

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-K

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

For the fiscal year ended December 31, 2022

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-50058

## PRA Group, Inc.

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**75-3078675**

(I.R.S. Employer Identification No.)

**120 Corporate Boulevard, Norfolk, Virginia 23502**

**(888) 772-7326**

(Address of principal executive offices, zip code, telephone number)

Securities registered pursuant to Section 12(b) of the Act:

**Title of each class**

**Trading Symbol(s)**

**Name of each exchange on which registered**

**Common Stock, \$0.01 par value per share**

**PRAA**

**NASDAQ Global Select Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2022 was \$1,409,925,939 based on the \$36.36 closing price as reported on the NASDAQ Global Select Market.

The number of shares of the registrant's Common Stock outstanding as of February 23, 2023 was 38,980,115.

### Documents incorporated by reference

Portions of the Registrant's definitive Proxy Statement for its 2023 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

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All references in this Annual Report on Form 10-K ("Form 10-K") to "PRA Group," "our," "we," "us," the "Company" or similar terms are to PRA Group, Inc. and its subsidiaries.

#### **Forward-Looking Statements:**

This report contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Statements other than statements of historical fact are forward-looking statements, including statements regarding overall cash collection trends, operating cost trends, liquidity and capital needs and other statements of expectations, beliefs, future plans, strategies and anticipated events or trends. Our results could differ materially from those expressed or implied by such forward-looking statements, or our forward-looking statements could be wrong, as a result of risks, uncertainties and assumptions including the following:

- a deterioration in the economic or inflationary environment in the markets in which we operate;
- our inability to replace our portfolios of nonperforming loans with additional portfolios sufficient to operate efficiently and profitably and/or purchase nonperforming loans at appropriate prices;
- our inability to collect sufficient amounts on our nonperforming loans to fund our operations, including as a result of restrictions imposed by local, state, federal and international laws and regulations;
- changes in accounting standards and their interpretations;
- the recognition of significant decreases in our estimate of future recoveries on nonperforming loans;
- the impact of a disease outbreak, such as the COVID-19 pandemic, on the markets in which we operate and our inability to successfully manage the challenges associated with a disease outbreak, including epidemics, pandemics or similar widespread public health concerns;
- the occurrence of goodwill impairment charges;
- loss contingency accruals that are inadequate to cover actual losses;
- our inability to manage risks associated with our international operations;
- changes in local, state, federal or international laws or the interpretation of these laws, including tax, bankruptcy and collection laws;
- changes in the administrative practices of various bankruptcy courts;
- our inability to comply with existing and new regulations of the collection industry;
- investigations, reviews, or enforcement actions by governmental authorities, including the Consumer Financial Protection Bureau ("CFPB");
- our inability to comply with data privacy regulations such as the General Data Protection Regulation ("GDPR");
- adverse outcomes in pending litigation or administrative proceedings;
- our inability to retain, expand, renegotiate or replace our credit facilities and our inability to comply with the covenants under our financing arrangements;
- our inability to manage effectively our capital and liquidity needs, including as a result of changes in credit or capital markets;
- changes in interest or exchange rates;
- default by or failure of one or more of our counterparty financial institutions;
- disruptions of business operations caused by cybersecurity incidents or the underperformance or failure of information technology infrastructure, networks or communication systems; and
- the "Risk Factors" in [Item 1A](#) of this Form 10-K and in our other filings with the Securities and Exchange Commission ("SEC").

You should assume that the information appearing in this Form 10-K is accurate only as of the date it was issued. Our business, financial condition, results of operations and prospects may have changed since that date. The future events, developments or results described in, or implied by, this Form 10-K could turn out to be materially different. Except as required by law, we assume no obligation to publicly update or revise our forward-looking statements after the date of this Form 10-K and you should not expect us to do so.

## PART I

### Item 1. Business.

#### General

PRA Group Inc. is a global financial and business services company with operations in the Americas, Europe and Australia.

Our primary business is the purchase, collection and management of portfolios of nonperforming loans. The accounts we purchase are primarily the unpaid obligations of individuals owed to credit originators, which include banks and other types of consumer, retail and auto finance companies. We purchase portfolios of nonperforming loans at a discount in two broad categories: Core and Insolvency. Our Core operation specializes in purchasing and collecting nonperforming loans, which we purchased since either the credit originators and/or other third-party collection agencies have been unsuccessful in collecting the full balance owed. Our Insolvency operation consists primarily of purchasing and collecting on nonperforming loan accounts where the customer is involved in a bankruptcy proceeding or the equivalent in some European countries. We also provide fee-based services on class action claims recoveries and by servicing consumer bankruptcy accounts in the United States ("U.S.").

As part of our strategic plans, we have expanded through various acquisitions and organic growth. In 2014, we acquired Aktiv Kapital AS, a Norway-based company specializing in the purchase, collection and management of portfolios of nonperforming loans throughout Europe and Canada. In 2015, we expanded into South America by acquiring 55% of the equity interest in RCB Investimentos S.A. ("RCB"), a servicing platform for nonperforming loans and established a business that purchases nonperforming loans in Brazil. Our subsequent sale of 79% of our interest in RCB to Banco Bradesco S.A., completed in 2019, had no impact on the nonperforming loan purchasing business we established. RCB continues to service and/or manage our Brazilian portfolios, of which, the fees are included within Agency fees in our Consolidated Income Statements. In 2016, we acquired DTP S.A., a Polish-based debt collection company, furthering our in-house collection efforts in Poland. In 2021, we began purchasing nonperforming loans in Australia, leveraging an entity we established in 2011.

We have one reportable segment based on similarities among the operating segments, including economic characteristics, the nature of the products and services, the nature of the production processes, the types or classes of customers for our products and services, the methods used to distribute our products and services and the nature of the regulatory environment.

#### Nonperforming Loan Portfolio Acquisitions

To identify purchasing opportunities, we maintain an extensive marketing effort with our senior officers contacting known and prospective sellers of nonperforming loans. From these sellers, we have acquired a variety of nonperforming loans including Visa® and MasterCard® credit cards, private label and other credit cards, installment loans, lines of credit, deficiency balances of various types, legal judgments and trade payables. Sellers of nonperforming loans include major banks, credit unions, consumer finance companies, retailers, utilities, automobile finance companies and other credit originators. The price at which we purchase portfolios depends on the age of the portfolio, whether it is a Core or Insolvency portfolio, geographic region, the seller's selection criteria, our historical experience with a certain asset type or credit originator and other similar factors.

We purchase portfolios of nonperforming loans from credit originators through auctions and negotiated sales. In an auction process, the seller will assemble a portfolio of nonperforming loans and will seek purchase prices from specifically invited bidders. In a privately negotiated sale process, the credit originator will contact one or more purchasers directly, receive a bid and negotiate the terms of sale. In either case, typically, invited purchasers will have already successfully completed a qualification process that can include the seller's review of any or all of the following: the purchaser's experience, reputation, financial standing, operating procedures, business practices and compliance oversight.

We purchase portfolios of nonperforming loans through either single portfolio transactions, referred to as spot sales, or through the pre-arranged purchase of multiple portfolios over time, referred to as forward flow sales. Under a forward flow contract, we agree to purchase statistically similar nonperforming loan portfolios from credit originators on a periodic basis, at a negotiated price over a specified time period, typically from three to 12 months.

## **Nonperforming Loan Portfolio Collection Operations**

### *Call Center Operations*

In higher volume markets, our collection efforts leverage internally staffed call centers. In some newer markets or in markets that have less consistent debt purchasing patterns, most notably outside the U.S., we may utilize external vendors to do some or all of this work. Whether the accounts are being worked internally or externally, we utilize our proprietary analysis to proportionally direct work efforts to those customers most likely to pay. The analysis driving those decisions relies on models and variables that have the highest correlation to profitable collections from call activity.

### *Legal Recovery - Core Portfolios*

An important component of our collections effort involves our legal recovery operations and the judicial collection of balances from customers who, in general, we believe have the ability, but not the willingness, to resolve their obligations. There are some markets in which the collection process follows a prescribed, time-sensitive and sequential set of legal actions, but in the majority of instances, we use models and analysis to select those accounts reflecting a high propensity to pay in a legal environment. Depending on the characteristics of the account and the applicable local collection laws, we determine whether to commence legal action to judicially collect on the account. The legal process can take an extended period of time and can be costly, but when accounts are selected properly, it usually generates net cash collections that likely would not have been realized otherwise. We use a combination of internal staff (attorney and support) and external staff to pursue legal collections under certain circumstances, as we deem appropriate.

### *Insolvency Operations*

Accounts that are in an insolvent or bankrupt status are managed by our Insolvency operations team. These accounts fall under insolvency plans ranging from Individual Voluntary Arrangements ("IVAs") and Trust Deeds in the United Kingdom ("UK"), to Consumer Proposals in Canada, to various forms of bankruptcy plans in the U.S., Canada, Germany and the UK. We file claims or claim transfers securing our creditor rights in plans, and actively manage these accounts through the entire life cycle of the insolvency proceeding to ensure that we participate in any distributions to creditors. The accounts we manage are derived from two sources: (1) our purchased portfolios of insolvent nonperforming loans and (2) our Core purchased portfolios of nonperforming loans where our customers filed for protection under the insolvency or bankruptcy laws after being purchased by us. We purchase these types of accounts in the U.S., Canada, Germany and the UK.

These accounts are filed under the relevant country's insolvency or bankruptcy codes and may have an associated payment plan that generally ranges from three to seven years in duration. Accounts which are purchased while insolvent can be purchased at any stage in the insolvency or bankruptcy plan life cycle. Portfolios sold close to the filing of the insolvency or bankruptcy plan may take months to generate cash flow; however, aged portfolios sold years after the filing of the insolvency or bankruptcy plan will typically generate cash flows immediately.

### *Digital*

As a complement to our collection operations, we have developed digital capabilities to support our collection efforts. We have developed these platforms in all of our operating markets that provide for inbound collections, as well as outbound collections where the regulatory environment allows us to operate in such a manner. In an effort to meet our customers in the channel which they prefer, we have developed digital capabilities to support our collection efforts. We have developed inbound collections capabilities in all of our operating markets, as well as outbound collections where the regulatory environment allows.

## **Equity Investments**

We have an 11.7% equity interest in RCB, a servicer of nonperforming loans in Brazil.

## **Fee-Based Services**

In addition to the purchase, collection and management of portfolios of nonperforming loans, we provide fee-based services including class action claims recovery purchasing and servicing through our subsidiary, Claims Compensation Bureau, LLC ("CCB"), and third-party servicing of bankruptcy accounts in the U.S.

## **Seasonality**

Customer payment patterns in all of the countries in which we operate can be affected by seasonal employment trends, income tax refunds, and holiday spending habits. Typically, cash collections in the Americas tend to be higher in the first half

of the year due to the high volume of income tax refunds received by individuals in the U.S., and trend lower as the year progresses. In the first half of 2022, this spike was not as pronounced. Additionally, 2021 and 2020 deviated from usual seasonal patterns due to the impact of the COVID-19 pandemic.

## Competition

Competition is derived from both third-party contingent fee collection agencies and purchasers of debt that manage their own nonperforming loans or outsource such servicing. Regulatory complexity and burdens, combined with seller preference for experienced portfolio purchasers, create barriers to successful entry for new competitors particularly in the U.S. While both remain competitive, the contingent fee industry is more fragmented than the purchased portfolio industry.

We compete in purchasing of nonperforming loans on the basis of price, reputation, industry experience and performance. We believe that our competitive strengths include our disciplined and proprietary underwriting process, the extensive data set we have developed since our founding in 1996, our ability to bid on portfolios at appropriate prices, our capital position, our reputation from previous portfolio purchase transactions, our ability to close transactions in a timely fashion, our strong relationships with credit originators, our team of well-trained collectors who provide quality customer service while complying with applicable collection laws and our ability to efficiently and effectively collect on various asset types.

## Government Regulation

We are subject to a variety of federal, state, local and international laws that establish specific guidelines and procedures that debt collectors must follow when collecting customer accounts, including laws relating to the collection, use, retention, security and transfer of personal information. It is our policy to comply with applicable federal, state, local and international laws in all our activities. To promote compliance with applicable laws and regulations, we provide extensive training upon hire and additional training at least annually. We also continuously monitor and evaluate our collectors in order to provide meaningful and prompt feedback. Our compliance management system and related controls that are embedded in business processes are also tested regularly by our compliance and internal audit departments to foster compliance with laws, regulations and internal policy.

Our failure to comply with these laws could result in enforcement action against us, the payment of significant fines and penalties, restrictions upon our operations or our inability to recover amounts owed to us. Significant laws and regulations applicable to our business include the following:

- *Fair Debt Collection Practices Act ("FDCPA")*, which imposes certain obligations and restrictions on the practices of debt collectors, including specific restrictions regarding the time, place and manner of the communications.
- *Fair Credit Reporting Act ("FCRA")*, which obligates credit information providers to verify the accuracy of information provided to credit reporting agencies and investigate consumer disputes concerning the accuracy of such information.
- *Gramm-Leach-Bliley Act ("GLBA")*, which requires that certain financial institutions, including collection companies, develop policies to protect the privacy of consumers' private financial information and provide notices to consumers advising them of their privacy policies.
- *Electronic Funds Transfer Act*, which regulates electronic fund transfer transactions, including a consumer's right to stop payments on a pre-approved fund transfer and right to receive certain documentation of the transaction.
- *Telephone Consumer Protection Act ("TCPA")*, which, along with similar state laws, places certain restrictions on users of certain automated dialing equipment and pre-recorded messages that place telephone calls to consumers.
- *Servicemembers Civil Relief Act ("SCRA")*, which gives U.S. military service personnel relief from credit obligations they may have incurred prior to entering military service and may also apply in certain circumstances to obligations and liabilities incurred by a servicemember while serving on active duty.
- *Health Insurance Portability and Accountability Act*, which provides standards to protect the confidentiality of patients' personal healthcare and financial information in the U.S.
- *U.S. Bankruptcy Code*, which prohibits certain contacts with consumers after the filing of bankruptcy petitions and dictates what types of claims will or will not be allowed in a bankruptcy proceeding including how such claims may be discharged.
- *Americans with Disabilities Act*, which requires that telecommunications companies operating in the U.S. take steps to ensure functionally equivalent services are available for their consumers with disabilities, and requires accommodation of consumers with disabilities, such as the implementation of telecommunications relay services.

- *U.S. Foreign Corrupt Practices Act ("FCPA"), United Kingdom Bribery Act ("UK Bribery Act") and Similar Laws.* Our operations outside the U.S. are subject to various U.S. and international laws and regulations, such as the FCPA and the UK Bribery Act, which prohibit corrupt payments to governmental officials and certain other individuals. The FCPA prohibits U.S. companies and their agents and employees from providing anything of value to a foreign official for the purposes of influencing any act or decision of these individuals in order to obtain an unfair advantage or help obtain or retain business. Although similar to the FCPA, the UK Bribery Act is broader in scope and covers bribes given to or received by any person with improper intent.
- *Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"),* which restructured the regulation and supervision of the financial services industry in the U.S. and created the CFPB. The CFPB has rulemaking, supervisory, and enforcement authority over larger consumer debt collectors. The Dodd-Frank Act, along with the Unfair, Deceptive, or Abusive Acts or Practices ("UDAAP") provisions included therein, and the Federal Trade Commission Act, prohibit unfair, deceptive, and/or abusive acts and practices.
- *International data protection and privacy laws,* which include relevant country specific legislation in the UK and other European countries where we operate that regulate the processing of information relating to individuals, including the obtaining, holding, use or disclosure of such information; the Personal Information Protection and Electronic Documents Act, which aims to protect personal information that is collected, used or disclosed in certain circumstances for purposes of electronic commerce in Canada; and the GDPR, which regulates the processing and free movement of personal data within the European Union ("EU") and transfer of such data outside the EU.
- *Consumer Credit Act 1974* (and its related regulations), *Unfair Terms in Consumer Contracts Regulations of 1999* and the *Financial Conduct Authority's consumer credit conduct of business rules*, which apply to our UK operations and govern consumer credit agreements.

In addition, certain of our EU subsidiaries are subject to capital adequacy, liquidity and other requirements imposed by regulators, such as the Swedish Financial Supervisory Authority.

### **Human Capital**

As of December 31, 2022, we employed 3,277 full-time equivalents globally across 18 countries, with approximately 73% of our workforce distributed across the Americas and Australia and 27% in Europe. Our employees share a common set of values and commitments that define how we treat each other, how we relate to our customers and the responsibilities we have to shareholders, regulators, clients and others. We refer to this shared set of values as C.A.R.E.S, which stands for Committed, Accountable, Respectful, Ethical and Successful. These values are intended to foster a high performing workforce and sense of belonging by working together to build an equitable and inclusive culture where employees can be themselves, to be their best.

In support of these values we offer comprehensive total rewards programs, which include competitive pay and bonus structures, health and wellness benefits, retirement plans and an employee assistance program. Additionally, we offer tuition reimbursement assistance and have a robust suite of training and development offerings, both in person and through virtual learning technology for employees across the globe, many available in multiple languages.

Management considers our employee relations to be good. While none of our North American employees are represented by a union or covered by a collective bargaining agreement, in Europe we work closely with a number of works councils, and in countries where it is the customary local practice, such as Finland and Spain, we have collective bargaining agreements.

### **Available Information**

We make available on or through our website, [www.pragroup.com](http://www.pragroup.com), certain reports that we file with or furnish to the SEC in accordance with the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These include our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act ("SEC Filings"). We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC. The SEC maintains a website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at: [www.sec.gov](http://www.sec.gov).

The information contained on, or that can be accessed through our website, is not, and shall not be deemed to be a part of this Form 10-K or incorporated into any of our other SEC Filings.



Reports filed with, or furnished to, the SEC are also available free of charge upon request by contacting our corporate office at:

PRA Group, Inc.  
Attn: Investor Relations  
120 Corporate Boulevard, Suite 100  
Norfolk, Virginia 23502

## **Item 1A. Risk Factors.**

You should carefully read the following discussion of material factors, events and uncertainties when evaluating our business and the forward-looking information contained in this Form 10-K. The events and consequences discussed in these risk factors could materially and adversely affect our business, operating results, liquidity and financial condition. While we believe we have identified and discussed below the material risk factors affecting our business, these risk factors do not identify all the risks we face, and there may be additional risks and uncertainties that we do not presently know or that we do not currently believe to be material that may have an adverse effect on our business, performance or financial condition in the future.

### **Operational and Industry Risks**

*A deterioration in the economic or inflationary environment in the countries in which we operate could have an adverse effect on our business and results of operations.*

Our performance may be adversely affected by economic, political or inflationary conditions in any market in which we operate. These conditions could include regulatory developments, changes in global or domestic economic policy, legislative changes, and sovereign debt crises. Deterioration in economic conditions, or a significant rise in inflation could cause personal bankruptcy and insolvency filings to increase, and the ability of consumers to pay their debts could be adversely affected. This may in turn adversely impact our business and financial results.

If global credit market conditions and the stability of global banks deteriorate, the amount of consumer or commercial lending and financing could be reduced, thus reducing the volume of nonperforming loans available for purchase, which could adversely affect our business, financial results and ability to succeed in the markets in which we operate.

Other economic factors that could influence our performance include the financial stability of the lenders on our credit facilities and our access to capital and credit. For example, deterioration in the financial markets, including as a result of a disease outbreak, such as the COVID-19 pandemic, could contribute to the insolvency of lending institutions, notably those providing our credit facilities, or the tightening of credit markets, which could make it difficult or impossible for us to obtain credit on favorable terms or at all. These and other economic factors could have an adverse effect on our financial condition and results of operations.

*We may not be able to continually replace our nonperforming loans with additional portfolios sufficient to operate efficiently and profitably, and/or we may not be able to purchase nonperforming loans at appropriate prices.*

To operate profitably, we must purchase and service a sufficient amount of nonperforming loans to generate revenue that exceeds our expenses. Costs such as salaries and other compensation expense constitute a significant portion of our overhead and, if we do not replace the nonperforming loan portfolios we service with additional portfolios, we may have to reduce the number of our collection and other administrative personnel. We may then, have to rehire staff if we subsequently obtain additional portfolios. These practices could lead to negative consequences, including the following:

- low employee morale;
- fewer experienced employees;
- higher training costs;
- disruptions in our operations;
- loss of efficiency; and
- excess costs associated with unused space in our facilities.

The availability of nonperforming loan portfolios at prices that generate an appropriate return on our investment depends on a number of factors, including the following:

- the continuation of high levels of consumer debt obligations;

- sales of nonperforming loan portfolios by credit originators; and
- competitive factors affecting potential purchasers and credit originators of nonperforming loans.

Furthermore, heightened regulation of the credit card and consumer lending industry or changing credit origination strategies may result in decreased availability of credit to consumers, potentially leading to a future reduction in nonperforming loans available for purchase from credit originators. We cannot predict how our ability to identify and purchase nonperforming loans and the quality of those nonperforming loans would be affected if there were a shift in lending practices, whether caused by changes in the regulations or accounting practices applicable to credit originators or purchasers, a sustained economic downturn or otherwise.

Moreover, there can be no assurance that credit originators will continue to sell their nonperforming loans consistent with historical levels or at all, or that we will be able to bid competitively for those portfolios. Because of the length of time involved in collecting on acquired portfolios and the variability in the timing of our collections, we may not be able to identify trends and make changes in our purchasing strategies in a timely manner. If we are unable to maintain our business or adapt to changing market needs as well as our current or future competitors, we may experience reduced access to nonperforming loan portfolios at appropriate prices and, therefore, reduced profitability.

*We may not be able to collect sufficient amounts on our nonperforming loans to fund our operations.*

Our principal business consists of purchasing and collecting nonperforming loans that consumers or others have failed to pay. The credit originators have typically made numerous attempts to recover on their accounts, often using a combination of in-house recovery efforts and third-party collection agencies. These nonperforming loans are difficult to collect, and we may not collect a sufficient amount to cover our investment and the costs of running our business.

*Our collections may decrease if certain types of insolvency proceedings and bankruptcy filings involving liquidations increase.*

Various economic trends and potential changes to existing legislation may contribute to an increase in the amount of personal bankruptcy and insolvency filings. Under certain of these filings, a debtor's assets may be sold to repay creditors, but because most of the accounts we collect through our collections operations are unsecured, we typically would not be able to collect on those accounts. Although our insolvency collections business could benefit from an increase in personal bankruptcies and insolvencies, we cannot ensure that our collections operations business would not decline with an increase in personal insolvencies or bankruptcy filings or changes in related regulations or practices. If our actual collection experience with respect to a nonperforming or insolvent bankrupt accounts are significantly lower than the total amount we projected when we acquired the portfolio, our financial condition and results of operations could be adversely impacted.

*Goodwill impairment charges could negatively impact our net income and stockholder's equity.*

We have recorded a significant amount of goodwill as a result of our business acquisitions. Goodwill is not amortized, but is tested for impairment at the reporting unit level. Goodwill is required to be tested for impairment annually and between annual tests if events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. There are numerous risks that may cause the fair value of a reporting unit to fall below its carrying amount, which could lead to the recognition of a goodwill impairment charge. These risks include:

- adverse changes in macroeconomic conditions, the business climate, or the market for the entity's products or services;
- significant variances between actual and expected financial results;
- negative or declining cash flows;
- lowered expectations of future results;
- failure to realize anticipated synergies from acquisitions;
- significant expense increases;
- a more likely-than-not expectation of selling or disposing all, or a portion of, a reporting unit;
- the loss of key personnel;
- an adverse action or assessment by a regulator;
- significant increase in discount rates; or
- a sustained decrease in the price per share of our common stock.

Our goodwill impairment testing involves the use of estimates and the exercise of judgment, including judgments regarding expected future business performance and market conditions. Significant changes in our assessment of such factors,

including the deterioration of market conditions, could affect our assessment of the fair value of one or more of our reporting units and could result in a goodwill impairment charge in a future period.

*A disease outbreak could have an adverse effect on our business, results of operations and financial results.*

We cannot predict the extent to which a disease outbreak, including epidemics, pandemics or similar widespread public health concerns, will impact our business, results of operations and financial results. A disease outbreak, such as the COVID-19 pandemic, could adversely affect our business, results of operations and financial results if:

- political, legal and regulatory actions and policies in response to disease outbreak may prevent us from performing our collection activities or result in material increases in our costs to comply with such laws and regulations;
- consumers respond to a disease outbreak by failing to pay amounts owed to us as a result of factors that impact their ability to make payments;
- we are unable to maintain staffing levels necessary to operate our business due to the continued spread of a disease outbreak causing employees to be unable or unwilling to work;
- we are unable to collect on existing nonperforming loans or experience material decreases in our cash collections; or
- we are unable to purchase nonperforming loans needed to operate our business because credit originators become unable or unwilling to sell their nonperforming loans consistent with historical levels.

*Our loss contingency accruals may not be adequate to cover actual losses.*

We are involved in judicial, regulatory and arbitration proceedings or investigations concerning matters arising from our business activities. We establish accruals for potential liability arising from legal proceedings when it is probable that such liability has been incurred and the amount of the loss can be reasonably estimated. However, there can be no assurance as to the ultimate outcome. We may still incur legal costs for a matter even if we have not accrued a liability. In addition, actual losses may be higher than the amount accrued for a certain matter, or in the aggregate. An unfavorable resolution of a legal proceeding or claim could adversely impact our business, financial condition, results of operations, or liquidity. For more information, refer to the "Litigation and Regulatory Matters" section of [Note 14](#) to our Consolidated Financial Statements included in Item 8 of this Form 10-K.

### **International Operations Risks**

*Our international operations expose us to risks which could harm our business, results of operations and financial condition.*

A significant portion of our operations is conducted outside the U.S. This could expose us to adverse economic, industry and political conditions that may have a negative impact on our ability to manage our existing operations or pursue alternative strategic transactions, which could have a negative effect on our business, results of operations and financial condition.

The global nature of our operations expands the risks and uncertainties described elsewhere in this section, including the following:

- changes in local political, economic, social and labor conditions in the markets in which we operate;
- foreign exchange controls on currency conversion and the transfer of funds that might prevent us from repatriating cash earned in countries outside the U.S. in a tax-efficient manner;
- currency exchange rate fluctuations, currency restructurings, inflation or deflation and our ability to manage these fluctuations through a foreign exchange risk management program;
- different employee/employer relationships, laws and regulations, union recognition and the existence of employment tribunals and works councils;
- laws and regulations imposed by international governments, including those governing data security, sharing and transfer;
- potentially adverse tax consequences resulting from changes in tax laws in the jurisdictions in which we operate or challenges to our interpretations and application of complex international tax laws;
- logistical, communications and other challenges caused by distance and cultural and language differences, each making it harder to do business in certain jurisdictions;
- volatility of global credit markets and the availability of consumer credit and financing in our international markets;
- uncertainty as to the enforceability of contract rights under local laws;
- the potential of forced nationalization of certain industries, or the impact on creditors' rights, consumer disposable income levels, flexibility and availability of consumer credit and the ability to enforce and collect aged or charged-off

debts stemming from international governmental actions, whether through austerity or stimulus measures or initiatives, intended to control or influence macroeconomic factors such as wages, unemployment, national output or consumption, inflation, investment, credit, finance, taxation or other economic drivers;

- the presence of varying levels of business corruption in international markets and the effect of various anti-corruption and other laws on our international operations;
- the impact on our day-to-day operations and our ability to staff our international operations given our changing labor conditions and long-term trends towards higher wages in developed and emerging international markets as well as the potential impact of union organizing efforts;
- potential damage to our reputation due to non-compliance with international and local laws; and
- the complexity and necessity of using non-U.S. representatives, consultants and other third-party vendors.

Any one of these factors could adversely affect our business, results of operations and financial condition.

*Compliance with complex and evolving international and U.S. laws and regulations that apply to our international operations could increase our cost of doing business in international jurisdictions.*

We operate on a global basis with offices and activities in a number of jurisdictions throughout the Americas, Europe and Australia. We face increased exposure to risks inherent in conducting business internationally, including compliance with complex international and U.S. laws and regulations that apply to our international operations, which could increase our cost of doing business in international jurisdictions. These laws and regulations include those related to taxation and anti-corruption laws such as the FCPA and the UK Bribery Act. Given the complexity of these laws, there is a risk that we may inadvertently breach certain provisions of these laws, such as through the negligent behavior of an employee or our failure to comply with certain formal documentation requirements. Violations of these laws and regulations by us, any of our employees or our third-party vendors, either inadvertently or intentionally, could result in fines and penalties, criminal sanctions, restrictions on our operations and ability to offer our products and services in one or more countries. Violations of these laws could also adversely affect our business, brand, international expansion efforts, ability to attract and retain employees and results of operations.

Additionally, new or pending international regulations, such as the EU Directive (2021/2167) on Credit Servicers and Credit Purchasers and the Financial Conduct Authority's Consumer Duty proposals, could adversely affect our operations in Europe once they are effective and require implementation. The Organization for Economic Co-operation and Development ("OECD") recently issued Pillar Two model rules with the aim of ensuring that multinational enterprises pay a 15% effective tax rate in each jurisdiction. The EU adopted the OECD Pillar Two Directive with a beginning date of January 1, 2024. We are monitoring the enactment of Pillar Two legislation in EU countries and elsewhere to determine its potential impact on our financial results as well as monitoring U.S. amendments to the U.S. global intangible low-tax income ("GILTI"), if any. The implementation of Pillar Two and amendments to GILTI could significantly increase our U.S. and international income taxes.

#### **Legal and Regulatory Risks**

*Our ability to collect and enforce our nonperforming loans may be limited under federal, state and international laws, regulations and policies.*

Our operations are subject to licensing and regulation by governmental and regulatory bodies in the many jurisdictions in which we operate. U.S. federal and state laws, and the laws and regulations of the international countries in which we operate, may limit our ability to collect on and enforce our rights with respect to our nonperforming loans regardless of any act or omission on our part. Some laws and regulations applicable to credit issuers may preclude us from collecting on nonperforming loans we acquire if the credit issuer previously failed to comply with applicable laws in generating or servicing those accounts. Collection laws and regulations also directly apply to our business. Such laws and regulations are extensive and subject to change. A variety of state, federal and international laws and regulations govern the collection, use, retention, transmission, sharing and security of consumer data. Consumer protection and privacy protection laws, changes in the ways that existing rules or laws are interpreted or enforced and any procedures that may be implemented as a result of regulatory consent orders may adversely affect our ability to collect on our nonperforming loans and adversely affect our business. Our failure to comply with laws or regulations applicable to us could limit our ability to collect on our nonperforming loans, which could reduce our profitability and adversely affect our business.

*Failure to comply with government regulation of the collections industry could result in penalties, fines, litigation, damage to our reputation or the suspension or termination of our ability to conduct our business.*

The collections industry throughout the markets in which we operate is governed by various laws and regulations, many of which require us to be a licensed debt collector. Our industry is also at times investigated by regulators and offices of state

attorneys general, and subpoenas and other requests or demands for information may be issued by governmental authorities who are investigating debt collection activities. These investigations may result in enforcement actions, fines and penalties, or the assertion of private claims and lawsuits. If any such investigations result in findings that we or our vendors have failed to comply with applicable laws and regulations, we could be subject to penalties, litigation losses and expenses, damage to our reputation, or the suspension or termination of, or required modification to, our ability to conduct collections, which would adversely affect our business, results of operations and financial condition.

In a number of jurisdictions, we must maintain licenses to purchase or own debt, and/or to perform debt recovery services and must satisfy related bonding requirements. Our failure to comply with existing licensing requirements, changing interpretations of existing requirements, or adoption of new licensing requirements, could restrict our ability to collect in certain jurisdictions, subject us to increased regulation, increase our costs or adversely affect our ability to purchase, own and/or collect our nonperforming loans.

Some laws, among other things, also may limit the interest rate and the fees that a credit originator may impose on our consumers, limit the time in which we may file legal actions to enforce consumer accounts and require specific account information for certain collection activities. In addition, local requirements and court rulings in various jurisdictions may affect our ability to collect.

Regulations and statutes applicable to our industry further provide that, in some cases, consumers cannot be held liable for, or their liability may be limited with respect to, charges to their debit or credit card accounts that resulted from unauthorized use of their credit. These laws, among others, may limit our ability to recover amounts owing with respect to the nonperforming loans, whether or not we committed any wrongful act or omission in connection with the account.

If we fail to comply with any applicable laws and regulations discussed above, such failure could result in penalties, litigation losses and expenses, damage to our reputation, or otherwise impact our ability to conduct collections efforts, which could adversely affect our business, results of operations and financial condition.

*Investigations, reviews or enforcement actions by governmental authorities may result in changes to our business practices; negatively impact our nonperforming loan portfolio acquisition volume; make collection of nonperforming loans more difficult; or expose us to the risk of fines, penalties, restitution payments and litigation.*

Our debt collection activities and business practices are subject to review from time to time by various governmental authorities and regulators, including the CFPB, which may commence investigations, reviews or enforcement actions targeted at businesses in the financial services industry. These investigations or reviews may involve individual consumer complaints or our debt collection policies and practices generally. Such investigations or reviews could lead to assertions by governmental authorities that we are not complying with applicable laws or regulations. In such circumstances, authorities may request or seek to impose a range of remedies that could involve potential compensatory or punitive damage claims, fines, restitution payments, sanctions or injunctive relief, that if agreed to or granted, could require us to make payments or incur other expenditures that could have an adverse effect on our results of operations or financial position. The CFPB has the authority to obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief), recover costs, and impose monetary penalties (ranging from \$5,000 per day to over \$1 million per day, depending on the nature and gravity of the violation). In addition, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations implemented thereunder, the Dodd-Frank Act empowers state attorneys general and other state regulators to bring civil actions to remedy violations under state law. Governmental authorities could also request or seek to require us to cease certain practices or institute new practices. Negative publicity relating to investigations or proceedings brought by governmental authorities could have an adverse impact on our reputation, harm our ability to conduct business with industry participants, and result in financial institutions reducing or eliminating sales of nonperforming loan portfolios to us which would harm our business and negatively impact our results of operations. Moreover, changing or modifying our internal policies or procedures, responding to governmental inquiries and investigations and defending lawsuits or other proceedings could require significant efforts on the part of management and result in increased costs to our business. In addition, such efforts could divert management's full attention from our business operations. All of these factors could have an adverse effect on our business, results of operations and financial condition.

The CFPB has issued civil investigative demands ("CIDs") to many companies that it regulates, including PRA Group, and periodically examines practices regarding the collection of consumer debt. In September 2015, Portfolio Associates, LLC ("PRA"), our wholly owned subsidiary, entered into a consent order with the CFPB settling a previously disclosed investigation of certain debt collection practices of PRA (the "Consent Order"). As further discussed in the "*Litigation and Regulatory Matters*" section of [Note 14](#) to our Consolidated Financial Statements included in Item 8 of this Form 10-K, we are in discussions with the CFPB regarding CIDs and requests for information issued by the CFPB to us related to our compliance with the Consent Order and applicable law. Although we believe we have implemented the requirements of the Consent Order,

there can be no assurance that additional litigation or new industry regulations currently under consideration by the CFPB would not have an adverse effect on our business, results of operations and financial condition.

*The regulation of data privacy in the U.S and globally could have an adverse effect on our business, results of operations and financial condition by increasing our compliance costs or exposing us to the risk of liability.*

A variety of jurisdictions in which we operate have laws and regulations concerning, privacy, cybersecurity, and the protection of personal data, including the EU GDPR, the UK GDPR, the U.S. GLBA, and the California Consumer Privacy Act of 2018. These laws and regulations create certain privacy rights for individuals and impose prescriptive operational requirements for covered businesses relating to the processing and protection of personal data and may also impose substantial penalties for non-compliance.

In addition, laws and regulations relating to privacy, cybersecurity and data protection are quickly evolving, and any such proposed or new legal frameworks could significantly impact our operations, financial performance and business. The application and enforcement of these evolving legal requirements is uncertain and may require us to further change or update our information practices, and could impose additional compliance costs and regulatory scrutiny.

We may incur significant costs complying with legal obligations and inquiries, investigations or any other government actions related to privacy, cybersecurity, and data protection. Such legal requirements and government actions also may impede our development of new products, services, or businesses, make existing products, services, or businesses unprofitable, increase our operating costs, require substantial management resources, result in adverse publicity and subject us to remedies that harm our business or profitability, including penalties or orders that we change or terminate current business practices. Our insurance policies may be insufficient to insure us against such risks, and future escalations in premiums and deductibles under these policies may render them uneconomical.

*Changes in tax provisions or exposures to additional tax liabilities could have an adverse tax effect on our financial condition.*

We record reserves for uncertain tax positions based on our assessment of the probability of successfully sustaining tax filing positions. Management exercises significant judgment when assessing the probability of successfully sustaining tax filing positions, in determining whether a tax liability should be recorded and, if so, estimating that amount. Our tax filings are subject to audit by domestic and international tax authorities. If our tax filing positions are successfully challenged, payments could be required that are in excess of reserved amounts or we may be required to reduce the carrying amount of our net deferred tax asset, either of which could be significant to our financial condition or results of operations. Although we believe our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and may adversely or beneficially affect our financial results in the period(s) for which such determination is made.

## **Financial and Liquidity Risks**

*We expect to use leverage in executing our business strategy, which may adversely affect the return on our assets.*

We may incur a substantial amount of debt in the future. Our existing indebtedness is recourse to us, and we anticipate that future indebtedness will likewise be recourse. As of December 31, 2022, we had total consolidated indebtedness of approximately \$2.5 billion, all of which, except for \$345.0 million outstanding principal amount of our 3.50% Convertible Notes due 2023 (the "2023 Convertible Notes"), \$300.0 million outstanding principal amount of our 7.375% Senior Notes due 2025 (the "2025 Notes"), and \$350.0 million outstanding principal amount of our 5.00% Senior Notes due 2029 (the "2029 Notes" and together with the 2025 Notes, the "Senior Notes"), was secured indebtedness. In addition, as of December 31, 2022, we had total committed revolving borrowing capacity of \$1.6 billion available under our credit facilities, all of which if borrowed would be secured indebtedness. Considering borrowing base restrictions and other covenants, the amount available to be borrowed under our credit facilities would have been \$465.1 million as of December 31, 2022. Our management team will consider a number of factors when evaluating our level of indebtedness and when making decisions regarding the incurrence of any new indebtedness, including the purchase price of assets to be acquired with debt financing, the estimated market value of our assets and the ability of particular assets and the Company as a whole, to generate cash flow to cover the expected debt service.

Incurring a substantial amount of debt could have important consequences for our business, including:

- making it more difficult for us to satisfy our obligations with respect to our debt or to our trade or other creditors;
- increasing our vulnerability to adverse economic or industry conditions;
- limiting our ability to obtain additional financing to fund capital expenditures and acquisitions, particularly when the availability of financing in the capital markets is constrained;

- requiring a substantial portion of our cash flows from operations and reducing our ability to use our cash flows to fund working capital, capital expenditures, acquisitions and general corporate requirements;
- increasing the amount of interest expense because most of the indebtedness under our credit facilities bear interest at floating rates, which, if interest rates increase, will result in higher interest expense;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- placing us at a competitive disadvantage to less leveraged competitors.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us through capital markets financings, under credit facilities or otherwise, in an amount sufficient to enable us to repay our indebtedness, repurchase our 2023 Convertible Notes upon a fundamental change or settle conversions in cash, repurchase our Senior Notes upon a change of control or fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, at or before its scheduled maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. In addition, we may incur additional indebtedness in order to finance our operations or to repay existing indebtedness. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional debt or equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. We cannot assure you that any such actions, if necessary, could be effected on commercially reasonable terms or at all, or on terms that would be advantageous to our stockholders or on terms that would not require us to breach the terms and conditions of our existing or future debt agreements.

*We may not be able to generate sufficient cash flow to meet our debt service obligations.*

Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt obligations will depend on our current and future financial performance, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In the future, we may fail to generate sufficient cash flow from the collection of nonperforming loans to meet our cash requirements. Further, our capital requirements may vary materially from those currently planned if, for example, our revenues do not reach expected levels, we have to incur unforeseen expenses, we invest in acquisitions or make other investments that we believe will benefit our competitive position. If we do not generate sufficient cash flow from operations to satisfy our debt obligations, including interest payments and the payment of principal at maturity, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets or seeking to raise additional capital. We cannot provide assurance that any refinancing would be possible, that any assets could be sold, or, if sold, of the timeliness and amount of proceeds realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of our various debt instruments then in effect. Furthermore, our ability to refinance would depend upon the condition of the finance and credit markets. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms or on a timely basis, would materially affect our business, financial condition or results of operations and may delay or prevent the expansion of our business.

*The agreements governing our indebtedness include provisions that may restrict our financial and business operations.*

Our credit facilities and the indentures that govern our 2023 Convertible Notes and our Senior Notes contain financial and other restrictive covenants, including restrictions on how we operate our business and our ability to pay dividends to our stockholders. These restrictions may interfere with our ability to engage in other necessary or desirable business activities, which could materially affect our business, financial condition or results of operations.

Failure to satisfy any one of these covenants could result in negative consequences, including the following:

- acceleration of outstanding indebtedness;
- exercise by our lenders of rights with respect to the collateral pledged under certain of our outstanding indebtedness;
- our inability to continue to purchase nonperforming loans needed to operate our business; or
- our inability to secure alternative financing on favorable terms, if at all.

## **Cybersecurity and Technology Risks**

*A cybersecurity incident could damage our reputation and adversely impact our business and financial results.*

Our business is highly dependent on our ability to process and monitor a large number of transactions across markets and in multiple currencies. We rely on information technology systems to conduct our business, including systems developed and administered by third parties. Many of these systems contain sensitive and confidential information, including personal data,

our trade secrets and proprietary business information, and information and materials owned by or pertaining to our business customers, vendors and business partners. The secure maintenance of this information, and the information technology systems on which they reside, is critical to our business strategy as well as our operations and financial performance. As we expand geographically, and our reliance on information technology systems increases, maintaining the security of such systems and our data becomes more significant and challenging.

Although we take a number of steps to protect our information technology systems, the attacks that companies have experienced have increased in number, sophistication and complexity over the past few years.

Accordingly, we may suffer data security incidents or other cybersecurity incidents, which could compromise our systems and networks, creating system disruptions and exploiting vulnerabilities in our products and services. Any such breach or other incident also could result in the personal data or other confidential or proprietary information stored on our systems and networks, or our vendors' systems and networks, being improperly accessed, acquired or modified, publicly disclosed, lost, or stolen, which could subject us to liability to our customers, vendors, business partners and others. We seek to detect and investigate such incidents and to prevent their recurrence where practicable through preventive and remedial measures, but such measures may not be successful.

Should a cybersecurity incident occur, we may be required to expend significant resources to notify affected parties, modify our protective measures or investigate and remediate vulnerabilities or other exposures. Additionally, such cybersecurity events could cause reputational damage and subject us to fines, penalties, litigation costs and settlements and financial losses that may not be fully covered by our cybersecurity insurance. To date, disruptions to our information technology systems, due to outages, security breaches or other causes, including cybersecurity incidents have not had a material impact on our business. However, any such disruption could have significant consequences for our business, including financial loss and reputational damage.

*The underperformance or failure of our information technology infrastructure, networks or communication systems could result in loss in productivity, loss of competitive advantage and business disruption.*

We depend on effective information and communication systems to operate our business. We have also acquired and expect to acquire additional systems as a result of business acquisitions. Significant resources are required to maintain or enhance our existing information and telephone systems and to replace obsolete systems. Although we periodically upgrade, streamline, and integrate our systems and have invested in strategies to prevent a failure, our systems are susceptible to outages due to natural disasters, power loss, computer viruses, security breaches, hardware or software vulnerabilities, disruptions, and similar events. Failure to adequately implement or maintain effective and efficient information systems with sufficiently advanced technological capabilities, or our failure to efficiently and effectively consolidate our information systems to eliminate redundant or obsolete applications, could cause us to lose our competitive advantage, divert management's time, result in a loss of productivity or disrupt business operations, which could have a material adverse effect on our business, financial condition and results of operations.

#### **Item 1B. Unresolved Staff Comments.**

None.

#### **Item 2. Properties.**

Our corporate headquarters and primary domestic operations facilities are located in Norfolk, Virginia. In addition, at December 31, 2022, we had 15 operational centers in the Americas and Australia (12 leased and three owned), and nine in Europe (all leased).

#### **Item 3. Legal Proceedings.**

We and our subsidiaries are from time to time subject to a variety of routine legal and regulatory claims, inquiries and proceedings, most of which are incidental to the ordinary course of our business. We initiate lawsuits against customers and are occasionally countersued by them in such actions. Also, customers, either individually, as members of a class action, or through a governmental entity on behalf of customers, may initiate litigation against us in which they allege that we have violated a state or federal law in the process of collecting on an account. From time to time, other types of lawsuits are brought against us.

Refer to [Note 14](#) to our Consolidated Financial Statements included in Item 8 of this Form 10-K for information regarding legal proceedings in which we are involved.



**Item 4. Mine Safety Disclosures.**

Not applicable.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

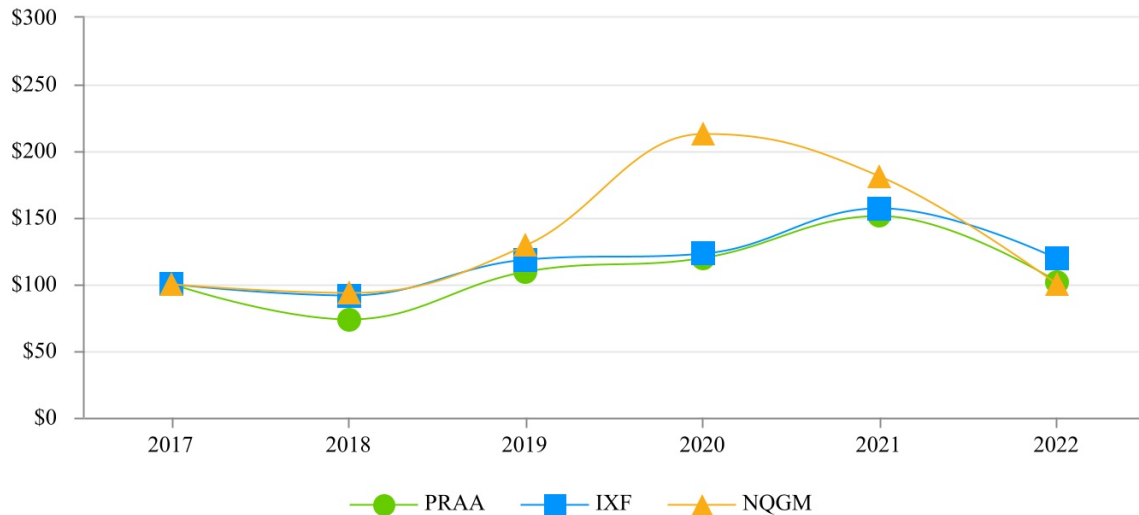
#### Common Stock

Our common stock is traded on Nasdaq Global Select Market under the symbol "PRAA." Based on information provided by our transfer agent and registrar, as of February 21, 2023, there were 44 holders of record.

#### Stock Performance

The following graph and subsequent table compare from December 31, 2017 to December 31, 2022, the cumulative stockholder returns assuming an initial investment of \$100 in our common stock (PRAA), the stocks comprising the Nasdaq Financial 100 (IXF) and the stocks comprising the Nasdaq Global Market Composite Index (NQGM) at the beginning of the period. Any dividends paid during the five-year period are assumed to be reinvested.

#### Comparison of Cumulative Total Return with \$100 Initial Investment



	Ticker	2017	2018	2019	2020	2021	2022
PRA Group, Inc.	PRAA	\$ 100	\$ 73	\$ 109	\$ 119	\$ 151	\$ 102
Nasdaq Financial 100	IXF	\$ 100	\$ 92	\$ 119	\$ 123	\$ 156	\$ 119
Nasdaq Global Market Composite Index	NQGM	\$ 100	\$ 94	\$ 129	\$ 213	\$ 180	\$ 100

The comparisons of stock performance shown above are not intended to forecast or be indicative of possible future performance of our common stock. We do not make or endorse any predictions as to our future stock performance.

#### Dividend Policy

Our Board of Directors sets our dividend policy. We do not currently pay regular dividends on our common stock and did not pay dividends during the three years ended December 31, 2022; however, our Board of Directors may determine in the future to declare or pay dividends on our common stock. Our credit facilities and the indentures that govern our 2023 Convertible Notes, 2025 Notes and 2029 Notes contain financial and other restrictive covenants, including restrictions on how we operate our business and our ability to pay dividends to our stockholders. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on conditions then existing, including our results of operations, financial condition, contractual restrictions, capital requirements, business prospects and other factors that our Board of Directors may consider relevant.

**Recent Sales of Unregistered Securities**

None.

**Share Repurchase Programs**

On February 25, 2022, our Board of Directors approved a share repurchase program under which we are authorized to repurchase up to \$150.0 million of our outstanding common stock. For more information, see [Item 7](#) "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" of this Form 10-K.

We did not repurchase any common stock during the fourth quarter of the year ended December 31, 2022.

**Item 6. [Reserved]**

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

### **Objective**

This discussion is from the perspective of management and is intended to help the reader understand our financial condition, cash flows and other changes in financial condition and results of operations. It should be read in conjunction with the financial statements and notes thereto included in [Item 8](#) of this Form 10-K. Additionally, this discussion includes material events and uncertainties known to management that are reasonably likely to cause reported financial information not to be indicative of our future operating results or of our future financial condition.

### **Executive Overview**

We are a global financial and business services company with operations in the Americas, Europe and Australia. Our primary business is the purchase, collection and management of portfolios of nonperforming loans. For the year ended December 31, 2022 we had:

- Total portfolio purchases of \$850.0 million.
- Total cash collections of \$1.7 billion.
- Estimated remaining collections ("ERC") of \$5.7 billion.
- Cash efficiency ratio of 61.0%.
- Diluted earnings per share of \$2.94.

Leading financial industry publications have indicated that excess consumer liquidity has resulted in lower levels of charge offs across most lending institutions, primarily in the U.S. As a result, this has caused a decrease in the supply of portfolios available for purchase in the U.S. during 2021 and 2022 resulting in a lower level of portfolio purchases and pricing pressures. We expect these trends to continue temporarily; however, consistent with our experience during previous economic cycles, we believe charge offs will increase. This should lead to a greater level of supply, which we anticipate could occur in the coming months.

Furthermore, the combination of robust demand for goods and services and lingering supply chain constraints continue to contribute to elevated levels of inflation, rising interest rates, foreign exchange rate fluctuations, and concerns of global recession. We cannot predict the full extent to which these items will impact our business, results of operations and financial condition. See Item 1A of this Form 10-K.

### **Frequently Used Terms**

We may use the following terminology throughout this Form 10-K:

- "Buybacks" refers to purchase price refunded by the seller due to the return of ineligible accounts.
- "Cash collections" refers to collections on our nonperforming loan portfolios.
- "Cash receipts" refers to cash collections on our nonperforming loan portfolios, fees and revenue recognized from our class action claims recovery services.
- "Change in expected recoveries" refers to the differences of actual recoveries received when compared to expected recoveries and the net present value of changes in estimated remaining collections.
- "Core" accounts or portfolios refer to accounts or portfolios that are nonperforming loans and are not in an insolvent status upon acquisition. These accounts are aggregated separately from insolvency accounts.
- "Estimated remaining collections" or "ERC" refers to the sum of all future projected cash collections on our nonperforming loan portfolios.
- "Finance receivables" or "receivables" refers to the negative allowance for expected recoveries recorded on our balance sheet as an asset.
- "Insolvency" accounts or portfolios refer to accounts or portfolios of nonperforming loans that are in an insolvent status when we purchase them and as such are purchased as a pool of insolvent accounts. These accounts include IVAs, Trust Deeds in the UK, Consumer Proposals in Canada and bankruptcy accounts in the U.S., Canada, Germany and the UK.
- "Negative Allowance" refers to the present value of expected cash collections on our finance receivables.
- "Portfolio acquisitions" refers to all nonperforming loan portfolios acquired as a result of a purchase, but also includes portfolios added as a result of a business acquisition.

- "Portfolio purchases" refers to all nonperforming loan portfolios purchased in the normal course of business and excludes those added as a result of business acquisitions.
- "Portfolio income" reflects revenue recorded due to the passage of time using the effective interest rate calculated based on the purchase price of nonperforming loan portfolios and estimated remaining collections.
- "Purchase price" refers to the cash paid to a seller to acquire nonperforming loans.
- "Purchase price multiple" refers to the total estimated collections on our nonperforming loan portfolios divided by purchase price.
- "Recoveries" refers to cash collections plus buybacks and other adjustments.
- "Total estimated collections" or "TEC" refers to actual cash collections plus estimated remaining collections on our nonperforming loan portfolios.

Unless otherwise specified, references to 2022, 2021 and 2020 are for the years ended December 31, 2022, December 31, 2021 and December 31, 2020, respectively.

## Results of Operations

The results of operations include the financial results of the Company and all of our subsidiaries. Certain prior year amounts have been reclassified for consistency with the current year presentation. Fee Income is now included within Other revenue on our Consolidated Income Statements. The following table sets forth Consolidated Income Statement amounts as a percentage of total revenues for the periods indicated (dollars in thousands):

	2022		2021		2020	
Revenues:						
Portfolio income	\$ 772,315	79.9 %	\$ 875,327	79.9 %	\$ 984,036	92.4 %
Changes in expected recoveries	168,904	17.5	197,904	18.1	69,297	6.5
Total portfolio revenue	941,219	97.4	1,073,231	98.0	1,053,333	98.9
Other revenue	25,305	2.6	22,501	2.0	12,081	1.1
Total revenues	966,524	100.0	1,095,732	100.0	1,065,414	100.0
Operating expenses:						
Compensation and employee services	285,537	29.5	301,981	27.6	295,150	27.7
Legal collection fees	38,450	4.0	47,206	4.3	53,758	5.1
Legal collection costs	76,757	7.9	78,330	7.1	101,635	9.5
Agency fees	63,808	6.6	63,140	5.8	56,418	5.3
Outside fees and services	92,355	9.6	92,615	8.5	84,087	7.9
Communication	39,205	4.1	42,755	3.9	40,801	3.8
Rent and occupancy	18,589	1.9	18,376	1.7	17,973	1.7
Depreciation and amortization	15,243	1.6	15,256	1.4	18,465	1.7
Other operating expenses	50,778	5.2	61,077	5.5	47,426	4.5
Total operating expenses	680,722	70.4	720,736	65.8	715,713	67.2
Income from operations	285,802	29.6	374,996	34.2	349,701	32.8
Other income and (expense):						
Interest expense, net	(130,677)	(13.6)	(124,143)	(11.3)	(141,712)	(13.2)
Foreign exchange gain/(loss), net	985	0.1	(809)	(0.1)	2,005	0.2
Other	(1,325)	(0.1)	282	—	(1,049)	(0.2)
Income before income taxes	154,785	16.0	250,326	22.8	208,945	19.6
Income tax expense	36,787	3.8	54,817	5.0	41,203	3.9
Net income	117,998	12.2	195,509	17.8	167,742	15.7
Adjustment for net income attributable to noncontrolling interests	851	0.1	12,351	1.1	18,403	1.7
Net income attributable to PRA Group, Inc.	\$ 117,147	12.1 %	\$ 183,158	16.7 %	\$ 149,339	14.0 %

## Year Ended December 31, 2022 Compared With Year Ended December 31, 2021

### Cash Collections

Cash collections for the years indicated were as follows (amounts in millions):

	2022	2021	\$ Change	% Change
Americas and Australia Core	\$ 946.1	\$ 1,206.9	\$ (260.8)	(21.6)%
Americas Insolvency	129.4	147.3	(17.9)	(12.2)
Europe Core	559.7	614.6	(54.9)	(8.9)
Europe Insolvency	93.9	92.9	1.0	1.1
Total cash collections	\$ 1,729.1	\$ 2,061.7	\$ (332.6)	(16.1)%
Cash collections adjusted <sup>(1)</sup>	\$ 1,729.1	\$ 1,986.9	\$ (257.8)	(13.0)%

(1) Cash collections adjusted refers to 2021 cash collections translated using 2022 exchange rates.

Cash collections were \$1,729.1 million in 2022, a decrease of \$332.6 million, or 16.1%, compared to \$2,061.7 million in 2021. The decrease was largely due to a decrease of \$229.5 million, or 30.6%, in cash collections in U.S. call center and other collections, which we believe was mainly due to higher collections driven by excess consumer liquidity during 2021 coupled with lower levels of portfolio purchasing. Additionally, U.S. legal cash collections decreased \$41.2 million, or 12.3%, mainly reflecting the impact from the lower volume of accounts placed in the legal channel in the last few years. Europe cash collections decreased by \$53.9 million, or 7.6%, reflecting a \$76.1 million impact from the strengthening of the U.S. dollar partially offset by higher levels of portfolio purchases in the last few years.

### Revenues

Revenue generation for the years indicated were as follows (amounts in thousands):

	2022	2021	\$ Change	% Change
Portfolio income	\$ 772,315	\$ 875,327	\$ (103,012)	(11.8)%
Changes in expected recoveries	168,904	197,904	(29,000)	(14.7)
Total portfolio revenue	941,219	1,073,231	(132,012)	(12.3)
Other revenue	25,305	22,501	2,804	12.5
Total revenues	\$ 966,524	\$ 1,095,732	\$ (129,208)	(11.8)%

#### Total Portfolio Revenue

Total portfolio revenue was \$941.2 million in 2022, a decrease of \$132.0 million, or 12.3%, compared to \$1,073.2 million in 2021. The decrease was primarily driven by lower levels of portfolio purchasing, lower levels of cash overperformance, and the impact of foreign exchange. These decreases were partially offset by an increase to our forecasted ERC in certain pools.

#### Other Revenue

Other revenue was \$25.3 million in 2022, an increase of \$2.8 million, or 12.5%, compared to \$22.5 million in 2021. The increase was primarily attributable to settlement timing in our claims processing company, CCB.

### Operating Expenses

Total operating expenses were \$680.7 million in 2022, a decrease of \$40.0 million, or 5.6%, compared to \$720.7 million in 2021.

#### Compensation and Employee Services

Compensation and employee service expenses were \$285.5 million in 2022, a decrease of \$16.5 million, or 5.5%, compared to \$302.0 million in 2021. The decrease was primarily attributable to lower levels of compensation accruals and a decrease in collector compensation expenses in the U.S. call centers. Total full-time equivalents decreased 4.9% to 3,277 as of December 31, 2022 from 3,446 as of December 31, 2021 mainly reflecting natural attrition.

### *Legal Collection Fees*

Legal collection fees represent contingent fees incurred for the cash collections generated by our independent third-party attorney network. Legal collection fees were \$38.4 million in 2022, a decrease of \$8.8 million, or 18.6%, compared to \$47.2 million in 2021. The decrease was mainly due to lower external legal cash collections in the U.S.

### *Legal Collection Costs*

Legal collection costs primarily consist of costs paid to courts where a lawsuit is filed for the purpose of attempting to collect on an account. Legal collection costs were \$76.8 million in 2022, compared to \$78.3 million in 2021.

### *Agency Fees*

Agency fees primarily represent third-party collection fees. Agency fees were \$63.8 million in 2022, compared to \$63.1 million in 2021.

### *Communication*

Communication expenses primarily represent postage and telephone related expenses incurred as a result of our collection efforts. Communication expenses were \$39.2 million in 2022, a decrease of \$3.6 million, or 8.4%, compared to \$42.8 million in 2021. The decrease mainly reflects a decrease in postage expenses due to lower portfolio purchasing in the U.S.

### *Other*

Other expenses were \$50.8 million in 2022, a decrease of \$10.3 million, or 16.9%, compared to \$61.1 million in 2021. The decrease primarily reflects lower advertising costs.

### **Interest Expense, Net**

Interest expense, net for the years indicated were as follows (amounts in thousands):

	2022	2021	\$ Change	% Change
Interest on debt obligations and unused line fees	\$ 71,108	\$ 76,759	\$ (5,651)	(7.4)%
Interest on senior notes	39,625	26,889	12,736	47.4
Coupon interest on convertible notes	12,075	12,075	—	—
Amortization of loan fees and other loan costs	10,097	9,508	589	6.2
Interest income	(2,228)	(1,088)	(1,140)	104.8
Interest expense, net	<u>\$ 130,677</u>	<u>\$ 124,143</u>	<u>\$ 6,534</u>	<u>5.3 %</u>

Interest expense, net was \$130.7 million in 2022, an increase of \$6.5 million, or 5.3%, compared to \$124.1 million in 2021 primarily due to higher interest rates.

### **Foreign Exchange Gain/(Loss), Net**

Foreign exchange gains were \$1.0 million in 2022 compared to foreign exchange losses of \$0.8 million in 2021. In any given period, we may incur foreign currency exchange gains or losses from transactions in currencies other than the functional currency. Refer to our Currency Exchange Risk discussion in Item 7A of this Form 10-K.

### **Income Tax Expense**

Income tax expense was \$36.8 million in 2022, a decrease of \$18.0 million, or 32.8%, compared to \$54.8 million in 2021. In 2022, our effective tax rate was 23.8% compared to 21.9% in 2021. The decrease in income tax expense was primarily due to lower income before income taxes, which decreased \$95.5 million, or 38.2%. The increase in effective tax rate was mainly due to a change in the mix of income from different taxing jurisdictions, return to provision adjustments and the lack of beneficial tax rate changes offset by valuation allowance releases on net operating losses.

### **Year Ended December 31, 2021 Compared To Year Ended December 31, 2020**

Refer to Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2021 Form 10-K for a discussion of our 2021 results compared to our 2020 results.



## Supplemental Performance Data

### *Finance Receivables Portfolio Performance*

We purchase portfolios of nonperforming loans from a variety of credit originators or acquire portfolios through business acquisitions and segregate them into two main portfolio segments: Core or Insolvency, based on the status of the account upon acquisition. In addition, the accounts are segregated into geographical regions based upon where the account was acquired. Ultimately, accounts are aggregated into annual pools based on portfolio segment, geography, and year of acquisition. Portfolios of accounts that were in an insolvency status at the time of acquisition are represented in the Insolvency tables below. All other acquisitions of portfolios of accounts are included in our Core portfolio tables as represented below. Once an account is initially segregated, it is not later transferred from an Insolvency pool to a Core pool or vice versa and the account continues to be accounted for as originally segregated regardless of any future changes in operational status. Specifically, if a Core account files for bankruptcy or insolvency protection after acquisition, we adjust our collection practices to comply with any respective bankruptcy or insolvency rules or policies; however, the account remains in the Core pool. In the event an insolvency account is dismissed from its bankruptcy or insolvency status whether voluntarily or involuntarily, we are typically free to pursue alternative collection activities.

The purchase price multiple represents our estimate of total cash collections over the original purchase price of the portfolio. Purchase price multiples can vary over time due to a variety of factors, including pricing competition, supply levels, paper type, age of the accounts acquired, mix of portfolios purchased and changes in operational efficiency. For example, increased pricing due to elevated levels of competition or supply constraints negatively impacts purchase price multiples as we pay more to buy similar portfolios of nonperforming loans.

Further, there is a direct relationship between the price we pay for a portfolio, the purchase price multiple and the effective interest rate of the pool. When we pay more for a portfolio, the purchase price multiple and effective interest rates are lower. The opposite tends to occur when we pay less for a portfolio. We incur lower collection costs on certain types of accounts we purchase for which we are able to generally pay more for these types of accounts. This typically results in lower purchase price multiples, while generating similar net income margins when compared with other portfolio purchases. Within a given portfolio type, to the extent that lower purchase price multiples are the result of more competitive pricing, this will generally lead to lower profitability. As portfolio pricing becomes more favorable on a relative basis, our profitability will tend to increase. Profitability within given Core portfolio types may also be impacted by the age and quality of the accounts, which impact the cost to collect those accounts. Fresher accounts, for example, typically carry lower associated collection costs, while older accounts and lower balance accounts typically carry higher costs and, as a result, require higher purchase price multiples to achieve the same net profitability as fresher paper.

Revenue recognition is driven by estimates of the amount and timing of future cash collections. We record new portfolio acquisitions at the purchase price, which reflects the amount we expect to collect discounted at an effective interest rate. During the year of acquisition, portfolios are aggregated into annual pools, and the blended effective interest rate will change to reflect new buying and new cash flow estimates until the end of the year. At that time, the purchase price amount is fixed at the aggregated amounts paid to acquire the portfolio, the effective interest rate is fixed at the amount we expect to collect, discounted at the rate to equate purchase price to the recovery estimate and the currency rates are fixed for purposes of comparability in future periods. Depending on the level of performance and expected future impacts from our operations, we may update ERC and TEC levels based on the results of our cash forecasting with the correlating adjustment to the purchase price multiple. We follow an established process to evaluate ERC. During the first years following purchase, we typically do not increase our purchase price multiples. Following the initial years, as we gain collection experience and confidence with a pool of accounts we may begin to adjust our purchase price multiples. Over time, our TEC has often increased as pools have aged resulting in the ratio of ERC to purchase price for any given year of buying to gradually increase. Thus, all factors being equal in terms of pricing, one would typically tend to see a higher collection to purchase price ratio from a pool of accounts that was six years from acquisition than a pool that was just two years from acquisition.

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

**Purchase Price Multiples**  
**as of December 31, 2022**  
*Amounts in thousands*

Purchase Period	Purchase Price <sup>(2)(3)</sup>	Total Estimated Collections <sup>(5)</sup>	Estimated Remaining Collections <sup>(5)</sup>	Current Purchase Price Multiple	Original Purchase Price Multiple <sup>(6)</sup>
<b>Americas and Australia Core</b>					
1996-2012	\$ 1,541,897	\$ 4,798,281	\$ 42,398	311%	238%
2013	390,826	905,829	17,025	232%	211%
2014	404,117	872,066	26,384	216%	204%
2015	443,114	905,285	55,162	204%	205%
2016	455,767	1,081,751	93,292	237%	201%
2017	532,851	1,208,081	156,253	227%	193%
2018	653,975	1,464,612	225,935	224%	202%
2019	581,476	1,294,519	288,207	223%	206%
2020	435,668	948,088	337,470	218%	213%
2021	435,846	811,328	553,876	186%	191%
2022	406,082	726,523	659,290	179%	179%
Subtotal	6,281,619	15,016,363	2,455,292		
<b>Americas Insolvency</b>					
1996-2012	1,038,222	2,146,283	285	207%	165%
2013	227,834	355,578	142	156%	133%
2014	148,420	218,674	392	147%	124%
2015	63,170	87,891	279	139%	125%
2016	91,442	117,449	612	128%	123%
2017	275,257	355,272	4,406	129%	125%
2018	97,879	137,315	16,401	140%	127%
2019	123,077	168,002	46,299	137%	128%
2020	62,130	89,698	46,704	144%	136%
2021	55,187	72,934	50,407	132%	136%
2022	33,442	46,651	43,464	139%	139%
Subtotal	2,216,060	3,795,747	209,391		
Total Americas and Australia	8,497,679	18,812,110	2,664,683		
<b>Europe Core</b>					
2012	20,409	43,718	—	214%	187%
2013	20,334	26,909	—	132%	119%
2014 <sup>(1)</sup>	773,811	2,365,317	406,593	306%	208%
2015	411,340	728,250	153,190	177%	160%
2016	333,090	567,637	189,769	170%	167%
2017	252,174	358,816	119,854	142%	144%
2018	341,775	540,246	220,787	158%	148%
2019	518,610	798,429	373,658	154%	152%
2020	324,119	557,983	305,148	172%	172%
2021	412,411	699,520	498,755	170%	170%
2022	359,447	660,999	546,522	184%	184%
Subtotal	3,767,520	7,347,824	2,814,276		
<b>Europe Insolvency</b>					
2014 <sup>(1)</sup>	10,876	18,611	—	171%	129%
2015	18,973	28,950	125	153%	139%
2016	39,338	56,990	1,500	145%	130%
2017	39,235	50,905	4,673	130%	128%
2018	44,908	52,582	11,526	117%	123%
2019	77,218	110,515	35,296	143%	130%
2020	105,440	153,006	66,106	145%	129%
2021	53,230	71,526	45,007	134%	134%
2022	44,604	61,057	56,551	137%	137%
Subtotal	433,822	604,142	220,784		
Total Europe	4,201,342	7,951,966	3,035,060		
Total PRA Group	\$ 12,699,021	\$ 26,764,076	\$ 5,699,743		

(1) Includes finance receivables portfolios that were acquired through the acquisition of Aktiv Kapital AS in 2014 (as described in Item 1 of this Form 10-K).

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

(3) Non-U.S. amounts are presented at the exchange rate at the end of the year in which the portfolio was purchased. In addition, any purchase price adjustments that occur throughout the life of the portfolio are presented at the year-end exchange rate for the respective year of purchase.

(4) Non-U.S. amounts are presented at the year-end exchange rate for the respective year of purchase.

(5) Non-U.S. amounts are presented at the December 31, 2022 exchange rate.

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

**Portfolio Financial Information**  
**For the Year Ended December 31, 2022**

*Amounts in thousands*

Purchase Period	Cash Collections <sup>(2)</sup>	Portfolio Income <sup>(2)</sup>	Changes in Expected Recoveries <sup>(2)</sup>	Total Portfolio Revenue <sup>(2)</sup>	Net Finance Receivables as of December 31, 2022 <sup>(3)</sup>
<b>Americas and Australia Core</b>					
1996-2012	\$ 23,470	\$ 12,731	\$ 10,208	\$ 22,939	\$ 10,343
2013	12,526	4,728	6,476	11,204	7,438
2014	14,998	6,106	7,433	13,539	10,541
2015	19,542	12,818	(3,411)	9,407	21,250
2016	38,350	28,246	(16,381)	11,865	31,464
2017	76,269	41,197	(4,578)	36,619	68,396
2018	146,106	55,912	49,297	105,209	125,682
2019	177,717	76,857	21,872	98,729	159,586
2020	192,001	88,284	1,918	90,202	195,163
2021	177,340	112,434	(45,560)	66,874	298,645
2022	67,735	44,054	1,401	45,455	381,914
Subtotal	946,054	483,367	28,675	512,042	1,310,422
<b>Americas Insolvency</b>					
1996-2012	1,066	572	494	1,066	—
2013	535	232	305	537	—
2014	718	717	(87)	630	46
2015	596	165	354	519	140
2016	1,810	299	932	1,231	481
2017	20,751	2,489	1,941	4,430	3,970
2018	24,627	3,282	3,301	6,583	15,207
2019	37,815	5,933	4,770	10,703	42,207
2020	20,361	5,830	3,386	9,216	39,299
2021	17,904	6,699	(753)	5,946	40,900
2022	3,186	1,778	1,239	3,017	32,797
Subtotal	129,369	27,996	15,882	43,878	175,047
Total Americas and Australia	1,075,423	511,363	44,557	555,920	1,485,469
<b>Europe Core</b>					
2012	870	—	871	871	—
2013	481	—	481	481	—
2014 <sup>(1)</sup>	122,232	73,843	41,828	115,671	114,254
2015	40,701	19,278	7,740	27,018	83,984
2016	36,912	17,962	2,616	20,578	112,355
2017	25,151	8,750	3,081	11,831	82,457
2018	50,702	17,202	8,425	25,627	146,171
2019	89,820	27,307	18,949	46,256	255,401
2020	69,045	26,602	5,300	31,902	188,109
2021	89,938	39,653	2,889	42,542	301,235
2022	33,867	12,051	5,727	17,778	341,819
Subtotal	559,719	242,648	97,907	340,555	1,625,785
<b>Europe Insolvency</b>					
2014 <sup>(1)</sup>	238	14	211	225	—
2015	649	182	(4)	178	104
2016	2,710	634	104	738	1,131
2017	6,499	593	1,371	1,964	4,325
2018	9,828	1,218	863	2,081	10,512
2019	21,020	3,458	7,268	10,726	30,837
2020	34,086	6,011	14,364	20,375	57,627
2021	14,417	4,637	1,312	5,949	36,707
2022	4,452	1,557	951	2,508	42,511
Subtotal	93,899	18,304	26,440	44,744	183,754
Total Europe	653,618	260,952	124,347	385,299	1,809,539
Total PRA Group	\$ 1,729,041	\$ 772,315	\$ 168,904	\$ 941,219	\$ 3,295,008

(1) Includes finance receivables portfolios that were acquired through the acquisition of Aktiv Kapital AS in 2014 (as described in Item 1 of this Form 10-K).

(2) Non-U.S. amounts are presented using the average exchange rates during the current reporting period.

(3) Non-U.S. amounts are presented at the December 31, 2022 exchange rate.

**Cash Collections by Year, By Year of Purchase <sup>(1)</sup>**  
**as of December 31, 2022**  
*Amounts in millions*

		Cash Collections											
Purchase Period	Purchase Price (%)	1996-2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Americas and Australia Core													
1996-2012	\$ 1,541.9	\$ 2,962.4	\$ 554.9	\$ 412.5	\$ 280.4	\$ 179.0	\$ 118.0	\$ 83.8	\$ 62.9	\$ 41.5	\$ 29.8	\$ 23.5	\$ 4,748.7
2013	390.8	—	101.6	247.8	194.0	120.8	78.9	56.4	36.9	23.2	16.7	12.5	888.8
2014	404.1	—	—	92.7	253.4	170.3	114.2	82.2	55.3	31.9	22.3	15.0	837.3
2015	443.1	—	—	—	117.0	228.4	185.9	126.6	83.6	57.2	34.9	19.5	853.1
2016	455.8	—	—	—	—	138.7	256.5	194.6	140.6	105.9	74.2	38.4	948.9
2017	532.9	—	—	—	—	—	107.3	278.7	256.5	192.5	130.0	76.3	1,041.3
2018	654.0	—	—	—	—	—	—	122.7	361.9	337.7	239.9	146.1	1,208.3
2019	581.5	—	—	—	—	—	—	143.8	349.0	289.8	177.7	96.3	960.3
2020	435.7	—	—	—	—	—	—	—	133.0	284.3	192.0	60.3	609.3
2021	435.8	—	—	—	—	—	—	—	—	85.0	177.3	262.3	262.3
2022	406.1	—	—	—	—	—	—	—	—	—	67.8	67.8	67.8
Subtotal	6,281.7	2,962.4	656.5	753.0	844.8	837.2	860.8	945.0	1,141.5	1,271.9	1,206.9	946.1	12,426.1
Americas Insolvency													
1996-2012	1,038.2	1,021.6	417.3	338.8	208.3	105.3	37.7	8.3	4.0	2.2	1.4	1.1	2,146.0
2013	227.8	—	52.5	82.6	81.7	63.4	47.8	21.9	2.9	1.3	0.8	0.5	355.4
2014	148.4	—	—	37.0	50.9	44.3	37.4	28.8	15.8	2.2	1.1	0.7	218.2
2015	63.2	—	—	—	3.4	17.9	20.1	19.8	16.7	7.9	1.3	0.6	87.7
2016	91.4	—	—	—	—	18.9	30.4	25.0	19.9	14.4	7.4	1.8	117.8
2017	275.3	—	—	—	—	—	49.1	97.3	80.9	58.8	44.0	20.8	350.9
2018	97.9	—	—	—	—	—	—	6.7	27.4	30.5	31.6	24.6	120.8
2019	123.1	—	—	—	—	—	—	—	13.4	31.4	39.1	37.8	121.7
2020	62.1	—	—	—	—	—	—	—	—	6.5	16.1	20.4	43.0
2021	55.2	—	—	—	—	—	—	—	—	—	4.5	17.9	22.4
2022	33.4	—	—	—	—	—	—	—	—	—	—	3.2	3.2
Subtotal	2,216.0	1,021.6	469.8	458.4	344.3	249.8	222.5	207.8	181.0	155.2	147.3	129.4	3,587.1
Total Americas and Australia	8,497.7	3,984.0	1,126.3	1,211.4	1,189.1	1,087.0	1,083.3	1,152.8	1,322.5	1,427.1	1,354.2	1,075.5	16,013.2
Europe Core													
2012	20.4	11.6	9.0	5.6	3.2	2.2	2.0	2.0	1.5	1.2	1.2	0.9	40.4
2013	20.3	—	7.1	8.5	2.3	1.3	1.2	1.3	0.9	0.7	0.7	0.5	24.5
2014 <sup>(2)</sup>	773.8	—	—	153.2	292.0	246.4	220.8	206.3	172.9	149.8	149.2	122.2	1,712.8
2015	411.3	—	—	—	45.8	100.3	86.2	80.9	66.1	54.3	51.4	40.7	525.7
2016	333.1	—	—	—	—	40.4	78.9	72.6	58.0	48.3	46.7	36.9	381.8
2017	252.2	—	—	—	—	—	17.9	56.0	44.1	36.1	34.8	25.2	214.1
2018	341.8	—	—	—	—	—	—	24.3	88.7	71.2	69.1	50.7	304.0
2019	518.6	—	—	—	—	—	—	—	47.9	125.7	121.4	89.8	384.8
2020	324.1	—	—	—	—	—	—	—	—	32.4	91.7	69.0	193.1
2021	412.4	—	—	—	—	—	—	—	—	—	48.4	89.9	138.3
2022	359.5	—	—	—	—	—	—	—	—	—	—	33.9	33.9
Subtotal	3,767.5	11.6	16.1	167.3	343.3	390.6	407.0	443.4	480.1	519.7	614.6	559.7	3,953.4
Europe Insolvency													
2014 <sup>(2)</sup>	10.9	—	—	—	4.3	3.9	3.2	2.6	1.5	0.8	0.3	0.3	16.9
2015	19.0	—	—	—	3.0	4.4	5.0	4.8	3.9	2.9	1.6	0.6	26.2
2016	39.3	—	—	—	—	6.2	12.7	12.9	10.7	7.9	6.0	2.7	59.1
2017	39.2	—	—	—	—	—	1.2	7.9	9.2	9.8	9.4	6.5	44.0
2018	44.9	—	—	—	—	—	—	0.6	8.4	10.3	11.7	9.8	40.8
2019	77.2	—	—	—	—	—	—	—	5.1	21.1	23.9	21.0	71.1
2020	105.4	—	—	—	—	—	—	—	—	6.1	34.6	34.1	74.8
2021	53.3	—	—	—	—	—	—	—	—	—	5.4	14.4	19.8
2022	44.6	—	—	—	—	—	—	—	—	—	—	4.5	4.5
Subtotal	433.8	—	—	—	7.3	14.5	22.1	28.8	38.8	58.9	92.9	93.9	357.2
Total Europe	4,201.3	11.6	16.1	167.3	350.6	405.1	429.1	472.2	518.9	578.6	707.5	653.6	4,310.6
Total PRA Group	\$ 12,699.0	\$ 3,995.6	\$ 1,142.4	\$ 1,378.7	\$ 1,539.7	\$ 1,492.1	\$ 1,512.4	\$ 1,625.0	\$ 1,841.4	\$ 2,005.7	\$ 2,061.7	\$ 1,729.1	\$ 20,323.8

(1) Non-U.S. amounts are presented using the average exchange rates during the cash collection period.

(2) Includes finance receivables portfolios that were acquired through the acquisition of Aktiv Kapital AS in 2014 (as described in Item 1 of this Form 10-K).

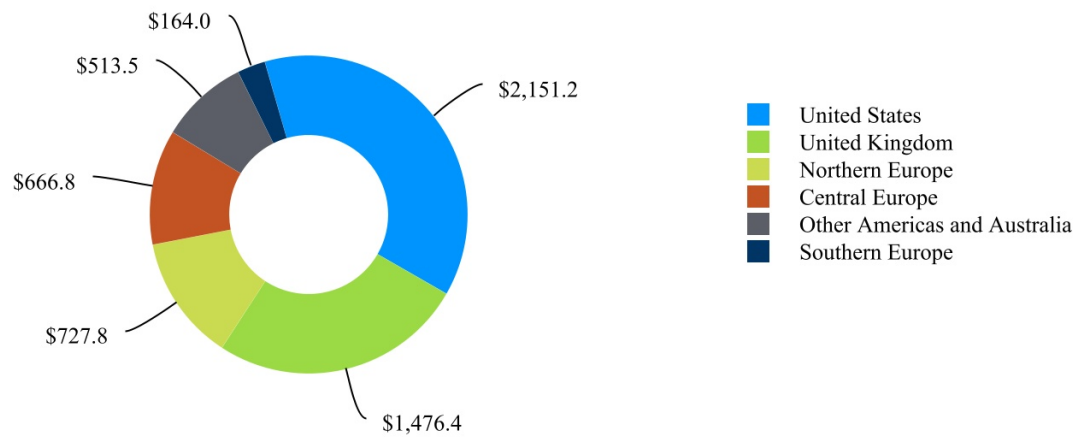
(3) Includes the nonperforming loan portfolios that were acquired through our business acquisitions.

(4) Non-U.S. amounts are presented at the exchange rate at the end of the year in which the portfolios were 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.

Estimated Remaining Collections

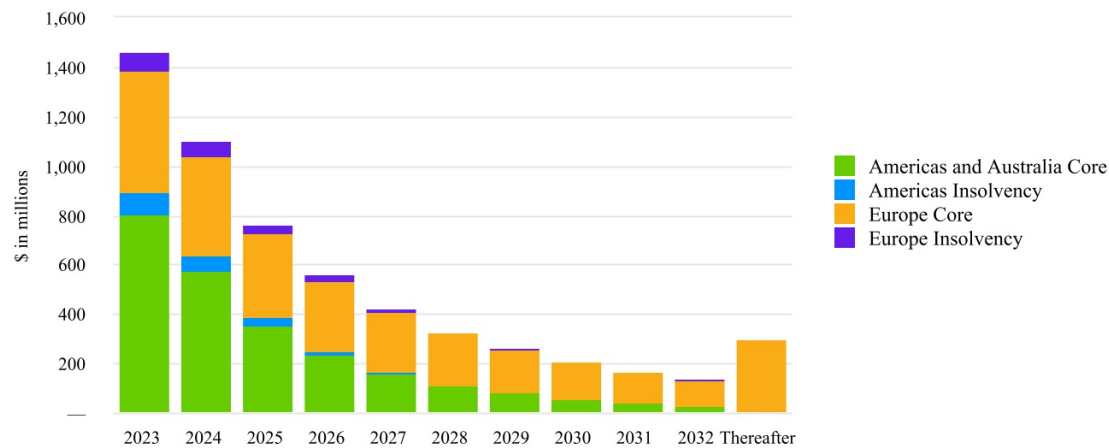
The following chart shows our ERC of \$5,699.7 million at December 31, 2022 by geographical region (amounts in millions).

ERC by Geographical Region



The following chart shows our ERC by year, by geography as of December 31, 2022. The forecast amounts reflect our current estimate of how much we expect to collect on our portfolios. These estimates are translated to U.S. dollars at the December 31, 2022 exchange rate.

ERC by Year



The following table displays our ERC by year, by geography as of December 31, 2022 (amounts in thousands).

ERC By Year By Geography					
	Americas and Australia Core	Americas Insolvency	Europe Core	Europe Insolvency	Total
2023	\$ 803,547	\$ 91,220	\$ 490,519	\$ 77,755	\$ 1,463,041
2024	574,765	60,606	402,824	60,744	1,098,939
2025	355,894	34,161	334,508	40,250	764,813
2026	236,037	16,262	284,296	23,346	559,941
2027	161,312	6,238	242,470	11,359	421,379
2028	113,141	891	208,568	4,612	327,212
2029	80,370	13	178,287	1,440	260,110
2030	58,309	—	148,153	292	206,754
2031	39,943	—	125,803	245	165,991
2032	27,557	—	107,326	206	135,089
Thereafter	4,417	—	291,522	535	296,474
	<u>\$ 2,455,292</u>	<u>\$ 209,391</u>	<u>\$ 2,814,276</u>	<u>\$ 220,784</u>	<u>\$ 5,699,743</u>

#### Seasonality

Customer payment patterns in all of the countries in which we operate can be affected by seasonal employment trends, income tax refunds, and holiday spending habits. Typically cash collections in the Americas tend to be higher in the first half of the year due to the high volume of income tax refunds received by individuals in the U.S., and trend lower as the year progresses. In the first half of 2022, this spike was not as pronounced. Additionally, 2021 and 2020 deviated from usual seasonal patterns due to the impact of the COVID-19 pandemic.

#### Cash Collections

The following table displays our quarterly cash collections by geography and portfolio type, for the periods indicated (amounts in thousands).

Cash Collections by Geography and Type								
	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Americas and Australia Core	\$ 205,619	\$ 225,775	\$ 244,377	\$ 270,284	\$ 257,705	\$ 276,691	\$ 324,845	\$ 347,638
Americas Insolvency	27,971	31,911	34,278	35,209	36,851	37,464	37,768	35,253
Europe Core	134,016	132,072	142,470	151,162	155,853	151,625	157,637	149,486
Europe Insolvency	24,051	22,586	22,935	24,325	23,262	22,574	23,579	23,510
Total Cash Collections	<u>\$ 391,657</u>	<u>\$ 412,344</u>	<u>\$ 444,060</u>	<u>\$ 480,980</u>	<u>\$ 473,671</u>	<u>\$ 488,354</u>	<u>\$ 543,829</u>	<u>\$ 555,887</u>

The following table provides additional details on the composition of our Core cash collections for the periods indicated (amounts in thousands).

Cash Collections by Source - Core Portfolios Only								
	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Call Center and Other Collections	\$ 216,182	\$ 235,832	\$ 260,764	\$ 291,266	\$ 283,606	\$ 298,717	\$ 338,022	\$ 355,043
External Legal Collections	48,925	49,243	50,996	55,179	55,760	54,445	61,836	65,613
Internal Legal Collections	74,528	72,772	75,087	75,001	74,192	75,154	82,624	76,468
Total Core Cash Collections	<u>\$ 339,635</u>	<u>\$ 357,847</u>	<u>\$ 386,847</u>	<u>\$ 421,446</u>	<u>\$ 413,558</u>	<u>\$ 428,316</u>	<u>\$ 482,482</u>	<u>\$ 497,124</u>

### Collections Productivity (U.S. Portfolio)

The following table displays a collections productivity measure for our U.S. portfolios for the periods indicated.

#### Cash Collections per Collector Hour Paid U.S. Portfolio

	Call center and other cash collections <sup>(1)</sup>				
	2022	2021	2020	2019	2018
First Quarter	\$ 261	\$ 279	\$ 172	\$ 139	\$ 121
Second Quarter	226	270	263	139	101
Third Quarter	210	242	246	124	107
Fourth Quarter	186	232	204	128	104

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

### Cash Efficiency Ratio

The following table displays our cash efficiency ratio for the periods indicated.

#### Cash Efficiency Ratio <sup>(1)</sup>

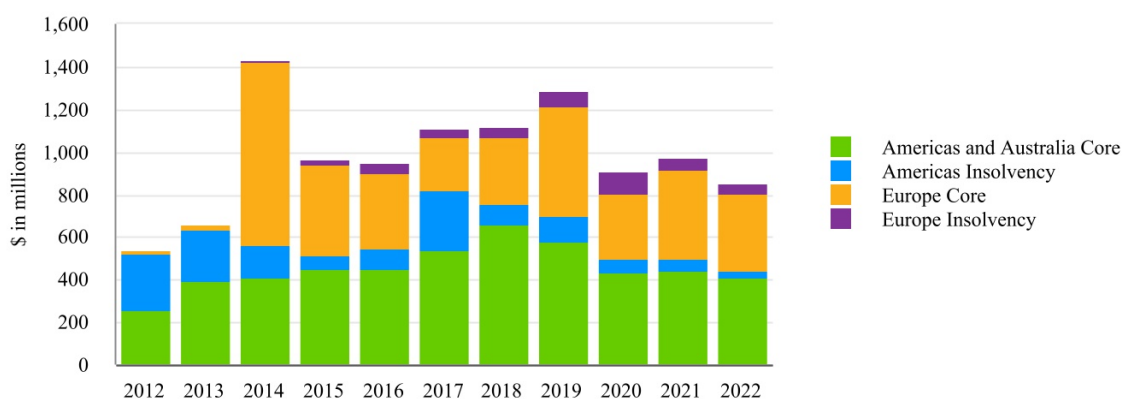
	2022	2021	2020	2019	2018
First Quarter	65.1%	68.0%	61.5%	59.2%	60.7%
Second Quarter	61.3	66.8	68.7	60.4	60.1
Third Quarter	58.4	62.4	65.6	60.2	55.7
Fourth Quarter	58.6	63.5	61.9	59.7	55.0
Full Year	61.0	65.3	64.5	59.9	58.0

(1) Calculated by dividing cash receipts less operating expenses by cash receipts.

### Portfolio Acquisitions

The following chart shows the purchase price of our portfolios by year since 2012. It also includes the acquisition date portfolios that were acquired through our business acquisitions.

#### Portfolio Acquisitions by Year \*



\* 2014 includes portfolios acquired in connections with the acquisition of Aktiv Kapital AS in 2014 (as described in Item 1 of this Form 10-K).

The following table displays our quarterly portfolio acquisitions for the periods indicated (amounts in thousands).

Portfolio Acquisitions by Geography and Type								
	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Americas and Australia Core	\$ 118,581	\$ 100,780	\$ 99,962	\$ 90,639	\$ 90,263	\$ 162,451	\$ 98,901	\$ 88,912
Americas Insolvency	8,967	8,988	6,369	9,118	21,183	9,878	14,642	9,486
Europe Core	140,011	59,426	123,814	38,764	60,430	212,194	106,134	44,095
Europe Insolvency	20,535	13,910	1,202	8,929	29,820	7,424	—	16,468
Total Portfolio Acquisitions	<u>\$ 288,094</u>	<u>\$ 183,104</u>	<u>\$ 231,347</u>	<u>\$ 147,450</u>	<u>\$ 201,696</u>	<u>\$ 391,947</u>	<u>\$ 219,677</u>	<u>\$ 158,961</u>

*Portfolio Acquisitions by Stratifications (U.S. Only)*

The following table categorizes our quarterly U.S. portfolio acquisitions for the periods indicated into major asset type and delinquency category. Since our inception in 1996, we have acquired more than 60.0 million customer accounts in the U.S. (amounts in thousands).

U.S. Portfolio Acquisitions by Major Asset Type										
	2022								2021	
	Q4		Q3		Q2		Q1		Q4	
Major Credit Cards	\$ 10,242	11.7 %	\$ 10,236	15.8 %	\$ 20,673	26.7 %	\$ 18,160	23.0 %	\$ 50,017	51.4 %
Private Label Credit Cards	60,380	69.0	44,727	68.8	52,368	67.4	46,195	58.6	28,293	29.1
Consumer Finance	16,366	18.7	9,396	14.4	2,062	2.7	13,968	17.7	4,617	4.8
Auto Related	515	0.6	630	1.0	2,443	3.2	514	0.7	14,319	14.7
Total	<u>\$ 87,503</u>	<u>100.0 %</u>	<u>\$ 64,989</u>	<u>100.0 %</u>	<u>\$ 77,546</u>	<u>100.0 %</u>	<u>\$ 78,837</u>	<u>100.0 %</u>	<u>\$ 97,246</u>	<u>100.0 %</u>

U.S. Portfolio Acquisitions by Delinquency Category										
	2022								2021	
	Q4		Q3		Q2		Q1		Q4	
Fresh <sup>(1)</sup>	\$ 55,117	70.2 %	\$ 30,510	54.5 %	\$ 28,235	39.7 %	\$ 29,077	41.7 %	\$ 17,096	22.5 %
Primary <sup>(2)</sup>	511	0.7	587	1.0	369	0.5	11,445	16.4	557	0.7
Secondary <sup>(3)</sup>	21,620	27.5	19,886	35.5	28,148	39.5	26,748	38.4	54,915	72.2
Other <sup>(4)</sup>	1,288	1.6	5,018	9.0	14,425	20.3	2,449	3.4	3,495	4.6
Total Core	78,536	100.0 %	56,001	100.0 %	71,177	100.0 %	69,719	100.0 %	76,063	100.0 %
Insolvency	8,967		8,988		6,369		9,118		21,183	
Total	<u>\$ 87,503</u>		<u>\$ 64,989</u>		<u>\$ 77,546</u>		<u>\$ 78,837</u>		<u>\$ 97,246</u>	

(1) Fresh accounts are typically past due 120 to 270 days, charged-off by the credit originator and sold prior to any post-charge-off collection activity.

(2) Primary accounts are typically 240 to 450 days past due, charged-off and have been previously placed with one contingent fee servicer.

(3) Secondary accounts are typically 360 to 630 days past due, charged-off and have been previously placed with two contingent fee servicers.

(4) Other accounts are 480 days or more past due, charged-off and have previously been worked by three or more contingent fee servicers.



## Non-GAAP Financial Measures

We report our financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). However, management uses certain non-GAAP financial measures, including adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), to evaluate our operating and financial performance as well as to set performance goals. We present Adjusted EBITDA because we consider 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, as it excludes certain items whose fluctuations from period to period do not necessarily correspond to changes in the operations of our business, 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. In addition, our calculation of Adjusted EBITDA may not be comparable to the calculation of similarly titled measures presented by other companies.

Adjusted EBITDA is calculated starting with our GAAP financial measure, net income attributable to PRA Group, Inc. and is adjusted for:

- income tax expense (or less income tax benefit);
- foreign exchange loss (or less foreign exchange gain);
- interest expense, net (or less interest income, net);
- other expense (or less other income);
- depreciation and amortization;
- net income attributable to noncontrolling interests; and
- recoveries applied to negative allowance less changes in expected recoveries.

The following table provides a reconciliation of net income attributable to PRA Group, Inc., as reported in accordance with GAAP, to Adjusted EBITDA for the years ended December 31, 2022, 2021 and 2020 (amounts in thousands).

Reconciliation of Non-GAAP Financial Measures				
	2022	2021	2020	
Net income attributable to PRA Group, Inc.	\$ 117,147	\$ 183,158	\$ 149,339	
Adjustments:				
Income tax expense	36,787	54,817	41,203	
Foreign exchange (gains)/losses	(985)	809	(2,005)	
Interest expense, net	130,677	124,143	141,712	
Other expense/(income) <sup>(1)</sup>	1,325	(282)	1,049	
Depreciation and amortization	15,243	15,256	18,465	
Adjustment for net income attributable to noncontrolling interests	851	12,351	18,403	
Recoveries applied to negative allowance less Changes in expected recoveries	805,942	988,050	968,362	
Adjusted EBITDA	\$ 1,106,987	\$ 1,378,302	\$ 1,336,528	

(1) Other expense/(income) reflects non-operating related activity.

Additionally, we evaluate our business using certain ratios that use Adjusted EBITDA, including Debt to Adjusted EBITDA, which is calculated by dividing borrowings by Adjusted EBITDA. The following table reflects our Debt to Adjusted EBITDA at December 31, 2022 and 2021 (amounts in thousands).

Debt to Adjusted EBITDA			
	2022	2021	
Borrowings	\$ 2,494,858	\$ 2,608,714	
Adjusted EBITDA	1,106,987	1,378,302	
Debt to Adjusted EBITDA	2.25 x	1.89 x	

## Liquidity and Capital Resources

We actively manage our liquidity to help provide access to sufficient funding to meet our business needs and financial obligations.

### Sources of Liquidity

*Cash and cash equivalents.* As of December 31, 2022, cash and cash equivalents totaled \$83.4 million, of which \$75.3 million consisted of cash on hand related to international operations with indefinitely reinvested earnings. See the "Undistributed Earnings of International Subsidiaries" section below for more information.

*Borrowings.* At December 31, 2022, we had the following borrowings outstanding and availability under our credit facilities (amounts in thousands):

	Outstanding	Available without Restrictions	Available with Restrictions <sup>(1)</sup>
Americas revolving credit <sup>(2)</sup>	\$ 186,867	\$ 888,957	\$ 191,221
UK revolving credit	453,528	346,472	105,362
European revolving credit	419,856	401,134	168,543
Term loan	450,000	—	—
Senior Notes	650,000	—	—
Convertible Notes	345,000	—	—
Less: Debt discounts and issuance costs	(10,393)	—	—
Total	<u>\$ 2,494,858</u>	<u>\$ 1,636,563</u>	<u>\$ 465,126</u>

(1) Available borrowings after calculation of borrowing base and debt covenants as of December 31, 2022.

(2) Includes North American revolving credit facility and Colombian revolving credit facility.

On February 6, 2023, we completed the private offering of \$400.0 million in aggregate principal amount of our 8.375% Senior Notes due February 1, 2028 ("2028 Notes"). We deposited \$345.0 million of the net proceeds from the offering into a newly-formed segregated deposit account and will use such proceeds to retire all or any portion of our 2023 Convertible Notes or to satisfy any other obligations with respect to our 2023 Convertible Notes. We used the remainder of the net proceeds from the offering to repay a portion of our outstanding borrowings under our North American revolving credit facility.

*Interest-bearing deposits.* Per the terms of our European credit facility, we are permitted to obtain interest-bearing deposit funding of up to SEK 1.2 billion (approximately \$115.0 million as of December 31, 2022). Interest-bearing deposits as of December 31, 2022 were \$113.0 million.

Furthermore, we have the ability to slow the purchase of nonperforming loans if necessary, and use the net cash flow generated from our cash collections from our portfolio of existing nonperforming loans to temporarily service our debt and fund existing operations. For example, we invested \$850.0 million in portfolio acquisitions in 2022. The portfolios acquired in 2022 generated \$109.4 million of cash collections, representing only 6.3% of 2022 cash collections.

### Uses of Liquidity and Material Cash Requirements

*Forward Flows.* Contractual obligations over the next year are primarily related to purchase commitments. As of December 31, 2022, we have forward flow commitments in place for the purchase of nonperforming loans with a maximum purchase price of \$792.2 million, of which \$722.9 million is due within the next 12 months. The \$792.2 million includes \$461.1 million for the Americas and Australia and \$331.1 million for Europe. We may also enter into new or renewed forward flow commitments and close on spot transactions in addition to the aforementioned forward flow agreements.

*Borrowings.* Of our \$2.5 billion of borrowings at December 31, 2022, estimated interest, unused fees and principal payments for the next 12 months are approximately \$489.7 million, of which, \$345.0 million relates to principal payment due on our 2023 Convertible Notes, which, as discussed above, we will retire using the funds from the offering of our 2028 Notes that we deposited in the segregated deposit account. Beyond 12 months our principal payment obligations related to debt maturities occur between one and seven years. Many of our financing arrangements include restrictive covenants with which we must comply. As of December 31, 2022, we determined that we were in compliance with these covenants. For more information, see [Note 6](#) to our Consolidated Financial Statements included in Item 8 of this Form 10-K.

**Share Repurchase.** On February 25, 2022, we completed our \$230.0 million share repurchase program. Also on February 25, 2022, our Board of Directors approved a new share repurchase program under which we are authorized to repurchase up to \$150.0 million of our outstanding common stock. Repurchases may be made from time-to-time in open market transactions, through privately negotiated transactions, in block transactions, through purchases made in accordance with trading plans adopted under Rule 10b5-1 of the Exchange Act, or other methods, subject to market and/or other conditions and applicable regulatory requirements. The new share repurchase program has no stated expiration date and does not obligate us to repurchase any specified amount of shares, remains subject to the discretion of our Board of Directors and, subject to compliance with applicable laws, may be modified, suspended or discontinued at any time. During the year ended December 31, 2022, we repurchased 2,331,364 shares of our common stock for approximately \$99.4 million. As of December 31, 2022, we had \$67.7 million remaining for share repurchases under the new program.

**Leases.** The majority of our leases have remaining lease terms of one to 14 years. As of December 31, 2022, we had \$59.4 million in lease liabilities, of which \$10.8 million matures within the next 12 months. For more information, see [Note 4](#) to our Consolidated Financial Statements included in Item 8 of this Form 10-K.

**Derivatives.** Derivative financial instruments are entered into to reduce our exposure to fluctuations in interest rates on variable rate debt and foreign currency exchange rates. As of December 31, 2022, we had \$19.1 million of derivative liabilities, all of which mature within the next 12 months. For more information, see [Note 9](#) to our Consolidated Financial Statements included in Item 8 of this Form 10-K.

We believe that funds generated from operations and from cash collections on nonperforming loan portfolios, together with existing cash, available borrowings under our revolving credit facilities, including recent modifications to the terms of those facilities, and access to the capital markets will be sufficient to finance our operations, planned capital expenditures, forward flow purchase commitments, debt maturities and additional portfolio purchases during the next 12 months and beyond. We may seek to access the debt or equity capital markets as we deem appropriate, market permitting. Business acquisitions or higher than expected levels of portfolio purchasing could require additional financing from other sources.

### **Cash Flows Analysis**

The following table summarizes our cash flow activity for the years ended December 31, 2022 and 2021 (amounts in thousands):

	2022	2021	Change
Total cash provided by (used in):			
Operating activities	\$ 21,592	\$ 84,925	\$ (63,333)
Investing activities	120,453	160,376	(39,923)
Financing activities	(121,342)	(262,812)	141,470
Effect of exchange rate on cash	(25,017)	(14,464)	(10,553)
Net decrease in cash and cash equivalents	<u>\$ (4,314)</u>	<u>\$ (31,975)</u>	<u>\$ 27,661</u>

### **Operating Activities**

Cash provided by operating activities mainly reflects cash collections recognized as revenue partially offset by cash paid for operating expenses, interest and income taxes. Net income was adjusted for (i) non-cash items included in net income such as provisions for unrealized gains and losses, changes in expected recoveries, depreciation and amortization, deferred taxes, fair value changes in equity securities and stock-based compensation as well as (ii) changes in the balances of operating assets and liabilities, which can vary significantly in the normal course of business due to the amount and timing of payments.

Net cash provided by operating activities decreased \$63.3 million during the year ended December 31, 2022, mainly driven by lower cash collections recognized as portfolio income, lower cash paid for income taxes, and the impact of foreign exchange.

### **Investing Activities**

Cash provided by investing activities mainly reflects recoveries applied to our negative allowance. Cash used in investing activities mainly reflects acquisitions of nonperforming loans and net investment activity.

Net cash provided by investing activities decreased \$39.9 million during the year ended December 31, 2022, primarily driven by a decrease of \$211.1 million in recoveries applied to negative allowance partially offset by decreases in purchases of finance receivables and investments of \$127.5 million and \$47.9 million, respectively.

### Financing Activities

Cash provided by financing activities is normally provided by draws on our lines of credit and proceeds from debt offerings. Cash used in financing activities is primarily driven by principal payments on our lines of credit and long-term debt.

Cash used in financing activities decreased \$141.5 million during the year ended December 31, 2022, primarily due to net proceeds from our lines of credit of \$8.5 million in 2022 compared to net payments on our lines of credit of \$393.2 million in 2021. Additionally, proceeds from debt issuance decreased \$350.0 million and repurchases of our common stock decreased \$89.5 million.

### **Undistributed Earnings of International Subsidiaries**

We intend to use predominantly all of our accumulated and future undistributed earnings of international subsidiaries to expand operations outside the U.S.; therefore, such undistributed earnings of international subsidiaries are considered to be indefinitely reinvested outside the U.S. Accordingly, no provision for income tax or withholding tax has been provided thereon. If management's intentions change and eligible undistributed earnings of international subsidiaries are repatriated, we could be subject to additional income taxes and withholding taxes. This could result in a higher effective tax rate in the period in which such a decision is made to repatriate accumulated or future undistributed international earnings. The amount of cash on hand related to international operations with indefinitely reinvested earnings was \$75.3 million and \$61.9 million as of December 31, 2022 and 2021, respectively. Refer to the [Note 13](#) to our Consolidated Financial Statements included in Item 8 of this Form 10-K for further information related to our income taxes and undistributed international earnings.

### **Recent Accounting Pronouncements**

For a summary of recent accounting pronouncements and the anticipated effects on our Consolidated Financial Statements see [Note 1](#) to our Consolidated Financial Statements included in Item 8 of this Form 10-K.

### **Critical Accounting Estimates**

Our Consolidated Financial Statements have been prepared in accordance with GAAP. Some of our significant accounting policies require that we use estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets and liabilities. For a discussion of our significant accounting policies refer to [Note 1](#) to our Consolidated Financial Statements included in Item 8 of this Form 10-K.

We consider accounting estimates to be critical if (1) the accounting estimates made involve a significant level of estimation uncertainty and (2) has had or are reasonably likely to have a material impact on our financial condition or results of operations. We base our estimates on historical experience, current trends and various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. If these estimates differ significantly from actual results, the impact on our Consolidated Financial Statements may be material.

We have determined that the following accounting policies involve critical estimates:

#### *Revenue Recognition - Finance Receivables*

Revenue recognition for finance receivables involves the use of estimates and the exercise of judgment on the part of management. These estimates include projections of the amount and timing of cash collections we expect to receive from our pools of accounts. We review individual pools for trends, actual performance versus projections and curve shape (a graphical depiction of the amount and timing of cash collections). We then project ERC and then apply a discounted cash flow methodology to our ERC. Adjustments to ERC may include adjustments reflecting recent collection trends, our view of current and future economic conditions, changes in collection assumptions or other timing related adjustments that could impact TEC. In 2022, total adjustments of this nature resulted in a net positive change in the estimate of future recoveries of \$62.2 million.

Significant changes in our cash flow estimates could result in increased or decreased revenue as we immediately recognize the discounted value of such changes using the constant effective interest rate of the pool. Generally, adjustments to estimated cash forecasts for performance experienced in the current period result in an adjustment to revenue at an amount less than the impact of the overperformance due to the effects of discounting. Additionally, cash collection forecast increases will generally result in more revenue being recognized and cash collection forecast decreases will generally result in less revenue being recognized over the life of the pool. As we continue to perform against expectations, performance may vary, which could result in additional adjustments to our cash flow forecasts with a corresponding adjustment to total portfolio revenue.

## Income Taxes

We are subject to income taxes throughout the U.S. and in numerous international jurisdictions. These tax laws are complex and are subject to different interpretations by the taxpayer and the relevant government taxing authorities. When determining our domestic and non-U.S. income tax expense, we make judgments about the application of these inherently complex laws.

We record a tax provision for the anticipated tax consequences of the reported results of operations. The provision for income taxes is estimated using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled.

We exercise significant judgment in estimating the potential exposure to unresolved tax matters and apply a more likely than not criteria approach for recording tax benefits related to uncertain tax positions in the application of the complex tax laws. While actual results could vary, we believe we have adequate tax accruals with respect to the ultimate outcome of such unresolved tax matters. We record interest and penalties related to unresolved tax matters as a component of income tax expense when the more likely than not standards are met.

If all or part of the deferred tax assets are determined not to be realizable in the future, we would establish a valuation allowance and charge to earnings the impact in the period such a determination is made. If we subsequently realize deferred tax assets that were previously determined to be unrealizable, the respective valuation allowance would be reversed, resulting in a positive adjustment to earnings. The establishment or release of a valuation allowance does not have an impact on cash, nor does such an allowance preclude the use of loss carryforwards or other deferred tax assets in future periods. The calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws. Resolution of these uncertainties in a manner inconsistent with our expectations could have a material impact on our results of operations and financial position. For further information regarding our uncertain tax positions, refer to [Note 13](#) to our Consolidated Financial Statements included in Item 8 of this Form 10-K.

## Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

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

### Interest Rate Risk

We are subject to interest rate risk from outstanding borrowings on our variable rate credit facilities. As such, our consolidated financial results are subject to fluctuations due to changes in the market rate of interest. We assess this interest rate risk by estimating the increase or decrease in interest expense that would occur due to a change in short-term interest rates. The borrowings on our variable rate credit facilities were approximately \$1.5 billion as of December 31, 2022. Based on our current debt structure at December 31, 2022, assuming a 50 basis point decrease in interest rates, for example, interest expense over the following 12 months would decrease by an estimated \$4.6 million. Assuming a 50 basis point increase in interest rates, interest expense over the following 12 months would increase by an estimated \$4.6 million.

To reduce the exposure to changes in the market rate of interest and to be in compliance with the terms of our European and our UK revolving credit facilities, we have entered into interest rate derivative contracts for a portion of our borrowings under our floating rate financing arrangements. As of December 31, 2022, we are 65% hedged on a notional basis. We apply hedge accounting to certain of our interest rate derivative contracts. By applying hedge accounting, changes in market value are reflected as adjustments in Other comprehensive (loss)/income. All derivatives to which we have applied hedge accounting were evaluated and remained highly effective at December 31, 2022. Terms of the interest rate derivative contracts require us to

receive a variable interest rate and pay a fixed interest rate. The sensitivity calculations above consider the impact of our interest rate derivative contracts and zero interest rate floors on revolving loans under our North America, UK and European credit facilities.

### **Currency Exchange Risk**

We operate internationally and enter into transactions denominated in various foreign currencies. In 2022, we generated \$445.8 million of revenues from operations outside the U.S. and used 12 functional currencies, excluding the U.S. dollar. Weakness in one particular currency might be offset by strength in other currencies over time.

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

Foreign currency gains and losses are primarily the result of the re-measurement of transactions in certain other currencies into an entity's functional currency. Foreign currency gains and losses are included as a component of Other income and (expense) in our Consolidated Income Statements. From time to time we may elect to enter into foreign exchange derivative contracts to reduce these variations in our Consolidated Income Statements.

When an entity's functional currency is different than the reporting currency of its parent, foreign currency translation adjustments may occur. Foreign currency translation adjustments are included as a component of Other comprehensive (loss)/income in our Consolidated Statements of Comprehensive Income and as a component of equity in our Consolidated Balance Sheets.

We have taken measures to mitigate the impact of foreign currency fluctuations. We have organized our European operations so that portfolio ownership and collections generally occur within the same entity. Our European and UK credit facilities are multi-currency facilities, allowing us to better match funding and portfolio acquisitions by currency. We actively monitor the value of our finance receivables by currency. In the event adjustments are required to our liability composition by currency we may, from time to time, execute re-balancing foreign exchange contracts to more closely align funding and portfolio acquisitions by currency.

**Item 8. Financial Statements and Supplementary Data.**

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## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of PRA Group, Inc.:

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of PRA Group, Inc. (the “Company”) as of December 31, 2022, the related consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2022, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022, and the results of its operations and its cash flows for the year ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2023 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.



***Estimate of expected future recoveries on purchased credit deteriorated assets***

***Description of the Matter***

As of December 31, 2022, the Company's Finance Receivables, net balance was \$3.3 billion, and the resulting changes in expected future recoveries for the year ended December 31, 2022 was \$62.2 million as disclosed in Note 2. As more fully described in Note 1 and Note 2 to the consolidated financial statements, the Company accounts for Finance Receivables, net under the guidance of ASC Topic 326 "Financial Instruments – Credit Losses" and develops its estimates of expected recoveries in the Consolidated Balance Sheets by applying a discounted cash flow methodology to its estimated remaining collections (ERC) and recognizes income over the estimated life of the pool at the constant effective interest rate of the pool. Subsequent changes (favorable and unfavorable) in the expected cash flows are recognized within Changes in expected recoveries in the Consolidated Income Statements by adjusting the present value of increases or decreases in ERC. Management's estimate of ERC is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Development of the Company's forecasts rely on both quantitative and qualitative factors. Qualitative factors can include both external and internal information and consider management's view on available facts and circumstances at each reporting period. Auditing the qualitative factors used by management in their forecast of ERC required a high degree of audit effort, due to significant measurement uncertainty, specifically for assumptions around historical collection trends, actual performance compared to past projections, and the evaluation of the impact that external factors will have on the amount and timing of ERC.

***How We Addressed the Matter  
in Our Audit***

We obtained an understanding, evaluated the design, and tested the operating effectiveness of internal controls over management's process to develop their estimates of ERC, including, management review controls over key subjective assumptions and judgments used in management's estimate. Our test of controls included testing the completeness and accuracy of objective data relied upon by management when estimating ERC and the observation of certain key governance meetings where subjective assumptions were subject to effective challenge by senior management.

We involved EY specialists in testing management's assumptions for setting subjective qualitative factors, including evaluating whether those methods were in compliance with U.S. generally accepted accounting principles. We tested management's measurement of ERC by testing the completeness and accuracy of objective collections data used in the estimation process, reperforming key calculations, comparing the current estimate to prior periods and historical trends, and reviewing external evidence, including economic data, peer data, and industry research.

We have served as the Company's auditor since 2021.

/s/ Ernst & Young LLP

Richmond, Virginia  
February 27, 2023

## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors  
PRA Group, Inc.:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheet of PRA Group, Inc. and subsidiaries (the Company) as of December 31, 2021, the related consolidated income statements, statements of comprehensive income, changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

### *Change in Accounting Principle*

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for convertible instruments as of January 1, 2021 due to the adoption of Accounting Standards Update (ASU) 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We served as the Company's auditor from 2007 to 2022.

Norfolk, Virginia  
February 28, 2022

**PRA Group, Inc.**  
**Consolidated Balance Sheets**  
**December 31, 2022 and 2021**  
**(Amounts in thousands)**

	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 83,376	\$ 87,584
Investments	79,948	92,977
Finance receivables, net	3,295,008	3,428,285
Income taxes receivable	31,774	41,146
Deferred tax assets, net	56,908	67,760
Right-of-use assets	54,506	56,713
Property and equipment, net	51,645	54,513
Goodwill	435,921	480,263
Other assets	86,588	57,002
Total assets	<u>\$ 4,175,674</u>	<u>\$ 4,366,243</u>
<b>Liabilities and Equity</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 7,329	\$ 3,821
Accrued expenses	111,395	127,802
Income taxes payable	25,693	19,276
Deferred tax liabilities, net	42,918	36,630
Lease liabilities	59,384	61,188
Interest-bearing deposits	112,992	124,623
Borrowings	2,494,858	2,608,714
Other liabilities	34,355	59,352
Total liabilities	<u>2,888,924</u>	<u>3,041,406</u>
<b>Equity:</b>		
Preferred stock, \$0.01 par value, 2,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 100,000 shares authorized, 38,980 shares issued and outstanding at December 31, 2022; 100,000 shares authorized, 41,008 shares issued and outstanding at December 31, 2021	390	410
Additional paid-in capital	2,172	—
Retained earnings	1,573,025	1,552,845
Accumulated other comprehensive loss	(347,926)	(266,909)
Total stockholders' equity - PRA Group, Inc.	<u>1,227,661</u>	<u>1,286,346</u>
Noncontrolling interests	59,089	38,491
Total equity	<u>1,286,750</u>	<u>1,324,837</u>
Total liabilities and equity	<u>\$ 4,175,674</u>	<u>\$ 4,366,243</u>

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**PRA Group, Inc.**  
**Consolidated Income Statements**  
**For the years ended December 31, 2022, 2021 and 2020**  
**(Amounts in thousands, except per share amounts)**

	2022	2021	2020
Revenues:			
Portfolio income	\$ 772,315	\$ 875,327	\$ 984,036
Changes in expected recoveries	168,904	197,904	69,297
Total portfolio revenue	941,219	1,073,231	1,053,333
Other revenue	25,305	22,501	12,081
Total revenues	966,524	1,095,732	1,065,414
Operating expenses:			
Compensation and employee services	285,537	301,981	295,150
Legal collection fees	38,450	47,206	53,758
Legal collection costs	76,757	78,330	101,635
Agency fees	63,808	63,140	56,418
Outside fees and services	92,355	92,615	84,087
Communication	39,205	42,755	40,801
Rent and occupancy	18,589	18,376	17,973
Depreciation and amortization	15,243	15,256	18,465
Other operating expenses	50,778	61,077	47,426
Total operating expenses	680,722	720,736	715,713
Income from operations	285,802	374,996	349,701
Other income and (expense):			
Interest expense, net	(130,677)	(124,143)	(141,712)
Foreign exchange gain/(loss), net	985	(809)	2,005
Other	(1,325)	282	(1,049)
Income before income taxes	154,785	250,326	208,945
Income tax expense	36,787	54,817	41,203
Net income	117,998	195,509	167,742
Adjustment for net income attributable to noncontrolling interests	851	12,351	18,403
Net income attributable to PRA Group, Inc.	\$ 117,147	\$ 183,158	\$ 149,339
Net income per share attributable to PRA Group, Inc.:			
Basic	\$ 2.96	\$ 4.07	\$ 3.28
Diluted	\$ 2.94	\$ 4.04	\$ 3.26
Weighted average number of shares outstanding:			
Basic	39,638	44,960	45,540
Diluted	39,888	45,330	45,860

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**PRA Group, Inc.**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2022, 2021 and 2020**  
**(Amounts in thousands)**

	2022	2021	2020
Net income	\$ 117,998	\$ 195,509	\$ 167,742
Other comprehensive (loss)/income, net of tax			
Currency translation adjustments	(105,292)	(56,219)	20,056
Cash flow hedges	33,175	27,978	(20,261)
Debt securities available-for-sale	(16)	(348)	171
Other comprehensive loss	(72,133)	(28,589)	(34)
Total comprehensive income	45,865	166,920	167,708
Less comprehensive income attributable to noncontrolling interests	9,735	4,880	3,141
Comprehensive income attributable to PRA Group, Inc.	<u>\$ 36,130</u>	<u>\$ 162,040</u>	<u>\$ 164,567</u>

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**PRA Group, Inc.**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2022, 2021 and 2020**  
**(Amounts in thousands)**

	Common Stock Shares	Common Stock Amount	Additional Paid- in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)/Income	Noncontrolling Interests	Total Equity
Balance at December 31, 2019	45,416	\$ 454	\$ 67,321	\$ 1,362,631	\$ (261,018)	\$ 57,625	\$ 1,227,013
Components of comprehensive income, net of tax:							
Net income	—	—	—	149,339	—	18,403	167,742
Currency translation adjustment	—	—	—	—	35,317	(15,261)	20,056
Cash flow hedges	—	—	—	—	(20,261)	—	(20,261)
Debt securities available-for-sale	—	—	—	—	171	—	171
Distributions to noncontrolling interest	—	—	—	—	—	(30,276)	(30,276)
Contributions from noncontrolling interest	—	—	—	—	—	1,118	1,118
Vesting of restricted stock	169	2	(2)	—	—	—	—
Share-based compensation expense	—	—	14,387	—	—	—	14,387
Employee stock relinquished for payment of taxes	—	—	(3,299)	—	—	—	(3,299)
Other	—	—	(3,125)	—	—	—	(3,125)
Balance at December 31, 2020	45,585	\$ 456	\$ 75,282	\$ 1,511,970	\$ (245,791)	\$ 31,609	\$ 1,373,526
Effect of change in accounting principle <sup>(1)</sup>	—	—	(26,697)	12,008	—	—	(14,689)
Balance at January 1, 2021	45,585	\$ 456	\$ 48,585	\$ 1,523,978	\$ (245,791)	\$ 31,609	\$ 1,358,837
Components of comprehensive income, net of tax:							
Net income	—	—	—	183,158	—	12,351	195,509
Currency translation adjustment	—	—	—	—	(48,748)	(7,471)	(56,219)
Cash flow hedges	—	—	—	—	27,978	—	27,978
Debt securities available-for-sale	—	—	—	—	(348)	—	(348)
Distributions to noncontrolling interest	—	—	—	—	—	(21,411)	(21,411)
Contributions from noncontrolling interest	—	—	—	—	—	23,413	23,413
Vesting of restricted stock	264	2	(2)	—	—	—	—
Repurchase and cancellation of common stock	(4,841)	(48)	(58,531)	(154,291)	—	—	(212,870)
Share-based compensation expense	—	—	15,940	—	—	—	15,940
Employee stock relinquished for payment of taxes	—	—	(5,992)	—	—	—	(5,992)
Balance at December 31, 2021	41,008	\$ 410	\$ —	\$ 1,552,845	\$ (266,909)	\$ 38,491	\$ 1,324,837
Components of comprehensive income, net of tax:							
Net income	—	—	—	117,147	—	851	117,998
Currency translation adjustments	—	—	—	—	(114,176)	8,884	(105,292)
Cash flow hedges	—	—	—	—	33,175	—	33,175
Debt securities available-for-sale	—	—	—	—	(16)	—	(16)
Distributions to noncontrolling interest	—	—	—	—	—	(6,691)	(6,691)
Contributions from noncontrolling interests	—	—	—	—	—	17,554	17,554
Vesting of restricted stock	303	4	(4)	—	—	—	—
Repurchase and cancellation of common stock	(2,331)	(24)	(2,399)	(96,967)	—	—	(99,390)
Share-based compensation expense	—	—	13,047	—	—	—	13,047
Employee stock relinquished for payment of taxes	—	—	(8,472)	—	—	—	(8,472)
Balance at December 31, 2022	38,980	\$ 390	\$ 2,172	\$ 1,573,025	\$ (347,926)	\$ 59,089	\$ 1,286,750

(1) Refer to [Note 1](#) for further detail.

The accompanying notes are an integral part of these Consolidated Financial Statements.

**PRA Group, Inc.**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2022, 2021 and 2020**  
**(Amounts in thousands)**

	2022	2021	2020
Cash flows from operating activities:			
Net income	\$ 117,998	\$ 195,509	\$ 167,742
Adjustments to reconcile net income to net cash provided by operating activities:			
Share-based compensation expense	13,047	15,940	14,387
Depreciation and amortization	15,243	15,256	18,465
Amortization of debt discount and issuance costs	10,097	9,508	21,063
Changes in expected recoveries	(168,904)	(197,904)	(69,297)
Deferred income taxes	607	6,803	(58,503)
Net unrealized foreign currency transactions	34,970	29,003	15,240
Fair value in earnings for equity securities	437	(386)	977
Other operating activities	(191)	(211)	(893)
Changes in operating assets and liabilities:			
Other assets	7,096	195	(4,644)
Accounts payable	3,960	(1,323)	914
Income taxes payable, net	13,709	(30,824)	22,001
Accrued expenses	(2,449)	19,586	7,767
Other liabilities	(24,492)	23,691	6,496
Right of use assets/lease liabilities	464	82	(11)
Net cash provided by operating activities	21,592	84,925	141,704
Cash flows from investing activities:			
Purchases of property and equipment, net	(13,251)	(11,212)	(17,230)
Purchases of finance receivables	(844,255)	(971,708)	(903,588)
Recoveries applied to negative allowance	974,846	1,185,954	1,037,659
Purchase of investments	(63,000)	(110,915)	(45,229)
Proceeds from sales and maturities of investments	66,113	68,904	43,391
Business acquisition, net of cash acquired	—	(647)	—
Net cash provided by investing activities	120,453	160,376	115,003
Cash flows from financing activities:			
Proceeds from lines of credit	1,607,108	769,903	1,290,799
Principal payments on lines of credit	(1,598,608)	(1,163,075)	(1,557,186)
Payments on convertible senior notes	—	—	(287,442)
Proceeds from senior notes	—	350,000	300,000
Proceeds from long-term debt	—	—	55,000
Principal payments on long-term debt	(10,000)	(10,000)	(10,000)
Repurchases of common stock	(111,371)	(200,887)	—
Payments of origination costs and fees	(15,550)	(9,479)	(17,218)
Tax withholdings related to share-based payments	(8,472)	(5,992)	(3,301)
Distributions paid to noncontrolling interest	(6,691)	(21,411)	(30,276)
Contributions from noncontrolling interest	17,554	23,413	1,118
Net increase in interest-bearing deposits	4,688	4,716	9,591
Other financing activities	—	—	(3,185)
Net cash used in financing activities	(121,342)	(262,812)	(252,100)
Effect of exchange rate on cash	(25,017)	(14,464)	(7,367)
Net decrease cash and cash equivalents	(4,314)	(31,975)	(2,760)
Cash and cash equivalents, beginning of the year	89,072	121,047	123,807
Cash and cash equivalents, end of year	\$ 84,758	\$ 89,072	\$ 121,047
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid for interest	\$ 116,932	\$ 112,277	\$ 117,986
Cash paid for income taxes	21,860	77,817	80,856
<b>Cash, cash equivalents and restricted cash reconciliation:</b>			
Cash, cash equivalents per Consolidated Balance Sheets	\$ 83,376	\$ 87,584	\$ 108,613
Restricted cash included in Other Assets per Consolidated Balance Sheets	1,382	1,488	12,434
Total cash, cash equivalents and restricted cash	\$ 84,758	\$ 89,072	\$ 121,047

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**1. General and Summary of Significant Accounting Policies:**

**Nature of operations:** As used herein, the terms "PRA Group," the "Company," or similar terms refer to PRA Group, Inc. and its subsidiaries.

PRA Group, Inc., a Delaware corporation, is a global financial and business services company with operations in the Americas, Europe and Australia. The Company's primary business is the purchase, collection and management of portfolios of nonperforming loans. The Company also provides fee-based services on class action claims recoveries and by servicing of consumer bankruptcy accounts in the United States ("U.S.").

**Basis of presentation:** The Consolidated Financial Statements of the Company are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of the Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Realized results could differ from those estimates and assumptions.

**Change in accounting principle:** Beginning January 1, 2021, the Company implemented Accounting Standards Update ("ASU") 2020-06 Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06") using a modified retrospective method.

**Reclassification of prior year presentation:** Certain prior year amounts have been reclassified for consistency with the current year presentation. Fee income is now included within Other revenue on the Consolidated Income Statements.

**Consolidation:** The Consolidated Financial Statements include the accounts of PRA Group and other entities in which the Company has a controlling interest. All significant intercompany accounts and transactions have been eliminated.

Entities in which the Company has a controlling financial interest, through ownership of the majority of the entities' voting equity interests, or through other contractual rights that give the Company control, consist of entities that purchase and collect on portfolios of nonperforming loans.

Investments in companies in which the Company has significant influence over operating and financing decisions, but does not own a majority of the voting equity interests, are accounted for in accordance with the equity method of accounting, which requires the Company to recognize its proportionate share of the entity's net earnings. These investments are included in Other assets, with income or loss included in Other revenue.

The Company performs on-going reassessments whether changes in the facts and circumstances regarding the Company's involvement with an entity cause the Company's consolidation conclusion to change.

**Foreign currency:** Assets and liabilities have been translated to the reporting currency using the exchange rates in effect on the Consolidated Balance Sheets dates. Equity accounts are translated at historical rates, except for the change in retained earnings during the year, which is the result of the income statement translation process. Revenue and expense accounts are translated using the weighted average exchange rate during the period. The cumulative translation adjustments associated with the net assets of international subsidiaries are recorded in Accumulated other comprehensive (loss)/income in the accompanying Consolidated Statements of Changes in Equity.

**Segments:** The Company has determined that it has two operating segments that meet the aggregation criteria of Accounting Standards Codification ("ASC") 280, Segment Reporting ("ASC 280"), and, therefore, it has one reportable segment, accounts receivable management. This conclusion is based on similarities among the operating segments, including economic characteristics, the nature of the products and services, the nature of the production processes, the types or classes of customers for their products and services, the methods used to distribute their products and services and the nature of the regulatory environment.



**Revenues and long-lived assets by geographical location:** Revenue for the years ended December 31, 2022, 2021 and 2020, and long-lived assets held at December 31, 2022 and 2021, both for the U.S., the Company's country of domicile, and outside of the U.S. were (amounts in thousands):

	2022	2021	2020	2022	2021
	Revenues <sup>(2)</sup>			Long-Lived Assets	
United States	\$ 520,747	\$ 651,991	\$ 677,234	\$ 79,865	\$ 87,881
United Kingdom	181,725	175,383	132,749	12,141	7,264
Others <sup>(1)</sup>	264,052	268,358	255,431	14,145	16,081
Total	\$ 966,524	\$ 1,095,732	\$ 1,065,414	\$ 106,151	\$ 111,226

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

(2) Based on the Company's financial statement information used to produce the Company's general-purpose financial statements, it is impracticable to report further breakdowns of revenues from external customers by product or service.

Revenues are attributed to countries based on the location of the related operations. Long-lived assets consist of net property and equipment and right-of-use assets. The Company reports revenues earned from collection activities on finance receivables, fee-based services and investments. For additional information on the Company's investments, see [Note 3](#).

**Cash and cash equivalents:** The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Restricted cash:** Cash that is subject to legal restrictions or is unavailable for general operating purposes is classified as restricted cash and included in Other assets on the Company's Consolidated Balance Sheets.

**Concentrations of credit risk:** Financial instruments, which potentially expose the Company to concentrations of credit risk, consist primarily of cash and cash equivalents, investments, derivative instruments and finance receivables.

**Accumulated other comprehensive loss:** The Company records unrealized gains and losses on certain available-for-sale investments and foreign currency translation adjustments in other comprehensive income ("OCI"). Unrealized gains and losses on available for sale investments are reclassified to earnings as the gains or losses are realized upon sale of the securities. Translation gains or losses on foreign currency translation adjustments are reclassified to earnings upon the substantial sale or liquidation of investments in international operations. For the Company's financial derivative instruments that are designated as hedging instruments, the change in fair value of the derivative is recorded in OCI.

#### **Investments:**

**Debt Securities:** The Company determines the appropriate classification of its investments in debt securities at the time of purchase and reevaluates such determinations at each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are carried at amortized cost. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available-for-sale. Available-for-sale securities are carried at fair market value. Fair value is determined using quoted market prices. Unrealized gains and losses are included in comprehensive income and reported in stockholders' equity. The Company evaluates debt securities for impairment. When there has been a decline in fair value below the amortized cost, the Company recognizes an impairment if: (1) it has the intent to sell the security; (2) it is more likely than not that it will be required to sell the security before recovery of the amortized cost; or (3) it does not expect to recover the entire amortized cost of the security. If the Company identifies that the decline in fair value has resulted from credit losses, the credit loss component is recognized as an allowance on the Consolidated Balance Sheets with a corresponding charge to Other expense on the Consolidated Income Statements. The non-credit loss component remains in Other comprehensive loss until realized from a sale or subsequent impairment.

**Equity Securities:** Investments in equity securities are measured at fair value with changes in unrealized gains and losses reported in earnings.

**Equity Method Investments:** Equity investments that are not consolidated, but over which the Company exercises significant influence, are accounted for as equity method investments. Whether or not the Company exercises significant influence with respect to an investee company depends on an evaluation of several factors including, among others, representation on the investee company's board of directors and ownership level, which is generally a 20% to 50% interest in the voting securities of the investee company. Under the equity method of accounting, an investee company's accounts are not reflected within the Company's Consolidated Balance Sheets and Income Statements; however, the Company's share of the

earnings or losses of the investee company is reflected in the caption “Other revenue” in the Consolidated Income Statements. The Company’s carrying value in an equity method investee company is reflected in the caption “Investments” in the Company’s Consolidated Balance Sheets.

When the Company’s carrying value in an equity method investee company is reduced to zero, no further losses are recorded in the Company’s Consolidated Financial Statements unless the Company guaranteed obligations of the investee company or has committed additional funding. When the investee company subsequently reports income, the Company will not record its share of such income until it equals the amount of its share of losses not previously recognized.

**Finance receivables and income recognition:** The Company's financial assets (or a group of financial assets) are measured at amortized cost and presented at the net amount expected to be collected.

*Credit quality information:* The Company acquires portfolios of accounts that have experienced deterioration of credit quality between origination and the Company's acquisition of the accounts. The amount paid for a portfolio reflects the Company's determination that it is probable the Company will be unable to collect all amounts due according to an account's contractual terms. The Company accounts for the portfolios in accordance with the guidance for purchased credit deteriorated (“PCD”) assets. The initial allowance for credit losses is added to the purchase price rather than recorded as a credit loss expense. The Company has established a policy to write off the amortized cost of individual assets when it deems probable that it will not collect on an individual asset. Due to the deteriorated credit quality of the individual accounts, the Company may write off the unpaid principal balance of all accounts in a portfolio at the time of acquisition. However, when the Company has an expectation of collecting cash flows at the portfolio level, a negative allowance is established for expected recoveries at an amount not to exceed the amount paid for the financial portfolios. The negative allowance is recorded as an asset and presented as Finance receivables, net on the Company's Consolidated Balance Sheets.

*Portfolio segments:* The Company develops systematic methodologies to determine its allowance for credit losses at the portfolio segment level. The Company’s nonperforming loan portfolio segments consist of two broad categories: Core and Insolvency. The Company’s Core portfolios contain loan accounts that are in default, which were purchased at a substantial discount to face value because either the credit originator and/or other third-party collection agencies have been unsuccessful in collecting the full balance owed. The Company’s Insolvency portfolios contain loan accounts that are in default and the customer is involved in a bankruptcy or insolvency proceeding and the accounts were purchased at a substantial discount to face value. Each of the two broad portfolio segments of purchased nonperforming loan portfolios consist of large numbers of homogeneous receivables with similar risk characteristics.

*Effective interest rate and accounting pools:* Within each portfolio segment, the Company pools accounts with similar risk characteristics that are acquired in the same year. Similar risk characteristics generally include portfolio segment and geographic region. The initial effective interest rate of the pool is established based on the purchase price and expected recoveries of each individual purchase at the purchase date. During the year of acquisition, the annual pool is aggregated, and the blended effective interest rate will adjust to reflect new acquisitions and new cash flow estimates until the end of the year. The effective interest rate for a pool is fixed for the remaining life of the pool once the year has ended.

*Methodology:* The Company develops its estimates of expected recoveries in the Consolidated Balance Sheets by applying discounted cash flow methodologies to its estimated remaining collections (“ERC”) and recognizes income over the estimated life of the pool at the constant effective interest rate of the pool. Subsequent changes (favorable and unfavorable) in expected cash flows are recognized within Changes in expected recoveries in the Consolidated Income Statements by adjusting the present value of increases or decreases in ERC at a constant effective interest rate. Amounts included in the estimate of recoveries do not exceed the aggregate amount of the amortized cost basis previously written off or expected to be written off.

The measurement of expected recoveries is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Development of the Company’s forecasts rely on both quantitative and qualitative factors. Qualitative factors can include both external and internal information and consider management’s view on available facts and circumstances at each reporting period. More specifically, external factors that may have an impact on the collectability, and subsequently on the overall profitability of acquired portfolios of nonperforming loans, would include new laws or regulations relating to collections, new interpretations of existing laws or regulations, and the overall condition of the economy. Internal factors that may have an impact on the collectability, and subsequently the overall profitability of acquired portfolios of nonperforming loans, would include necessary revisions to initial and post-acquisition operational scoring and modeling estimates, operational activities, expected impact of operational strategies and changes in productivity related to turnover and tenure of the Company’s collection staff.

*Portfolio income:* The recognition of income on expected recoveries is based on the constant effective interest rate established for a pool.

*Changes in expected recoveries:* The activity consists of differences between actual recoveries compared to expected recoveries for the reporting period, as well as the net present value of increases or decreases in ERC at the constant effective interest rate.

Agreements to acquire the aforementioned receivables include general representations and warranties from the sellers covering matters such as account holder death or insolvency and accounts settled or disputed prior to sale. The representation and warranty period permitting the return of these accounts from the Company to the seller is typically 90 to 180 days, with certain international agreements extending as long as 24 months. Any funds received from the seller as a return of purchase price are referred to as buybacks. Buyback funds are included in changes in expected recoveries when received.

Fees paid to third parties other than the seller related to the direct acquisition of a portfolio of accounts are expensed when incurred.

**Fee income recognition:** The Company recognizes revenue from its class action claims recovery services when there is persuasive evidence that an arrangement exists, delivery has occurred or services have been rendered, the amount is fixed or determinable, and collectability is reasonably assured. This revenue is included within Other revenue in the Company's Consolidated Income Statements.

**Property and equipment:** Property and equipment, including improvements that significantly add to the productive capacity or extend useful life, are recorded at cost. Maintenance and repairs are expensed as incurred. Property and equipment are depreciated over their useful lives using the straight-line method of depreciation. Software and computer equipment are generally amortized or depreciated over three to five years. Furniture and fixtures are depreciated over ten years. Equipment is depreciated over five years. Leasehold improvements are depreciated over the remaining term of the lease. Building improvements are depreciated straight-line over ten to 39 years. When property is sold or retired, the cost and related accumulated depreciation are removed from the balance sheet and any gain or loss is included in the Company's Consolidated Income Statements.

**Goodwill:** Goodwill is not amortized but rather is reviewed for impairment annually or more frequently if indicators of potential impairment exist. The Company performs its annual assessment of goodwill as of October 1. The Company may first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If management concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, an impairment loss is recognized. The loss will be recorded at the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the respective reporting unit.

**Convertible Notes:** The Company has outstanding 3.50% Convertible Notes due 2023 (the "2023 Notes" or "Convertible Notes") which are accounted for as a single liability measured at amortized cost. See [Note 6](#) for additional information.

**Income taxes:** The Company records a tax provision for the anticipated tax consequences of the reported results of operations. The provision for income taxes is estimated using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled.

The Company is subject to income taxes throughout the U.S. and in numerous international jurisdictions. The Company recognizes the financial statement benefits of a tax position if it is more likely than not to be sustained in the event of challenges by relevant taxing authorities based on the technical merit. The amounts of benefit to recognize in the financial statements are the largest benefits that have a greater than 50 percent likelihood of being realized upon settlement with the relevant tax authorities. The Company records interest and penalties related to unrecognized tax benefits as a component of income tax expense when the more likely than not standards are not met.

In preparation of the Consolidated Financial Statements, the Company exercises significant judgment in estimating the potential exposure to unresolved tax matters and applies a more likely than not criteria approach for recording tax benefits related to uncertain tax positions in the application of complex tax laws. While actual results could vary, the Company believes it has adequate tax accruals with respect to the ultimate outcome of such tax matters.

The Company, establishes a valuation allowance in the period in which it determines that part or all of the deferred tax asset is not realizable. If the Company subsequently realizes deferred tax assets that were previously determined to be unrealizable, the respective valuation allowance would be reversed, resulting in a positive adjustment to earnings.

**Leases:** The Company recognizes a liability for future lease payments and a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term on the balance sheet.

The Company's operating lease portfolio primarily includes corporate offices and call centers. The majority of its leases have remaining lease terms of one year to 14 years, some of which include options to extend the leases for up to five years, and others include options to terminate the leases within one year. Exercises of lease renewal options are typically at the Company's sole discretion and are included in its ROU assets and lease liabilities based upon whether the Company is reasonably certain of exercising the renewal options. The Company has lease agreements with lease and non-lease components, which are generally accounted for separately. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments.

**Share-based compensation:** Compensation expense associated with share equity awards are recognized in the income statement. The Company determines stock-based compensation expense for all share-based payment awards based on the measurement date fair value. The Company has certain share awards that include market conditions that affect vesting. The fair value of these shares is estimated using a lattice model. Compensation cost is not adjusted if the market condition is not met, as long as the requisite service is provided. The Company estimates a forfeiture rate for most equity share grants based on historical experience. Time-based equity share awards generally vest between one and three years from the grant date and are expensed on a straight-line basis over the vesting period. Equity share awards that contain a performance metric, are expensed over the requisite service period, generally three years, in accordance with the performance level achieved at each reporting period. See [Note 11](#) for additional information.

**Derivatives:** The Company periodically enters into derivative financial instruments, typically interest rate swap agreements, interest rate caps, and foreign currency contracts to reduce its exposure to fluctuations in interest rates on variable-rate debt and foreign currency exchange rates. The Company does not utilize derivative financial instruments with a level of complexity or with a risk greater than the exposure to be managed nor does it enter into or hold derivatives for trading or speculative purposes.

All of the Company's outstanding derivative financial instruments are recognized in the balance sheet at their fair values. The effect on earnings from recognizing the fair values of these derivative financial instruments depends on their intended use, their hedge designation, and their effectiveness in offsetting changes in the fair values of the exposures they are hedging. Changes in the fair values of instruments designated to reduce or eliminate adverse fluctuations in the fair values of recognized assets and liabilities and unrecognized firm commitments are reported in earnings along with changes in the fair values of the hedged items. Changes in the effective portions of the fair values of instruments used to reduce or eliminate adverse fluctuations in cash flows of anticipated or forecasted transactions are reported in equity as a component of Accumulated other comprehensive loss. Amounts in Accumulated other comprehensive loss are reclassified to earnings when the related hedged items affect earnings or the anticipated transactions are no longer probable. Changes in the fair values of derivative instruments that are not designated as hedges or do not qualify for hedge accounting treatment are reported in earnings. The Company realizes gains and losses from derivative instruments in the same financial statement line item as the hedged item/forecasted transaction. Changes in unrealized gains and losses for derivatives not designated in a hedge accounting relationship are recorded directly in earnings each period and are also recorded in the same financial statement line item as the hedged item or forecasted transaction. Cash flows from the settlement of derivatives, including both economic hedges and those designated in hedge accounting relationships, appear in the Consolidated Statements of Cash Flows in the same categories as the cash flows of the hedged item.

For derivative financial instruments accounted for as hedging instruments, the Company formally designates and documents, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective, and the manner in which effectiveness of the hedge will be assessed. The Company formally assesses, both at inception and at each reporting period thereafter, whether the derivative financial instruments used in hedging transactions are effective in offsetting changes in fair value or cash flows of the related underlying exposures.

The Company discontinues the use of hedge accounting prospectively when (1) the derivative instrument is no longer effective in offsetting changes in fair value or cash flows of the underlying hedged item; (2) the derivative instrument expires, is

sold, terminated, or exercised; or (3) designating the derivative instrument as a hedge is no longer appropriate. See [Note 9](#) for additional information.

**Use of estimates:** The preparation of the Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates have been made by management with respect to the timing and amount of future cash collections of the Company's finance receivables portfolios. Actual results could differ from these estimates making it reasonably possible that a change in these estimates could occur within one year.

**Commitments and contingencies:** The Company is subject to various claims and contingencies related to lawsuits, certain taxes and commitments under contractual and other obligations. The Company recognizes liabilities for commitments and contingencies when a loss is probable and estimable. The Company expenses related legal costs as incurred. See [Note 14](#) for additional information.

**Estimated fair value of financial instruments:** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company takes into consideration differing levels of inputs in the determination of fair values. Disclosure of the estimated fair values of financial instruments often requires the use of estimates. See [Note 8](#) for additional information.

#### **Recent accounting pronouncements:**

*Recently issued accounting standards adopted:*

##### Reference Rate Reform

In January 2021, the Financial Accounting Standards Board ("FASB") issued ASU 2021-01, "Reference Rate Reform (Topic 848): Overall" ("ASU 2021-01"). ASU 2021-01 expands the scope of Reference Rate Reform ("ASC 848") to include derivatives affected by the discounting transition for certain optional expedients and exceptions. ASU 2021-01 was effective immediately for a limited time through December 31, 2022. The Company assessed whether amendments and modifications to its swap agreements and borrowing agreements qualify for any optional expedients. During the first quarter of 2022, the Company elected certain optional expedients under ASC 848 to maintain cash flow hedge accounting for swap agreements with a combined notional amount of \$422.8 million after interest rate swaps that were indexed to the Gross Domestic Product ("GDP") London Inter-Bank Offer Rate ("LIBOR") converted to the Sterling Overnight Index Average ("SONIA"), effective January 1, 2022. In the second quarter of 2022, the Company exited the relief provisions under ASC 848 after updating the hedged risk on these cash flow hedges to reflect SONIA-based cash flows expected to occur under the United Kingdom ("UK") Credit Agreement.

In December 2022, the FASB issued ASU 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date" ("ASU 2022-06"). ASU 2022-06 defers the sunset date from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848.

*Recently issued accounting standards not yet adopted:*

The Company does not expect that any other recently issued accounting pronouncements will have a material effect on its Consolidated Financial Statements.

## **2. Finance Receivables, net:**

Finance receivables, net consisted of the following at December 31, 2022 and 2021 (amounts in thousands):

	2022	2021
Amortized cost	\$ —	\$ —
Negative allowance for expected recoveries	3,295,008	3,428,285
Balance at end of year	<u>\$ 3,295,008</u>	<u>\$ 3,428,285</u>

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Changes in the negative allowance for expected recoveries by portfolio segment for the years ended December 31, 2022 and 2021 were as follows (amounts in thousands):

	2022		
	Core	Insolvency	Total
Balance at beginning of year	\$ 2,989,932	\$ 438,353	\$ 3,428,285
Initial negative allowance for expected recoveries - portfolio acquisitions <sup>(1)</sup>	771,977	78,019	849,996
Foreign currency translation adjustment	(156,795)	(20,536)	(177,331)
Recoveries applied to negative allowance <sup>(2)</sup>	(795,489)	(179,357)	(974,846)
Changes in expected recoveries <sup>(3)</sup>	126,582	42,322	168,904
Balance at end of year	<u>\$ 2,936,207</u>	<u>\$ 358,801</u>	<u>\$ 3,295,008</u>

	2021		
	Core	Insolvency	Total
Balance at beginning of year	\$ 3,019,477	\$ 495,311	\$ 3,514,788
Initial negative allowance for expected recoveries - portfolio acquisitions <sup>(1)</sup>	863,379	108,901	972,280
Foreign currency translation adjustment	(68,544)	(2,189)	(70,733)
Recoveries applied to negative allowance <sup>(2)</sup>	(1,002,400)	(183,554)	(1,185,954)
Changes in expected recoveries <sup>(3)</sup>	178,020	19,884	197,904
Balance at end of year	<u>\$ 2,989,932</u>	<u>\$ 438,353</u>	<u>\$ 3,428,285</u>

*(1) Initial negative allowance for expected recoveries - portfolio acquisitions*

Portfolio acquisitions for the years ended December 31, 2022 and 2021 were as follows (amounts in thousands):

	2022		
	Core	Insolvency	Total
Face value	\$ 5,174,974	\$ 455,644	\$ 5,630,618
Noncredit discount	(541,686)	(28,279)	(569,965)
Allowance for credit losses at acquisition	(3,861,311)	(349,346)	(4,210,657)
Purchase price	<u>\$ 771,977</u>	<u>\$ 78,019</u>	<u>\$ 849,996</u>

	2021		
	Core	Insolvency	Total
Face value	\$ 5,917,827	\$ 508,868	\$ 6,426,695
Noncredit discount	(696,983)	(37,202)	(734,185)
Allowance for credit losses at acquisition	(4,357,465)	(362,765)	(4,720,230)
Purchase price	<u>\$ 863,379</u>	<u>\$ 108,901</u>	<u>\$ 972,280</u>

The initial negative allowance recorded on portfolio acquisitions for the years ended December 31, 2022 and 2021 were as follows (amounts in thousands):

	2022		
	Core	Insolvency	Total
Allowance for credit losses at acquisition	\$ (3,861,311)	\$ (349,346)	\$ (4,210,657)
Writeoffs, net	3,861,311	349,346	4,210,657
Expected recoveries	771,977	78,019	849,996
Initial negative allowance for expected recoveries	<u>\$ 771,977</u>	<u>\$ 78,019</u>	<u>\$ 849,996</u>

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	2021		
	Core	Insolvency	Total
Allowance for credit losses at acquisition	\$ (4,357,465)	\$ (362,765)	\$ (4,720,230)
Writeoffs, net	4,357,465	362,765	4,720,230
Expected recoveries	863,379	108,901	972,280
Initial negative allowance for expected recoveries	\$ 863,379	\$ 108,901	\$ 972,280

*(2) Recoveries applied to negative allowance*

Recoveries applied to the negative allowance for the years ended December 31, 2022 and 2021 were as follows (amounts in thousands):

	2022		
	Core	Insolvency	Total
Recoveries <sup>(a)</sup>	\$ 1,521,504	\$ 225,657	\$ 1,747,161
Less - amounts reclassified to portfolio income	726,015	46,300	772,315
Recoveries applied to negative allowance	\$ 795,489	\$ 179,357	\$ 974,846

	2021		
	Core	Insolvency	Total
Recoveries <sup>(a)</sup>	\$ 1,818,635	\$ 242,646	\$ 2,061,281
Less - amounts reclassified to portfolio income	816,235	59,092	875,327
Recoveries applied to negative allowance	\$ 1,002,400	\$ 183,554	\$ 1,185,954

(a) Recoveries includes cash collections, buybacks and other cash-based adjustments.

*(3) Changes in expected recoveries*

Changes in expected recoveries for the years ended December 31, 2022 and 2021 were as follows (amounts in thousands):

	2022		
	Core	Insolvency	Total
Changes in expected future recoveries	\$ 48,806	\$ 13,405	\$ 62,211
Recoveries received in excess of forecast	77,776	28,917	106,693
Changes in expected recoveries	\$ 126,582	\$ 42,322	\$ 168,904

	2021		
	Core	Insolvency	Total
Changes in expected future recoveries	\$ (35,432)	\$ (16,816)	\$ (52,248)
Recoveries received in excess of forecast	213,452	36,700	250,152
Changes in expected recoveries	\$ 178,020	\$ 19,884	\$ 197,904

In order to estimate future cash collections, the Company considered historical performance, current economic forecasts, short-term and long-term growth and consumer habits in the various geographies in which the Company operates. The Company considered recent collection activity in its determination to adjust assumptions related to ERC for certain pools. Based on these considerations, the Company's estimates incorporate changes in both amounts and in the timing of expected cash collections over the forecast period.

For the year ended December 31, 2022, Changes in expected recoveries were a net positive \$168.9 million. The changes were the net result of recoveries received in excess of forecast of \$106.7 million reflecting cash collections overperformance during the year and a \$62.2 million net positive adjustment to changes in expected future recoveries. The changes in expected

future recoveries reflects the Company's assessment of certain pools, where continued strong performance has resulted in a net increase to the Company's forecasted ERC.

For the year ended December 31, 2021, Changes in expected recoveries were a net positive \$197.9 million. The changes were the net result of recoveries received in excess of forecast of \$250.2 million from significant cash collections overperformance during 2021 reduced by a \$52.2 million net negative adjustment to changes in expected future recoveries. The changes in expected future recoveries included the Company's assumption that the majority of the overperformance was due to acceleration of future collections. The Company also increased near-term expected collections in certain geographies to reflect performance trends in collections, and made corresponding reductions later in the forecast period.

### 3. Investments:

Investments consisted of the following at December 31, 2022 and 2021 (amounts in thousands):

	2022	2021
Debt securities		
Available-for-sale	\$ 66,813	\$ 77,538
Equity securities		
Exchange traded funds	—	1,746
Private equity funds	4,373	5,137
Mutual funds	—	508
Equity method investments	8,762	8,048
Total investments	\$ 79,948	\$ 92,977

#### Debt Securities

##### *Available-for-Sale*

**Government securities:** The Company's investments in government instruments, including bonds and treasury securities, are classified as available-for-sale and are stated at fair value. As of December 31, 2022, maturities for these securities are \$62.5 million due within one year and \$4.3 million due within one to five years.

The amortized cost and estimated fair value of investments in debt securities at December 31, 2022 and 2021 were as follows (amounts in thousands):

	2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Fair Value
Available-for-sale				
Government securities	\$ 67,049	\$ 1	\$ 237	\$ 66,813
	2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Fair Value
Available-for-sale				
Government securities	\$ 77,757	\$ —	\$ 219	\$ 77,538

#### Equity Securities

**Exchange traded funds:** The Company invested in treasury bill exchange traded funds, which were accounted for as equity securities and carried at fair value. Gains and losses from these investments are included within Other income and (expense) in the Company's Consolidated Income Statements. The Company sold the majority of its investment in these funds in the third quarter of 2021 and its remaining investment in the third quarter of 2022.

**Private equity funds:** Investments in private equity funds represent limited partnerships in which the Company has less than a 1% interest.



**Mutual funds:** Mutual funds represented funds held in Brazil in a Brazilian real denominated mutual fund benchmarked to the U.S. dollar that invests primarily in Brazilian fixed income securities. The investments were carried at fair value based on quoted market prices. Gains and losses from these investments are included as a foreign exchange component of Other income and (expense) in the Company's Consolidated Income Statements. The Company sold its investment in these funds in the fourth quarter of 2022.

Equity Method Investments

The Company has an 11.7% interest in RCB Investimentos S.A. ("RCB"), a servicing platform for nonperforming loans in Brazil. This investment is accounted for on the equity method because the Company exercises significant influence over RCB's operating and financial activities. Accordingly, the Company's investment in RCB is adjusted for the Company's proportionate share of RCB's earnings or losses, capital contributions made and distributions received.

**4. Leases:**

The Company leases office space and equipment under operating leases. The components of lease expense for the years ended December 31, 2022 and 2021 were as follows (amounts in thousands):

	2022	2021
Operating lease expense	\$ 11,981	\$ 12,256
Short-term lease expense	2,374	2,986
Sublease income	(486)	(196)
Total lease expense	<u>\$ 13,869</u>	<u>\$ 15,046</u>

Supplemental cash flow information and non-cash activity related to leases for the years ended December 31, 2022 and 2021 were as follows (amounts in thousands):

	2022	2021
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 11,852	\$ 12,034
ROU assets obtained in exchange for operating lease obligations	\$ 8,882	\$ 13,525

Lease term and discount rate information related to operating leases were as follows:

	2022	2021
Weighted-average remaining lease terms (years)	8.0	8.6
Weighted-average discount rate	4.5 %	4.5 %

Maturities of lease liabilities at December 31, 2022, are as follows for the years ending December 31, (amounts in thousands):

	Operating Leases
2023	\$ 10,827
2024	10,086
2025	9,845
2026	8,740
2027	5,905
Thereafter	25,725
Total lease payments	<u>71,128</u>
Less: imputed interest	11,744
Total present value of lease liabilities	<u>\$ 59,384</u>

**5. Goodwill:**

The Company performs an annual review of goodwill as of October 1 of each year or more frequently if indicators of impairment exist. The Company performed an annual review of goodwill as of October 1, 2022 and concluded that no goodwill impairment was necessary.

The changes in goodwill for the years ended December 31, 2022 and 2021 were as follows (amounts in thousands):

	2022	2021
Balance at beginning of year	\$ 480,263	\$ 492,989
Change in foreign currency translation adjustment	(44,342)	(12,726)
Balance at end of year	<u>\$ 435,921</u>	<u>\$ 480,263</u>

**6. Borrowings:**

The Company's borrowings consisted of the following as of December 31, 2022 and 2021 (amounts in thousands):

	2022	2021
Americas revolving credit <sup>(1)</sup>	\$ 186,867	\$ 372,119
UK revolving credit	453,528	—
Europe revolving credit	419,856	795,687
Term loan	450,000	460,000
Senior Notes	650,000	650,000
Convertible Notes	345,000	345,000
	<u>2,505,251</u>	<u>2,622,806</u>
Less: Debt discount and issuance costs	(10,393)	(14,092)
Total	<u>\$ 2,494,858</u>	<u>\$ 2,608,714</u>

(1) Includes the North American revolving credit facility and an unsecured credit agreement with Banco de Occidente (the "Colombian revolving credit facility"). As of December 31, 2022 and 2021, the outstanding balance under the Colombian revolving credit facility was approximately \$0.5 million and \$0.9 million, respectively.

The following principal payments are due on the Company's borrowings at December 31, 2022 for the years ending December 31, (amounts in thousands):

2023	\$ 355,251
2024	10,251
2025	310,000
2026	1,059,893
2027	419,856
Thereafter	350,000
Total	<u>\$ 2,505,251</u>

The Company determined that it was in compliance with the covenants of its financing arrangements as of December 31, 2022.

**North American Revolving Credit and Term Loan**

The Company has a credit agreement with Bank of America, N.A., as administrative agent, Bank of America, National Association, acting through its Canada branch, as the Canadian Administrative Agent, and a syndicate of lenders named therein (the "North American Credit Agreement"). The total credit facility under the North American Credit Agreement includes an aggregate principal amount of \$1.5 billion (subject to compliance with a borrowing base and applicable debt covenants), which consists of (i) a fully-funded \$450.0 million term loan, (ii) a \$1.0 billion domestic revolving credit facility and (iii) a \$75.0 million Canadian revolving credit facility. The facility includes an accordion feature for up to \$500.0 million in additional commitments (at the option of the lender) and also provides for up to \$25.0 million of letters of credit and a \$25.0 million swingline loan sub-limit that would reduce amounts available for borrowing. The term and revolving loans accrue interest, at

the option of the Company, at either the base rate, Canadian Dollar Offered Rate, or the Eurodollar rate for the applicable term plus 2.25% per annum, or 2.00% if the consolidated senior secured leverage ratio is less than or equal to 1.60 to 1.0. The revolving loans within the credit facilities are subject to a 0% floor. The revolving credit facilities also bear an unused line fee of 0.35% per annum, or 0.30% if the consolidated senior secured leverage ratio is less than or equal to 1.60 to 1.0, payable quarterly in arrears. The North American Credit Agreement matures on July 30, 2026. As of December 31, 2022, the unused portion of the North American Credit Agreement was \$888.6 million. Considering borrowing base calculations as of December 31, 2022, the amount available to be drawn was \$190.9 million.

Borrowings under the North American Credit Agreement are guaranteed by the Company's U.S. and Canadian subsidiaries (provided that the Canadian subsidiary only guarantees borrowings under the Canadian revolving credit facility) and are secured by a first priority lien on substantially all of the Company's North American assets. The North American Credit Agreement contains event of default and restrictive covenants, including the following:

- the ERC borrowing base is 35% for all eligible Core asset pools and 55% for all Insolvency eligible asset pools;
- the Company's consolidated total leverage ratio not to exceed 3.50 to 1.0 as of the end of any fiscal quarter;
- the Company's consolidated senior secured leverage ratio cannot exceed 2.25 to 1.0 as of the end of any fiscal quarter;
- subject to no default or event of default, cash dividends and distributions during any fiscal year cannot exceed \$20.0 million; and
- the Company must maintain positive consolidated income from operations during any fiscal quarter.

The outstanding balances and weighted average interest rates by type of borrowing under the credit facility as of December 31, 2022 and 2021 were as follows (dollar amounts in thousands):

	2022		2021	
	Amount Outstanding	Weighted Average Interest Rate	Amount Outstanding	Weighted Average Interest Rate
Term loan	\$ 450,000	6.38 %	\$ 460,000	2.10 %
Revolving credit facilities	186,365	6.33	371,220	2.14

#### ***UK Revolving Credit Facility***

On April 1, 2022, PRA Group Europe Holding I S.a r.l ("PRA Group Europe"), a wholly owned subsidiary of the Company, entered into a credit agreement (the "UK Credit Agreement") with PRA Group UK Limited ("PRA UK") and the Company, as guarantors, the lenders party thereto and MUFG Bank, Ltd., London Branch, as the administrative agent (the "Administrative Agent").

The UK Credit Agreement consists of an \$800.0 million revolving credit facility (subject to a borrowing base), and an accordion feature for up to \$200.0 million in additional commitments, subject to certain conditions. Borrowings, which are available in U.S. dollars, euro and pounds sterling, will accrue interest, for the applicable term at the risk free rate applicable to U.S. dollars (Secured Overnight Financing Rate) or sterling (SONIA) or, in the case of euro borrowings, Euribor plus an applicable margin of 2.50% per annum plus a credit adjustment spread of 0.10%. If the consolidated senior secured leverage ratio is greater than 1.60 to 1.0, the applicable margin will increase to 2.75%. The UK Credit Agreement also has a commitment fee of 0.30% per annum, payable quarterly in arrears. If the consolidated senior secured leverage ratio is greater than 1.60 to 1.0, the commitment fee increases to 0.35% per annum. The UK Credit Agreement matures on July 30, 2026. As of December 31, 2022, the unused portion of the UK Credit Agreement was \$346.5 million. Considering borrowing base restrictions, as of December 31, 2022, the amount available to be drawn under the UK Credit Agreement was \$105.4 million.

The UK Credit Agreement is secured by substantially all of the assets of PRA UK, all of the equity interests in PRA UK and PRA Group Europe, certain bank accounts of PRA Group Europe and certain intercompany loans extended by PRA Group Europe to PRA UK. The UK Credit Agreement contains events of default and restrictive covenants, including the following:

- the borrowing base equals the sum of up to: (i) 35% of the ERC of PRA UK's eligible asset pools; plus (ii) 55% of PRA UK's Insolvency eligible asset pools; minus (iii) certain reserves to be established by the Administrative Agent;
- the Company's consolidated leverage ratio not to exceed 3.50 to 1.0 as of the end of any fiscal quarter;
- the Company's consolidated senior secured leverage ratio cannot exceed 2.25 to 1.0 as of the end of any fiscal quarter; and
- the Company must maintain positive consolidated income from operations during any fiscal quarter.

**PRA Group, Inc.**  
**Notes to Consolidated Financial Statements**

The outstanding balance and weighted average interest rate by type of borrowing under the UK Credit Agreement as of December 31, 2022 were as follows (dollar amounts in thousands):

	2022	
	Amount Outstanding	Weighted Average Interest Rate
Revolving credit facility	\$ 453,528	5.54 %

**European Revolving Credit Facility**

On November 23, 2022, the Company's wholly-owned subsidiary, PRA Group Europe Holding S.a r.l. ("PRA Group Europe Holding"), and its Swiss Branch, PRA Group Europe Holding S.à r.l. ("PRA Group Holding"), Luxembourg, Zug Branch (together, the "Borrowers"), along with certain of its affiliates and the Company, as guarantors, replaced the prior \$750.0 million multicurrency revolving credit agreement (the "Prior Facility Agreement") with a €730.0 million revolving credit facility (the "European Credit Agreement") with the lenders party thereto and DNB Bank ASA as facility agent and security agent (the "Agent").

The European Credit Agreement provides borrowings for an aggregate amount of approximately €730.0 million (subject to the borrowing base) and an uncommitted accordion feature for up to €500.0 million, subject to certain conditions. Borrowings, which will be available in euro, Norwegian krone, Danish krone, Swedish krona, and Polish zloty, accrues interest at the Interbank Offered Rate plus 2.80% - 3.80% (as determined by the estimated remaining collections ratio ("ERC Ratio") as defined in the European Credit Agreement), bears an unused line fee, currently 1.085% per annum, or 35% of the margin, is subject to a 0% floor, is payable monthly in arrears and matures November 23, 2027. Additionally, the Company has a separate agreement with the Agent, for an overdraft facility in the aggregate amount of \$40.0 million (subject to the borrowing base), which accrues interest (per currency) at the daily rates as published by the facility agent, bears a facility line fee of 0.125% per quarter, payable quarterly in arrears and matures November 23, 2027. As of December 31, 2022, the unused portion of the European Credit Agreement (including the overdraft facility) was \$401.1 million. Considering borrowing base restrictions and other covenants as of December 31, 2022, the amount available to be drawn under the European Credit Agreement (including the overdraft facility) was \$168.5 million.

The European Credit Agreement is secured by a first perfected security interest in all of the equity interests in certain operating subsidiaries of the Borrowers, certain intercompany loans and certain shareholder loans extended by the Company to the Borrowers. Further, the Company guarantees all obligations and liabilities under the European Credit Facility. The European Credit Agreement contains event of default and restrictive covenants including the following:

- the ERC Ratio cannot exceed 45%;
- the Company's consolidated total leverage ratio not to exceed 3.50 to 1.0 as of the end of any fiscal quarter;
- the Company's consolidated senior secured leverage ratio not to exceed 2.25 to 1.0 as of the end of any fiscal quarter;
- the Company must maintain positive consolidated income from operations at the end of any fiscal quarter;
- interest bearing deposits in AK Nordic AB cannot exceed SEK 1.2 billion; and
- PRA Europe's cash collections must meet certain thresholds, measured on a quarterly basis.

The outstanding balances and weighted average interest rates by type of borrowing under the European Credit Agreement and the Prior Facility Credit Agreement as of December 31, 2022 and 2021, respectively, were as follows (dollar amounts in thousands):

	2022		2021	
	Amount Outstanding	Weighted Average Interest Rate	Amount Outstanding	Weighted Average Interest Rate
Revolving credit facilities	\$ 419,856	5.94 %	\$ 795,687	3.48 %

**Senior Notes due 2029**

On September 22, 2021, the Company completed the private offering of \$350.0 million in aggregate principal amount of its 5.00% Senior Notes due October 1, 2029 (the "2029 Notes"). The 2029 Notes were issued pursuant to an Indenture dated September 22, 2021 (the "2021 Indenture"), between the Company and Regions Bank, as trustee. The 2021 Indenture contains customary terms and covenants, including certain events of default after which the 2029 Notes may be due and payable immediately. The 2029 Notes are senior unsecured obligations of the Company and are guaranteed on a senior unsecured basis by all of the Company's existing and future domestic restricted subsidiaries that guarantee the North American Credit

Agreement, subject to certain exceptions. Interest on the Notes is payable semi-annually, in arrears, on October 1 and April 1 of each year.

On or after October 1, 2024, the Notes may be redeemed, at the Company's option in whole or in part at a price equal to 102.50% of the aggregate principal amount of the 2029 Notes being redeemed. The applicable redemption price changes if redeemed during the 12-months beginning October 1 of each year to 101.25% for 2025 and then 100% for 2026 and thereafter.

In addition, on or before October 1, 2024, the Company may redeem up to 40% of the aggregate principal amount of the 2029 Notes at a redemption price of 105.00% plus accrued and unpaid interest, subject to the rights of holders of the 2029 Notes, with the net cash proceeds of a public offering of common stock of the Company, provided, that at least 60% in aggregate principal amount of the 2029 Notes remains outstanding immediately after the occurrence of such redemption and that such redemption will occur within 90 days of the date of the closing of such public offering.

In the event of a change of control, each holder will have the right to require the Company to repurchase all or any part of such holder's 2029 Notes at an offer price equal to 101% of the aggregate principal amount plus accrued and unpaid interest. If the Company sells assets under certain circumstances and does not use the proceeds for specified purposes, the Company will be required to make an offer to repurchase the 2029 Notes at 100% of their principal amount.

#### ***Senior Notes due 2025***

On August 27, 2020, the Company completed the private offering of \$300.0 million in aggregate principal amount of its 7.375% Senior Notes due September 1, 2025 (the "2025 Notes" and together with the 2029 Notes, the "Senior Notes"). The 2025 Notes were issued pursuant to an Indenture dated August 27, 2020 (the "2020 Indenture"), between the Company and Regions Bank, as a trustee. The 2020 Indenture contains customary terms and covenants, including certain events of default after which the 2025 Notes may be due and payable immediately. The 2025 Notes are senior unsecured obligations of the Company and are guaranteed on a senior unsecured basis by all of the Company's existing and future domestic restricted subsidiaries that guarantee the North American Credit Agreement, subject to certain exceptions. Interest on the 2025 Notes is payable semi-annually, in arrears, on September 1 and March 1 of each year.

The 2025 Notes may be redeemed, in whole or in part, at a price equal to 103.688% of the aggregate principal amount of the 2025 Notes being redeemed. The applicable redemption price changes if redeemed during the 12-months beginning September 1 of each year to 101.844% for 2023 and then 100% for 2024 and thereafter.

In the event of a change of control, the Company must offer to repurchase all of the 2025 Notes (unless otherwise redeemed) at a price equal to 101% of their aggregate principal amount plus accrued and unpaid interest. If the Company sells assets under certain circumstances and does not use the proceeds for specified purposes, the Company will be required to make an offer to repurchase the 2025 Notes at 100% of their principal amount plus accrued and unpaid interest.

#### ***Convertible Senior Notes due 2023***

On May 26, 2017, the Company completed the private offering of \$345.0 million in aggregate principal amount of its 3.50% Convertible Senior Notes due June 1, 2023. The 2023 Notes were issued pursuant to an Indenture, dated May 26, 2017 (the "2017 Indenture"), between the Company and Regions Bank, as trustee. The 2017 Indenture contains customary terms and covenants, including certain events of default after which the 2023 Notes may be due and payable immediately. The 2023 Notes are senior unsecured obligations of the Company. Interest on the 2023 Notes is payable semi-annually, in arrears, on June 1 and December 1 of each year.

The holders of the 2023 Notes have the right to convert all, or a portion of, the 2023 Notes upon occurrence of specific events prior to the close of business on the business day immediately preceding March 1, 2023, including:

- if during any calendar quarter, the last reported sales price of the Company's common stock is greater than 130% of the conversion price for at least 20 trading days during the period of 30 consecutive trading days;
- if the trading price of the 2023 Notes is less than 98% of the product of the last reported sales price of the Company's common stock and the conversion rate for a 10 consecutive trading day period;
- the Company elects to issue to all, or substantially all, holders of its common stock any rights, options or warrants entitling them, for a period of more than 45 calendar days, to subscribe for or purchase shares at a price per share that is less than the average of the last reported sales price for the 10 consecutive trading day-period ending on the trading day immediately preceding the date of announcement of such issuance;

- the Company elects to distribute to all, or substantially all, holders of its common stock the Company's assets, debt securities or rights to purchase securities of the Company, which distribution has a share value exceeding 10% of the last reported sale price on the trading day preceding the announcement of such distribution; or
- a transaction occurs that constitutes a fundamental change (as defined in the 2017 Indenture) or, the Company is party to a consolidation, merger, binding share exchange, or transfer or lease of all, or substantially all, of the Company's assets.

On or after March 1, 2023, the 2023 Notes will be convertible at any time. As of December 31, 2022, the Company does not believe that any of the conditions allowing holders of the 2023 Notes to convert their notes has occurred.

Furthermore, the Company has the right, at its election, to redeem all or any part of the outstanding 2023 Notes at any time for cash, but only if the last reported sale price (as defined in the 2017 Indenture) of the Company's common stock exceeds 130% of the conversion price on each of at least 20 trading days during the 30 consecutive trading days ending on and including the trading day immediately before the date the Company sends the related redemption notice.

The conversion rate for the 2023 Notes is initially 21.6275 shares per \$1,000 principal amount of 2023 Notes, which is equivalent to an initial conversion price of approximately \$46.24 per share of the Company's common stock and is subject to adjustment in certain circumstances pursuant to the 2017 Indenture. Upon conversion, holders of the 2023 Notes will receive cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election. The Company has made an irrevocable election to settle conversions by paying holders of the 2023 Notes cash up to the aggregate principal amount of the 2023 Notes and shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, for the remaining amounts owed, if any.

In accordance with authoritative guidance related to derivatives and hedging and EPS, only the conversion spread is included in the diluted EPS calculation, if dilutive. Under such method, the settlement of the conversion spread has a dilutive effect when the market conversion criteria is met.

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

The balances of the liability component of the Company's Convertible Notes outstanding as of December 31, 2022 and 2021 were as follows (amounts in thousands):

	2022	2021
Liability component - principal amount	\$ 345,000	\$ 345,000
Unamortized debt issuance costs	(748)	(2,476)
Liability component - net carrying amount	<u>\$ 344,252</u>	<u>\$ 342,524</u>

The Company amortizes debt issuance costs over the life of the debt using an effective interest rate of 4.00%.

Interest expense related to the Company's Convertible Notes for the years ended December 31, 2022, 2021 and 2020 was as follows (amounts in thousands):

	2022	2021	2020 <sup>(1)</sup>
Interest expense - stated coupon rate	\$ 12,075	\$ 12,075	\$ 17,064
Interest expense - amortization of debt discount	—	—	10,811
Interest expense - amortization of debt issuance costs	1,727	1,660	1,989
Total interest expense - Convertible Notes	<u>\$ 13,802</u>	<u>\$ 13,735</u>	<u>\$ 29,864</u>

(1) 2020 amounts include interest expense related to the Company's 3.00% Convertible Senior Notes due August 1, 2020, which were repaid in the third quarter of 2020.

**Interest Expense, net**

The Company incurs interest expense on its borrowings, interest-bearing deposits, and interest rate derivative agreements. The Company earns interest income on certain of its cash and cash equivalents, restricted cash and its interest rate derivative agreements. Interest expense, net, was as follows for the years ended December 31, 2022, 2021 and 2020 (amounts in thousands):

	2022	2021	2020
Interest expense	\$ 132,905	\$ 125,231	\$ 142,727
Interest income	(2,228)	(1,088)	(1,015)
Interest expense, net	<u>\$ 130,677</u>	<u>\$ 124,143</u>	<u>\$ 141,712</u>

**7. Property and Equipment, net:**

Property and equipment, at cost, consisted of the following as of December 31, 2022 and 2021 (amounts in thousands):

	2022	2021
Software	\$ 71,775	\$ 69,549
Computer equipment	24,685	25,457
Furniture and fixtures	17,751	20,034
Equipment	15,819	15,297
Leasehold improvements	22,486	17,606
Building and improvements	19,931	19,456
Land	1,407	1,407
Accumulated depreciation	(123,141)	(117,420)
Assets in process	932	3,127
Property and equipment, net	<u>\$ 51,645</u>	<u>\$ 54,513</u>

Depreciation expense relating to property and equipment for the years ended December 31, 2022, 2021 and 2020 was \$14.9 million, \$15.1 million and \$15.6 million, respectively.

**8. Fair Value:**

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

Those levels of input are summarized as follows:

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

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

**Financial Instruments Not Required To Be Carried at Fair Value**

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

**PRA Group, Inc.**  
**Notes to Consolidated Financial Statements**

The carrying amounts in the table were recorded in the Consolidated Balance Sheets at December 31, 2022 and 2021 (amounts in thousands):

	2022		2021	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<b>Financial assets:</b>				
Cash and cash equivalents	\$ 83,376	\$ 83,376	\$ 87,584	\$ 87,584
Finance receivables, net	3,295,008	3,167,813	3,428,285	3,317,658
<b>Financial liabilities:</b>				
Interest-bearing deposits	112,992	112,992	124,623	124,623
Revolving lines of credit	1,060,251	1,060,251	1,167,806	1,167,806
Term loan	450,000	450,000	460,000	460,000
Senior Notes	650,000	580,433	650,000	673,366
Convertible Notes	345,000	341,926	345,000	406,607

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

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

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

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

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

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

**Senior Notes and Convertible Notes:** The fair value estimates for the Senior Notes and Convertible Notes incorporate quoted market prices that were obtained from secondary market broker quotes that were derived from a variety of inputs including client orders, information from their pricing vendors, modeling software, and actual trading prices when they occur. Accordingly, the Company uses Level 2 inputs for its fair value estimates.



Financial Instruments Required To Be Carried At Fair Value

The carrying amounts in the following table are measured at fair value on a recurring basis in the accompanying Consolidated Balance Sheets at December 31, 2022 and 2021 (amounts in thousands):

	Fair Value Measurements as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Government securities	\$ 66,813	\$ —	\$ —	\$ 66,813
Derivative contracts (recorded in Other assets)	—	37,792	—	37,792
<b>Liabilities:</b>				
Derivative contracts (recorded in Other liabilities)	—	19,120	—	19,120
	Fair Value Measurements as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Government securities	\$ 77,538	\$ —	\$ —	\$ 77,538
Exchange traded funds	1,746	—	—	1,746
Mutual funds	508	—	—	508
Derivative contracts (recorded in Other assets)	—	9,785	—	9,785
<b>Liabilities:</b>				
Derivative contracts (recorded in Other liabilities)	—	25,978	—	25,978

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

**Exchange traded funds:** Fair value of the Company's investment in exchange traded funds was estimated using quoted market prices. Accordingly, the Company uses Level 1 inputs.

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

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

*Investments measured using net asset value ("NAV")*

**Private equity funds:** This class of investments consists of private equity funds that invest primarily in loans and securities including single-family residential debt; corporate debt products; and financially-oriented, real estate-rich and other operating companies in the Americas, Western Europe, and Japan. These investments are subject to certain restrictions regarding transfers and withdrawals. The investments cannot be redeemed with the funds. Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. The investments are expected to be returned through distributions as a result of liquidations of the funds' underlying assets over one to five years. The fair value of these private equity funds following the application of the NAV practical expedient was \$4.4 million and \$5.1 million as of December 31, 2022 and December 31, 2021, respectively.

**9. Derivatives:**

The following table summarizes the fair value of derivative instruments in the Company's Consolidated Balance Sheets as of December 31, 2022 and 2021 (amounts in thousands):

	2022		2021	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Interest rate contracts	Other assets	\$ 37,305	Other assets	\$ 6,251
Interest rate contracts	Other liabilities	—	Other liabilities	14,879
Derivatives not designated as hedging instruments:				
Foreign currency contracts	Other assets	487	Other assets	3,534
Foreign currency contracts	Other liabilities	19,120	Other liabilities	11,099

*Derivatives Designated as Hedging Instruments:*

Changes in the fair value of derivative contracts designated as cash flow hedging instruments are recognized in OCI. As of December 31, 2022 and 2021, the notional amount of interest rate contracts designated as cash flow hedging instruments was \$719.7 million and \$869.1 million, respectively. Derivatives designated as cash flow hedging instruments were evaluated and remained highly effective at December 31, 2022 and have initial terms of one to three years. The Company estimates that approximately \$14.9 million of net derivative gain included in OCI will be reclassified into earnings within the next 12 months.

The following tables summarize the effects of derivatives designated as cash flow hedging instruments on the Consolidated Financial Statements for the years ended December 31, 2022, 2021 and 2020 (amounts in thousands):

Derivatives designated as cash flow hedging instruments	Gain or (loss) recognized in OCI, net of tax		
	2022	2021	2020
Interest rate contracts	\$ 32,650	\$ 17,961	\$ (28,101)
Location of gain or (loss) reclassified from OCI into income	Gain or (loss) reclassified from OCI into income		
	2022	2021	2020
Interest expense, net	\$ (976)	\$ (12,722)	\$ (10,027)

*Derivatives Not Designated as Hedging Instruments:*

The Company enters into foreign currency contracts to economically hedge the foreign currency re-measurement exposure related to certain balances that are denominated in currencies other than the functional currency of the entity. Changes in fair value of derivative contracts not designated as hedging instruments are recognized in earnings. As of December 31, 2022 and December 31, 2021, the notional amount of foreign currency contracts that are not designated as hedging instruments was \$460.8 million and \$1,061.7 million, respectively.

The following table summarizes the effects of derivatives not designated as hedging instruments on the Company's Consolidated Income Statements for the years ended December 31, 2022, 2021 and 2020 (amounts in thousands):

Derivatives not designated as hedging instruments	Location of gain or (loss) recognized in income	Amount of gain or (loss) recognized in income		
		2022	2021	2020
Foreign currency contracts	Foreign exchange gain/(loss), net	\$ 38,808	\$ 12,160	\$ 24,009
Foreign currency contracts	Interest expense, net	(364)	406	(2,475)

# **10. Accumulated Other Comprehensive Loss:**

Reclassifications out of accumulated other comprehensive loss for the years ended December 31, 2022 and 2021 were as follows (amounts in thousands):

Gains and (losses) on cash flow hedges	2022	2021	Affected line in the Consolidated Income Statements
Interest rate swaps	\$ (976)	\$ (12,722)	Interest expense, net
Income tax effect of item above	451	2,705	Income tax expense
Total losses on cash flow hedges	<u>\$ (525)</u>	<u>\$ (10,017)</u>	

Changes in accumulated other comprehensive loss by component after tax, for the years ended December 31, 2022, 2021 and 2020 were as follows (amounts in thousands):

	Debt Securities Available for Sale	Cash Flow Hedges	Currency Translation Adjustment	Accumulated Other Comprehensive Loss <sup>1</sup>
Balance at December 31, 2019	\$ (44)	\$ (13,088)	\$ (247,886)	\$ (261,018)
Other comprehensive gain/(loss) before reclassifications	171	(28,101)	35,317	7,387
Reclassifications, net	—	7,840	—	7,840
Net current period other comprehensive gain/(loss)	171	(20,261)	35,317	15,227
Balance at December 31, 2020	\$ 127	\$ (33,349)	\$ (212,569)	\$ (245,791)
Other comprehensive (loss)/gain before reclassifications	(348)	17,961	(48,748)	(31,135)
Reclassifications, net	—	10,017	—	10,017
Net current period other comprehensive (loss)/gain	(348)	27,978	(48,748)	(21,118)
Balance at December 31, 2021	\$ (221)	\$ (5,371)	\$ (261,317)	\$ (266,909)
Other comprehensive (loss)/gain before reclassifications	(16)	32,650	(114,176)	(81,542)
Reclassifications, net	—	525	—	525
Net current period other comprehensive (loss)/gain	(16)	33,175	(114,176)	(81,017)
Balance at December 31, 2022	<u>\$ (237)</u>	<u>\$ 27,804</u>	<u>\$ (375,493)</u>	<u>\$ (347,926)</u>

(1) For the years ended December 31, 2022, 2021 and 2020, net deferred taxes for unrealized (losses)/gains from cash flow hedges were \$(9.2) million, \$(3.1) million and \$9.2 million, respectively.

# **11. Share-Based Compensation:**

The Company has a stockholder approved Omnibus Incentive Plan (the "Plan") that is intended to assist the Company in attracting and retaining selected individuals to serve as employees and directors, who are expected to contribute to the Company's success and to achieve long-term objectives that will benefit stockholders of the Company. The Plan enables the Company to award shares of the Company's common stock to select employees and directors, not to exceed 4,300,000 shares less one share for every one share granted under the 2013 Omnibus Incentive Plan after December 31, 2022.

Total share-based compensation expense was \$13.0 million, \$15.9 million and \$14.4 million for the years ended December 31, 2022, 2021 and 2020, respectively. The Company recognizes all excess tax benefits and tax deficiencies in the income statement when the awards vest or are settled. The total tax benefit realized from share-based compensation was approximately \$6.0 million, \$3.9 million and \$2.4 million for the years ended December 31, 2022, 2021 and 2020, respectively.

## **Nonvested Shares**

As of December 31, 2022, total future compensation expense related to nonvested share grants to individual employee plans and directors (not including nonvested shares granted under the Long-Term Incentive ("LTI") program discussed below), is estimated to be \$14.4 million with a weighted average remaining life of 1.5 years. For these shares, the Company assumed no forfeiture rates, ratable vesting over one to three years and expense recognition over their vesting period.

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The following summarizes all nonvested share activity, excluding those pursuant to the LTI program, from December 31, 2019 through December 31, 2022 (amounts in thousands, except per share amounts):

	Nonvested Shares Outstanding	Weighted-Average Price at Grant Date
Balance at December 31, 2019	532	\$ 30.97
Granted	256	38.69
Vested	(219)	31.56
Canceled	(14)	33.95
Balance at December 31, 2020	555	34.23
Granted	312	38.14
Vested	(320)	33.80
Canceled	(37)	36.06
Balance at December 31, 2021	510	36.76
Granted	351	41.64
Vested	(269)	35.41
Canceled	(36)	40.85
Balance at December 31, 2022	556	\$ 40.23

The total grant date fair value of shares vested, excluding those granted under the LTI program, during the years ended December 31, 2022, 2021 and 2020, was \$9.5 million, \$10.8 million and \$6.9 million, respectively.

***Long-Term Incentive Program***

Pursuant to the Plan, the Compensation Committee may grant time-vested and performance-based nonvested shares. All shares granted under the LTI program were granted to key employees of the Company.

The following table summarizes all LTI share activity from December 31, 2019 through December 31, 2022 (amounts in thousands, except per share amounts):

	Nonvested LTI Shares Outstanding	Weighted-Average Price at Grant Date
Balance at December 31, 2019	447	\$ 33.03
Granted at target level	118	39.04
Adjustments for actual performance	(131)	34.44
Vested	(36)	33.50
Canceled	(6)	33.77
Balance at December 31, 2020	392	34.30
Granted at target level	148	37.45
Adjustments for actual performance	(10)	39.40
Vested	(99)	39.40
Canceled	(24)	35.31
Balance at December 31, 2021	407	34.01
Granted at target level	127	44.90
Adjustments for actual performance	64	28.28
Vested	(222)	28.28
Canceled	(21)	40.45
Balance at December 31, 2022	355	\$ 40.07

The total grant date fair value of LTI shares vested during the years ended December 31, 2022, 2021 and 2020, was \$6.3 million, \$3.9 million and \$1.2 million, respectively.

At December 31, 2022, total future compensation expense, assuming the current estimated performance levels are achieved, related to nonvested shares granted under the LTI program is estimated to be approximately \$3.8 million. The Company assumed a 5.0% forfeiture rate for these grants and the remaining shares have a weighted average remaining life of 1.2 years at December 31, 2022.

## 12. Earnings per Share:

Basic EPS are computed by dividing net income available to common stockholders of PRA Group, Inc. by weighted average common shares outstanding. Diluted EPS are computed using the same components as basic EPS with the denominator adjusted for the dilutive effect of the conversion spread of the Convertible Notes and nonvested share awards, if they are dilutive. There has been no dilutive effect of the Convertible Notes since issuance through December 31, 2022. Share-based awards that are contingent upon the attainment of performance goals are included in the computation of diluted EPS if the effect is dilutive. The dilutive effect of nonvested shares is computed using the treasury stock method, which assumes any proceeds that could be obtained upon the vesting of nonvested shares would be used to purchase common shares at the average market price for the period.

On February 25, 2022, the Company completed its \$230.0 million share repurchase program and the Board of Directors approved a new share repurchase program under which the Company is authorized to repurchase up to \$150.0 million of its outstanding common stock. During the year ended December 31, 2022, the Company repurchased 2,331,364 shares of its common stock for approximately \$99.4 million, at an average price of \$42.63 per share. The Company's practice is to retire the shares it repurchases.

The following table provides a reconciliation between the computation of basic EPS and diluted EPS for the years ended December 31, 2022, 2021 and 2020 (amounts in thousands, except per share amounts):

	2022			2021			2020		
	Net Income Attributable to PRA Group, Inc.	Weighted Average Common Shares	EPS	Net Income Attributable to PRA Group, Inc.	Weighted Average Common Shares	EPS	Net Income Attributable to PRA Group, Inc.	Weighted Average Common Shares	EPS
Basic EPS	\$ 117,147	39,638	\$ 2.96	\$ 183,158	44,960	\$ 4.07	\$ 149,339	45,540	\$ 3.28
Dilutive effect of nonvested share awards	—	250	(0.02)	—	370	(0.03)	—	320	(0.02)
Diluted EPS	<u>\$ 117,147</u>	<u>39,888</u>	<u>\$ 2.94</u>	<u>\$ 183,158</u>	<u>45,330</u>	<u>\$ 4.04</u>	<u>\$ 149,339</u>	<u>45,860</u>	<u>\$ 3.26</u>

There were no options outstanding, antidilutive or otherwise, as of December 31, 2022, 2021 and 2020.

## 13. Income Taxes:

The Company recognizes the current and deferred tax consequences of all transactions that have been recognized in the financial statements using the provisions of the enacted tax laws. Current tax expense represents our estimated taxes to be paid or refunded for the current period and includes income tax expense related to our uncertain tax positions. Under U.S. GAAP, the Company made an accounting policy election to treat the U.S. taxes due related to the global intangible low-taxed income ("GILTI") as a current-period expense when incurred. Deferred tax expenses are determined based on the differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The income tax expense recognized for the years ended December 31, 2022, 2021 and 2020 was comprised of the following (amounts in thousands):

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	Federal	State	International	Total
<b><u>For the year ended December 31, 2022:</u></b>				
Current tax expense	\$ 8,797	\$ 385	\$ 26,998	\$ 36,180
Deferred tax (benefit)/expense	(2,848)	(386)	3,841	607
Total income tax expense	<u>\$ 5,949</u>	<u>\$ (1)</u>	<u>\$ 30,839</u>	<u>\$ 36,787</u>

<b><u>For the year ended December 31, 2021:</u></b>				
Current tax expense	\$ 30,659	\$ 5,397	\$ 11,958	\$ 48,014
Deferred tax benefit	(3,056)	(323)	10,182	6,803
Total income tax expense	<u>\$ 27,603</u>	<u>\$ 5,074</u>	<u>\$ 22,140</u>	<u>\$ 54,817</u>

<b><u>For the year ended December 31, 2020:</u></b>				
Current tax expense	\$ 48,223	\$ 12,416	\$ 39,067	\$ 99,706
Deferred tax benefit	(32,699)	(8,921)	(16,883)	(58,503)
Total income tax expense	<u>\$ 15,524</u>	<u>\$ 3,495</u>	<u>\$ 22,184</u>	<u>\$ 41,203</u>

A reconciliation of the Company's expected tax expense at the U.S. statutory federal tax rate to actual tax expense/(benefit) for the years ended December 31, 2022, 2021 and 2020 was as follows (amounts in thousands):

	2022	2021	2020
Income tax expense at statutory federal rates	\$ 32,505	\$ 52,568	\$ 43,878
State tax expense, net of federal tax benefit	(18)	4,303	2,449
Tax impact on international earnings, excluding uncertain tax positions	1,175	(4,449)	(29,992)
Uncertain tax positions on international earnings	—	—	23,917
Nondeductible compensation	3,025	2,212	—
Other	100	183	951
Total income tax expense	<u>\$ 36,787</u>	<u>\$ 54,817</u>	<u>\$ 41,203</u>

The Company recognized a net deferred tax asset of \$14.0 million and \$31.1 million as of December 31, 2022 and 2021, respectively. A valuation allowance for deferred tax assets is recognized and charged to earnings in the period if it is determined that it is more likely than not that the deferred tax asset will not be realized. If the Company subsequently realizes deferred tax assets that were previously determined to be unrealizable, the respective valuation allowance would have to be reversed, resulting in a positive adjustment to earnings in the period such determination was made. The determination for a valuation allowance is made on a jurisdiction-by-jurisdiction basis. The components of the net deferred tax were as follows (amounts in thousands):

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	2022	2021
<b>Deferred tax assets:</b>		
Employee compensation	\$ 5,177	\$ 8,609
Net operating loss carryforward	126,549	121,035
Interest	11,042	10,160
Finance receivable revenue recognition - international	—	2,351
Lease liability	10,667	11,811
Other	—	4,873
Valuation allowance	(68,929)	(75,375)
<b>Total deferred tax asset</b>	<b>84,506</b>	<b>83,464</b>
<b>Deferred tax liabilities:</b>		
Property and equipment	(4,178)	(5,075)
Intangible assets and goodwill	(5,118)	(4,185)
ROU asset	(9,731)	(10,884)
Finance receivable revenue recognition - international	(12,074)	—
Finance receivable revenue recognition - domestic	(27,181)	(32,189)
Other	(12,234)	—
<b>Total deferred tax liability</b>	<b>(70,516)</b>	<b>(52,333)</b>
<b>Net deferred tax asset</b>	<b>\$ 13,990</b>	<b>\$ 31,131</b>

At December 31, 2022 and 2021, the valuation allowance, relating mainly to net operating losses, capital losses and deferred interest expense in Norway, Poland, Luxembourg, Sweden and Switzerland was \$68.9 million and \$75.4 million, respectively. The decrease in the valuation allowance is primarily related to the recognition of net operating losses in Luxembourg. The Company believes it is more likely than not that the results of future operations will generate sufficient taxable income to realize the remaining net deferred tax assets.

The Company's non-U.S. subsidiaries had \$513.2 million and \$514.4 million of net operating loss carryforwards as of December 31, 2022 and 2021, respectively. There are \$282.4 million and \$276.6 million of valuation allowances recorded to offset those losses as of December 31, 2022 and 2021, respectively. The net operating losses do not expire under most local laws and the remaining jurisdictions allow for a seven to 20 year carryforward period.

As of December 31, 2022, the cumulative unremitted earnings of the Company's international subsidiaries were approximately \$159.8 million. The Company intends for predominantly all international earnings to be indefinitely reinvested in its international operations and, therefore, the recording of deferred tax liabilities for such unremitted earnings is not required. It is impracticable to determine the total amount of unrecognized deferred taxes with respect to these indefinitely reinvested earnings.

#### **Uncertain Tax Positions**

ASC 740 prescribes a recognition threshold and measurement attribute for a tax position taken or expected to be taken in a tax return. Under ASC 740, an entity should recognize a financial statement benefit for a tax position if it determines that it is more likely than not that the position will be sustained upon examination.

The balance for unrecognized tax benefits (before tax effect) at December 31, 2022 and 2021, was \$101.7 million and \$114.3 million, respectively. The tax impact of the unrecognized tax benefits recorded in 2022 are included in the provision for income taxes. The following is a reconciliation of gross unrecognized tax benefits for the year ended December 31, 2022 and 2021 (amounts in thousands):

	2022	2021
Balance at beginning of year	\$ 114,294	\$ 110,425
(Deductions)/additions, based on tax positions related to prior year <sup>(1)</sup>	(12,591)	3,869
<b>Balance at end of year</b>	<b>\$ 101,703</b>	<b>\$ 114,294</b>

(1) The 2022 deductions relate to international transactions, primarily due to foreign exchange rate fluctuations.

The total amount of after-tax unrecognized tax benefits at December 31, 2022, that, if recognized, would affect the effective tax rate was \$19.7 million.

During the year ended December 31, 2022, the Company accrued potential interest of \$1.5 million and penalties of \$1.5 million related to unrecognized tax benefits. During the next 12 months it is possible that international tax reserves will be reduced for audit settlements. At this time, the Company is unable to predict the outcome of these audits. At December 31, 2022, the tax years subject to examination by the major federal, state and international taxing jurisdictions are 2014 and subsequent years.

#### **14. Commitments and Contingencies:**

##### *Employment Agreements:*

The Company has entered into employment agreements with each of its U.S. executive officers, which expire on December 31, 2023. Such agreements provide for base salary payments as well as potential discretionary bonuses that consider the Company's overall performance against its short and long-term financial and strategic objectives. The agreements also contain confidentiality and non-compete provisions. As of December 31, 2022, estimated future compensation under these agreements was approximately \$6.8 million. Outside the U.S., the Company has entered into employment agreements with certain employees pursuant to local country regulations. Generally, these agreements do not have expiration dates. As a result it is impractical to estimate the amount of future compensation under these agreements. Accordingly, the future compensation under these agreements is not included in the \$6.8 million total above.

##### *Forward Flow Agreements:*

The Company is party to several forward flow agreements that allow for the purchase of nonperforming loans at pre-established prices. The maximum remaining amount to be purchased under forward flow agreements at December 31, 2022 was approximately \$792.2 million.

##### *Finance Receivables:*

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

##### *Litigation and Regulatory Matters:*

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

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

The Company believes that the estimate of the aggregate range of reasonably possible losses in excess of the amount accrued for its legal proceedings outstanding at December 31, 2022, where the range of loss can be estimated, was not material.



In certain legal proceedings, the Company may have recourse to insurance or third-party contractual indemnities to cover all or portions of its litigation expenses, judgments, or settlements. Loss estimates and accruals for potential liability related to legal proceedings are typically exclusive of potential recoveries, if any, under the Company's insurance policies or third-party indemnities. The Company has not recorded any potential recoveries under the Company's insurance policies or third-party indemnities as of December 31, 2022.

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

Consumer Financial Protection Bureau ("CFPB") Investigation

In response to requests and civil investigative demands from the CFPB, the Company has provided certain documents and data regarding its debt collection practices to the CFPB. In December 2020, the CFPB advised the Company that the CFPB believes the Company may have violated certain provisions of the Company's Consent Order with the CFPB and applicable law and provided the Company with the opportunity to respond. The Company has discussed with the CFPB the possible resolution of the investigation. During the Company's discussions with the CFPB, the CFPB has taken positions with which the Company disagrees, including positions related to penalties, restitution and/or the adoption of new practices in the conduct of the Company's business. At this time, the Company believes accruals recorded reflect the anticipated outcome of the investigation.

Multi-State Investigation

On November 17, 2015, the Company received civil investigative demands from multiple state Attorneys General offices ("AGOs") broadly relating to its U.S. debt collection practices. The Company believes that it has fully cooperated with the investigations and discussed potential resolution of the investigations with the AGOs. In these discussions, the AGOs have taken positions with which the Company disagrees, including positions related to penalties, restitution and/or the adoption of new practices and controls in the conduct of the Company's business.

Although the Company has settled certain claims with one of the states, it is possible that one or more of the remaining individual state AGOs may file claims against the Company if the Company is unable to resolve its differences with them.

Iris Pounds v. Portfolio Recovery Associates, LLC

On November 21, 2016, Plaintiffs filed a putative class action against the Company in Durham County, North Carolina alleging violations of the North Carolina Prohibited Practices by Collection Agencies Act. The purported class consists of all individuals against whom the Company had obtained a judgment by default in North Carolina on or after October 1, 2009. On December 9, 2016, the Company removed the matter to the United States District Court for the Middle District of North Carolina (the "District Court"). On March 28, 2018, the District Court entered an order remanding the matter to the North Carolina state court; the United States Court of Appeals for the Fourth Circuit denied the Company's request for discretionary review on May 17, 2018. On January 11, 2019, the Company filed motions to compel arbitration with the North Carolina state court, which were denied. The North Carolina Court of Appeals affirmed the denial of the Company's motion to compel arbitration. Thereafter, the matter was stayed pending a decision by the North Carolina Supreme Court in a related case, *Pia Townes v. PRA*, which raised issues of first impression regarding interpretation of a number of provisions of the statute at issue. The North Carolina Supreme Court affirmed the decision in *Pia Townes v. PRA* by an equally divided court, thereby rendering the decision of the Court of Appeals of no precedential value. Discovery in this matter is ongoing, and the Company is defending the matter vigorously. The range of loss, if any, cannot be estimated at this time due to the uncertainty surrounding liability, class certification, ultimate class size, and interpretation of the statute, including statutory damages.

Telephone Consumer Protection Act ("TCPA") Litigation

On January 25, 2017, the Company resolved the matter of *In Re Portfolio Recovery Associates, LLC Telephone Consumer Protection Act Litigation*, which consisted of a number of class actions and single plaintiff claims consolidated by order of the Panel for Multi-District Litigation ("MDL"). While the settlement disposed of a large number of claims, several hundred class members opted out ("Opt-Out Plaintiffs") of that settlement. Many of these Opt-Out Plaintiffs have been consolidated before the MDL appointed court, which is the U.S. District Court for the Southern District of California, and are pending a determination on cross-motions for summary judgment. On April 1, 2021, the U.S. Supreme Court defined "automatic telephone dialing system" in its *Facebook v. Duguid* decision, which the Company expects to be dispositive of most or all of the Company's currently pending TCPA matters. However, the Company does not have certainty regarding such dispositions. As a result, the range of loss, if any, cannot be estimated at this time due to the uncertainty surrounding liability.

**15. Retirement Plans:**

The Company sponsors defined contribution plans primarily in the U.S. and Europe. The U.S. plan is organized as a 401(k) plan under which all employees over 18 years of age are eligible to make voluntary contributions to the plan up to 100% of their compensation, subject to IRS limitations, after completing six months of service, as defined in the plan. The Company makes matching contributions of up to 4% of an employee's salary. For the defined contribution plans in Europe, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Total compensation expense related to the Company's contributions was \$7.2 million, \$6.5 million and \$6.4 million for the years ended December 31, 2022, 2021 and 2020, respectively.

**16. Subsequent Event:**

On February 6, 2023, the Company completed the private offering of \$400.0 million aggregate principal amount of 8.375% Senior Notes due 2028 ("2028 Notes"). The 2028 Notes will accrue at a rate of its 8.375% per annum payable semiannually in arrears on February 1 and August 1 of each year, commencing on August 1, 2023. The 2028 Notes will mature on February 1, 2028, subject to earlier repurchase or redemption. A portion of the funds received from the 2028 Notes were deposited into a newly-formed segregated deposit account and the Company will use such proceeds to retire all or any portion of the 2023 Notes or to satisfy any other obligations with respect to the 2023 Notes. The Company used the remainder of the net proceeds to repay a portion of its outstanding borrowings under the domestic revolving credit facility under the North America Credit Agreement.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

*Evaluation of Disclosure Controls and Procedures.* We maintain disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. We conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Form 10-K. Based on this evaluation, the principal executive officer and principal financial officer have concluded that, as of December 31, 2022, our disclosure controls and procedures were effective.

*Management's Report on Internal Control Over Financial Reporting.* Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is defined in Exchange Act Rules 13a-15(f) and 15d-15(f) as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we carried out an evaluation of the effectiveness of our internal control over financial reporting based on the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on its assessment under this framework, management has determined that our internal control over financial reporting was effective as of December 31, 2022. Our independent registered public accounting firm, Ernst & Young LLP, has issued an audit report on the effectiveness of our internal control over financial reporting as of December 31, 2022, which is included herein.

*Changes in Internal Control over Financial Reporting.* There was no change in our internal control over financial reporting that occurred during the quarter ended December 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of PRA Group, Inc.:

### Opinion on Internal Control over Financial Reporting

We have audited PRA Group Inc.'s internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, PRA Group, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of PRA Group, Inc. (the "Company") as of December 31, 2022, the related consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2022, and the related notes, and our report dated February 27, 2023 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Richmond, Virginia  
February 27, 2023

**Item 9B. Other Information.**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not applicable.

**PART III****Item 10. Directors, Executive Officers and Corporate Governance.**

The information required by Item 10 is incorporated herein by reference to the sections labeled "Executive Officers," "Security Ownership," "Corporate Governance Board Committees," "Proposal 1: Election of Directors" and "Corporate Governance – Code of Conduct," in our definitive Proxy Statement for use in connection with the Company's 2023 Annual Meeting of Stockholders (the "Proxy Statement").

**Item 11. Executive Compensation.**

The information required by Item 11 is incorporated herein by reference to the sections labeled "Compensation Discussion and Analysis," "Compensation Tables and Information," "Corporate Governance – Director Compensation" and "Compensation Committee Report" in the Proxy Statement.

**Item 12. Security Ownership of Certain Beneficial Owners And Management And Related Stockholder Matters.**

The information required by Item 12 is incorporated herein by reference to the section labeled "Security Ownership" and "Compensation Tables and Information – Securities Authorized for Issuance Under Equity Compensation Plans" in the Proxy Statement.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information required by Item 13 is incorporated herein by reference to the sections labeled "Corporate Governance –Policy for Approval of Related Party Transactions" and "Corporate Governance-Director Independence" in the Proxy Statement.

**Item 14. Principal Accountant Fees and Services.**

Our independent registered public accounting firm for the year ended December 31, 2022 is Ernst & Young LLP, Richmond, VA, Auditor Firm ID: 42. Our previous independent registered public accounting firm for years prior to the year ended December 31, 2022 was KPMG LLP, Norfolk, VA Auditor Firm ID: 185.

The information required by Item 14 is incorporated herein by reference to the section labeled "Fees Paid to Independent Registered Accounting Firms" and "Audit Committee Pre-Approval Policies and Procedures" in the Proxy Statement.

**PART IV****Item 15. Exhibits and Financial Statement Schedules.****(a) Financial Statements.**

The following financial statements are included in Item 8 of this Form 10-K:

<a href="#">Reports of Independent Registered Public Accounting Firms</a>	<a href="#">40</a>
<a href="#">Consolidated Balance Sheets</a>	<a href="#">43</a>
<a href="#">Consolidated Income Statements</a>	<a href="#">44</a>
<a href="#">Consolidated Statements of Comprehensive Income</a>	<a href="#">45</a>
<a href="#">Consolidated Statements of Changes in Equity</a>	<a href="#">46</a>
<a href="#">Consolidated Statements of Cash Flows</a>	<a href="#">47</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">48</a>

**(b) Exhibits.**

- [3.1 Fifth Amended and Restated Certificate of Incorporation of PRA Group, Inc. \(Incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed June 17, 2020 \(File No. 000-50058\)\).](#)
- [3.2 Amended and Restated By-Laws of PRA Group, Inc. \(Incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed June 17, 2020 \(File No. 000-50058\)\).](#)
- [4.1 Indenture dated May 26, 2017 between PRA Group, Inc. and Regions Bank, as trustee \(Incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed May 26, 2017 \(File No. 000-50058\)\).](#)
- [4.2 First Supplemental Indenture dated as of March 31, 2021 between PRA Group, Inc. and Regions Bank, as trustee \(Incorporated by reference to Exhibit 4.4 of the Quarterly Report on Form 10-Q filed August 5, 2021 \(File No. 000-50058\)\).](#)
- [4.3 Indenture dated as of August 27, 2020 among PRA Group Inc., the Guarantors party thereto and Regions Bank, as Trustee \(Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed September 1, 2020 \(File No. 000-50058\)\).](#)
- [4.4 Indenture dated as of September 22, 2021 among PRA Group Inc., the domestic subsidiaries of PRA Group Inc., party thereto and Regions Banks, as trustee \(Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed September 24, 2021 \(Filed No. 000-50058\)\).](#)
- [4.5 Description of the Registrant's Securities Registered pursuant to Section 12 of the Securities Exchange Act of 1934 \(Incorporated by reference to Exhibit 4.3 of the Annual Report on Form 10-K filed February 26, 2021 \(File No. 000-50058\)\).](#)
- [10.1\\* 2013 Annual Bonus Plan \(Incorporated by reference to Appendix B to the Proxy Statement on Schedule 14A filed on April 19, 2013 \(File No. 000-50058\)\).](#)
- [10.2\\* 2013 Omnibus Incentive Plan \(Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on April 19, 2013 \(File No. 000-50058\)\).](#)
- [10.3\\* 2022 Omnibus Incentive Plan \(Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on April 28, 2022 \(File No. 000-50058\)\).](#)
- [10.4\\* Employment Agreement dated January 1, 2021 between PRA Group, Inc. and Certain Executives \(Incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed December 23, 2020 \(File No. 000-50058\)\).](#)
- [10.5\\* Form of Restricted Stock Unit Agreement \(Incorporated by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q filed August 7, 2020 \(File No. 000-50058\)\).](#)
- [10.6\\* Form of Performance Stock Unit Agreement \(Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed May 06, 2021 \(File No. 000-50058\)\).](#)
- [10.7\\* Form of Performance Stock Unit Agreement \(Incorporated by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q filed August 7, 2020 \(File No. 000-50058\)\).](#)
- [10.8\\* Form of Performance Stock Unit Agreement \(Incorporated by reference to Exhibit 10.6 to the Annual Report on Form 10-K filed February 26, 2021 \(File No. 000-50058\)\).](#)
- [10.9 Sixth Amendment to the Credit Agreement dated November 22, 2022 by and among PRA Group Inc. and PRA Group Canada Inc., the Guarantors, the Lenders party thereto, Bank of America, N.A., as Administrative Agent and Bank of America, N.A., acting through its Canada Branch, as Canadian Administrative Agent \(filed herewith\).](#)
- [10.10 UK Revolving Credit Agreement dated April 1, 2022 by and among PRA Group Europe Holding I S.à.r.l., PRA Group \(UK\) Limited and PRA Group, Inc., as Guarantors, the Lenders party thereto, MUFG Bank, LTD., acting through its London Branch, as Administrative Agent \(Incorporated by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q filed August 9, 2022 \(File No. 000-50058\)\).](#)
- [10.11 European Credit Agreement dated November 23, 2022 by and among PRA Group Europe Holdings S.à.r.l., a and its Swiss Bank, PRA Group Europe Holding S.à.r.l., Luxembourg, Zug Branch and DNB Bank ASA \(filed herewith\).](#)
- [16.1 Letter from KPMG LLP, dated November 18, 2021 \(Incorporated by reference to the Current Report on Form 8-K filed November 18, 2021 \(File No. 000-50058\)\).](#)
- [16.2 Letter from KPMG LLP, dated March 3, 2022 \(Incorporated by reference to the Current Report on Form 8-K filed March 3, 2022 \(File No. 000-50058\)\).](#)
- [21.1 Subsidiaries of PRA Group, Inc. \(filed herewith\).](#)
- [23.1 Consent of Ernst & Young LLP \(filed herewith\).](#)
- [23.2 Consent of KPMG LLP \(filed herewith\).](#)
- [24.1 Powers of Attorney \(included on signature page\) \(filed herewith\).](#)
- [31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 \(filed herewith\).](#)

<a href="#"><u>31.2</u></a>	<a href="#"><u>Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (filed herewith).</u></a>
<a href="#"><u>32.1</u></a>	<a href="#"><u>Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (filed herewith).</u></a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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

**Item 16. Form 10-K Summary.**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PRA Group, Inc.  
(Registrant)

February 27, 2023

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

**KNOW ALL PERSONS BY THESE PRESENTS**, that each of the undersigned whose signature appears below constitutes and appoints each of Kevin P. Stevenson and Peter M. Graham, his true and lawful attorneys-in-fact, with full power of substitution and resubstitution for him and on his behalf, and in his name, place and stead, in any and all capacities to execute and sign any and all amendments or post-effective amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact or any of them or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof and the registrant hereby confers like authority on its behalf.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

February 27, 2023

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

February 27, 2023

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



February 27, 2023

By: /s/ Steven D. Fredrickson  
Steven D. Fredrickson  
Director

February 27, 2023

By: /s/ Vikram A. Atal  
Vikram A. Atal  
Director

February 27, 2023

By: /s/ Danielle M. Brown  
Danielle M. Brown  
Director

February 27, 2023

By: /s/ Marjorie M. Connelly  
Marjorie M. Connelly  
Director

February 27, 2023

By: /s/ John H. Fain  
John H. Fain  
Director

February 27, 2023

By: /s/ James A. Nussle  
James A. Nussle  
Director

February 27, 2023

By: /s/ Brett L. Paschke  
Brett L. Paschke  
Director

February 27, 2023

By: /s/ Scott M. Tabakin  
Scott M. Tabakin  
Director

February 27, 2023

By: /s/ Peggy P. Turner  
Peggy P. Turner  
Director

February 27, 2023

By: /s/ Lance L. Weaver  
Lance L. Weaver  
Director

**SIXTH AMENDMENT TO CREDIT AGREEMENT**

This SIXTH AMENDMENT TO CREDIT AGREEMENT (this “Agreement” or this “Amendment”) is entered into as of November 22, 2022, among PRA GROUP, INC. (f/k/a Portfolio Recovery Associates, Inc.), a Delaware corporation (“PRA”, or the “Company”), PRA GROUP CANADA INC., a Canadian corporation amalgamated under the Canada Business Corporations Act (the “Canadian Borrower”, and, together with PRA, the “Borrowers”) the Guarantors party hereto, the Lenders party hereto, BANK OF AMERICA, N.A., as Administrative Agent and BANK OF AMERICA, N.A., acting through its Canada branch, as Canadian Administrative Agent.

**Recitals**

The Borrowers, the Guarantors, the Lenders, BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer and BANK OF AMERICA, N.A., acting through its Canada branch, as Canadian Administrative Agent, are party to that certain Amended and Restated Credit Agreement dated as of May 5, 2017 (as amended, supplemented, modified and in effect from time to time until the date hereof, the “Credit Agreement”), pursuant to which the Lenders agreed to provide senior credit facilities to the Borrowers. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Credit Agreement (as defined below).

The Borrowers and the Guarantors have requested that the Administrative Agent and the Lenders agree to certain amendments to the Credit Agreement as set forth herein. The Administrative Agent, the Canadian Administrative Agent and the Lenders are willing to agree to such amendments to the Credit Agreement on the terms and subject to the conditions hereinafter set forth.

In consideration of the foregoing recitals and the mutual covenants herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Borrowers, the Guarantors, the Lenders party hereto and the Administrative Agent hereby acknowledge and agree as follows:

**ARTICLE I****AMENDMENTS TO CREDIT AGREEMENT**

The Credit Agreement is hereby amended as follows:

1. The definition of “European Multicurrency Revolving Credit Facility” in Section 1.01 of the Credit Agreement is hereby amended in its entirety to read as follows:

“European Multicurrency Revolving Credit Facility” means that certain Multicurrency Revolving Credit Facility Agreement, originally dated as of October 23, 2014 (as may be amended, modified, supplemented, released, discharged, extended, restated or amended and restated from time to time), by and among PRA Group Europe Holding S.à.r.l., as borrower, the guarantors party thereto from time to time, the lenders party thereto from time to time and DNB, as the facility agent and security agent.

2. Section 8.03(q) of the Credit Agreement is hereby amended in its entirety to read as follows:

3.

(q) Indebtedness, including any undrawn funding commitments and any overdraft facility, of PRA Group Europe Holding S.à.r.l., or any direct or indirect parent holding company of such entity or any of its Subsidiaries (so long as such entity is not a Loan Party, other than PRA, which may Guarantee PRA Group Europe Holding S.à.r.l.'s obligations thereunder), under the European Multicurrency Revolving Credit Facility, including any renewals, refinancings, replacements, similar facilities (whether revolving, term or notes issuances), or increases in the amount thereof or, in each case, so long as (i) after giving effect to the incurrence of any such Indebtedness (which, for purposes of this Section 8.03(q) only, shall be computed based on the aggregate committed amount thereof, and not on the funded amount thereof) on a Pro Forma Basis, the Loan Parties would be in compliance with the financial covenants set forth in Section 8.11 as of the most recent fiscal quarter for which PRA was required to deliver financial statements pursuant to Section 7.01(a) or (b), and (ii) any such Guarantee by PRA is unsecured (or otherwise structurally subordinated to the Obligations) or contractually subordinated to the Obligations in a manner and pursuant to documentation reasonably satisfactory to the Administrative Agent;

## ARTICLE II

### CONDITIONS TO EFFECTIVENESS

The amendments set forth in Article I shall become effective on the date first written above (the "Sixth Amendment Effective Date"), when the following conditions have been met:

1. Counterparts. Receipt by the Agents of counterparts of this Amendment executed by the Administrative Agent, the Canadian Administrative Agent, the L/C Issuer, the applicable Lenders, the Borrowers and the Guarantors.

2. Expenses. Receipt by the Administrative Agent of all other reasonable fees and expenses due and owing in connection with this Agreement, including, without limitation, the reasonable and documented legal fees and expenses of Moore & Van Allen PLLC, counsel to the Agents and the Lenders.

## ARTICLE III

### MISCELLANEOUS

1. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

2. Electronic Execution; Electronic Records; Counterparts. This Amendment may be executed in multiple counterparts and by different parties hereto in separate counterparts, all of which, taken together, shall constitute an original. Delivery of an executed counterpart of a signature page of this Amendment by facsimile transmission or electronic transmission (in .pdf) will be effective as delivery of a manually executed counterpart hereof. This Amendment may be in the form of an Electronic Record and may be executed using Electronic Signatures (including facsimile and .pdf) and shall be considered an original, and shall have the same legal effect, validity and enforceability as a paper record. For the avoidance of doubt, the authorization under this Section 3.2 may include use or acceptance by the Agents of a manually signed paper communication which has been converted into electronic form (such as scanned into ".pdf"), or an electronically signed communication converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Agents are not under any obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Agents pursuant to procedures approved by them; provided, that, without limiting the foregoing, (a) to the extent the Agents have agreed to accept such Electronic Signature, the Agents shall be entitled to

rely on such Electronic Signature purportedly given by or on behalf of any Loan Party, any Lender, L/C Issuer, or the Swing Line Lender without further verification, and (b) upon the request of any Agent, any Electronic Signature shall be promptly followed by a manually executed, original counterpart.

3. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

4. Full Force and Effect; Limited Amendment. Except as expressly amended hereby, all of the representations, warranties, terms, covenants, conditions and other provisions of the Credit Agreement and the other Loan Documents shall remain unchanged and shall continue to be, and shall remain, in full force and effect in accordance with their respective terms and each Borrower and each Guarantor confirms, reaffirms and ratifies all such documents and agrees to perform and comply with the terms and conditions of the Credit Agreement and the other Loan Documents. The amendments set forth herein shall be limited precisely as provided for herein to the provisions expressly amended herein and shall not be deemed to be an amendment to, waiver of, consent to or modification of any other term or provision of the Credit Agreement or any other Loan Document or of any transaction or further or future action on the part of any Loan Party which would require the consent of the Lenders under the Credit Agreement or any of the Loan Documents. This Amendment shall constitute a Loan Document.

5. Representations and Warranties. To induce the Agents and the Lenders to execute and deliver this Amendment, each Borrower hereby represents and warrants to the Agents and the Lenders as of the Sixth Amendment Effective Date that no Default or Event of Default exists and all statements set forth in Section 5.02(a) of the Credit Agreement are true and correct in all material respects (unless qualified by materiality or Material Adverse Effect, in which case, such statement shall be true and correct in all respects) as of such date, except to the extent that any such statement expressly relates to an earlier date (in which case such statement was true and correct in all material respects (unless qualified by materiality or Material Adverse Effect, in which case, such statement was true and correct in all respects) on and as of such earlier date).

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

BORROWERS:

PRA GROUP, INC.

By:

Name: Peter M. Graham  
Title: Executive Vice President and Chief Financial Officer

PRA GROUP CANADA, INC.

By:

Name: Dennis Hunter  
Title: Vice President

GUARANTORS:

PORTFOLIO RECOVERY ASSOCIATES, LLC

By:

Name: Christopher B. Graves  
Title: President, Treasurer and Secretary

PRA HOLDING I, LLC  
PRA HOLDING II, LLC  
PRA HOLDING III, LLC  
PRA HOLDING IV, LLC  
PRA HOLDING V, LLC  
PRA HOLDING VI, LLC  
PRA HOLDING VII, LLC

By:

Name: Peter M. Graham  
Title: Vice President and Treasurer

PRA FINANCIAL SERVICES, LLC  
PRA AUTO FUNDING, LLC

By:

Name: Christopher D. Lagow  
Title: Manager

PRA RECEIVABLES MANAGEMENT, LLC

By:

Name: Carol Elizabeth Hardy  
Title: Vice President

CLAIMS COMPENSATION BUREAU

By:

---

Name: Robert J. Rey  
Title: President

BANK OF AMERICA, N.A., as  
Administrative Agent

By:

---

Name: Felicia Brinson  
Title: Assistant Vice President

BANK OF AMERICA, N.A., acting through its Canada  
branch, as Canadian Administrative Agent

By:

---

Name: Medina Sales de Andrade  
Title: Vice President

BANK OF AMERICA, N.A.,  
as a Lender

By:

---

Name: Mark A. Zirkle  
Title: Senior Vice President

BANK OF AMERICA, N.A.,  
acting through its Canada branch, as a Lender

By:

---

Name: Medina Sales de Andrade  
Title: Vice President

TRUIST BANK,  
as a Lender

By:

---

Name: Madison Waterfield  
Title: Vice President

CAPITAL ONE, N.A.,  
as a Lender

By:

---

Name: Eric Purzycki  
Title: Duly Authorized Signatory

FIFTH THIRD BANK, NATIONAL  
ASSOCIATION  
as a Lender

By:

---

Name:	Sam Schuessler
Title:	Associate

FIFTH THIRD BANK, NATIONAL  
ASSOCIATION, acting through its Canada branch, as a  
Lender

By:

---

Name:	Sam Schuessler
Title:	Associate

MUFG BANK, LTD. f/k/a THE BANK OF TOKYO-  
MITSUBISHI UFJ, LTD.,  
as a Lender

By:

---

Name:	George Stoecklein
Title:	Managing Director

DNB CAPITAL LLC,  
as a Lender

By:

---

Name:	Dania Hinedi
Title:	Senior Vice President

By:

---

Name:	Devan Patel
Title:	Senior Vice President

ING CAPITAL LLC  
as a Lender

By:

---

Name:	Jonathon Banks
Title:	Managing Director

By:

---

Name:	Alex Kreissman
Title:	Director

REGIONS BANK,  
as a Lender

By: \_\_\_\_\_

Name: William Soo  
Title: Director

Citizens Bank, N.A.  
as a Lender

By: \_\_\_\_\_

Name: Karmyn Paul  
Title: Vice President

KEYBANK NATIONAL ASSOCIATION,  
as a Lender

By: \_\_\_\_\_

Name: Ashley Braniecki  
Title: Vice President

ATLANTIC UNION BANK,  
as a Lender

By: \_\_\_\_\_

Name: William P. Massie  
Title: Vice President

RAYMOND JAMES BANK,  
as a Lender

By: \_\_\_\_\_

Name: Kathy Bennett  
Title: Senior Vice President

FARMERS BANK,  
as a Lender

By: \_\_\_\_\_

Name: Jeffrey S. Creekmore  
Title: Senior Vice President

FIRST HORIZON BANK  
as a Lender

By: \_\_\_\_\_

Name: Todd Warrick  
Title: EVP



Exhibit 10.11

*The taking of this document or any certified copy of it or any other document which constitutes substitute documentation for it, or any document which includes written confirmations or references to it, into Austria as well as printing out any e-mail communication which refers to this document in Austria or sending any e-mail communication to which a pdf-scan of this document is attached to an Austrian addressee or sending any e-mail communication carrying an electronic or digital signature which refers to this document to an Austrian addressee may cause the imposition of Austrian stamp duty under the Austrian Stamp Duty Act 1957. Accordingly, keep the original document as well as all certified copies thereof and written and signed references to it outside of Austria and avoid printing out any e-mail communication which refers to this document in Austria or sending any e-mail communication to which a pdf-scan of this document is attached to an Austrian addressee or sending any e-mail communication carrying an electronic or digital signature which refers to this document to an Austrian addressee.*

**EUR 730,000,000**

**MULTICURRENCY REVOLVING CREDIT FACILITY AGREEMENT**

dated 23 November 2022 for

**PRA Group Europe Holding S.à r.l**

arranged by

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

**DNB Bank ASA, Nordea Bank Abp, filial i Norge and Swedbank AB (publ)**  
as Bookrunners and

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

as Lenders with

**DNB BANK ASA**

as Facility Agent and

**DNB BANK ASA**

as Security Agent

[www.bahr.no](http://www.bahr.no)

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**THIS AGREEMENT** is entered into on 23 November 2022 between:

- (1) **PRA Group Europe Holding S.à r.l.**, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 42-44, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B183422 and acting through its Swiss branch office PRA Group Europe Holding S.à r.l., Luxembourg, Zug Branch (the “**Swiss Branch**”) at Bundesstrasse 5, 6300 Zug, Switzerland (registration number CHE-305.746.539) as borrowers (each a “**Borrower**”, together the “**Borrowers**”);
- (2) **THE COMPANIES** listed in Schedule 1 as guarantors (each a “**Guarantor**”);
- (3) **THE LENDERS** listed in Schedule 2 as lenders (each a “**Lender**”);
- (4) **DNB Bank ASA** of Dronning Eufemias gate 30, 0191 Oslo, Norway (registration number 984 851 006) as facility agent (the “**Facility Agent**”);
- (5) **DNB Bank ASA** of Dronning Eufemias gate 30, 0191 Oslo, Norway (registration number 984 851 006) as security agent (the “**Security Agent**”);
- (6) **DNB Bank ASA**, of Dronning Eufemias gate 30, 0191 Oslo, Norway (registration number 984 851 006), **Nordea Bank Abp, filial i Norge** of Essendrops gate 7, 0368 Oslo, Norway (the Norwegian branch of **Nordea Bank Abp** of FI-00020 NORDEA, Finland with registration no. 2858394-9) and **Swedbank AB (publ)** of Landsvägen 40, 172 63 Sundbyberg, Sweden as mandated lead arrangers (the “**Mandated Lead Arrangers**”); and
- (7) **DNB Bank ASA**, of Dronning Eufemias gate 30, 0191 Oslo, Norway (registration number 984 851 006), **Nordea Bank Abp, filial i Norge** of Essendrops gate 7, 0368 Oslo, Norway (the Norwegian branch of **Nordea Bank Abp** of FI-00020 NORDEA, Finland with registration no. 2858394-9) and **Swedbank AB (publ)** of Landsvägen 40, 172 63 Sundbyberg, Sweden as bookrunners (the “**Bookrunners**”).

**IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

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

“**Accession Agreement**” means an agreement substantially in the form set out in Schedule 6 (*Form of Accession Agreement*), or as otherwise approved by the Facility Agent whereby *inter alia* a person becomes a Party to this Agreement in relation to all existing Parties under this Agreement and all existing Parties, including any subsequent Party, become bound in relation to such new acceding Party.

"**Accordion Increase**" has the meaning given to it in Clause 2.2 (The Accordion Option).

"**Accordion Increase Amount**" has the meaning given to it in Clause 2.2 (The Accordion Option).

"**Accordion Increase Date**" means the date on which an Accordion Increase takes effect in accordance with Clause 2.2.16.

"**Accordion Notice**" has the meaning given to it in Clause 2.2 (The Accordion Option). "**Accordion Notice Period**" has the meaning given to it in Clause 2.2 (The Accordion Option). "**Accordion Option**" means the option described in Clause 2.2 (The Accordion Option). "**Accounting Principles**" means either GAAP Principles or CECL Principles as applicable. "**Accounting Reference Date**" means 31 December.

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

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

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

"**Aggregate Cash Purchase Price**" means the agreed purchase price for a Loan Portfolio. Any claims and/or cash paid to the seller as a result of claims reported in accordance with Clause 14.1.10 (*Claims from sellers of Approved Loan Portfolio*) shall be deducted from the Acquisition Price.

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

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

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

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

"**Applicable Margin**" means:

in relation to any Loan when the ERC Ratio is:

- (a) equal to or above 40%, 3.80% per annum;
- (b) equal to or above 30% but lower than 40%, 3.20% per annum;

- (c) above 25% but lower than 30%, 3.10% per annum; and
- (d) below or equal to 25%, 2.80% per annum.

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

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

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

- (i) claims arising from Lenders, financial institutions under supervision of a financial authority, other reputable entities engaged in consumer-based financing or telecommunication, utility or mail order companies;
- (ii) the seller of the Loan Portfolio is a party unconnected with the Borrowers or any of its affiliates (other than in relation to a sale from one Portfolio Owner to another Portfolio Owner);
- (iii) the buyer of the Loan Portfolio is a Portfolio Owner (except for such acquisition described in (b) above);
- (iv) the acquired Loan Portfolio is not subject to any Encumbrance or any other restrictions where the seller of the Loan Portfolio or a related party of the seller has a right to re-purchase the acquired Loan Portfolio (save where such re-purchase right addresses concerns of the seller relating to (i) (its) compliance with laws and regulations, (ii) reputational issues, (iii) the failure of the relevant portfolio owner to comply with industry practice standards, or (iv) similar reasons not financially motivated, provided in each case that such re-purchase right is on customary terms and conditions);
- (v) forward flow contracts shall have a maturity or repricing event of maximum twenty-four (24) months or a termination clause or exit option with the same effect; and
- (vi) the acquisition shall not lead to a breach of any of the following conditions:
  - (A) ERC of Loan Portfolios with an Acquisition Price exceeding 60% of Face Value shall in aggregate not constitute more than 5% of the aggregate ERC of Total Loan Portfolios;
  - (B) ERC of Loan Portfolios from Permitted Jurisdictions shall in aggregate exceed 90% of the aggregate ERC of Total Loan Portfolios;
  - (C) ERC of Loan Portfolios consisting of claims deriving from telecommunication business shall not exceed 10% of the aggregate ERC of Total Loan Portfolios; and

- (D) ERC of Loan Portfolios consisting of personal claims or personally guaranteed claims shall exceed 90% of the aggregate ERC of Total Loan Portfolios.

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

**“Asset”** means each purchased Approved Loan Portfolio.

**“Asset Proceeds”** means with respect of the Assets any and all payments and other proceeds or assets received with respect to such Asset.

**“Asset Pool Report”** means a report in substantially the form of Schedule 18 (*Form of Asset Pool Report*), generated on a vintage basis from year 2014 onwards in accordance with the year of acquisition of the Approved Loan Portfolio, showing inter alia the ERC of the Assets and the Asset Proceeds on a vintage basis.

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

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

**“Available Facility”** means, at any time, the lesser of (i) the Total Commitments and (ii) the Borrowing Base, in each case less:

- (a) the Original Base Currency amount of any outstanding Utilisations under that Facility; and
- (b) in relation to any proposed Utilisation, the Original Base Currency Amount of any Utilisations that are due to be made on or before the proposed Utilisation Date,

other than, in relation to any proposed Utilisation, any Utilisations under that Facility that are due to be repaid or prepaid on or before the proposed Utilisation Date.

**“Availability Period”** means, the period from and including the Closing Date to and including the date falling thirty (30) days before the Final Repayment Date, however so that any increase in the Total Commitments pursuant to Clause 2.2 (*The Accordion Option*) shall have an availability period from the date beginning on the relevant Accordion Increase Date to the date falling thirty (30) days before the Final Repayment Date.

“**Benefit Plan**” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

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

“**Borrowing Base**” means the amount, calculated in the Original Base Currency, which when included in GIBD would result in the ERC Ratio being equal to 45%.

“**Break Cost**” means such amounts that may become payable pursuant to clause 24.1 (*Break Cost*).

“**Business Day**” means:

- (a) a day (other than a Saturday or a Sunday) on which Lenders are open for general interbank business in Oslo and Stockholm; and
- (b) in respect of a transaction involving Euros a day which also is a TARGET Day; and
- (c) in respect of a day on which a payment or other transaction in an Optional Currency is made under this Agreement, also a day (other than a Saturday, Sunday or other public holiday) on which a bank and foreign exchange markets are open for business in the principal financial centre of that Optional Currency.

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

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

“**CECL Principles**” means the CECL (Current Expected Credit Loss) accounting standard.

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

“**Change of Control**” has the meaning given to that term in Clause 7.2.2.

“**CIBOR**” means in relation to any Loan or other sum in DKK:

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

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

“**Closing Date**” means the date on which all conditions precedent pursuant to Clause 4.1 (*Documentary conditions precedent*) have been satisfied or waived.

“**Code**” means the US Internal Revenue Code of 1986.

“**Collection Company**” means an entity appointed as a collection company for the sole purpose of collection in respect of a Loan Portfolio on behalf of a Portfolio Owner (unless otherwise agreed with the Majority Lenders). For the avoidance of doubt, no member of PRA Group UK Group shall be a Collection Company.

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

“**Compliance Certificates**” has the meaning given to that term in Clause 14.1.4 (*Compliance Certificates*), a form of which is set out in Schedule 10 (*Form of Compliance Certificate*) and Schedule 11 (*Form of Compliance Certificate – Parent Covenants*).

“**Debtor Relief Laws**” means the US Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States.

“**Default**” means any event or circumstance specified in Clause 15 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

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

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

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

“**Drawdown Notice**” means a notice substantially in the form set out in Part 1 of Schedule 5.

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



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

**“ERC”** means the aggregated amount of estimated remaining collections, meaning the gross remaining cash collections which the Security Portfolio Owners anticipate to receive from the Total Loan Portfolios (excluding such Total Loan Portfolios which is subject to or otherwise affected by an Encumbrance permitted under (e) of the definition of Permitted Encumbrance or held by a company over which such an Encumbrance exists) calculated using the ERC Model on a gross basis for a maximum of a rolling one hundred and eighty (180) months forward looking period.

**“ERC Model”** means the formula that the Group uses to calculate the value of its loan portfolios consistent with the CECL Principles.

**“ERC Ratio”** means the percentage of GIBD to the ERC.

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

**“ERISA Affiliate”** means any trade or business (whether or not incorporated) under common control with the Parent within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

**“ERISA Event”** means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of the Parent or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Parent or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is insolvent; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Sections 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; or (h) the imposition of any material liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Parent or any ERISA Affiliate.

**“EUR”** means the lawful currency of certain member states of the European Union, as issued by the European Central Bank.

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

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

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

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

“**Event of Default**” means any event specified as such in Clause 15.1 (*Events of Default*).

“**Existing Increase Lender**” has the meaning given to it under Clause 2.2 (The Accordion Option).

“**Existing Loan Portfolio(s)**” means Loan Portfolios owned by a Portfolio Owner at the date of this Agreement which fulfils the requirements set out under (i) through (vii) under the definition of Approved Loan Portfolio, or to the extent listed in Schedule 9 (*Certain Approved Loan Portfolios*).

“**Existing Facility**” means the USD 750,000,000 multicurrency revolving credit facility, originally dated 23 October 2014, as later amended and restated (latest on 29 March 2022), entered into between, *inter alios*, the Borrowers as borrowers and the Lenders as lenders.

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

“**Facility**” means the up to EUR 730,000,000 multicurrency revolving credit facility as described in Clause 2.1 (*The Facility*).

“**FATCA**” means;

- (a) Sections 1471 to 1474 of Code of 1986 or any associated regulations or other official guidance;
- (b) Any treaty, law regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other Jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) Any agreement pursuant to the implementation of paragraphs (a) or (b) above with the United States of America Internal Revenue Service, the United States of America’s government or any governmental or taxation authority in any other jurisdiction.

“**FATCA Application Date**” means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the United States of America), 1 July 2014; or
- (b) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraph (a), the first date from which such payment may become subject to a deduction or withholding required by FATCA.

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

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

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

“**Final Repayment Date**” the date falling 5 years after the date of this Agreement.

“**Finance Documents**” means:

- (a) this Agreement;
- (b) the Fee Letter(s);
- (c) any Overdraft Facility Agreement;
- (d) the Hedging Agreements;
- (e) the Security Documents;
- (f) the Parent Guarantee;
- (g) each Accession Agreement;
- (h) each Transfer Certificate;
- (i) the Parallel Debt Agreement;
- (j) the Cash Pool Agreement; and
- (k) each other document agreed as such in writing by the Facility Agent and the Borrowers.

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

“**Financial Support**” means loans, guarantees, credits, indemnities, equity injections or other similar form of credit or financial support.

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

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

“**GAAP Principles**” means generally accepted accounting practices and principles in the country in which the Borrowers and the Parent (as applicable) is incorporated including, if applicable, IFRS.

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

“**GIBD**” means gross interest bearing debt, including but not limited to (i) any Loan, (ii) any Vendor Financing, (iii) any utilisations under the Overdraft Facility, (iv) the AK Nordic Deposits less Earmarked Funds and (v) any debt as permitted under (f) of the definition of Permitted Indebtedness (where such portfolio is included in the calculation of Approved Loan Portfolios), but for the avoidance of doubt excluding any Shareholder Loans.

“**Group**” means the Borrowers and its Subsidiaries, except for any member of PRA Group UK Group and any Non-Recourse Companies, but for the avoidance of doubt including the Polish Securitization Fund.

“**Group Company**” means any of the Borrowers and its Subsidiaries, except for any member of PRA Group UK Group and any Non-Recourse Company.

“**Guarantees**” means the guarantees provided by the Guarantors under Clause 11 (*On demand guarantee and indemnity*) or in such separate documentation as may be agreed with the Lenders, including but not limited to the on demand guarantee to be provided by the Parent substantially in the form set out in Schedule 16 (*Form of Parent Guarantee*) hereof (the “**Parent Guarantee**”), guaranteeing amounts outstanding in relation to the Finance Documents.

“**Guarantors**” means, except where specified otherwise, the Group Companies and the Parent as specified in Schedule 1 as guarantors and any other Group Company that becomes party to this Agreement pursuant to Clause 12.3 (*Additional Guarantor*) and “**Guarantor**” shall be construed accordingly. For the avoidance of doubt: each of PRA Group UK Group and AK Nordic shall not be a Guarantor.

“**Hedging Agreement**” means a master agreement and related interest and currency hedging instruments entered into or to be entered into between the Borrowers and a Hedging Bank as part of its hedging strategy.

“**Hedging Bank**” means each Lender or an affiliate of a Lender which enters or has entered into a Hedging Agreement with a member of the Group.

“**IBOR**” means:

- (a) in respect of a Loan or other sum in DKK, CIBOR;
- (b) in respect of a Loan or other sum in NOK, NIBOR;
- (c) in respect of a Loan or other sum in SEK, STIBOR;

- (d) in respect of a Loan or other sum in EUR, EURIBOR; and
- (e) in respect of a Loan or other sum in PLN, WIBOR.
- (f) in respect of a Loan or other sum in an Optional Currency (other than DKK, NOK, SEK, EUR and PLN), such reference rate as may be agreed between the Agent (on behalf of all the Lenders) and the Borrower.

**“Increase Confirmation”** means a confirmation substantially in the form set out in Schedule 14 (*Form of Increase Confirmation*) hereof.

**“Increase Lender”** has the meaning given to it in Clause 2.2 (The Accordion Option).

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

- (a) moneys borrowed or raised;
- (b) any bond, note, loan stock, convertible, debenture or similar instrument;
- (c) any redeemable preference share which is redeemable at the option of the holder at any time prior to the second anniversary of the Final Repayment Date;
- (d) any acceptance credit, bill discounting, note purchase, factoring or documentary credit facility;
- (e) the supply of any goods or services which is more than eighty (80) days past the expiry of the period customarily allowed by the relevant supplier after the due date;
- (f) any lease, hire agreement, credit sale agreement, hire purchase agreement, conditional sale agreement or instalment sale and purchase agreement which should be treated in accordance with the Accounting Principles as a finance or capital lease or in the same way as a finance or capital lease;
- (g) any guarantee, bond, stand by letter of credit or other similar instrument issued in connection with the performance of contracts;
- (h) any interest rate or currency swap agreement or any other hedging or derivatives instrument or agreement;
- (i) any arrangement entered into primarily as a method of raising finance pursuant to which any asset sold or otherwise disposed of by that person is or may be leased to or re acquired by a Group Company (whether following the exercise of an option or otherwise); or
- (j) any guarantee, indemnity or similar insurance against financial loss given in respect of the obligation of any person falling within any of paragraphs (a) to (i) above.

**“Insolvency Regulation”** means the regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast).

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

“**Interest Date**” means the last day of an Interest Period.

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

“**Intra-Group Loans**” means any and all loans and credits between (i) the Borrowers and any of their Subsidiaries, (ii) PRA Group Europe AS and any of the Borrower’s Subsidiaries and (iii) PRA Group Europe Finance S.à r.l. and any of the Borrowers’ Subsidiaries, in each case, subject to a loan agreement being satisfactory to the Agent and any receivables created thereunder being assigned, where required in order to comply with the terms of this Agreement, pursuant to an Assignment of Intra-Group Loans. Any loans and credits between any Group Company and any member of PRA Group UK Group shall not be an Intra-Group Loan.

“**Lenders**” means the lenders and financial institutions listed in Schedule 2 (*the Lenders*), their respective successors, any Lender Transferee and any Increase Lender.

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

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

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

“**Luxembourg Domiciliation Law**” means the Luxembourg law of 31 May 1999 governing the domiciliation of companies.

“**Majority Lenders**” means a Lender or a group of Lenders including any overdraft lenders whose Commitments comprise at least 66.66 per cent of the Total Commitments (taking no account, for the purpose of this definition, of the last sentence of Clause 15.2 (*Acceleration, etc.*)). The Majority Lenders shall consist of a minimum of two Lenders if there is more than one Lender.

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

“**Material Adverse Effect**” means any effect which:

- (a) is materially adverse to the ability of any Obligor (including the Parent) to comply with its payment obligations under any Finance Document; or
- (b) is materially adverse to the ability of any Obligor (including the Parent) to comply with its obligations under Clause 14.4 (*Financial undertakings*); or
- (c) is materially adverse to the business, financial condition or assets of the Group taken as a whole; or

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

“**Multiemployer Plan**” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA and that is subject to Title IV of ERISA, to which the Parent or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“**Multiple Employer Plan**” means a Plan which has two or more contributing sponsors (which include the Parent or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“**New Increase Lender**” has the meaning given to it in Clause 2.2 (The Accordion Option).

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

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

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

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

“**Obligors**” means the Borrowers and the Guarantors (excluding the Parent unless specified otherwise), and “**Obligor**” shall be construed accordingly.

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

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

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

**“Overdraft Facility”** means the facility in the maximum amount of the Overdraft Facility Commitment made available to the Borrowers under the Overdraft Facility Agreement.

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

**“Overdraft Facility Agreement”** means an agreement between the Borrowers and a Lender for an overdraft facility agreement in the amount of the Overdraft Facility Commitment dated 23 October 2014.

**“Parallel Debt Agreement”** means the parallel debt agreement entered into between PRA Group Europe Holding S.à r.l. as debtor and DNB Bank ASA as security agent on or about the date of this Agreement and as further amended and/or amended and restated from time to time.

**“Parent”** means PRA Group, Inc.

**“Parent Group”** means the Parent and its Subsidiaries.

**“Participation”** means, in relation to a Lender:

- (a) and a Loan, the part of that Loan made available or to be made available by that Lender and thereafter the part of that Loan owing to that Lender from time to time;
- (b) and the Facility, the aggregate of its Participations in each Loan.

**“Party”** means a party to this Agreement.

**“PBGC”** means the Pension Benefit Guaranty Corporation or any successor thereto.

**“Pension Funding Rules”** means the rules of the Code and ERISA regarding minimum required contributions (including any instalment payment thereof) to Pension Plans and set forth in Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

**“Pension Plan”** means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by the Parent and any ERISA Affiliate or with respect to which the Parent or any ERISA Affiliate has any liability and is either covered by Title IV of ERISA or is subject to minimum funding standards under Section 412 of the Code.

**“Permitted Encumbrance”** means:

- (a) any Encumbrance under the Existing Facility (which is to be released upon first Utilisation under this Agreement);
- (b) any Encumbrance created under the Finance Documents;
- (c) a share pledge over the shares in PRA Group (UK) Limited granted in favour of MUFG Bank, Ltd, provided that any claim or recourse relating to the share pledge, any underlying claim, the enforcement or any other action in connection with such share pledge, shall be limited to the shares of PRA Group (UK) Limited;



- (d) any right of set off or lien, in each case arising by (i) operation of law in the ordinary course of business or (ii) otherwise in day-today operation of the Group, provided that no Vendor Financing may benefit from any Encumbrance including any right of set off or lien;
- (e) any Encumbrance incurred as a result of any Group Company acquiring another entity and which is due to such entity having provided security over any of its assets, provided that the debt secured with such security is Permitted Indebtedness in accordance with paragraph (g) of the definition of "Permitted Indebtedness" and that such security is discharged upon refinancing with any of the Borrowers as the new borrower and in any event within two (2) months after the date of acquisition of such asset or business;
- (f) any Encumbrance arising under the general terms and conditions of banks or Sparkassen (*Allgemeine Geschäftsbedingungen der Banken oder Sparkassen*) with whom any Group Company maintains a banking relationship in the ordinary course of business;
- (g) any Encumbrance created for purposes of insolvency protection under § 8a German Part Time Retirement Act (*Altersteilzeitgesetz*) and § 7b of the German Social Security Code IV (*SGB IV*) or any successor provisions;
- (h) any Encumbrance not listed above, securing debt of any Group Company, up to a maximum aggregate amount (for the Group) of EUR 5,000,000, provided that such Encumbrance shall not exist over any asset which is subject to a Security Document; and
- (i) any Encumbrance under ERISA or the Code with respect to a Plan or Multiemployer Plan that does not constitute an Event of Default; and
- (j) any other Encumbrance to the extent approved by the Majority Lenders in writing.

**"Permitted Indebtedness"** means:

- (a) Indebtedness under any Finance Document;
- (b) Indebtedness arising under a Hedging Agreement;
- (c) for PRA Group Europe AS and the Borrowers only, any indebtedness arising under the Cash Pool Agreement between a cash pool owner and the participants as set out in the Cash Pool Agreement in accordance with Clause 14.3.6 (*Cash Pool Agreement*), from 1 April 2015 limited (on an aggregate basis for the Group) to the total amount collected from the Loan Portfolios over the preceding calendar month;
- (d) any Indebtedness under any Intra-Group Loan which has been assigned pursuant to an Assignment of Intra-Group Loans, except for Intra-Group Loans to the Omega Securitization Fund exceeding a total of EUR 1,000,000;
- (e) Financial Support from the Borrowers to its shareholder resulting from the allocation, but not payment of dividends, subject to such receivable being fully subordinated to the Facility on terms acceptable to the Lenders and pledged in favour of the Lenders;

- (f) Indebtedness pertaining to any acquired asset or business existing on the date of their acquisition, but not created in the contemplation of their acquisition, provided that any such Indebtedness has been discharged within two (2) months after the date of acquisition of such asset or business;
- (g) Vendor Financing from entities not being Affiliates of the Borrowers, on terms acceptable to the Majority Lenders;
- (h) AK Nordic Deposits provided the conditions in Clause 14.3.5(c) (*Indebtedness*) is complied with;
- (i) any funding provided by AK Nordic to its branches provided that the branches are deemed not to be separate legal entities;
- (j) Indebtedness under the Overdraft Facility;
- (k) Indebtedness incurred pursuant to any current and future operating leases incurred in the ordinary course of the Group's business;
- (l) the amount of any Indebtedness in respect of any rental obligations for the lease of real property incurred in the ordinary course of business and on normal commercial terms;
- (m) any Shareholder Loan;
- (n) any Indebtedness not listed above in the aggregate amount (for the Group) of EUR 5,000,000; and
- (o) any other Indebtedness to the extent approved by the Majority Lenders in writing.

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

**“Plan”** means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of the Parent or any ERISA Affiliate or any such Plan to which the Parent or any ERISA Affiliate is required to contribute on behalf of any of its employees, but in all cases, excluding a Multiemployer Plan.

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

**“Polish Horyzont Portfolio”** means the Loan Portfolios owned by the Horyzont Securitization Fund.

**“Polish Portfolios”** means the Polish Horyzont Portfolio.

**“Polish Portfolio Notes”** means

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

**“Polish Securitization Fund”** means the Horyzont Securitization Fund.

**“Polish Security”** means submissions to enforcement in the form of notarial deeds from the relevant security provider in respect of its Polish assets.

**“Polish Security Documents”** means the Polish registered and financial pledges required under the Polish security documents and the submissions to enforcement listed in Schedule 4 (*Conditions Subsequent*).

**“Portfolio Owner”** means any wholly owned direct or indirect subsidiary of the Borrowers, except for any member of PRA Group UK Group, owning Existing Loan Portfolios and/or Approved Loan Portfolios in accordance with clause 14.2.15 (*Ownership of Loan Portfolios*) which for the avoidance of doubt shall not include the Polish Securitization Fund.

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

**“PRA Group UK Group”** means PRA Group (UK) Limited and any of its current or future Subsidiaries.

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

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

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

**“Refusal Period”** has the meaning given to it in Clause 2.2 (The Accordion Option).

**“Related Parties”** means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates, and **“Related Party”** means any of them.

**“Remaining Accordion Commitments”** has the meaning given to it in Clause 2.2 (The Accordion Option).

**“Reportable Event”** means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty-day notice period has been waived.

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

**“Responsible Officer”** means, in respect of the Parent either of its (i) chief executive officer, (ii) president, (iii) chief financial officer, (iv) treasurer, (v) senior vice president – global controller, (vi) global controller, (vii) general counsel, or (viii) other authorized signatory.

**“Restricted Party”** means a person:

- (a) that is listed on any Sanctions List (whether designated by name or by reason of being included in a class of persons);
- (b) that is domiciled, registered as located or having its main place of business in, or is incorporated under the laws of, a country which is subject to Sanctions Laws, which attach legal effect to being domiciled, registered as located in, having its main place of business in, and/or being incorporated under the laws of such country; or
- (c) that is directly or indirectly owned or controlled by a person referred to in paragraph a) and/or (b) above; or
- (d) with which any Lender is prohibited from dealing with by any Sanctions Laws.

**“Rollover Loan”** means one or more Loans:

- (a) made or to be made on the same day that a maturing Loan is due to be repaid;
- (b) the aggregate amount of which is equal to or less than the maturing Loan; and
- (c) made or to be made to the same Borrower for the purpose of refinancing a maturing Loan.

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

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

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

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

- (a) in relation to EURIBOR, on Thomson Reuters screen page EURIBOR 01;
- (b) in relation to WIBOR, the Warsaw interbank offered rate for the relevant period (before any correction, recalculation or republication by the administrator) on the relevant Thomson Reuters or Refinitiv screen;
- (c) in relation to NIBOR, on Thomson Reuters screen page OIBOR; and

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

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

**“Secured Obligations”** means all obligations and liabilities of each Obligor (including the Parent for this purpose) under the Finance Documents, including (without limitation) (i) the Borrowers’ obligation to repay the Utilisations together with all unpaid interest, default interest, commissions, charges, expenses and any other derived liability whatsoever of the Obligors towards the Finance Parties in connection with the Finance Documents (and, where relevant in any applicable jurisdictions, the parallel debt obligations pursuant to the Parallel Debt Agreement), (ii) obligations which, but for the automatic stay under section 362(a) of the US Bankruptcy Code, would become due and (iii) any interest and fees accruing after the commencement by or against any Obligor or any Affiliate thereof of any proceeding under any Debtor Relief Law at the rate provided for in this Agreement, whether or not such interest and fees are allowed claims in any such proceeding.

**“Security Agent”** means DNB Bank ASA in its capacity as Security Agent and each successor Security Agent appointed under Clause 18.13 (*Resignation of the Agent*).

**“Security Documents”** means:

- (a) the documents listed in Schedule 13 (*Security Documents*) as from time to time amended and/or supplemented;
- (b) this Agreement and any Accession Agreement pursuant to which a Group Company becomes an Obligor; and

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

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

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

**“Security Provider”** means AK Nordic AB and PRA Group Polska Sub-Holding sp. z o.o. and any member of the Parent Group, not being an Obligor, providing Transaction Security to the Finance Parties as security for the Secured Obligations.

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

**“Shareholder Loan”** means any shareholder loan to any of the Borrowers that:

- (a) is fully subordinated to the obligations of the Group under any Finance Documents on terms satisfactory to the Agent (acting on the instruction of the Majority Lenders), subject to a separate subordination undertaking and with no right of service or repayment (each a **“Payment”**) unless the Borrowers are in compliance with all provisions of this Agreement (including those set out in Clause 14 (*Undertakings*)) immediately prior to and immediately after the relevant Payment is made or with the consent in writing of the Agent (acting on the instruction of the Majority Lenders);
- (b) has a tenor of no less than three months (subject to (a) above);
- (c) has an interest rate that does not exceed the applicable base rate + margin of 7.5%;
- (d) is pledged in favour of, and on terms satisfactory to, the Security Agent (on behalf of the Lenders) as security for the Secured Obligations; and
- (e) can solely be utilised to acquire Approved Loan Portfolios.

The aggregate amount of the Shareholder Loans including interest shall not at any time exceed an amount equal to 40% of the Total Commitment.

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

**“Solvent”** and **“Solvency”** mean, with respect to any US Obligor on a particular date, that on such date (a) such US Obligor is able to pay its debts and other liabilities, contingent obligations and other commitments as they mature in the ordinary course of business, (b) such US Obligor does not intend to, and does not believe that it will, incur debts or liabilities beyond such US Obligor’s ability to pay as such debts and liabilities mature in their ordinary course, (c) such US Obligor is not engaged in a business or a transaction, and is not about to engage in a business or transaction, for which such US Obligor’s property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such US Obligor is engaged or is to engage, (d) the fair value of such US Obligor’s property is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such US Obligor, and (e) the present fair saleable value of such US Obligor’s assets is not less than the amount that will be required to pay the probable liability of such US Obligor on its debts as they become absolute and matured. In computing the amount of contingent and unliquidated liabilities at any time, it is intended that such liabilities shall be computed at the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“**Spanish Share Pledge**” means the Spanish law pledge over the *quotas* in PRA Iberia, S.L.U. granted by PRA Group Europe AS (as amended from time to time) as listed in Schedule 4 (*Conditions Subsequent*).

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

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

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

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

- (a) has direct or indirect control; or
- (b) owns directly or indirectly more than fifty (50) per cent (votes and/or capital),

for these purposes, an entity shall be treated as being controlled by a person if that person is able to direct its affairs and/or control the composition of its board of directors or equivalent body. However, any member of PRA Group UK Group shall not be a Subsidiary.

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

- (a) guideline S-02.123 in relation to interbank loans of September 22, 1986 (Merkblatt Verrechnungssteuer auf Zinsen von Bankguthaben, deren Gläubiger Banken sind (Interbankguthaben) vom 22. September 1986);
- (b) guideline S-02.130.1 in relation to money market instruments and book claims of April 1999 (Merkblatt vom April 1999 betreffend Geldmarktpapiere und Buchforderungen inländischer Schuldner);
- (c) guideline S-02.122.1 in relation to bonds of April 1999 (Merkblatt Obligationen vom April 1999);
- (d) circular letter no. 34 (1.034 – V – 2011) of July 2011 in relation to deposits (Kreisschreiben Nr. 34 vom Juli 2011 betreffend Kundenguthaben); and
- (e) guideline S-02.128 in relation to syndicated credit facilities of January 2000 (Merkblatt Steuerliche Behandlung von Konsortialdarlehen, Schuldscheindarlehen, Wechseln und Unterbeteiligungen vom Januar 2000),

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

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

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

“**Swiss Qualifying Bank**” means a financial institution acting on its own account which is licensed as a bank by the banking laws in force in its jurisdiction of incorporation and a branch of a financial institution, which is licensed as a bank by the banking laws in force in the jurisdiction where such branch is situated, and which, in each case, exercises as its main purpose a true banking activity, having bank personnel, premises, communication devices of its own and authority of decision making, all in accordance with the Swiss Guidelines.

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

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

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

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

“**Swiss Withholding Tax Ordinance**” means the Swiss Federal Ordinance on the Withholding Tax of 19 December 1966 (*Verordnung über die Verrechnungssteuer*).

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

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



“**Total Commitment**” means the aggregate of the Commitments being EUR 730,000,000 at the date of this Agreement, subject always to any increase agreed pursuant to Clause 2.2 from time to time.

“**Total Loan Portfolios**” means the Existing Loan Portfolios and the Approved Loan Portfolios.

“**Transaction Security**” shall have the meaning ascribed to it in Clause 12.1 (*Security Documents*)

“**Transfer Certificate**” means a document substantially in the form set out in Schedule 7 (*Form of Transfer Certificate*), whereby inter alia a person becomes a Party to this Agreement in relation to all existing Parties under this Agreement and all existing Parties, including any subsequent Party, becomes bound in relation to such new acceding Party.

“**US Bankruptcy Code**” means Title 11 of The United States Code (entitled “*Bankruptcy*”), as amended from time to time and as now or hereafter in effect, or any successor thereto.

“**US Obligor**” means any Obligor (including the Parent) that is incorporated or organised under the laws of the United States of America, any state or territory thereof or the District of Columbia.

“**USD**” means the lawful currency of the United States of America. “**Utilisation**” means any utilisation of the Facility.

“**Utilisation Date**” means the date of a Utilisation, being the date on which the relevant Loan is to be made.

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

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

## 1.2 Headings

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

## 1.3 Construction

In this Agreement (unless otherwise provided):

- (a) words importing the singular shall include the plural and vice versa;
- (b) references to Clauses and Schedules are to be construed as references to the clauses of, and schedules to, this Agreement;

- (c) references to any provision of law include any amendment of that provision or law;
- (d) references to a “person” shall be construed so as to include that person’s assigns, transferees or successors in title and shall be construed as including references to an individual, firm, partnership, joint venture, company, corporation, body corporate, unincorporated body of persons or any state or any agency of a state;
- (e) accounting terms shall be construed so as to be consistent with the Accounting Principles;
- (f) references to a “**Finance Document**” or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated from time to time;
- (g) currency codes shall be interpreted as set out in ISO 4217:2008 as amended ([www.iso.org](http://www.iso.org));
- (h) references to time are (unless otherwise stated) to Oslo time;
- (i) a Default (other than an Event of Default) is “**continuing**” if it has not been remedied or waived and an Event of Default is “**continuing**” if it has not been remedied or waived (provided that an Event of Default can only be remedied by payment in full of all amounts outstanding under the Finance Documents following a notice under Clause 15.2 (*Acceleration etc.*));
- (j) the representations, undertakings and covenants made or given hereunder and relating to Sanctions Laws and any Restricted Parties shall not apply (i) to any Obligor or any other person which qualifies as a resident party domiciled in the Federal Republic of Germany (Inländer) within the meaning of section 2 paragraph 15 of the German Foreign Trade Act (Außenwirtschaftsgesetz) in so far as it would result in a violation of or conflict with section 7 of the German Foreign Trade Regulation (Außenwirtschaftsverordnung) and (ii) to any Obligor or person to which the Council Regulation (EC) No 2271/96 of 22 November 1996 as amended from time to time (the “EU Blocking Regulation”) applies in so far as it would result in a violation of or conflict with any provision of the EU Blocking Regulation; and
- (k) any reference in this Agreement or any other Finance Document to a merger, consolidation, amalgamation, conveyance, disposal, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, corporation or partnership, or an allocation of assets to a series of or one or more limited liability companies, partnerships or corporations, or the unwinding of such a division or allocation, as if it were a merger, consolidation, amalgamation conveyance, disposal, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate person. Any division of a limited liability company, corporation or partnership shall be deemed to constitute the formation of a separate person, and any such division shall constitute a separate person hereunder and under the other Finance Documents (and each division of any limited liability company, corporation or partnership that is a subsidiary, joint venture or any other like term shall also constitute such a person or entity).

## 2. THE FACILITY

### 2.1 The Facility

2.1.1 Subject to the terms of this Agreement, the Lenders agree to make available to the Borrowers, during the Availability Period, a multicurrency revolving credit facility up to an aggregate principal amount not exceeding the equivalent of the Total Commitments.

2.1.2 Notwithstanding any other term of this Agreement, the aggregate of all Loans shall not, at any time, exceed the Total Commitments.

### 2.2 The Accordion Option

2.2.1 The Borrowers may by giving written notice (the "**Accordion Notice**") to the Agent, and provided that no Default or Event of Default has occurred and is continuing, request that the Total Commitments are increased (the "**Accordion Increase**") by an amount not less than EUR 50,000,000 and not exceeding EUR 500,000,000 (in aggregate when calculated together with previous accordion options). The Accordion Notice shall include a suggested increase amount (the "**Accordion Increase Amount**") and Accordion Increase Date and shall be provided to the Agent not less than forty (40) Business Days, or such shorter time period as the Parties may mutually agree, prior to such suggested Accordion Increase Date.

2.2.2 The Borrowers may only request an Accordion Increase during the Availability Period.

2.2.3 The existing Lenders shall, for a mutually agreed period and in no case longer period than ten (10) Business Days from the receipt of the Accordion Notice (the "**Refusal Period**"), have the right of first refusal on whether to participate in the Accordion Increase and assume increased Commitments (at the sole option of the relevant Lender), subject to credit approval. Within thirty (30) Business Days of the expiry of the Refusal Period, the existing Lenders must confirm their increased commitments. Each existing Lender willing to participate in the Accordion Increase and thereby assume increased Commitments (each an "**Existing Increase Lender**") shall, within the expiry of the Refusal Period, confirm to the Borrowers and the Agent the maximum amount of increased Commitments that such Lender is willing to assume. The Accordion Increase Amount will then be allocated by the Agent to the Existing Increase Lenders on a pro-rata basis as per their participation in the Facility at the time of the Accordion Notice.

2.2.4 If the aggregate amount of the increased Commitments allocated on a pro-rata basis pursuant to paragraph 2.2.3 above is less than the Accordion Increase Amount, the Agent shall offer to allocate the remaining Accordion commitments to the Existing Increase Lenders based on the maximum amount of increased Commitments that each such Existing Increase Lender indicated in its confirmation, and the provisions of paragraph 2.2.3 above shall apply mutatis mutandis, except that the participation of the Existing Increase Lenders in the remaining Accordion commitments does not have to be on a pro rata basis as per their participation in the Facility at the time of the Accordion Notice. The final allocation shall in such case be subject to the prior consent of the Borrowers (not to be unreasonably withheld).

2.2.5 If, after completing the procedures set out in paragraphs 2.2.1 to 2.2.4 above, the aggregate amount of the increased Commitments to be assumed by the Existing Increase Lenders is less than the Accordion Increase Amount (the difference being the "**Remaining Accordion Commitments**"), the Remaining Accordion Commitments may be assumed by one or more of the banks, financial institutions, trusts, funds, asset managers or other entities identified in the white list set out in Schedule 15 (*New Increase Lender List*) (the "**New Increase Lender**

**White List**") (each a "**New Increase Lender**" and together with the Existing Increase Lenders, the "**Increase Lenders**") selecte by the Borrowers in consultation with the Mandated Lead Arrangers (each of which shall be acceptable to the Lenders). Notwithstanding the above, parties listed in the New Increase Lender White List, as amended by agreement among the Parties from time to time, shall

be deemed acceptable to the Lenders. The allocation of Remaining Accordion Commitments to any New Increase Lender shall be subject to the prior consent of the Borrower.

- 2.2.6 Any New Increase Lender must participate with at least EUR 100,000,000. If the Remaining Accordion Commitments are less than EUR 100,000,000, then the New Increase Lender must still commit to participate with EUR 100,000,000 by offering to purchase from the Existing Lenders on a pro rate basis a share of their Commitments, at par value, in an amount equal to the difference between EUR 100,000,000 and the Remaining Accordion Commitments. The New Increase Lender shall assume all of the obligations corresponding to the relevant Commitment as if it was an original Lender under the Agreement.
- 2.2.7 Subject to receipt of the Increase Confirmation referred to in Clause 2.2.8, the Borrowers shall no less than five (5) Business Days prior to the suggested Accordion Increase Date notify the Agent of the final allocation of the Remaining Accordion Commitments between the New Increase Lenders.
- 2.2.8 Each Increase Lender shall, no later than ten (10) Business Days prior to the suggested Accordion Increase Date, provide the Agent with (i) a duly executed Increase Confirmation and (ii), in relation to a New Increase Lender which is not a Lender immediately prior to the increase, the "know your customer" documents in accordance with paragraph 2.2.16(c) below.
- 2.2.9 The Agent shall, as soon as reasonably practicable after it has executed an Increase Confirmation, send to the Borrowers a copy of that Increase Confirmation.
- 2.2.10 The Borrowers and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Borrowers and the Increase Lender would have assumed and/or acquired had the Increase Lender been an original Lender.
- 2.2.11 Each Increase Lender shall become a Party as a "Lender" and any Increase Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Lender and those Finance Parties would have assumed and/or acquired had the Increase Lender been an original Lender.
- 2.2.12 The Accordion Increase shall be made available to the Borrowers on the same terms and conditions as the Facility and all references to the Facility shall be deemed to include the Accordion Increase.
- 2.2.13 The Commitments of the other Lenders shall continue in full force and effect notwithstanding the increase of the Total Commitments pursuant to an Accordion Increase.
- 2.2.14 The secured amount under the Security Documents shall be increased by the Accordion Increase Amount.
- 2.2.15 The increase in the Total Commitments shall take effect on the date on which the conditions set out in paragraph 2.2.16 below and in the Increase Confirmation are satisfied.

2.2.16 Any increase in the Total Commitments under this Clause 2.2 will only be effective at the date on which the following conditions are satisfied in full:

- (a) all relevant conditions precedent reasonably requested by the Agent are satisfied;
- (b) the receipt by the Agent of an Increase Confirmation from each Increase Lender;
- (c) in relation to a New Increase Lender, the performance by the Lenders of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that New Increase Lender, the completion of which the Agent shall promptly notify to the Borrowers and the New Increase Lender; and
- (d) the confirmation from the Borrowers that no Event of Default has occurred and is continuing or would arise as a result of the Accordion Increase,

such date being an “**Accordion Increase Date**”.

2.2.17 As a condition subsequent, within the term of thirty 30 Business Days following the Accordion Increase Date, at the request of the Agent, the Borrowers shall procure:

- (a) (i) that the Spanish law Share Pledge (including the pledge over the quotas in PRA Iberia, S.L.U., to be granted on or around the date hereof by PRA Group Europe AS (as amended and ratified from time to time), or any other Spanish law pledges or *in rem* rights granted to secure the obligations of the Borrowers under this Agreement, are duly ratified and extended to the obligations arising from any Accordion Increase; and (ii) that the ratification and extension of such Spanish law pledges or *in rem* rights and the relevant Increase Confirmation (or any amendment and restatement agreement entered into as a consequence of an Accordion Increase) are notarised in Spain by way of notarial deeds; and
- (b) (i) that the Polish law Share Pledges (including all pledges over the shares in PRA Group Polska sp. z o.o. and PRA Group Polska Holding sp. z o.o. for so long as such entities remain Obligors) or any other Polish law Share Pledges (each as amended from time to time) granted to secure the Secured Obligations under this Agreement and all existing Polish statements on voluntary submission to enforcement, are extended to secure any Increase Lender and the obligations arising from any Accordion Increase; and (ii) that the relevant Obligors will file motions for registration of any such amendments to the Polish law Share Pledges,

failure by the Borrowers to meet the deadline set in this Clause 2.2.17 shall not be capable of remedy.

2.2.18 Each Increase Lender, by executing the Increase Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase becomes effective.

2.2.19 Unless the Agent otherwise agrees or the increased Commitment is assumed by an existing Lender, the Borrowers shall, on the date upon which the increase takes effect, promptly on

demand pay the Agent the amount of all costs and expenses (including legal fees) reasonably incurred by it in connection with any increase in Commitments under this Clause 2.2.

2.2.20 The provisions of Clause 23.10 (Limitation of responsibility of Existing Lenders) shall apply to this Clause 2.2 in relation to an Increase Lender as if set out herein in their entirety, provided that references in that Clause to:

- (a) an "Existing Lender" shall be construed as references to all the Lenders immediately prior to the relevant increase;
- (b) the "New Lender" shall be construed as references to that "Increase Lender"; and
- (c) a "re-transfer" shall be construed as references to a "transfer".

## **2.3 Obligations several**

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

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

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

## **2.4 Rights several**

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

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

## **2.5 Obligor's Agent**

2.5.1 All references to an "Obligor" in this clause 2.5 shall be deemed to include the Parent.

2.5.2 Each Obligor (other than the Borrowers), by its execution of this Agreement or an Accession Agreement, hereby irrevocably authorises the Borrowers to act on its behalf as its agent in relation to the Finance Documents and authorises and appoints the Borrowers, as its attorney, on its behalf, to supply all information concerning itself, its financial condition and otherwise to the Lenders as contemplated under this Agreement and to give all notices and instructions to be given by such Obligor under the Finance Documents, to execute, on its behalf, any Finance Document and to enter into any agreement and amendment in connection with the Finance Documents (however fundamental and notwithstanding any increase in obligations of or other effect on an Obligor and including, for the avoidance of doubt, any further increase of the total commitments under this Agreement as set out in Clause 2.2) including confirmation of guarantee obligations in connection with any amendment or consent in relation to the Facility, without further reference to or the consent of such Obligor and each Obligor to be obliged to confirm such authority in writing upon the request of the Facility Agent. The power hereby conferred is a general power of attorney and the Obligor hereby ratifies and confirms and agrees to ratify and confirm any instrument, act or thing which such attorney may execute or do and to grant as many private and public

document (including certificates and notarial powers of attorney duly apostilled) and comply with as many formalities as may be necessary or convenient for this power to be effective under each relevant jurisdiction. In relation to the power referred to herein, the exercise by the Borrowers of such power shall be conclusive evidence of its right to exercise the same.

- 2.5.3 Each Obligor (other than the Borrowers), hereby appoints the Borrowers as its agent for service and hereby authorises each Finance Party to give any notice, demand or other communication to be given to or served on such Obligor pursuant to the Finance Documents to Borrowers on its behalf, and in each such case such Obligor will be bound thereby (and shall be deemed to have notice thereof) as though such Obligor itself had been given such notice and instructions, executed such agreement or received any such notice, demand or other communication.
- 2.5.4 Every act, omission, agreement, undertaking, waiver, notice or other communication given or made by Borrowers under this Agreement, or in connection with this Agreement (whether or not known to any Obligor) shall be binding for all purposes on all other Obligors as if the other Obligors had expressly made, given or concurred with the same. In the event of any conflict between any notice or other communication of Borrowers and any other Obligor, the choice of Borrowers shall prevail.
- 2.5.5 Each Obligor incorporated in Germany releases, to the extent possible, the Borrowers from any restrictions of self-dealing and multiple representation under any applicable law (including, but not limited to, section 181 of the German Civil Code (Bürgerliches Gesetzbuch)) for the purposes of this Clause 2.5
- 2.5.6 Each Obligor incorporated in Spain allows, to the maximum extent allowed by law, the Borrowers to exercise the faculties delegated under this Clause 2.5, even in cases of multiple representation, self-dealing, and conflict of interest.

### **3. PURPOSE**

#### **3.1 Purposes of the Facility**

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

- (a) refinance the Existing Facility;
- (b) financing of Approved Loan Portfolios; and
- (c) general corporate purposes (excluding payment of dividends and other distributions to any company outside the Group (other than as otherwise expressly permitted by this Agreement) or any other indirect refinancing of acquisition debt).

#### **3.2 Restrictions**

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

#### **3.3 Monitoring**

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

**4. CONDITIONS PRECEDENT****4.1 Documentary conditions precedent**

- (a) The Borrowers may not deliver a Utilisation Request unless, and the Finance Parties' obligations under this Agreement will only become effective once, the Agent has received all of the documents and other evidence listed in Schedule 3 (*Conditions Precedent*) in form and substance satisfactory to the Agent. The Agent shall notify the Borrowers and the Lenders promptly upon being so satisfied.
- (b) Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

**4.2 Further conditions precedent**

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

- (a) the representations and warranties in Clause 13 (*Representations and warranties*) to be repeated pursuant to Clause 13.1.24 (*Repetition*) on those dates are correct;
- (b) in the case of (i) a new Loan no Default has occurred, and in the case of (ii) a Rollover Loan no Event of Default has occurred and is continuing or would occur on the making of the Rollover Loan; and
- (c) the Borrower shall confirm the amount of the Borrowing Base in the relevant Drawdown Notice.

**4.3 Conditions subsequent**

- (a) The Borrowers shall deliver to the Agent all of the documents and other evidence listed in Schedule 4 (*Conditions Subsequent*) in form and substance satisfactory to the Agent no later than the date falling thirty (30) days from following the Closing Date under this Agreement. The Agent shall notify the Borrowers and the Lenders promptly upon being so satisfied.
- (b) Specifically, the Borrowers shall procure:
  - (i) (A) that the Spanish Share Pledge is duly executed in form and substance satisfactory to the Lenders, (B) this Agreement and the Spanish Share Pledge shall be notarised in Spain by way of notarial deeds and (C) that evidence of (A) and (B) shall be provided to the Agent within the term of thirty (30) days following the Closing Date. Failure by the Borrowers to meet the deadline in (C) shall not be capable of remedy.
  - (ii) (A) that the Polish Security Documents are duly executed in form and substance satisfactory to the Lenders, (B) that the relevant Obligors file motions for registration of the pledges and (C) that evidence of (A) and (B) shall be provided to the Agent within the term of thirty (30) days following the Closing Date.



Failure by the Borrowers to meet the deadline in (C) shall not be capable of remedy.

- (iii) As a condition subsequent, as soon as possible following the execution of the Spanish Share Pledge, the notarization of this Agreement and the execution of the Polish Security Documents, and in any event within thirty (30) days following the Closing Date, (A) Uría Menéndez will issue a legal opinion in respect of Spanish law issues, (B) Wardynski & Partners will issue a legal opinion in respect of Polish law issues, (C) BAHR will issue a legal opinion in respect of Norwegian law issues, and (D) Arendt & Medernach will issue a legal opinion in respect of Luxembourg law issues.

## 5. UTILISATIONS

### 5.1 Drawdown under the Facility

5.1.1 Subject to the other terms of this Agreement, any Loans shall be made to the Borrowers at any time during the Availability Period when requested by the Borrowers by means of a Drawdown Notice in accordance with Clause 5.2 (*Drawdown Notice*).

5.1.2 The following limitations apply to the Loans:

- (a) the Drawdown Date of a Loan shall be a Business Day during the Availability Period in one drawing for each currency;
- (b) the principal amount of a Loan denominated in EUR or an Optional Currency shall be:
  - (i) a minimum Original Base Currency Amount of EUR 1,000,000 and an integral multiple of EUR 500,000; and
  - (ii) in no case more than the amount of the Available Facility;
- (c) no Loan shall be made if the making of that Loan would result in the aggregate of the Original Base Currency Amount of all Loans exceeding the Available Facility;
- (d) no Loan shall be made as long as prepayments are mandatory according to Clause 7.2;
- (e) no more than twenty (20) Loans may be outstanding at any one time; and
- (f) in the case of a Loan denominated in an Optional Currency, the requirements of Clause 5.6 (*No Optional Currency*) are met.

### 5.2 Drawdown Notice

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

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

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

**5.3 Participations**

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

**5.4 Availability**

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

**5.5 Notification to Lenders**

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

**5.6 No Optional Currency**

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

- (a) in that Lender's reasonable opinion, it is impracticable for that Lender to fund its Participation in that Loan in the proposed Optional Currency in the ordinary course of business in the relevant interbank market; or
- (b) Central Bank or other governmental authorisation in the country of the proposed Optional Currency is required to permit its use by that Lender for the making of that Loan and the authorisation has not been obtained or is not in full force and effect or is subject to unacceptable conditions; or
- (c) the use of the proposed Optional Currency is restricted or prohibited by any request, directive, regulation or guideline of any governmental body, agency, department or regulatory or other authority (whether or not having the force of law) in accordance with which that Lender is accustomed to act,

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

**5.6 Change of Currency**

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

**6. INTEREST**

**6.1 Interest rate**

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

- (a) the Applicable Margin; and

(b) IBOR.

## **6.2 Interest Periods**

- 6.2.1 Interest payable on each Loan shall be calculated by reference to Interest Periods of one (1), two (2), three (3) or six (6) months duration (or such other Interest Period as the Facility Agent, acting on the instructions of all the Lenders, may agree) as selected by the Borrowers in accordance with this Clause 6.2. If an Interest Period would extend beyond six (6) months then interest shall be payable every six (6) months. The Facility Agent may require shorter Interest Periods to be elected if this would facilitate the syndication of the Facility.
- 6.2.2 The Borrowers shall select an Interest Period for a Loan in the relevant Drawdown Notice or (in the case of any subsequent Interest Period for that Loan) by notice received by the Facility Agent no later than three (3) Business Days before the commencement of that Interest Period.
- 6.2.3 If the Borrowers fail to select an Interest Period for a Loan in accordance with Clause 6.2.2, that Interest Period shall, subject to the other provisions of this Clause 6, be three (3) months.
- 6.2.4 If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall instead end on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- 6.2.5 If an Interest Period begins on the last Business Day in a calendar month or on a Business Day for which there is no numerically corresponding day in the calendar month in which that Interest Period is to end, it shall end on the last Business Day in that later calendar month.
- 6.2.6 If an Interest Period for a Loan would otherwise extend beyond the Final Repayment Date under which such Loan is made, it shall be shortened so that it ends on the Final Repayment Date.

## **6.3 Default interest**

- 6.3.1 If an Obligor (including the Parent) fails to pay any amount payable under any Finance Document on the due date, it shall pay default interest on the overdue amount from the due date to the date of actual payment calculated by reference to successive Interest Periods (each of such duration as the Facility Agent may select and the first beginning on the relevant due date) at the rate per annum being the aggregate of (a) two (2) per cent per annum, (b) the Applicable Margin, and (c) the higher of either (i) IBOR, or (ii) the Lender's funding costs. Default interest is payable on demand.
- 6.3.2 So long as the overdue amount remains unpaid, the default interest rate shall be recalculated in accordance with the provisions of this Clause 6.3 on the last day of each such Interest Period and any unpaid interest shall be compounded at the end of each Interest Period.

## **6.4 Calculation and payment of interest**

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

Each notification shall set out in reasonable detail the basis of computation of the amount of interest payable.

6.4.2 Interest due from an Obligor (including the Parent) under this Agreement shall:

- (a) accrue from day to day at the rate calculated under this Clause 6;
- (b) except as otherwise provided in this Agreement, be paid by the relevant Obligor (including the Parent) to the Facility Agent (for the account of the Lenders or the Facility Agent, as the case may be) in arrears on the last day of each Interest Period, provided that for any Interest Period which is longer than three (3) months, the relevant Obligor (including the Parent) shall also pay interest every (three) 3 months in arrears during that Interest Period; and
- (c) be calculated on the basis of the actual number of days elapsed and a 360 day year or, if different, such number of days as is market practice.

## **6.5 Determination of Applicable Margin**

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

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

## **6.6 Minimum interest**

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

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

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

- (i) pay the relevant sum at the adjusted rate in accordance with paragraph (a) above;
- (ii) make the Tax Deduction on the amount so recalculated; and

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

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

## **6.7 Facility Agent's determination**

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

## **7. REDUCTION, REPAYMENT, PREPAYMENT AND CANCELLATION**

### **7.1 Repayment of Loans**

- 7.1.1 Subject to Clause 7.1.3 and 7.1.4, each Loan shall be repaid in full on the Interest Date of the Interest Period relating to that Loan.
- 7.1.2 Subject to the terms of this Agreement, any amounts repaid under Clause 7.1.1 may be re- borrowed.
- 7.1.3 If all or part of a Loan is to be repaid from the proceeds of all or part of a new Loan to be made to the Borrowers then, as between each Lender and the Borrowers, the amount to be repaid by the Borrowers shall be set off against the amount to be advanced by that Lender in relation to the new Loan and the party to whom the smaller amount is to be paid shall pay to the other party a sum equal to the difference between the two amounts (in the currency of the outstanding Loan for the first Interest Period).
- 7.1.4 Subject to any terms of this Agreement expressly providing otherwise, the Borrowers may not prepay any Loan before the end of its Interest Period. On the Final Repayment Date the Borrowers shall repay any Loan then outstanding under this Agreement in full, together with all other sums due and outstanding under the Finance Documents at such date (if any).

### **7.2 Mandatory prepayment on Change of Control**

- 7.2.1 Unless otherwise agreed by the Facility Agent (acting on the instructions of the Majority Lenders), ninety (90) days from the date a Change of Control occurs (a "**Prepayment Date**"):
- (a) all Loans together with all incurred interest and all other amounts owing to under this Agreement shall be repaid in full; and
  - (b) the Lenders' obligations shall be terminated and each Lender's Commitments shall be cancelled.

7.2.2 For the purposes of this Agreement a “**Change of Control**” will occur if:

- (a) Any person or group of persons acting in concert controls more than 35% of the ownership or the voting rights in the Parent; or
- (b) the Parent ceases to control directly or indirectly 100% of the ownership and voting rights of the Borrowers.

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

### 7.3 **Mandatory prepayment – Disposal**

Upon a Disposal of whole or part of an Existing Loan Portfolio or Approved Loan Portfolio (directly or indirectly through a sale of a Portfolio Owner or otherwise) the Borrowers shall no later than five (5) Business Days prior to such Disposal document to the Facility Agent’s satisfaction that the ERC Ratio will not exceed 45%, and if required, make such mandatory prepayment as set out in Clause 7.4 (*Mandatory prepayment – ERC Ratio*).

### 7.4 **Mandatory prepayment – ERC Ratio**

if the ERC Ratio at any time exceeds 45% the Borrowers shall within three (3) Business Days prepay the Facility in an amount sufficient to ensure that the ERC Ratio does not exceed 45%. The Borrowers shall further provide documentation satisfactory to the Agent demonstrating that the ERC Ratio is 45% or less upon making such mandatory prepayment.

### 7.5 **Mandatory prepayment – Illegality**

- (a) If, in any applicable jurisdiction, it becomes unlawful (including under any Sanctions law) for any Lender to perform any of its obligations as contemplated by this Agreement or to fund, issue or maintain its participation in any Utilisation or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:
  - (i) that Lender shall promptly notify the Agent upon becoming aware of that event;
  - (ii) upon the Agent notifying the Borrower, each Commitment for any amount of Available Facility of that Lender will be immediately cancelled; and
  - (iii) the Borrowers shall prepay to the Facility Agent (for the account of that Lender) that Lender’s participation in all Loans (together with accrued interest on the amount prepaid and all other amounts owing to that Lender under this Agreement) no later than the earlier of (A) the last day of any applicable grace period under the relevant law, and (B) fifteen (15) Business Days of demand by that Lender (or, if permitted by the relevant law, on the last day of the Interest Period of the relevant Loans).

### 7.6 **Voluntary prepayment of Loans**

7.6.1 The Borrowers may, by giving the Facility Agent not less than five (5) Business Days’ (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or part (but if in part, in a minimum amount of EUR 1,000,000 and an integral multiple of EUR 500,000 or such whole amount as, the Facility Agent may agree) of any Loan.

**7.7 Voluntary cancellation of Facility**

7.7.1 The Borrowers may, by giving the Facility Agent not less than five (5) days' prior notice, cancel all or part of the Total Commitment (but if in part, in a minimum amount of EUR 1,000,000 and an integral multiple of EUR 500,000).

**7.8 Restrictions**

- (a) Any notice of cancellation or prepayment given by any Party under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.
- (b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.
- (c) Unless a contrary indication appears in this Agreement, any part of a Facility which is voluntarily prepaid or repaid and not cancelled may be reborrowed in accordance with the terms of this Agreement.
- (d) The Borrowers shall not repay or prepay all or any part of the Utilisations or cancel all of any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.
- (e) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.
- (f) If the Agent receives a notice under this Clause 7.8 it shall promptly forward a copy of that notice to either the Borrowers or the affected Lender, as appropriate.
- (g) If all or part of any Lender's participation in a Utilisation under a Facility is repaid or prepaid and is not available for redrawing (other than by operation of Clause 4.2 (*Further conditions precedent*)), an amount of that Lender's Commitment (equal to the Base Currency Amount of the amount of the participation which is repaid or prepaid) in respect of that Facility will be deemed to be cancelled on the date of repayment or prepayment.
- (h) Each mandatory prepayment shall be applied in pro rata in order of maturity.

**8. CHANGES IN CIRCUMSTANCES****8.1 Increased Costs**

- (a) Subject to Clause 8.3 (*Exceptions*), the Borrowers shall, within ten (10) Business Days of demand by a Lender or the Facility Agent (on its behalf), pay (as additional interest) to the Facility Agent the amount of any Increased Costs (as defined below) incurred by a Lender (or any of its Affiliates) (on account of that Lender or Affiliate (as applicable)) as a result of
  - (i) the introduction of, or any change in, or any change in the interpretation, administration or application of, any law or regulation (including, without limitation, any change arising as a result of the implementation or application of or compliance with the Basel III, CRD IV, CRD V, CRR II or any other law or regulation which implements the Basel III, CRD IV, CRD V and CRR II (whether

such implementation, application or compliance is by a government, regulator, Lender or any of its Affiliates)); or

(ii) compliance with any law or regulation,

in each case made after the date of this Agreement.

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

(c) In this Agreement:

“**Basel III**” means:

- (i) the agreements on capital requirements, a leverage ratio and liquidity standards contained in «Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and «Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;
- (ii) the rules of global systemically important banks contained in « Global systemically important banks: assessment, methodology and additional loss absorbency requirement – Rules text” published by Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
- (iii) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”.

“**CRD IV**” means:

- (i) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/ 2012; and
- (ii) Directive 2013/36/EU of the European Parliament and of Council of 26 June 2013 on access to the activity of credit institutions and prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

"**CRD V**" means:

- (i) Directive (EU) 2019/878 of the European Parliament and the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measure; and
- (ii) any other regulation implementing any of the foregoing. "**CRR II**" means:



- (i) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the Capital Requirements Regulation as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (CRR II); and
- (ii) any other regulation implementing any of the foregoing.

“**Increased Cost**” means

- (i) an additional or increased cost incurred by the Lender (or any Affiliate) in complying with the terms of a Finance Document; or
- (ii) a reduction of any amount due and payable to the Lender under a Finance Document
- (iii) a reduction in the effective return to the Lender under a Finance Document as a result of it having entered into its Commitment, or performing, maintaining or funding its obligations under a Finance Document.

## 8.2 Increased cost claims

- (a) If the Lender intends to make a claim pursuant to Clause 8.1 (*Increased Costs*) the Lender shall promptly notify the Borrowers or the Facility Agent (the purpose of making a demand on its behalf) of the event giving rise to the claim.
- (b) The Lender shall as soon as practicable provide a certificate confirming the amount of its Increased Costs.

## 8.3 Exceptions

Clause 8.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

- (a) attributable to a Tax Deduction required by law to be made by the Borrower;
- (b) compensated for by Clause 10.3 (*Tax indemnity*) or would have been compensated for under Clause 10.3 (*Tax indemnity*) but was not so solely because of an exception in paragraph (b) of Clause 10.3 (*Tax indemnity*);
- (c) attributable to the wilful breach by the Lender (or its Affiliates) of any law or regulation; and
- (d) attributable to the implementation or application of or compliance with the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (but excluding any amendment contained in Basel III, CRD IV, CRD V or CRR II) ("**Basel II**") or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Lender or any of its Affiliates).

In this Clause 8.3 a reference to a “Tax Deduction” has the same meaning given to that term in Clause 10.1 (*Definitions*).

**8.4 Market disruption**

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

- (a) at or about noon on the second Business Days prior to the relevant Interest Period, the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Facility Agent to determine the relevant IBOR for the relevant currency and Interest Period; or
- (b) the Facility Agent has been notified by a group of Lenders, who together exceed 40 per cent of the Total Commitments, that in their opinion:
  - (i) matching deposits would not be available to them in the relevant interbank market in the ordinary course of business to fund their Participations in that Loan for that Interest Period; or
  - (ii) the cost to them of obtaining matching deposits in the relevant interbank market would be in excess of IBOR for that Interest Period,

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

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

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

- (a) the Facility Agent and the Borrowers shall immediately enter into negotiations for a period of not more than 30 days with a view to agreeing a substitute basis for calculating the rate of interest for the Loan or for funding the Loan;
- (b) any substitute basis agreed under Clause 8.4.3(a) by the Facility Agent (with the consent of all the Lenders) and the Borrowers shall take effect in accordance with its terms and be binding on all the Parties;
- (c) if no substitute basis is agreed under Clause 8.4.3(a), then, subject to Clause 8.4.4, each Lender shall (through the Facility Agent) certify before the last day of the Interest Period to which the Market Disruption Notice relates a substitute basis for maintaining its Participation in the Loan which shall reflect the cost to the Lender of funding its Participation in the Loan from whatever sources it selects plus the Applicable Margin; and
- (d) each substitute basis so certified shall be binding on the relevant Obligor and the certifying Lender and treated as part of this Agreement.

8.4.4 If no substitute basis is agreed under Clause 8.4.3(a), then, so long as the circumstances giving rise to the Market Disruption Notice continue and subject to the Borrowers giving the Facility Agent and the Lenders not less than ten (10) days' prior notice (which shall be

irrevocable), the relevant Obligor may prepay the Loan to which the Market Disruption Notice applies together with accrued interest on the amount prepaid. Any such prepayment shall be subject to Clause 24.1 (*Break Cost*).

## **8.5 Mitigation**

8.5.1 If any circumstances arise in respect of any Lender which would, or upon the giving of notice would, result in the operation of Clause 19.10 (*Grossing-up*), 6.6 (*Minimum interest*), Clause 7.5 (*Mandatory prepayment - Illegality*), 8.1 (*Increased Costs*) or 8.4 (*Market disruption*) to the detriment of any Obligor, then that Lender shall:

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

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

8.5.2 Nothing in this Clause 8.5 shall limit, reduce, affect or otherwise qualify the rights of any Lender or the obligations of the Obligors under Clauses 19.10 (*Grossing-up*), 6.6 (*Minimum interest*), Clause 7.5 (*Illegality*), 8.1 (*Increased Costs*) or 8.4 (*Market disruption*).

## **8.6 Certificates**

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

## **9. FEES AND EXPENSES**

### **9.1 Expenses**

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

- (a) by the Bookrunners in connection with the negotiation, preparation, syndication and execution of the Finance Documents and the other documents contemplated by the Finance Documents;
- (b) by an Agent in connection with the taking of any security in accordance with Clause 11.10.5(a) (*Security*);
- (c) by an Agent or the Lenders in connection with the granting of any release, waiver or consent or in connection with any amendment or variation of any Finance Document;

- (d) by an Agent or the Lenders in enforcing, perfecting, protecting or preserving (or attempting so to do) any of their rights, or in suing for or recovering any sum due from an Obligor (including the Parent) or any other person under any Finance Document, or in investigating any Default, Event of Default or Potential Default;
- (e) by an Agent in connection with any cost of engaging any person in connection with any due diligence process to be performed pursuant to the terms of this Agreement;
- (f) any default by any Obligor (including the Parent) in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; and
- (g) by an Agent in connection with any cost of engaging an Auditor pursuant to the terms of this Agreement.

## 9.2 Fees

The Borrowers shall pay the fees as set out in the Fee Letter(s).

## 9.3 Commitment Fee

- (a) The Borrowers shall pay to the Agent (for the account of each Lender) a fee computed at the rate of 35 per cent. of the Applicable Margin per annum on the Available Facility for the Availability Period.
- (b) The accrued commitment fee is payable on the last day of each successive period of 3 Months which ends during the Availability Period, on the last day of the Availability Period and, if cancelled in full, on the cancelled amount of the Total Commitment at the time the cancellation is effective.

## 9.4 Indemnity payments

Where in any Finance Document an Obligor (including the Parent) has an obligation to indemnify or reimburse an Agent, a Bookrunner or a Lender in respect of any loss or payment, the calculation of the amount payable by way of indemnity or reimbursement shall take account of the Tax treatment in the hands of the Agent, the relevant Bookrunner or the relevant Lender, as the case may be, (as conclusively determined by the relevant party) of the amount payable by way of indemnity or reimbursement and of the loss or payment in respect of which that amount is payable.

## 10. TAXES AND TAX INDEMNITIES

### 10.1 Definitions

In this Agreement:

“**Protected Party**” means a Finance Party which is or will be subject to any liability or required to make any payment for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of, any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

“**Tax Payment**” means either the increase in a payment made by an Obligor to a Finance Party under Clause 6.6 (*Minimum interest*) Clause 10.2 (*Taxes*) or a payment under Clause 10.3 (*Tax indemnity*).

All references to an “Obligor” in this clause 10 shall be deemed to include the Parent.

## 10.2 Taxes

- (a) All payments by an Obligor under the Finance Documents shall be made free and clear of and without deduction or withholding for or on account of any Tax or any other governmental or public payment imposed by the laws of any jurisdiction from which or through which such payment is made, unless a Tax Deduction or withholding is required by law.
- (b) Any Obligor shall promptly upon becoming aware that it must make a Tax Deduction or withholding (or that there is any change in the rate or the basis of a Tax Deduction or withholding) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the relevant Obligor.
- (c) If a Tax Deduction or withholding is required by law to be made by an Obligor:
  - (i) the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction or withholding) leaves an amount equal to the payment which would have been due if no Tax Deduction or withholding had been required (tax gross-up); and
  - (ii) the Obligor shall make that Tax Deduction or withholding within the time allowed and in the minimum amount required by law.
- (d) Within thirty (30) days of making either a Tax Deduction or withholding or any payment required in connection with that Tax Deduction or withholding, the Borrowers shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction or withholding has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

## 10.3 Tax indemnity

- (a) The Borrowers shall (within three Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.
- (b) Paragraph (a) above shall not apply:
  - (i) with respect to any Tax assessed on a Finance Party:
    - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or

- (B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or

- (ii) to the extent a loss, liability or cost is compensated for by an increased payment under Clause 6.6 (*Minimum interest*), Clause 10.2 (*Taxes*) or relates to a FATCA Deduction required to be made by a Party
- (c) A Protected Party making, or intending to make a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Borrowers.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 10.3, notify the Agent.

#### 10.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part or to that Tax Payment; and
- (b) that Finance Party has effectively and definitively obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor. Nothing in this clause shall interfere with the corresponding Finance Party's right to arrange its tax affairs in whatever manner it thinks fit.

#### 10.5 Stamp taxes

The Borrowers shall pay and, within three Business Days of demand, indemnify each Finance Party and Arranger against any cost, loss or liability that Finance Party or Arranger incurs in relation to all transfer tax, stamp duty, judicial duties, registration and other similar Taxes payable in respect of the formalisation, execution, performance or enforcement of any Finance Document.

#### 10.6 VAT

- (a) All amounts set out, or expressed to be payable under a Finance Document shall be deemed to be exclusive of any VAT. If VAT is chargeable, the relevant Obligor shall pay to the Agent for the account of such Finance Party (in addition to the amount required pursuant to the Finance Documents) an amount equal to such VAT.
- (b) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part

thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

- (c) Any relation to any supply made by a Finance Party to any other Party under a Finance Document, as requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.
- (d) Any reference in this Clause 10.6 to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context requires otherwise) a reference to the person who is treated as that time as making the supply, or (as appropriate) receiving the supply, under the grouping rules (provided for in Article 11 of Council Directive 2006/112/EC (or as implemented by the relevant member state of the European Union) so that a reference to a Party shall be construed as a reference to that Party or the relevant group or entity (or fiscal unity) of which that Party is a member for VAT purposes at the relevant time or the relevant representative member (or representative or head) of that group or entity at the relevant time (as the case may be)).

#### **10.7 FATCA Information**

- (a) Subject to paragraph (c) below, each Party shall, within ten (10) Business Days of a reasonable request by another Party:
  - (i) confirm to that other Party whether it is:
    - (A) a FATCA Exempt Party; or
    - (B) not a FATCA Exempt Party;
  - (ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA.
  - (iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.
- (b) If a Party confirms to another Party pursuant to 10.7 (i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
- (c) Paragraph (a) above shall not oblige any Finance Party to do anything, and paragraph (a)(iii) above shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:
  - (i) any law or regulation;
  - (ii) any fiduciary duty; or

(iii) any duty of confidentiality.

- (d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (a)(i) or (ii) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

#### **10.8 FATCA Deduction**

- (a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- (b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify the Company and the Agent and the Agent shall notify the other Finance Parties.

#### **10.9 Other indemnities**

The Borrowers shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

- (a) the occurrence of any Default;
- (b) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 17;
- (c) funding, or making arrangements to fund, its participation in a Loan requested by a Borrower (or the Parent on its behalf) in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone);
- (d) any claim, action, civil penalty or fine against, any settlement, and any other kind of loss or liability, and all reasonable costs and expenses under any Finance Documents (including reasonable counsel fees and disbursements) incurred by the Agent or any Finance Party as a result of conduct of any Obligor or any of their partners, directors, officers or employees, that violates any Sanctions Laws; or
- (e) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by a Borrower.

#### **10.10 Indemnity to the Agent**

The Borrowers shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:



- (a) investigating any event which it reasonably believes is a Default or Event of Default;
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or
- (c) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement.

## **11. ON DEMAND GUARANTEE AND INDEMNITY**

### **11.1 Guarantee and indemnity**

Each Guarantor (excluding Parent for all purposes of this clause 11) hereby irrevocably and unconditionally jointly and severally, but subject to any limitations set out in Clause 11.10 (*Limitations*) or any equivalent limitations set out in any Accession Agreement by which such Guarantor became party hereto;

- (a) guarantees to each Finance Party (which, in turn, hereby accepts the Guarantee), as and for its own debt as principal obligor and not merely as a surety, punctual performance by each Obligor of all that Obligor's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) undertakes to indemnify each Finance Party it will, as an independent and primary obligation, on the Facility Agent's first demand against any cost, loss, expense, damage or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.

A statement in writing by the Agent setting out the amount due and payable hereunder is binding and conclusive evidence against the Guarantor as to the obligation to pay such amount subject to the maximum amount stated in paragraph (b) above.

### **11.2 Continuing guarantee**

This guarantee is a continuing guarantee and will extend to ultimate balance of sums payable by any Obligor or person under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part. Any Spanish Guarantor acknowledges that the amounts liquid, due and payable by the Borrowers to the Finance Parties under this Agreement shall, subject to the applicable legal reservations, constitute liquid, due and payable obligations of such Guarantor (*deuda líquida,, vencida y exigible*).

### **11.3 Number of claims**

There is no limit on the number of claims that may be made by the Agent (on behalf of the Finance Parties) under this Agreement.

**11.4 Reinstatement**

If any payment by an Obligor or any discharge given by a Finance Party (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

- (a) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
- (b) each Finance Party shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

**11.5 Waiver of defences**

The obligations of each Guarantor under this Clause 11 will not be affected by any act, omission, matter or thing which would reduce, release or prejudice any of its obligations under this Clause 11 (without limitation and whether or not known to it or any Finance Party) including but not limited to:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group, including for the avoidance of doubt increase of the Total Commitment in accordance with Clause 2.2;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment (however fundamental) or replacement of a Finance Document or any other document or security, including for the avoidance of doubt the increase of the Total Commitment in accordance with Clause 2.2;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (g) any insolvency or similar proceedings, including but not limited to, as set forth under Chapter V (About court-sanctioned restructuring plans – De la homologación de los planes de reestructuración–) of Title III (About the restructuring plans–De los planes de reestructuración–) of Book 2 (About pre-insolvency law –Del derecho preconcursal–) of the restated Spanish Insolvency Law (Texto refundido de la Ley Concursal), approved by Spanish Royal Legislative Decree 1/2020 of 5 May, as amended from time to time.

Without prejudice to the generality of the foregoing, for the purposes of article 399 of the Spanish Insolvency Law, the obligations of any Spanish Guarantor under this Agreement vis-à-

vis each Finance Party shall be governed by the terms of this Agreement at any time so that any Spanish Guarantor's obligations pursuant to this Clause 11 shall not be affected in any way by the settlement agreement that may be agreed in the insolvency proceedings of an Obligor other than the relevant Spanish Guarantor (nor shall they be deemed amended as a consequence of the approval of that settlement agreement) only when the relevant Finance Party has not approved or acceded to, that settlement agreement.

#### **11.6 Immediate recourse**

Each Guarantor waives any right it may have of first requiring any Finance Party (or any agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 11. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

Each Guarantor incorporated under the laws of Spain acknowledges that the guarantee provided by it under this Clause 11 must be construed as a first demand guarantee (*garantía a primera demanda*) and not as a guarantee (*fianza*) and, therefore, the benefits of preference (*exclusión*), order (*orden*) and division (*división*) shall not be applicable.

#### **11.7 Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party and (or any agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 11.

#### **11.8 Deferral of Guarantors' rights**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Facility Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by each of its obligations under the Finance Documents:

- (a) to be indemnified by an Obligor and/or any Group Company;
- (b) to claim any contribution from any other guarantor of any Obligor's and/or Group Company's obligations under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party; and/or
- (d) to make any objection to pay on first demand.

**11.9 Additional security**

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

**11.10 Limitations**

11.10.1 The obligations of each Guarantor shall be limited to a maximum amount of EUR 1,500,000,000 with the addition of interest and costs. Sections 62 – 74 of the Norwegian Financial Contracts Act 1999 shall not apply to any Guarantor's obligations hereunder.

11.10.2 As required by Section 61 (2) of the Norwegian Financial Contracts Act 1999, the following information is given to each Guarantor:

- (a) in addition to the guarantees created under this Clause 11, Clause 12.1 (*Security Documents*) to this Agreement contains a list of all pledges, mortgages, guarantees and other security created as at the date of and pursuant to this Agreement;
- (b) as of the date of this Agreement, no Default Notice has been issued pursuant to this Agreement; and
- (c) the guarantee created by each Guarantor hereunder is created in respect of obligations which have not been incurred prior to the creation of such guarantee.

11.10.3 The obligations of each Guarantor shall furthermore be limited to such mandatory provisions of law applicable to such Guarantor limiting the legal capacity or ability of the relevant Guarantors to grant a guarantee hereunder, it being understood by each Guarantor that if a limitation no longer is applicable such limitation will no longer be applicable to the guarantee set out herein.

11.10.4 If a payment by a Guarantor has been made in contravention of the limitations contained in Clause 11.10, the Finance Parties shall not be liable for any damages in relation thereto and the maximum amount repayable by the Finance Parties as a consequence of such contravention shall be the amount received from the Guarantor.

11.10.5 Norwegian limitations

- (a) The obligations of a Guarantor incorporated in Norway (each a “**Norwegian Guarantor**”) under the Guarantees will be limited by mandatory provisions of law applicable to the Norwegian Guarantor limiting the legal capacity or ability of the Norwegian Guarantor to provide a guarantee as provided for under this Clause 11 (including, but not limited to, the provisions of Sections 8-7 and 8-10, cf. 1-3, of the Norwegian Companies Acts of 1997.
- (b) The limitations set out in paragraph (a) above shall apply mutatis mutandis to any Security provided by any Norwegian Guarantor under the Finance Documents and to any guarantee, undertaking, obligation, indemnity and payment, including but not limited to distributions, cash-sweeps, credits, loans and set-offs, pursuant to or permitted by the Finance Documents in relation to a Norwegian Guarantor;
- (c) If a payment or the honouring of any Security by a Norwegian Guarantor has been made in contravention of the limitations contained in this Clause 11, the Finance Parties shall not be liable for any damages in relation thereto, and the maximum amount

repayable by the Finance Parties as a consequence of such contravention shall be the amount received from that Norwegian Guarantor; and

- (d) If any limitation is no longer applicable as a mandatory provision under Norwegian law, such limitation will no longer apply to the Guarantee or Security provided by a Norwegian Guarantor.

#### 11.10.6 Austrian limitations

Nothing in this Agreement shall be construed to create any obligation of a Guarantor incorporated in Austria (an "**Austrian Guarantor**") to act in violation of mandatory Austrian capital maintenance rules (Kapitalerhaltungsvorschriften), including, without limitation, § 82 et seq. of the Austrian Act on Limited Liability Companies (Gesetz über Gesellschaften mit beschränkter Haftung - GmbHG) and § 52 et seq. of the Austrian Act on Joint Stock Companies (Aktiengesetz – AktG) (the "**Austrian Capital Maintenance Rules**"), and all obligations of an Austrian Guarantor under this Clause 11 (*On Demand Guarantee and Indemnity*) and under any other provision in a Finance Document shall be limited in accordance with Austrian Capital Maintenance Rules.

If and to the extent the payment obligations of an Austrian Guarantor under this Clause 11 and/or under any other provision in a Finance Document would not be permitted under Austrian Capital Maintenance Rules, then such payment obligations shall be limited to the maximum amount permitted to be paid under Austrian Capital Maintenance Rules.

If and to the extent the assumption or enforcement of any such payment obligation or liability of an Austrian Guarantor under this Clause 11 and/or under any other provision in a Finance Document would expose any officer of an Austrian Guarantor to personal liability or criminal responsibility such obligation or liability shall be limited to the maximum amount then permissible under Austrian Capital Maintenance Rules.

No reduction of an amount enforceable hereunder pursuant to these limitations will prejudice the rights of the Finance Parties or the Agent acting for and on behalf of the Finance Parties to continue enforcing their or his rights under this guarantee (subject always to the limitations set out in this Clause 11) until full satisfaction of the Obligors' obligations under the Finance Documents.

#### 11.10.7 Swiss Limitations

- (a) If and to the extent that a Guarantor incorporated in Switzerland (a "**Swiss Guarantor**") becomes liable under the Finance Documents for obligations of its Affiliates other than its Subsidiaries and if complying with such obligations would be restricted under then applicable Swiss corporate law (the "**Restricted Obligations**"), the aggregate liability of the Swiss Guarantor for Restricted Obligations shall be limited to the amount of unrestricted equity capital surplus (including the unrestricted portion of general and statutory reserves, other free reserves, retained earnings and, to the extent permitted by then applicable law, current net profits) available for distribution as dividends to the shareholders of the Swiss Guarantor (the "**Swiss Maximum Amount**"), provided that this is a requirement under then applicable mandatory Swiss law and understood that such limitation shall not free the Swiss Guarantor from its obligations in excess of the Swiss Maximum Amount, but that it shall merely postpone the performance date of those obligations until such time or times as performance is again permitted.

- (b) Immediately after having been requested to perform the Restricted Obligations under the Finance Documents, the Swiss Guarantor shall (i) perform any obligations which are not affected by the above limitations, and (ii) in respect of any balance, if and to the extent requested by the Facility Agent or required under then applicable Swiss law, provide the Facility Agent with an interim balance sheet audited by the statutory auditors of the Swiss Guarantor setting out the Swiss Maximum Amount, take any further corporate and other action as may be required by the Facility Agent (such as board and shareholders' approvals and the receipt of any confirmations from the Swiss Guarantor's statutory auditors) and other measures required to allow the Swiss Guarantor to make the payments agreed hereunder with a minimum of limitations and, immediately thereafter, pay up to the Swiss Maximum Amount to the Facility Agent.
- (c) In relation to payments made hereunder in satisfaction of Restricted Obligations, the Swiss Guarantor shall:
  - (i) if and to the extent required by applicable law and subject to any applicable double tax treaties in force at the relevant time:
    - (A) deduct Swiss Withholding Tax at the rate of 35 per cent. (or such other rate as is in force at that time) from any such payment;
    - (B) pay any such deduction to the Swiss Federal Tax Administration; and
    - (C) notify and provide evidence to the Facility Agent that the Swiss Withholding Tax has been paid to the Swiss Federal Tax Administration;
  - (ii) as soon as possible after a deduction for Swiss Withholding Tax is made as required by applicable law:
    - (A) ensure that any person which is entitled to a full or partial refund of the Swiss Withholding Tax, is in a position to be so refunded; and
    - (B) in case it has received any refund of the Swiss Withholding Tax, pay such refund to the Agent promptly upon receipt thereof.
- (d) For the avoidance of doubt, where a deduction for Swiss Withholding Tax is required pursuant to paragraph (c) above, the obligations of the Obligor under Clause 6.6 (Minimum interest), Clause 10.2 (Taxes), Clause 19.9 (Grossing-up) and Clause 10.3 (*Tax indemnity*) of this Agreement shall remain applicable, save to the extent and for as long as that would cause the Swiss Maximum Amount to be exceeded.
- (e) If the enforcement of Restricted Obligations would be limited due to the effects referred to in this Clause 11.10.7, then the Swiss Guarantor shall (i) to the extent permitted by applicable law, revalue and/or realize any of its assets that are shown on its balance sheet with a book value that is significantly lower than the market value of such assets, and (ii) reduce its share capital to the minimum allowed under then applicable law.

#### 11.10.8 German limitations

- (a) To the extent that the guarantee and indemnity created under this Clause 11 (the "**Guarantee**") is granted by a German guarantor incorporated in Germany as a limited

liability company (GmbH) (each a "German Guarantor") and the Guarantee of the German Guarantor guarantees amounts which are owed by direct or indirect shareholders of the German Guarantor or Subsidiaries of such shareholders (with the exception of Subsidiaries which are also Subsidiaries of the German Guarantor), the Guarantee of the German Guarantor shall be subject to the limitations set out in the following paragraphs of this Clause 11.10.8. In relation to any other amounts guaranteed, the Guarantee of the German Guarantor remains unlimited.

- (b) Subject to paragraphs (d) to(n) below, the Agent shall not be entitled to enforce the Guarantee to the extent that the German Guarantor demonstrates before the enforcement that such enforcement has the effect of:
  - (i) reducing the German Guarantor's net assets (*Nettovermögen* within the German law meaning of that term) (the "Net Assets") to an amount less than its stated share capital (*Stammkapital* within the German law meaning of that term) (such reduction being a *Begründung einer Unterbilanz* within the German law meaning of that term); or
  - (ii) (if its Net Assets are already lower than its stated share capital) causing such amount to be further reduced (*Vertiefung einer Unterbilanz* within the German law meaning of that term),
- (c) and thereby contravenes the obligatory preservation of its stated share capital according to §§ 30, 31 German GmbH-Act (*GmbH-Gesetz*) (the "**GmbH-Act**") ("**Limitation on Enforcement**" or "**Limitation Event**"). For the avoidance of doubt, to the extent the enforcement of the Guarantee will result in a fully valuable recourse claim (*vollwertiger Rückgriffsanspruch*) within the meaning of sentence 2 of paragraph 1 of § 30 GmbH-Act of the German Guarantor against a third party including a shareholder or another member of the Group, no Limitation on Enforcement applies and no Limitation Event occurs.
- (d) The value of the Net Assets shall be determined in accordance with German GAAP consistently applied by the German Guarantor in preparing its unconsolidated balance sheets (Jahresabschluss according to § 42 GmbH-Act, §§ 242, 264 German Commercial Code (Handelsgesetzbuch – HGB)) in the previous years, save that:
  - (i) the amount of any increase of the stated share capital (*Stammkapital*) of the German Guarantor registered after the date of this Agreement without the prior written consent of the Majority Lenders shall be deducted from the relevant stated share capital;
  - (ii) indebtedness which is subordinated pursuant to § 39 subsection 1 no. 5 or subsection 2 German Insolvency Code (*Insolvenzordnung*) or owing to any Affiliate and which is subordinated by contract to any Indebtedness outstanding under this Agreement (including indebtedness in respect of guarantees for financial indebtedness which is so subordinated) shall be disregarded; and
  - (iii) loans and other liabilities incurred in violation of the provisions of any Finance Document shall be disregarded.

- (e) The Limitation on Enforcement shall only apply if and to the extent that the managing director(s) (Geschäftsführer) on behalf of the respective German Guarantor have confirmed in writing to the Agent within ten Business Days following the Agent's demand under the Guarantee (i) the amount of the German Guarantor's Net Assets and (ii) to what extent the demanded payment would lead to the occurrence of a Limitation Event (the "**Management Determination**"), provided that until and including the earlier of (A) the date falling ten Business Days after the Agent's demand under the Guarantee and (B) the date of delivery of the Management Determination to the Agent, the right to enforce the Guarantee (whether in full or in part) shall be suspended.
- (f) If the Agent disagrees with the Management Determination, the Agent (acting on behalf of the Finance Parties) shall nevertheless be entitled to enforce the Guarantee up to such amount, which is undisputed between itself and the relevant German Guarantor in accordance with the provisions of paragraph (e) above, provided that the Agent may only distribute any proceeds of such enforcement to any other Finance Party (in accordance with the relevant provisions of this Agreement) after receipt, and, subject to paragraph (l) below, on the basis of, the Auditor's Determination (as defined below). In relation to the amount which is disputed, the Agent and such German Guarantor shall instruct a firm of auditors of international standing and reputation to determine within 45 calendar days (or such longer period as has been agreed between the Company and the Agent) from the date the Agent has contested the Management Determination in writing to the relevant German Guarantor (i) the amount of the German Guarantor's Net Assets and (ii) to what extent the demanded payment would lead to the occurrence of a Limitation Event (the "**Auditor's Determination**"). If the Agent and the German Guarantor do not agree on the appointment of a joint auditor within five (5) Business Days from the date the Agent has disputed the Management Determination in writing to the relevant German Guarantor, the Agent shall be entitled to appoint auditors of international standing and reputation in its reasonable discretion. Without prejudice to paragraph (k) below, the amounts determined in the Auditor's Determination shall be (except for manifest error) binding on all Parties. The costs of the Auditor's Determination shall be borne by the Borrowers.
- (g) If the amount which is enforceable under the Guarantee as determined by the Auditor's Determination (calculated as of the date the demand under the Guarantee was made and in accordance with paragraph (d) above) is lower than as determined by the Management Determination (the excess amount, the "**Excess Amount**"), but the Guarantee has been enforced on the basis of the amount determined by the Management Determination, then the Agent (acting on behalf of the Finance Parties) shall, within five (5) Business Days of receipt by the Agent of a written demand from the relevant German Guarantor
  - (i) repay the Excess Amount (if and to the extent the amounts enforced on the basis of the Management Determination have not been received by any other Finance Party), and
  - (ii) if and to the extent the amounts enforced on the basis of the Management Determination have been received by any other Finance Party, notify that



Finance Party of the Excess Amount and forthwith pass on any amounts actually returned to the Agent by the Finance Parties in respect of the Excess Amount,

in each case provided a demand for repayment of the Excess Amount is made by the relevant German Guarantor to the Agent within one Month from the earlier of (i) the date of receipt by the Agent of the Auditor's Determination and (ii) the date falling 45 calendar days (or such longer period as has been agreed between the Borrowers and the Agent) from the date the Agent has contested the Management Determination in writing to the relevant German Guarantor (it being understood that any demand for repayment needs to specify the Excess Amount and can therefore only be made by the relevant German Guarantor once the Auditor's Determination is available). For the avoidance of doubt, each Finance Party shall only be liable to return such portion of the Excess Amount actually received (and, in the case of the Agent, not on-paid) by it and nothing set out in this paragraph (g) shall establish any joint and several liability of the Finance Parties in respect of any Excess Amount.

- (h) If pursuant to the Auditor's Determination the amount payable under the Guarantee is higher than set out in the Management Determination the relevant German Guarantor shall pay the difference to the Finance Parties within five (5) Business Days after receipt of the Auditor's Determination.
- (i) If the German Guarantor intends to demonstrate that the enforcement of the Guarantee would lead to the occurrence of a Limitation Event, then the German Guarantor shall, if the Agent so requests acting upon instruction of the Majority Lenders (each such request a "**Realisation Request**"), within two Months (or such longer period as the Agent may specify) following receipt by the German Guarantor of the Realisation Request, realise at arm's length terms to the extent necessary to satisfy the amounts demanded under this Guarantee any and all of its assets that:
  - (i) are shown in its balance sheet with a book value (*Buchwert* within the German law meaning of that term) which is significantly lower than their market value; and
  - (ii) are not operationally necessary to continue its existing business or are capable to be replaced by the German Guarantor by way of sale and lease-back, the purchase of services from third parties or otherwise, (the "**Relevant Assets**").
- (j) The German Guarantor shall within one Month following the Agent's Realisation Request provide to the Agent a list of all Relevant Assets. If the German Guarantor has not realised the Relevant Assets within two Months following the Agent's Realisation Request (the "**Realisation Period**") but delivered a Management Determination to the Agent, and (A) has omitted to undertake reasonable endeavours to effect such realisation or (B) has not provided reasonably detailed evidence to the Agent that it has undertaken reasonable endeavours to effect such realisation, until the last day of the Realisation Period, the Agent may instruct the auditor instructed to prepare the Auditor's Determination to prepare within fifteen calendar days an Auditor's Determination (regardless whether an Auditor's Determination has already been provided), taking into account any not realised Relevant Assets at 70 per cent. of their market value. Without prejudice to paragraph (k) below, the amounts determined in

that Auditor's Determination shall be (except for manifest error) binding for all Parties. The costs of that Auditor's Determination shall be borne by the Borrowers.

- (k) The Limitation on Enforcement does not affect the right of the Finance Parties to claim again any outstanding amount at a later point in time if and to the extent that paragraph (b) would allow this at that later point.
- (l) The Limitation on Enforcement does not apply in relation to amounts that correspond to funds that have been on-lent to the relevant German Guarantor or any of its Subsidiaries. The burden of demonstrating that no amounts have been on-lent is on the German Guarantor, provided that an up-to-date financial statement of the German Guarantor prepared in accordance with the principles applicable to its unconsolidated balance sheet (*Jahresabschluss* according to § 42 GmbH-Act, §§ 242, 264 German Commercial Code) and setting out in reasonable detail in its annex (Anhang) any such on-lending (including to its Subsidiaries) or confirming its non-existence, shall constitute prima facie evidence for this purpose.
- (m) The Limitation on Enforcement does not apply to any amounts payable under the Guarantee by a German Guarantor during the existence of a domination and/or profit and loss transfer agreement with the relevant German Guarantor as controlled entity (in accordance with § 291 of the German Stock Corporation Act (*Aktiengesetz*) other than where the existence of such domination and/or profit and loss transfer agreement has not the effect as set out in sentence 2 of paragraph 1 of section 30 GmbH-Act.
- (n) This Clause 11.10.8 shall apply mutatis mutandis, if the Guarantee is granted by a German Guarantor organised as a limited partnership (*Kommanditgesellschaft, KG*) or general partnership (*offene Handelsgesellschaft, OHG*) with a limited liability company incorporated under German law (*Gesellschaft mit beschränkter Haftung, GmbH*) as general partner (*Komplementär bzw. unbeschränkt haftender Gesellschafter* within the German law meaning of that term) (a "**Relevant General Partner**") of such Guarantor, in respect of such Relevant General Partner.
- (o) The restrictions under this Clause 11.10.8 shall not apply if, at the time of enforcement of the Guarantee, as a result of a change in the laws or German supreme court jurisprudence (*höchstrichterliche Rechtsprechung*), the granting or enforcement of the Guarantee can no longer result in a personal liability of the German Guarantor's or, as applicable, the Relevant General Partner's managing directors with a view to the obligatory preservation of its stated share capital according to §§ 30, 31 German GmbH-Act or any substitute provision.

#### 11.10.9 Spanish limitations

- (a) Notwithstanding anything set out to the contrary in this Agreement or any other Finance Document, the obligations and liabilities of any Guarantor incorporated in Spain under this Agreement or any other Finance Document to which it is a party shall be deemed to have been given only to the extent such guarantee does not violate articles 143 or 150 of the Spanish Capital Companies Act (*Ley de Sociedades de Capital, aprobada por medio del Real Decreto Legislativo 1/2010, de 2 de julio*), governing, inter alia, unlawful financial assistance, and the liability of each such Guarantor only applies to the extent permitted by such provisions.

- (b) The limitation set out in paragraph (a) above shall apply mutatis mutandis to any security created by any Obligors incorporated in Spain under the Security Documents and to any guarantee, undertaking, obligation, indemnity and payment, including (but not limited to) distributions, cash sweeps, credits, loans and set-offs, pursuant to or permitted by the Finance Documents and made by each such Obligor.

#### 11.10.10 Polish Limitations

- (a) The guarantee and the liability of any Guarantor incorporated in Poland under this guarantee shall:
  - (i) in the case of a Guarantor incorporated in Poland being a limited liability company, be limited in such way that such Guarantor shall not be obliged to effect any payment under this guarantee in the event and to the extent that they result in reduction of its assets necessary to fully cover its share capital in breach of Article 189 § 2 of the Polish Commercial Companies Code;
  - (ii) in the case of a Guarantor incorporated in Poland being a joint stock company, or a subsidiary of a joint stock company, not extend to any part of the Facility which provide direct, or indirect, financing (within the meaning of Article 345 § 1 of the Polish Commercial Companies Code) in respect of the acquisition of shares issued by such joint stock company incorporated in Poland to the extent the requirements under Article 345 of the Polish Commercial Companies Code has not been satisfied; for the avoidance of doubt, the foregoing means that the guarantee to such extent shall be limited and deemed not to be given by such Guarantor.
- (b) Notwithstanding anything to the contrary contained in this Agreement or in any of the other Finance Documents, the obligations of each Guarantor incorporated in Poland are limited to the extent that they do not result in its insolvency in the meaning of Article 11 § 2 of the Polish Bankruptcy Law or insolvency under any relevant regulation (the “**New Bankruptcy Law**”) that will replace or amend the Polish Bankruptcy Law and which will specify that entity is insolvent when the value of its liabilities (all or some of them) exceeds the value of its assets (regardless of whether such situation will result in immediate insolvency or lapse of time will be required). The limitation in this subparagraph will not apply if one or more of the following circumstances occur:
  - (i) an Event of Default is declared, occurs and is outstanding, irrespective of whether it occurs before or after the Guarantor incorporated in Poland concerned becomes insolvent within the meaning of Article 11 section 2 of the Polish Bankruptcy Law or similar provisions of the New Bankruptcy Law; and/or
  - (ii) the liabilities of the Guarantor incorporated in Poland (except those under the Finance Documents) result in its insolvency within the meaning of Article 11 section 2 of the Polish Bankruptcy Law or similar provisions of the New Bankruptcy Law.

#### 11.10.11 Swedish Limitations

- (a) The obligations of any Guarantor incorporated in Sweden (each a “**Swedish Guarantor**”) in respect of obligations under any Finance Documents owed by a Group Company which is not a wholly-owned Subsidiary of such Swedish Guarantor shall be

limited if (and only if) and to the extent required by an application of the provisions of the Swedish Companies Act (aktiebolagslagen (2005:551)) regulating distribution of assets (including profits and dividends and any other form of transfer of value (värdeöverföring)).

- (b) It is agreed that the liability of such Swedish Guarantor under any Finance Document in respect of such obligations only applies to the extent permitted by the above mentioned provisions of the Swedish Companies Act.

## **12. SECURITY**

### **12.1 Security Documents**

The Secured Obligations shall be secured by the interests and rights granted to the Finance Parties under the Security Documents. Such security shall rank with first priority and consist of:

- (a) the Share Pledges;
- (b) the Assignment of Intra-Group Loans;
- (c) the Pledge of Shareholder Loans; and
- (d) the Polish Security,

(collectively the “**Transaction Security**”)

### **12.2 Hedging Agreements**

All obligations and liabilities of any Group Company to any Lender under or in connection with any Hedging Agreement or the Overdraft Facility shall be treated, for all purposes (other than Clauses 19.8 (*Partial payments*) and 17.1 (*Redistribution*)), as obligations and liabilities incurred under this Agreement and, for the avoidance of doubt, a Group Company’s obligations and liabilities under any Hedging Agreement or the Overdraft Facility shall be considered as Secured Obligations and liabilities under the Security Documents and for such purposes any reference in any Security Document to a Lender shall be deemed to include that Lender as a party to the relevant Hedging Agreements.

### **12.3 Additional Guarantor**

- 12.3.1 Any company which is or becomes a Portfolio Owner or a Collection Company shall become an additional Guarantor and shall as soon as reasonably practicable execute and deliver an Accession Agreement to the Facility Agent together with all the documents referred to in the schedule to that Accession Agreement, each in form and substance reasonably satisfactory to the Facility Agent.
- 12.3.2 Each Finance Party hereby irrevocably authorises the Facility Agent to execute on its behalf Accession Agreements delivered to the Facility Agent by a Group Company in accordance with the terms of this Clause 12.3.

### **12.4 Additional Security**

The Borrowers shall procure that a company which is or becomes a Portfolio Owner or a Collection Company (subject to as set out in (b) below) or becomes a Portfolio Owner or a Collection Company shall as soon as reasonably practicable grant the relevant Transaction

Security and the Borrowers shall procure that the relevant Transaction Security is granted and perfected over the shares of that Portfolio Owner or Collection Company, as security for the Secured Obligations.

## **12.5 Preservation of security and guarantees**

The Borrowers shall procure that the Transaction Security and Guarantees contemplated under this Agreement remain in full force and effect with the contemplated priority and ranking and that the Transaction Security covers the assets contemplated under this Agreement. The Borrowers undertake to execute or procure the execution of such further documents and take such further steps as may be necessary or reasonably requested by the Agent to ensure that the Transaction Security and Guarantees remain valid and enforceable to the satisfaction of the Lenders on the terms contemplated under this Agreement and that the Security Documents are in form and substance satisfactory to the Lenders.

## **12.6 Special provision on Spanish enforcement procedures**

### **12.6.1 Accounts of the Security Agent and of the Lenders**

For the purposes of enforcing or foreclosing, pursuant to Spanish law, this Agreement (including any Guarantee provided by any Guarantor incorporated in Spain pursuant to Clause 11 or under the Security Documents), the Security Agent, in its capacity as such (and on behalf of the Lenders), shall open and maintain a special credit facility account in its books on behalf of the Obligors, from which all interest, fees, expenses, default interest, additional costs and any other amounts that the Obligors owe to the Lenders under the Finance Documents will be debited and into which all amounts received by or on account of the Lenders from the Obligors under the Finance Documents will be credited, so that the balance of the credit account represents the amount owed from time to time by the Obligors to the Lenders.

In addition to the account referred to in the preceding Clause, each Lender shall open and maintain a special account in its records equivalent to that described above, into which the interest, fees, expenses, default interest, additional costs and any other amounts that the Obligors owe to the Lender hereunder will be debited and into which all amounts received by the Lender from the Obligors under the Finance Documents shall be credited, so that the sum of the balance of the credit account represents the amount owed from time to time by the Obligors to the Lender. In the event of assignment as provided in Clause 23, the assignor will totally or partially cancel the referenced accounts, with corresponding accounts to be opened by the assignee.

Any failure to keep the records referred to in the two preceding Clauses or any error in doing so will not, however, limit or otherwise affect the obligation of the Lenders to pay any amount owed pursuant to the Finance Documents.

### **12.6.2 Determination of outstanding balance**

In the event of any discrepancy between the accounts and records maintained by any Lender and the accounts and records of the Security Agent corresponding to such matters, the Security Agent's accounts and records will take precedence in the absence of manifest error.

### **12.6.3 If any of the events of termination by maturity or acceleration of the Facility occurs, the Security Agent or, if applicable, a Lender who brings the action separately, will settle the accounts referred to in Clause 12.6.1 (*Accounts of the Security Agent and of the Lenders*). For the purposes of enforcement in judicial or extrajudicial proceedings, it is expressly**

agreed that the balance of the accounts referred to in Clause 12.5.1 (*Accounts of the Security Agent and of the Lenders*) resulting from the certification for that purpose issued by the Security Agent or, if applicable, the Lender who brings the action separately will be deemed a liquid, due and payable amount enforceable against the Borrowers and any Guarantor incorporated in Spain, provided that it is evidenced in a notarial document that the settlement was made in the form agreed by the parties in the enforceable instrument (*título ejecutivo*) and that the outstanding balance is equivalent to that recording in the corresponding account of the Borrowers opened in connection with the Facility.

- 12.6.4 The Security Agent or, if applicable, the relevant Lender, shall give advance notice to the Borrowers of the amount due as a result of the settlement.
- 12.6.5 In the event that the Lenders or, if applicable, the Lender who brings the action separately, decide to commence the ordinary enforcement proceedings contemplated under articles 517 et seq. of the Spanish Civil Procedure Act (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*), the Parties expressly agree for the purposes of articles 571 et seq. of the Spanish Civil Procedure Act that the settlement to determine the enforceable due debt (*deuda ejecutivamente reclamable*) will be carried out by the Security Agent or, if applicable, by the Lender who brings the action separately. Therefore, the following will be sufficient for the commencement of summary proceedings:
- (a) an executory copy (*copia autorizada de la escritura matriz con carácter ejecutivo*) of the notarial instrument raising this Agreement to the status of a public deed;
  - (b) a certificate, issued by the Security Agent or, if applicable, by the Lender who brings the action separately, of the debt for which the Borrowers are liable, which shall include an extract of the debit and credit entries and the entries corresponding to the application of interest that determine the specific balance for which enforcement is requested;
  - (c) the document evidencing (*documento fehaciente*) that the settlement of the debt has been carried out in the form agreed in this Agreement; and
  - (d) a certified document evidencing the service of prior notice to the Borrowers of the amount due as a result of the settlement.
- 12.6.6 All taxes, expenses and duties that accrue or incurred by reason of the notarial instruments referred to in the preceding Clause will be satisfied by the Borrowers.

### 13. REPRESENTATIONS AND WARRANTIES

#### 13.1 Representations and warranties

Each Obligor (including the Parent but only where specified) makes the representations and warranties set out in this Clause 13 to each Finance Party, in respect of itself.

##### 13.1.1 Status

Each Group Company and Obligor (including the Parent), except for the Polish Securitization Fund, is a limited liability company duly incorporated with perpetual corporate existence under the laws of the jurisdiction of its incorporation, and it possesses the capacity to sue and be sued in its own name and has the power to carry on its business and to own its property and other assets.

13.1.2 Powers and authority

Each Group Company and Obligor (including the Parent), where applicable, has the power to execute, deliver and perform its obligations under the Finance Documents and to carry out the transactions contemplated by those documents and all necessary corporate, board, management body, shareholder and other action has been or will be taken to authorise the execution, delivery and performance of the same.

13.1.3 Binding obligations

Subject to the Reservations, the obligations of each Group Company and Obligor (including the Parent) under the Finance Documents constitute its legal, valid, binding and enforceable obligations.

13.1.4 Contraventions

The execution, delivery and performance by each Group Company and Obligor (including the Parent) of the Finance Documents do not:

- (a) contravene any applicable law, regulation or any order of any governmental or other official authority, body or agency or any judgement, order or decree of any court having jurisdiction over it, including Sanctions;
- (b) conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement, arrangement or other instrument to which it is a party or any licence or other authorisation to which it is subject or by which it or any of its property is bound, which is likely to have a Material Adverse Effect; or
- (c) contravene or conflict with the provisions of its articles of association, registration certificate or other constitutional documents.

13.1.5 Insolvency

- (a) No Group Company or Obligor (i) is unable to pay its debts as they fall due or has admitted in writing its inability to pay its debt as they fall due or has become insolvent or, with respect to any Obligor or Group Company incorporated in Germany, is overindebted within the meaning of section 19 of the German Insolvency Code (*Insolvenzordnung*) (ii) has suspended making payments on any of its debts as they fall due or, by reason of actual or anticipated financial difficulties, has commenced negotiations with one or more of its creditors with view to rescheduling any of its indebtedness; (iii) has taken any action (by petition, application, answer, consent or otherwise), (iv) otherwise has taken any action nor have any steps been taken or legal proceedings been started or, to the best of any Obligor's knowledge and belief, threatened against it for winding up, liquidation, bankruptcy, dissolution (including liquidación, disolución, concurso de acreedores or any similar situation under the Spanish corporate, commercial and civil law regulation) or re organisation (other than a solvent re-organisation), or similar executor or judicial proceeding, or has submitted to the relevant court a notice as set forth under article 583 et seq. of the restated Spanish Insolvency Law (*Ley Concursal*), approved by Royal Legislative Decree 1/2020 of 5 May, as amended from time to time, (v) any such action has been instituted against such member of the Group or Obligor and remains undismissed, undischarged or unstayed, (vi) has taken any corporate or similar action for the purpose of effecting any of the foregoing and (vii) the enforcement of any Encumbrance over its assets or

for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of it or of any of its assets.

(b) The US Obligors and the other Obligors are Solvent on a consolidated basis.

13.1.6 No default

No Group Company or Obligor (including the Parent) is (nor would be with any of the giving of notice, the lapse of time, the determination of materiality, or the satisfaction of any other condition), in breach of or in default under any agreement or arrangement to which it is a party or which is binding on it or any of its assets in a manner or to an extent which is likely to have a Material Adverse Effect.

13.1.7 Litigation

No action, litigation, arbitration or administrative proceeding has been commenced or is pending or, as far as each Obligor (including the Parent) is aware, threatened against any Group Company or Obligor (including the Parent) which, if decided adversely, is likely to have a Material Adverse Effect, nor is there subsisting any unsatisfied judgement or award given against any of them by any court, arbitrator or other body.

13.1.8 Accounts and projections

Each of the Accounts prepared of each Group Company and Obligor (including the Parent) required to be delivered under Clause 14.1.1 (*Financial Statements*) is prepared in accordance with the Accounting Principles and gives, to the best knowledge and belief of each Obligor (including the Parent), a true and fair view of the financial position of the relevant company as at the date to which they were prepared and for the Financial Year of that company then ended and there are no material adverse change in the consolidated financial condition of the Obligors (including the Parent) since the date of the latest published financial statements.

13.1.9 Encumbrances

No Encumbrance other than a Permitted Encumbrance exists over all or any part of the assets of any Group Company.

13.1.10 No Encumbrances created

The execution of the Finance Documents by the Obligors (including the Parent) and the exercise of each of their respective rights and the performance of each of their respective obligations under the Finance Documents will not result in the creation of, or any obligation to create, any Encumbrance over or in respect of any of their assets (other than pursuant to the Finance Documents).

13.1.11 Indebtedness

No Group Company has any outstanding Indebtedness (save for any Permitted Indebtedness).

13.1.12 Authorisations

Other than the registration of and/or giving of notice in accordance with the Security Documents, all authorisations, approvals, licences, consents, filings, registrations, payment of duties or taxes and notarisations required:



- (a) for the conduct of the business, trade and ordinary activities of each Group Company and Obligor (including the Parent), except to the extent that failure to make, pay or obtain the same would not have a Material Adverse Effect;
- (b) for the performance and discharge of the obligations of each Group Company and Obligor (including the Parent) under the Finance Documents to which it is a party; and
- (c) in connection with the execution, delivery, validity, enforceability or admissibility in evidence of the Finance Documents,

are in full force and effect.

13.1.13 Stamp duties

Other than the registration of the Security Documents, no stamp or registration duty or similar taxes or charges are payable in any relevant jurisdiction in respect of any Finance Document, except where the Finance Documents are (i) voluntarily presented to the registration formalities or (ii) appended to a document that requires mandatory registration, a registration duty (*droit d'enregistrement*) will be due, the amount of which will depend on the nature of the document to be registered and except for any notarial fees payable in connection with the notarisation of any Share Pledge with respect to the shares in a limited liability company incorporated under German law (*Gesellschaft mit beschränkter Haftung*).

13.1.14 Financial year

The financial year of each Group Company is the calendar year.

13.1.15 Corporate structure

On the date of the Agreement:

- (a) The details of Borrowers and its Subsidiaries and the Parent set out in Schedule 8 (*Group Structure*) are accurate and complete in all respects.
- (b) Save as specified in Schedule 8, no person has any interest in (including but not limited to any right of pre-emption, option to acquire or the equivalent) the shares of any Group Company other than over the shares in the Borrowers.
- (c) No Group Company has any interest in any person in respect of which the liability of that Group Company in respect of the obligations of that person is unlimited.
- (d) Each of the Group Companies (other than the Borrowers) set out in Schedule 8 is, unless otherwise expressly stated in Schedule 8, owned to 100 per cent (votes and capital).

13.1.16 Intellectual Property Rights

- (a) The Group Companies own or have the legal right to use all of the Intellectual Property Rights which are material to the conduct of the business of any Group Company or are required by any Group Company in order for it to carry on its business.
- (b) The Parent owns or have the legal right to use all of the Intellectual Property Rights which are material to the conduct of its business or are required for it to carry on its business.

- (c) The operations of each Group Company and the Parent do not infringe, or are not likely to infringe, any Intellectual Property rights held by any third party, which infringement if ruled against the company is likely to have a Material Adverse Effect.
- (d) No claim has been made in writing by any third party which alleges any infringing act or process which would fall within paragraph (c) above or which otherwise disputes the right of any Group Company, Parent, Obligor or the Subsidiary of any Obligor to use any Intellectual Property Rights relating to that company's business which if ruled against the company is likely to have a Material Adverse Effect and no Group Company or any Obligor (including the Parent) is aware of any circumstances (including any act or omission to act) which could reasonably be expected to give rise to such a claim.
- (e) There exists no actual or threatened, as far as each Obligor (including the Parent) is aware, infringement by any third party of any Intellectual Property Rights relating to the business of any Group Company, Parent, Obligor or the Subsidiary of any Obligor or any event likely to constitute such an infringement, which infringement if ruled against the company is likely to have a Material Adverse Effect.
- (f) All Intellectual Property Rights owned by a Group Company, Parent, Obligor or the Subsidiary of any Obligor are subsisting and no act has been done or omitted to be done and no event has occurred or, is likely to occur which has or could reasonably be expected to render any Intellectual Property Rights subject to revocation, compulsory licence, cancellation or amendment, which event is likely to have a Material Adverse Effect.

#### 13.1.17 Ownership of Assets

Save to the extent provided for in this Agreement or disposed of without breaching the terms of any of the Finance Documents, each Group Company has good title to or valid leases or licences of or is otherwise entitled to use and permit other Group Companies to use all assets necessary to conduct its business in all material ways. All Existing Loan Portfolios and Approved Loan Portfolios are wholly owned by a Portfolio Owner, save only as set out in Clause 14.2.15 (*Ownership of Loan Portfolio*).

#### 13.1.18 Security Documents

- (a) Subject to the Reservations, the Security Documents create the Encumbrance they purport to create with the priority stated therein and are not liable to be avoided or otherwise set aside on the liquidation, administration, bankruptcy or equivalent of the Group Company or the Parent party to them.
- (b) Each Group Company is the owner of the assets of each member of the Group which it pledges or purports to pledge pursuant to any of the Security Documents. The Parent is the owner of the assets which it pledges or purports to pledge pursuant to any of the Security Documents. Each Security Provider is the owner of the assets which it pledges or purports to pledge pursuant to any of the Security Documents. The assets pledged (or purported to be pledged) pursuant to the Security Documents are all fully paid (as applicable), are pledged by way of first ranking pledge if not otherwise expressly stated in this Agreement and are not subject to any option to purchase, pre-emption rights, right of first refusal or similar rights and, represent all of the issued share capital of the relevant company.

13.1.19 Deduction of Tax and no filing or Stamp taxes

- (a) It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document to a Lender.
- (b) Under the law of its jurisdiction of incorporation it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents, except that in the case of court proceedings in a Luxembourg court or the presentation of the Finance Documents – either directly or by way of reference – to an autorité constituée, such court or autorité constituée may require registration of all or part of the Finance Documents with the Administration de l'Enregistrement et des Domaines in Luxembourg, which may result in registration duties, at a fixed rate or an ad valorem rate which depends on the nature of the registered document, becoming due and payable.

13.1.20 Pari passu ranking

Its (including the Parent) payment obligations under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

13.1.21 No Residency

No Finance Party will be deemed resident, domiciled or carrying on business in any jurisdiction by reason only of the execution, performance and/or enforcement of any Finance Document.

13.1.22 No material adverse change

There has been no change in the financial condition, operations, assets, business, properties or prospects of the Group, Parent, Obligor or the Subsidiary of any Obligor since the date of the most recent annual Accounts of the Group, which has, or is reasonably likely to have, a Material Adverse Effect.

13.1.23 Compliance with Swiss Twenty Non-Bank Rule

- (a) Each Swiss Obligor is in compliance with the Swiss Twenty Non-Bank Rule.
- (b) For the purposes of paragraph (a) above, each Swiss Obligor shall assume that the aggregate number of Lenders which are Swiss Non-Qualifying Banks is 10 (ten).

13.1.24 Sanctions

- (a) Each member of the Group, Parent, each Obligor and each Subsidiary of any Obligor, their respective joint ventures, and their respective directors, officers, employees, and, to the best of the Obligors' knowledge, having made due enquiries, agents or representatives has been and is in compliance with Sanctions Laws;
- (b) No member of the Group, Parent, Obligor or any Subsidiary of any Obligor, their respective joint ventures, and their respective directors, manager, officers, employees, and, to the best of the Obligors' knowledge, having made due enquiries, agents, Affiliates or representatives:

- (i) is a Restricted Party, or is involved in any transaction through which it is likely to become a Restricted Party; or
- (ii) is subject to or involved in any inquiry, claim, action, suit, proceeding or investigation against it with respect to Sanctions Laws by any Sanctions Authority.

#### 13.1.25 Taxation

- (a) It (including the Parent for the purpose of this clause 13.1.25) is not (and in the case of any Group Company none of its Subsidiaries is) materially overdue in the filing of any Tax returns and it is not (and in the case of any Group Company none of its Subsidiaries is) overdue in the payment of any amount in respect of Tax.
- (b) No claims or investigations are being, or are reasonably likely to be, made or conducted against it (or in the case of any Group Company any of its Subsidiaries) with respect to Taxes, involving a potential claim or liability in an amount exceeding, on an aggregated basis, (i) EUR 5,000,000 in respect of any Group Company, or (ii) EUR 25,000,000 in respect of the Parent (or, in each case, its equivalent in any other currency or currencies), other than where such potential liability has been properly accounted for in the Accounts.
- (c) it (excluding the Swiss Branch and any branches of AK Nordic) is resident for Tax purposes only in its Original Jurisdiction and does not act through a permanent establishment in a jurisdiction or country different from the Original Jurisdiction.

#### 13.1.26 Anti-corruption law

Each member of the Group, Parent, each Obligor and each Subsidiary of any Obligor has conducted its businesses in compliance with applicable anti-corruption laws and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

#### 13.1.27 Centre of main interest

The "centre of main interests" (as that term is used in the **Insolvency Regulation**) of the Borrower is in Luxembourg, and the Borrower (other than the Swiss Branch) has not any "establishment" (as that term is used in the Insolvency Regulation) outside Luxembourg. All the legal requirements of the Luxembourg Domiciliation Law have been complied with by the Borrower.

#### 13.1.28 Investment Company Act

No Group Company, Obligor or the Parent, is an "investment company", or is "controlled" by an "investment company", within the meaning of the US Investment Company Act of 1940, as amended. Neither the making of any Utilisation nor the application of the proceeds or repayment thereof by any Obligor (including the Parent), nor the consummation of the other transactions contemplated hereby, will violate any provision of such Act or any rule, regulation or order of the US Securities and Exchange Commission thereunder.

#### 13.1.29 ERISA Compliance.

- (a) There are no pending or, to the knowledge of the Obligors (which shall include Parent for the purposes of this clause 13.1.29), threatened claims, actions or lawsuits, or

action by any applicable governmental authority, with respect to any Plan that could be reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

- (b) (i) no ERISA Event has occurred and neither the Parent nor any ERISA Affiliate is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan or Multiemployer Plan; (ii) the Parent and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iii) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is sixty percent (60%) or higher, other than for any Pension Plan with respect to which the failure to attain such percentage would not reasonably be expected to result in a Material Adverse Effect; (iv) neither the Parent nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums and there are no premium payments which have become due that are unpaid; (v) neither the Parent nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; and (vi) no Pension Plan or Multiemployer Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that could reasonably be expected to cause the PGBC to institute proceedings under Title IV of ERISA to terminate any such Pension Plan or Multiemployer Plan in any case, other than the occurrence of any event or condition described in this Section 6.12(b) that has not resulted or could not reasonably be expected to result in a Material Adverse Effect.
- (c) Except as would not reasonably be expected to result in a Material Adverse Effect, (i) each Plan is in compliance with the applicable provisions of ERISA, the Code and other applicable national, federal or state laws; (ii) each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favourable determination, opinion or advisory letter from the United States of America Internal Revenue Service to the effect that the form of such Pension Plan is qualified under Section 401(a) of the Code (or an application for such a letter has been sent to be processed by the United States of America Internal Revenue Service) and to the knowledge of the Obligors, nothing has occurred that would prevent, or cause the loss of, such tax-qualified status.
- (d) The Borrowers represent and warrant as of the Closing Date that the Borrowers are not and will not be using “plan assets” (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans as collateral or to satisfy the Borrowers’ obligations under the Loans or the Commitments.

#### 13.1.30 Repetition

The representations and warranties set out in Clause 13.1 (*Representations and warranties*) shall survive the execution of this Agreement and each of the said representations and warranties (other than the representations and warranties set out in Clauses 13.1.9 (*Encumbrances*) 13.1.10, (*No Encumbrances created*), 13.1.11 (*Indebtedness*), 13.1.25 (*Taxation*), 13.1.14 (*Financial Year*) and 13.1.15 (*Corporate structure*)) shall be repeated

(the “**Repeating Representations**”) on each Interest Date, each Drawdown Date as if made with reference to the facts existing at the time of repetition.

## 14. UNDERTAKINGS

### 14.1 Information undertakings

The undertakings in this Clause 14.1 remain in force during the Security Period unless otherwise agreed by the Facility Agent (acting on the instructions of the Majority Lenders).

#### 14.1.1 Financial Statements

The Borrowers shall supply to the Facility Agent:

- (a) as soon as the same become available and in any event within one hundred and eighty (180) days from the end of each Financial Year the audited annual financial statements and audit report for the Parent (on a consolidated basis) for that Financial Year.
- (b) as soon as the same become available and in any event within sixty (60) days after the end of each Financial Quarter, the unaudited quarterly financial statements of the Borrowers and the Parent (on a consolidated basis) for that Financial Quarter, where such accounts for the Borrowers and the Parent are to be prepared by the agreed GAAP-procedure.
- (c) following a breach of the 95% ERC requirement as set out in Clause 14.4.3 (*Collection*) the Borrowers shall deliver monthly calculations of the ERC requirement.

Documents required to be delivered pursuant to this clause 14.1.1 (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which PRA Group, Inc. posts such documents, or provides a link thereto on PRA Group, Inc.’s website on the Internet at the website address <https://ir.pragroup.com/> ; or (ii) on which such documents are posted on PRA Group, Inc.’s behalf on an Internet or intranet website, if any, to which each Lender and the Facility Agent have access (whether a commercial, third-party website or whether sponsored by the Facility Agent); provided, that: if notifications are no longer provided by the SEC’s website, PRA Group, Inc. shall notify the Facility Agent (by facsimile or electronic mail) of the posting of any such documents and provide to the Facility Agent by electronic mail electronic versions (i.e., soft copies) of such documents.

#### 14.1.2 Information: miscellaneous

- (a) The Borrowers shall, as soon as possible following the Facility Agent’s request (issued by the Facility Agent at the request by any of the Lenders), provide to the Facility Agent such other information, estimates, forecasts or projections in relation to the Parent and any member of the Group and any of their respective businesses, assets, financial condition, ownership or prospects, including (in relation to the Group) ERC and Book Value calculations, in each case as the Facility Agent may reasonably require, provided that such information, estimates, forecasts or projections shall be used solely for the purpose of the Finance Documents and shall be held in confidence by the Facility Agent and each Lender to which it is disclosed.
- (b) The Obligors shall promptly upon becoming aware of them provide to the Facility Agent such other information of details of any inquiry, claim, action, suit, proceeding or

investigation pursuant to Sanctions Laws by any Sanctions Authority against it, any of its direct or indirect owners, Subsidiaries, the Parent or any other member of Group, any of their joint ventures or any of their respective directors, officers, employees, agents or representatives, as well as information on what steps are being taken with regards to answer or oppose such.

- (c) The Obligors shall promptly upon becoming aware that it, any of its direct or indirect owners, Subsidiaries or other members of the Group, any of their joint ventures or any of their respective directors, officers, employees, agents or representatives has become or is likely to become a Restricted Party.

#### 14.1.3 Repurchases of Loan Portfolios

- (a) The Borrowers shall promptly inform the Agent of any exercise of any repurchase right and provide reasonably detailed information concerning the background for such repurchases (in relation to (i) below, for the aggregate provide, in reasonable detail, an overview of all repurchases), in relation to any Loan Portfolio where:
  - (i) The repurchase would lead to the aggregate amount of repurchases for the previous 12 month period exceeding EUR 5,000,000; or
  - (ii) The repurchase is initiated on the basis of a breach or alleged breach of law or regulation by a Borrower or any of its Subsidiaries.
- (b) The Borrowers shall in connection with the delivery of each Compliance Certificate report the aggregate amount of repurchases of Loan Portfolios during the relevant reporting period.

#### 14.1.4 Compliance certificates

- (a) The Borrowers shall provide to the Facility Agent within sixty (60) days of each Quarter Date (i) a certificate substantially in the form set out in Schedule 10 (*Form of Compliance Certificate*) (the “**Group Compliance Certificate**”) executed by the chairman of the Board or the chief executive officer, the de facto chief financial officer, vice president finance of the Group or global treasurer (in respect of financial undertakings measured on the Group), and (ii) a certificate substantially in the form set out in Schedule 11 (*Form of Compliance Certificate – Parent Covenants*) (the “**Parent Compliance Certificate**”, together with the Group Compliance Certificate referred to as the “**Compliance Certificates**”) executed by the chairman of the Board or the chief executive officer, the de facto chief financial officer, vice president finance or global treasurer of the Parent (in respect of financial undertakings measured on the Parent), in each case certifying that on such Quarter Date all the undertakings on the part of Borrowers and all undertakings relating to the Parent (as applicable) under this Agreement are for the time being complied with and including the calculations relating to the financial undertakings set out in Clause 14.4 (*Financial undertakings*).

#### 14.1.5 Borrowing Base Certificate

The Borrowers shall provide to the Facility Agent, within thirty (30) days after the end of each calendar month beginning with the calendar month ending on 31 October 2022, a duly completed Borrowing Base Certificate signed by a Responsible Officer of the Borrower substantially in the form set out in Schedule 12 (*Form of Borrowing Base Certificate*) (a

“***Borrowing Base Certificate***”) or otherwise in form and substance satisfactory to the Facility Agent.

14.1.6 Accounting Principles

The Borrowers and Parent (as applicable) shall ensure that all Accounts and other financial information submitted to the Facility Agent have been prepared in accordance with the applicable Accounting Principles. The Accounts will not need to include notes unless required by the Facility Agent.

14.1.7 Default, litigation, etc

The Borrowers shall promptly, upon becoming aware of the same, notify the Facility Agent of:

- (a) any Default, Event of Default or Potential Default;
- (b) any litigation, arbitration or administrative proceeding commenced against any Obligor or Group Company involving a potential liability, of any Group Company exceeding EUR 25,000,000 on an aggregated basis; and
- (c) any Encumbrance (other than a Permitted Encumbrance) attaching to any of the assets of any Group Company; and
- (d) the occurrence of any ERISA Event that could reasonably be expected to result in liability to any Obligor (including the Parent) in excess of EUR 25,000,000.

14.1.8 Management presentations, etc The Borrowers shall:

- (a) on the occurrence of a Default, Event of Default or a Potential Default or upon reasonable request, if requested by the Facility Agent, the de facto chief financial officer of the Group will, if so requested in writing, give a presentation to the Lenders, at a time and venue agreed with the Facility Agent (or otherwise as specified by the Facility Agent by not less than ten (10) Business Days’ notice), about the status for and development of the Loan Portfolios, including any deviation from the mandate structure of the Service Agreements, the ongoing business and financial performance of the Parent and any member of the Group and the budget and about such other matters relating to the ongoing business and financial performance of the Parent and any member of the Group, as any of the Lenders may reasonably request; and
- (b) if requested by the Facility Agent, carry out a due diligence of the Existing Loan Portfolios based on an agreed scope, but including calculation of the ERC Ratio. However, such request can only be made once a year.

14.1.9 “Know Your Customer”

If any Lender (or any prospective new Lender) needs to comply with “know your customer” or similar identification procedures, each Obligor (including the Parent) shall (and the Borrowers shall ensure that each member of the Group will) promptly upon the request of the Facility Agent supply such information as is reasonably requested for this purpose by the Facility Agent.



14.1.10 Claims from sellers of Approved Loan Portfolio

The Borrowers shall report to the Facility Agent any additional claims a seller of an Approved Loan Portfolio makes on the cash flow from the Approved Loan Portfolio after the settlement date of the acquisition of such Approved Loan Portfolio.

14.1.11 Asset Pool Report

The Borrowers shall provide to the Facility Agent within thirty (30) days of each Quarter Date a duly completed Asset Pool Report substantially in the form set out in Schedule 18 (*Form of Asset Pool Report*).

**14.2 Positive undertakings**

The undertakings in this Clause 14.2 remain in force during the Security Period unless otherwise agreed by the Facility Agent (acting on the instructions of the Majority Lenders).

14.2.1 Taxes

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) pay and discharge all Taxes and governmental charges payable by or assessed upon it prior to the date on which the same become overdue unless, and only to the extent that, such Taxes and charges shall be contested in good faith by appropriate proceedings, pending determination of which payment may lawfully be withheld, and there shall be set aside adequate reserves with respect to any such Taxes or charges so contested in accordance with the Accounting Principles.

14.2.2 Insurance

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) maintain insurances of such types, in such amounts and against such risks as are maintained by prudent companies carrying on business comparable with that of the relevant Group Company.

14.2.3 Authorisations

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) obtain, maintain and comply with the terms of any authorisation, approval, licence, consent, exemption, clearance, filing or registration required:

- (a) for the conduct of its business, trade and ordinary activities (except to the extent that failure to obtain, maintain or comply with such requirements is not likely to have a Material Adverse Effect); and
- (b) to enable it to perform its obligations under, or for the validity, enforceability or admissibility in evidence of, any Finance Document.

14.2.4 Access

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) upon reasonable notice being given to the Borrowers by the Facility Agent, and not more than once a calendar year, permit the Facility Agent and any person (such as but not limited to an accountant, auditor, lawyer, valuer or other professional adviser of the Facility Agent) authorised by the Facility Agent to have, to a reasonable extent and at all reasonable times during normal business hours, access to the premises, sites or property of any Group Company

and the right to discuss the affairs of each Group Company with the senior management of the relevant Group Company.

14.2.5 Ranking of obligations

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) ensure that its obligations under the Finance Documents to which it is a party shall at all times rank at least pari passu with all its other present and future unsecured and unsubordinated Indebtedness except for any obligations which are mandatorily preferred by law.

14.2.6 Further documents

Each Obligor (including the Parent) shall (and the Borrowers shall ensure that each member of the Group and the Parent will) at the reasonable request of the Facility Agent, do or procure the doing of all such things and execute or procure the execution of all such documents as are, in the reasonable opinion of the Facility Agent or the Security Agent, necessary to ensure that the Facility Agent or the Security Agent and the other Finance Parties obtain, maintain and protect all their rights and benefits under the Finance Documents and maintain perfected security interests as contemplated under the Security Documents.

14.2.7 Hedging

The Parent shall implement and maintain a hedging strategy for itself and its Subsidiaries approved annually by the Parent's Financial Risk Management Committee.

14.2.8 Intellectual Property Rights

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) take all necessary action to protect, maintain and keep in full force and effect all the rights and benefits of each Group Company and ensure that the Group has full legal ownership in relation to any Intellectual Property Rights which is material to such Group Company.

14.2.9 Compliance

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) comply in all respects with all laws to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect and each Obligor shall also (and the Borrowers shall ensure that any Subsidiary or other members of the Group will) at all times comply with all Sanctions Laws.

14.2.10 Sanctions

Each Obligor (including the Parent) shall ensure that none of them, nor any of their Subsidiaries or any other member of the Group, respective directors, officers, employees, and, to the best of their ability agents or representatives or any other persons acting on any of their behalf, is or will become a Restricted Party.

14.2.11 Maintenance of status

Unless otherwise expressly permitted under this Agreement, each Obligor shall (and the Borrowers shall ensure that each Group Company will) do all things necessary to maintain its corporate existence.

14.2.12 Auditors

The Borrowers shall ensure that each Group Company is audited by the Auditors.

14.2.13 Collection Company

- (a) The Borrowers shall ensure that each Portfolio Owner has entered into a Service Agreement (to the extent collection is not provided by the Portfolio Owner itself) and each Portfolio Owner shall procure or ensure that the Collection Company under the Service Agreement undertakes to remit all amounts received under a Loan Portfolio in segregated client accounts. The Borrowers shall ensure that each Service Agreement shall be entered into on arm's length principles containing a compensation level which is acceptable to the Facility Agent and shall not materially deviate from the standard approved by the Facility Agent.
- (b) The Borrowers shall ensure that no material change in the mandate structure of the Service Agreements will occur.

14.2.14 Compliance with Swiss Twenty Non-Bank Rule

- (a) Each Swiss Obligor shall at all times during the term of this Agreement be in compliance with the Swiss Twenty Non-Bank Rule.
- (b) For the purposes of paragraph (a) above, each Swiss Obligor shall assume that the aggregate number of Lenders which are Swiss Non-Qualifying Bank is 10 (ten).

14.2.15 Ownership of Loan Portfolio

The Borrowers shall procure that each relevant Portfolio Owner is the sole legal and beneficial owner of:

- (a) the cash flow from the Existing Loan Portfolios and Approved Loan Portfolios, except for cash flow from the Polish Portfolios which will be owned through the Polish Portfolio Notes representing ownership of 100% of the total Loan Portfolios in case of the Horyzont Portfolio Notes, pursuant to their constitutional documents. For the avoidance of doubt, the Polish Securitization Fund shall be the sole legal and beneficial owner of the cash flow from the relevant Existing Loan Portfolios and Approved Loan Portfolios.
- (b) the Existing Loan Portfolios and Approved Loan Portfolios, except for:
  - (i) Approved Loan Portfolios where the beneficial owner is a Group Company but the legal ownership of such Loan Portfolio is with a financial institution holding a rating of at least "A-1" with Standard & Poor's Ratings Services, a division from the Mc Graw-Hill Companies, Inc or "A3" with Moody's Investors Service Inc., provided that the Borrowers has explicitly informed the Facility Agent that the Portfolio Owner does not have legal ownership and the Majority Lenders have not dis-approved the situation in writing to the Facility Agent within 7 Business Days of the Lenders receiving written notice thereof from the Facility Agent (the "**Tacit Consent Procedure**") provided that the Tacit Consent Procedure shall only be applicable to the extent that the Borrowers explicitly includes, in the information to the Facility Agent, that the information provided to the Facility Agent is subject to the Tacit Consent Procedure and the Facility

Agent shall provide the Borrowers a prompt response as to the result of the Tacit Consent Procedure;

- (ii) The BAWAG Portfolio, Eisberg Portfolio and the German Portfolio (all as set out in Schedule 9), provided that they shall be beneficially wholly owned by the respective Portfolio Owner and that no change in ownership, ownership structure or legal status and no substantial change in the agreements relating to the ownership of these, shall occur in relation to these from what has been presented to and approved by the Agent;
- (iii) Approved Loan Portfolios as approved by the Facility Agent (on behalf of the Majority Lenders); and
- (iv) The Loan Portfolios owned through the Polish Portfolio Notes, provided that:
  - (A) the relevant Portfolio Owner is the sole legal and beneficial owner of the Polish Portfolio Notes;
  - (B) the Polish Securitization Fund is the sole legal and beneficial owner of the relevant Existing Loan Portfolios and Approved Loan Portfolios;
  - (C) that no change in ownership structure or legal status and no substantial change (including changes that may adversely effect the security interests of the Finance Parties) in the agreements relating to the rights or interests of the relevant Portfolio Owner to the Polish Portfolio Notes, the underlying portfolios or the Polish Securitization Fund, shall occur from what has been presented to and consented to in writing by the Agent;
  - (D) any and all trading/transfer restrictions on the Polish Portfolio Notes have been removed.

Any calculations relating to that Loan Portfolio (including calculation of ERC and financial covenants) shall be made on the basis of the Polish Portfolio Notes' respective share of the underlying Loan Portfolio(s).

#### 14.2.16 Centre of main interest

The Borrowers undertake that;

- (i) their "centre of main interests" (as that term is used in the Insolvency Regulation) is in Luxembourg, and (other than the Swiss Branch) they have no "establishment" (as that term is used in the Insolvency Regulation) outside Luxembourg; and
- (ii) that all the legal requirements of the Luxembourg Domiciliation Law have been complied with.

#### 14.2.17 Simplified GAAP procedure

The Borrowers undertake to deliver to the Agent, in form and substance satisfactory to the Agent, the description of the simplified GAAP procedure 10 days before the delivery of the financial statements in Clause 14.1.1.

14.2.18 ERISA Compliance

The Parent shall make, and shall cause each of its ERISA Affiliates to make, all required contributions to any Pension Plan subject to Section 412, Section 430 or Section 431 of the Code.

**14.3 Negative undertakings**

The undertakings in this Clause 14.3 remain in force during the Security Period unless otherwise agreed by the Facility Agent (acting on the instructions of the Majority Lenders).

14.3.1 Negative Pledge

- (a) No Obligor shall (and the Borrowers shall ensure that no member of the Parent Group will) create or permit to subsist any Encumbrance over any of a (i) Group Company's assets or future assets other than Permitted Encumbrances, or (ii) any asset which is subject to any security interest pursuant to the Security Documents, in each case without the Facility Agent's prior written consent.
- (b) The Borrowers shall ensure that no Subsidiary of the Borrowers which is a Collection Company shall create or permit to subsist any Encumbrances over any of its assets or future assets except for Encumbrances arising by operation of law or by seller's retention of title.

14.3.2 Change of business

No Obligor shall (and the Borrowers shall ensure that no other member of the Group will) make any substantial change to the ordinary business of any member of the Group or the Group as a whole (being sale, purchase and collection of Loan Portfolios) or the business of AK Nordic from that carried on at the date of this Agreement. For the avoidance of doubt, Non-Recourse Companies may invest in assets other than those which are invested in as a part of the general nature or scope of the business of the Group as a whole.

14.3.3 Fees

No Obligor shall (and the Borrowers shall ensure that no member of the Group will) pay any fees or commissions to any person other than:

- (a) on open market terms; or
- (b) fees incurred under or in connection with any Finance Document.

14.3.4 No Financial Support

No Obligor shall (and the Borrowers shall ensure that no member of the Group will) make any Financial Support (including but not limited to provision of loans, credit, guarantees, comfort letters, future commitments), other than:

- (a) Intra-Group Loans to any Group Company;
- (b) capital contributions in an entity inside the Group whose shares are subject to a Share Pledge, where required for the purpose of maintaining (i) efficient intra-group liquidity management and capital ratios, or (ii) compliance with regulatory capital requirements;

- (c) injection of equity or granting of shareholder loans (in respect of the shareholder loans on terms and conditions acceptable to the Facility Agent (on behalf of the Majority Lenders) by the Borrowers to a Non-Recourse Company provided that, based on the latest Compliance Certificate and the latest Operating Budget (such Operating Budget to be acceptable to the Majority Lenders) the Borrowers are able to verify that immediately after the Financial Support is provided:
  - (i) the ERC Ratio will be below 33%; and
  - (ii) no Default or Event of Default will have occurred and be continuing or would occur on the making of the Financial Support;
- (d) any guarantees, in relation to a Portfolio Owner's acquisition of a Loan Portfolio, from the Borrowers to the seller, provided that:
  - (i) before settlement the guarantee amount is limited to the acquisition amount; and
  - (ii) after settlement provided such guarantees are not for the payment of an Acquisition Price other than the Acquisition Price of forward flow loan portfolios;
- (e) to the extent not covered by paragraph (f) of this Clause 14.3.4, guarantees, in relation to a Portfolio Owner's acquisition of a Loan Portfolio, from the Borrowers to the seller subject to the approval of the Facility Agent (on behalf of the Lenders);
- (f) Financial Support provided by AK Nordic in its ordinary course of business;
- (g) Financial Support provided between a Portfolio Owner and a Collection Company in its ordinary course of business;
- (h) any Financial Support provided under the Cash Pool Agreement in accordance with Clause 14.3.6 (*Cash Pool Agreement*);
- (i) granting of loans (on terms and conditions acceptable to the Facility Agent (on behalf of the Majority Lenders)) by the Borrowers to any member of the Parent Group not being a Group Company provided that the Borrowers are able to verify by means of a certification from the Global Treasurer showing a proforma analysis that immediately after the Financial Support is provided:
  - (i) The ERC Ratio will be below 33%; and
  - (ii) no Default or Event of Default will have occurred and be continuing;
- (j) in respect of real property leased by an Obligor in the ordinary course of business and on customary arm's length terms;
- (k) any other Financial Support to the extent approved by the Majority Lenders in writing; or
- (l) any Financial Support not listed above and not exceeding the aggregate amount of EUR 5,000,000 (for the Group).

## 14.3.5 Indebtedness

- (a) No Obligor (except for the Collection Companies) shall (and the Borrowers shall ensure that no member of the Group will) incur or permit to subsist any Indebtedness other than Permitted Indebtedness.
- (b) The Borrowers shall ensure that no Collection Company shall incur or permit to subsist any Indebtedness other than Indebtedness arising by operation of law or in the ordinary course of business.
- (c) The Borrowers shall procure that the AK Nordic Deposits which are not deposited as Earmarked Funds shall not at any time exceed SEK 1,200,000,000 unless approved by the Majority Lenders. The Borrowers shall ensure that AK Nordic shall only apply Earmarked Funds to repay the AK Nordic Deposits.

## 14.3.6 Cash Pool Agreement

- (a) The Borrowers shall procure that funds which according to applicable law shall be held on a separate account or otherwise, shall not be transferred to any Cash Pool Account.
- (b) The Borrowers shall procure that only the Borrowers and the Portfolio Owners under this Agreement are participants under the Cash Pool Agreement.
- (c) Only PRA Group Europe AS and the Borrowers shall be able to draw under the Cash Pool Agreement.

## 14.3.7 Merger and Acquisitions etc.

- (a) Unless agreed by the Facility Agent (acting on the instructions of the Majority Lenders), no Obligor other than the Parent shall (and the Borrowers shall ensure that no member of the Group will) (i) enter into any amalgamation, de-merger, merger, reconstruction, combination, arrangement and plan of arrangement or similar transaction, or (ii) acquire any business of, or shares or securities of, any company (including but not limited to any shares in an unlimited liability person or the equivalent) or start up or enter into any joint venture or other legal entity irrespectively of whether the liabilities of such joint venture or person is unlimited except for:
  - (i) a solvent re-organisation on a solvent basis of Group Companies solely involving Group Companies, always provided that the Borrowers shall be a surviving entity (if the Borrowers are subject to the merger); and
  - (ii) the acquisition of single purpose companies that own an Approved Loan Portfolio, or companies with a total equity value less than EUR 50,000,000 per year (on an aggregate basis for the Group),
- (b) Unless agreed by the Facility Agent (acting on the instructions of the Majority Lenders), the Parent shall not enter into any amalgamation, de-merger, merger, reconstruction, combination, arrangement and plan of arrangement or similar transaction, other than a solvent re-organisation on a solvent basis involving the Parent and any of its Subsidiaries (other than a member of the Group), always provided that the Parent shall be a surviving entity (if the Parent is subject to the merger);

provided always, in respect of (a) and (b) above that (i) none of the security interests created under the Security Documents are impaired, and (ii) the Obligors prior to the transaction provide evidence satisfactory to the Facility Agent that the Group and Obligors will remain in compliance with the financial undertakings set out in clause 14.4 (Financial undertakings) upon completion of the transaction.

#### 14.3.8 Transactions similar to security

No Obligor other than the Parent shall (and the Borrowers shall ensure that no member of the Group will) other than as permitted by the definition of “Permitted Encumbrance”:

- (a) sell, transfer or otherwise make a Disposal of any of its assets on terms whereby it is or may be leased to or re-acquired or acquired by a Group Company or any of its related entities; or
- (b) sell, transfer or otherwise make a Disposal of any of its receivables on recourse terms, except for the discounting of bills or notes in the ordinary course of trading on non- recourse terms,

in circumstances where the transaction is entered into primarily as a method of raising finance or of financing the acquisition of an asset.

#### 14.3.9 Accounting and Auditors

No Obligor shall (and the Borrowers shall ensure that no member of the Group will):

- (a) change its Accounting Reference Date;
- (b) change its Financial Year;
- (c) change its Accounting Principles; or
- (d) change its auditors to any chartered accountant firms other than the Auditors,

without the Majority Lenders’ written consent.

#### 14.3.10 Corporate Structure

No member of the Group shall (and the Borrowers shall ensure that no member of the Group will) change the corporate structure as set out in Schedule 8 (*Group Structure*), except (i) with the prior consent of the Facility Agent (acting on the instructions of the Majority Lenders) (not to be unreasonably withheld) or (ii) as set out in Clause 15.1.8(a) Litra (B). For the avoidance of doubt, the restrictions set out in this Clause 14.3.10 shall not apply to the structure of the Parent Group.

#### 14.3.11 Ownership of Portfolio Owners

The Borrowers shall ensure that all Portfolio Owners shall be, directly or indirectly, wholly owned by the Borrowers.

#### 14.3.12 Licencing requirements

Neither the Borrowers, nor any of its Subsidiaries shall engage in business subject to any licence requirement unless such licence(s) are obtained and operated in accordance with the relevant requirements.



14.3.13 Management Agreement

The Management Agreement(s) shall be entered into on arm's length principles.

14.3.14 Compliance with laws

Each Obligor shall (and the Borrowers shall ensure that each member of the Group will) comply in all respects with all laws to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect, each Obligor shall also (and the Borrowers shall ensure that any Subsidiary or other members of the Group will) at all times comply with all Sanctions Laws.

14.3.15 Distributions

The Borrowers shall be entitled to (i) pay dividends, (ii) buy-back its own common stock; and/or (iii) make similar distributions to its shareholders, provided no Default or Event of Default is outstanding or would result from any such distribution.

**14.4 Financial undertakings**

14.4.1 Financial definitions

In this Clause 14.4:

**“Aggregate Collections”** means the aggregate amount received by the Security Portfolio Owners and/or Collection Companies (without double counting) in the relevant Financial Quarter.

14.4.2 General

The financial undertakings set out in Clauses 14.4.4 (*Senior Secured Leverage*), 14.4.5 (*Total Leverage*), and 14.4.6 (*Positive Income*) (the **“US Financial Undertakings”**) shall:

- (a) be measured on a consolidated basis for the Parent Group;
- (b) be calculated in accordance with the Accounting Principles (unless otherwise indicated); and
- (c) be interpreted using the defined terms set out in Schedule 17 (*US Definitions*) (the **“US Definitions”**), provided that such terms shall be interpreted in accordance with the laws of the State of New York in accordance with Section 11.14 of that certain Amended and Restated Credit Agreement, as stated at the date hereof, dated as of 5 May 2017, by and among the Parent as borrower, Bank of America, N.A., as agent, and the other parties thereto, as in effect on the date of this Agreement.

All financial undertakings set out in this Clause 14.4 shall be measured on a quarterly basis with reference to each of the financial statements delivered pursuant to Clause 14.1.1 (Financial statements) where applicable and unless otherwise stated or implied in the US Definitions with respect to the US Financial Undertakings.

14.4.3 Collection

Aggregate Collections shall constitute minimum 95% of ERC for the same set of portfolios, measured monthly on a quarterly basis. The minimum ratio could be breached up to five (5) times during the lifetime of this Agreement, provided that:

- (a) the ratio does not at any time fall below 90%; and

- (b) such breach does not happen two quarters in a row.

14.4.4 Senior Secured Leverage

The Consolidated Senior Secured Leverage Ratio shall not exceed 2.25:1.

14.4.5 Total Leverage

The Consolidated Total Leverage Ratio shall not exceed 3.5:1.

14.4.6 Positive Income

The consolidated Income from Operations shall be positive.

14.4.7 Change in accounting principles

- (a) If during the Security Period the accounting principles applied in the preparation of any of the Accounts shall be different from the Accounting Principles, or if as a result of the introduction or implementation of any accounting standard or any change in them or in any applicable law such accounting principles are required to be changed, the Borrowers shall promptly give notice to the Facility Agent of that change, determination or requirement.
- (b) If during the Security Period any changes are made to the Accounting Reference Date, the Financial Year or the Accounting Principles, as described in Clause 14.3.9 (*Accounting and Auditors*), by or with respect to any Obligor (including the Parent) or any other member of the Group, and this may in any way effect the calculation of the financial covenants under this Agreement, then any such change will be disregarded for the purpose of the calculation of such financial covenants unless and until the Majority Lenders have provided a written consent.
- (c) If the Facility Agent or Borrower believes that the financial undertakings set out in this Clause 14.4 need to be amended as a result of any such change, determination or requirement, the Borrowers and the Facility Agent, acting on the instructions of the Lenders, shall negotiate in good faith to amend the existing financial undertakings so as to provide the Lenders with substantially the same protections as the financial undertakings set out in this Clause 14.4 (but which are not materially more onerous).
- (d) If the Borrowers and the Facility Agent cannot agree on such amended financial undertakings within thirty (30) days of notice from the Borrowers pursuant to paragraph (a) above, the Borrowers shall prepay any amount outstanding under the Finance Documents within ninety (90) days after the Facility Agent has provided the Borrowers with a claim for prepayment.

**15. EVENTS OF DEFAULT**

**15.1 Default**

Each of the events or circumstances set out in Clause 15 is a Default (save for Clauses 15.3 (*US Bankruptcy of Obligors*) and 15.2 (*Acceleration, etc.*)) (whether or not caused by any reason whatsoever outside the control of the Obligor (including the Parent where specified) or any other person).

15.1.1 Non-payment

An Obligor (which shall include the Parent) does not pay on the due date any amount payable by it under a Finance Document at the place and in the currency and funds in which it is expressed to be payable, unless the failure to pay such amount is due solely to administrative or technical delays and such amount is paid within five (5) Business Days after a notice from the Facility Agent.

15.1.2 Financial Undertakings

Any requirement in Clause 14.4 (*Financial undertakings*) is not satisfied at any time.

15.1.3 Other defaults

Any member of the Parent Group breaches any of its obligations under any Finance Document (other than the obligations referred to in Clause 15.1.1 (*Non-payment*) and 15.1.2 (*Financial Undertakings*)) and, if that breach is capable of remedy, it is not remedied within thirty (30) days after notice of that breach has been given by the Facility Agent to the Borrowers.

15.1.4 Breach of representation or warranty

Any representation or warranty made or deemed to be repeated by any Group Company or Obligor (including the Parent) under any Finance Document is incorrect when made or deemed to have been repeated and if that breach is capable of remedy and it is not remedied within thirty (30) days after notice of that breach has been given by the Facility Agent to the Borrowers.

15.1.5 Cross-default

- (a) Any Indebtedness (other than Indebtedness under a Finance Document) of all or any member of the Group and/or the Parent:
  - (i) is not paid when due or within any applicable grace period; or
  - (ii) is declared to be or otherwise becomes due and payable prior to its specified maturity by reason of a default or an event of default (howsoever described).
- (b) Any creditor of any member of the Group and/or the Parent becomes entitled to declare any such Indebtedness due and payable prior to its specified maturity by reason of a potential default or an event of default (howsoever described).
- (c) Any commitment for any Financial Indebtedness of any member of the Group and/or the Parent is cancelled or suspended by a creditor as a result of an event of default (however described).
- (d) No Event of Default will occur under this Clause 15.1.5 if the aggregate amount of Indebtedness or commitment for Indebtedness falling within the above paragraphs in aggregate is less than EUR 2,000,000 (or its equivalent in any other currency or currencies) in respect of any Group Company, or EUR 25,000,000 in respect of the Parent.

15.1.6 Attachment or distress

A creditor or encumbrancer attaches or takes possession of, or a distress, execution, sequestration or other process is levied or enforced upon or sued out against, any of the assets of (i) any Group Company (having a value of at least EUR 2,000,000 or equivalent in

other currencies) or (ii) the Parent (having a value of at least EUR 25,000,000 or equivalent in other currencies), in each case where such process is not proved to the reasonable satisfaction of the Majority Lenders to be frivolous or vexatious and is, in any event, not discharged within thirty (30) days of its presentation or challenged on grounds reasonably satisfactory to the Majority Lenders.

#### 15.1.7 Inability to pay debts

(a) Any Group Company or Obligor (including the Parent):

- (i) suspends payment of its debts or is unable or admits its inability to pay its debts as they fall due;
- (ii) begins negotiations with any creditor with a view to the readjustment or rescheduling of any of its Indebtedness which it would not otherwise be able to pay when it falls due;
- (iii) proposes or enters into any re-organisation, composition or other arrangement for the benefit of its creditors generally or any class of creditors;
- (iv) is over-indebted (✓berschuldet) within the meaning of Article 725 para.2 of the Swiss Federal Code of Obligations or the value of its assets is less than its liabilities (taking into account contingent and prospective liabilities);
- (v) with respect to any Obligor or other Group Company incorporated in Germany, is overindebted within the meaning of section 19 of the German Insolvency Code (*Insolvenzordnung*); or
- (vi) a moratorium is declared in respect of any indebtedness of an Obligor. If a moratorium occurs, the ending of the moratorium will remedy any Default or Event of Default caused by that moratorium.

#### 15.1.8 Insolvency proceedings

Any person takes any action or any legal proceedings are started or other steps taken (including the presentation of a petition) for:

- (a) the bankruptcy, liquidation, composition, suspension of payments, compulsory debt settlement, re organisation, winding up or dissolution of any Group Company or Obligor (including the Parent) (including under any Debtor Relief Law) other than (A) in connection with a solvent reconstruction, the terms of which have been previously approved in writing by the Majority Lenders, (B) solvent liquidation, winding up or dissolution of any Group Company or Obligor other than the Borrowers and Parent, the terms of which have been notified in writing to the Lenders or (C) a winding up or bankruptcy or petition which is proved to the reasonable satisfaction of the Majority Lenders to be frivolous or vexatious and which is, in any event, discharged within fifteen (15) days of its presentation or challenged on grounds reasonably satisfactory to the Facility Agent; or
- (b) the appointment of a trustee, receiver, administrative receiver or similar officer in respect of any Group Company or Obligor (including the Parent) or any of their assets.

15.1.9 Adjudication or appointment

Any adjudication, order or appointment is made under or in relation to any of the proceedings referred to in Clause 15.1.8 (*Insolvency proceedings*).

15.1.10 Analogous proceedings

Any event occurs or proceeding is taken with respect to any Group Company or Obligor (including the Parent) in any jurisdiction to which it is subject which has an effect equivalent or similar to any of the events mentioned in Clause 15.1.7 (*Inability to pay debts*), 15.1.8 (*Insolvency proceedings*) or 15.1.9 (*Adjudication or appointment*).

15.1.11 Cessation of business

Any Group Company or Obligor suspends, ceases or threatens to suspend or cease to carry on all or a substantial part of its business other than in relation to a merger with another Group Company in accordance with this Agreement or otherwise approved by the Facility Agent as instructed by the Majority Lenders.

15.1.12 Invalidity or repudiation

(a) Any of the Finance Documents ceases to be in full force and effect in any material respect or (A) ceases to constitute the legal, valid and binding obligation of any Parent Group member party to it, or (B) in the case of any Security Document, fails to provide valid and enforceable security in favour of the Security Agent and the Finance Parties over the assets in relation to which security is intended to be given.

(b) It is unlawful for any member of the Parent Group to perform any of its material obligations under any of the Finance Documents.

(c) Any member of the Parent Group repudiates any of its obligations under any Finance Document.

15.1.13 Regulatory Proceedings

Any regulatory or other proceedings are instigated by any competition or similar authority (including the Competition Authority and the European Commission) as a result of the Finance Documents having been entered into or implemented and the same has, or is likely to have, a Material Adverse Effect.

15.1.14 Litigation

Any litigation, arbitration or administrative proceeding is commenced by or against any member of the Group or the Parent which is reasonably likely to be resolved against the relevant member of the Group or the Parent and if so resolved, is likely to have a Material Adverse Effect.

15.1.15 Mandatory Liquidation Event

AK Nordic (or any other Group Company or Obligor holding licenses) does not comply with the relevant licence requirements it is subject to at any one time.

15.1.16 Material adverse change

Any event or series of events occurs which, in the reasonable opinion of the Majority Lenders, has or is likely to have a Material Adverse Effect.

## 15.1.17 Unlawfulness and invalidity

- (a) It is or becomes unlawful for member of the Parent Group to perform any of its obligations under the Finance Documents or any security created or expressed to be created or evidenced by the Security Documents ceases to be effective or becomes unlawful.
- (b) Any obligation or obligations of any member of the Parent Group under any Finance Documents are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lenders under the Finance Documents.
- (c) Any Finance Document ceases to be in full force and effect or any Security created or intended to be created under the Security Documents or any subordination required pursuant to this Agreement ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.

## 15.1.18 ERISA

An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of any Obligor (including the Parent) under Title IV of ERISA to a Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of EUR 25,000,000, or (ii) the Parent or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any instalment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the EUR 25,000,000.

## 15.2 Acceleration, etc.

On and at any time after the occurrence of a Default or Event of Default, and while the Default or Event of Default is continuing, the Facility Agent may and shall if so directed by the Majority Lenders, by notice (a “**Default Notice**”) to the Borrowers:

- (a) cancel the Available Facility and the Commitment of each Lender whereupon each such Available Facility and Commitment shall immediately be cancelled, and the Facility shall immediately cease to be available for further utilisation;
- (b) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (c) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders.

Upon the service of any Default Notice, the Lenders’ obligations to each Borrowers under this Agreement shall be terminated and the Lenders may exercise or direct the Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

**15.3 US Bankruptcy of Obligors**

Notwithstanding Clause 15.2 (*Acceleration, etc.*), if any Obligor (including the Parent) commences proceedings under any applicable Debtor Relief Laws, the obligations of each Lender to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts due by Obligors (including the Parent) under the Finance Documents shall automatically become due and payable without any further action by any Party.

**16. SET-OFF**

Each Agent and each Lender may set off any matured obligation owed by an Obligor (including the Parent) under any Finance Document against any obligation (whether or not matured) owed by the relevant Agent or the relevant Lender to that Obligor (including the Parent), or to another Obligor (including the Parent) (to the extent permissible pursuant to law) regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the relevant Agent or the relevant Lender may convert either obligation at the relevant spot rate of exchange of the Facility Agent or the relevant Lender, as the case may be, for the purpose of the set off.

**17. PRO RATA SHARING****17.1 Redistribution**

If any amount owing by an Obligor (including the Parent) under this Agreement to a Finance Party (the “**Sharing Lender**”) is discharged by voluntary or involuntary payment, set off or any other manner other than through the Facility Agent in accordance with Clause 19 (*Payments*), then:

- (a) the Sharing Lender shall immediately notify the Facility Agent of the amount discharged and the manner of its receipt or recovery;
- (b) the Facility Agent shall determine whether the amount discharged is in excess of the amount which the Sharing Lender would have received had the amount discharged been received by the Facility Agent and distributed in accordance with Clause 19 (*Payments*);
- (c) the Sharing Lender shall pay the Facility Agent an amount equal to that excess (the “**Excess Amount**”) within five (5) Business Days of demand by the Facility Agent;
- (d) the Facility Agent shall treat the Excess Amount as if it were a payment by an Obligor (including the Parent) under Clause 19 (*Payments*) and shall pay the Excess Amount to the Finance Parties (other than the Sharing Lender) in accordance with such clause; and
  - (i) on a redistribution of payments under Clause 17.1(d) above, the Sharing Lender shall be subrogated to the rights of each Finance Party which have shared in the redistribution;
  - (ii) if and to the extent that the Sharing Lender is not able to rely on its rights under Clause 17.1 (*Redistribution*) above, the relevant Obligor (including the Parent) shall be liable to the Sharing Lender for a debt equal to the Excess Amount which is immediately due and payable;

- (iii) if and to the extent that the Sharing Lender is not able to rely on its rights under Clause 17.1(d)(i) and 17.1(d)(ii) above, each Finance Party (other than the Sharing Lender) hereby agrees to indemnify the Sharing Lender against any loss which the Sharing Lender may subsequently suffer by reason of this Clause 17 including but not limited to any such redistribution having to be refunded or having made such payment of the Excess Amount to the Facility Agent or any loss resulting from the Sharing Lender not being able to claim its pro rata share of the Loan.

## **17.2 Legal proceedings**

Notwithstanding Clause 17.1 (*Redistribution*), no Sharing Lender shall be obliged to share any Excess Amount which it receives or recovers pursuant to legal proceedings taken by it to recover any sums owing to it under this Agreement with any other Finance Party which has a legal right to, but does not, either join in such proceedings or commence and diligently pursue separate proceedings to enforce its rights, unless the proceedings instituted by the Sharing Lender are instituted by it without prior notice having been given to such Finance Party through the Facility Agent and an opportunity to such Finance Party to join in such proceedings.

## **17.3 Reversal of redistribution**

If any Excess Amount subsequently has to be wholly or partly refunded to an Obligor (including the Parent) by a Sharing Lender which has paid an amount equal to that Excess Amount to the Facility Agent under Clause 17.1 (*Redistribution*), each Finance Party to which any part of that amount was distributed shall on request from the Sharing Lender repay to the Sharing Lender that Finance Party's proportionate share of the amount which has to be so refunded by the Sharing Lender.

## **17.4 Information**

Each Finance Party shall on request supply to the Facility Agent such information as the Facility Agent may from time to time request for the purpose of this Clause 17.

# **18. THE AGENTS, THE MANDATED LEAD ARRANGERS, THE BOOKRUNNERS AND THE LENDERS**

## **18.1 Appointment of the Agent**

- (a) Each of the Mandated Lead Arrangers and the Lenders appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Mandated Lead Arrangers and the Lenders authorises the Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

## **18.2 Instructions**

- (a) The Agent shall:
  - (i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by:



(A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and

(B) in all other cases, the Majority Lenders; and

(ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above.

- (b) The Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Lender or group of Lenders, from that Lender or group of Lenders) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion. The Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.
- (c) Save in the case of decisions stipulated to be a matter for any other Lender or group of Lenders under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.
- (d) The Agent may refrain from acting in accordance with any instructions of any Lender or group of Lenders until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.
- (e) In the absence of instructions, the Agent may act (or refrain from acting) as it considers to be in the best interest of the Lenders.
- (f) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

### 18.3 Authorisations

- (a) The Security Agent is hereby irrevocably authorised by the Facility Agent, the Bookrunners and the Lenders to sign and execute on behalf of such party all and any Finance Document including any appendices or documents relating thereto. To that effect, each of the Lenders may grant as many private and public documents (including certificates and notarial powers of attorney duly apostilled) and comply with as many formalities as may be necessary or convenient under each relevant jurisdiction.
- (b) The Facility Agent is hereby irrevocably authorised by the Security Agent, the Bookrunners and the Lenders to sign and execute on behalf of such party all and any Finance Document including any appendices or documents relating thereto. To that effect, each of the Lenders may grant as many private and public documents (including certificates and notarial powers of attorney duly apostilled) and comply with as many formalities as may be necessary or convenient under each relevant jurisdiction.
- (c) In relation to any Polish Obligor and/or Security granted by any Party incorporated under the laws of Poland the Lenders hereby appoint the Security Agent to act as the

pledge administrator (*administrator zastawu*) in the meaning of the Polish Act on Registered Pledge and the Pledge Register as of 6 December 1996 (Journal of Laws of 1996, No. 149, item 703, as amended) in respect of any registered pledge(s) to be established in order to secure the receivables of the Lenders under the this Agreement. The Security Agent is hereby irrevocably authorised by the Lenders to sign and execute on behalf of the Lenders all and any agreements on registered pledge(s) governed by Polish law and exercising the rights and obligations of the pledgee in its own name but on behalf of all Lenders. This provision 18.3 (c) shall be governed by and construed in accordance of the Polish law.

#### **18.4 Duties of the Agent**

- (a) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) Subject to paragraph (c) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.
- (c) Without prejudice to Clause 23.3.5 and Clause 2.2.9, respectively, paragraph (b) above shall not apply to any Increase Confirmation or any Transfer Certificate.
- (d) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (e) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (f) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent or the Arranger) under this Agreement, it shall promptly notify the other Finance Parties.
- (g) The Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

#### **18.5 Role of the Bookrunners and Mandated Lead Arrangers**

Except as specifically provided for in the Finance Documents, the Bookrunners or the Mandated Lead Arrangers have no obligations of any kind to any other Party under or in connection with any Finance Document.

#### **18.6 No fiduciary duties**

- (a) Nothing in any Finance Document constitutes the Agent, the Bookrunners or any of the Mandated Lead Arrangers as a trustee or fiduciary of any other person.
- (b) None of the Agent, the Bookrunner or any of the Mandated Lead Arranger shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

**18.7 Business with the Group**

The Agent, the Bookrunner and each Mandated Lead Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

**18.8 Rights and discretions**

(a) The Agent may:

- (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;
- (ii) assume that:
  - (A) any instructions received by it from the Majority Lenders, any Lenders or any group of Lenders are duly given in accordance with the terms of the Finance Documents; and
  - (B) unless it has received notice of revocation, that those instructions have not been revoked; and
- (iii) rely on a certificate from any person:
  - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
  - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

- (b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
  - (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 15.1.1 (*Non-payment*)); and
  - (ii) any right, power, authority or discretion vested in any Party or any group of Lenders has not been exercised.
- (c) The Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Agent (and so separate from any lawyers instructed by the Lenders) if the Agent in its reasonable opinion deems this to be necessary.
- (e) The Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by any other Party) and shall not be liable for any damages, costs or losses to any

person, any diminution in value or any liability whatsoever arising as a result of its so relying.

- (f) The Agent may act in relation to the Finance Documents through its officers, employees and agents.
- (g) Unless a Finance Document expressly provides otherwise the Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (h) Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent nor any of the Bookrunners or Mandated Lead Arrangers is obliged to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- (i) Notwithstanding any provision of any Finance Document to the contrary, the Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.
- (j) The Agent may:
  - (i) act in an agency, fiduciary or other capacity on behalf of any other Lenders or financial institutions providing facilities to any Group Company or any associated company of a Group Company, as freely in all respects as if it had not been appointed to act as agent for the Lenders under this Agreement and without regard to the effect on the Lenders of acting in such capacity; and
  - (ii) subscribe for, hold, be beneficially entitled to or dispose of shares or securities, or options or other rights to and interests in shares or securities in any Group Company or any associated company of a Group Company (in each case, without liability to account).

#### **18.9 Responsibility for documentation**

None of the Agent, nor any of the Bookrunners or Mandated Lead Arrangers is responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Agent, any Bookrunner, any Mandated Lead Arranger, the Borrowers or any other person in or in connection with any Finance Document or the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; or
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

**18.10 No duty to monitor**

The Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or
- (c) whether any other event specified in any Finance Document has occurred.

**18.11 Exclusion of liability**

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Agent), the Agent will not be liable for:
  - (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct;
  - (ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document, other than by reason of its gross negligence or wilful misconduct; or
  - (iii) without prejudice to the generality of paragraphs (i) and (ii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of:
    - (A) any act, event or circumstance not reasonably within its control; or
    - (B) the general risks of investment in, or the holding of assets in, any jurisdiction,including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.
- (b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent may rely on this Clause.

- (c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Agent or any Mandated Lead Arranger to carry out:
  - (iv) any “know your customer” or other checks in relation to any person; or
  - (v) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Lender,
 on behalf of any Lender and each Lender confirms to the Agent and each Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or any Arranger.
- (e) Without prejudice to any provision of any Finance Document excluding or limiting the Agent's liability, any liability of the Agent arising under or in connection with any Finance Document shall be limited to the amount of actual loss which has been suffered (as determined by reference to the date of default of the Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Agent at any time which increase the amount of that loss. In no event shall the Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Agent has been advised of the possibility of such loss or damages.

#### **18.12 Lenders' indemnity to the Agent**

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent, within three (3) Business Days of demand, against any cost, loss or liability incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct), in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by the Borrowers pursuant to a Finance Document).

#### **18.13 Resignation of the Agent**

- (a) The Agent may resign and appoint one of its Affiliates as successor by giving notice to the Lenders and the Borrower.
- (b) Alternatively the Agent may resign by giving sixty (60) days' notice to the Lenders and the Borrower, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor Agent.
- (c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within forty (40) days after notice of resignation was given, the retiring Agent (after consultation with the Borrower) may appoint a successor Agent.

- (d) The retiring Agent shall at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents. The Company shall, within three Business Days of demand, reimburse the retiring Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.
- (e) The Agent's resignation notice shall only take effect upon the appointment of a successor.
- (f) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (e) above) but shall remain entitled to the benefit of Clause 10.10 (*Indemnity to the Agent*) and this Clause 18.13 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- (g) After consultation with the Borrower, the Majority Lenders may, by notice to the Agent, require it to resign in accordance with paragraph (b) above. In this event, the Agent shall resign in accordance with paragraph (b) above.
- (h) The Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (c) above) if on or after the date which is three (3) months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:
  - (i) the Agent fails to respond to a request under Clause 10.7 (*FATCA Information*) and the Borrowers or a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
  - (ii) the information supplied by the Agent pursuant to Clause 10.7 (*FATCA Information*) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
  - (iii) the Agent notifies the Borrowers and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

and (in each case) the Borrowers or a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and the Borrowers or that Lender, by notice to the Agent, requires it to resign.

**18.14 Confidentiality**

- (a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.

**18.15 Relationship with the Lenders**

- (a) the Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:
  - (i) entitled to or liable for any payment due under any Finance Document on that day; and
  - (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five (5) Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

- (b) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 22.5 (*Electronic communication*)) electronic mail address and/or any other information required to enable the transmission of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address (or such other information), department and officer by that Lender for the purposes of Clause 22.3 (*Addresses*) and paragraph (a) (ii) of Clause 22.5 (*Electronic communication*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

**18.16 Credit appraisal by the Lenders and the Fronting Bank**

Without affecting the responsibility of the Borrowers for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Agent, the Bookrunners and each Mandated Lead Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (c) the financial condition, status and nature of each member of the Group;
- (d) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;



- (e) whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (f) the adequacy, accuracy or completeness of any information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

#### **18.17 Agent's management time**

Any amount payable to the Agent under Clause 10.10 (*Indemnity to the Agent*), Clause 9 (*Fees and expenses*) and Clause 18.12 (*Lenders' indemnity to the Agent*) shall include the cost of utilising the Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Company and the Lenders, and is in addition to any fee paid or payable to the Agent under Clauses 9.2 and 9.3.

#### **18.18 Deduction from amounts payable by the Agent**

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

#### **18.19 Amounts paid in error**

- (a) If the Agent pays an amount to another Party, and within five (5) Business Days of the date of payment, notifies that Party that such payment was an Erroneous Payment (as defined below), then the Party to whom the amount was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.
- (b) Neither:
  - (i) the obligations of any Party to the Agent; nor
  - (ii) the remedies of the Agent,

(whether arising under this Clause 18.19 or otherwise) which relate to an Erroneous Payment will be affected by any act, omission, matter or thing which, but for this paragraph (b), would reduce, release or prejudice any such obligation or remedy (whether or not known by the Agent or any other Party).

- (c) All payments to be made by a Party to the Agent (whether made pursuant to this Clause 18.20 or otherwise) which relate to an Erroneous Payment shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

- (d) In this Agreement, "**Erroneous Payment**" means a payment of an amount by the Agent to another Party which the Agent determines (in its sole discretion) was made in error.

**18.20 Credit decisions**

18.20.1 Each Lender:

- (a) acknowledges that it has, independently and without reliance on any Agent, made its own analysis of the transaction contemplated by, and reached its own decision to enter into, this Agreement and made its own investigation of the financial condition and affairs and its own appraisal of the creditworthiness of the Obligors (including the Parent for the purposes of this clause 18.20) and any surety for the Obligors' obligations; and
- (b) shall continue to make its own independent appraisal of the creditworthiness of the Obligors and any surety for the Obligors' obligations.

18.20.2 Each Lender shall, independently and without reliance on any Agent, make its own decision to take or not take action under the Finance Documents.

**18.21 Distribution of proceeds of enforcement**

18.21.1 In this Clause 18.21:

"**Lender Outstandings**" means, in respect of a Lender, the aggregate of:

- (a) all amounts actually and contingently due to it under this Agreement; and
- (b) all amounts actually and contingently due to it in respect of the Hedging Agreements.

"**Total Outstandings**" means the aggregate amount of all Lender Outstandings.

18.21.2 On the enforcement of all or any of the Security Documents any amounts to be distributed to each Lenders shall be distributed with an amount equal to the remaining proceeds multiplied by (Lender Outstandings of such Lender divided by Total Outstandings) where Lender Outstandings and the Total Outstandings are all calculated as at the date of distribution and after the provisions of Clauses 17.1 (*Redistribution*) and 17.3 (*Reversal of redistribution*) have been complied with.

18.21.3 Where any part of any Lender Outstandings is denominated in a currency other than EUR, any calculation for the purposes of this Clause 18.21 shall be made on the basis of the EUR Equivalent of that part calculated at the date of distribution. However, an actual distribution may, in the Facility Agent's discretion, be made in the currencies of the Lender Outstandings and for this purpose the Facility Agent is authorised to convert any proceeds of enforcement (including the proceeds of any previous conversion under this Clause) from their existing currency into any other currency at such rate of exchange and at such time as the Facility Agent thinks fit.

18.21.4 The Facility Agent shall notify each Lender of any proposed distribution and the proposed date of distribution and each Lender shall provide to the Facility Agent a calculation of what is due to it in respect of the sums referred to in Clause 18.21.1. The Facility Agent shall send copies of all such calculations to each Lender and shall make the distributions on the basis of such calculations.

18.21.5 If any future or contingent liability included in the calculation of Lender Outstandings finally matures, or is settled, for less than the future or contingent amount provided for in that calculation, the relevant Lender shall notify the Facility Agent of that fact and such adjustment shall be made by payment by that Lender to the Facility Agent for distribution amongst the Lenders as may be necessary to put the Lenders into the position they would have been in (but taking no account of the time cost of money) had the original distribution been made on the basis of the actual as opposed to the future or contingent liability.

18.21.6 The Facility Agent may, at its discretion, accumulate proceeds of enforcement in an interest bearing account in its own name until there is a minimum of EUR 5,000,000 to distribute under Clause 18.21.2.

## 18.22 Certain ERISA Matters

- (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Facility Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Obligor (including the Parent), that at least one of the following is and will be true:
- (i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments, or this Agreement,
  - (ii) the transaction exemption set forth in one or more PTEs, such as PTE 84–14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95–60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90–1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91– 38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96–23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement,
  - (iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84–14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84–14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84–14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or
  - (iv) such other representation, warranty and covenant as may be agreed in writing between the Facility Agent, in its sole discretion, and such Lender.

18.23 In addition, unless either (1) clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Facility Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Obligor (including the Parent), that the Facility Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Facility Agent under this Agreement, any loan document or any documents related hereto or thereto).

**19. PAYMENTS**

19.1 All references to an "Obligor" in this clause 19 (*Payments*) shall be deemed to include the Parent

**19.2 Place and time**

All payments by an Obligor or a Lender under this Agreement shall be made to the Facility Agent to its account at such office or Lender at such time as the Facility Agent may notify the Obligors or the Lenders for this purpose.

**19.3 Funds**

All payments to the Facility Agent under this Agreement shall be made for value on the due date in freely transferable and readily available funds.

**19.4 Distribution**

19.4.1 Each payment received by the Facility Agent under this Agreement for another Party shall, subject to Clauses 19.4.2 and 19.4.3, be made available by the Facility Agent to that Party by payment to its account with such office or Lender as it may notify to the Facility Agent for this purpose by not less than three (3) Business Days' prior notice.

19.4.2 The Facility Agent shall apply any amount received by it for an Obligor in or towards payment of any amount due from that Obligor or, so far as legally permissible, any other Obligor under this Agreement.

19.4.3 Where a sum is to be paid to the Facility Agent under this Agreement for another Party, the Facility Agent is not obliged to pay that sum to that Party until it has established that it has actually received that sum. The Facility Agent may, however, assume that the sum has been paid to it in accordance with this Agreement, and, in reliance on that assumption, make available to that Party a corresponding amount. If the sum has not been made available but the Facility Agent has paid a corresponding amount to another Party, that Party shall immediately on demand by the Facility Agent refund the corresponding amount together with interest on that amount from the date of payment to the date of receipt, calculated at a rate determined by the Facility Agent to reflect its cost of funds.

**19.5 Business Days**

If a payment under this Agreement is due on a day which is not a Business Day, the due date for that payment shall instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

**19.6 Currency**

In this Agreement:

- (a) all payments by an Obligor in respect of a Loan, whether of interest or principal, shall be made in the currency (or the denomination of the currency) in which that Loan is denominated;
- (b) all payments relating to costs, losses, expenses or Taxes shall be made in the currency in which the relevant costs, losses, expenses or Taxes were incurred; and
- (c) any other amount payable under this Agreement shall be made in EUR or the relevant currency (as applicable).

**19.7 Accounts as evidence**

Each Lender shall maintain in accordance with its usual practice an account which shall, as between the Borrowers and that Lender, be prima facie evidence of the amounts from time to time advanced by, owing to, paid and repaid to that Lender under this Agreement.

**19.8 Partial payments**

19.8.1 If the Facility Agent receives a payment insufficient to discharge all the amounts then due and payable by an Obligor under this Agreement, the Facility Agent shall apply that payment towards the obligations of that Obligor in the following order:

- (a) first, in or towards payment of any unpaid costs and expenses of the Facility Agent and/or the Security Agent under this Agreement or the Security Documents;
- (b) second, in or towards payment *pro rata* of any accrued interest due by that Obligor but unpaid under this Agreement;
- (c) third, in or towards payment *pro rata* any other sum due by that Obligor but unpaid under the Finance Documents.

19.8.2 The Facility Agent shall, if so directed by all the Lenders, vary the order set out in Clauses 19.8.1(b) to 19.8.1(c).

19.8.3 Clauses 19.8.1 and 19.8.2 shall override any appropriation made by any Obligor.

**19.9 Set-off and counterclaim**

All payments by any Obligor under this Agreement shall be made without set off or counterclaim.

**19.10 Grossing-up**

19.10.1 Subject to Clause 19.10.2, all sums payable to a Finance Party pursuant to or in connection with any Finance Document shall be paid in full free and clear of all deductions or withholdings whatsoever except only as may be required by law.

19.10.2 If any deduction or withholding is required by law in respect of any payment due from an Obligor to a Finance Party pursuant to or in connection with any Finance Document, that Obligor shall:

- (a) ensure or procure that the deduction or withholding is made and that it does not exceed the minimum legal requirement therefor;
- (b) pay, or procure the payment of, the full amount deducted or withheld to the relevant Taxation authority or other authority in accordance with the applicable law;
- (c) increase the payment in respect of which the deduction or withholding is required so that the net amount received by the payee (which expression when used in this Clause 19.10.2 shall mean each Finance Party) after the deduction or withholding (and after taking account of any further deduction or withholding which is required to be made as a consequence of the increase) shall be equal to the amount which the payee would have been entitled to receive in the absence of any requirement to make any deduction or withholding; and
- (d) promptly deliver or procure the delivery to the relative payee of receipts evidencing each deduction or withholding which has been made.

19.10.3 If the Facility Agent is obliged to make any deduction or withholding from any payment to any Lender (an “**Agency Payment**”) which represents an amount or amounts received by that Agent from an Obligor under any Finance Document, that Obligor shall pay directly to that Lender such sum (an “**Agency Compensating Sum**”) as shall, after taking into account any deduction or withholding which that Obligor is obliged to make from the Agency Compensating Sum, enable that Lender to receive, on the due date for payment of the Agency Payment, an amount equal to the Agency Payment which that Lender would have received in the absence of any obligation to make any deduction or withholding.

19.10.4 If any Lender determines that it has received, realised, utilised and retained a Tax benefit by reason of any deduction or withholding in respect of which an Obligor has made an increased payment or paid an Agency Compensating Sum under this Clause 19.10, that Lender shall, provided that each Finance Party have received all amounts which are then due and payable by the Obligors under any Finance Document, pay to that Obligor (to the extent that that Lender can do so without prejudicing the amount of the benefit or repayment and the right of that Lender to obtain any other benefit, relief or allowance which may be available to it) such amount, if any, that will leave that Lender in no worse position than it would have been in if the deduction or withholding had not been required, provided that:

- (a) each Lender shall have an absolute discretion as to the time at which and the order and manner in which it realises or utilises any Tax benefit and shall not be obliged to arrange its business or its Tax affairs in any particular way in order to be eligible for any credit or refund or similar benefit;
- (b) no Lender shall be obliged to disclose any information regarding its business, Tax affairs or Tax computations;
- (c) if a Lender has made a payment to an Obligor pursuant to this Clause 19.10.4 on account of any Tax benefit and it subsequently transpires that that Lender did not receive that Tax benefit, or received a lesser Tax benefit, that Obligor shall, on demand, pay to that Lender such sum as that Lender may determine as being necessary to restore its after-tax position to that which it would have been had no adjustment under this Clause 19.10.4 been made.

- 19.10.5 No Lender shall be obliged to make any payment under Clause 19.10.4 if, by doing so, it would contravene the terms of any applicable law or any notice, direction or requirement of any governmental or regulatory authority (whether or not having the force of law).
- 19.10.6 If an Obligor is required to make an increased payment for the account of a Lender under Clause 19.10.2, then, without prejudice to that obligation and so long as such requirement exists and subject to the Borrowers giving the Facility Agent and that Lender not less than ten (10) days' prior notice (which shall be irrevocable), the Obligors may prepay all, but not part, of that Lender's Participation in the Loan together with accrued interest on the amount prepaid. Any such prepayment shall be subject to Clause 24.1 (*Break Cost*). On any such prepayment, the Commitment of the relevant Lender shall be automatically cancelled.

## **20. AMENDMENTS AND WAIVERS**

### **20.1 Majority Lenders**

- 20.1.1 Subject to Clause 20.2 (*All Lenders*), any term of any Finance Document, save for any Finance Documents relating thereto, may be amended or waived with the written agreement of the Borrowers and the Majority Lenders. The Facility Agent and the Security Agent (as applicable) may effect and are irrevocably authorised, on behalf of the Finance Parties, to execute an amendment or waiver to which the Majority Lenders have agreed.
- 20.1.2 The Facility Agent shall promptly notify the Borrowers and each Lender of any amendment or waiver effected under Clause 20.1.1 and any such amendment or waiver shall be binding on the Borrowers, each Obligor (including the Parent), each Group Company and each Finance Party.

### **20.2 All Lenders**

An amendment or waiver which relates to:

- (a) the definition of "Majority Lenders", "Available Facility" and "Borrowing Base" in Clause 1.1 (*Definitions*);
- (b) an extension of the date for, or a decrease in an amount or a change in the currency of, any payment under any Finance Document;
- (c) an increase in a Lender's Commitment (other than through utilisation of the Accordion Option);
- (d) a term of any Finance Document which expressly requires the consent of each Lender;
- (e) any changes to the definition of "Transaction Security", "Security Documents", "Guarantees" or "Obligors" in Clause 1.1 (*Definitions*), including for the avoidance of doubt, the release and discharge of any Transaction Security, Guarantees or Obligors (including the Parent).
- (f) Clauses 6 (*Interest*), 7 (*Reduction, Repayment, prepayment and cancellation*), 17 (*Pro rata sharing*), Clause 2.2 (*the Accordion Option*), Clause 14.4 (*Financial Undertakings*), Clause 19 (*Payments*), or this Clause 20 (*Amendments and Waivers*),

may not be effected without the prior written consent of each Lender.

**20.3 Security Agent**

An amendment or waiver which affects the rights and/or obligations of the Security Agent in that capacity may not be effected without the prior written consent of the Security Agent.

**20.4 Replacement of Screen Rate**

- (a) If a Screen Rate Replacement Event has occurred in relation to any Screen Rate for a currency which can be selected for a Loan, any amendment or waiver which relates to
  - (i) providing for the use of a Replacement Benchmark in relation to that currency in place of that Screen Rate; and
  - (ii)
    - (A) aligning any provision of any Finance Document to the use of that Replacement Benchmark;
    - (B) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);
    - (C) implementing market conventions applicable to that Replacement Benchmark;
    - (D) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or
    - (E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Agent (acting on the instructions of the Majority Lenders) and the Borrower.

- (b) In this Clause 20.4:

“**Relevant Nominating Body**” means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

“**Replacement Benchmark**” means benchmark rate which is:

- (a) formally designated, nominated or recommended as the replacement for a Screen Rate by:



- (i) the administrator of that Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by that Screen Rate); or
- (ii) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the “Replacement Benchmark” will be the replacement under paragraph (ii) above;

- (b) in the opinion of the Majority Lenders and the Borrower, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Screen Rate; or
- (c) in the opinion of the Majority Lenders and the Borrower, an appropriate successor to a Screen Rate.

**“Screen Rate Replacement Event”** means, in relation to a Screen Rate:

- (a) the methodology, formula or other means of determining that Screen Rate has, in the opinion of the Majority Lenders, and the Borrowers materially changed;

(b)

(i)

(A) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or

(B) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate;

- (ii) the administrator of that Screen Rate publicly announces that it has ceased or will cease, to provide that Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Screen Rate;
- (iii) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued; or
- (iv) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used; or

- (c) in the opinion of the Majority Lenders and the Borrower, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

**20.5 No implied waivers; remedies cumulative**

The rights of the Finance Parties under the Finance Documents:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

**21. MISCELLANEOUS**

**21.1 Severance**

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other provision of this Agreement.

**21.2 Counterparts**

This Agreement may be executed in any number of counterparts and this shall have the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

**21.3 Obligations Binding**

The obligations of the Parties who have executed this Agreement shall not be affected by the fact that not all of the Parties have validly executed this Agreement.

**22. NOTICES**

**22.1 Method**

Each notice or other communication to be given under this Agreement shall be given in writing in English and, unless otherwise provided, shall be made by e-mail or letter.

**22.2 Delivery**

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
  - (i) if by way of email, when received; or
  - (ii) if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under Clause 22.3 (*Addresses*), if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to the Agent will be effective only when actually received by the Agent and then only if it is expressly marked for

the attention of the department or officer identified with the Agent's signature below (or any substitute department or officer as the Agent shall specify for this purpose).

- (c) All notices from or to the Borrowers shall be sent through the Agent.
- (d) Any communication or document made or delivered to the Borrowers in accordance with this Clause will be deemed to have been made or delivered to each of the Borrower.
- (e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (d) above, after 5:00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

## 22.3 Addresses

The address and e-mail address number of the Borrowers, the Facility Agent, and the Security Agent:

- (a) The Borrowers:

PRA Group Europe Holding S.à r.l. 42-44, Avenue de la Gare  
L-1610 Luxembourg Luxembourg  
Attention: Assistant Treasurer in PRA Group Europe E-mail: tom-andre.westbohansen@pragroup.no

- (b) The Facility Agent: DNB Bank ASA

N-0021 Oslo, Norway  
Attention: Agency Syndicated Loans E-mail: agentdesk@dnb.no

- (c) The Security Agent: DNB Bank ASA

N-0021 Oslo, Norway  
Attention: Agency Syndicated Loans E-mail: agentdesk@dnb.no

## 22.4 Notification of address

Promptly upon changing its address or email, the Agent shall notify the other Parties.

## 22.5 Electronic communication

- (a) Any communication or document to be made or delivered by one Party to another under or in connection with the Finance Documents may be made or delivered by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two Parties:

- (i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
  - (ii) notify each other of any change to their address or any other such information supplied by them by not less than five (5) Business Days' notice.
- (b) Any such electronic communication or delivery as specified in paragraph (a) above to be made between an Obligor (including the Parent) and a Finance Party may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication or delivery.
- (g) Any electronic communication or document as specified in paragraph (a) above made or delivered by one Party to another will be effective only when actually received in readable form and in the case of any electronic communication or document made or delivered by a Party to the Agent only if it is addressed in such a manner as the Agent or Security Agent shall specify for this purpose.
- (h) Any electronic communication or document which becomes effective, in accordance with paragraph (g) above, after 5:00 p.m. in the place in which the Party to whom the relevant communication or document is sent or made available has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.
- (i) Any reference in a Finance Document to a communication being sent or received or a document being delivered shall be construed to include that communication or document being made available in accordance with this Clause.

**22.6 Direct electronic delivery by the Borrower**

The Borrowers may satisfy its obligation under this Agreement to deliver any information in relation to a Lender by delivering that information directly to that Lender in accordance with Clause 22.5 (*Electronic communication*) to the extent that Lender and the Agent agree to this method of delivery.

**22.7 Notices through Facility Agent**

Any notice or other communication from or to an Obligor (including the Parent) under this Agreement shall be sent through the Facility Agent.

**23. ASSIGNMENTS, TRANSFERS AND ACCESSION**

**23.1 Benefit of Agreement**

This Agreement shall be binding upon and inure to the benefit of each Party and its successors and assigns.

**23.2 Assignments and transfers by Obligors**

No Obligor (including the Parent) shall be entitled to assign or transfer any of its rights or obligations under the Finance Documents.

**23.3 Assignments by Lenders**

23.3.1 Any Lender may assign or transfer, in accordance with this Clause 23.3, any of its rights and obligations under this Agreement to (i) any other Lender, (ii) any company being controlled by any Lender or under the control of the same legal entity as any Lender (where control shall have the same meaning mutatis mutandis as set out in the definition of “Subsidiary”), (iii) to any other financial institution upon the occurrence of a Default or Event of Default, or (iv) to any other financial institution, in a minimum amount of EUR 2,000,000, provided, in each case, that such assignment does not result in a breach of the Swiss Ten Non-Bank Rule, and provided in each case that:

- (a) The consent of the Borrowers is required for any assignment or transfer, unless the Lender Transferee (as defined in Clause 23.3.2) falls within one of the categories set out under (i), (ii) or (iii) above.
- (b) The consent of the Borrowers must not be unreasonably withheld or delayed.
- (c) The consent of the Borrowers to an assignment or transfer may not be withheld solely because the assignment or transfer is to a person who is a Swiss Non-Qualifying Bank, provided that each assignment must be in compliance with the Swiss Ten Non-Bank Rule.

The Borrowers will be deemed to have given their consent three Business Days after the Borrowers were given notice of the request unless the Lender Transferee (as defined in Clause 23.3.2) has been expressly refused by the Borrowers within that time.

23.3.2 If any Lender (the “**Existing Lender**”) wishes to assign or transfer all or any part of its Commitment or Participation in the Facility to another Lender or other financial institution (the “**Lender Transferee**”), such transfer may be effected by delivery to, and the execution by, the Facility Agent or the Security Agent (as applicable) of a duly completed Transfer Certificate and the transfer must be done on a pro rata basis.

23.3.3 On the date specified in the Transfer Certificate:

- (a) to the extent that in the Transfer Certificate the Existing Lender seeks to assign its Commitment or Participation in the Facility or interest under any Finance Document, the Obligors (including the Parent for the purposes of this clause 23.3.3) and the Existing Lender shall each be released from further obligations to each other under this Agreement and their respective rights against each other shall be cancelled (such rights and obligations being referred to in this Clause 23.3.3 as “**Discharged Rights and Obligations**”);
- (b) the Obligors and the Lender Transferee shall each assume obligations towards each other and/or acquire rights against each other which differ from the Discharged Rights and Obligations only insofar as the Obligors and the Lender Transferee have assumed and/or acquired the same in place of the Obligors and the Existing Lender;
- (c) each of the Parties and the Lender Transferee shall acquire the same rights and assume the same obligations among themselves as they would have acquired and assumed had the Lender Transferee been a party under this Agreement as a Lender with the rights and/or the obligations acquired or assumed by it as a result of the transfer;

- (d) a proportion of the Existing Lender's rights under the Security Documents, equal to the proportion of the Existing Lender's rights under this Agreement being transferred, shall automatically be transferred to the Lender Transferee; and
- (e) the Existing Lender's rights and benefits under the Security Documents shall be transferred by the relevant and necessary transfer certificates.

23.3.4 The Facility Agent and/or the Security Agent (as applicable) shall promptly complete a Transfer Certificate on request by an Existing Lender and upon payment by the Lender Transferee of a fee of EUR 3,000 to the Facility Agent. Each Party irrevocably authorises each Agent to execute any duly completed Transfer Certificate on its behalf provided that such authorisation does not extend to the execution of a Transfer Certificate on behalf of either the Existing Lender or the Lender Transferee named in the Transfer Certificate.

23.3.5 The Facility Agent and/or the Security Agent (as applicable) shall promptly notify the Borrowers of the receipt and execution on its behalf by the relevant Agent of any Transfer Certificate, and provide to the Borrowers a copy of the executed Transfer Certificate.

23.3.6 Each Obligor (including the Parent) undertakes to sign and execute any Transfer Certificate or other document necessary to complete a transfer of any interest under any Finance Document if so requested by the Facility Agent or the Security Agent.

#### **23.4 Further assurance for assignments or transfers**

23.4.1 The Obligors (including the Parent) undertake to procure that in relation to any assignment by a Lender of all or part of its Commitment and/or its Participation in the Facility under this Agreement, the Group Companies shall at the request of the relevant assignor or transferor execute (at the cost and expense of the Borrowers) such documents as may be reasonably necessary to ensure that the relevant assignee or, as the case may be, transferee, attains the benefit of the Security Documents.

23.4.2 Without prejudice to Clause 23.3.5, each Lender shall notify the Agents and Borrowers (on behalf of itself and the other Obligors (including the Parent) of any assignment or transfer by such Lender of all or part of its Commitment or Participation in the Facility or interest under the Finance Documents.

23.4.3 In the case of any assignment, transfer or novation by an Existing Lender to a Lender Transferee of all or any part of its rights and obligations under the Finance Documents, the Existing Lender and the Lender Transferee agree that, for the purpose of Article 1278 of the Luxembourg Civil Code (to the extent applicable), the securities created under the Finance Documents and securing the rights assigned, transferred or novated thereby will be preserved for the benefit of the Lender Transferee.

#### **23.5 Consequences of assignment**

The Obligors (including the Parent) shall be under no obligation to pay any greater amount under this Agreement following an assignment or transfer by a Lender of any of its rights or obligations pursuant to this Clause 23 if, in the circumstances existing at the time of such assignment or transfer, such greater amount would not have been payable but for the assignment or transfer.

**23.6 Disclosure of information**

- 23.6.1 Each of the Facility Agent and the Lenders agrees to maintain the confidentiality of all information received from any Obligor (including the Parent) relating to any of the Obligors (including the Parent) or any of their respective businesses, other than any such information that is available to the Facility Agent or any Lender on a non-confidential basis prior to disclosure by such party. Any person required to maintain the confidentiality of information as provided in this clause 23.6 shall be considered to have complied with its obligation to do so if such person has exercised the same degree of care to maintain the confidentiality of such information as such person would accord to its own confidential information.
- 23.6.2 The Facility Agent, the Security Agent, each Bookrunner and each Lender may each disclose (a) to each other, (b) to its professional advisers (c) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will have a requirement for the same in connection with this Agreement and be informed in writing of the confidential nature of such Information and instructed to keep such Information confidential), (d) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (e) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (f) to any other party hereto, (g) in connection with the exercise of any remedies hereunder or under any other Finance Document or any action or proceeding relating to this Agreement or any other Finance Document or the enforcement of rights hereunder or thereunder, (h) on a confidential basis to (A) any rating agency in connection with rating the Parent or its Subsidiaries or the credit facilities provided hereunder, (B) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder or (C) outsourcing providers (such as secretarial services and third party KYC analysts), (i) with the consent of the Borrower or (j) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Clause 23.6 or (B) becomes available to the Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Parent or any of its Subsidiaries, and (k) and to any person with whom they are proposing to enter, or have entered into, any kind of assignment, transfer, participation or other agreement in relation to this Agreement or any other Finance Document provided such person has entered into an appropriate confidentiality undertaking in writing, any information which the Facility Agent, the Security Agent, that Bookrunner or that Lender has acquired under or in connection with any Finance Document.
- 23.6.3 Each of the Facility Agent and the Lenders acknowledges that:
- (a) the information shared by the Obligors (including the Parent) may include material non-public information concerning the Parent or its Subsidiaries;
  - (b) it has developed compliance procedures regarding the use of material non-public information; and
  - (c) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.
- 23.6.4 Nothing in any Finance Document shall prevent disclosure of any information or other matter to the extent that preventing that disclosure would otherwise cause any transaction

contemplated by the Finance Documents or any transaction carried out in connection with any transaction contemplated by the Finance Documents to become an arrangement described in Part II A 1 of Annex IV of Directive 2011/16/EU.

**23.7 Accession**

The accession to this Agreement of each additional Guarantor shall take effect on the Facility Agent countersigning the relevant Accession Agreement which they are hereby irrevocably authorised to do by the Parties to this Agreement. The Parties hereto agree that this authorisation is given to secure the interest of the Parties under this Agreement and is accordingly irrevocable. After the execution of an Accession Agreement the acceding party shall be bound by this Agreement in relation to the other Parties and the Parties to this Agreement, not being the acceding party, shall be bound in relation to the acceding party.

**23.8 Exposure transfer transactions**

Nothing herein restricts the Lenders from entering into any arrangement with another person under which such Lender substantially transfers its credit risk exposure under this Agreement to that other person, unless under such arrangement (and for the duration of such arrangement):

- (a) the relationship between the Lender and that other person is that of a debtor and creditor (including in the event of the bankruptcy or similar event of the Lender or an Obligor);
- (b) the other person will have no proprietary interest in the benefit of this Agreement or in any monies received by the Lender under or in relation to this Agreement;
- (c) the other person will under no circumstances (other than pursuant to a transfer or assignment permitted under Clause 23.3.1) be subrogated to, or substituted in respect of, the Lender's claims under this Agreement; and
- (d) the other person will under no circumstances (other than pursuant to a transfer or assignment permitted under Clause 23.3.1) otherwise have any contractual relationship with, or rights against, an Obligor under or in relation to this Agreement.

**23.9 Security over Lenders' rights**

In addition to the other rights provided to Lenders under this Clause 23, each Lender may, without consulting with or obtaining consent from any Obligor (including the Parent), at any time charge, assign or otherwise create security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any charge, assignment or other security to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or security shall:



- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or security for the Lender as a party to any of the Finance Documents;
- (ii) require any payments to be made by an Obligor (including the Parent) other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents; or
- (iii) result in a breach of the Swiss Ten Non-Bank Rule.

#### **23.10 Limitation of responsibility of Existing Lenders**

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
  - (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;
  - (ii) the financial condition of the Borrower;
  - (iii) the performance and observance by the Borrowers of their obligations under the Finance Documents or any other documents; or
  - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,
 and any representations or warranties implied by law are excluded.
- (b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:
  - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of the Borrowers in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and
  - (ii) will continue to make its own independent appraisal of the creditworthiness of the Borrowers whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
  - (i) accept a re-transfer from a New Lender of any of the rights and obligations assigned or transferred under this Clause 24; or
  - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by the Borrowers of its obligations under the Finance Documents or otherwise.

**23.11 Spanish Law Particularities**

- (a) at the reasonable request of the Agent, each of the Lender Transferee and the Existing Lender shall promptly raise the duly completed Transfer Certificate to the status of a Spanish public document.
- (b) The Parties agree that a transfer or assignment under this Clause 23 shall constitute a transfer of any Transaction Security governed by Spanish law to the Lender Transferee in the manner set out in Article 1203 et seq. of the Spanish Civil Code, and with the effects set out in Article 1528 of the Spanish Civil Code.
- (c) Each and all Obligors (including the Parent) accept all transfers and assignments made by the Lenders under and in accordance with the terms of this Agreement without requiring any additional formalities. Nothing in this clause shall be deemed to limit in any manner whatsoever the provisions of article 1526 of the Spanish Civil Code.

**24. INDEMNITIES****24.1 Break Cost**

Each Obligor shall, to the extent legally possible, indemnify each Finance Party on demand against any loss or expense (including any loss or expense on account of funds borrowed, contracted for or utilised to fund any amount payable under this Agreement, any amount repaid or prepaid under this Agreement or any Loan) which that Finance Party properly has sustained or incurred as a consequence of:

- (a) a Loan not being made following the service of a Drawdown Notice (except as a result of the failure of that Finance Party to comply with its obligations under this Agreement);
- (b) the failure of an Obligor to make payment on the due date of any sum due under this Agreement;
- (c) the occurrence of any Default or Event of Default or by the operation of Clause 15.2 (*Acceleration, etc.*); or
- (d) any prepayment or repayment of a Loan otherwise than on the last day of the Interest Period in relation to that Loan.

**24.2 Currency indemnity**

- 24.2.1 Any payment made to or for the account of or received by an Agent or any Lender in respect of any moneys or liabilities due, arising or incurred by an Obligor (including the Parent for the purposes of this clause 24.2) to an Agent or any Lender in a currency (the “Currency of Payment”) other than the currency in which the payment should have been made under this Agreement (the “Currency of Obligation”) in whatever circumstances (including as a result of a judgement against an Obligor) and for whatever reason shall constitute a discharge to that Obligor only to the extent of the Currency of Obligation amount which an Agent or that Lender, as the case may be, is able on the date of receipt of such payment (or if such date of receipt is not a Business Day, on the next succeeding Business Day) to purchase with the Currency of Payment amount at its spot rate of exchange (as conclusively determined by the relevant Agent or that Lender) in the relevant foreign exchange market.

- 24.2.2 If the amount of the Currency of Obligation which an Agent or that Lender is so able to purchase falls short of the amount originally due to an Agent or that Lender, as the case may be, under this Agreement, then the relevant Obligor shall immediately on demand indemnify the relevant Agent or that Lender, as the case may be, against any loss or damage arising as a result of that shortfall by paying to the relevant Agent or that Lender, as the case may be, that amount in the Currency of Obligation certified by the relevant Agent or that Lender, as the case may be, as necessary so to indemnify it.

**24.3 General**

- 24.3.1 Each indemnity in this Clause 24 shall constitute a separate and independent obligation from the other obligations contained in this Agreement or any other Finance Document and shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted from time to time and shall continue in full force and effect notwithstanding any judgement or order for a liquidated sum or sums in respect of amounts due under this Agreement or any other Finance Document or under any such judgement or order.
- 24.3.2 The certificate of an Agent or the relevant Lender as to the amount of any loss or damage sustained or incurred by it shall be conclusive and binding on the Obligors except for any manifest error.

**25. FORCE MAJEURE**

- 25.1.1 No Finance Party shall be held responsible for any damage arising out of any Norwegian or foreign legal enactment, or any measure undertaken by a Norwegian or foreign public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance. The reservation in respect of strikes, lockouts, boycotts and blockades applies even if a Finance Party takes such measures, or is subject to such measures.
- 25.1.2 Any damage that may arise in other cases shall not be indemnified by a Finance Party if it has observed normal care. A Finance Party shall not in any case be held responsible for any indirect damage. Should there be an obstacle as described above for any of the parties set out above in this Clause 25 to take any action in compliance with any Finance Document, such action may be postponed until the obstacle has been removed.

**26. LAW AND JURISDICTION**

**26.1 Law**

- 26.1.1 This Agreement is governed by and shall be construed in accordance with Norwegian law.

**26.2 Jurisdiction**

- 26.2.1 Subject to Clause 26.2.2 below, the courts of Norway shall have exclusive jurisdiction over matters arising out of or in connection with this Agreement. Oslo tingrett shall be the court of first instance.
- 26.2.2 The submission to the jurisdiction of Norwegian Courts shall not limit the right of a Finance Party to take proceedings against any Obligor (including the Parent) in any court which may otherwise exercise jurisdiction over any Obligor (including the Parent) or any of its assets.

**26.3 Service of process**

26.3.1 Without prejudice to any other mode of service allowed under any relevant law, each Obligor (including the Parent for the purpose of this Clause 26.3) (other than an Obligor incorporated in Norway):

- (a) irrevocably appoints PRA Group Europe AS (represented by the chairman of the board of directors from time to time) as its agent for service of process in relation to any proceedings before the Norwegian courts in connection with any Finance Document governed by Norwegian law; and
- (b) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.

26.3.2 If any process agent appointed pursuant to this Clause 26.3 (Service of process) (or any successor thereto) shall cease to exist for any reason where process may be served, the Obligor will forthwith appoint another process agent with an office in Norway where process may be served and will forthwith notify the Agent thereof.

**IN WITNESS** whereof the Parties have caused this Agreement to be duly executed on the date set out above.

\*\*\*

*[Signature page to follow]*

[SIGNATURE PAGES - FACILITY AGREEMENT]

SIGNATORIES:

**The Borrowers:**

PRA Group Europe Holding S.a.r.l.

PRA Group Europe Holding S.a.r.l.,

Luxembourg, Zug Branch

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Tom-Andre Westbo Hansen

Title: Attorney in fact

Name: Tom-Andre Westbo Hansen

Title: Attorney in fact

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

By: \_\_\_\_\_

Name: Tom-Andre Westbo Hansen

Title: Attorney in fact

**The Guarantors**

PRA Group Europe AS

PRA Group Europe Portfolio AS

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Tom-Andre Westbo Hansen

Title: Attorney in fact

Name: Tom-Andre Westbo Hansen

Title: Attorney in fact

PRA GROUP EUROPE PORTFOLIO AS, Oslo

PRA Group Norge AS

Zweigniederlassung Zug

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Tom-Andre Westbo Hansen

Title: Attorney in fact

Name: Tom-Andre Westbo Hansen

Title: Attorney in fact

PRA Group Sverige AB

PRA Group Switzerland Portfolio AG

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Tom-Andre Westbo Hansen

Title: Attorney in fact

Name: Tom-Andre Westbo Hansen

Title: Attorney in fact

PRA Suomi Oy

PRA Group Osterreich Inkasso GmbH

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Tom-Andre Westbo Hansen

Title: Attorney in fact

Name: Tom-Andre Westbo Hansen

Title: Attorney in fact

PRA Group Österreich Portfolio GmbH

By:

Name: Tom-Andre Westbo Hansen  
Title: Attorney in fact

PRA Iberia SLU

By:

Name: Tom-Andre Westbo Hansen  
Title: Attorney in fact

PRA Group Polska sp. z.o.o

By:

Name: Tom-Andre Westbo Hansen  
Title: Attorney in fact

PRA Group Deutschland GmbH

By:

Name: Martin Sjolund  
Title: Managing Director

PRA Group Polska Holding sp. z.o.o

By:

Name: Tom-Andre Westbo Hansen  
Title: Attorney in fact

PRA Group Inc.

By:

Name: C. Lagow  
Title: EVP, General Council

[FACILITY AGREEMENT - SIGNATURE PAGE]

**The Facility Agent**

DNB Bank ASA

By:

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Name:	Kristine Aasen Hjertenaes
Title:	Attorney-in-fact

The Security Agent

DNB Bank ASA

By:

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Name:	Kristine Aasen Hjertenaes
Title:	Attorney-in-fact

DNB Bank ASA (in its capacity as Lender,  
Mandated Lead Arranger and Bookrunner)

By:

---

Name:	Kristine Aasen Hjertenaes
Title:	Attorney-in-fact

Nordea Bank Abp, filial i Norge (in its  
capacity as Lender, Mandated Lead  
Arranger and Bookrunner)

By:

---

Name:	Kristine Aasen Hjertenaes
Title:	Attorney-in-fact

Swedbank AB (publ) (in its capacity as  
Lender, Mandated Lead Arranger and  
Bookrunner)

By:

---

Name:	Rikard Talling
Title:	Director Structured Finance Swedbank

## SCHEDULE 1 THE GUARANTORS

Country	Company	Organisation number
Norway	PRA Group Europe AS	960 545 397
Norway	PRA Group Europe Portfolio AS (formerly Aktiv Kapital Portfolio AS)	942 464 347
Switzerland	PRA GROUP EUROPE PORTFOLIO AS, Oslo, Zweigniederlassung Zug (formerly Aktiv Kapital Portfolio AS, Oslo, Zweigniederlassung Zug)	CHE-115.187.385
Norway	PRA Group Norge AS	995 262 584
Sweden	PRA Group Sverige AB	556189-4493
Switzerland	PRA Group Switzerland Portfolio AG	CHE-116.343.570
Finland	PRA Suomi Oy	1569394-6
Austria	PRA Group Österreich Inkasso GmbH	FN 207430 w
Austria	PRA Group Österreich Portfolio GmbH	FN 426567 f
Germany	PRA Group Deutschland GmbH	HRB 18837
Spain	PRA Iberia, S.L.U.	B 8056 8769
Poland	PRA Group Polska Holding sp. z o.o. (formerly PRA Group Polska sp. z o.o.)	0000537397
Poland	PRA Group Polska sp. z o.o. (formerly Debt Trading Partners BIS sp. z o.o.)	0000517951
Delaware	PRA Group, Inc.	3556815



## SCHEDULE 2 THE LENDERS

<b>Lender</b>	<b>Address for Notices</b>	<b>Commitment</b>
DNB Bank ASA	N-0021 Oslo, Norway Attention: Loan Administration Email: loanadmin.corporate @dnb.no	EUR 276,426,667
Nordea Bank Abp, filial i Norge	N-0107 Oslo, Norway Attention: Structured Loan & Collateral Services Poland Email: sls.poland@nordea.com	EUR 226,786,667
Swedbank AB (publ)	N-0115 Oslo, Norway Attention: Swedbank Loan Administration <b>Email:</b> Kred.admin@swedbank.no	EUR 226,786,667
	<b>Total Commitments</b>	<b>EUR 730,000,000</b>

## SCHEDULE 3 CONDITIONS PRECEDENT

## 1. Corporate Documents

All references to an “Obligor” in this Schedule 3 (*Conditions Precedent*) shall be deemed to include the Parent (unless the context otherwise provides).

The Facility Agent shall have received a copy of each of the following in form and substance satisfactory to it:

- (a) the certificate of incorporation/registration (and any related certificate of incorporation on change of name and certificate of good standing) (or equivalent) of the Borrowers, each other Obligor and each Security Provider which is party to a Finance Document (as applicable);
- (b) the constitutional (or similar) documents of the Borrowers, each other Obligor and the Security Providers which is party to a Finance Document, including, but not limited to;
  - (i) articles of association and by-laws;
  - (i) in relation to an Obligor incorporated in Spain; its deed of incorporation (*escritura de constitucion*) a certificate issued by the commercial registry (*certificacion del Registro Mercantil*) evidencing that the Spanish Obligor is registered with the commercial registry and has not been dissolved, liquidated or become subject to insolvency proceedings or an informative excerpt (*nota simple informativa*) relative to such Obligor incorporated in Spain; each of them not dated earlier than 30 days before the date of the relevant Drawdown Notice;
  - (ii) including in relation to an Obligor incorporated in Luxembourg (i) an Excerpt from the Luxembourg Trade and Companies Register not older than one Business Day prior to the Utilisation Request, (ii) Certificate of non-inscription of a judicial decision from the Luxembourg Trade and Companies Register not older than one Business Day prior to the Utilisation Request and (iii) a Domiciliation Certificate issued by the Obligor incorporated in Luxembourg; and
  - (iii) in relation to an Obligor incorporated in Germany: (i) up-to-date copies of the articles of association and any by-laws (as applicable), (ii) an up-to-date excerpt from the electronic commercial register and (c) an up-to-date copy of the shareholder list (*Gesellschafterliste*) (as applicable);
- (c) the minutes of a meeting (or as appropriate, a copy of a resolution) of the board of directors, managers, or as applicable, the branch manager of the Borrowers, each other Obligor (other than with respect to an Obligor incorporated in Germany) and the Security Providers which is party to a Finance Document:
  - (i) approving and authorising the execution, delivery and performance of each Finance Document to which it is to be a party on the terms and conditions of those documents;

- (ii) showing that the relevant board meeting had appropriate quorum, that due consideration was given by all the relevant directors present of the relevant company's obligations and liabilities arising under those documents and that all declarations of interests required in connection with any Finance Document to which it is to be a party were made; and
- (iii) authorising any person whose name and specimen signature is set out in those minutes to sign or otherwise attest the execution of those documents and any other documents to be executed or delivered pursuant to those documents or, as the case may be, appointing any person or persons to sign or otherwise attest the due execution of the Finance Documents by way of power of attorney together with a certified copy of such power of attorney.
- (d) in relation to an Obligor incorporated in Germany, Austria, Finland and otherwise if applicable, the minutes of a meeting of the shareholders of each Obligor or Security Provider (as applicable), approving the Finance Documents to which it is a party.

## 2. **Delivery of Finance Documents other than Security Documents**

The Facility Agent shall have received each of the following in form and substance satisfactory to it:

- (a) the Agreement duly executed by all parties thereto;
- (b) a Fee Letter duly countersigned by the Borrowers; and
- (c) The Parent Guarantee duly executed by the Parent.

## 3. **Delivery of Security Documents and of the Parallel Debt Agreement**

The Security Agent shall have confirmed to the Facility Agent that it has received each of the following in form and substance satisfactory to it:

- (a) the Security Documents (except for those that are to be provided as a condition subsequent and are referred to under Schedule 4) duly executed and perfected by the relevant Obligor and the Security Agent (or by all the Lenders and/or Finance Parties if required by applicable law) and all actions required in order to perfect the Encumbrances created thereunder; and
- (b) together with, in each case, all documents deliverable therewith (including, for the avoidance of doubt, the Parallel Debt Agreement).

## 4. **Miscellaneous**

The Facility Agent shall have received each of the following in form and substance satisfactory to it:

- (a) Compliance Certificates, showing inter alia compliance with the financial covenants;
- (b) Borrowing Base Certificate, showing inter alia the calculation of the Borrowing Base;
- (c) confirmation that Representations and Warranties being true and correct;
- (d) effective interest letter;

- (e) confirmation that all fees payable on the first Drawdown Date hereunder pursuant to the Fee Letter have been paid;
- (f) legal opinions from the Lender's legal advisors (except for those that are to be provided as a condition subsequent and are referred to under Schedule 4);
- (g) in the case of the Parent, legal opinions from Borrower's legal advisors;
- (h) a copy or certified copy, as required, of all "Know Your Customer" documentation;
- (i) audited consolidated financial statements and audit report of the Parent for the financial period ending on 31 December 2021;
- (j) Unaudited consolidated quarterly financial statements of the Borrowers and the Parent for the Financial Quarter ending on 30 September 2022;
- (k) the Service Agreements, including a memo explaining briefly the mandate structure for the Collection Companies;
- (l) all material approvals, authorisations and consents in place;
- (m) Asset Pool Report, showing inter alia the calculation of ERC;
- (n) any process agent letter required;
- (o) confirmation of no event that would have constituted a Default or Event of Default having occurred in the Group;
- (p) absence of any material adverse change;
- (q) confirmation that any and all outstanding debt under the Existing Facility to be refinanced have been or will be cancelled and repaid in full upon disbursement; and
- (r) any other document reasonably requested by the Facility Agent.

**SCHEDULE 4**  
**CONDITIONS SUBSEQUENT**

**1. Security Documents**

The Security Agent shall have confirmed to the Facility Agent that it has received each of the following in form and substance satisfactory to it:

- (a) the Spanish Share Pledge and the Polish Security Documents duly executed and perfected by the relevant Obligor and the Security Agent (or by all the Lenders and/or Finance Parties if required by applicable law) and all actions required in order to perfect the Encumbrances created thereunder; and
- (b) together with, in each case, all documents deliverable therewith (including, for the avoidance of doubt, the Parallel Debt Agreement and the notarization of this Agreement in Spain).

**2. Legal Opinions**

- (a) Legal opinion from Wardynski & Partners in respect of Polish law issues.
- (b) Legal opinion from Uría Menéndez in respect of Spanish law issues.
- (c) Legal opinion from BAHR in respect of Norwegian law issues.
- (d) Legal opinion from Arendt & Medernach in respect of Luxembourg law issues.

## SCHEDULE 5 DRAWDOWN NOTICE

To: DNB Bank ASA

N-0021 Oslo, Norway Loan Administration

E-mail: loanadmin.corporate@dnb.no

From: [PRA Group Europe Holding S.à r.l., acting through its Swiss branch office PRA Group Europe Holding S.à r.l., Luxembourg, Zug Branch]

\*[date] Dear Sirs,

**Multicurrency Revolving Credit Facility Agreement dated \_\_November 2022 (as amended the “Agreement”)**

Terms defined in the Agreement have the same meaning in this notice. We request a Loan to be drawn down under the Agreement as follows:

1. Facility:
2. Amount of Loan ([EUR]):
3. Currency:
4. Drawdown Date:
5. Duration of Interest Period:
6. Payment instructions:
7. (if applicable)

We confirm that today and on the Drawdown Date:

- (e) the representations and warranties in Clause 13 (*Representations and warranties*) to be repeated are correct; and
- (f) no Default, Event of Default or Potential Default has occurred and is continuing or will occur on the making of the Loan.

SIGNED

For and on behalf of

**PRA Group Europe Holding S.à r.l**

**SCHEDULE 6**  
**FORM OF ACCESSION AGREEMENT**

**THIS AGREEMENT** is made this [ ] day of [ ] 20[ ] by [ ] (the “New Party”) in favour of the other parties to the Agreement (as defined below).

**RECITALS:**

- (A) This Agreement is supplemental to a revolving credit facility agreement (the “**Agreement**”, which term shall include any amendments or supplements to it) dated [ ] November 2022 made *inter alios* between (1) PRA Group Europe Holding S.à r.l, (2) certain Obligors, (3) DNB Bank ASA as Facility Agent, (4) DNB Bank ASA as Security Agent, (5) DNB Bank ASA, Nordea Bank Abp, filial i Norge and Swedbank AB (publ), as Bookrunners and (6) DNB Bank ASA, Nordea Bank Abp, filial i Norge and Swedbank AB (publ), as Mandated Lead Arrangers and (7) DNB Bank ASA, Nordea Bank Norge ASA and Swedbank AB (publ) as Lenders.
- (B) The New Party wishes to accede to the Agreement as a Guarantor.
- (C) It is a term of the Agreement that, in order to accede as a Guarantor, the New Party must enter into this Agreement.

**NOW THIS AGREEMENT WITNESSES AS FOLLOWS**

1. Terms defined and references construed in the Agreement shall have the same meanings and construction in this Agreement.
2. The New Party:
  - (a) agrees to be bound by all the terms and conditions of the Agreement insofar as they relate to an Obligor as if the New Party was a party to the Agreement in such capacity; and
  - (b) represents and warrants to the Facility Agent, the Security Agent and the Lenders in the terms of Clause 13.1 (*Representations and warranties*) (those representations and warranties that shall be repeated under Clause 13.1.24 (*Repetition*)), but such representations and warranties shall be given so as to apply, *mutatis mutandis*, to the New Party only.
3. The New Party confirms that it has delivered to the Facility Agent the documents specified in the Schedule to this Agreement.\*
4. The New Party agrees that it shall accede to the Agreement immediately upon the Facility Agent countersigning this Agreement.

---

**IN WITNESS** whereof the New Party has caused this Agreement to be executed on the day set out above.

We agree, on behalf of all the parties to the Agreement, that the New Party shall, from the date of our signature, accede to the Agreement as if it were a Guarantor and an Obligor named therein and a party to the Agreement.

DNB Bank ASA as Facility Agent

Date: \_\_



**SCHEDULE**

- \*(a) A Certified Copy of our constitutional documents (such as, but not limited to, certificate of registration and articles of association).
- \*(b) A Certified Copy of the resolution of our Board of Directors and if necessary shareholder approval, approving the transactions contemplated by this Agreement and authorising the execution of this Agreement and any other documents contemplated by this Agreement.
- \*(c) Certified Copies of all other resolutions, authorisations, approvals, consents and licences, corporate, official or otherwise, necessary or desirable, to enable us to give effect to the transactions contemplated by this Agreement and for the validity and enforceability of this Agreement.
- \*(d) All relevant Transaction Security.
- \*(e) A legal opinion from relevant local counsel acceptable to the Facility Agent.
- \*(e) Such other document as the Facility Agent may reasonably require.

**SCHEDULE 7**  
**FORM OF TRANSFER CERTIFICATE**

To: DNB Bank ASA as Facility Agent and Security Agent  
and the other parties to the Agreement (as defined below)

From: [The Existing Lender] (the “**Existing Lender**”) and [The Lender Transferee] (the “**Lender Transferee**”)

Dated: [•]

**[•] – [EUR] [•] MULTICURRENCY REVOLVING CREDIT FACILITY AGREEMENT DATED [•] (THE “AGREEMENT”)**

This transfer certificate (“**Transfer Certificate**”) relates to the abovementioned facility agreement dated [•] November 2022 made *inter alios* between (1) **PRA Group Europe Holding S.à r.l.** acting through its Swiss branch office PRA Group Europe Holding S.à r.l., Luxembourg, Zug Branch, (2) certain Obligors, (3) DNB Bank ASA as Facility Agent, (4) DNB Bank ASA as Security Agent, (5) [DNB Bank ASA, Nordea Bank Abp, filial i Norge and Swedbank AB (publ), as Bookrunners, (7) DNB Bank ASA, Nordea Bank Abp, filial i Norge and Swedbank AB (publ), as Mandated Lead Arrangers and (7) DNB Bank ASA, Nordea Bank AB (publ), filial i Norge and Swedbank AB (publ) as Lenders (the “**Agreement**”, which term shall include any amendments or supplements to it).

Terms defined and references construed in the Agreement shall have the same meanings and construction in this Transfer Certificate.

1.       \*[insert full name of Existing Lender] (the “**Existing Lender**”):
  - (a)      confirms that to the extent that details appear in schedule 1 to this Transfer Certificate under the headings “Existing Lender’s Commitment” and “Existing Lender’s Participation in the Facility”, those details accurately summarise its Commitment and its Participation in the Facility all or part of which is to be transferred; and
  - (b)      requests \*[insert full name of Lender Transferee] (the “**Lender Transferee**”) to accept and procure, in accordance with Clause 23.3 (*Assignments by Lenders*) of the Agreement, the substitution of the Existing Lender by the Lender Transferee in respect of the amount of its Commitment and its Participation in the Facility to be transferred as specified in the schedule to this Transfer Certificate by signing this Transfer Certificate.
2.       The Lender Transferee requests each of the Parties to accept this executed Transfer Certificate as being delivered under and for the purposes of Clause 23.3 of the Agreement so as to take effect in accordance with the provisions of that Clause on the proposed transfer date \*[insert date of transfer] (the “**Transfer Date**”).
3.       The Lender Transferee:

- (a) confirms that it has received a copy of the Agreement together with such other documents and information as it has requested in connection with this transaction;
  - (b) confirms that it has not relied and will not rely on the Existing Lender to check or enquire on its behalf into the legality, validity, effectiveness, adequacy, accuracy or completeness of any such documents or information; and
  - (c) agrees that it has not relied and will not rely on the Facility Agent, the Security Agent, the Bookrunners, the Mandated Lead Arrangers, the Existing Lender or any other Lender to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Obligors (including the Parent) or any other party to the Security Documents.
4. The Lender Transferee undertakes with the Existing Lender and each of the other parties to the Agreement that it will perform, in accordance with its terms, all those obligations which, by the terms of the Agreement, will be assumed by it upon delivery of the executed copy of this Transfer Certificate to the Facility Agent.
  5. On execution of this Transfer Certificate by the Facility Agent on their behalf, the Parties accept the Lender Transferee as a party to the Agreement in substitution for the Existing Lender with respect to all those rights and/or obligations which, by the terms of the Agreement, will be assumed by the Lender Transferee after delivery of the executed copy of this Transfer Certificate to the Facility Agent.
  6. The benefit of each Security Document shall be maintained in favour of the Lender Transferee, without prejudice to paragraph 7 hereof.
  7. None of the Existing Lender, the other Lenders, the Facility Agent, the Security Agent, the Bookrunners or the Mandated Lead Arrangers:
    - (a) makes any representation or warranty or assumes any responsibility with respect to the legality, validity, effectiveness, adequacy or enforceability of the Agreement or any of the other Finance Documents; or
    - (b) assumes any responsibility for the financial condition of the Obligors (including the Parent) or any other party to the Agreement or any of the other Finance Documents or any other document or for the performance and observance by the Obligors (including the Parent) or any other party to the Agreement or any of the other Finance Documents or any other document of its or their obligations and any and all conditions and warranties, whether express or implied by law or otherwise, are excluded.
  8. The Lender Transferee confirms that it [is/is not] a Swiss Qualifying Bank.
  9. The Lender Transferee confirms that its lending office and address for notices for the purposes of the Agreement are as set out in the schedule to this Transfer Certificate.
  10. The Existing Lender gives notice to the Lender Transferee (and the Lender Transferee acknowledges and agrees with the Existing Lender) that the Existing Lender is under no obligation to re-purchase (or in any other manner to assume, undertake or discharge any obligation or liability in relation to) the transferred Commitment and Participation at any time after this Transfer Certificate shall have taken effect.

11. Following the date upon which this Transfer Certificate shall have taken effect, without limiting the terms of this Transfer Certificate, each of the Lender Transferee and the Existing Lender acknowledges and confirms to the other that, in relation to the transferred Commitment and Participation, variations, amendments or alterations to any term of any Finance Document arising in connection with any renegotiation or rescheduling of the obligations under the Agreement shall apply to and be binding on the Lender Transferee alone.
12. For the purposes of Article 1278 of the Luxembourg Civil Code (to the extent applicable), the Lender Transferee and the Existing Lender hereby agree that the security created under [any security document], securing the rights assigned, transferred or novated hereby will be preserved for the benefit of the Lender Transferee.
13. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
14. This Transfer Certificate is governed by and shall be construed in accordance with Norwegian law.

**[EXISTING LENDER] [LENDER TRANSFEE]**

---

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [•].

**[FACILITY AGENT / SECURITY AGENT]**

on behalf of itself and all other parties to the Agreement

SCHEDULE

Existing Lender's Commitment	Amount of Commitment Transferred
------------------------------	----------------------------------

Existing Lender's Participation in the Facility	Amount of Participation Transferred
---	-------------------------------------

\*[insert full name of Lender Transferee]

Lending office  
\*

Address for notices  
\*[address]  
Attention:  
E-mail

## SCHEDULE

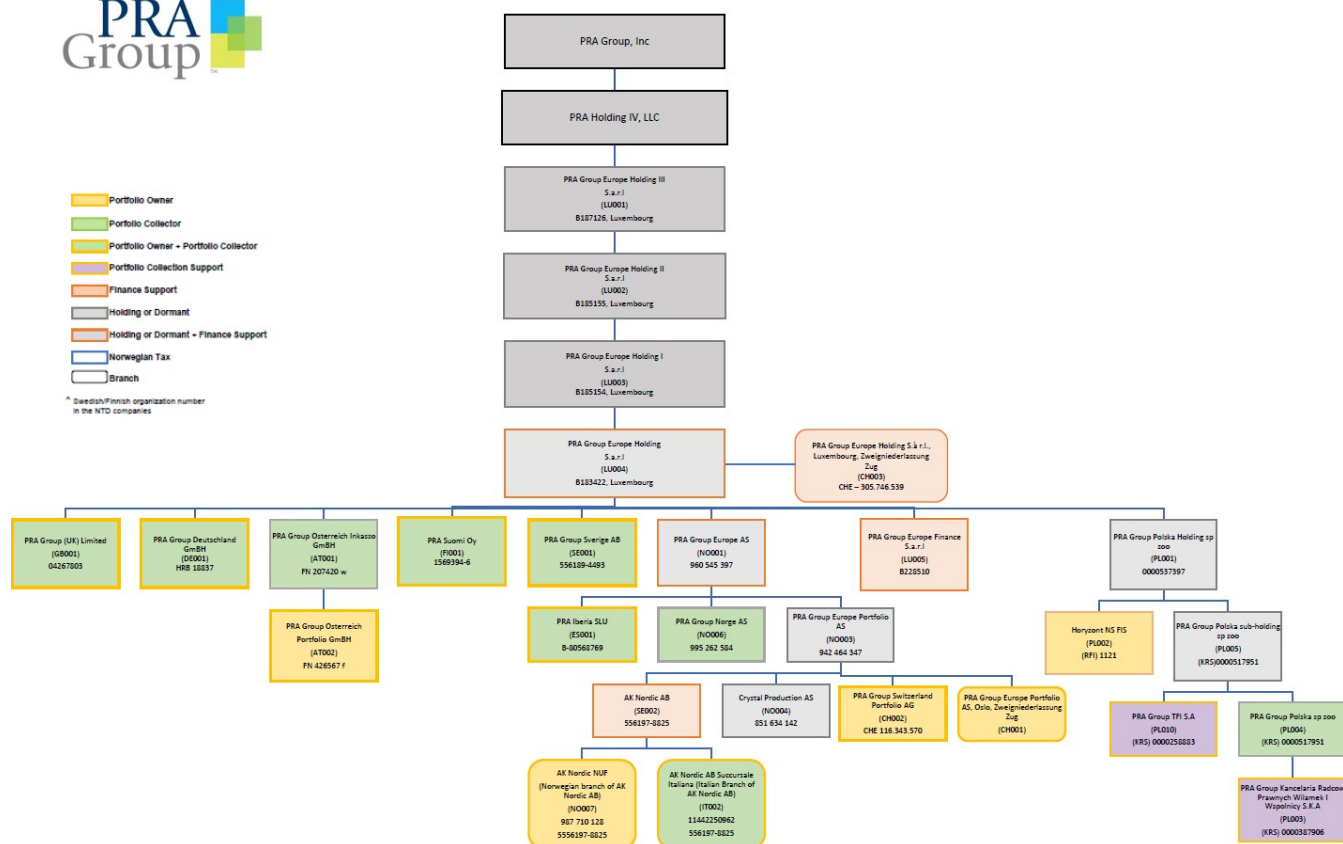
## 8

## GROUP

## STRUCTURE



\* Swedish/Finnish organization number in the NTD companies



SCHEDULE 9

CERTAIN APPROVED  
LOAN PORTFOLIOS

UID1	Portfolio	Country	Currency	Acq date	Acq cost in USD	No Debts	Portfolio Owner
OLAT0056	BA-CA - Eisberg	AT	EUR	12.2005	7 746 724	7 344	PRA Group Österreich Portfolio GmbH
OLAT0129	Bawag Portfolio (BW12 PF01)	AT	EUR	07.2012	12 590 024	8 323	PRA Group Österreich Portfolio GmbH
OLAT0133	BAWAG 2013 06	AT	EUR	06.2013	16 217 015	16 901	PRA Group Österreich Portfolio GmbH
OLAT0134	Bawag 2013 10	AT	EUR	10.2013	11 526 605	25 380	PRA Group Österreich Portfolio GmbH
OLAT0136	Bawag 2014 04 Jenbach	AT	EUR	04.2014	1 108 792	1 601	PRA Group Österreich Portfolio GmbH
DE1440	BIG / Santander Germany IVA 2014 12	DE	EUR	04.2014	6 826 912	8 981	PRA Group Deutschland GmbH
AT1541	Bawag Bulk 2015 10	AT	EUR	10.2015	5 286 157	7 996	PRA Group Österreich Portfolio GmbH
AT15242	Bawag IS 2015 10	AT	EUR	10.2015	150 035	445	PRA Group Österreich Portfolio GmbH
AT1543	Bawag Other 2015 10	AT	EUR	10.2015	1 573 641	1 456	PRA Group Österreich Portfolio GmbH
AT1712	Bawag 2017 01	AT	EUR	06.2017	5 213 133	1 802	PRA Group Österreich Portfolio GmbH
AT1713	Easy Bank 2017 01	AT	EUR	06.2017	193 356	401	PRA Group Österreich Portfolio GmbH

**SCHEDULE 10**  
**FORM OF COMPLIANCE CERTIFICATE**

To: DNB Bank ASA, Facility Agent

From: [PRA Group Europe Holding S.à r.l., acting through its Swiss branch office PRA Group Europe Holding S.à r.l., Luxembourg, Zug Branch]

Date: [ ]

**Multicurrency Revolving Credit Facility Agreement dated [●] November 2022 (the “Agreement”)**

Terms defined in the Agreement have the same meaning in this Compliance Certificate.

With reference to Clause 14.1.4 (*Compliance certificate*), we confirm that as at [ ] [*insert relevant Quarter Date*]:

1. The ERC Ratio is as follows:
  - (c) The GIBD of the Group is: [●], which consists of: [●]
  - (d) The Book Value of Approved Loan Portfolios is: [●], which consists of: [●]
  - (e) The ERC Ratio is: [●]

2. The Aggregated Collection is as follows:
  - (a) The Aggregate Collections of the Group for the last quarter is: [●]
  - (b) The ERC of the Group is: [●]
  - (c) The Aggregate Collections constitutes [●]% of the ERC.

And we are therefore [not] in compliance with Clause 14.4.3 (*Collections*).

3. AK Nordic Deposits and Earmarked Funds:
  - (a) AK Nordic Deposits: [●]
  - (b) Earmarked Funds: [●]
  - (c) AK Nordic Deposits that are not transferred to Earmarked Funds: [●]

And we are therefore [not] in compliance with Clause 14.3.5(c) (*Indebtedness*).

4. We confirm that:
  - (a) Equity or shareholder loan provided by the Borrowers are in accordance with Clause 14.3.4(c); and
  - (b) no Default or Event of Default has occurred and is continuing or would occur on the making of the Financial Support,



and we are therefore in compliance with Clause 14.3.4 (*No Financial Support*).

5. Portfolio Owners

(a) The existing Portfolio Owners (unchanged from last Compliance Certificate) is:

(iv) [●]

(b) The new Portfolio Owners (new from last Compliance Certificate) is:

(v) [●]

6. We confirm that security for Secured Obligations has been granted over all assets as required by Clause 12.4 (*Additional Security*) unless otherwise approved with the prior written consent of the Facility Agent and we are therefore in compliance with Clause 12.4 (*Additional Security*).

7. We confirm that there are no events outstanding which would require the Facility to be prepaid.

We further confirm that, as of the date hereof each of the representations and warranties set out in Clause 13 (*Representations and warranties*) of the Agreement is true and correct; and no event or circumstances has occurred and is continuing which constitute or may constitute a Default or Event of Default.

Yours sincerely

for and on behalf of

[PRA Group Europe Holding S.à r.l., acting through its Swiss branch office PRA Group Europe Holding S.à r.l., Luxembourg, Zug Branch]

By:

Name:

Title: [authorised officer]

**SCHEDULE 11**  
**FORM OF COMPLIANCE CERTIFICATE – PARENT COVENANTS**

To: DNB Bank ASA, Facility Agent From: [PRA Group, Inc.]

Date: [ ]

**Multicurrency Revolving Credit Facility Agreement dated [●] November 2022 (the “Agreement”)**

Terms defined in the Agreement have the same meaning in this Compliance Certificate.

With reference to Clause 14.1.4 (*Compliance certificates*), we confirm that as at [ ] [*insert relevant Quarter Date*]:

**1. Senior Secured Leverage Ratio:**

The Consolidated Senior Secured Leverage Ratio is [●] (and the requirement under Clause 14.4.4 (*Senior Secured Leverage*) is that the Consolidated Senior Secured Leverage Ratio shall not exceed 2.25:1).

In compliance: [Yes] [No]

**2. Total Leverage:**

The Consolidated Total Leverage Ratio is [●], (and the requirement under Clause 14.4.5 (*Total Leverage*) is that the Consolidated Total Leverage Ratio shall not exceed 3.5:1.).

In compliance: [Yes] [No]

**3. Positive Income:**

The consolidated Income from Operations is [●] (and the requirement under Clause 14.4.6 (*Positive Income*) is that the consolidated Income from Operations shall be positive).

In compliance: [Yes] [No]

We further confirm that, as of the date hereof each of the representations and warranties set out in Clause 13 (*Representations and warranties*) of the Agreement is true and correct; and no event or circumstances has occurred and is continuing which constitute or may constitute a Default or Event of Default.

Yours sincerely

for and on behalf of [PRA Group, Inc.]

By:

Name:

Title: [authorised officer]

**SCHEDULE 12**  
**FORM OF BORROWING BASE CERTIFICATE**

To: DNB Bank ASA, Facility Agent

From: PRA Group Europe Holding S.à r.l. Date: [     ]

**Multicurrency Revolving Credit Facility Agreement dated [●] November 2022 (the “Agreement”)**

Terms defined in the Agreement have the same meaning in this Compliance Certificate.

I. ERC [     ]

II. BORROWING BASE (45% of I.) BORROWING BASE [     ]

METRICS:

1) Total amount drawn both under the Facility and the Overdraft Facility [     ]

2) Gross Interest Bearing Debt [     ]

3) Total Availability (Committed amount minus 1) [     ]

4) Total Borrowing Base Availability (II. minus 2) [     ]

5) Month End Rates – PRA Group (see appendix)

6) ERC Ratio (2) divided by I.) [     ]

Yours sincerely

for and on behalf of

PRA Group Europe Holding S.à r.l.

By:

Name:

Title: [authorised officer]

## SCHEDULE 13 SECURITY DOCUMENTS

**1. First priority pledge over the shares in:**

- (a) PRA Group Europe Portfolio AS (Norway) between PRA Group Europe AS and the Agent, originally dated on 23 October 2014 (as amended on or around the date hereof), governed by Norwegian law
- (b) PRA Group Europe AS (Norway), between PRA Group Europe Holding S.à r.l. and the Agent, originally dated on 28 December 2016 (as amended on or around the date hereof), governed by Norwegian law
- (c) PRA Group Norge AS (Norway), between PRA Group Europe AS and the Agent, originally dated on 23 February 2015 (as amended on or around the date hereof), governed by Norwegian law
- (d) PRA Group Switzerland Portfolio AG (Switzerland) between PRA Group Europe Portfolio AS and the Agent, as dated on or around the date hereof, governed by Swiss law
- (e) PRA Suomi Oy (Finland) between PRA Group Europe Holding S.à r.l. and the Agent, as dated on or around the date hereof, governed by Finnish law
- (f) PRA Group Sverige AB (Sweden) between PRA Group Europe Holding S.à r.l. and the Agent, as dated on or around the date hereof, governed by Swedish law
- (g) AK Nordic AB (Sweden) between PRA Group Europe Portfolio AS and the Agent, as dated on or around the date hereof, governed by Swedish law
- (h) PRA Group Europe Holding S.à r.l. (Luxembourg) between PRA Group Europe Holding I S.à r.l. and the Agent, as dated on or around the date hereof, governed by Luxembourg law
- (i) PRA Group Deutschland GmbH (Germany) between PRA Group Europe Holding S.à r.l. and the Agent, as dated on or around the date hereof, governed by German law
- (j) PRA Group Österreich Portfolio GmbH (Austria) between PRA Group Österreich Inkasso GmbH and the Agent, as dated on or around the date hereof, governed by Austrian law
- (k) PRA Group Österreich Inkasso GmbH (Austria) between PRA Group Europe Holding S.à r.l. and the Agent, as dated on or around the date hereof, governed by Austrian law

**2. First priority Assignment of Intra-Group Loans:**

- (a) Assignment of Intra-Group Loans between the Borrowers and the Agent, originally dated on 27 October 2014 (as amended on or around the date hereof), governed by Norwegian law
- (b) Assignment of Intra-Group Loans between PRA Group Europe AS and the Agent, originally dated on 1 December 2014 (as amended on or around the date hereof), governed by Norwegian law

- (c) Assignment of Intra-Group Loans between PRA Group Österreich Portfolio GmbH and the Agent, as dated on or around the date hereof, governed by Norwegian law
- (d) Assignment of Intra-Group Loans between PRA Group Europe Portfolio AS, PRA Group Europe Portfolio AS, Oslo, Zweigniederlassung Zug and the Agent, as dated on or around the date hereof, governed by Norwegian law
- (e) Assignment of Intra-Group Loans between AK Nordic AB and the Agent, originally dated on 27 October 2014 (as amended on or around the date hereof), governed by Norwegian law
- (f) Assignments of Intra-Group Loans between PRA Group Switzerland Portfolio AG and the Agent, as dated on or around the date hereof, governed by Norwegian law
- (g) Assignments of Intra-Group Loans between PRA Group Polska Sub-Holding sp. z o.o. and the Agent, as dated on or around the date hereof, governed by Norwegian law

**3. First priority Pledge of Shareholder Loans:**

- (a) Assignment of Shareholder Loans agreement between PRA Group, Inc. and the Agent, originally dated on 18 December 2020 (as amended on or around the date hereof), governed by Norwegian law

**4. Spanish Share Pledge:**

- (a) The first priority pledge over the shares in PRA Iberia, S.L.U (Spain) between PRA Group Europe AS and the Agent, as dated on or around the date hereof, governed by Spanish law

**5. Polish Security Documents:**

- (a) The first priority pledge over the shares in PRA Group Polska Holding sp. z o.o. (Poland) between PRA Group Europe Holding S.à r.l. and the Agent, as dated on or around the date hereof, governed by Polish law
- (b) The first priority pledge over the shares in PRA Group Polska sp. z o.o. (Poland) between PRA Group Polska Sub-Holding sp. z o.o. and the Agent, as dated on or around the date hereof, governed by Polish law
- (c) Polish statements on voluntary submissions to enforcement:
  - (i) statements of voluntary submissions to enforcement issued by the Borrowers;
  - (ii) statements of voluntary submissions to enforcement issued by PRA Group Polska Sub-Holding sp. z o.o.;
  - (iii) statements of voluntary submissions to enforcement issued by PRA Group Polska Holding sp. z o.o.; and
  - (iv) statements of voluntary submissions to enforcement issued by PRA Group Polska sp. z o.o..

**SCHEDULE 14**  
**FORM OF INCREASE CONFIRMATION**

From: [ • ]

To: [ • ]

Dated: [ ]

**[•] – UP TO EUR [•] MULTICURRENCY REVOLVING CREDIT FACILITY AGREEMENT DATED [•] November 2022 (THE "AGREEMENT")**

1. We refer to the Agreement. This letter (the "**Letter**") shall take effect as an Increase Confirmation for the purpose of the Agreement. Terms defined in the Agreement have the same meaning in this Letter unless given a different meaning in this Letter.
2. We refer to Clause 2.2 (The Accordion Option) of the Agreement.
3. Each Increase Lender agrees to assume and will assume all of the obligations corresponding to the Commitment specified in the Schedule (the "**Relevant Commitment**") as if it was an original Lender under the Agreement.
4. The proposed date on which the increase in relation to the Increase Lender and the Relevant Commitment is to take effect (the "**Increase Date**") is [ ].
5. On the Accordion Increase Date, the Increase Lender becomes party to the relevant Finance Documents as a Lender, in accordance with Clause 2.2.11.
6. The Facility Office and address, fax number and attention details for notices to the Increase Lender for the purposes of Clause 22.3 (Addresses) are set out in the Schedule.
7. The Increase Lender expressly acknowledges the limitations on the Lenders' obligations referred to in Clause 23.10 (Limitation of responsibility of Existing Lenders).
8. This Letter may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Letter.
9. The Accordion Increase shall be subject to the following terms and conditions being satisfied:
10. This Letter is governed by Norwegian law.
11. This Letter has been entered into on the date stated at the beginning of this Letter.

**The Schedule**

Relevant Commitment/rights and obligations to be assumed by the Increase Lender [insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Increase Lender]

By:

This Letter is accepted as an Increase Confirmation for the purposes of the Agreement by the Agent, and the Increase Date is confirmed as [    ].

[Agent]

By:

SCHEDULE 15  
NEW INCREASE LENDER WHITE LIST

- 1. ING Group
- 2. HSBC Group
- 3. MUFG (Mitsubishi UFJ Financial Group)



**SCHEDULE 16**  
**FORM OF PARENT GUARANTEE**

[Refer to separate document]

## SCHEDULE 17 US DEFINITIONS

“Attributable Indebtedness”	means, on any date, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, (b) in respect of any Synthetic Lease, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease and (c) in respect of any Securitization Transaction of any Person, the outstanding principal amount of such financing, after taking into account reserve accounts and making appropriate adjustments, determined by the Agent in its reasonable judgment.
“Capital Lease”	means, as applied to any Person, any lease of any property by that Person as lessee which, in accordance with GAAP, is required to be accounted for as a capital lease on the balance sheet of that Person; provided, that the subsequent adoption, issuance or effectiveness of any accounting standards after the closing date will not cause any lease that was not or would not have been a Capital Lease on the closing date to be deemed a Capital Lease. For the avoidance of doubt, “Capital Leases” shall not include operating leases or any agreements requiring the payment of rent or other similar provisions (whether entered into prior to or after the closing date) if such lease was or would have been an operating lease on the closing date.
“Consolidated EBITDA”	means, for any period, for PRA Group, Inc. and its Subsidiaries on a consolidated basis, an amount equal to Consolidated Net Income for such period plus the following, without duplication, to the extent deducted in calculating such Consolidated Net Income: (a) Consolidated Interest Charges for such period, (b) the provision for federal, state, local and foreign income taxes payable by PRA Group, Inc. and its Subsidiaries for such period, (c) depreciation and amortization expense, (d) Recoveries Applied to Negative Allowance, net of changes in expected recoveries, (e) fees, costs and expenses incurred in respect of the Facility Agreement or in connection with any disposition, incurrence of Consolidated Funded Indebtedness, acquisition, investment or offering of Equity Interests, in each case as permitted under the loan documents and (f) all other non-cash charges for such period, to the extent such charges do not represent a cash charge in such period or any future period, all as determined in accordance with GAAP.
“Consolidated Funded Indebtedness”	means Funded Indebtedness of PRA Group, Inc. and its Subsidiaries on a consolidated basis determined in accordance with GAAP.
“Consolidated Interest Charges”	means, for any period, for PRA Group, Inc. and its Subsidiaries on a consolidated basis, an amount equal to the sum of (i) all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or

	<p>in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP, plus (ii) the portion of rent expense with respect to such period under Capital Leases that is treated as interest in accordance with GAAP plus (iii) the implied interest component of Synthetic Leases with respect to such period plus</p> <p>(iv) losses on hedging obligations or other derivative instruments (including Swap Contracts) entered into for the purposes of hedging interest rate risk.</p>
“Consolidated Net Income”	means, for any period, for PRA Group, Inc. and its Subsidiaries on a consolidated basis, the net income of PRA Group, Inc. and its Subsidiaries (excluding (i) extraordinary gains or losses, (ii) the effects of discontinued operations and (iii) adjustment for net income attributable to noncontrolling interests) for that period, as determined in accordance with GAAP.
“Consolidated Senior Secured Indebtedness”	means, as of any date of determination, all Consolidated Funded Indebtedness that, as of such date, is secured by any Lien on any asset or property of PRA Group, Inc. or any of its Subsidiaries.
“Consolidated Senior Secured Leverage Ratio”	means, as of any date of determination, the ratio of (a) Consolidated Senior Secured Indebtedness as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters most recently ended.
“Consolidated Total Leverage Ratio”	means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters most recently ended.
“Equity Interests”	means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.
“Funded Indebtedness”	<p>means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:</p> <p>(a) the outstanding principal amount of all obligations for borrowed money, whether current or long-term (including the Obligations) and all obligations of such</p>

	<p>Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;</p> <p>(b) all purchase money Indebtedness;</p> <p>(c) principal portion of all obligations under conditional sale or other title retention agreements relating to property purchased by PRA Group, Inc. or any Subsidiary (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business);</p> <p>(d) all obligations arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;</p> <p>(e) all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business) (for the avoidance of doubt, such deferred purchase price of property or services shall not include accrued bonuses or other compensation);</p> <p>(f) the Attributable Indebtedness of Capital Leases, Securitization Transactions and Synthetic Leases;</p> <p>(g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment on or prior to the 90th day following the Termination Date in respect of any Equity Interests in such Person or any other Person (other than customary put rights or redemption obligations arising as a result of a change of control), valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends;</p> <p>(h) all Funded Indebtedness of others secured by (or for which the holder of such Funded Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed; provided that the amount of Funded Indebtedness with respect to such Person who has given such Lien under this clause (h) shall be deemed to be the lesser of the amount of such Indebtedness that is so secured and the fair market value of such property;</p>
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	<p>(i) all guarantees with respect to Funded Indebtedness of the types specified in clauses (a) through (h) above of another Person; and</p> <p>(j) all Funded Indebtedness of the types referred to in clauses (a) through (i) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or joint venturer, except to the extent that Funded Indebtedness is expressly made non-recourse (or such Person is not otherwise liable for such Funded Indebtedness) to such Person.</p> <p>For purposes hereof, the amount of any direct obligation arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments shall be the maximum amount available to be drawn thereunder. For the avoidance of doubt, "Funded Indebtedness" shall not include any deferred tax liabilities or Swap Contracts.</p>
"Income from Operations"	means, "income from operations" as it appears on PRA Group, Inc.'s financial statements as filed with the SEC, excluding any one-time, non-recurring charges or unusual charges that are presented in accordance with GAAP in the operating income calculation appearing on PRA Group, Inc.'s financial statements as filed with the SEC.
"Indebtedness"	<p>means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:</p> <p>(a) all Funded Indebtedness;</p> <p>(b) the Swap Termination Value of any Swap Contract;</p> <p>(c) all guarantees with respect to outstanding Indebtedness of the types specified in clauses (a) and (b) above of any other Person; and</p> <p>(d) all Indebtedness of the types referred to in clauses (a) through (c) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which PRA Group, Inc. or a Subsidiary is a general partner or joint venturer, unless such Indebtedness is expressly made non-recourse to PRA Group, Inc. or such Subsidiary or PRA Group, Inc. or such Subsidiary is not otherwise liable for such Indebtedness</p> <p>For purposes of this definition, the amount of any Indebtedness represented by a guaranty or other similar instrument shall be the lesser of the principal amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Indebtedness. For the avoidance of doubt, Indebtedness shall not</p>

	include (a) deferred or prepaid revenue or (b) permitted bond hedge transactions or permitted warrant transactions.
“Lien”	means any mortgage, pledge, hypothecation, assignment, encumbrance, lien (statutory or other), charge, assignment by way of security or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing) except for licenses of IP rights owned by any loan party which are granted in the ordinary course of business
“Obligations”	means all advances to, and debts, liabilities, obligations, covenants and duties of, any loan party arising under any loan document or otherwise with respect to any loan (including erroneous payment subrogation rights), whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including, without limitation, (i) obligations which, but for the automatic stay under section 362(a) of the US Bankruptcy Code, would become due and (ii) interest and fees that accrue after the commencement by or against any loan party or any affiliate thereof of any proceeding under any debtor relief laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.
“Person”	meaning as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan.
“Recoveries Applied to Negative Allowance”	means the measurement of recoveries minus portfolio income in accordance with ASC 326 and pursuant to GAAP.
“Securitization Transaction”	means, with respect to any Person, any financing transaction or series of financing transactions (including factoring arrangements) pursuant to which such Person or any Subsidiary of such Person may sell, convey or otherwise transfer, or grant a security interest in, accounts, payments, receivables, rights to future lease payments or residuals or similar rights to payment to a special purpose subsidiary or affiliate of such Person.
“Subsidiary”	of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of Voting Stock is at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references in this section (Financial Covenant

	Definitions) to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of PRA Group, Inc.
“Swap Contracts”	means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.
“Swap Termination Contract”	means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any affiliate of a Lender), in each case, only to the extent representing an obligation of the obligor thereunder.
“Synthetic Lease”	means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing arrangement whereby the arrangement is considered borrowed money indebtedness for tax purposes but is classified as an operating lease or does not otherwise appear on a balance sheet under GAAP. For the avoidance of doubt, “Synthetic Leases” shall not include operating leases.
“Voting Stock”	means, with respect to any Person, Equity Interests issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

**SCHEDULE 18**  
**FORM OF ASSET POOL**  
**REPORT**

**Purchase Price Multiples - EU excl. UK**  
[ date ]

in \$1,000s

Purchase Period	Purchase Price	ERC-Historical Period Exchange Rates	Total Estimated Collections	ERC-Current Period Exchange Rates	Current Estimated Purchase Price Multiple	Original Estimated Purchase Price Multiple
EU excl. UK Core						
2012	\$ -	\$ -	\$ -	\$ -	0 %	0 %
2013	\$ -	\$ -	\$ -	\$ -	0 %	0 %
2014	\$ -	\$ -	\$ -	\$ -	0 %	0 %
2015	\$ -	\$ -	\$ -	\$ -	0 %	0 %
2016	\$ -	\$ -	\$ -	\$ -	0 %	0 %
2017	\$ -	\$ -	\$ -	\$ -	0 %	0 %
2018	\$ -	\$ -	\$ -	\$ -	0 %	0 %
2019	\$ -	\$ -	\$ -	\$ -	0 %	0 %
2020	\$ -	\$ -	\$ -	\$ -	0 %	0 %
2021	\$ -	\$ -	\$ -	\$ -	0 %	0 %
2022	\$ -	\$ -	\$ -	\$ -	0 %	0 %
Subtotal	\$ -	\$ -	\$ -	\$ -		

Purchase Period	Purchase Price	ERC-Historical Period Exchange Rates	Total Estimated Collections	ERC-Current Period Exchange Rates	Current Estimated Purchase Price Multiple	Original Estimated Purchase Price Multiple
EU excl. UK Insolvency						
2014	\$ -	\$ -	\$ -	\$ -	0 %	0 %
2015	-	-	-	-	0 %	0 %
2016	-	-	-	-	0 %	0 %
2017	-	-	-	-	0 %	0 %
2018	-	-	-	-	0 %	0 %
2019	-	-	-	-	0 %	0 %
2020	-	-	-	-	0 %	0 %
2021	-	-	-	-	0 %	0 %
2022	-	-	-	-	0 %	0 %
Subtotal	\$ -	\$ -	\$ -	\$ -		
<i>Total Europe excl. UK</i>	\$ -	\$ -	\$ -	\$ -		



YTD Net Revenue Table - EU excl. UK  
[date]

in \$1,000s

Purchase Period	Cash Collections	Portfolio Income	Change in Estimated Recoveries	Total Portfolio Revenue	Net Finance Receivables as of September 30, 2022
EU excl. UK Core					
2012	\$ -	\$ -	\$ -	\$ -	\$ -
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -
EU excl. UK Insolvency					
2014	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ -	\$ -	\$ -	\$ -	\$ -
2022	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -
Total EU excl. UK	\$ -	\$ -	\$ -	\$ -	\$ -

Cash Collections and Purchases by Year and Purchase Year - EU excl. UK  
[date]

in \$1,000s

<i>EU excl. UK-CORE</i>		Purchase	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Purchase period		Price										
2014												
2015												
2016												
2017												
2018												
2019												
2020												
2021												
2022												
<i>Subtotal</i>		<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>
<i>EU excl. UK-INSOLVENCY</i>		Purchase	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Purchase period		Price										
2014		0,0	-	-	-	-	-	-	-	-	-	-
2015		0,0	-	-	-	-	-	-	-	-	-	-
2016		0,0	-	-	-	-	-	-	-	-	-	-
2017		0,0	-	-	-	-	-	-	-	-	-	-
2018		0,0	-	-	-	-	-	-	-	-	-	-
2019		0,0	-	-	-	-	-	-	-	-	-	-
2020		0,0	-	-	-	-	-	-	-	-	-	-
2021		0,0	-	-	-	-	-	-	-	-	-	0,0
2022		0,0	-	-	-	-	-	-	-	-	-	0,0
<i>Subtotal</i>		<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>
<i>Total EU excl. UK</i>		<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>

## Exhibit 21.1

### SUBSIDIARIES OF THE REGISTRANT <sup>(a)</sup>

Subsidiaries of the Registrant and Jurisdiction of Incorporation or Organization:

Portfolio Recovery Associates, LLC - Delaware  
PRA Receivables Management, LLC - Virginia  
PRA Holding IV, LLC - Virginia  
PRA Holding V, LLC - Virginia  
Claims Compensation Bureau, LLC - Delaware  
PRA Group Canada Inc. - Canada  
PRA Group RM Israel. Ltd. - Israel  
PRA Group Europe Holding III S.á r.l. - Luxembourg  
PRA Group Europe Holding II S.á r.l. - Luxembourg  
PRA Group Europe Holding I S.á r.l. - Luxembourg  
PRA Group Europe Holding S.á r.l. - Luxembourg  
PRA Group (UK) Limited - United Kingdom (England and Wales)  
PRA Group Österreich Inkasso GmbH - Austria  
PRA Group Österreich Portfolio GmbH - Austria  
PRA Group Sverige AB - Sweden  
PRA Group Europe Holding S.á r.l., Luxembourg, Zweigniederlassung Zug Branch - Switzerland  
PRA Group Europe Finance S.a.r.l. - Luxembourg  
PRA Suomi OY - Finland  
PRA Group Deutschland GmbH - Germany  
PRA Group Europe AS - Norway  
PRA Iberia, S.L.U. - Spain  
PRA Group Norge AS - Norway  
PRA Group Europe Portfolio AS - Norway  
PRA Group Europe Portfolio AS, Oslo, Zug Branch - Switzerland  
PRA Group Switzerland Portfolio AG - Switzerland  
AK Nordic NUF - Norway  
AK Nordic AB - Sweden  
RCB Investimentos S.A. - Brazil  
Itapeva Recuperação de Créditos LTDA. - Brazil  
RCB Portfolios LTDA. - Brazil  
PRA Group Colombia Holding S.A.S. - Colombia  
PRA Group Polska Sub-Holding sp. z o.o. - Poland  
PRA Group Polska sp. zoo - Poland  
PRA Group Kancelaria Radcow Prawnych Wilmek I Wspolnicy S.K.A. - Poland  
PRA Group Brasil - Empreedimentos e Participações LTDA - Brazil  
PRA Group Polska Holding sp. zoo - Poland  
PRA Australia Pty Ltd - Australia  
PRA Group TFI, S.A. - Poland  
Horyzont NS FIZ - Poland

<sup>(a)</sup> Inactive subsidiaries and subsidiaries with minimal operations have been omitted. Such subsidiaries, if taken as a whole, would not constitute a significant subsidiary.

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements, as listed below, of PRA Group, Inc. and in the related Prospectus, where applicable, of our reports dated February 27, 2023, with respect to the consolidated financial statements of PRA Group, Inc. and the effectiveness of internal control over financial reporting of PRA Group, Inc., included in this Annual Report on Form 10-K of PRA Group, Inc. for the year ended December 31, 2022.

Registration Statement Number	Form	Description
333-110330	Form S-8	Securities to be offered to employees in employee benefit plans
333-110331	Form S-8	Securities to be offered to employees in employee benefit plans
333-230502	Form S-8	Securities to be offered to employees in employee benefit plans

/s/ Ernst & Young LLP

Richmond, Virginia  
February 27, 2023

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements (No. 333-110330, No. 333-110331, and No. 333-23052) on Form S-8 of our report dated February 28, 2022, with respect to the consolidated financial statements of PRA Group, Inc. and subsidiaries.

/s/ KPMG LLP

Norfolk, Virginia  
February 27, 2023

Exhibit 31.1

I, Kevin P. Stevenson, certify that:

1. I have reviewed this annual report on Form 10-K of PRA Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 27, 2023

By: /s/ Kevin P. Stevenson

Kevin P. Stevenson  
President and Chief Executive Officer  
(Principal Executive Officer)

Exhibit 31.2

I, Peter M. Graham, certify that:

1. I have reviewed this annual report on Form 10-K of PRA Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 27, 2023

By: /s/ Peter M. Graham

Peter M. Graham  
Executive Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of PRA Group, Inc. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kevin P. Stevenson, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 27, 2023

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

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of PRA Group, Inc. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Peter M. Graham, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 27, 2023

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