

# February 2024 Investor Presentation

A Global Leader in Acquiring and  
Collecting Nonperforming Loans



# 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 Such statements involve uncertainties and risks, some of which are not currently known to us, and may be superseded by future events that could cause actual results to differ materially from those expressed or implied in this presentation.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 when 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.

# Agenda

Industry Overview

Company Overview

Financial Snapshot

Optimizing Performance

Appendix



# We Return Capital to Creditors

## Helping Consumers Get Reintegrated into the Financial System

### Asset Types:

- Major Credit Cards
- Private Label Credit Cards
- Auto Loans
- Personal Loans

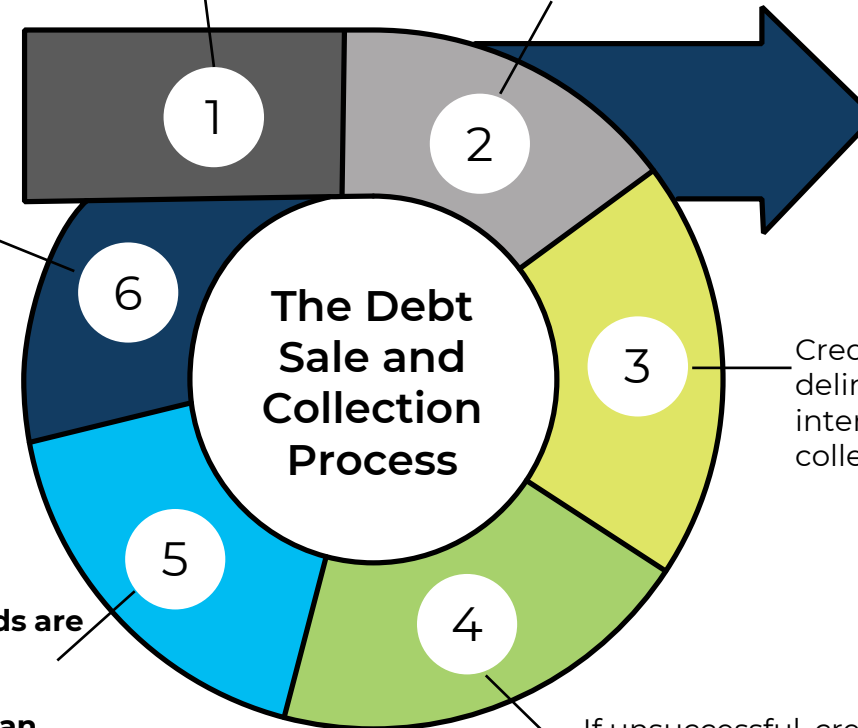
Creditor extends credit to consumers

Consumers fail to make timely payments and become delinquent

### Steps 2-3:

- Creditor's lending behavior is affected
- Consumer's credit score is negatively impacted

**PRA Group companies work with consumers to pay down and resolve delinquent debt**



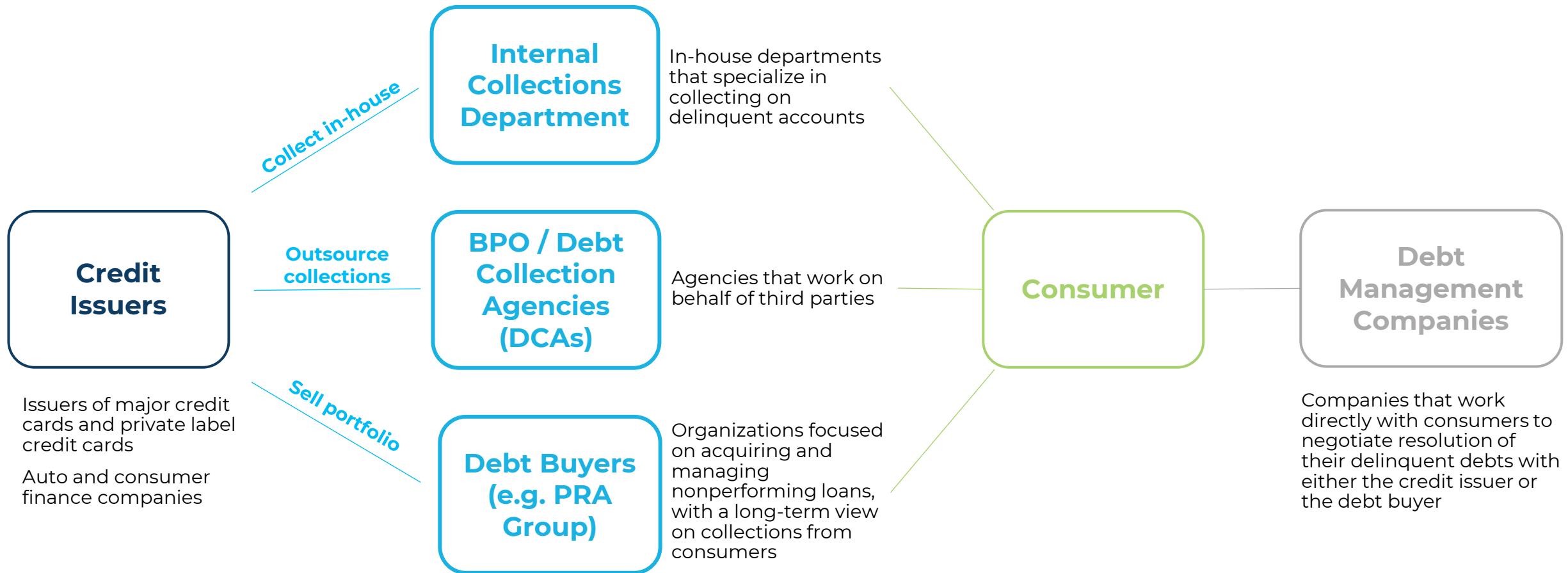
Creditor attempts to collect delinquent payments either internally or through a third-party collection agency

**If return thresholds are met, PRA Group purchases nonperforming loan portfolio, restoring value to the creditor**

If unsuccessful, creditor charges off delinquent accounts and sells them as part of a portfolio of nonperforming loans (NPLs)

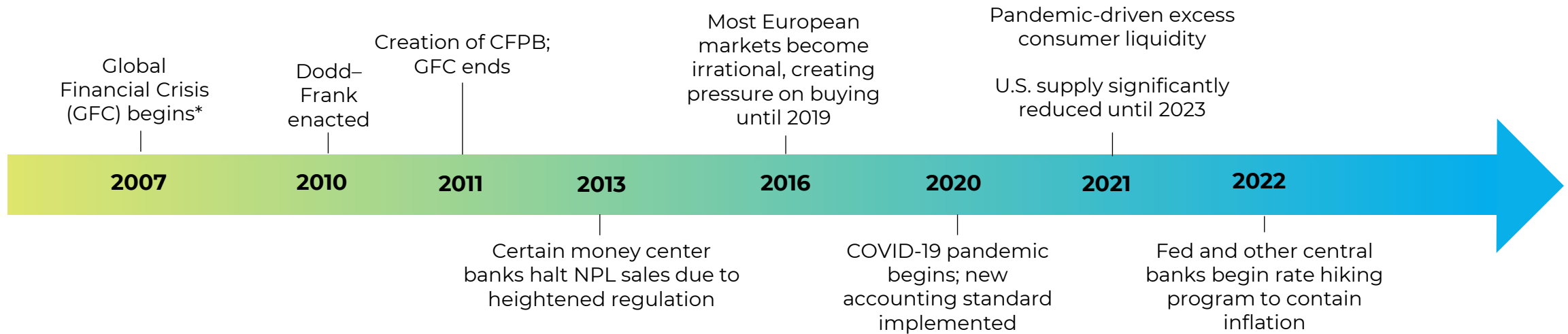
# The NPL Ecosystem

## Understanding the Different Types of Players Involved



# Evolution of the Industry

## Navigating a Dynamic Business



1

We are in a **cyclical** business with **positive growth tailwinds in the U.S.**

2

Our **goal** is to average a **strong level of returns** through the credit cycle

3

This is accomplished by capitalizing on **purchasing/pricing discipline** and focusing on **operational excellence**

# Industry Drivers of Success

## Industry Dynamics

- Cyclical
- Stable seller universe
- Highly competitive (more fragmented in Europe)
- Changing customer preferences (migration toward digital)
- Large data sets available
- Extensive regulation
- Capital intensive business

## Key Drivers of Success

- Geographic/product diversification
- Variable cost structure
- Seller relationships
- Disciplined pricing with strong underwriting capabilities
- Effective execution - maximize collections per \$1 invested
- Scaled and efficient operations
- Clear product focus
- Customer first marketing mindset
- Digital/self-serve capabilities
- Analytic skills, customer insights
- Balanced risk tolerance
- Continuous access to competitively priced capital
- Funding flexibility

# Positive Outlook on Supply and Pricing

## Increased Funding Cost Reflected



### Current Environment

- **Improved supply and pricing dynamics** after declines in 2020-2022
- Rising cost of capital **positively impacting pricing, with sellers accepting lower bids**
- **Consistent competitive landscape**
- Stringent regulations - **high barriers to entry**



- **Credit normalization** slower than U.S.
- Portfolio supply supported by **large inventory of aged NPLs**
- Rising cost of capital **positively impacting pricing, with sellers accepting lower bids**
- Generally **more competitive** (varies by market)

### Near-Term Outlook

- **Supply anticipated to continue to increase**
- **Portfolio pricing** continues to be healthy
- **Could potentially see more spot deals**
- Should eventually see **increased charge-offs** due to macroeconomic factors and credit normalization
- **Competition expected to moderate in certain markets**, as overlevered peers scale back investments

**PRA is positioned to capitalize on future opportunities**



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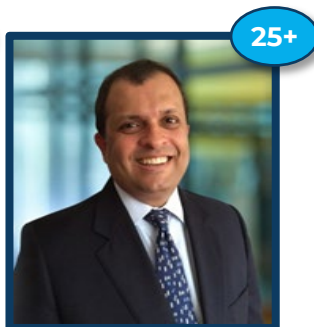
# Experienced Management Team With Deep Bench

## Bringing Speed and Agility to Decision-Making and Execution



**Vikram Atal**

President, Chief Executive Officer  
8 years at PRA  
(incl. 7 as Board member)



**Rakesh Sehgal**

Chief Financial Officer  
1 year at PRA



**Owen James**

Global Investments Officer  
13 years at PRA



**Jan Husby**

Chief Information Officer  
17 years at PRA



**Martin Sjölund**

President, PRA Group Europe  
12 years at PRA



**LaTisha Tarrant**

General Counsel and Chief Human Resources Officer  
7 years at PRA



**Keith Warren**

Chief Risk and Compliance Officer



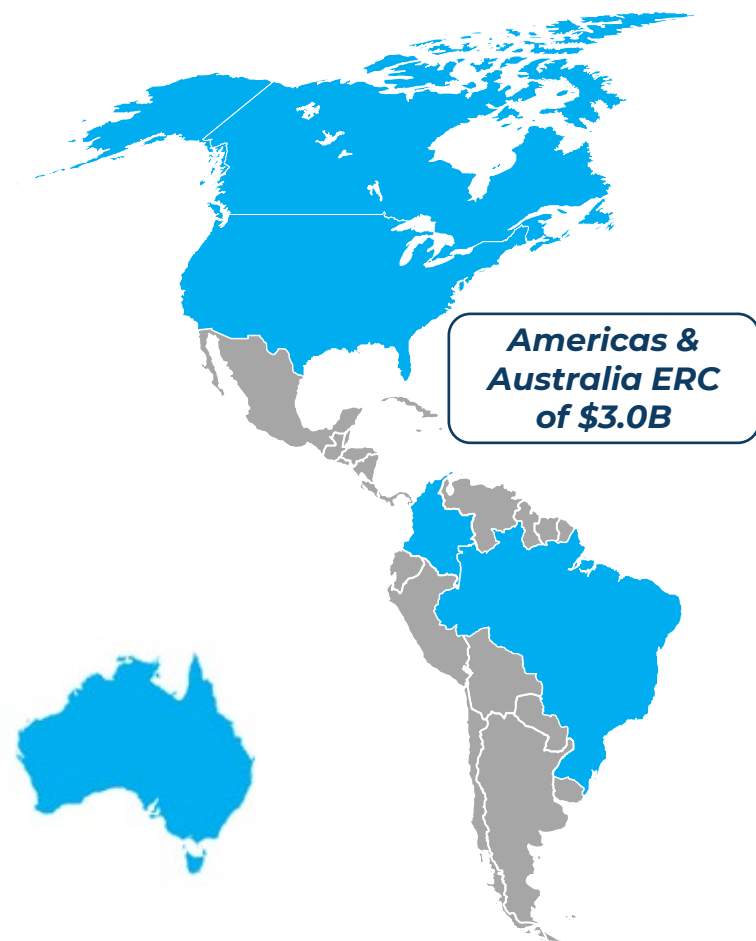
**Elizabeth Kersey**

SVP, Communications and Public Policy  
5 years at PRA



Years of Experience

# A Global Leader in Acquiring and Collecting Nonperforming Loans



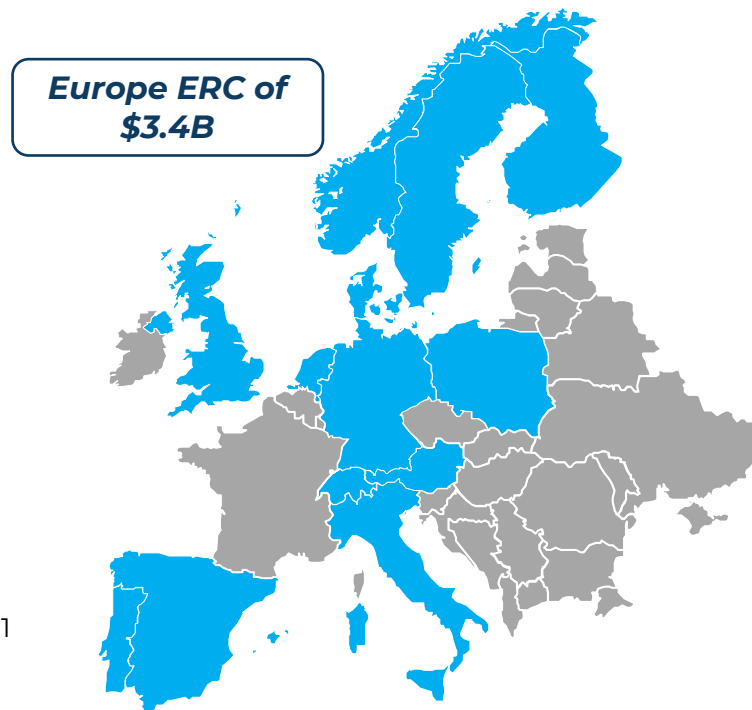
**3,000+**  
Employees Worldwide

**18**  
Countries

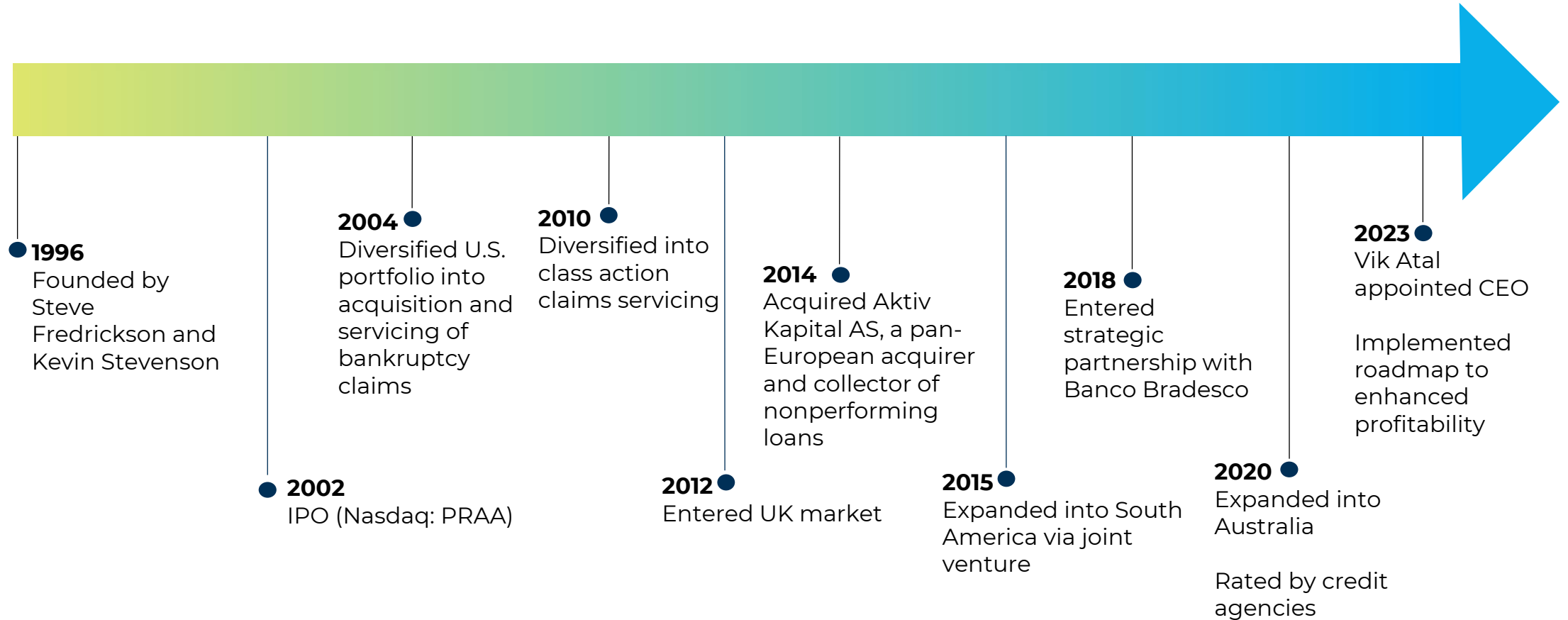
**\$1.2 billion**  
2023 Portfolio Purchases

**\$6.4 billion**  
Estimated Remaining Collections (ERC)<sup>1</sup>

**25+**  
Years in Business



# 25+ Year History and Public Since 2002



# U.S. Market

## Capitalizing on Improving Supply & Pricing

**Key buyer** in one of the world's largest NPL markets with high regulatory barriers to entry

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**Strong seller relationships** with a focus on expanding seller engagement

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Executing on strategic initiatives to improve operational effectiveness and efficiency to **increase cash collections and lower marginal costs**



# European Market

## Continuing To Grow With Discipline

### Diversified presence with portfolios in 13 countries

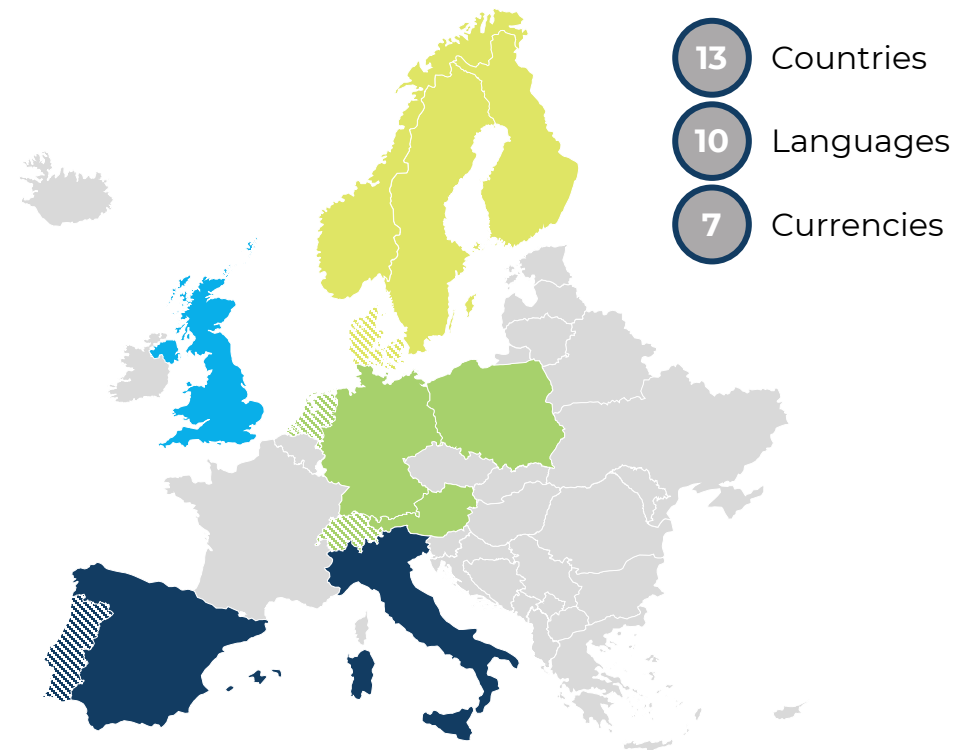
Represents **more than 50% of our ERC**, with UK as our largest market (~25% of ERC)

### Strong seller relationships

Efficient operations with a **29-year track record**<sup>1</sup>

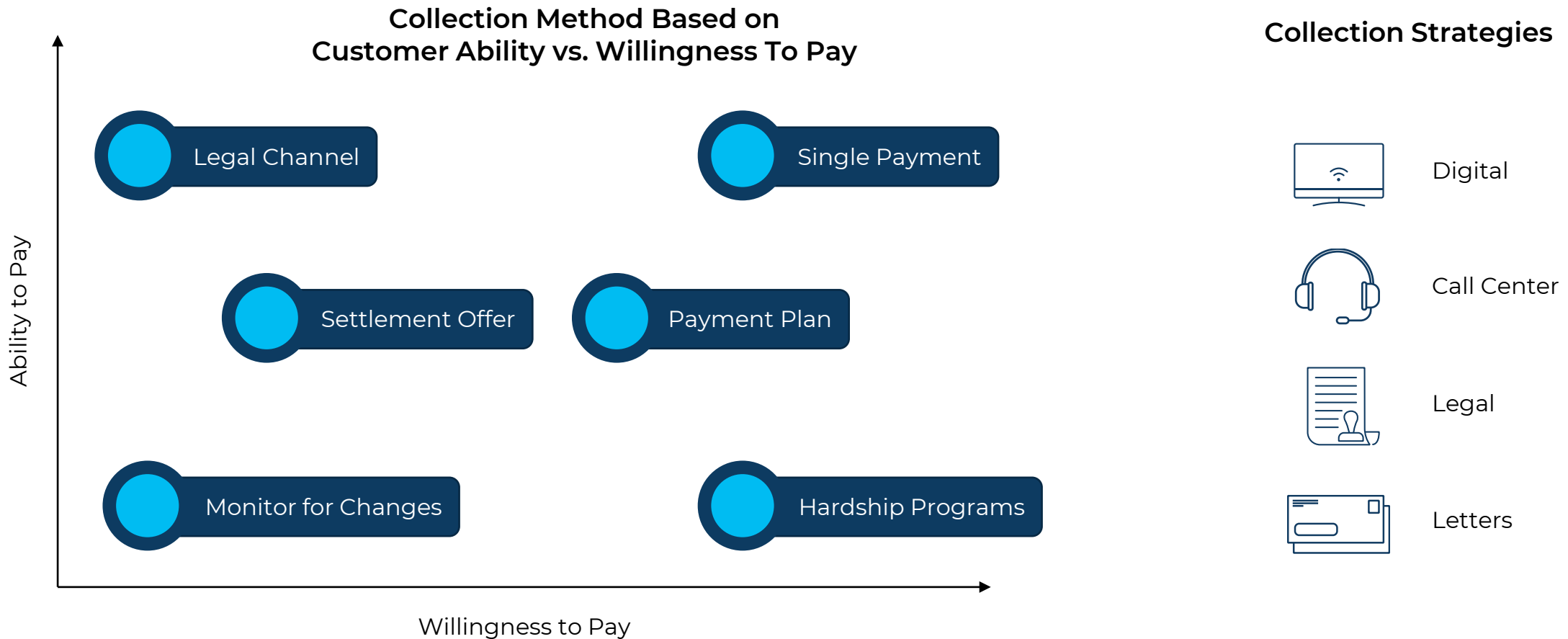
Disciplined underwriting and robust collections activity have led to **strong performance**

### Highly experienced and tenured teams



- Northern Europe
- United Kingdom
- Southern Europe
- Central Europe
- Countries in which PRA owns portfolios but does not own operations

# We Use Data & Analytics to Determine the Most Efficient Collection Strategy



**Managed dynamically based on understanding of our customers**

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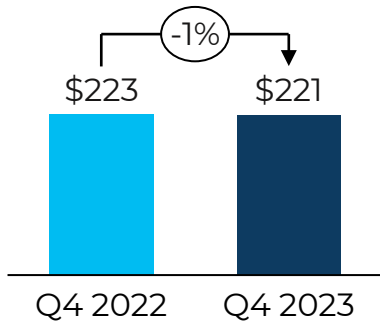


# Q4 2023 Financial Results

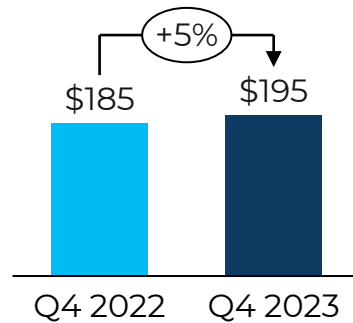
\$ in millions, except per share amounts

## Q4 2022 vs Q4 2023

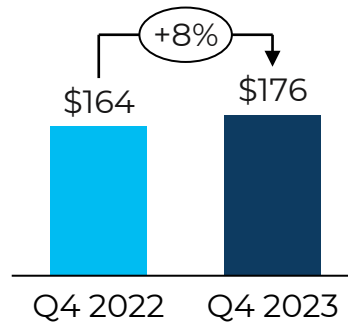
Total Revenues



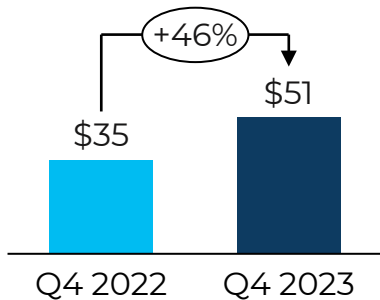
Portfolio Income



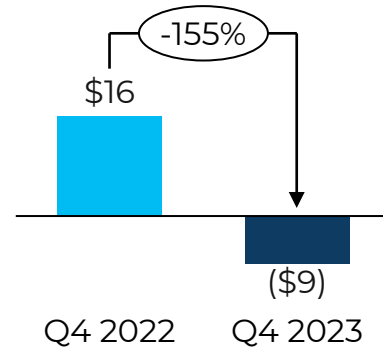
Operating Expenses



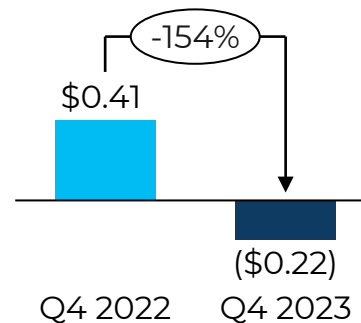
Interest Expense, Net



Net Income Attributable to PRA Group



Diluted Earnings Per Share



### Portfolio Income:

- Increase driven by higher recent purchases & FX
- Growth expected to continue, reflecting purchases & pricing changes already made, as well as additional buying

### Operating Expenses:

- Increase driven by higher legal collection costs, agency fees, and communications expenses—all linked to portfolio growth

### Interest Expense, Net:

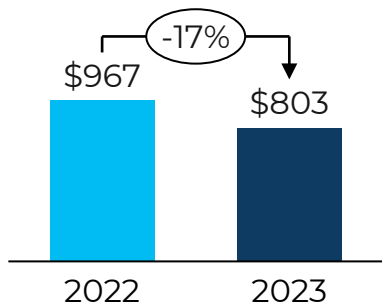
- Up \$16 million year-over-year, reflecting higher debt balances and increased interest rates

# Full Year 2023 Financial Results

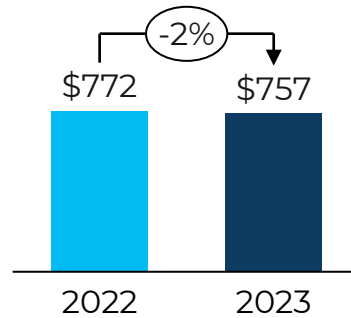
\$ in millions, except per share amounts

## 2022 vs 2023

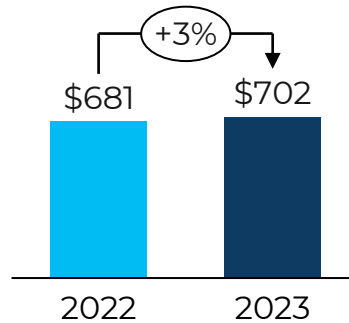
Total Revenues



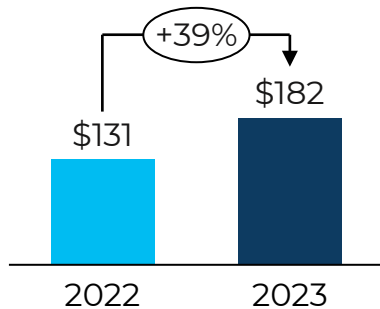
Portfolio Income



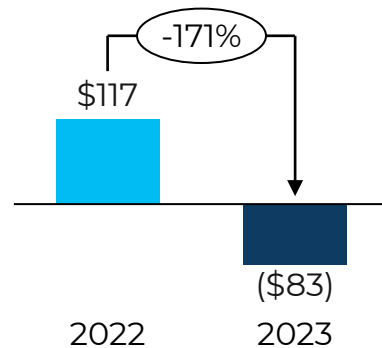
Operating Expenses



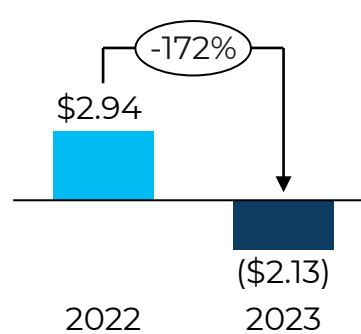
Interest Expense, Net



Net Income Attributable to PRA Group



Diluted Earnings Per Share



### Total Revenues:

- Decrease driven by:
  - \$140 million decrease in changes in expected recoveries, primarily due to lower overperformance and write-downs on recent vintages
  - \$15 million decrease in portfolio income, primarily due to lower purchases in the U.S.

### Operating Expenses:

- Increase driven by:
  - \$12 million increase in legal collection costs, due to higher volume of accounts in legal channel
  - \$11 million increase in agency fees, due to higher collections in Brazil
  - \$20 million of non-recurring expenses (see slide 26 for more detail)
- Partially offset by decline in corporate legal expenses

### Interest Expense, Net:

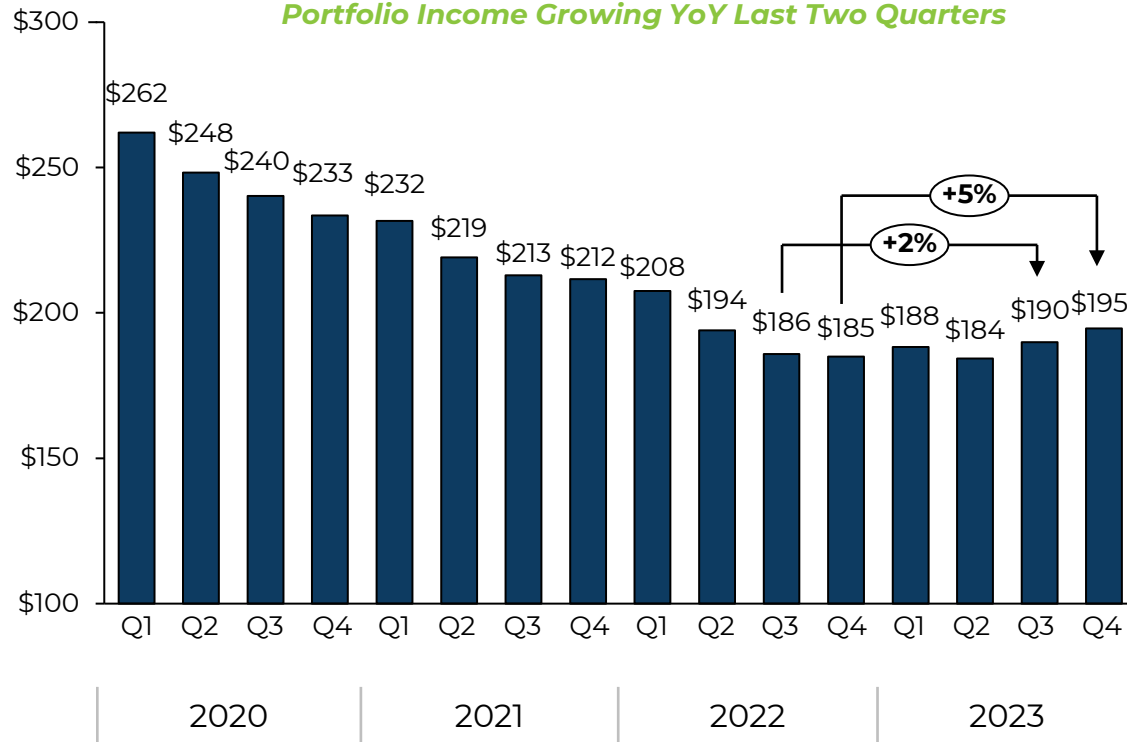
- Up \$51 million, reflecting higher debt balances and increased interest rates

# The Two Components of Portfolio Revenue

\$ in millions

## Portfolio Income

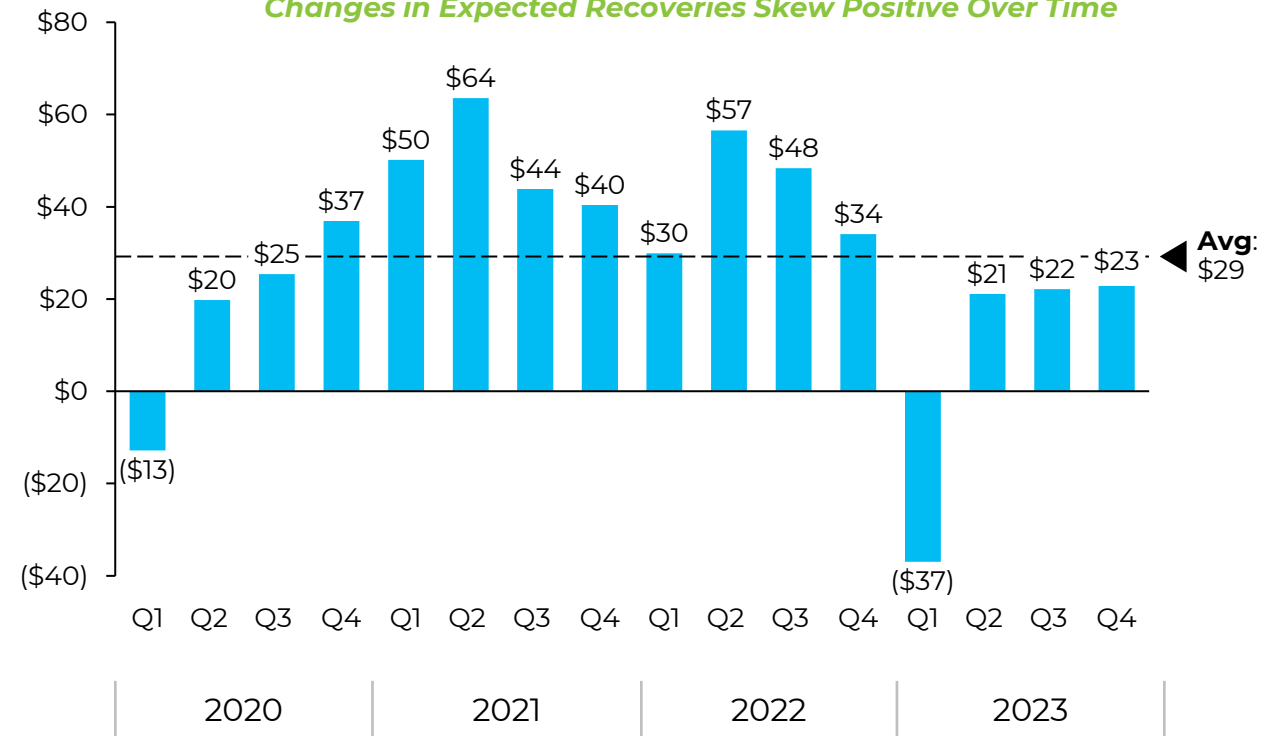
*Portfolio Income Growing YoY Last Two Quarters*



- Portfolio income declined from 2020-2022 (due to limited U.S. supply caused by COVID-driven consumer excess liquidity), but is steadily returning to growth

## Changes in Expected Recoveries

*Changes in Expected Recoveries Skew Positive Over Time*

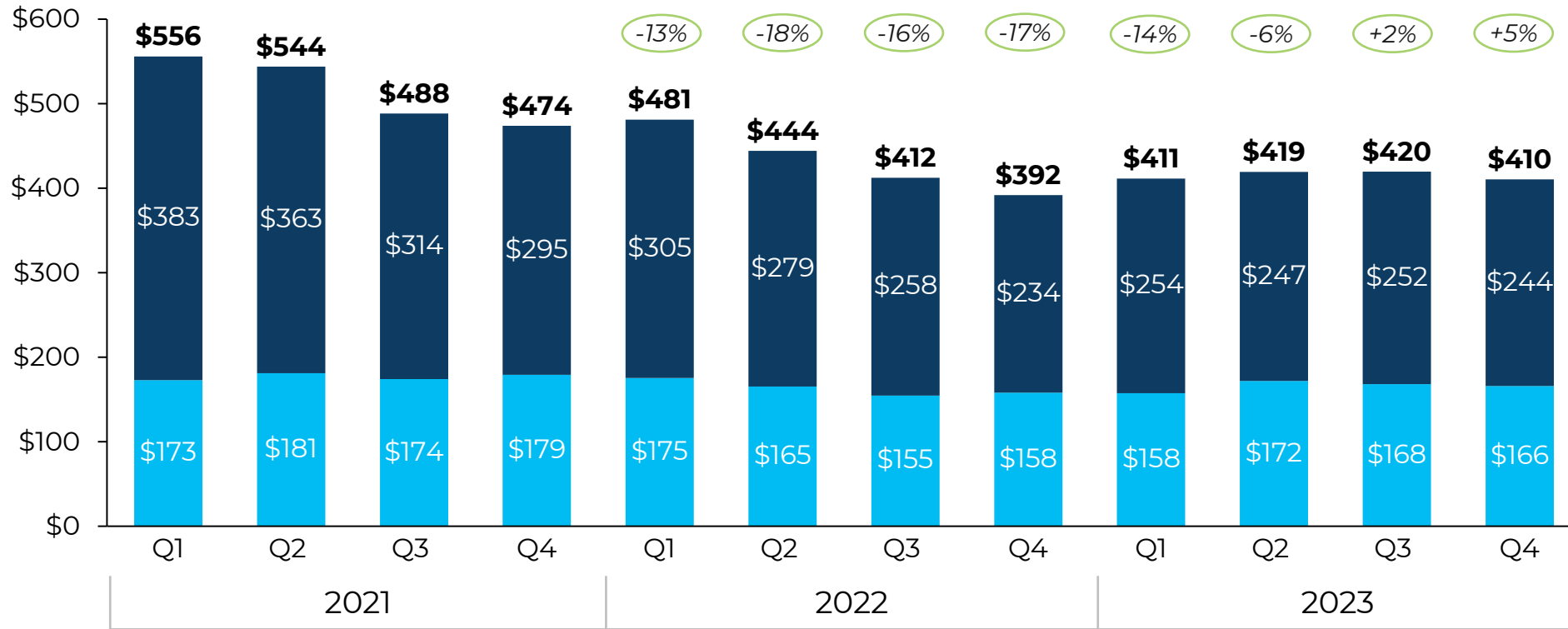


- Softer than anticipated U.S. tax season in Q1 2023 led to U.S. collections underperformance of \$10 million, resulting in a (\$31) million write-down for our U.S. Core portfolio, nearly half of which was related to the 2021 U.S. Core vintage

# Cash Collections Increased 5% Year-Over-Year

\$ in millions

## Cash Collections



### Americas and Australia:

- 5% increase driven primarily by higher collections in Brazil

### Europe:

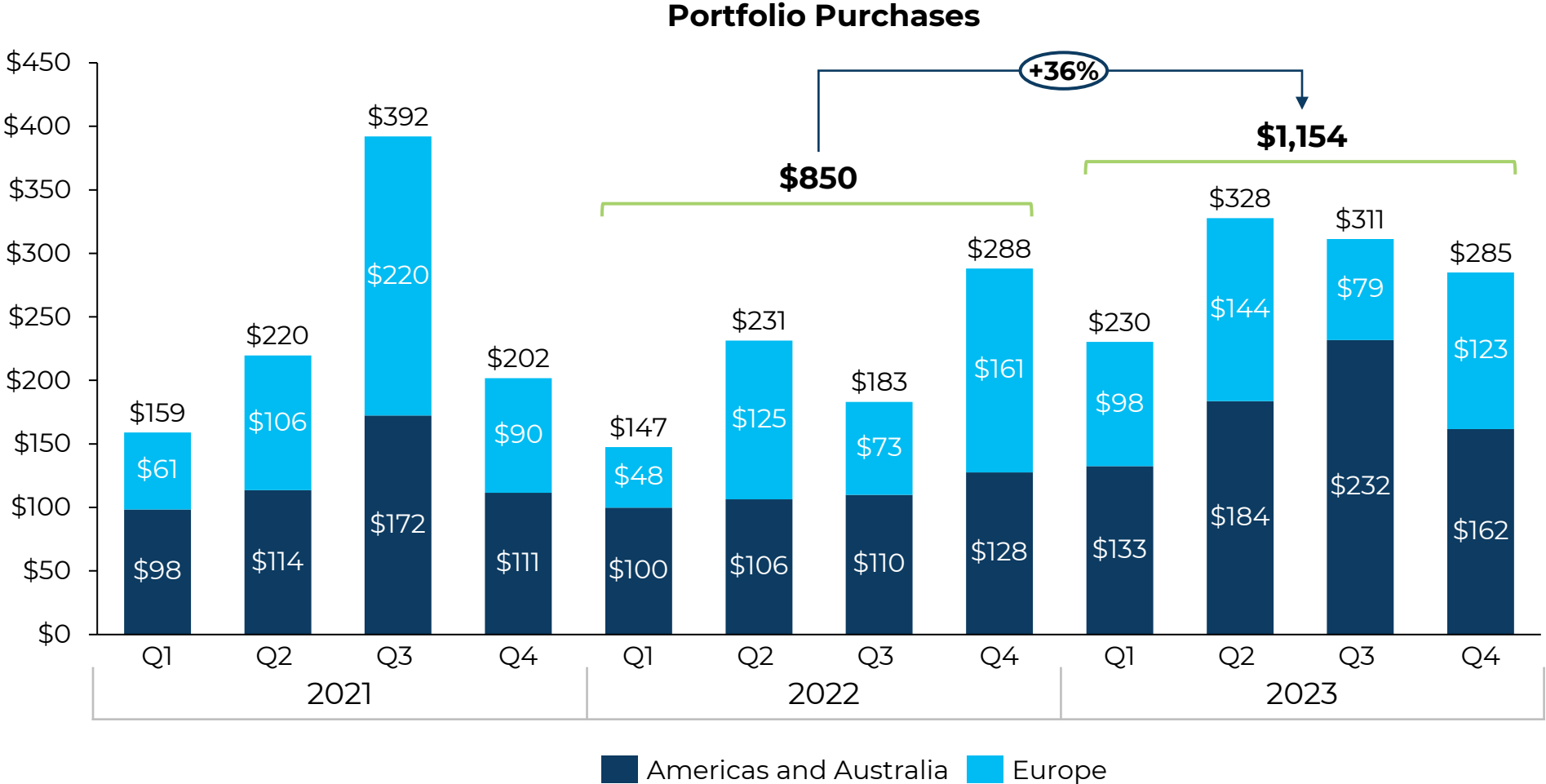
- 5% increase driven by higher recent purchases

■ Americas and Australia ■ Europe ○ x% YoY Cash Growth

# Portfolio Investments Stable For Q4 and Up 36% for 2023

Q4 U.S. Portfolio Investments Up 61% Year-over-Year, Driven by Improving Supply

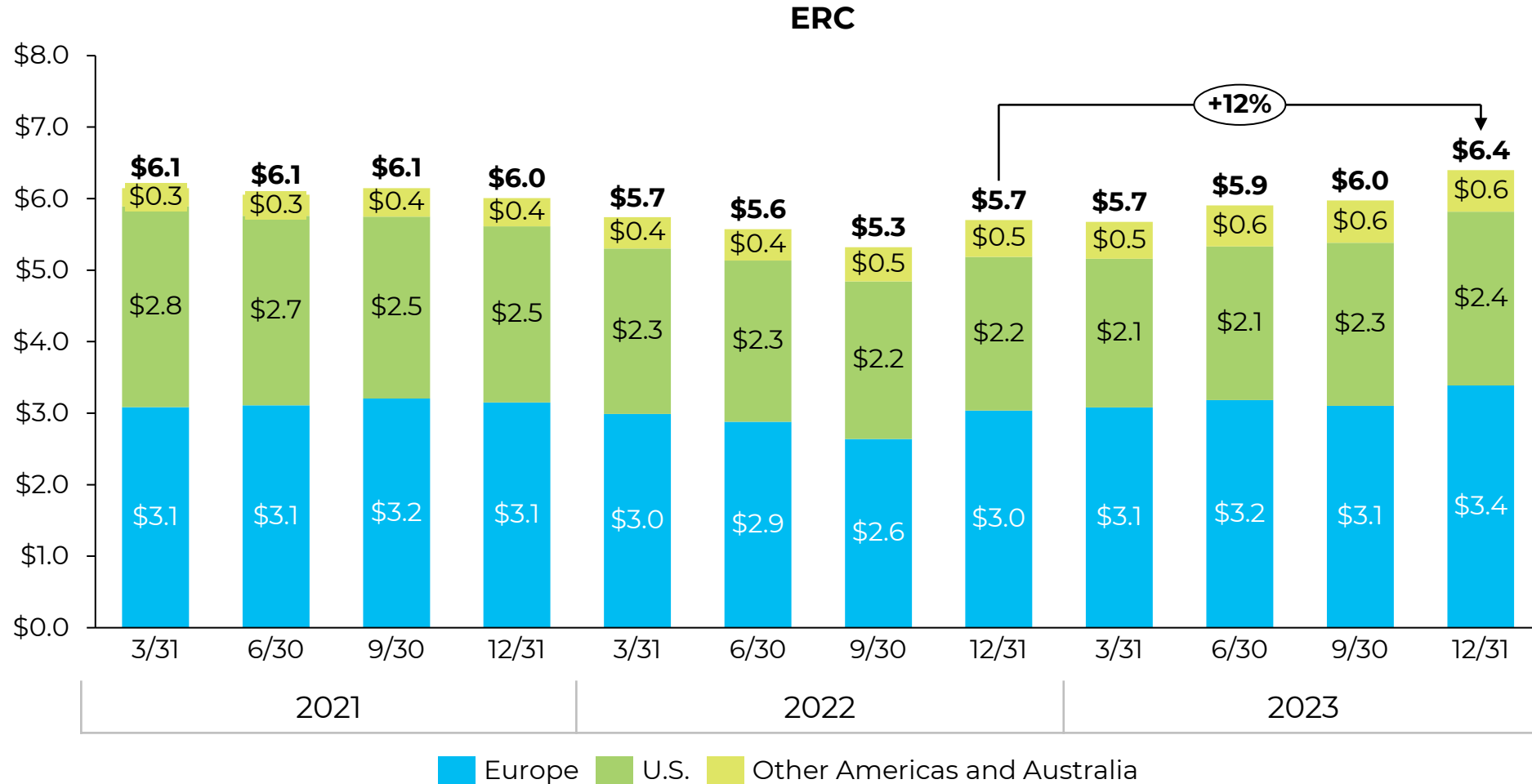
\$ in millions



# ERC Increased 12% Year-over-Year

ERC increased \$423 million compared to prior quarter, with U.S. ERC up \$147 million

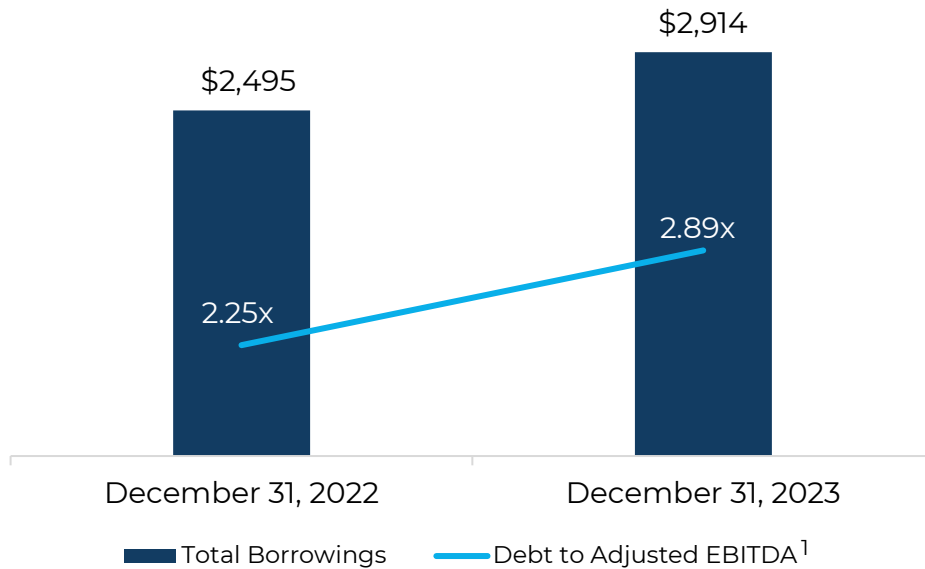
\$ in billions



# Strong Capital Structure With Longstanding Bank Relationships

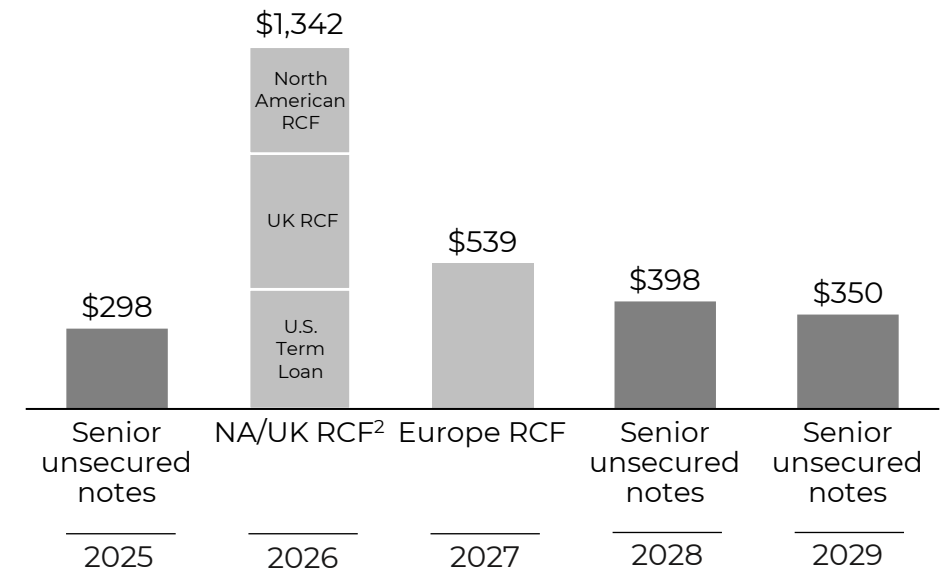
\$ in millions

## Total Borrowings and Debt to Adjusted EBITDA<sup>1</sup>



## Debt Maturity Profile

(Amount Outstanding)



- **\$1.3 billion availability under our credit facilities**

- **\$344 million** available based on current ERC
- **\$939 million** additional availability subject to debt covenants, including advance rates

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# Our Imperatives

Rebuild Profitability and Shareholder Value



**Stabilize  
Performance**



**Drive the  
Turnaround**

**Executing with urgency**

# 2023 Global Operating Expense Profile

<i>\$M (unless otherwise noted)</i>	<b>2023</b>	<b>% of OPEX</b>	<b>Comments</b>
Compensation and employee services	\$289	41%	Includes global operations & support staff <sup>1</sup> salary, benefits & incentive compensation
Legal collection costs	89	13%	Court costs – current period investments return cash in the future
Legal collection fees	38	5%	Fees paid to external legal network (directly correlates with cash collections)
Agency fees	75	11%	Variable commissions for cash collections largely in Brazil & UK operations
Outside fees and services	83	12%	Includes consulting, litigation, and data expenses
Communications	40	6%	Postage, emails/SMS, & telephone expenses
Rent and occupancy	17	2%	
Impairment of real estate	5	1%	See below
Other operating expenses	52	7%	Insurance, cloud-based subscription services, hardware, software, VAT
Depreciation and amortization	13	2%	
<b>Total Operating Expenses</b>	<b>\$702</b>	<b>100%</b>	
Severance expenses	7	1%	Severance (Q1 2023)
Corporate legal costs	8	1%	Case-specific litigation (Q1 2023)
Impairment of real estate	5	1%	Closing of U.S. call center (Q3 2023)
<b>Non-Recurring Expenses</b>	<b>\$20</b>	<b>3%</b>	
<b>Total Operating Expenses Excluding Non-Recurring Expenses</b>	<b>\$682</b>		

# 2023: An Important & Productive Year for PRA

Addressed Initiatives Quickly and Assembled the Right Team to Drive Accelerated Turnaround



Revamped organization and strengthened leadership team



Priced investments to reflect current economic & funding environment



Expanded access to major new sellers in U.S.



Revamped legal judgment process



Reexamined customer contact strategies



Initiated offshoring to lower-cost locations



Implemented call center productivity measures

# Roadmap to Enhanced Profitability

Value Creation from Higher Cash Collections While Reducing Marginal Costs

## ERC & Pricing

*Grow the portfolio with discipline*

- ✓ Capitalizing on U.S. supply
- ✓ Deepening seller relationships
- ✓ Proactively managing pricing

+

## Operational Effectiveness

*Maximize cash collected per dollar invested*

- ✓ Addressing operational execution gaps
- ✓ Call center strategy realignment
- ✓ Legal process optimization
- ✓ Leveraging third-party vendors

+

## Expense Management

*Optimize cost structure*

- ✓ Cost elimination/restructuring
- ✓ Productivity enhancements
- ✓ Leveraging low-cost locations
- ✓ Driving to lower marginal unit costs
- ✓ Establishing flexibility

=

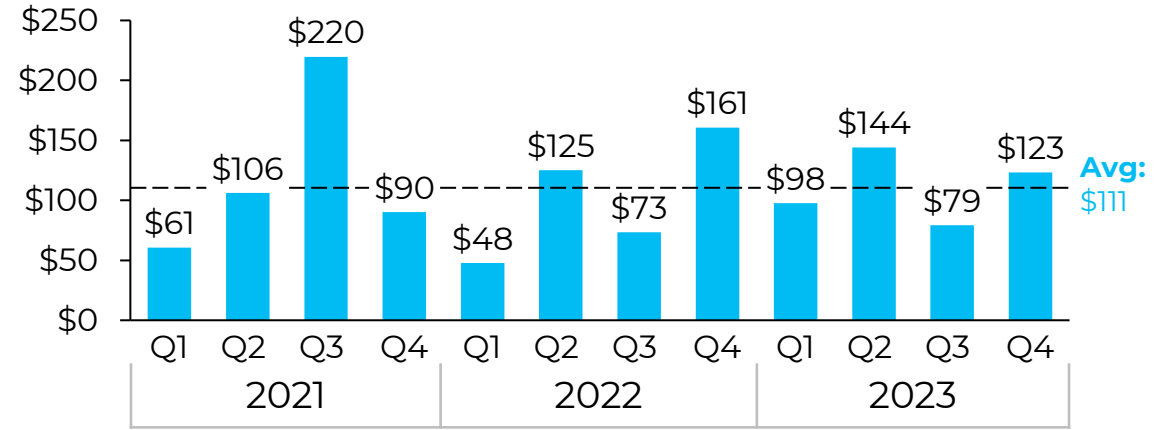
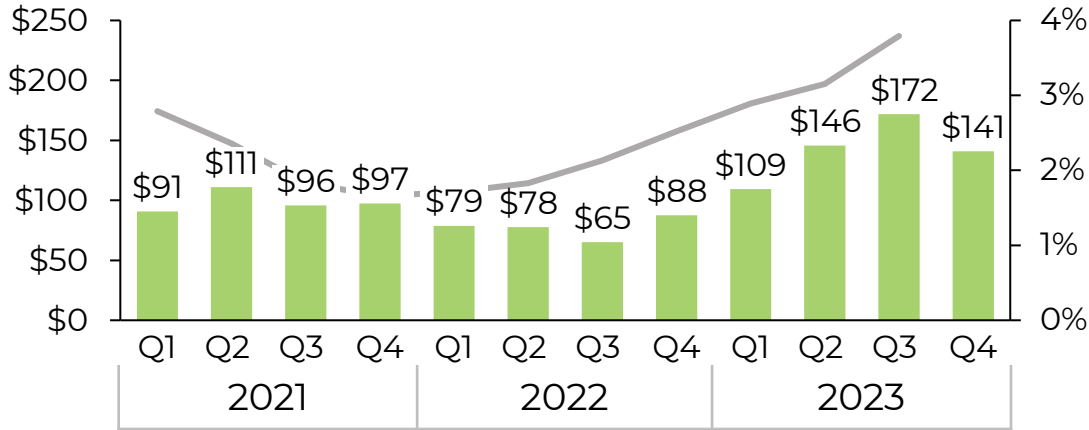
## Enhanced Profitability

- ✓ **Significantly higher cash collections**
- ✓ **Lower marginal costs**
- ✓ Positive buying loop – **higher returns on new portfolio investments**

# Capitalizing on Strong U.S. Supply and Improving Prices Globally

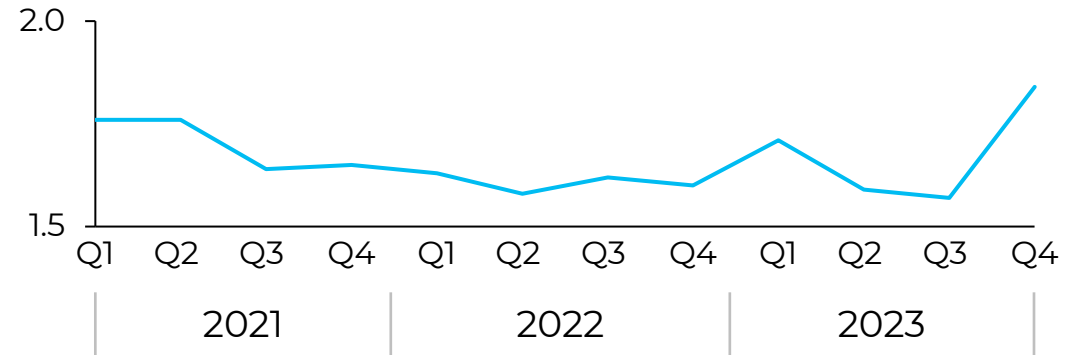
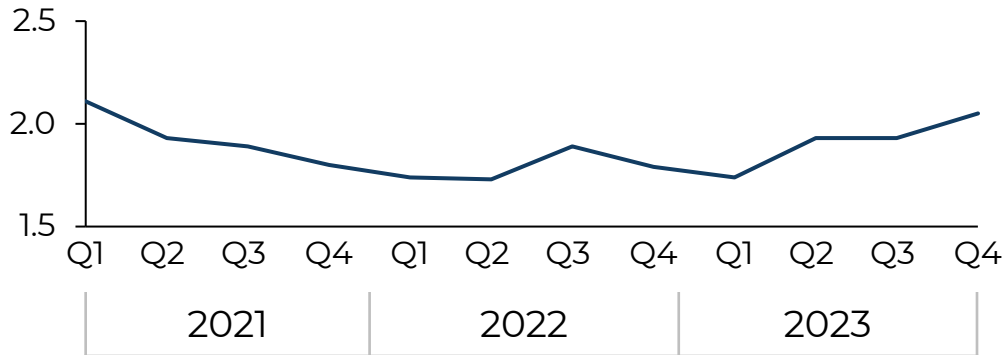
\$ in millions

ERC and Pricing



■ U.S. Portfolio Purchases — U.S. Credit Card Charge-Off Rates<sup>1</sup>

■ Europe Portfolio Purchases



— Americas & Australia Core Purchase Price Multiples

— Europe Core Purchase Price Multiples

# Optimizing Operational Effectiveness

## Enhancements Driving Improved Cash Generation

Operational  
Effectiveness

### Call Center Initiatives

- ✓ Addressed gaps in inventory management
- ✓ Optimized dialer strategies
- ✓ Enhanced customer engagement
- ✓ Reconfigured offers
- ✓ Conducted extensive process reviews

### Post-Judgment Legal Optimization

- ✓ Enhanced multiple internal processes
- ✓ Established new third-party relationships
- ✓ Expanded access to information sources
- ✓ Optimizing placement of accounts

# Driving Efficiencies and Cost Savings

Expenses Expected to Grow Slower Than Cash Collections, Driving Cash Efficiency in the Low 60% Range

Expense  
Management

## Restructure & Eliminate Non-Essential Processes/Costs

- ✓ **U.S. reduction in force** (Q1 2023)
- ✓ **Restructured Italy business** (Q1 2023)
- ✓ **Closed U.S. call center** (Q3 2023)
- ✓ **Implemented process automation** that eliminated 100 vendor resources (Q3 2023)
- ✓ **Restructured Australia business** (Q4 2023)

## Reexamine & Simplify Processes

- ✓ Implemented processes to **increase call center productivity**
- ✓ **Deploying new workforce management tools**
- ✓ **Enhanced vendor management**
- ✓ **Dynamic business prioritization**

## Rebalance Resources to Leverage Lower-Cost Locations

- ✓ **Expanded relationships** with existing third parties
- ✓ **Onboarding third parties** to support strategic initiatives
- ✓ **Offshoring multiple processes to lower-cost locations**
- ✓ **Launched offshore call center** (Q4 2023), with significant expansion planned

Building flexibility in the business

# Well-Positioned for the Future

## Strong Platform with Clear Opportunities to Grow

### Industry Fundamentals

- ✓ Strong cyclical tailwinds in U.S.
- ✓ Credit normalizing faster in U.S.; slower in Europe
- ✓ Increased U.S. supply and improved pricing globally
- ✓ Stable regulatory framework with strong risk and compliance

### Diversification

- ✓ Diversified across 18 countries
- ✓ Capitalize on local market conditions to allocate capital
- ✓ Clear product focus: cards / loans / insolvency

### Investing / Underwriting

- ✓ Disciplined buyer
- ✓ Key seller relationships span over a decade
- ✓ Highly experienced underwriting teams
- ✓ Extensive data/sophisticated models

### European Operations

- ✓ Stable and profitable business with long track record
- ✓ Strong performance
- ✓ Efficient legal operations
- ✓ Blend of in-house/outsource model
- ✓ Advanced digital capabilities

### U.S. Operations

- ✓ 3-pillar plan for rebuilding profitability
- ✓ Generating ERC growth
- ✓ Improving cash generation through enhanced call center & legal activities
- ✓ Implementing flexible expense management process with lower marginal costs

### Funding

- ✓ Moderate leverage at 2.89x debt to adjusted EBITDA<sup>1</sup>
- ✓ \$1.3B of availability under credit facilities to drive growth
  - \$344M based on current ERC
  - Additional \$939M subject to covenants, incl. advance rates



# 2024 Outlook

## Return to Meaningful Profitability and Substantially Improved Results

**Strong portfolio investment levels**

- Largely due to increase in U.S. portfolio supply and continued favorable returns

**Double-digit growth in cash collections in 2024**

- Driven by **portfolio growth, pricing, and execution of cash generation initiatives**

**Modest expense growth**

- **Overall expense management** and shift to lower-cost locations

**60%+ cash efficiency ratio<sup>1</sup> in 2024**

- **Cash efficiency** improving through 2024

**6-8% return on average tangible equity<sup>2</sup> in 2024**

- Adding new metric to **better assess and track performance**

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

2. Return on average tangible equity (ROATE) = annual net income attributable to PRA Group, Inc. divided by average tangible equity. Average tangible equity = average total stockholders' equity - PRA Group, Inc. minus average goodwill

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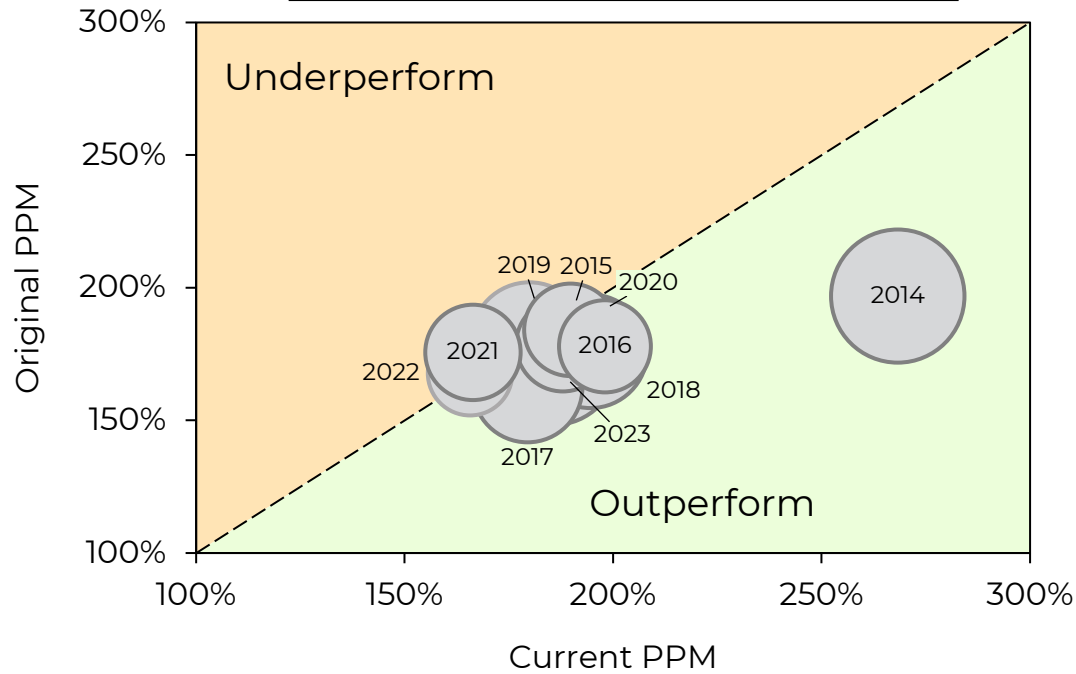
Optimizing Performance

Appendix



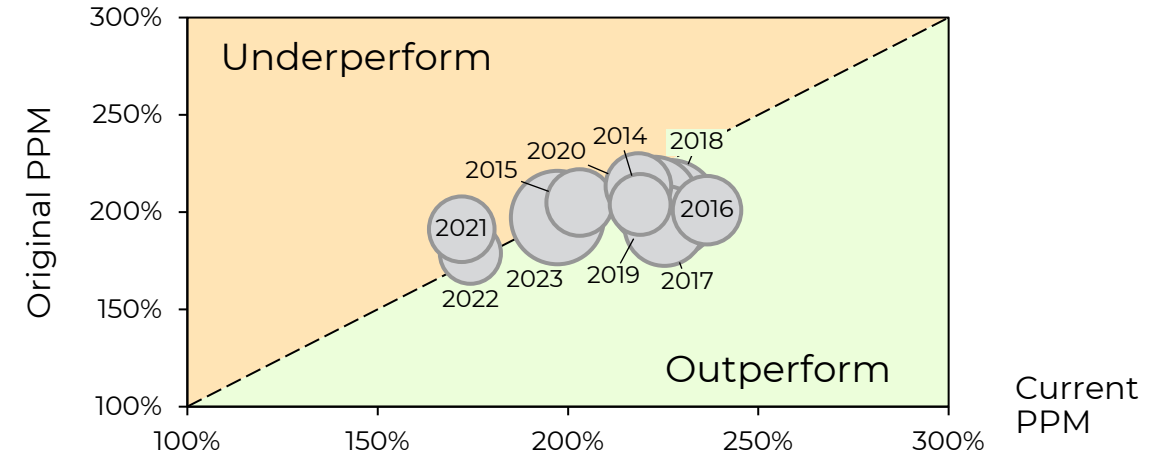
# Strong Vintage Performance Vs Original Purchase Price Multiple<sup>1</sup>

## Global Vintage Performance

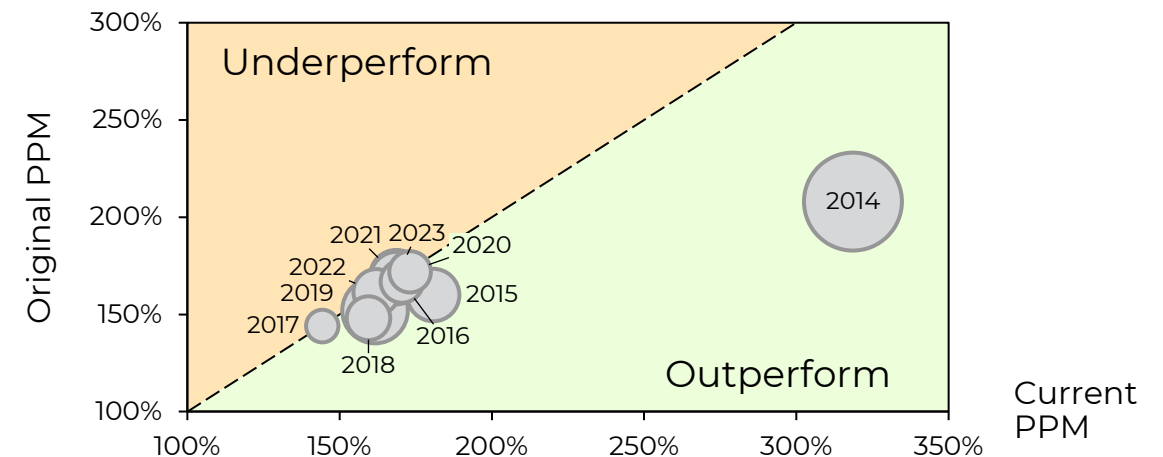


● Bubble size represents size of the vintage – illustrated representative of \$500M invested

## Americas and Australia Core



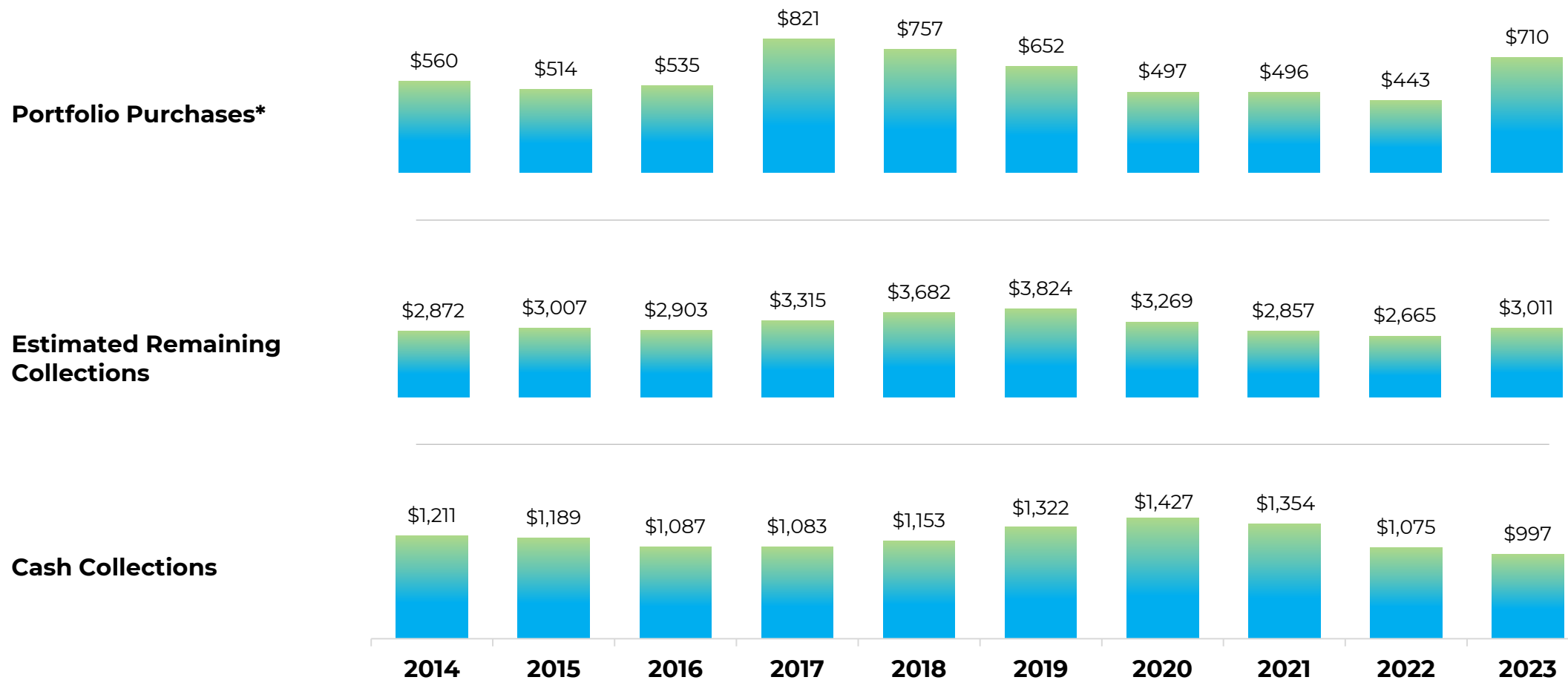
## Europe Core<sup>2</sup>



# Americas and Australia Selected Results

2014 Through 2023

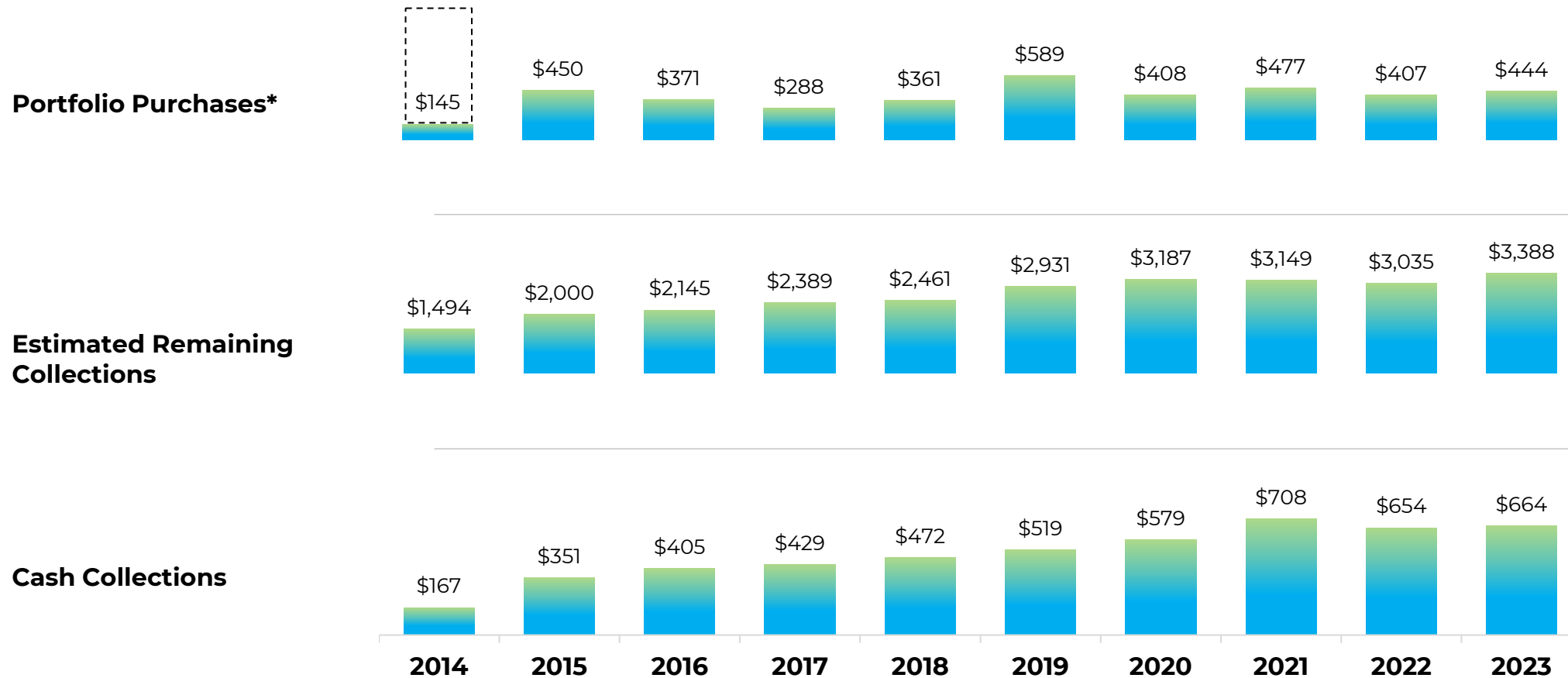
\$ in millions



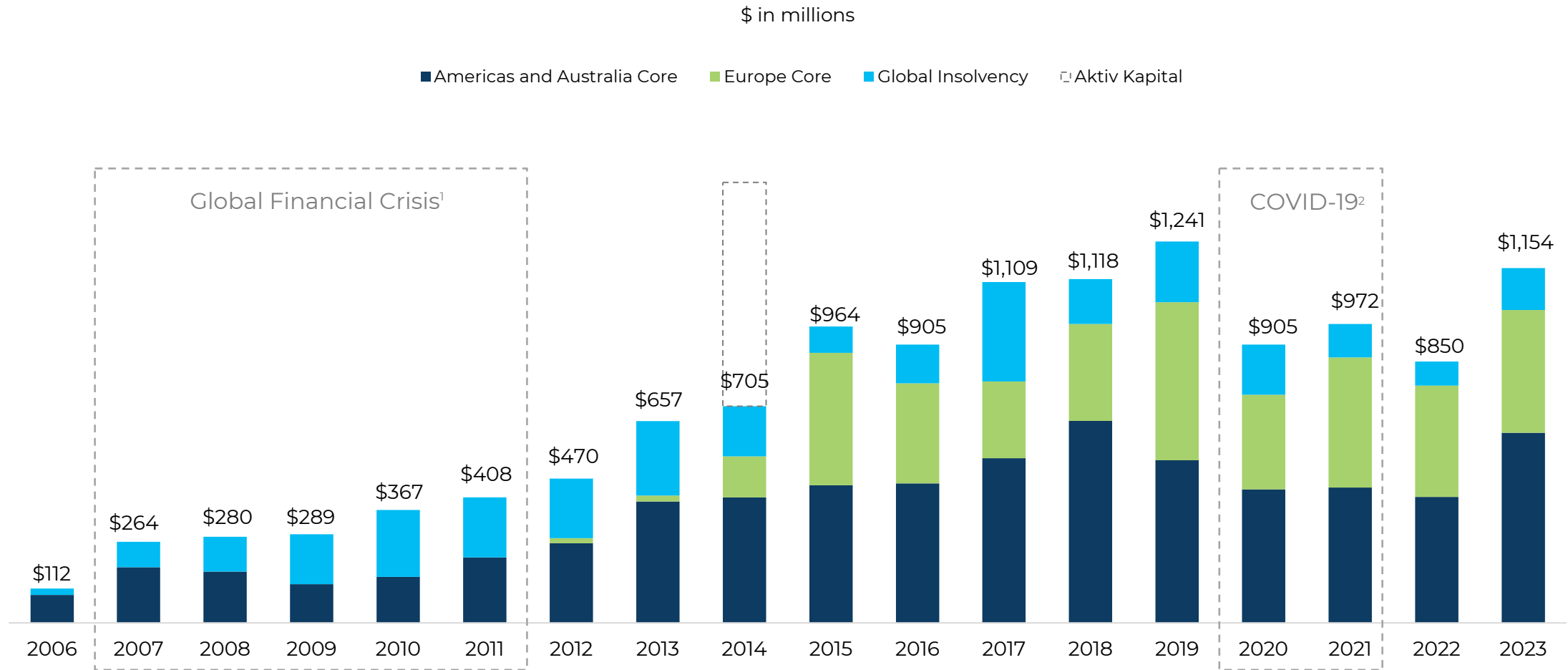
# Europe Selected Results

2014 Through 2023

\$ in millions



# Strong Track Record of Global Portfolio Purchases



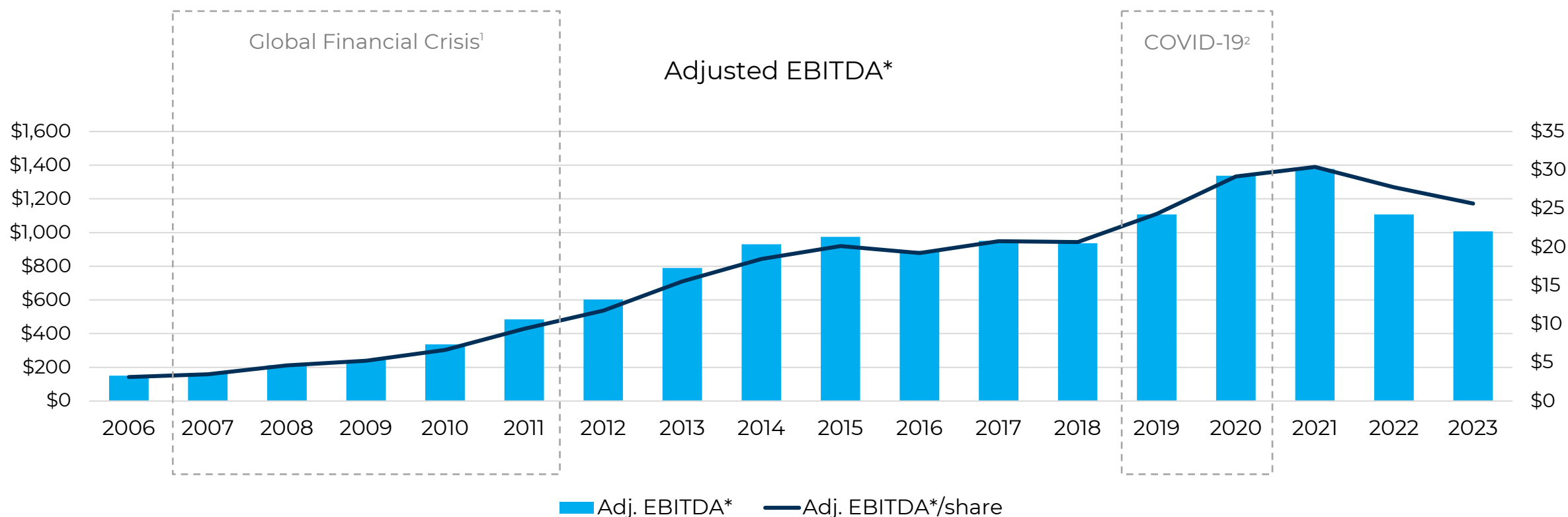
Figures above exclude portfolios associated with business acquisitions.

1. Timing defined by the Federal Reserve Bank of St. Louis - <https://www.stlouisfed.org/financial-crisis/full-timeline>.

2. COVID-19 pandemic resulted in government lockdowns and excess consumer liquidity.

# Consistent Growth in Adjusted EBITDA Over Time

\$ in millions, except per share amounts; Adjusted EBITDA per share = Adjusted EBITDA/average diluted shares outstanding during the applicable period

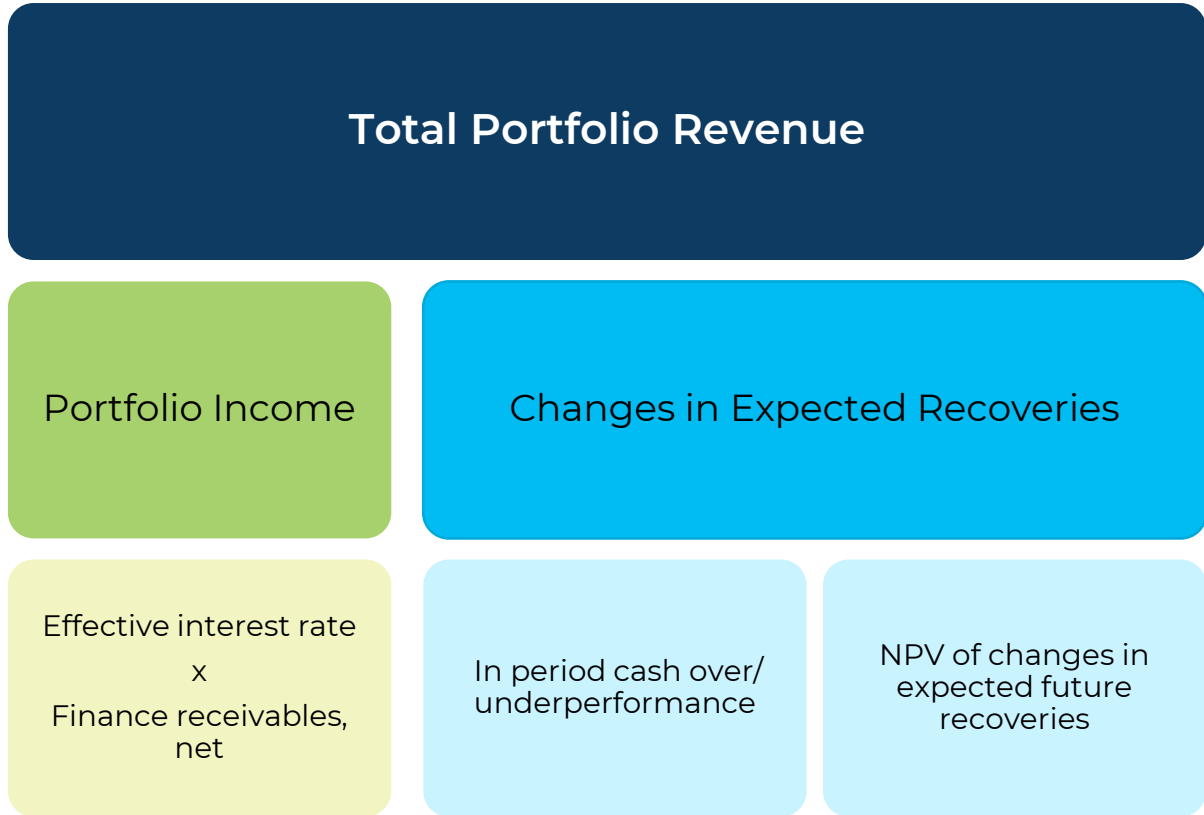


\*A reconciliation of net income, the most directly comparable financial measure calculated and reported in accordance with GAAP, to Adjusted EBITDA can be found at the end of this presentation.

1. Timing defined by the Federal Reserve Bank of St. Louis - <https://www.stlouisfed.org/financial-crisis/full-timeline>.

2. COVID-19 pandemic resulted in government lockdowns and excess consumer liquidity.

# Components of Portfolio Revenue



**Total Portfolio Revenue has two components:**

- **Portfolio Income** is the yield component
- **Changes in Expected Recoveries** is current period over/underperformance + NPV of ERC changes

	Three Months Ended December 31,	
	2023	2022
Revenues:		
Portfolio income	\$ 194,636	\$ 184,921
Changes in expected recoveries	22,754	34,087
<b>Total portfolio revenue</b>	<b>217,390</b>	<b>219,008</b>
Other revenue	4,028	3,843
<b>Total revenues</b>	<b>221,418</b>	<b>222,851</b>



# The Basis of Portfolio Income

## If Cash is Collected as Expected in Original Underwriting

### 1. Purchase of Portfolio

- Purchase Price of \$1,000 with Total Estimated Collections of \$2,200 = Purchase Price Multiple of 2.20x
- Effective Interest Rate (EIR) = 28.8% (Gross IRR of purchase price and projected cash collections)
- Finance Receivables, net on the balance sheet reflects the purchase price = \$1,000

### Example of Estimated Cash Collections and Effective Interest Rate Calculation

	Purchase	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Expected Cash Collections	(1,000)	376	478	374	289	224	173	117	82	55	32	2,200
Effective Interest Rate Expected Based on Cash Flows	28.8%											

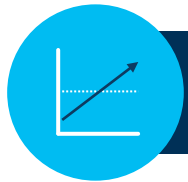
### 2. Accounting treatment if cash is collected as expected

- Portfolio Income for each year is calculated as effective interest rate (28.8%) multiplied by the Finance Receivables, net balance
- Expected cash collections minus portfolio income reduces the Finance Receivables, net balance, effectively amortizing the purchase price\*

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Cash Collections	376	478	374	289	224	173	117	82	55	32	2,200
Effective Interest Rate	28.8%	28.8%	28.8%	28.8%	28.8%	28.8%	28.8%	28.8%	28.8%	28.8%	
Portfolio Income (Finance Receivables, net x Effective Interest Rate)	288	263	201	151	111	78	51	32	18	7	1,200
Beginning Finance Receivables, net	1,000	912	697	524	386	273	178	112	62	25	
-(Expected Cash Collections - Portfolio Income = Purchase Price)	88	215	173	138	113	95	66	50	37	25	1,000
Ending Balance Finance Receivables, net	912	697	524	386	273	178	112	62	25	-	

# What Happens When Cash **IS NOT** Collected As Expected

There is Always Some Level of Changes in Expected Recoveries



## Collecting **More** Cash Than Expected (**Overperformance**)

- Cash in excess of expectations is recognized as an increase to revenue through **changes in expected recoveries**
- **If** we expect the same total expected cash over the life of the curve, this overperformance is a timing difference where collections are realized earlier in the life of the curve (**acceleration**):
  - A reduction in projected cash flows resulting in a negative NPV adjustment in the current period
  - This NPV adjustment will not fully offset the increase in current period revenue because of time value of money
- **If** we expect higher total expected cash over the life of the curve (**betterment**):
  - An increase in future cash flows (**write-up**)
  - Any change to future cash flows results in a current period impact equal to the NPV of the change in ERC



## Collecting **Less** Cash Than Expected (**Underperformance**)

- Cash lower than expectations is recognized as a reduction to revenue through **changes in expected recoveries**
- **If** we expect the same total expected cash over the life of the curve, this underperformance is a timing difference where collections are expected to be realized later in the life of the curve (**delay**):
  - An increase in projected cash flows resulting in a positive NPV adjustment in the current period
  - This NPV adjustment will not fully offset the decrease in current period revenue because of time value of money
- **If** we expect lower total expected cash over the life of the curve (**impairment**):
  - A reduction in future cash flows (**write-down**)
  - Any change to future cash flows results in a current period impact equal to the NPV of the change in ERC

# PRA Cares

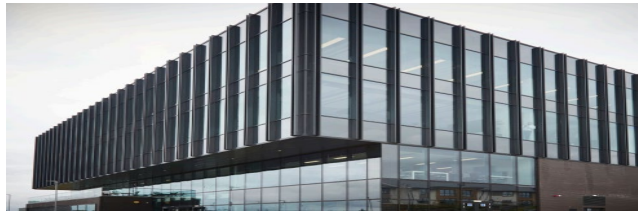
Mission, Vision, & Core Values

**Our mission** is to deliver nonperforming loan solutions that drive success through a long-term focus and customer care.

**Our vision** is to be the trusted leader, changing the world's perception of the nonperforming loan industry.



# Our ESG Approach



## Environmental

We manage our operations and resources in a manner that promotes sustainable practices, including minimizing harm to the environment and the communities in which we operate



- Energy efficiency
- Waste reduction
- Water conservation
- Indoor air quality
- Greenhouse Gas (GHG) emissions mitigation



## Social

We continue to foster a sense of belonging by working together to build an equitable and inclusive culture



- Employee engagement
- Community engagement
- Talent development
- Diversity, Equity, and Inclusion (DEI)
- Equitable compensation
- Employee health and safety
- Customer care



## Governance

We are committed to maintaining a culture that is focused on risk management, compliance, and ethical business practices



- Business ethics
- Data security and privacy
- Risk management
- Corporate governance



# PRA's Board of Directors



**Vikram Atal**  
President and CEO  
Joined in 2015

- Former Executive Vice President, Citigroup's Global Consumer Bank



**Steven Fredrickson**  
Chair  
Joined in 2002

- Co-Founder and Former CEO, PRA Group, Inc.



**Lance Weaver**  
Lead Director  
Joined in 2015  
NC&G\*

- Former President of Money Cards at Virgin Money Holdings
- Former President, EMEA Card Services for Bank of America
- Former Executive, Citigroup, Wells Fargo, MBNA



**Danielle Brown**  
Independent Director  
Joined in 2019  
C, R

- CIO, Whirlpool Corporation
- Former CIO, Brunswick Corporation
- Former Executive, DuPont – Global Transformation and Productivity



**Marjorie Connelly**  
Independent Director  
Joined in 2018  
A\*, R

- Former Chief Operating Officer, Convergys Corporation and Wachovia Securities
- Chair, Audit Committee, Altria Group



**John Fain**  
Independent Director  
Joined in 2010  
C, A

- Former President, CEO and Director, Metro Information Services



**James Nussle**  
Independent Director  
Joined in 2013  
C, NC&G

- President and CEO, America's Credit Unions
- Former Director, Office of Management and Budget



**Geir Olsen**  
Independent Director  
Joined in 2023  
NC&G

- Former CEO, Aktiv Kapital, AS (acquired by PRA Group in 2014)
- CEO, Andenes Investments



**Brett Paschke**  
Independent Director  
Joined in 2020  
A, C\*

- Co-Founder and Managing Partner, WinForest Partners
- Former Vice Chair of Investment Banking, William Blair & Company



**Scott Tabakin**  
Independent Director  
Joined in 2004  
A, R\*

- Former Chief Financial Officer, Value Options, Bravo Health, AMERIGROUP and Beverly Enterprises



**Peggy Turner**  
Independent Director  
Joined in 2021  
NC&G, R

- Former Vice President of Guest Retention, Toyota Motors North America, and Executive Advisor for Social Innovation

**PRA's Board has a diverse set of skills and experience that help the Company succeed**

# Committed to Robust Governance Practices

## Corporate Governance Highlights

### Stockholder Rights

- ✓ Majority voting standard (with a plurality carveout for contested elections)
- ✓ Stockholders can call a special meeting
- ✓ Directors can be removed with or without cause

### Board Practices and Leadership

- ✓ Annually elected Board
- ✓ Active Board refreshment program in place; 4 directors appointed in the last 5 years
- ✓ Director retirement age of 75 years old
- ✓ The roles of Board Chair and CEO are separate, and there is a Lead Independent Director

### Policies, Programs and Guidelines

- ✓ All Board committees are comprised only of independent directors
- ✓ Our Board and all Board Committees conduct annual performance evaluations
- ✓ Stock ownership guidelines for our directors and executive officers to align their interests with the interests of our stockholders
- ✓ Risk management oversight by Board committees, including cyber-security
- ✓ Mandatory clawback policy in the event of a restatement or if the executive officer violates covenants included in their equity award or employment agreement
- ✓ No hedging or pledging of Company securities allowed

### Investor Outreach and Engagement Program

- ✓ Dedicated Investor Relations team that regularly engages with stockholders
- ✓ 70+ meetings with 26 shareholders in 2023

## Board Composition Highlights

36%  
of directors  
are diverse <sup>(1)</sup>

36%  
of directors are  
recently appointed <sup>(2)</sup>

9 of 11  
directors are independent

62  
years old, average director  
age

(1) Diversity is defined as gender or ethnic/racial diversity.

(2) Recently appointed is defined as within the last five years.

# 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 impairment of real estate; 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, 2006 through 2023. 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, 2023 and 2022.

	Fiscal Year Ended December 31,																			
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
<b>Net Income/(Loss) Attributable to PRA Group</b>	<b>\$44</b>	<b>\$48</b>	<b>\$45</b>	<b>\$44</b>	<b>\$73</b>	<b>\$101</b>	<b>\$127</b>	<b>\$175</b>	<b>\$177</b>	<b>\$168</b>	<b>\$86</b>	<b>\$164</b>	<b>\$66</b>	<b>\$86</b>	<b>\$149</b>	<b>\$183</b>	<b>\$117</b>	<b>(\$83)</b>		
(+) Income Tax Expense	28	30	28	28	47	66	81	106	125	89	44	(11)	14	20	41	55	37	(16)		
(+) Foreign Exchange Loss (Gain)	--	--	--	--	--	--	--	--	6	(8)	(3)	1	1	(12)	(2)	1	(1)	--		
(+) Interest Expense, Net and Other	(0)	3	11	8	9	11	9	14	35	60	87	101	121	142	142	124	132	183		
(+) Depreciation and Amortization	5	6	7	9	12	13	15	14	18	20	24	20	19	17	18	15	15	13		
(+) Impairment of Real Estate	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	5		
(+) Adjustment for Net Income Attributable to Noncontrolling Intere	--	--	--	--	--	--	--	--	--	0	6	7	10	12	18	12	1	17		
(-) Gain on Sale of Subsidiaries/Property	--	--	--	--	--	1	--	--	--	--	--	(48)	(27)	--	--	--	--	--		
(+) Collections Applied to Principal on Finance Receivables	73	77	120	152	195	293	371	481	576	645	647	717	733	843	968	988	806	888		
<b>Adjusted EBITDA</b>	<b>\$150</b>	<b>\$164</b>	<b>\$212</b>	<b>\$242</b>	<b>\$336</b>	<b>\$485</b>	<b>\$603</b>	<b>\$790</b>	<b>\$937</b>	<b>\$975</b>	<b>\$891</b>	<b>\$951</b>	<b>\$938</b>	<b>\$1,108</b>	<b>\$1,337</b>	<b>\$1,378</b>	<b>\$1,107</b>	<b>\$1,007</b>		

	2022	2023
Borrowings	\$2,495	\$2,914
LTM Adjusted EBITDA	1,107	1,007
<b>Debt to LTM Adjusted EBITDA</b>	<b>2.25x</b>	<b>2.89x</b>



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