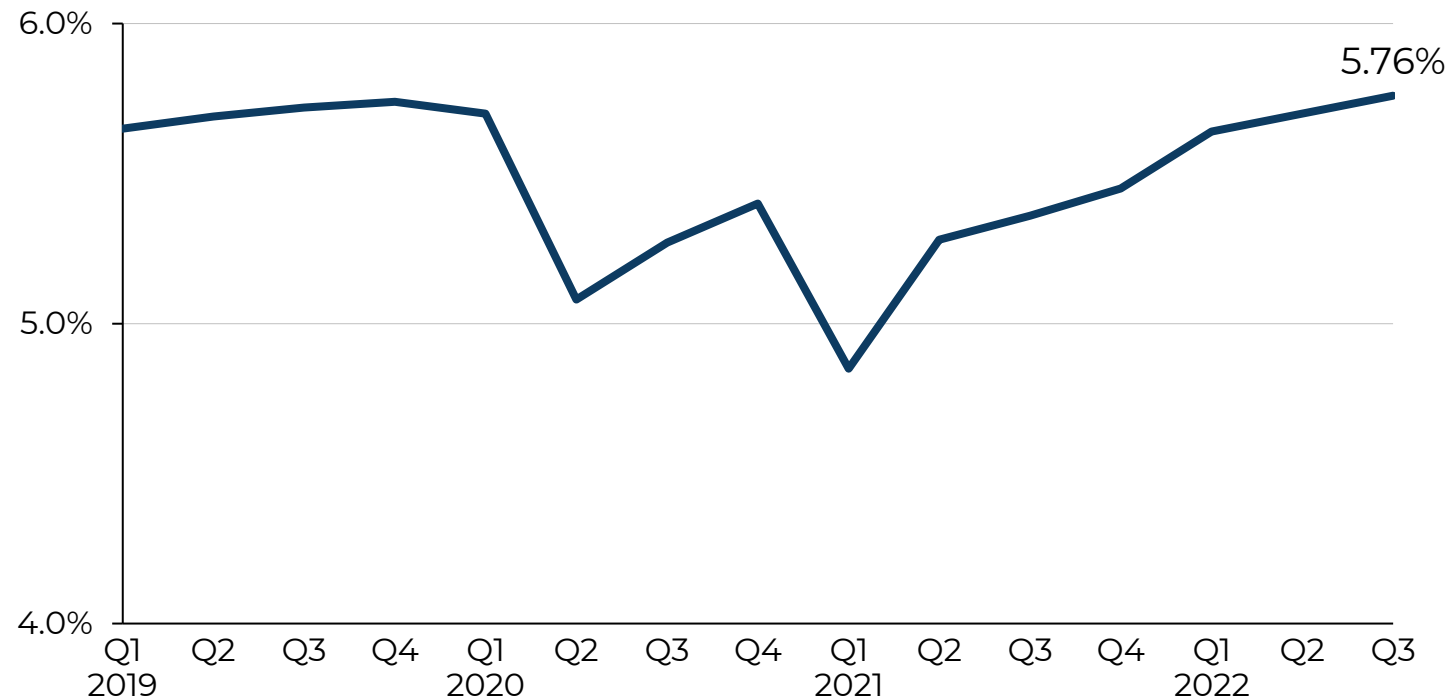
# Highest Credit Card Balances In U.S. History

(\$ in billions)



# Share of Household Income Going Toward Consumer Debt is at Pre-Pandemic Levels

Household debt service payments as a percent of disposable personal income

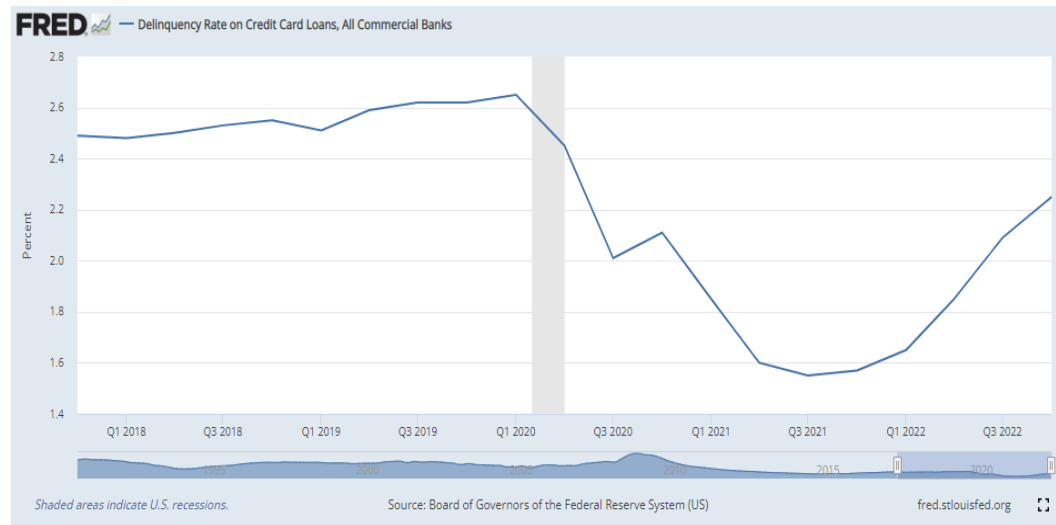


Source: Board of Governors of the Federal Reserve System

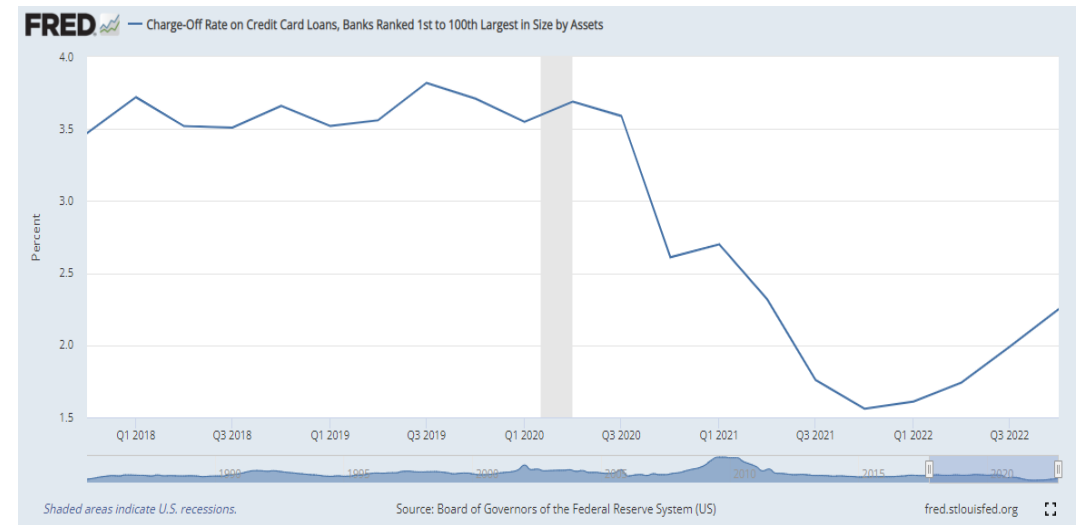


# Rebounding Delinquency Rates and Credit Card Charge-Off Rates

## Delinquency Rate on Credit Card Loans



## Charge-Off Rate on Credit Card Loans



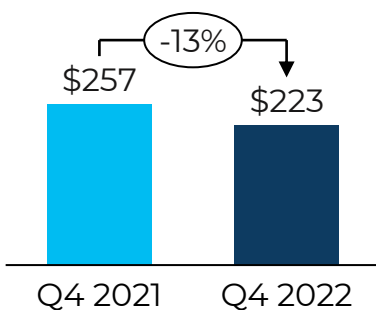
# Q4 and Full Year 2022 Financials

\$ in millions, except per share amounts

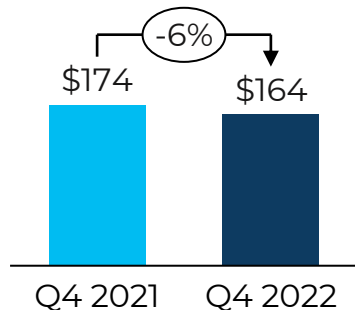
## Q4 2021 vs Q4 2022

## 2021 vs 2022

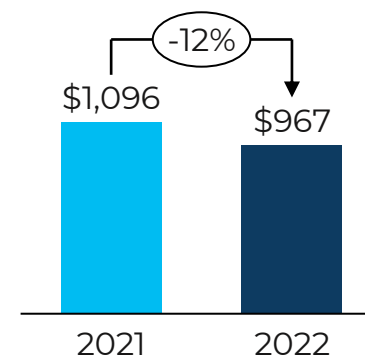
Total Revenues



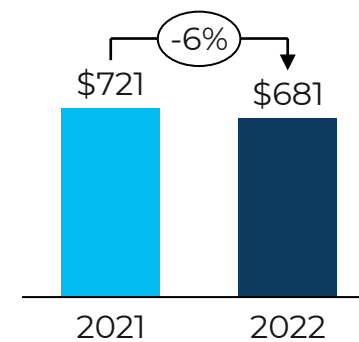
Operating Expenses



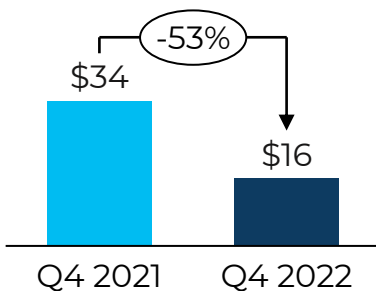
Total Revenues



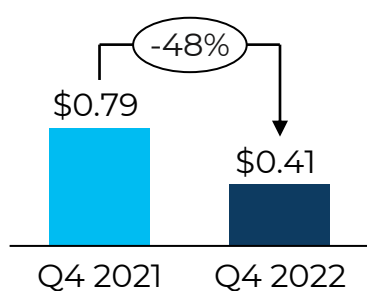
Operating Expenses



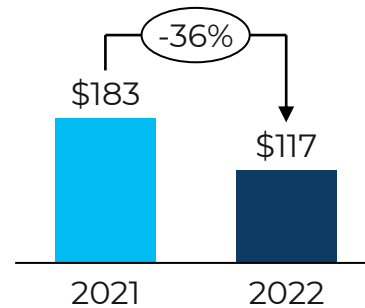
Net Income Attributable to PRA Group



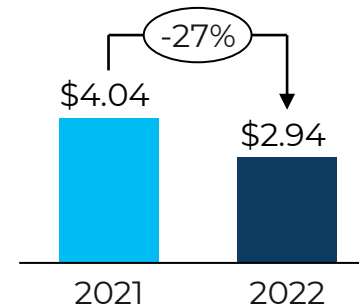
Diluted Earnings Per Share



Net Income Attributable to PRA Group



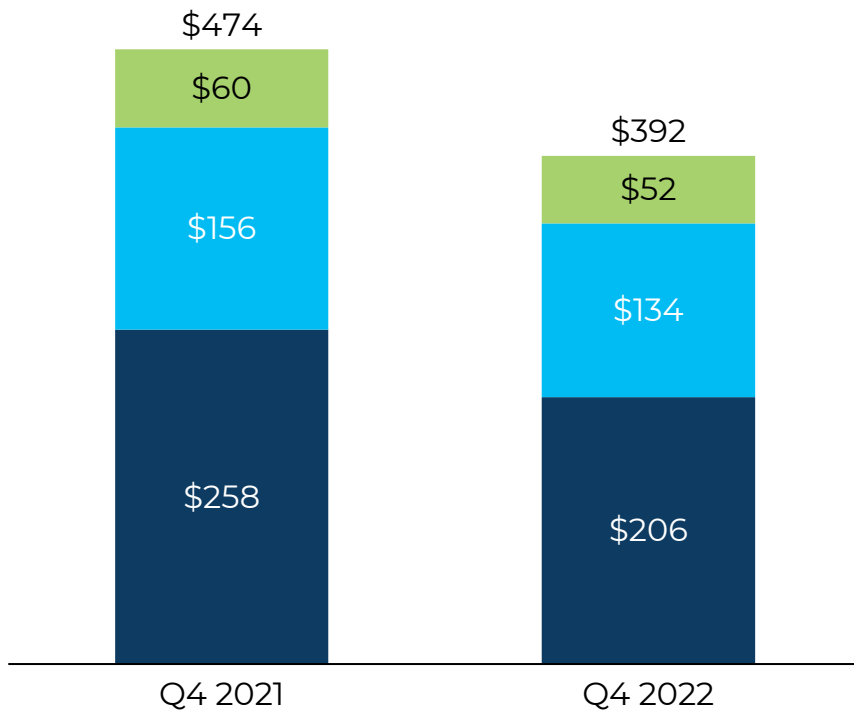
Diluted Earnings Per Share



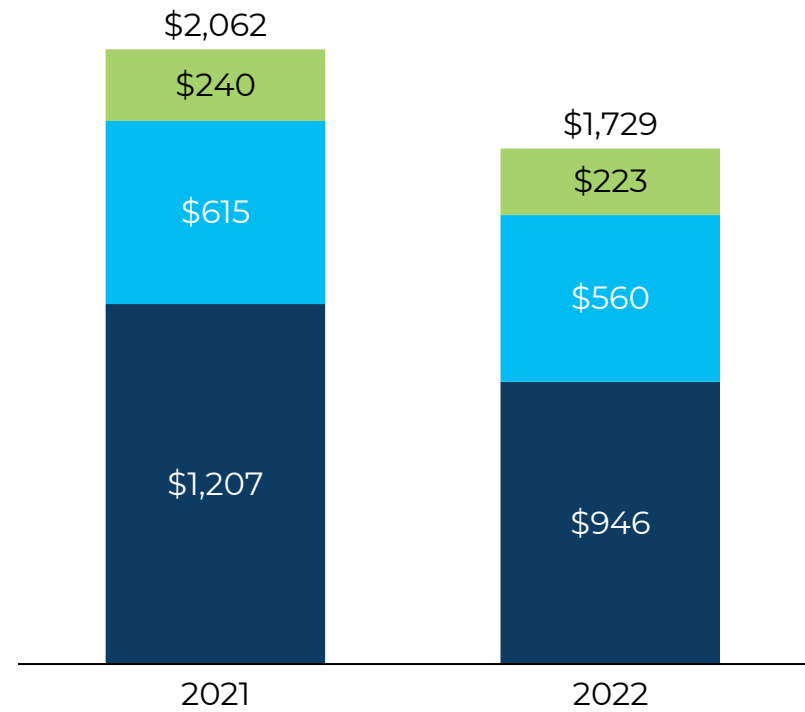
# Cash Collections

\$ in millions

## Q4 Cash Collections



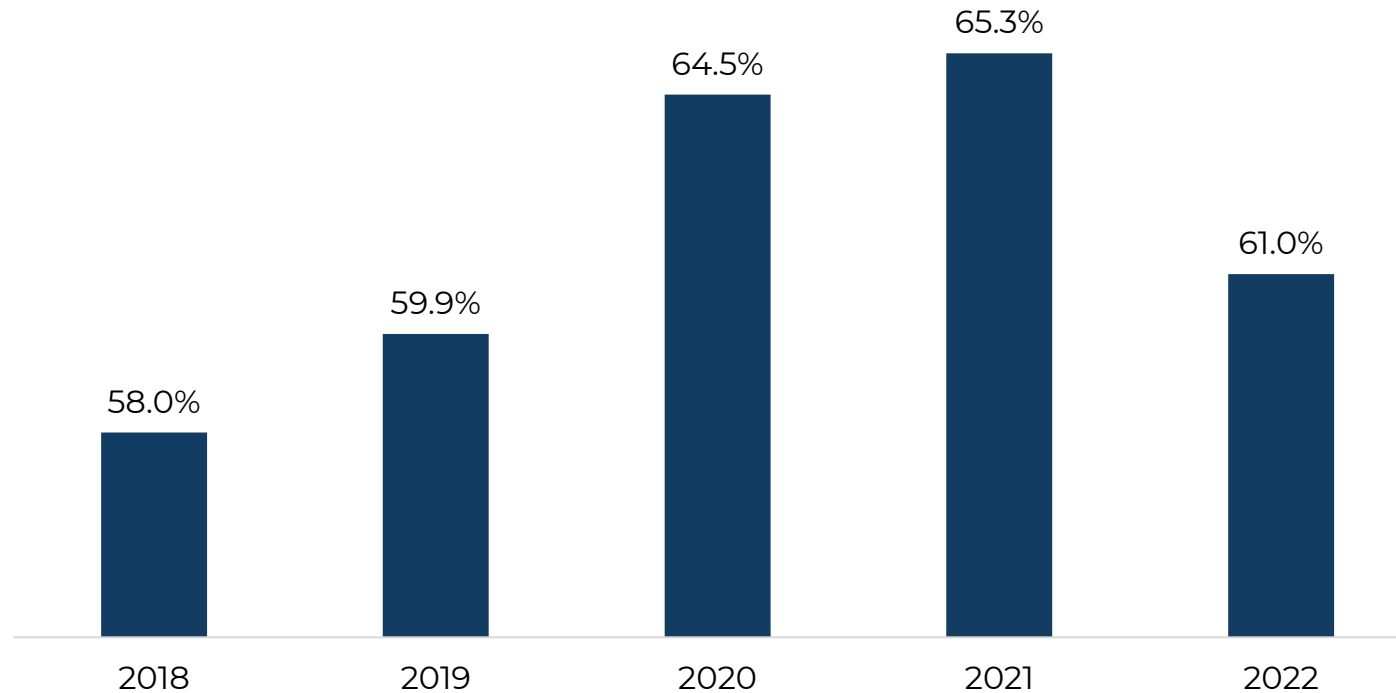
## Full Year Cash Collections



Americas and Australia Core Europe Core Global Insolvency

# Cash Efficiency Ratio Improved Over Pre-Pandemic Levels

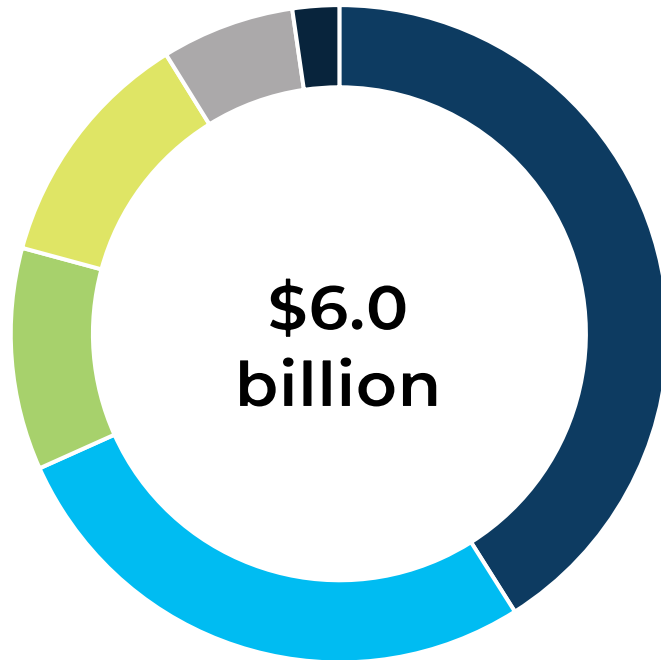
Cash efficiency ratio = (cash receipts – operating expenses)/cash receipts



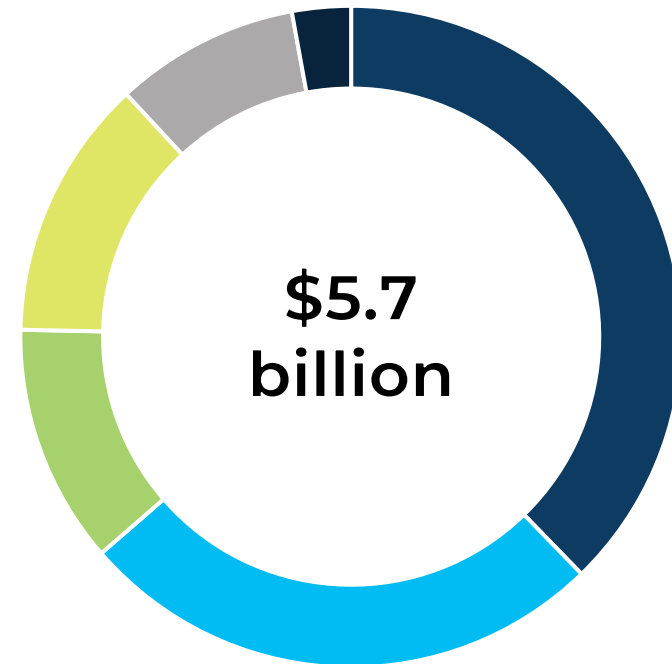
# ERC<sup>1</sup> is Diversified with 53% in Europe and 38% in U.S.

Continued strengthening of US dollar reduced ERC by ~\$0.3 Billion<sup>2</sup>

As of December 31, 2021



As of December 31, 2022

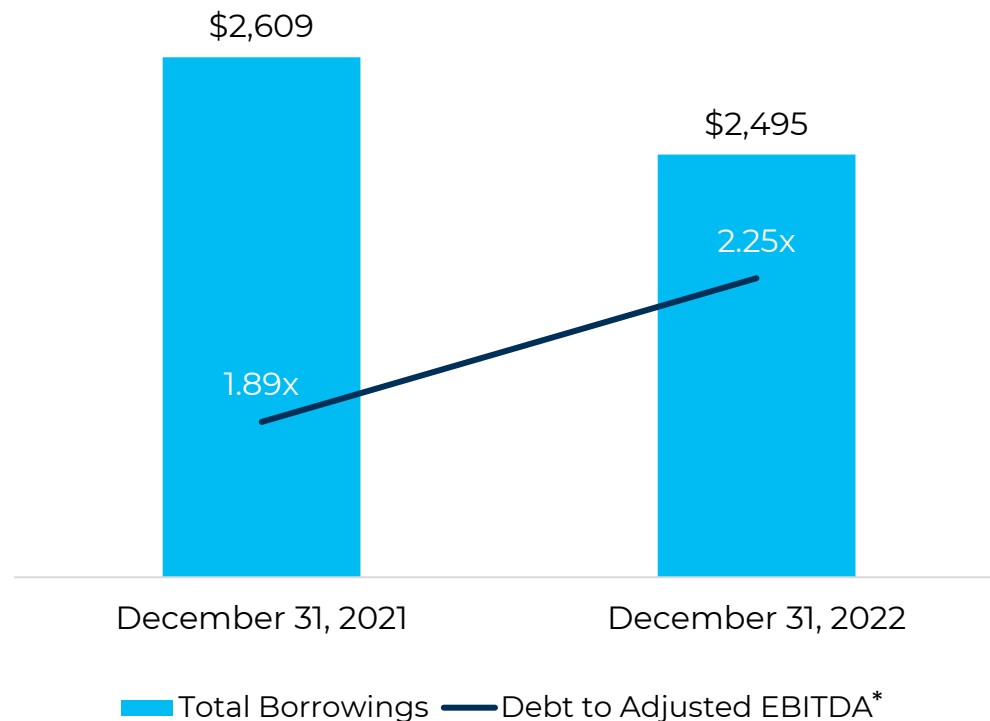


■ United States ■ United Kingdom ■ Central Europe ■ Northern Europe ■ Other Americas and Australia ■ Southern Europe

1. Estimated remaining collections (ERC) refers to the sum of all future projected cash collections on the Company's nonperforming loan portfolios.
2. Constant currency-adjusted results are calculated based on foreign exchange rates at December 31, 2021.

# Strong and Conservative Capital Structure

\$ in millions



- **\$1.6 billion** total available capacity under credit facilities
- **\$465 million** available capacity after considering borrowing base restrictions
- As we purchase more portfolios and increase ERC, our borrowing base increases, allowing us to draw **more capital** from our credit facilities
- Target Debt to Adjusted EBITDA\* of **between 2.0x and 3.0x**

# Key Takeaways

2022 was another **strong year**, led by performance in Europe

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Economic signs pointing to **more supply** in the coming months

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We are ready with an **efficient operation & access to capital**

# Q&A





# Reconciliation of Non-GAAP Financial Measures to GAAP

## Use of Non-GAAP Financial Measures

PRA Group, Inc. reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management uses certain non-GAAP financial measures, including Adjusted EBITDA, internally to evaluate the Company's performance and to set performance goals. Adjusted EBITDA is calculated as net income attributable to PRA Group, Inc. plus income tax expense; less foreign exchange gain (or plus foreign exchange loss); plus interest expense, net; plus other expense (or less other income); plus depreciation and amortization; plus adjustment for net income attributable to noncontrolling interests; and plus recoveries applied to negative allowance less changes in expected recoveries. Adjusted EBITDA is a supplemental measure of performance that is not required by, or presented in accordance with, GAAP. PRA Group, Inc. presents Adjusted EBITDA because the Company considers it an important supplemental measure of operations and financial performance. Management believes Adjusted EBITDA helps provide enhanced period-to-period comparability of operations and financial performance and is useful to investors as other companies in the industry report similar financial measures. Adjusted EBITDA should not be considered as an alternative to net income determined in accordance with GAAP. Set forth below is a reconciliation of net income, the most directly comparable financial measure calculated and reported in accordance with GAAP, to Adjusted EBITDA for the years ended December 31, 2022 and 2021. The calculation of Adjusted EBITDA below may not be comparable to the calculation of similarly titled measures reported by other companies. Additionally, the Company evaluates its business using certain ratios that use Adjusted EBITDA. Debt to Adjusted EBITDA is calculated by dividing borrowings by Adjusted EBITDA. The following table reflects the Company's Debt to Adjusted EBITDA for the years ended December 31, 2022 and 2021:

Adjusted EBITDA for PRA Group (\$ in millions)	December 31, 2022	December 31, 2021
<b>Net income attributable to PRA Group, Inc.</b>	<b>\$117</b>	<b>\$183</b>
<u>Adjustments:</u>		
Income tax expense	37	55
Foreign exchange (gains)/losses	(1)	1
Interest expense, net	131	124
Other expense	1	—
Depreciation and amortization	15	15
Adjustment for net income attributable to noncontrolling interests	1	12
Recoveries applied to negative allowance less Changes in expected recoveries	806	988
<b>Adjusted EBITDA</b>	<b>\$1,107</b>	<b>\$1,378</b>
<b>(\$ in millions)</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Borrowings	\$2,495	\$2,609
Adjusted EBITDA	1,107	1,378
<b>Debt to Adjusted EBITDA</b>	<b>2.25</b>	<b>1.89</b>



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