

# PRA Group Reports Third Quarter 2020 Results

NORFOLK, Va., Nov. 5, 2020 /PRNewswire/ -- PRA Group, Inc. (Nasdaq: PRAA), a global leader in acquiring and collecting nonperforming loans, today reported its financial results for the third quarter of 2020. Net income attributable to PRA Group, Inc. was \$42.5 million compared to \$25.0 million in the third quarter of 2019. Diluted earnings per share were \$0.92 compared to \$0.55 in the third quarter of 2019. For the nine months ended September 30, 2020, net income attributable to PRA Group, Inc. was \$119.5 million, or \$2.60 per diluted share, compared to \$58.8 million, or \$1.29 per diluted share, during the same period in 2019.

## Third Quarter Highlights

- Record global cash collections of \$519.3 million, an increase of 15%, or 14% on a constant currency adjusted basis, compared to the third quarter of 2019.
- Total revenues of \$267.9 million, an increase of 7% compared to the third quarter of 2019.
- Income from operations of \$88.7 million, an increase of 37% compared to the third quarter of 2019.
- Cash efficiency ratio of 65.6% during the quarter compared to 60.2% in the third quarter of 2019.
- Net income of \$42.5 million, an increase of 70% compared to the third quarter of 2019.
- Diluted earnings per share of \$0.92, an increase of 67% compared to the third quarter of 2019.
- Debt to Adjusted EBITDA<sup>1</sup> for the last twelve months was 1.90x, a decrease from 2.54x at December 31, 2019.
- Total portfolio purchases of \$177.6 million.
- Estimated Remaining Collections (ERC) of \$6.3 billion.

"The third quarter of 2020 built upon the trends that we saw during the first half of the year. We produced record quarterly global cash collections driven by growth in both the Americas and Europe. U.S. cash collections continued to be strong and Europe cash collections grew as countries relaxed restrictions and courts returned to more normal operations," said Kevin Stevenson, president and chief executive officer. "Investment levels in Europe were strong in a quarter that is typically seasonally softer as sellers restarted their sales processes. In the U.S., supply was impacted by lower bankruptcy filings and payment deferral programs which depressed charge-off volumes during the quarter. Based on the significant loss provisioning by most financial institutions, we believe that charge-off rates will rise over the next year, increasing supply globally."

## Cash Collections and Revenues

The following table presents cash collections by quarter and by source on an as reported and constant currency adjusted basis:

| Cash Collection Source<br>(\$ in thousands) | 2020       |            |            | 2019       |            |
|---|------------|------------|------------|------------|------------|
|   | Q3         | Q2         | Q1         | Q4         | Q3         |
| Americas Core                               | \$ 336,322 | \$ 343,269 | \$ 305,780 | \$ 276,639 | \$ 279,902 |
| Americas Insolvency                         | 37,344     | 38,685     | 43,210     | 40,801     | 45,759     |
| Europe Core                                 | 131,702    | 115,145    | 131,340    | 126,649    | 118,917    |
| Europe Insolvency                           | 13,971     | 12,841     | 14,243     | 12,520     | 8,639      |
| Total Cash Collections                      | \$ 519,339 | \$ 509,940 | \$ 494,573 | \$ 456,609 | \$ 453,217 |

| Cash Collection Source<br>Constant Currency Adjusted<br>(\$ in thousands) | 2020       | 2019       |
|---|------------|------------|
|   | Q3         | Q3         |
| Americas Core   | \$ 336,322 | \$ 274,962 |
| Americas Insolvency   | 37,344     | 45,756     |
| Europe Core   | 131,702    | 123,807    |
| Europe Insolvency   | 13,971     | 9,069      |
| Total Cash Collections  | \$ 519,339 | \$ 453,594 |

- Cash collections in the quarter increased \$66.1 million compared to the third quarter of 2019. The increase was primarily due to a 37% increase in U.S. call center and other cash collections and an 11% increase in Europe Core cash collections. This was partially offset by a decrease in Americas Insolvency cash collections where investment levels did not offset the runoff of older portfolios. For the nine months ended September 30, 2020, cash collections increased \$139.2 million compared to the same period last year.
- Portfolio income was \$240.3 million compared to \$247.5 million in income recognized on finance receivables in the third quarter of 2019. For the nine months ended September 30, 2020, portfolio income was \$750.6 million compared to \$735.5 million in income recognized on finance receivables for the same time period in 2019.
- Changes in expected recoveries were a net positive of \$25.4 million. This reflects \$89.0 million in recoveries in excess of forecast from overperformance during the quarter, partially offset by a negative \$63.6 million adjustment for changes in expected future recoveries as the Company has assumed the majority of the current quarter overperformance is acceleration of future collections and made cash forecast adjustments deemed appropriate given the current environment in which the Company operates.

## Expenses

- Operating expenses in the quarter decreased \$2.0 million compared to the third quarter of 2019. The decrease was primarily driven by a reduction in legal collection costs mainly as a result of the Company's decision earlier in the year to temporarily pause moving accounts into a legal eligible status in the U.S. and a shift in collections from the legal channel to the call center and digital channels. In addition, there was a decrease in compensation and employee benefits from a reduction in U.S. call center staff as a result of efficiencies realized through technology and data and analytics. For the nine months ended September 30, 2020, operating expenses decreased \$28.5 million compared to the same period in 2019.
- Interest expense, net decreased \$2.2 million compared to the third quarter of 2019 primarily due to lower average interest rates. For the nine months ended September 30, 2020, interest expense, net was almost flat to the same period in 2019.
- The effective tax rate for the nine months ended September 30, 2020 was 15.9%.

## Portfolio Acquisitions

- The Company purchased \$177.6 million in finance receivables in the third quarter of 2020.
- At the end of the third quarter, the Company had in place forward flow commitments of up to \$395.6 million with \$343.8 million in the Americas and \$51.8 million in Europe.

| Portfolio Acquisition Source<br>(\$ in thousands) | 2020      |            |            | 2019       |            |
|---|-----------|------------|------------|------------|------------|
|   | Q3        | Q2         | Q1         | Q4         | Q3         |
| Americas Core                                     | \$ 84,139 | \$ 110,474 | \$ 172,697 | \$ 118,153 | \$ 168,185 |

|                              |            |            |            |            |            |
|------------------------------|------------|------------|------------|------------|------------|
| Americas Insolvency          | 14,328     | 14,527     | 20,772     | 22,650     | 26,311     |
| Europe Core                  | 74,930     | 34,247     | 60,990     | 218,919    | 64,728     |
| Europe Insolvency            | 4,203      | 5,251      | 18,778     | 42,613     | 19,772     |
| Total Portfolio Acquisitions | \$ 177,600 | \$ 164,499 | \$ 273,237 | \$ 402,335 | \$ 278,996 |

#### Conference Call Information

PRA Group, Inc. 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 and view the accompanying slides, visit <https://ir.pragroup.com/events-and-presentations>. To listen by phone, call 844-835-9982 in the U.S. or 412-317-5267 outside the U.S. and ask for the PRA Group conference call. To listen to a replay of the call until Nov. 12, 2020, call 877-344-7529 in the U.S. or 412-317-0088 outside the U.S. and use access code 10148612.

#### About PRA Group, Inc.

As a global leader in acquiring and collecting nonperforming loans, PRA Group, Inc. returns capital to banks and other creditors to help expand financial services for consumers in the Americas and Europe. With thousands of employees worldwide, PRA Group, Inc. companies collaborate with customers to help them resolve their debt. For more information, please visit [www.pragroup.com](http://www.pragroup.com).

#### About Forward-Looking Statements

Statements made herein that are not historical in nature, including PRA Group, Inc.'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, Inc.'s future operations and financial 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, Inc. 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, Inc.'s filings with the Securities and Exchange Commission including but not limited to PRA Group, Inc.'s annual reports on Form 10-K, its quarterly reports on Form 10-Q and its current reports on Form 8-K, which are available through PRA Group, Inc.'s website and contain a detailed discussion of PRA Group, Inc.'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 more 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 Group, Inc. assumes no obligation to publicly update or revise its forward-looking statements contained herein to reflect any change in PRA Group, Inc.'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.

1. A reconciliation of this non-GAAP financial measure to the most directly comparable GAAP measure can be found at the end of this press release.

**PRA Group, Inc.**  
**Unaudited Consolidated Income Statements**  
(In thousands, except per share amounts)

|  | Three Months Ended |         | Nine Months Ended |          |
|--|--------------------|---------|-------------------|----------|
|  | September 30,      |         | September 30,     |          |
|  | 2020               | 2019    | 2020              | 2019     |
| Revenues:                                |                    |         |                   |          |
| Portfolio income                         | \$ 240,250         | \$ -    | \$ 750,556        | \$ -     |
| Changes in expected recoveries           | 25,403             | -       | 32,388            | -        |
| Income recognized on finance receivables | -                  | 247,471 | -                 | 735,526  |
| Fee income                               | 1,978              | 2,391   | 6,826             | 11,472   |
| Other revenue                            | 233                | 152     | 1,788             | 950      |
| Total revenues                           | 267,864            | 250,014 | 791,558           | 747,948  |
| Net allowance charges                    | -                  | (4,136) | -                 | (11,427) |
| Operating expenses:                      |                    |         |                   |          |
| Compensation and employee services       | 71,974             | 75,317  | 217,617           | 234,770  |
| Legal collection fees                    | 13,661             | 14,083  | 41,975            | 41,439   |
| Legal collection costs                   | 26,043             | 31,395  | 79,997            | 99,745   |
| Agency fees                              | 14,900             | 12,788  | 38,619            | 39,833   |
| Outside fees and services                | 22,719             | 16,733  | 60,796            | 48,274   |
| Communication                            | 9,379              | 10,310  | 31,702            | 34,335   |
| Rent and occupancy                       | 4,460              | 4,414   | 13,415            | 13,268   |
| Depreciation and amortization            | 4,301              | 4,046   | 12,494            | 13,341   |
| Other operating expenses                 | 11,761             | 12,102  | 34,457            | 34,613   |
| Total operating expenses                 | 179,198            | 181,188 | 531,072           | 559,618  |
| Income from operations                   | 88,666             | 64,690  | 260,486           | 176,903  |

Other income and (expense):

|  |                  |                  |                   |                  |
|--|------------------|------------------|-------------------|------------------|
| Interest expense, net  | (33,692)         | (35,864)         | (106,319)         | (105,872)        |
| Foreign exchange gains   | 61               | 5,406            | 3,027             | 11,359           |
| Other  | <u>291</u>       | <u>(19)</u>      | <u>(1,367)</u>    | <u>(123)</u>     |
| Income before income taxes   | 55,326           | 34,213           | 155,827           | 82,267           |
| Income tax expense   | <u>7,497</u>     | <u>6,665</u>     | <u>24,734</u>     | <u>15,607</u>    |
| Net income   | 47,829           | 27,548           | 131,093           | 66,660           |
| Adjustment for net income attributable to noncontrolling interests | <u>5,337</u>     | <u>2,577</u>     | <u>11,552</u>     | <u>7,843</u>     |
| Net income attributable to PRA Group, Inc.                         | <u>\$ 42,492</u> | <u>\$ 24,971</u> | <u>\$ 119,541</u> | <u>\$ 58,817</u> |

Net income per common share attributable to PRA Group, Inc.:

|         |         |         |         |         |
|---------|---------|---------|---------|---------|
| Basic   | \$ 0.93 | \$ 0.55 | \$ 2.63 | \$ 1.30 |
| Diluted | \$ 0.92 | \$ 0.55 | \$ 2.60 | \$ 1.29 |

Weighted average number of shares outstanding:

|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Basic   | 45,579 | 45,410 | 45,526 | 45,378 |
| Diluted | 46,140 | 45,645 | 45,971 | 45,520 |

**PRA Group, Inc.**  
**Consolidated Balance Sheets**  
**(in thousands, except per share amounts)**  
**(Amounts in thousands)**

|   | <b>(unaudited)</b>            |                              |
|---|-------------------------------|------------------------------|
|   | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
| <b>ASSETS</b>   |                               |                              |
| Cash and cash equivalents   | \$ 92,779                     | \$ 119,774                   |
| Investments   | 37,821                        | 56,176                       |
| Finance receivables, net  | 3,332,748                     | 3,514,165                    |
| Other receivables, net  | 12,575                        | 10,606                       |
| Income taxes receivable   | 27,554                        | 17,918                       |
| Deferred tax assets, net  | 79,121                        | 63,225                       |
| Property and equipment, net   | 57,826                        | 56,501                       |
| Right-of-use assets   | 51,606                        | 68,972                       |
| Goodwill  | 456,308                       | 480,794                      |
| Intangible assets, net  | 3,392                         | 4,497                        |
| Other assets  | <u>45,519</u>                 | <u>31,263</u>                |
| Total assets  | <u>\$ 4,197,249</u>           | <u>\$ 4,423,891</u>          |
| <b>LIABILITIES AND EQUITY</b>   |                               |                              |
| Liabilities:  |                               |                              |
| Accounts payable  | \$ 4,285                      | \$ 4,258                     |
| Accrued expenses  | 81,913                        | 88,925                       |
| Income taxes payable  | 18,885                        | 4,046                        |
| Deferred tax liabilities, net   | 48,144                        | 85,390                       |
| Lease liabilities   | 55,987                        | 73,377                       |
| Interest-bearing deposits   | 119,834                       | 106,246                      |
| Borrowings  | 2,524,429                     | 2,808,425                    |
| Other liabilities   | <u>71,600</u>                 | <u>26,211</u>                |
| Total liabilities   | <u>2,925,077</u>              | <u>3,196,878</u>             |
| Equity:   |                               |                              |
| Preferred stock, par value \$0.01, authorized shares, 2,000, issued and outstanding shares, 0   | -                             | -                            |
| Common stock, par value \$0.01, 100,000 shares authorized, 45,579 shares issued and outstanding at September 30, 2020; 100,000 shares authorized, 45,416 shares issued and outstanding at December 31, 2019 | 456                           | 454                          |
| Additional paid-in capital  | 70,036                        | 67,321                       |
| Retained earnings   | 1,482,172                     | 1,362,631                    |
| Accumulated other comprehensive loss  | <u>(313,560)</u>              | <u>(261,018)</u>             |
| Total stockholders' equity - PRA Group, Inc.  | 1,239,104                     | 1,169,388                    |
| Noncontrolling interests  | <u>33,068</u>                 | <u>57,625</u>                |
| Total equity  | <u>1,272,172</u>              | <u>1,227,013</u>             |
| Total liabilities and equity  | <u>\$ 4,197,249</u>           | <u>\$ 4,423,891</u>          |

**Select Expenses (Income)**  
(in thousands, pre-tax)

|  | Three Months Ended    |                  |                   |                      |                       |                  |                   |                      |
|--|-----------------------|------------------|-------------------|----------------------|-----------------------|------------------|-------------------|----------------------|
|  | September 30,<br>2020 | June 30,<br>2020 | March 31,<br>2020 | December 31,<br>2019 | September 30,<br>2019 | June 30,<br>2019 | March 31,<br>2019 | December 31,<br>2018 |
| Acquisition/divestiture-related expenses                       | -                     | -                | -                 | -                    | -                     | 227              | 223               | -                    |
| Legal costs not associated with normal operations              | -                     | -                | -                 | -                    | -                     | -                | -                 | 647                  |
| Noncash interest expense - amortization of debt discount       | 2,388                 | 3,247            | 3,217             | 3,157                | 3,128                 | 3,071            | 3,042             | 2,986                |
| Noncash interest expense - amortization of debt issuance costs | 2,476                 | 2,743            | 2,640             | 2,649                | 2,649                 | 2,655            | 2,636             | 2,723                |
| Change in fair value on derivatives                            | 3,701                 | 3,284            | 2,039             | 1,247                | 1,126                 | 1,645            | 349               | 673                  |
| Amortization of intangibles                                    | 360                   | 351              | 349               | 407                  | 400                   | 418              | 347               | 907                  |
| Share-based compensation expense                               | 3,097                 | 3,063            | 2,857             | 2,809                | 2,974                 | 2,620            | 2,314             | 1,600                |

**Purchase Price Multiples**

**as of September 30, 2020**  
Amounts in thousands

| Purchase Period            | Purchase Price<br>(1)(2) | ERC-Historical<br>Period Exchange<br>Rates (3) | Total Estimated<br>Collections (4) | ERC-Current<br>Period Exchange<br>Rates (5) | Current<br>Estimated<br>Purchase Price<br>Multiple | Original<br>Estimated<br>Purchase Price<br>Multiple (6) |
|----------------------------|--------------------------|--|------------------------------------|---|--|---|
| <b>Americas Core</b>       |                          |  |                                    |   |  |   |
| 1996-2009                  | \$ 930,026               | \$ 23,046                                      | \$ 2,877,116                       | \$ 23,046                                   | 309%   | 238%  |
| 2010                       | 148,193                  | 14,122   | 526,052                            | 14,122                                      | 355%   | 247%  |
| 2011                       | 209,602                  | 26,186   | 725,498                            | 26,186                                      | 346%   | 245%  |
| 2012                       | 254,076                  | 31,217   | 660,403                            | 31,217                                      | 260%   | 226%  |
| 2013                       | 390,826                  | 57,085   | 912,068                            | 57,085                                      | 233%   | 211%  |
| 2014                       | 404,117                  | 91,301   | 891,499                            | 89,353                                      | 221%   | 204%  |
| 2015                       | 443,114                  | 149,049  | 933,513                            | 148,585                                     | 211%   | 205%  |
| 2016                       | 455,757                  | 273,495  | 1,101,186                          | 260,392                                     | 242%   | 201%  |
| 2017                       | 532,851                  | 406,451  | 1,209,406                          | 402,103                                     | 227%   | 193%  |
| 2018                       | 653,975                  | 587,961  | 1,348,402                          | 576,414                                     | 206%   | 202%  |
| 2019                       | 581,476                  | 812,641  | 1,234,909                          | 784,614                                     | 212%   | 206%  |
| 2020                       | 367,050                  | 688,459  | 770,975                            | 688,459                                     | 210%   | 210%  |
| Subtotal                   | 5,371,073                | 3,161,013                                      | 13,191,027                         | 3,101,576                                   |  |   |
| <b>Americas Insolvency</b> |                          |  |                                    |   |  |   |
| 1996-2009                  | 397,453                  | 578  | 835,901                            | 578   | 210%   | 178%  |
| 2010                       | 208,942                  | 737  | 546,812                            | 737   | 262%   | 184%  |
| 2011                       | 180,432                  | 649  | 370,158                            | 649   | 205%   | 155%  |
| 2012                       | 251,395                  | 356  | 392,527                            | 356   | 156%   | 136%  |
| 2013                       | 227,834                  | 1,093  | 354,914                            | 1,093                                       | 156%   | 133%  |
| 2014                       | 148,420                  | 1,660  | 217,699                            | 1,649                                       | 147%   | 124%  |
| 2015                       | 63,170                   | 2,633  | 87,590                             | 2,633                                       | 139%   | 125%  |
| 2016                       | 91,442                   | 11,549   | 116,138                            | 11,554                                      | 127%   | 123%  |
| 2017                       | 275,257                  | 73,636   | 347,183                            | 73,636                                      | 126%   | 125%  |
| 2018                       | 97,879                   | 73,500   | 130,542                            | 73,500                                      | 133%   | 127%  |
| 2019                       | 123,077                  | 124,052  | 160,344                            | 123,982                                     | 130%   | 128%  |
| 2020                       | 49,626                   | 63,719   | 68,018                             | 63,719                                      | 137%   | 137%  |
| Subtotal                   | 2,114,927                | 354,162  | 3,627,826                          | 354,086                                     |  |   |
| Total Americas             | 7,486,000                | 3,515,175                                      | 16,818,853                         | 3,455,662                                   |  |   |
| <b>Europe Core</b>         |                          |  |                                    |   |  |   |
| 2012                       | 20,409                   | 121  | 40,963                             | 96  | 201%   | 187%  |
| 2013                       | 20,334                   | 65   | 25,294                             | 51  | 124%   | 119%  |
| 2014                       | 773,811                  | 698,195  | 2,223,673                          | 628,800                                     | 287%   | 208%  |
| 2015                       | 411,340                  | 293,515  | 733,024                            | 272,301                                     | 178%   | 160%  |
| 2016                       | 333,090                  | 288,132  | 558,471                            | 290,464                                     | 168%   | 167%  |
| 2017                       | 252,174                  | 207,615  | 358,335                            | 195,887                                     | 142%   | 144%  |
| 2018                       | 341,775                  | 360,283  | 527,239                            | 362,163                                     | 154%   | 148%  |
| 2019                       | 518,610                  | 632,065  | 777,563                            | 627,204                                     | 150%   | 152%  |
| 2020                       | 172,494                  | 289,657  | 306,357                            | 289,657                                     | 178%   | 178%  |
| Subtotal                   | 2,844,037                | 2,769,648                                      | 5,550,919                          | 2,666,623                                   |  |   |
| <b>Europe Insolvency</b>   |                          |  |                                    |   |  |   |
| 2014                       | 10,876                   | 377  | 18,190                             | 333   | 167%   | 129%  |
| 2015                       | 18,973                   | 3,432  | 29,036                             | 2,996                                       | 153%   | 139%  |
| 2016                       | 39,338                   | 11,064   | 56,719                             | 11,709                                      | 144%   | 130%  |
| 2017                       | 39,235                   | 22,247   | 48,969                             | 21,292                                      | 125%   | 128%  |
| 2018                       | 44,908                   | 38,230   | 54,791                             | 38,778                                      | 122%   | 123%  |
| 2019                       | 77,218                   | 80,148   | 101,336                            | 78,302                                      | 131%   | 130%  |
| 2020                       | 28,221                   | 36,180   | 38,249                             | 36,180                                      | 136%   | 136%  |
| Subtotal                   | 258,769                  | 191,678  | 347,290                            | 189,590                                     |  |   |
| Total Europe               | 3,102,806                | 2,961,326                                      | 5,898,209                          | 2,856,213                                   |  |   |
| Total PRA Group            | \$ 10,588,806            | \$ 6,476,501                                   | \$ 22,717,062                      | \$ 6,311,875                                |  |   |

(1) Includes the acquisition date finance receivables portfolios that were acquired through our business acquisitions.

(2) For our non-US amounts, purchase price is presented at the exchange rate at the end of the year in which the pool was purchased. In addition, any purchase price adjustments that occur throughout the life of the pool are presented at the year-end exchange rate for the respective year of purchase.

(3) For our non-US amounts, ERC-Historical Period Exchange Rates is presented at the year-end exchange rate for the respective year

of purchase.

(4) For our non-U.S. amounts, Total Estimated Collections is presented at the year-end exchange rate for the respective year of purchase.

(5) For our non-U.S. amounts, ERC-Current Period Exchange Rates is presented at the September 30, 2020 exchange rate.

(6) The Original Estimated Purchase Price Multiple represents the purchase price multiple at the end of the year of acquisition.

**Portfolio Financial Information**  
**Year-to-date as of September 30, 2020**  
Amounts in thousands

| Purchase Period            | Cash<br>Collections <sup>(1)</sup> | Portfolio<br>Income <sup>(1)</sup> | Changes in<br>Expected<br>Recoveries <sup>(1)</sup> | Total Portfolio<br>Revenue <sup>(1) (2)</sup> | Net Finance<br>Receivables as of<br>September 30,<br>2020 <sup>(3)</sup> |
|----------------------------|------------------------------------|------------------------------------|---|---|--|
| <b>Americas Core</b>       |                                    |                                    |   |   |  |
| 1996-2009                  | \$ 10,283                          | \$ 7,623                           | \$ (942)  | \$ 6,681                                      | \$ 5,632   |
| 2010                       | 4,915                              | 4,815                              | (1,249)   | 3,566   | 2,135  |
| 2011                       | 8,705                              | 8,080                              | (2,493)   | 5,587   | 4,587  |
| 2012                       | 9,544                              | 8,200                              | (4,924)   | 3,276   | 9,732  |
| 2013                       | 18,522                             | 13,507                             | (8,147)   | 5,360   | 20,420   |
| 2014                       | 25,834                             | 19,101                             | (15,624)  | 3,477   | 32,450   |
| 2015                       | 46,778                             | 27,520                             | (13,397)  | 14,123  | 60,495   |
| 2016                       | 84,173                             | 46,641                             | 2,896   | 49,537  | 104,052  |
| 2017                       | 156,140                            | 72,319                             | 17,633  | 89,952  | 174,974  |
| 2018                       | 269,287                            | 108,426                            | 14,505  | 122,931                                       | 308,890  |
| 2019                       | 268,687                            | 137,243                            | 24,458  | 161,701                                       | 406,209  |
| 2020                       | 82,503                             | 46,636                             | 13,745  | 60,381  | 344,306  |
| Subtotal                   | 985,371                            | 500,111                            | 26,461  | 526,572                                       | 1,473,882  |
| <b>Americas Insolvency</b> |                                    |                                    |   |   |  |
| 1996-2009                  | 282                                | \$ 339                             | (42)  | 297   | -  |
| 2010                       | 383                                | 444                                | (59)  | 385   | -  |
| 2011                       | 379                                | 324                                | 57  | 381   | -  |
| 2012                       | 746                                | 597                                | 429   | 1,026   | -  |
| 2013                       | 1,041                              | 1,050                              | (7)   | 1,043   | -  |
| 2014                       | 1,841                              | 2,193                              | (850)   | 1,343   | 190  |
| 2015                       | 7,101                              | 3,572                              | (538)   | 3,034   | 1,708  |
| 2016                       | 11,196                             | 2,793                              | 280   | 3,073   | 9,292  |
| 2017                       | 46,234                             | 12,563                             | (1,726)   | 10,837  | 60,022   |
| 2018                       | 22,905                             | 8,601                              | 2,804   | 9,605   | 61,150   |
| 2019                       | 22,832                             | 8,657                              | 3,103   | 11,760  | 102,671  |
| 2020                       | 4,299                              | 2,366                              | (737)   | 1,629   | 46,617   |
| Subtotal                   | 119,239                            | 41,699                             | 2,714   | 44,413  | 281,650  |
| Total Americas             | 1,104,610                          | 541,810                            | 29,175  | 570,985                                       | 1,755,532  |
| <b>Europe Core</b>         |                                    |                                    |   |   |  |
| 2012                       | 920                                | 589                                | 331   | 920   | -  |
| 2013                       | 510                                | 281                                | 230   | 511   | -  |
| 2014                       | 109,979                            | 80,855                             | 5,230   | 86,085  | 165,812  |

|                          |              |            |           |            |              |
|--------------------------|--------------|------------|-----------|------------|--------------|
| 2015                     | 40,402       | 23,441     | (1,084)   | 22,357     | 142,366      |
| 2016                     | 35,954       | 20,203     | (1,431)   | 18,772     | 167,280      |
| 2017                     | 26,862       | 10,270     | (2,975)   | 7,295      | 135,303      |
| 2018                     | 53,388       | 19,851     | 4,565     | 24,416     | 234,456      |
| 2019                     | 93,784       | 32,805     | (5,338)   | 27,467     | 414,706      |
| 2020                     | 16,388       | 6,371      | 2,529     | 8,900      | 164,342      |
| Subtotal                 | 378,187      | 194,666    | 2,057     | 196,723    | 1,424,265    |
| <b>Europe Insolvency</b> |              |            |           |            |              |
| 2014                     | 640          | 434        | 41        | 475        | 141          |
| 2015                     | 2,241        | 1,099      | 44        | 1,143      | 1,887        |
| 2016                     | 5,970        | 2,418      | (324)     | 2,094      | 8,382        |
| 2017                     | 7,207        | 1,527      | 357       | 1,884      | 18,575       |
| 2018                     | 7,436        | 2,244      | (517)     | 1,727      | 33,282       |
| 2019                     | 15,521       | 5,059      | 1,215     | 6,274      | 62,948       |
| 2020                     | 2,040        | 1,299      | 340       | 1,639      | 27,736       |
| Subtotal                 | 41,055       | 14,080     | 1,156     | 15,236     | 152,951      |
| Total Europe             | 419,242      | 208,746    | 3,213     | 211,959    | 1,577,216    |
| Total PRA Group          | \$ 1,523,852 | \$ 750,556 | \$ 32,388 | \$ 782,944 | \$ 3,332,748 |

- (1) For our non-U.S. amounts, amounts are presented using the average exchange rates during the current reporting period.  
(2) Total Portfolio Revenue refers to portfolio income and changes in expected recoveries combined.  
(3) For our non-U.S. amounts, net finance receivables are presented at the September 30, 2020 exchange rate.

**Cash Collections by Year, By Year of Purchase <sup>(1)</sup>**  
**as of September 30, 2020**  
*Amounts in millions*

| Purchase<br>Period  | Purchase<br>Price<br>(2)(3) | Cash Collections |          |          |          |            |            |            |            |            |            |            |            |             |
|---------------------|-----------------------------|------------------|----------|----------|----------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
|                     |                             | 1996-2009        | 2010     | 2011     | 2012     | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       | Total       |
| Americas Core       |                             |                  |          |          |          |            |            |            |            |            |            |            |            |             |
| 1996-2009           | \$ 930.0                    | \$ 1,647.7       | \$ 295.7 | \$ 253.5 | \$ 201.6 | \$ 146.4   | \$ 101.8   | \$ 71.2    | \$ 45.7    | \$ 30.5    | \$ 23.3    | \$ 19.2    | \$ 10.3    | \$ 2,846.9  |
| 2010                | 148.2                       | —                | 47.1     | 113.6    | 109.9    | 82.0       | 55.9       | 38.1       | 24.5       | 15.6       | 11.1       | 9.2        | 4.9        | 511.9       |
| 2011                | 209.6                       | —                | —        | 62.0     | 174.5    | 152.9      | 108.5      | 73.8       | 48.7       | 32.0       | 21.6       | 16.6       | 8.7        | 699.3       |
| 2012                | 254.1                       | —                | —        | —        | 56.9     | 173.6      | 146.2      | 97.3       | 60.0       | 40.0       | 27.8       | 17.9       | 9.5        | 629.2       |
| 2013                | 390.8                       | —                | —        | —        | —        | 101.6      | 247.8      | 194.0      | 120.8      | 78.9       | 56.4       | 36.9       | 18.6       | 855.0       |
| 2014                | 404.1                       | —                | —        | —        | —        | —          | 92.7       | 253.4      | 170.3      | 114.2      | 82.2       | 55.3       | 25.8       | 793.9       |
| 2015                | 443.1                       | —                | —        | —        | —        | —          | —          | 117.0      | 228.4      | 185.9      | 126.6      | 83.6       | 46.8       | 788.3       |
| 2016                | 455.8                       | —                | —        | —        | —        | —          | —          | —          | 138.7      | 256.5      | 194.6      | 140.6      | 84.2       | 814.6       |
| 2017                | 532.9                       | —                | —        | —        | —        | —          | —          | —          | —          | 107.3      | 278.7      | 256.5      | 156.1      | 798.6       |
| 2018                | 654.0                       | —                | —        | —        | —        | —          | —          | —          | —          | —          | 122.7      | 361.9      | 269.3      | 753.9       |
| 2019                | 581.5                       | —                | —        | —        | —        | —          | —          | —          | —          | —          | —          | 143.8      | 268.7      | 412.5       |
| 2020                | 367.0                       | —                | —        | —        | —        | —          | —          | —          | —          | —          | —          | —          | 82.5       | 82.5        |
| Subtotal            | 5,371.1                     | 1,647.7          | 342.8    | 429.1    | 542.9    | 656.5      | 752.9      | 844.8      | 837.1      | 860.9      | 945.0      | 1,141.5    | 985.4      | 9,986.6     |
| Americas Insolvency |                             |                  |          |          |          |            |            |            |            |            |            |            |            |             |
| 1996-2009           | 397.5                       | 204.3            | 147.1    | 156.7    | 145.4    | 109.3      | 57.0       | 7.6        | 3.6        | 2.2        | 1.1        | 0.7        | 0.2        | 835.2       |
| 2010                | 208.9                       | —                | 39.5     | 104.5    | 125.0    | 121.7      | 101.9      | 43.6       | 5.0        | 2.4        | 1.4        | 0.7        | 0.4        | 546.1       |
| 2011                | 180.4                       | —                | —        | 15.2     | 66.4     | 82.8       | 85.8       | 76.9       | 36.0       | 3.7        | 1.6        | 0.7        | 0.4        | 369.5       |
| 2012                | 251.4                       | —                | —        | —        | 17.4     | 103.6      | 94.1       | 80.1       | 60.7       | 29.3       | 4.3        | 1.9        | 0.8        | 392.2       |
| 2013                | 227.8                       | —                | —        | —        | —        | 52.5       | 82.6       | 81.7       | 63.4       | 47.8       | 21.9       | 2.9        | 1.0        | 353.8       |
| 2014                | 148.4                       | —                | —        | —        | —        | —          | 37.0       | 50.9       | 44.3       | 37.4       | 28.8       | 15.8       | 1.8        | 216.0       |
| 2015                | 63.2                        | —                | —        | —        | —        | —          | —          | 3.4        | 17.9       | 20.1       | 19.8       | 16.7       | 7.1        | 85.0        |
| 2016                | 91.4                        | —                | —        | —        | —        | —          | —          | —          | 18.9       | 30.4       | 25.0       | 19.9       | 11.2       | 105.4       |
| 2017                | 275.3                       | —                | —        | —        | —        | —          | —          | —          | —          | 49.1       | 97.3       | 80.9       | 46.2       | 273.5       |
| 2018                | 97.9                        | —                | —        | —        | —        | —          | —          | —          | —          | —          | 6.7        | 27.4       | 22.9       | 57.0        |
| 2019                | 123.1                       | —                | —        | —        | —        | —          | —          | —          | —          | —          | —          | 13.4       | 22.9       | 36.3        |
| 2020                | 49.6                        | —                | —        | —        | —        | —          | —          | —          | —          | —          | —          | —          | 4.3        | 4.3         |
| Subtotal            | 2,114.9                     | 204.3            | 186.6    | 276.4    | 354.2    | 469.9      | 458.4      | 344.2      | 249.8      | 222.4      | 207.9      | 181.0      | 119.2      | 3,274.3     |
| Total Americas      | 7,486.0                     | 1,852.0          | 529.4    | 705.5    | 897.1    | 1,126.4    | 1,211.3    | 1,189.0    | 1,086.9    | 1,083.3    | 1,152.9    | 1,322.5    | 1,104.6    | 13,260.9    |
| Europe Core         |                             |                  |          |          |          |            |            |            |            |            |            |            |            |             |
| 2012                | 20.4                        | —                | —        | —        | 11.6     | 9.0        | 5.6        | 3.2        | 2.2        | 2.0        | 2.0        | 1.5        | 0.9        | 38.0        |
| 2013                | 20.3                        | —                | —        | —        | —        | 7.1        | 8.5        | 2.3        | 1.3        | 1.2        | 1.3        | 0.9        | 0.5        | 23.1        |
| 2014                | 773.8                       | —                | —        | —        | —        | —          | 153.2      | 292.0      | 246.4      | 220.8      | 206.3      | 172.9      | 109.9      | 1,401.5     |
| 2015                | 411.3                       | —                | —        | —        | —        | —          | —          | 45.8       | 100.3      | 86.2       | 80.9       | 66.1       | 40.3       | 419.6       |
| 2016                | 333.1                       | —                | —        | —        | —        | —          | —          | —          | 40.4       | 78.9       | 72.6       | 58.0       | 35.9       | 285.8       |
| 2017                | 252.2                       | —                | —        | —        | —        | —          | —          | —          | —          | 17.9       | 56.0       | 44.1       | 27.0       | 145.0       |
| 2018                | 341.8                       | —                | —        | —        | —        | —          | —          | —          | —          | —          | 24.3       | 88.7       | 53.4       | 166.4       |
| 2019                | 518.6                       | —                | —        | —        | —        | —          | —          | —          | —          | —          | —          | 48.0       | 93.8       | 141.8       |
| 2020                | 172.5                       | —                | —        | —        | —        | —          | —          | —          | —          | —          | —          | —          | 16.4       | 16.4        |
| Subtotal            | 2,844.0                     | -                | -        | -        | 11.6     | 16.1       | 167.3      | 343.3      | 390.6      | 407.0      | 443.4      | 480.2      | 378.1      | 2,637.6     |
| Europe Insolvency   |                             |                  |          |          |          |            |            |            |            |            |            |            |            |             |
| 2014                | 10.9                        | —                | —        | —        | —        | —          | -          | 4.3        | 3.9        | 3.2        | 2.6        | 1.5        | 0.6        | 16.1        |
| 2015                | 19.0                        | —                | —        | —        | —        | —          | —          | 3.0        | 4.4        | 5.0        | 4.8        | 3.9        | 2.2        | 23.3        |
| 2016                | 39.3                        | —                | —        | —        | —        | —          | —          | —          | 6.2        | 12.7       | 12.9       | 10.7       | 6.0        | 48.5        |
| 2017                | 39.2                        | —                | —        | —        | —        | —          | —          | —          | —          | 1.2        | 7.9        | 9.2        | 7.2        | 25.5        |
| 2018                | 44.9                        | —                | —        | —        | —        | —          | —          | —          | —          | —          | 0.6        | 8.4        | 7.5        | 16.5        |
| 2019                | 77.2                        | —                | —        | —        | —        | —          | —          | —          | —          | —          | —          | 5.0        | 15.5       | 20.5        |
| 2020                | 28.3                        | —                | —        | —        | —        | —          | —          | —          | —          | —          | —          | —          | 2.1        | 2.1         |
| Subtotal            | 258.8                       | -                | -        | -        | -        | -          | -          | 7.3        | 14.5       | 22.1       | 28.8       | 38.7       | 41.1       | 152.5       |
| Total Europe        | 3,102.8                     | -                | -        | -        | 11.6     | 16.1       | 167.3      | 350.6      | 405.1      | 429.1      | 472.2      | 518.9      | 419.2      | 2,790.1     |
| Total PRA Group     | \$ 10,588.8                 | \$ 1,852.0       | \$ 529.4 | \$ 705.5 | \$ 908.7 | \$ 1,142.5 | \$ 1,378.6 | \$ 1,539.6 | \$ 1,492.0 | \$ 1,512.4 | \$ 1,625.1 | \$ 1,841.4 | \$ 1,523.8 | \$ 16,051.0 |

- (1) For our non-U.S. amounts, Cash Collections are presented using the average exchange rates during the cash collection period.  
(2) Includes the acquisition date finance receivables portfolios that were acquired through our business acquisitions.  
(3) For our non-US amounts, purchase price is presented at the exchange rate at the end of the year in which the pool was purchased. In addition, any purchase price adjustments that occur throughout the life of the pool are presented at the year-end exchange rate for the respective year of purchase.

#### Use of Non-GAAP Financial Measures

PRA Group, Inc. reports 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 interest expense, net and other; plus income tax expense (or less income tax benefit); plus depreciation and amortization; plus recoveries applied to negative allowance; less gain on sale of subsidiaries; less foreign exchange gain (or plus foreign exchange loss); and plus net income attributable to noncontrolling interests. 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 adjusted EBITDA to net income, the most directly comparable financial measure calculated and reported in accordance with GAAP. The calculation of adjusted EBITDA below may not be comparable to the calculation of similarly titled measures reported by other companies.

|  | LTM Dec. 31, | LTM Sept. 30, |
|--|--------------|---------------|
|  | 2019         | 2020          |

|  |        |       |
|--|--------|-------|
| LTM Adjusted EBITDA for PRA Group, Inc.    |        |       |
| Net Income attributable to PRA Group, Inc. | \$86   | \$147 |
| Income tax expense (benefit)               | \$20   | \$29  |
| Foreign exchange (gain) loss               | (\$12) | (\$4) |

|  |         |         |
|--|---------|---------|
| Interest expense, net and other                                    | \$142   | \$144   |
| Depreciation and amortization                                      | \$17    | \$17    |
| Adjustment for net income attributable to noncontrolling interests | \$12    | \$15    |
| Gain on sale of subsidiaries                                       | \$0     | \$0     |
| LTM EBITDA   | \$265   | \$348   |
| Recoveries applied to negative allowance*                          | \$843   | \$978   |
| LTM Adjusted EBITDA  | \$1,108 | \$1,326 |

\*Prior to the first quarter of 2020, this represented collections applied to principle on finance receivables.

|                             |         |         |
|-----------------------------|---------|---------|
| Borrowings                  | \$2,808 | \$2,524 |
| LTM Adjusted EBITDA         | \$1,108 | \$1,326 |
| Debt to LTM Adjusted EBITDA | 2.54x   | 1.90x   |

**Investor Contact:**

Darby Schoenfeld, CPA  
Vice President, Investor Relations  
(757) 431-7913  
[Darby.Schoenfeld@PRAGroup.com](mailto:Darby.Schoenfeld@PRAGroup.com)

**News Media Contact:**

Elizabeth Kersey  
Vice President, Communications and Public Policy  
(757) 431-3398  
[Elizabeth.Kersey@PRAGroup.com](mailto:Elizabeth.Kersey@PRAGroup.com)

SOURCE PRA Group

---