

PRA Group Reports First Quarter 2015 Results

NORFOLK, Va., May 6, 2015 -- PRA Group (Nasdaq:PRAA), a global leader in acquiring defaulted receivables, today reported its financial results for the first quarter of 2015.

First Quarter Highlights

- Cash collections of \$399.7 million, up 28% from the first quarter of 2014.
- Revenues of \$245.2 million, up 26%.
- Income from operations of \$96.2 million, up 34%.
- Net income of \$58.1 million, up 42%.
- \$1.19 diluted earnings per share, compared with \$0.81 in the year-ago quarter, up 47%.
- 30.1% return on average equity, annualized.
- \$212.9 million in investments.

"We are very pleased with the strong start to 2015. Our investment levels continue to be high, setting a record of \$139 million in core portfolios in the Americas," said Steve Fredrickson, chairman, president and chief executive officer, PRA Group. "PRA Group also produced another record by collecting almost \$400 million during the period. This quarter produced the type of results we look to deliver and we will work hard to continue this momentum through the year."

REVENUES

- Total revenues of \$245.2 million in the first quarter included finance receivables income net of principal amortization and net allowance charges. Net finance receivables income was \$228.4 million, up 28% from \$178.0 million in the year-ago quarter.
- Cash collections increased 28% in the first quarter from the year-ago quarter to \$399.7 million, and included collections from these finance receivables sources:

| Cash Collection Source (\$ in thousands) | Q12015 | Q42014 | Q32014 | Q22014 | Q12014 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Americas-Core | \$ 219,371 | \$ 185,921 | \$ 189,027 | \$ 190,229 | \$ 187,818 |
| Americas-Insolvency | 95,533 | 103,104 | 110,544 | 124,101 | 120,702 |
| Europe-Core | 83,876 | 84,398 | 73,172 | 4,944 | 4,847 |
| Europe-Insolvency | 967 | 5 | -- | -- | -- |
| Total Cash Collections | \$ 399,747 | \$ 373,428 | \$ 372,743 | \$ 319,274 | \$ 313,367 |

- Principal amortization of finance receivables in the first quarter was \$171.3 million or 42.9% of cash collections, compared with 43.2% in the year-ago quarter. Principal amortization included a net allowance charge of \$1.6 million recorded against certain pools of finance receivables in the quarter, compared with a net allowance reversal of \$2.0 million recorded in the year-ago quarter.
- Revenues in the first quarter also included income from PRA Group's fee-based businesses of \$13.1 million, compared with \$15.6 million in the year-ago quarter.

EXPENSES AND OPERATING INCOME

- Operating expenses were \$149.0 million in the first quarter, compared with \$122.3 million a year ago, an increase of 22%.
- Operating income in the first quarter was \$96.2 million, compared with \$71.6 million in the year-ago quarter. The operating margin was 39.2% in the first quarter.
- The provision for income taxes was \$30.0 million in the first quarter, up 16% from the year-ago quarter. PRA Group's provision for income taxes was 34.1% of income before taxes in the first quarter, compared with 38.8% in the year-ago quarter, reflecting the impact of earning income in lower tax rate geographies.

PORTFOLIO ACQUISITIONS

- PRA Group invested \$185.0 million in new finance receivables purchased from receivable sellers in the first quarter. The Company also invested \$27.9 million in a securitized fund in Poland specifically formed to purchase and collect on Polish finance receivables. This brought total investment in the quarter to \$212.9 million. This compares with \$152.7 million in the year-ago quarter.

| Portfolio Purchase Source (\$ in thousands) | Q12015 | Q42014 | Q32014 | Q22014 | Q12014 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Americas-Core | \$ 138,498 | \$ 119,714 | \$ 118,018 | \$ 91,904 | \$ 79,085 |
| Americas-Insolvency | 16,437 | 24,949 | 38,535 | 16,187 | 72,003 |
| Europe-Core (1) | 21,579 | 123,194 | 734,803 | 1,121 | 1,626 |
| Europe-Insolvency | 8,510 | 11,625 | -- | -- | -- |
| Total Portfolio Purchasing | \$ 185,024 | \$ 279,482 | \$ 891,356 | \$ 109,212 | \$ 152,714 |

(1) Excludes the \$27.9 million and \$34.7 million investment in the securitized fund in Poland during the three months ended March 31, 2015 and December 31, 2014, respectively.

BALANCE SHEET

- Borrowings totaled \$1,479.3 million at March 31, 2015, consisting of \$467.8 million drawn on the domestic revolver, \$398.4 million drawn on the multi-currency revolver, \$261.9 million in convertible senior notes, \$181.3 million in other long-term debt and \$169.9 million in seller financing related to the acquisition of Aktiv Kapital. Total borrowings were \$450.3 million at March 31, 2014.
- Cash and cash equivalents were \$40.5 million at March 31, 2015, compared with \$191.8 million at March 31, 2014.
- During the first quarter, the Company repurchased approximately 1.5 million shares of its common stock for \$77.8 million at an average price of \$52.65.
- Net deferred tax liabilities were \$265.7 million at March 31, 2015, compared with \$220.9 million at March 31, 2014.
- Stockholders' equity was \$817.3 million at March 31, 2015, compared with \$910.2 million at March 31, 2014.

Conference Call Information

PRA Group will hold a conference call today at 5:00 p.m. ET to discuss results with institutional investors and stock analysts. To listen to a webcast of the call, visit <http://ir.pragroup.com/events.cfm>. To listen by phone, call 888-695-7639 in the U.S. or 970-315-0482 outside the U.S. The conference ID is 30685528. A question-and-answer session on the

call will be open only to analysts or investors. To listen to a replay of the call until May 13, 2015, call 855-859-2056 in the U.S. or 404-537-3406 outside the U.S. and use conference ID 30685528.

About PRA Group

As a global leader in acquiring defaulted receivables, PRA Group (Nasdaq:PRAA) returns capital to global banks and other creditors to help expand financial services for consumers in North America and Europe. PRA Group companies collaborate with customers to help them resolve their debt and provide a broad range of additional revenue and recovery services to business and government clients.

PRA has been recognized as one of Fortune's 100 Fastest-Growing Companies for the past three years and one of Forbes' Best Small Companies in America for eight consecutive years since 2007. For more information, please visit www.pragroup.com.

About Forward Looking Statements

Statements made herein which are not historical in nature, including PRA Group's or its management's intentions, hopes, beliefs, expectations, representations, projections, plans or predictions of the future, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

The forward-looking statements in this press release are based upon management's current beliefs, estimates, assumptions and expectations of PRA Group's future operations and economic performance, taking into account currently available information. These statements are not statements of historical fact or guarantees of future performance, and there can be no assurance that anticipated events will transpire or that our expectations will prove to be correct. Forward-looking statements involve risks and uncertainties, some of which are not currently known to PRA Group. Actual events or results may differ materially from those expressed or implied in any such forward-looking statements as a result of various factors, including risk factors and other risks that are described from time to time in PRA Group's filings with the Securities and Exchange Commission including but not limited to PRA Group's annual reports on Form 10-K, its quarterly reports on Form 10-Q and its current reports on Form 8-K, filed with the Securities and Exchange Commission and available through PRA Group's website, which contain a detailed discussion of PRA Group's business, including risks and uncertainties that may affect future results.

Due to such uncertainties and risks, you are cautioned not to place undue reliance on such forward-looking statements, which speak only as of today. Information in this press release may be superseded by recent information or statements, which may be disclosed in later press releases, subsequent filings with the Securities and Exchange Commission or otherwise. Except as required by law, PRA assumes no obligation to publicly update or revise its forward-looking statements contained herein to reflect any change in PRA Group's expectations with regard thereto or to reflect any change in events, conditions or circumstances on which any such forward-looking statements are based, in whole or in part.

PRA Group, Inc.

Unaudited Consolidated Income Statements

(in thousands, except per share amounts)

| | Three Months Ended March 31, | |
|---|------------------------------|------------|
| | 2015 | 2014 |
| Revenues: | | |
| Income recognized on finance receivables, net | \$ 228,403 | \$ 177,970 |
| Fee income | 13,053 | 15,608 |
| Other revenue | 3,750 | 344 |
| Total revenues | 245,206 | 193,922 |
| Operating expenses: | | |
| Compensation and employee services | 65,271 | 51,385 |
| Legal collection fees | 13,691 | 10,833 |
| Legal collection costs | 20,854 | 26,533 |
| Agency fees | 8,261 | 1,450 |
| Outside fees and services | 12,797 | 10,791 |
| Communication | 10,418 | 8,963 |
| Rent and occupancy | 3,560 | 2,338 |
| Depreciation and amortization | 4,610 | 3,947 |
| Other operating expenses | 9,578 | 6,100 |
| Total operating expenses | 149,040 | 122,340 |
| Income from operations | 96,166 | 71,582 |
| Other income and (expense): | | |
| Interest income | 147 | 1 |
| Interest expense | (14,923) | (4,860) |
| Net foreign exchange gain | 6,789 | 8 |
| Income before income taxes | 88,179 | 66,731 |

| | | |
|--|-----------|-----------|
| Provision for income taxes | 30,044 | 25,891 |
| Net income | \$ 58,135 | \$ 40,840 |
| Net income per common share: | | |
| Basic | \$ 1.19 | \$ 0.82 |
| Diluted | \$ 1.19 | \$ 0.81 |
| Weighted average number of shares outstanding: | | |
| Basic | 48,724 | 49,929 |
| Diluted | 49,052 | 50,363 |

PRA Group, Inc.

Unaudited Consolidated Balance Sheets

(in thousands, except per share amounts)

| | March 31, 2015 | December 31, 2014 |
|--|-------------------|-------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 40,542 | \$ 39,661 |
| Investments | 91,470 | 89,703 |
| Finance receivables, net | 1,954,772 | 2,001,790 |
| Other receivables, net | 16,834 | 12,959 |
| Net deferred tax asset | 5,771 | 6,126 |
| Property and equipment, net | 46,855 | 48,258 |
| Goodwill | 496,653 | 527,445 |
| Intangible assets, net | 10,042 | 10,933 |
| Other assets | 37,674 | 41,876 |
| Total assets | \$ 2,700,613 | \$ 2,778,751 |
| LIABILITIES AND EQUITY | | |
| Liabilities: | | |
| Accounts payable | \$ 7,838 | \$ 4,446 |
| Accrued expenses | 69,250 | 89,361 |
| Income taxes payable | 22,120 | 11,020 |
| Other liabilities | 6,725 | 5,962 |
| Net deferred tax liability | 265,661 | 255,587 |
| Interest bearing deposits | 32,439 | 27,704 |
| Borrowings | 1,479,262 | 1,482,456 |
| Total liabilities | 1,883,295 | 1,876,536 |
| Stockholders' equity: | | |
| Preferred stock, par value \$0.01, authorized shares, 2,000, issued and outstanding shares | -- | -- |
| - 0 | | |

| | | |
|--|--------------|--------------|
| Common stock, par value \$0.01, 100,000 authorized shares, 48,320 issued and outstanding shares at March 31, 2015, and 49,577 issued and outstanding shares at December 31, 2014 | 483 | 496 |
| Additional paid-in capital | 31,339 | 111,659 |
| Retained earnings | 964,145 | 906,010 |
| Accumulated other comprehensive (loss) | (178,649) | (115,950) |
| Total stockholders' equity | 817,318 | 902,215 |
| Total liabilities and equity | \$ 2,700,613 | \$ 2,778,751 |

PRA Group, Inc.

FINANCIAL HIGHLIGHTS

| | As of and for the | | |
|---|------------------------------|------------|--------|
| | Three Months Ended March 31, | | |
| | 2015 | 2014 | Change |
| <u>EARNINGS (in thousands)</u> | | | |
| Income recognized on finance receivables, net | \$ 228,403 | \$ 177,970 | 28% |
| Fee income | 13,053 | 15,608 | -16% |
| Other revenue | 3,750 | 344 | 990% |
| Total revenues | 245,206 | 193,922 | 26% |
| Operating expenses | 149,040 | 122,340 | 22% |
| Income from operations | 96,166 | 71,582 | 34% |
| Net interest expense | 14,776 | 4,859 | 204% |
| Net income | 58,135 | 40,840 | 42% |
| <u>PERIOD-END BALANCES (in thousands)</u> | | | |
| Cash and cash equivalents | \$ 40,542 | \$ 191,819 | -79% |
| Finance receivables, net | 1,954,772 | 1,253,961 | 56% |
| Goodwill and intangible assets, net | 506,695 | 118,800 | 327% |
| Total assets | 2,700,613 | 1,642,613 | 64% |
| Borrowings | 1,479,262 | 450,278 | 229% |
| Total liabilities | 1,883,295 | 732,395 | 157% |
| Total equity | 817,318 | 910,218 | -10% |
| <u>FINANCE RECEIVABLE INCOME (dollars in thousands)</u> | | | |
| Cash collections | \$ 399,747 | \$ 313,367 | 28% |
| Cash collections on fully amortized pools | 17,005 | 16,516 | 3% |
| Principal amortization without allowance (reversals)/charges | 169,714 | 137,350 | 24% |
| Allowance (reversal)/charge | 1,630 | (1,953) | -183% |
| Principal amortization with allowance (reversals)/charges | 171,344 | 135,397 | 27% |
| Principal amortization w/ allowance charges as % of cash collections: | | | |
| Including fully amortized pools | 42.9% | 43.2% | -1% |
| Excluding fully amortized pools | 44.8% | 45.6% | -2% |
| Allowance (reversal)/charge to period-end net finance receivables | 0.1% | (0.2%) | -154% |
| <u>PURCHASES OF FINANCE RECEIVABLES (dollars in thousands)</u> | | | |
| Purchase price - Americas core | \$ 138,498 | \$ 79,085 | 75% |
| Purchase price - Americas insolvency | 16,437 | 72,003 | -77% |
| Purchase price - Europe core | 21,579 | 1,626 | 1227% |
| Purchase price - Europe insolvency | 8,510 | -- | 100% |
| Purchase price - total | 185,024 | 152,714 | 21% |

| | | | |
|---|--------------|--------------|-------|
| Number of portfolios - total | 139 | 104 | 34% |
| <u>ESTIMATED REMAINING COLLECTIONS (in thousands)</u> | | | |
| Estimated remaining collections - Americas core | \$ 2,370,086 | \$ 1,891,511 | 25% |
| Estimated remaining collections - Americas insolvency | 577,319 | 793,855 | -27% |
| Estimated remaining collections - Europe core | 1,619,454 | 19,358 | 8266% |
| Estimated remaining collections - Europe insolvency | 24,838 | -- | 100% |
| Estimated remaining collections - total | 4,591,697 | 2,704,724 | 70% |
| Adjusted estimated remaining collections (7) | 4,716,230 | -- | -- |

SHARE DATA (share amounts in thousands)

| | | | |
|---|----------|----------|------|
| Net income per common share - diluted | \$ 1.19 | \$ 0.81 | 47% |
| Weighted average number of shares outstanding - diluted | 49,052 | 50,363 | -3% |
| Shares repurchased | 1,478 | -- | 100% |
| Average price paid per share repurchased (including acquisitions costs) | \$ 52.65 | \$ -- | 100% |
| Closing market price | \$ 54.32 | \$ 57.86 | -6% |

RATIOS AND OTHER DATA (dollars in thousands)

| | | | |
|---|------------|------------|------|
| Return on average equity (1) | 30.1% | 18.2% | 65% |
| Return on revenue (2) | 23.7% | 21.1% | 13% |
| Return on average assets (3) | 8.7% | 10.0% | -13% |
| Operating margin (4) | 39.2% | 36.9% | 6% |
| Operating expense to cash receipts (5) | 36.1% | 37.2% | -3% |
| Debt to equity (6) | 181.0% | 49.5% | 266% |
| Number of full-time equivalent collectors | 2,395 | 2,379 | 1% |
| Number of full-time equivalent employees | 3,847 | 3,621 | 6% |
| Cash receipts (5) | \$ 412,800 | \$ 328,975 | 25% |
| Line of credit - unused portion at period end | 323,812 | 435,500 | -26% |

(1) Calculated as annualized net income divided by average equity for the period

(2) Calculated as net income divided by total revenues

(3) Calculated as annualized net income divided by average assets for the period

(4) Calculated as income from operations divided by total revenues

(5) "Cash receipts" is defined as cash collections plus fee income

(6) For purposes of this ratio, "debt" equals borrowings

(7) Equals total estimated remaining collections on our owned finance receivable portfolios plus the estimated remaining collections on certain of our other investments.

PRA Group, Inc.

FINANCIAL HIGHLIGHTS

| | For the Quarter Ended | | | | |
|---|-----------------------|------------------------|-------------------------|-----------------|------------------|
| | March 31 2015 | December 31 2014 | September 30 2014 | June 30 2014 | March 31 2014 |
| <u>EARNINGS (in thousands)</u> | | | | | |
| Income recognized on finance receivables, net | \$ 228,403 | \$ 222,660 | \$ 224,326 | \$ 182,518 | \$ 177,970 |
| Fee income | 13,053 | 22,800 | 12,757 | 14,510 | 15,608 |
| Other revenue | 3,750 | 5,271 | 1,890 | 315 | 344 |
| Total revenues | 245,206 | 250,731 | 238,973 | 197,343 | 193,922 |
| Operating expenses | 149,040 | 140,871 | 150,784 | 124,906 | 122,340 |
| Income from operations | 96,166 | 109,860 | 88,189 | 72,437 | 71,582 |
| Net interest expense | 14,776 | 13,493 | 11,807 | 5,067 | 4,859 |

| | | | | | |
|------------|--------|--------|--------|--------|--------|
| Net income | 58,135 | 46,991 | 51,167 | 37,507 | 40,840 |
|------------|--------|--------|--------|--------|--------|

PERIOD-END BALANCES (in thousands)

| | | | | | |
|-------------------------------------|-----------|-----------|-----------|------------|------------|
| Cash and cash equivalents | \$ 40,542 | \$ 39,661 | \$ 70,300 | \$ 270,526 | \$ 191,819 |
| Finance receivables, net | 1,954,772 | 2,001,790 | 1,913,710 | 1,219,595 | 1,253,961 |
| Goodwill and intangible assets, net | 506,695 | 538,378 | 606,716 | 118,927 | 118,800 |
| Total assets | 2,700,613 | 2,778,751 | 2,757,429 | 1,695,362 | 1,642,613 |
| Borrowings | 1,479,262 | 1,482,456 | 1,425,409 | 448,785 | 450,278 |
| Total liabilities | 1,883,295 | 1,876,536 | 1,797,569 | 743,106 | 732,395 |
| Total equity | 817,318 | 902,215 | 959,860 | 952,256 | 910,218 |

FINANCE RECEIVABLE COLLECTIONS

(dollars in thousands)

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Cash collections | \$ 399,747 | \$ 373,428 | \$ 372,743 | \$ 319,274 | \$ 313,367 |
| Cash collections on fully amortized pools | 17,005 | 17,785 | 17,105 | 16,943 | 16,516 |
| Principal amortization without allowance (reversals)/charges | 169,714 | 149,753 | 150,115 | 139,055 | 137,350 |
| Allowance (reversal)/charge | 1,630 | 1,015 | (1,698) | (2,299) | (1,953) |
| Principal amortization with allowance (reversals)/charges | 171,344 | 150,768 | 148,417 | 136,756 | 135,397 |
| Principal amortization w/ allowance charges as % of cash collections: | | | | | |
| Including fully amortized pools | 42.9% | 40.4% | 39.8% | 42.8% | 43.2% |
| Excluding fully amortized pools | 44.8% | 42.4% | 41.7% | 45.2% | 45.6% |
| Allowance (reversal)/charge to period-end net finance receivables | 0.1% | 0.1% | -0.1% | -0.2% | -0.2% |

PURCHASES OF FINANCE RECEIVABLES (dollars in thousands)

| | | | | | |
|---|------------|------------|------------|-----------|-----------|
| Purchase price - North America core | \$ 138,498 | \$ 119,714 | \$ 118,018 | \$ 91,904 | \$ 79,085 |
| Purchase price - North America insolvency | 16,437 | 24,949 | 38,535 | 16,187 | 72,003 |
| Purchase price - Europe core | 21,579 | 123,194 | 734,803 | 1,121 | 1,626 |
| Purchase price - Europe insolvency | 8,510 | 11,625 | -- | -- | -- |
| Purchase price - total | 185,024 | 279,482 | 891,356 | 109,212 | 152,714 |
| Number of portfolios - total | 139 | 142 | 125 | 85 | 104 |

ESTIMATED REMAINING COLLECTIONS (in thousands)

| | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| Estimated remaining collections - Americas core | \$ 2,370,086 | \$ 2,229,403 | \$ 2,089,253 | \$ 1,948,414 | \$ 1,891,511 |
| Estimated remaining collections - Americas insolvency | 577,319 | 642,552 | 697,662 | 733,176 | 793,855 |
| Estimated remaining collections - Europe core | 1,619,454 | 1,478,738 | 1,582,135 | 20,349 | 19,358 |
| Estimated remaining collections - Europe insolvency | 24,838 | 15,021 | -- | -- | -- |
| Estimated remaining collections - total | 4,591,697 | 4,365,714 | 4,369,050 | 2,701,939 | 2,704,724 |
| Adjusted estimated remaining collections (7) | 4,716,230 | 4,437,264 | -- | -- | -- |

SHARE DATA-ADJUSTED (7) (share amounts in thousands)

| | | | | | |
|---|----------|----------|----------|----------|----------|
| Net income per common share - diluted | \$ 1.19 | \$ 0.93 | \$ 1.01 | \$ 0.74 | \$ 0.81 |
| Weighted average number of shares outstanding - diluted | 49,052 | 50,444 | 50,439 | 50,437 | 50,363 |
| Shares repurchased | 1,478 | 574 | -- | -- | -- |
| Average price paid per share repurchased (including acquisitions costs) | \$ 52.65 | \$ 57.79 | \$ -- | \$ -- | \$ -- |
| Closing market price | \$ 54.32 | \$ 57.93 | \$ 52.23 | \$ 59.53 | \$ 57.86 |

RATIOS AND OTHER DATA (dollars in thousands)

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Return on average equity (1) | 30.1% | 20.2% | 21.1% | 16.0% | 18.2% |
| Return on revenue (2) | 23.7% | 18.7% | 21.4% | 19.0% | 21.1% |
| Return on average assets (3) | 8.7% | 6.9% | 7.3% | 9.0% | 10.0% |
| Operating margin (4) | 39.2% | 43.8% | 36.9% | 36.7% | 36.9% |
| Operating expense to cash receipts (5) | 36.1% | 35.6% | 39.1% | 37.4% | 37.2% |
| Debt to equity (6) | 181.0% | 164.3% | 148.5% | 47.1% | 49.5% |
| Number of collectors | 2,395 | 2,457 | 2,498 | 2,258 | 2,379 |
| Number of full-time equivalent employees | 3,847 | 3,880 | 3,913 | 3,567 | 3,621 |
| Cash receipts (5) | \$ 412,800 | \$ 396,228 | \$ 385,500 | \$ 333,784 | \$ 328,975 |
| Line of credit - unused portion at period end | 323,812 | 352,926 | 513,800 | 650,000 | 435,500 |

(1) Calculated as annualized net income divided by average equity for the period

(2) Calculated as net income divided by total revenues

(3) Calculated as annualized net income divided by average assets for the period

(4) Calculated as income from operations divided by total revenues

(5) "Cash receipts" is defined as cash collections plus fee income

(6) For purposes of this ratio, "debt" equals borrowings

(7) Equals total estimated remaining collections on our owned finance receivable portfolios plus the estimated remaining collections on certain of our other investments.

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