

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2023

☐ 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

(Address of principal executive offices)

(888) 772-7326

(Registrant's Telephone No., including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value per share	PRAA	NASDAQ Global Select Market

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, a smaller reporting company, or an 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.

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's common stock outstanding as of May 1, 2023 was 39,169,763.

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Part I. Financial Information

Item 1. Financial Statements (Unaudited)

PRA Group, Inc.  
Consolidated Balance Sheets  
March 31, 2023 and December 31, 2022  
(Amounts in thousands)

	(unaudited) March 31, 2023	December 31, 2022
<b>Assets</b>		
Cash and cash equivalents	\$ 116,471	\$ 83,376
Restricted cash and cash equivalents	359,208	1,382
Investments	77,877	79,948
Finance receivables, net	3,286,497	3,295,008
Income taxes receivable	41,398	31,774
Deferred tax assets, net	57,551	56,908
Right-of-use assets	53,187	54,506
Property and equipment, net	48,500	51,645
Goodwill	420,647	435,921
Other assets	82,293	85,206
Total assets	\$ 4,543,629	\$ 4,175,674
<b>Liabilities and Equity</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 4,837	\$ 7,329
Accrued expenses	120,640	111,395
Income taxes payable	19,809	25,693
Deferred tax liabilities, net	29,324	42,918
Lease liabilities	57,939	59,384
Interest-bearing deposits	108,779	112,992
Borrowings	2,937,895	2,494,858
Other liabilities	39,697	34,355
Total liabilities	3,318,920	2,888,924
<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, 39,170 shares issued and outstanding at March 31, 2023; 100,000 shares authorized, 38,980 shares issued and outstanding at December 31, 2022	392	390
Additional paid-in capital	285	2,172
Retained earnings	1,514,396	1,573,025
Accumulated other comprehensive loss	(356,730)	(347,926)
Total stockholders' equity - PRA Group, Inc.	1,158,343	1,227,661
Noncontrolling interest	66,366	59,089
Total equity	1,224,709	1,286,750
Total liabilities and equity	\$ 4,543,629	\$ 4,175,674

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

**PRA Group, Inc.**  
**Consolidated Income Statements**  
**For the Three Months Ended March 31, 2023 and 2022**  
**(unaudited)**  
**(Amounts in thousands, except per share amounts)**

	Three Months Ended March 31,	
	2023	2022
Revenues:		
Portfolio income	\$ 188,242	\$ 207,532
Changes in expected recoveries	(36,912)	29,914
Total portfolio revenue	151,330	237,446
Other revenue	4,140	3,159
Total revenues	155,470	240,605
Operating expenses:		
Compensation and employee services	82,403	71,096
Legal collection fees	8,838	10,873
Legal collection costs	23,945	16,557
Agency fees	17,378	17,388
Outside fees and services	24,944	19,378
Communication	10,527	12,583
Rent and occupancy	4,448	4,987
Depreciation and amortization	3,589	3,778
Other operating expenses	13,042	11,998
Total operating expenses	189,114	168,638
(Loss)/income from operations	(33,644)	71,967
Other income and (expense):		
Interest expense, net	(38,283)	(31,748)
Foreign exchange loss, net	(9)	(532)
Other	(650)	(490)
(Loss)/income before income taxes	(72,586)	39,197
Income tax (benefit)/expense	(18,683)	4,579
Net (loss)/income	(53,903)	34,618
Adjustment for net income/(loss) attributable to noncontrolling interests	4,726	(5,354)
Net (loss)/income attributable to PRA Group, Inc.	<u>\$ (58,629)</u>	<u>\$ 39,972</u>
Net (loss)/income per common share attributable to PRA Group, Inc.:		
Basic	\$ (1.50)	\$ 0.98
Diluted	\$ (1.50)	\$ 0.97
Weighted average number of shares outstanding:		
Basic	39,033	40,777
Diluted	39,033	41,304

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

**PRA Group, Inc.**  
**Consolidated Statements of Comprehensive Income**  
**For the Three Months Ended March 31, 2023 and 2022**  
**(unaudited)**  
**(Amounts in thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Net (loss)/income	\$ (53,903)	\$ 34,618
Other comprehensive (loss)/income, net of tax:		
Currency translation adjustments	(1,550)	12,270
Cash flow hedges	(4,831)	18,580
Debt securities available-for-sale	128	(160)
Other comprehensive (loss)/income	(6,253)	30,690
Total comprehensive (loss)/income	(60,156)	65,308
Less comprehensive income attributable to noncontrolling interests	7,276	2,136
Comprehensive (loss)/income attributable to PRA Group, Inc.	<u>\$ (67,432)</u>	<u>\$ 63,172</u>

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

**PRA Group, Inc.**  
**Consolidated Statements of Changes in Equity**  
**For the Three Months Ended March 31, 2023 and 2022**  
**(unaudited)**  
**(Amounts in thousands)**

	Common Stock		Additional	Retained	Accumulated Other	Noncontrolling	Total
	Shares	Amount	Paid-In	Earnings	Comprehensive	Interest	Equity
			Capital		(Loss)/ Income		
Balance at December 31, 2022	38,980	\$ 390	\$ 2,172	\$ 1,573,025	\$ (347,926)	\$ 59,089	\$ 1,286,750
Components of comprehensive income, net of tax:							
Net loss	—	—	—	(58,629)	—	4,726	(53,903)
Currency translation adjustments	—	—	—	—	(4,101)	2,551	(1,550)
Cash flow hedges	—	—	—	—	(4,831)	—	(4,831)
Debt securities available-for-sale	—	—	—	—	128	—	128
Vesting of restricted stock	190	2	(2)	—	—	—	—
Share-based compensation expense	—	—	3,799	—	—	—	3,799
Employee stock relinquished for payment of taxes	—	—	(5,684)	—	—	—	(5,684)
Balance at March 31, 2023	39,170	392	285	1,514,396	(356,730)	66,366	1,224,709

	Common Stock		Additional	Retained	Accumulated Other	Noncontrolling	Total
	Shares	Amount	Paid-In	Earnings	Comprehensive	Interest	Equity
			Capital		(Loss)/ Income		
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	—	—	—	39,972	—	(5,354)	34,618
Currency translation adjustments	—	—	—	—	4,780	7,490	12,270
Cash flow hedges	—	—	—	—	18,580	—	18,580
Debt securities available-for-sale	—	—	—	—	(160)	—	(160)
Vesting of restricted stock	262	3	(3)	—	—	—	—
Repurchase and cancellation of common stock	(860)	(9)	4,527	(43,972)	—	—	(39,454)
Share-based compensation expense	—	—	3,891	—	—	—	3,891
Employee stock relinquished for payment of taxes	—	—	(8,415)	—	—	—	(8,415)
Balance at March 31, 2022	40,410	404	—	1,548,845	(243,709)	40,627	1,346,167

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

**PRA Group, Inc.**  
**Consolidated Statements of Cash Flows**  
**For the Three Months Ended March 31, 2023 and 2022**  
**(unaudited)**  
**(Amounts in thousands)**

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net (loss)/income	\$ (53,903)	\$ 34,618
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation expense	3,799	3,891
Depreciation and amortization	3,589	3,778
Amortization of debt discount and issuance costs	2,441	2,627
Changes in expected recoveries	36,912	(29,914)
Deferred income taxes	(12,400)	7,203
Net unrealized foreign currency transactions	(15,020)	(7,126)
Fair value in earnings for equity securities	(3)	(60)
Other	(59)	(253)
Changes in operating assets and liabilities:		
Other assets	(5,197)	738
Accounts payable	(2,495)	1,765
Income taxes payable, net	(16,717)	(13,290)
Accrued expenses	8,695	(26,775)
Other liabilities	2,976	(87)
Right of use asset/lease liability	(139)	141
Net cash used in operating activities	(47,521)	(22,744)
Cash flows from investing activities:		
Purchases of property and equipment, net	(405)	(3,744)
Purchases of finance receivables	(219,030)	(147,452)
Recoveries applied to negative allowance	225,709	278,271
Purchases of investments	(60,057)	(1,521)
Proceeds from sales and maturities of investments	62,762	775
Net cash provided by investing activities	8,979	126,329
Cash flows from financing activities:		
Proceeds from lines of credit	243,431	106,371
Principal payments on lines of credit	(199,377)	(154,810)
Proceeds from issuance of Senior Notes due 2028	400,000	—
Principal payments on long-term debt	(2,500)	(2,500)
Repurchases of common stock	—	(48,702)
Payments of origination cost and fees	(5,114)	(614)
Tax withholdings related to share-based payments	(5,683)	(8,415)
Net decrease in interest-bearing deposits	(4,951)	(3,977)
Net cash provided by/(used in) financing activities	425,806	(112,647)
Effect of exchange rate on cash	3,656	910
Net increase/(decrease) in cash and cash equivalents	390,920	(8,152)
Cash and cash equivalents, beginning of period	84,759	89,072
Cash and cash equivalents, end of period	\$ 475,679	\$ 80,920
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 25,081	\$ 27,196
Cash paid for income taxes	10,555	10,610
Cash, cash equivalents and restricted cash reconciliation:		
Cash and cash equivalents per Consolidated Balance Sheets	\$ 116,471	\$ 79,089
Restricted cash and cash equivalents per Consolidated Balance Sheets	359,208	1,831
Total cash, cash equivalents and restricted cash and cash equivalents	\$ 475,679	\$ 80,920

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

## **1. Organization and Business:**

**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 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 accompanying interim financial statements have been prepared in accordance with the instructions for Quarterly Reports on Form 10-Q and, therefore, do not include all information and Notes to the Consolidated Financial Statements necessary for a complete presentation of financial position, results of operations, comprehensive income/(loss) and cash flows in conformity with GAAP. In the opinion of management, all adjustments, consisting of normal and recurring items, necessary for the fair presentation of the Company's Consolidated Balance Sheets as of March 31, 2023, its Consolidated Income Statements, Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and Statements of Cash Flows for the three months ended March 31, 2023 and 2022 have been included. The Company's Consolidated Income Statements for the three months ended March 31, 2023 may not be indicative of future results.

These unaudited Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Form 10-K").

**Reclassification of prior year presentation:** Certain prior year amounts have been reclassified for consistency with the current year presentation. Restricted cash and cash equivalents has been broken out of Other assets on the Consolidated Balance Sheets. 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 which 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. Income or loss from these investments is included in Other revenue.

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

**Restricted cash and cash equivalents:** Cash and cash equivalents that are subject to legal restrictions or are unavailable for general operating purposes are classified as restricted cash and cash equivalents on the Company's Consolidated Balance Sheets. The Company will use these funds to retire all or a portion of its \$345.0 million aggregate principal amount of Convertible Senior Notes due June 1, 2023 or to satisfy any other obligations with respect to such notes, and to pay redress to customers as required by the Company's settlement with the Consumer Financial Protection Bureau ("CFPB"). See [Note 12](#) for information on the CFPB settlement.

**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 units, including economic characteristics, the nature of the products and services, the nature of the production processes, the types or class of customer for their products and services, the methods used to distribute their products and services and the nature of the regulatory environment.



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

**Revenues and long-lived assets by geographical location:** Revenue for the three months ended March 31, 2023 and 2022, and long-lived assets held at March 31, 2023 and 2022, both for the U.S., the Company's country of domicile, and outside of the U.S. (amounts in thousands):

	As of and for the Three Months Ended March 31, 2023		As of and for the Three Months Ended March 31, 2022	
	Revenues <sup>(2)</sup>	Long-Lived Assets	Revenues <sup>(2)</sup>	Long-Lived Assets
United States	\$ 59,147	\$ 75,784	\$ 151,425	\$ 85,809
United Kingdom	33,309	11,988	43,954	6,851
Brazil	19,266	3	(4,478)	—
Other <sup>(1)</sup>	43,748	13,912	49,704	16,834
<b>Total</b>	<b>\$ 155,470</b>	<b>\$ 101,687</b>	<b>\$ 240,605</b>	<b>\$ 109,494</b>

(1) None of the countries included in "Other" 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 nonperforming loans, fee-based services and investments. For additional information on the Company's investments, see [Note 3](#).

## 2. Finance Receivables, net:

Finance receivables, net consisted of the following at March 31, 2023 and December 31, 2022 (amounts in thousands):

	March 31, 2023	December 31, 2022
Amortized cost	\$ —	\$ —
Negative allowance for expected recoveries	3,286,497	3,295,008
<b>Balance at end of period</b>	<b>\$ 3,286,497</b>	<b>\$ 3,295,008</b>

Changes in the negative allowance for expected recoveries by portfolio segment for the three months ended March 31, 2023 and 2022 were as follows (amounts in thousands):

	Three Months Ended March 31, 2023		
	Core	Insolvency	Total
Balance at beginning of period	\$ 2,936,207	\$ 358,801	\$ 3,295,008
Initial negative allowance for expected recoveries - portfolio acquisitions <sup>(1)</sup>	207,322	22,903	230,225
Foreign currency translation adjustment	19,835	4,050	23,885
Recoveries applied to negative allowance <sup>(2)</sup>	(186,386)	(39,323)	(225,709)
Changes in expected recoveries <sup>(3)</sup>	(41,128)	4,216	(36,912)
<b>Balance at end of period</b>	<b>\$ 2,935,850</b>	<b>\$ 350,647</b>	<b>\$ 3,286,497</b>

	Three Months Ended March 31, 2022		
	Core	Insolvency	Total
Balance at beginning of period	\$ 2,989,932	\$ 438,353	\$ 3,428,285
Initial negative allowance for expected recoveries - portfolio acquisitions <sup>(1)</sup>	129,404	18,048	147,452
Foreign currency translation adjustment	(11,009)	(5,624)	(16,633)
Recoveries applied to negative allowance <sup>(2)</sup>	(231,153)	(47,118)	(278,271)
Changes in expected recoveries <sup>(3)</sup>	25,147	4,767	29,914
<b>Balance at end of period</b>	<b>\$ 2,902,321</b>	<b>\$ 408,426</b>	<b>\$ 3,310,747</b>

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

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

Portfolio acquisitions for the three months ended March 31, 2023 and 2022 were as follows (amounts in thousands):

	Three Months Ended March 31, 2023		
	Core	Insolvency	Total
Face value	\$ 1,507,965	\$ 104,809	\$ 1,612,774
Noncredit discount	(150,511)	(8,042)	(158,553)
Allowance for credit losses at acquisition	(1,150,132)	(73,864)	(1,223,996)
Purchase price	<u>\$ 207,322</u>	<u>\$ 22,903</u>	<u>\$ 230,225</u>

	Three Months Ended March 31, 2022		
	Core	Insolvency	Total
Face value	\$ 948,057	\$ 97,083	\$ 1,045,140
Noncredit discount	(91,600)	(5,852)	(97,452)
Allowance for credit losses at acquisition	(727,053)	(73,183)	(800,236)
Purchase price	<u>\$ 129,404</u>	<u>\$ 18,048</u>	<u>\$ 147,452</u>

The initial negative allowance recorded on portfolio acquisitions for the three months ended March 31, 2023 and 2022 were as follows (amounts in thousands):

	Three Months Ended March 31, 2023		
	Core	Insolvency	Total
Allowance for credit losses at acquisition	\$ (1,150,132)	\$ (73,864)	\$ (1,223,996)
Writeoffs, net	1,150,132	73,864	1,223,996
Expected recoveries	207,322	22,903	230,225
Initial negative allowance for expected recoveries	<u>\$ 207,322</u>	<u>\$ 22,903</u>	<u>\$ 230,225</u>

	Three Months Ended March 31, 2022		
	Core	Insolvency	Total
Allowance for credit losses at acquisition	\$ (727,053)	\$ (73,183)	\$ (800,236)
Writeoffs, net	727,053	73,183	800,236
Expected recoveries	129,404	18,048	147,452
Initial negative allowance for expected recoveries	<u>\$ 129,404</u>	<u>\$ 18,048</u>	<u>\$ 147,452</u>

*(2) Recoveries applied to negative allowance*

Recoveries applied to the negative allowance for the three months ended March 31, 2023 and 2022 were as follows (amounts in thousands):

	Three Months Ended March 31, 2023		
	Core	Insolvency	Total
Recoveries <sup>(a)</sup>	\$ 364,236	\$ 49,715	\$ 413,951
Less - amounts reclassified to portfolio income	177,850	10,392	188,242
Recoveries applied to negative allowance	<u>\$ 186,386</u>	<u>\$ 39,323</u>	<u>\$ 225,709</u>

	Three Months Ended March 31, 2022		
	Core	Insolvency	Total
Recoveries <sup>(a)</sup>	\$ 425,508	\$ 60,295	\$ 485,803
Less - amounts reclassified to portfolio income	194,355	13,177	207,532
Recoveries applied to negative allowance	<u>\$ 231,153</u>	<u>\$ 47,118</u>	<u>\$ 278,271</u>

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

*(3) Changes in expected recoveries*

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

Changes in expected recoveries for the three months ended March 31, 2023 and 2022 were as follows (amounts in thousands):

	Three Months Ended March 31, 2023		
	Core	Insolvency	Total
Changes in expected future recoveries	\$ (41,414)	\$ 664	\$ (40,750)
Recoveries received in excess of forecast	286	3,552	3,838
Changes in expected recoveries	<u>\$ (41,128)</u>	<u>\$ 4,216</u>	<u>\$ (36,912)</u>

	Three Months Ended March 31, 2022		
	Core	Insolvency	Total
Changes in expected future recoveries	\$ 9,771	\$ (3,525)	\$ 6,246
Recoveries received in excess of forecast	15,376	8,292	23,668
Changes in expected recoveries	<u>\$ 25,147</u>	<u>\$ 4,767</u>	<u>\$ 29,914</u>

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 estimated remaining collections ("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.

Changes in expected recoveries for the three months ended March 31, 2023 were a net negative \$36.9 million. This includes \$3.8 million in recoveries received in excess of forecast (cash collections overperformance) and a \$40.8 million negative adjustment to changes in expected future recoveries. Overperformance decreased by \$19.8 million as a result of reduced cash collections primarily in the U.S. due to a slower tax season. The changes in expected future recoveries reflect the Company's assessment of certain pools resulting in a reduction of expected cash flows as a result of slowing collection performance in the U.S. call centers resulting from weak economic conditions.

Changes in expected recoveries for the three months ended March 31, 2022 were a net positive \$29.9 million. This reflects \$23.7 million in recoveries received in excess of forecast reflecting strong cash collections overperformance in Europe and a \$6.2 million adjustment to changes in expected future recoveries. The changes in expected future recoveries included the Company's continued assumption that the majority of the overperformance was due to acceleration in the timing of cash collections. The Company also made near-term adjustments to expected future collections in certain geographies bringing them in line with recent performance trends with corresponding adjustments made later in the forecast period. The change in expected recoveries included a \$20.5 million write down on one portfolio in Brazil.

### 3. Investments:

Investments consisted of the following at March 31, 2023 and December 31, 2022 (amounts in thousands):

	March 31, 2023	December 31, 2022
Debt securities		
Available-for-sale	\$ 65,004	\$ 66,813
Equity securities		
Private equity funds	4,003	4,373
Equity method investments	8,870	8,762
Total investments	<u>\$ 77,877</u>	<u>\$ 79,948</u>

#### 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 March 31, 2023, maturities for these securities are \$61.0 million due within one year and \$4.0 million due within one to five years.

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The amortized cost and estimated fair value of investments in debt securities at March 31, 2023 and December 31, 2022 were as follows (amounts in thousands):

	March 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Fair Value
Available-for-sale				
Government securities	\$ 65,113	\$ 111	\$ 220	\$ 65,004

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Fair Value
Available-for-sale				
Government securities	\$ 67,049	\$ 1	\$ 237	\$ 66,813

Equity Securities

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

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. 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 its most recent annual review as of October 1, 2022 and concluded that no goodwill impairment was necessary. The Company performed its quarterly assessment by evaluating whether any triggering events had occurred as of March 31, 2023, which included considering current market conditions and concluded that no such event had occurred as of March 31, 2023.

The changes in goodwill for the three months ended March 31, 2023 and 2022, were as follows (amounts in thousands):

	Three Months Ended March 31,	
	2023	2022
Balance at beginning of period	\$ 435,921	\$ 480,263
Change in foreign currency translation adjustment	(15,274)	3,117
Balance at end of period	\$ 420,647	\$ 483,380

**5. Leases:**

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 right-of-use ("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.

The components of lease expense for the three months ended March 31, 2023 and 2022, were as follows (amounts in thousands):

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	Three Months Ended March 31,	
	2023	2022
Operating lease expense	\$ 2,911	\$ 3,232
Short-term lease expense	461	904
Sublease income	(138)	(115)
Total lease expense	<u>\$ 3,234</u>	<u>\$ 4,021</u>

Supplemental cash flow information and non-cash activity related to leases for the three months ended March 31, 2023 and 2022 were as follows (amounts in thousands):

	Three Months Ended March 31,	
	2023	2022
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 3,146	\$ 3,098
ROU assets obtained in exchange for operating lease obligations	1,078	1,106

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

	Three Months Ended March 31,	
	2023	2022
Weighted-average remaining lease term (years)	7.8	8.4
Weighted-average discount rate	4.53 %	4.48 %

Maturities of lease liabilities at March 31, 2023 are as follows for the following periods (amounts in thousands):

	Operating Leases
For the nine months ending December 31, 2023	\$ 7,977
For the year ending December 31, 2024	10,282
For the year ending December 31, 2025	10,040
For the year ending December 31, 2026	8,934
For the year ending December 31, 2027	6,131
Thereafter	25,875
Total lease payments	<u>69,239</u>
Less: imputed interest	11,300
Total present value of lease liabilities	<u>\$ 57,939</u>

## 6. Borrowings:

The Company's borrowings consisted of the following as of March 31, 2023 and December 31, 2022 (amounts in thousands):

	March 31, 2023	December 31, 2022
Americas revolving credit <sup>(1)</sup>	\$ 234,866	\$ 186,867
UK revolving credit	473,712	453,528
Europe revolving credit	401,438	419,856
Term loan	447,500	450,000
Senior Notes	1,050,000	650,000
Convertible Notes	345,000	345,000
	2,952,516	2,505,251
Less: Debt discount and issuance costs	(14,621)	(10,393)
<b>Total</b>	<b>\$ 2,937,895</b>	<b>\$ 2,494,858</b>

(1) Includes the North American revolving credit facility and an unsecured credit agreement with Banco de Occidente (the "Colombian revolving credit facility"). As of March 31, 2023 and December 31, 2022, the outstanding balance under the Colombian revolving credit facility was approximately \$0.5 million and \$0.5 million, respectively.

The following principal payments are due on the Company's borrowings as of March 31, 2023 for the 12-month periods ending March 31, (amounts in thousands):

2024	\$ 355,262
2025	10,196
2026	310,000
2027	1,125,620
2028	801,438
Thereafter	350,000
<b>Total</b>	<b>\$ 2,952,516</b>

The Company incurred a net loss from operations of \$33.6 million for the three months ended March 31, 2023. The Company requested and was granted a one-time prospective waiver by lenders under each of its credit facilities prior to the date the Company was required to report and certify compliance with the covenant requiring the Company to maintain positive consolidated income from operations. The effect of granting the waiver prior to certification date for such compliance resulted in the Company maintaining compliance with the applicable financial covenants of its credit facilities as of March 31, 2023.

### ***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 \$447.5 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 lenders) 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 facility 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 and matures July 30, 2026. As of March 31, 2023, the unused portion of the North American Credit Agreement was \$840.6 million. Considering borrowing base restrictions, as of March 31, 2023, the amount available to be drawn was \$118.7 million.

Borrowings under the North American Credit Agreement are guaranteed by the Company's U.S. and Canadian subsidiaries (provided that the Canadian subsidiaries only guarantee 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 events 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 cannot 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 (other than for the quarter ended March 31, 2023).

***United Kingdom ("UK") Revolving Credit Facility***

PRA Group Europe Holding I S.a.r.l ("PRA Group Europe"), a wholly owned subsidiary of the Company, along with PRA Group UK Limited ("PRA UK") and the Company, as guarantors, are parties to a credit agreement (the "UK Credit Agreement") with 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, accrue interest for the applicable term at the risk-free rate applicable to U.S. dollars (Secured Overnight Financing Rate) or Sterling Overnight Index Average ("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 March 31, 2023, the unused portion of the UK Credit Agreement was \$326.3 million. Considering borrowing base restrictions, as of March 31, 2023, the amount available to be drawn under the UK Credit Agreement was \$116.2 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 cannot 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 (other than for the quarter ended March 31, 2023).

***European Revolving Credit Facility***

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.a.r.l. ("PRA Group Holding"), Luxembourg, Zug Branch (together, the "Borrowers"), along with certain of its affiliates and the Company, as guarantors, are parties to a credit agreement (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 are available in euro, Norwegian krone, Danish krone, Swedish krona, and Polish zloty, accrue 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), bear an unused line fee, currently 1.085% per annum, or 35% of the margin, are subject to a 0% floor, are payable monthly in arrears and mature 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 Agent, bears a facility line fee of 0.125% per quarter, payable quarterly in arrears and matures November 23, 2027. As of March 31, 2023, the unused portion of the European Credit Agreement (including the overdraft facility) was \$432.6 million. Considering borrowing base restrictions and other covenants

as of March 31, 2023, the amount available to be drawn under the European Credit Agreement (including the overdraft facility) was \$201.9 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 Agreement. 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 cannot 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;
- the Company must maintain positive consolidated income from operations at the end of any fiscal quarter (other than for the quarter ended March 31, 2023);
- 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.

#### ***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 2029 Notes is payable semi-annually, in arrears, on October 1 and April 1 of each year.

On or after October 1, 2024, the 2029 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 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 plus accrued and unpaid interest.

#### ***Senior Notes due 2028***

On February 6, 2023, the Company completed the private offering of \$400.0 million aggregate principal amount of its 8.375% Senior Notes due 2028 ("2028 Notes"). The 2028 Notes were issued pursuant to an Indenture dated February 6, 2023 (the "2023 Indenture"), between the Company and Regions Bank, as trustee. The 2023 Indenture contains customary terms and covenants, including certain events of default after which the 2028 Notes may be due and payable immediately. The 2028 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 2028 Notes is payable semi-annually, in arrears, on February 1 and August 1 of each year. Substantially all of the net proceeds received from the 2028 Notes were deposited into a newly-formed segregated deposit account, included in Restricted cash and cash equivalents on the Consolidated Balance Sheets, and the Company will use such proceeds to retire all or any portion of the 2023 Notes (as defined below) 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.



On or after February 1, 2025, the 2028 Notes may be redeemed, at the Company's option in whole or in part at a price equal to 104.188% of the aggregate principal amount of the 2028 Notes being redeemed. The applicable redemption price changes if redeemed during the 12-months beginning February 1 of each year to 102.094% for 2026 and then 100% for 2027 and thereafter.

In addition, on or before February 1, 2025, the Company may redeem up to an aggregate of 40% of the aggregate principal amount of the 2028 Notes at a redemption price of 108.375% plus accrued and unpaid interest 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 2028 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 2028 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 2028 Notes at 100% of their principal amount plus accrued and unpaid interest.

#### ***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 and the 2028 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 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 March 1 and September 1 of each year.

The 2025 Notes may be redeemed, at the Company's option, 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, each holder will have the right to require the Company to repurchase all or any part of such holder's 2025 Notes 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" or "Convertible Notes"). 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.

As of March 31, 2023, the 2023 Notes are convertible at any time.

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 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 21.6275 shares per \$1,000 principal amount, 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.

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In accordance with authoritative guidance related to derivatives and hedging and Earnings Per Share ("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 of issuance cost as debt issuance cost and the remaining \$1.3 million as equity issuance cost.

As discussed above, the Company will use \$345 million of the proceeds from the issuance of the 2028 Notes to retire the 2023 Notes when they mature on June 1, 2023.

The balances of the liability component of the 2023 Notes outstanding as of March 31, 2023 and December 31, 2022, were as follows (amounts in thousands):

	March 31, 2023	December 31, 2022
Liability component - principal amount	\$ 345,000	\$ 345,000
Unamortized debt issuance costs	(311)	(748)
Liability component - net carrying amount	<u>\$ 344,689</u>	<u>\$ 344,252</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 2023 Notes for the three months ended March 31, 2023 and 2022, were as follows (amounts in thousands):

	Three Months Ended March 31,	
	2023	2022
Interest expense - stated coupon rate	\$ 3,019	\$ 3,019
Interest expense - amortization of debt issuance costs	437	420
Total interest expense - convertible notes	<u>\$ 3,456</u>	<u>\$ 3,439</u>

## 7. 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. The Company periodically reviews the creditworthiness of the counterparty to assess the counterparty's ability to honor its obligation. Counterparty default would expose the Company to fluctuations in interest and currency rates. Derivative financial instruments are recognized at fair value in the Company's Consolidated Balance Sheets.

The following tables summarize the fair value of derivative instruments in the Company's Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022 (amounts in thousands):

	March 31, 2023		December 31, 2022	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Interest rate contracts	Other assets	\$ 31,240	Other assets	\$ 37,305
Interest rate contracts	Other liabilities	—	Other liabilities	—
Derivatives not designated as hedging instruments:				
Foreign currency contracts	Other assets	115	Other assets	487
Foreign currency contracts	Other liabilities	10,066	Other liabilities	19,120

*Derivatives Designated as Hedging Instruments:*

Changes in fair value of derivative contracts designated as cash flow hedging instruments are recognized in other comprehensive income ("OCI"). As of March 31, 2023 and December 31, 2022, the notional amount of interest rate contracts designated as cash flow hedging instruments was \$814.6 million and \$719.7 million, respectively. Derivatives designated as cash flow hedging instruments were evaluated and remained highly effective at March 31, 2023 and have remaining terms of three months to five years. The Company estimates that approximately \$15.2 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 Company's Consolidated Financial Statements for the three months ended March 31, 2023 and 2022 (amounts in thousands):

	Gain/(loss) recognized in OCI, net of tax	
	Three Months Ended March 31,	
	2023	2022
<b>Derivatives designated as cash flow hedging instruments</b>		
Interest rate contracts	\$ (629)	\$ 16,410
	Gain/(loss) reclassified from OCI into income	
	Three Months Ended March 31,	
	2023	2022
<b>Location of gain or (loss) reclassified from OCI into income</b>		
Interest expense, net	\$ (5,498)	\$ (2,734)

*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 March 31, 2023 and December 31, 2022, the notional amount of foreign currency contracts that were not designated as hedging instruments was \$383.3 million and \$460.8 million, respectively.

The following table summarizes the effects of derivatives not designated as hedging instruments on the Company's Consolidated Income Statements for the three months ended March 31, 2023 and 2022 (amounts in thousands):

	Location of gain or (loss) recognized in income	Gain/(loss) recognized in income	
		Three Months Ended March 31,	
		2023	2022
<b>Derivatives not designated as hedging instruments</b>			
Foreign currency contracts	Foreign exchange loss, net	\$ (7,697)	\$ 6,493
Foreign currency contracts	Interest expense, net	521	(332)

**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.

The carrying amounts in the table were recorded in the Company's Consolidated Balance Sheets at March 31, 2023 and December 31, 2022 (amounts in thousands):

	March 31, 2023		December 31, 2022	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<b>Financial assets:</b>				
Cash and cash equivalents	\$ 116,471	\$ 116,471	\$ 84,758	\$ 84,758
Restricted cash and cash equivalents	359,208	359,208	1,382	1,382
Finance receivables, net	3,286,497	3,128,051	3,295,008	3,167,813
<b>Financial liabilities:</b>				
Interest-bearing deposits	108,779	108,779	112,992	112,992
Revolving lines of credit	1,110,016	1,110,016	1,060,251	1,060,251
Term loan	447,500	447,500	450,000	450,000
Senior Notes	1,050,000	992,225	650,000	580,433
Convertible Notes	345,000	344,276	345,000	341,926

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 equivalents:** The carrying amount approximates fair value due to the short-term nature of the instruments and the observable quoted prices for identical assets in active markets. Accordingly, the Company uses Level 1 inputs for its fair value estimates.

**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 estimate.

**Senior Notes and Convertible Notes:** The fair value estimates for the Senior Notes and Convertible Notes incorporate quoted market prices, which were obtained from secondary market broker quotes, which 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 tables were measured at fair value on a recurring basis in the Company's Consolidated Balance Sheets at March 31, 2023 and December 31, 2022 (amounts in thousands):

	Fair Value Measurements as of March 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Government securities	\$ 65,004	\$ —	\$ —	\$ 65,004
Derivative contracts (recorded in Other assets)	—	31,355	—	31,355
<b>Liabilities:</b>				
Derivative contracts (recorded in Other liabilities)	—	10,066	—	10,066

	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

**Government securities:** Fair value of the Company's investment in government instruments are 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 \$4.0 million and \$4.4 million as of March 31, 2023 and December 31, 2022, respectively.

**9. Accumulated Other Comprehensive Loss:**

Reclassifications out of accumulated other comprehensive loss for the three months ended March 31, 2023 and 2022 were as follows (amounts in thousands):

	Three Months Ended March 31,		Affected line in the Consolidated Income Statement
	2023	2022	
<b>Gains and losses on cash flow hedges</b>			
Interest rate swaps	\$ 5,498	\$ 2,734	Interest expense, net
Income tax effect of item above	(1,296)	(564)	Income tax (benefit)/expense
Total gain on cash flow hedges	\$ 4,202	\$ 2,170	Net of tax

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

The following tables represent the changes in accumulated other comprehensive loss by component, after tax, for the three months ended March 31, 2023 and 2022 (amounts in thousands):

Three Months Ended March 31, 2023				
	Debt Securities Available-for-sale	Cash Flow Hedges	Currency Translation Adjustments	Accumulated Other Comprehensive Loss <sup>(1)</sup>
Balance at beginning of period	\$ (237)	\$ 27,804	\$ (375,493)	\$ (347,926)
Other comprehensive gain/(loss) before reclassifications	128	(629)	(4,101)	(4,602)
Reclassifications, net	—	(4,202)	—	(4,202)
Net current period other comprehensive gain/(loss)	128	(4,831)	(4,101)	(8,804)
Balance at end of period	<u>\$ (109)</u>	<u>\$ 22,973</u>	<u>\$ (379,594)</u>	<u>\$ (356,730)</u>

Three Months Ended March 31, 2022				
	Debt Securities Available-for-sale	Cash Flow Hedges	Currency Translation Adjustments	Accumulated Other Comprehensive Loss <sup>(1)</sup>
Balance at beginning of period	\$ (221)	\$ (5,371)	\$ (261,317)	\$ (266,909)
Other comprehensive (loss)/gain before reclassifications	(160)	16,410	4,780	21,030
Reclassifications, net	—	2,170	—	2,170
Net current period other comprehensive (loss)/gain	(160)	18,580	4,780	23,200
Balance at end of period	<u>\$ (381)</u>	<u>\$ 13,209</u>	<u>\$ (256,537)</u>	<u>\$ (243,709)</u>

(1) Net of deferred taxes for unrealized (gains)/losses from cash flow hedges of \$(7.6) million and \$(1.2) million for the three months ended March 31, 2023 and 2022, respectively.

**10. 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 March 31, 2023. 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's Board of Directors approved a share repurchase program under which the Company is authorized to repurchase up to \$150.0 million of its common stock. We did not repurchase any common stock during the first quarter ended March 31, 2023.

The following table provides a reconciliation between the computation of basic EPS and diluted EPS for the three months ended March 31, 2023 and 2022 (amounts in thousands, except per share amounts):

	Three Months Ended March 31,					
	2023			2022		
	Net Loss Attributable to PRA Group, Inc.	Weighted Average Common Shares	EPS	Net Income Attributable to PRA Group, Inc.	Weighted Average Common Shares	EPS
Basic EPS	\$ (58,629)	39,033	\$ (1.50)	\$ 39,972	40,777	\$ 0.98
Dilutive effect of nonvested share awards	—	—	—	—	527	(0.01)
Diluted EPS	<u>\$ (58,629)</u>	<u>39,033</u>	<u>\$ (1.50)</u>	<u>\$ 39,972</u>	<u>41,304</u>	<u>\$ 0.97</u>

There were no options outstanding, antidilutive or otherwise, as of March 31, 2023 and 2022.

## **11. Income Taxes:**

The Company accounts for income taxes in accordance with Financial Accounting Standards Board ("FASB") ASC Topic 740 "Income Taxes" ("ASC 740") as it relates to the provision for income taxes and uncertainty in income taxes. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

At March 31, 2023, the tax years subject to examination by the major federal, state and international taxing jurisdictions are 2014 and subsequent years.

The Company intends for predominantly all international earnings to be indefinitely reinvested in its international operations; therefore, the recording of deferred tax liabilities for such unremitted earnings is not required. If international earnings were repatriated, the Company may need to accrue and pay taxes, although foreign tax credits may be available to partially reduce U.S. income taxes. The amount of cash on hand related to international operations with indefinitely reinvested earnings was \$88.4 million and \$75.3 million as of March 31, 2023 and December 31, 2022, respectively.

## **12. 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 customary confidentiality and non-compete provisions. At March 31, 2023, estimated future compensation under these agreements was approximately \$8.8 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 \$8.8 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 March 31, 2023, was \$622.4 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 March 31, 2023, 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.

#### CFPB Investigation

Portfolio Recovery Associates, LLC ("LLC"), the Company's wholly owned subsidiary, entered into a consent order with the CFPB effective September 9, 2015 settling a previously disclosed investigation of certain debt collection practices of LLC (the "2015 Consent Order"). In response to requests and civil investigative demands from the CFPB, the Company provided certain documents and data regarding its debt collection practices to the CFPB. In December 2020, the CFPB advised the Company that the CFPB believed the Company may have violated certain provisions of the 2015 Consent Order and applicable law. On March 23, 2023, the CFPB filed a lawsuit against LLC alleging, among other things, that LLC had violated federal consumer financial law. On the same date, the CFPB and LLC entered into a final stipulated judgment and order to resolve the lawsuit. As part of the settlement, LLC agreed to pay a civil monetary penalty of \$12 million and approximately \$15 million to impacted consumers.

#### Iris Pounds vs. Portfolio Recovery Associates, LLC

Plaintiffs filed a putative class action on November 21, 2016 against the Company in Durham County, North Carolina alleging violations of the North Carolina Prohibited Practices by Collection agencies Act. Discovery in this matter is ongoing, the Company is defending this matter vigorously, and there remains uncertainty surrounding liability, class certification, and the interpretation of the statute, including statutory damages.

Other matters that are not considered routine in nature were disclosed previously in the 2022 Form 10-K.

### **13. Recently Issued Accounting Standards:**

*Recently issued accounting standards not yet adopted:*

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



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

### Forward-Looking Statements:

This Quarterly 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 our Annual Report on Form 10-K for the year ended December 31, 2022 ("2022 Form 10-K") and in other filings with the Securities and Exchange Commission.

You should assume that the information appearing in this Quarterly Report 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. Except as required by law, we assume no obligation to publicly update or revise our forward-looking statements after the date of this Quarterly Report and you should not expect us to do so.

## Frequently Used Terms

We may use the following terminology throughout this Quarterly Report:

- "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 service.
- "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 cash flows expected to be collected on our finance receivables.
- "Portfolio acquisitions" refers to all nonperforming loan portfolios added 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 (as defined below) 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.

## 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. We are headquartered in Norfolk, Virginia, and as of March 31, 2023, employed 3,184 full-time equivalents. Our shares of common stock are traded on the NASDAQ Global Select Market under the symbol "PRAA."

## Executive Overview

For the three months ended March 31, 2023, we had:

- Total portfolio purchases of \$230.2 million.
- Total cash collections of \$411.3 million.
- Estimated remaining collections of \$5.7 billion.
- Cash efficiency ratio of 54.3%.
- Diluted earnings per share of \$(1.50).

During 2022, excess consumer liquidity, primarily in the U.S., resulted in lower levels of charge-offs across most lending institutions. As a result, this caused a decrease in the supply of portfolios available for purchase in the U.S., resulting in a lower level of portfolio purchases and pricing pressures due to competition. Recent Federal Reserve data indicates that charge-offs of consumer debt are beginning to increase, and we expect to see a greater level of supply and reduced pricing pressure in the U.S. The market in Europe has continued to have a consistent portfolio pipeline across most markets, supported by volumes of aged nonperforming loans. However, unlike the U.S., we have not begun to see an increase in fresh charge-offs.

We believe our cash forecast curves are appropriate given the information we have today. However, we continue to operate in an economic environment that includes elevated levels of inflation, rising interest rates, foreign exchange rate fluctuations, and concerns of a global recession. Given the continuing weak economic conditions, there may be some near-term pressure on cash collections. Note that factors that can cause near-term collections pressure are also typically the same factors that historically have led to more portfolio supply, as consumers struggle to manage and pay down their debt. We cannot predict the full extent to which these items will impact our business, results of operations and financial condition. See Item 1A of our 2022 Form 10-K.

## 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. The following table sets forth our Consolidated Income Statement amounts as a percentage of Total revenues for the periods indicated (dollars in thousands):

	For the Three Months Ended March 31,			
	2023		2022	
Revenues:				
Portfolio income	\$ 188,242	121.1 %	\$ 207,532	86.3 %
Changes in expected recoveries	(36,912)	(23.8)	29,914	12.4
Total portfolio revenue	151,330	97.3	237,446	98.7
Other revenue	4,140	2.7	3,159	1.3
Total revenues	155,470	100.0	240,605	100.0
Operating expenses:				
Compensation and employee services	82,403	53.0	71,096	29.5
Legal collection fees	8,838	5.7	10,873	4.5
Legal collection costs	23,945	15.4	16,557	6.9
Agency fees	17,378	11.2	17,388	7.2
Outside fees and services	24,944	16.0	19,378	8.1
Communication	10,527	6.8	12,583	5.2
Rent and occupancy	4,448	2.9	4,987	2.1
Depreciation and amortization	3,589	2.3	3,778	1.6
Other operating expenses	13,042	8.4	11,998	5.0
Total operating expenses	189,114	121.7	168,638	70.1
(Loss)/income from operations	(33,644)	(21.7)	71,967	29.9
Other income and (expense):				
Interest expense, net	(38,283)	(24.6)	(31,748)	(13.2)
Foreign exchange loss, net	(9)	—	(532)	(0.2)
Other	(650)	(0.4)	(490)	(0.2)
(Loss)/income before income taxes	(72,586)	(46.7)	39,197	16.3
Income tax (benefit)/expense	(18,683)	(12.0)	4,579	1.9
Net (loss)/income	(53,903)	(34.7)	34,618	14.4
Adjustment for net income/(loss) attributable to noncontrolling interests	4,726	3.0	(5,354)	(2.2)
Net (loss)/income attributable to PRA Group, Inc.	\$ (58,629)	(37.7)%	\$ 39,972	16.6 %

### Three Months Ended March 31, 2023 Compared To Three Months Ended March 31, 2022

#### Cash Collections

Cash collections for the periods indicated were as follows (amounts in thousands):

	For the Three Months Ended March 31,			
	2023	2022	\$ Change	% Change
Americas and Australia Core	\$ 227,960	\$ 270,284	\$ (42,324)	(15.7)%
Americas Insolvency	25,751	35,209	(9,458)	(26.9)
Europe Core	134,005	151,162	(17,157)	(11.4)
Europe Insolvency	23,568	24,325	(757)	(3.1)
Total cash collections	\$ 411,284	\$ 480,980	\$ (69,696)	(14.5)%
Cash collections adjusted <sup>(1)</sup>	\$ 411,284	\$ 465,282	\$ (53,998)	(11.6)%

(1) Cash collections adjusted refers to 2022 cash collections remeasured using 2023 exchange rates.

Cash collections were \$411.3 million for the three months ended March 31, 2023, a decrease of \$69.7 million, or 14.5%, compared to \$481.0 million for the three months ended March 31, 2022. The decrease was primarily due to lower cash collections of \$48.7 million, or 30.2%, in U.S. call center and other collections and \$9.5 million, or 26.9% in Americas Insolvency collections, both reflecting lower levels of portfolio purchasing in recent periods. Additionally, U.S. legal cash collections decreased \$13.5 million, or 16.7%, reflecting the impact from the lower volume of accounts placed in the legal channel due to lower purchasing levels in recent periods. Europe cash collections decreased by \$17.9 million, or 10.2% largely due to a strengthening U.S. dollar. These decreases were partially offset by a \$19.8 million increase in cash collections in the Other Americas Core pools.

#### Revenues

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

	For the Three Months Ended March 31,			
	2023	2022	\$ Change	% Change
Portfolio income	\$ 188,242	\$ 207,532	\$ (19,290)	(9.3)%
Changes in expected recoveries	(36,912)	29,914	(66,826)	(223.4)
Total portfolio revenue	151,330	237,446	(86,116)	(36.3)
Other revenue	4,140	3,159	981	31.1
Total revenues	\$ 155,470	\$ 240,605	\$ (85,135)	(35.4)%

#### Total Portfolio Revenue

Total portfolio revenue was \$151.3 million for the three months ended March 31, 2023, a decrease of \$86.1 million, or 36.3%, compared to \$237.4 million for the three months ended March 31, 2022. We experienced a softer tax season than we had anticipated with U.S. collections missing our internal forecast by \$9.9 million, which then prompted a reduction in forward looking ERC. This resulted in a negative \$30.7 million net present value adjustment for our U.S. Core portfolio. Nearly half of this adjustment was related to the 2021 U.S. Core vintage. This vintage includes the cohort of customers whose accounts were charged off in peak stimulus periods. We believe this effect, along with inflation and other macroeconomic factors, are drivers of this underperformance. In total, Europe overperformed our expectations during the quarter by 3%. This is a lower margin than we have experienced in recent quarters and given the uncertain economic conditions globally, we made minimal adjustments to the future looking ERC resulting in a negative \$1.9 million net present value adjustment.

#### Other Revenue

Other revenue was \$4.1 million for the three months ended March 31, 2023, an increase of \$0.9 million, compared to \$3.2 million for the three months ended March 31, 2022.

#### Operating Expenses

Total operating expenses were \$189.1 million for the three months ended March 31, 2023, an increase of \$20.5 million, or 12.2%, compared to \$168.6 million for the three months ended March 31, 2022.

### Compensation and Employee Services

Compensation and employee services expenses were \$82.4 million for the three months ended March 31, 2023, an increase of \$11.3 million, or 15.9%, compared to \$71.1 million for the three months ended March 31, 2022. The increase was primarily attributable to severance expenses of \$7.5 million. Total full-time equivalents decreased to 3,184 as of March 31, 2023, from 3,444 as of March 31, 2022.

### 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 \$8.8 million for the three months ended March 31, 2023, a decrease of \$2.1 million, or 19.3%, compared to \$10.9 million for the three months ended March 31, 2022, primarily reflecting 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 \$23.9 million for the three months ended March 31, 2023, an increase of \$7.3 million, or 44.0%, compared to \$16.6 million for the three months ended March 31, 2022. The increase reflects the higher volume of accounts placed into the legal channel in the U.S during the three months ended March 31, 2023.

### Communication

Communication expenses primarily represent postage and telephone related expenses incurred as a result of our collection efforts. Communications expenses were \$10.5 million for the three months ended March 31, 2023, a decrease of \$2.1 million, or 16.7%, compared to \$12.6 million for the three months ended March 31, 2022. The decrease mainly reflects a decrease in postage expenses due to lower portfolio purchasing in the U.S in recent periods.

### Outside Fees and Services

Outside fees and services expenses were \$24.9 million for the three months ended March 31, 2023, an increase of \$5.5 million, or 28.4%, compared to \$19.4 million for the three months ended March 31, 2022. The increase was due to an accrual in corporate legal costs of \$7.6 million related to certain case-specific litigation expenses, slightly offset by decreased costs for other fees and services.

### Interest Expense, Net

Interest expense, net was \$38.3 million for the three months ended March 31, 2023, an increase of \$6.6 million, or 20.8%, compared to \$31.7 million for the three months ended March 31, 2022, primarily reflecting increased interest rates. Interest income increased \$3.5 million as a result of the cash we received and invested from the issuance of our 2028 Notes (as defined below), which will be used to retire our 2023 Convertible Notes (as defined below), which mature on June 1, 2023.

Interest expense, net consisted of the following:

	For the Three Months Ended March 31,			
	2023	2022	\$ Change	% Change
Interest on debt obligations and unused line fees	\$ 21,824	\$ 16,795	\$ 5,029	29.9 %
Interest on senior notes	15,073	9,907	5,166	52.1
Coupon interest on convertible notes	3,019	3,019	—	—
Amortization of loan fees and other loan costs	2,441	2,627	(186)	(7.1)
Interest income	(4,074)	(600)	(3,474)	579.0
Interest expense, net	<u>\$ 38,283</u>	<u>\$ 31,748</u>	<u>\$ 6,535</u>	<u>20.6 %</u>

### Income Tax (Benefit)/Expense

Income tax (benefit)/expense for the three months ended March 31, 2023 was a net tax benefit of \$18.7 million compared to income tax expense of \$4.6 million for the three months ended March 31, 2022. During the three months ended March 31, 2023, our effective tax rate was 25.7%, compared to 11.7% for the three months ended March 31, 2022. The income tax benefit was driven by the consolidated net loss before income taxes of \$72.6 million incurred during the first quarter of 2023. The

increase in our effective tax rate was mainly due to a change in discrete items and changes in the mix of income from different taxing jurisdictions.

## 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; however the account remains in the Insolvency pool.

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. Certain types of accounts have lower collection costs and we generally pay more for these types of accounts resulting in a lower purchase price multiple while realizing 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 increase our purchase price multiples. Over time, our TEC has often increased as pools have aged resulting in the ratio of TEC 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 March 31, 2023**  
*Amounts in thousands*

Purchase Period	Purchase Price <sup>(2)(3)</sup>	Total Estimated Collections <sup>(4)</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	\$ 1,541,896	\$ 4,797,375	\$ 36,563	311%	238%
2013	390,826	905,829	14,434	232%	211%
2014	404,117	872,324	23,500	216%	204%
2015	443,114	899,293	45,410	203%	205%
2016	455,767	1,075,915	81,221	236%	201%
2017	532,851	1,200,467	135,622	225%	193%
2018	653,975	1,464,662	199,190	224%	202%
2019	581,476	1,294,091	256,184	223%	206%
2020	435,668	947,844	299,252	218%	213%
2021	435,846	781,115	486,989	179%	191%
2022	406,082	721,791	610,010	178%	179%
2023	117,160	204,528	201,535	175%	175%
Subtotal	6,398,778	15,165,234	2,389,910		
<b>Americas Insolvency</b>					
1996-2012	1,038,223	2,146,434	203	207%	165%
2013	227,834	355,606	103	156%	133%
2014	148,420	218,685	280	147%	124%
2015	63,170	87,919	201	139%	125%
2016	91,442	117,460	433	128%	123%
2017	275,257	355,158	2,686	129%	125%
2018	97,879	137,184	11,869	140%	127%
2019	123,077	168,061	38,651	137%	128%
2020	62,130	89,842	41,929	145%	136%
2021	55,187	72,875	46,009	132%	136%
2022	33,442	46,205	41,226	138%	139%
2023	15,701	21,079	20,811	134%	134%
Subtotal	2,231,762	3,816,508	204,401		
Total Americas and Australia	8,630,540	18,981,742	2,594,311		
<b>Europe Core</b>					
2012	20,409	43,973	—	215%	187%
2013	20,334	27,039	1	133%	119%
2014 <sup>(1)</sup>	773,811	2,365,846	385,266	306%	208%
2015	411,340	727,491	146,999	177%	160%
2016	333,090	567,548	179,801	170%	167%
2017	252,174	358,180	115,098	142%	144%
2018	341,775	540,907	215,509	158%	148%
2019	518,610	805,423	366,897	155%	152%
2020	324,119	557,152	292,626	172%	172%
2021	412,411	698,282	472,516	169%	170%
2022	359,447	580,548	534,007	162%	162%
2023	91,945	157,933	155,919	172%	172%
Subtotal	3,859,465	7,430,322	2,864,639		
<b>Europe Insolvency</b>					
2014 <sup>(1)</sup>	10,876	18,669	—	172%	129%
2015	18,973	29,000	70	153%	139%
2016	39,338	57,076	1,156	145%	130%
2017	39,235	51,169	3,700	130%	128%
2018	44,908	52,454	9,681	117%	123%
2019	77,218	110,875	31,642	144%	130%
2020	105,440	156,589	62,485	149%	129%
2021	53,230	71,526	42,227	134%	134%
2022	44,604	61,034	54,759	137%	137%
2023	7,352	10,087	10,011	137%	137%
Subtotal	441,174	618,479	215,731		
Total Europe	4,300,639	8,048,801	3,080,370		
Total PRA Group	\$ 12,931,179	\$ 27,030,543	\$ 5,674,681		

(1) Includes finance receivables portfolios that were acquired through the acquisition of Aktiv Kapital AS in 2014 (as described in our 2022 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 March 31, 2023 exchange rate.

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

**Portfolio Financial Information**  
**Year-to-date as of March 31, 2023**  
*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 March 31, 2023 <sup>(3)</sup>
<b>Americas and Australia Core</b>					
1996-2012	\$ 4,930	\$ 3,132	\$ 345	\$ 3,477	\$ 8,799
2013	2,590	1,119	429	1,548	6,395
2014	3,117	1,429	161	1,590	8,983
2015	3,789	2,453	(1,852)	601	18,065
2016	6,740	4,712	(3,078)	1,634	26,353
2017	13,064	7,622	(5,636)	1,986	57,300
2018	27,614	11,442	(1,040)	10,402	108,717
2019	33,145	14,841	(2,958)	11,883	138,869
2020	38,142	16,845	(6,426)	10,419	167,501
2021	40,213	23,087	(22,356)	731	260,663
2022	51,622	26,692	937	27,629	360,224
2023	2,994	1,811	378	2,189	116,249
Subtotal	227,960	115,185	(41,096)	74,089	1,278,118
<b>Americas Insolvency</b>					
1996-2012	234	83	153	236	—
2013	67	39	28	67	—
2014	123	66	12	78	—
2015	106	40	29	69	102
2016	190	47	9	56	348
2017	1,605	181	(123)	58	2,424
2018	4,401	455	(133)	322	11,128
2019	7,705	1,036	57	1,093	35,596
2020	4,919	1,226	145	1,371	35,750
2021	4,339	1,309	(20)	1,289	37,812
2022	1,794	1,018	(27)	991	31,722
2023	268	215	(31)	184	15,614
Subtotal	25,751	5,715	99	5,814	170,496
Total Americas and Australia	253,711	120,900	(40,997)	79,903	1,448,614
<b>Europe Core</b>					
2012	191	—	191	191	—
2013	95	—	95	95	—
2014 <sup>(1)</sup>	25,462	18,404	109	18,513	107,836
2015	8,748	4,274	(408)	3,866	80,755
2016	7,515	4,040	(807)	3,233	105,983
2017	5,322	1,963	(558)	1,405	79,388
2018	10,568	3,930	(123)	3,807	142,505
2019	19,118	6,210	4,178	10,388	250,616
2020	14,641	5,794	(994)	4,800	179,990
2021	19,176	8,685	(2,405)	6,280	284,941
2022	21,193	8,965	(124)	8,841	334,594
2023	1,976	397	816	1,213	91,123
Subtotal	134,005	62,662	(30)	62,632	1,657,731
<b>Europe Insolvency</b>					
2014 <sup>(1)</sup>	49	—	49	49	—
2015	98	12	41	53	61
2016	454	83	86	169	864
2017	1,295	90	237	327	3,436
2018	1,942	216	(122)	94	8,864
2019	4,714	736	330	1,066	27,828
2020	8,233	1,307	3,089	4,396	55,042
2021	3,745	976	156	1,132	34,889
2022	2,963	1,201	131	1,332	41,786
2023	75	59	118	177	7,382
Subtotal	23,568	4,680	4,115	8,795	180,152
Total Europe	157,573	67,342	4,085	71,427	1,837,883
Total PRA Group	\$ 411,284	\$ 188,242	\$ (36,912)	\$ 151,330	\$ 3,286,497

(1) Includes finance receivables portfolios that were acquired through the acquisition of Aktiv Kapital AS in 2014 (as described in our 2022 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 March 31, 2023 exchange rate.

**Cash Collections by Year, By Year of Purchase <sup>(1)</sup>**  
**Year-to-date as of March 31, 2023**  
*Amounts in millions*

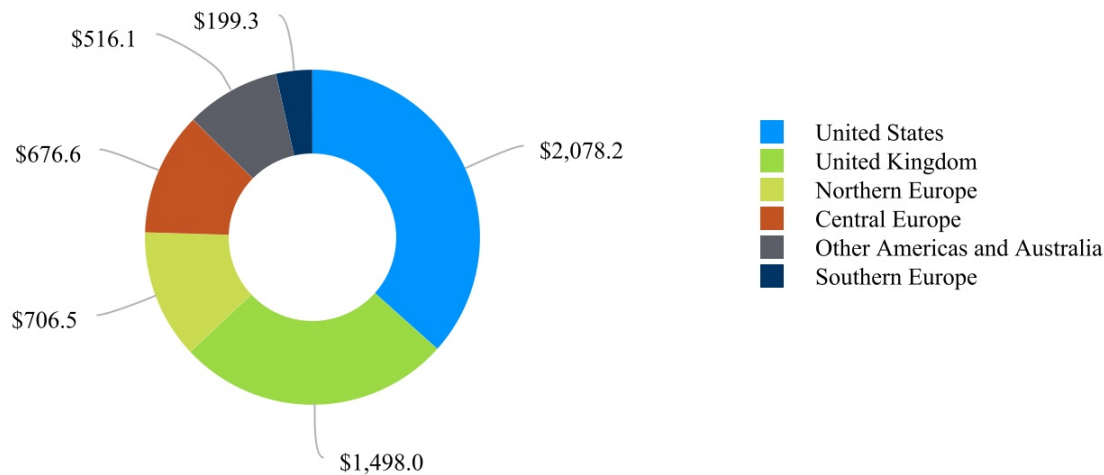
Purchase Period	Purchase Price (\$M)	Cash Collections													
		1996-2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total	
Americas and Australia Core															
1996-2012	\$ 1,541.9	\$ 2,962.4	\$ 554.9	\$ 412.5	\$ 280.3	\$ 178.9	\$ 118.1	\$ 83.8	\$ 62.9	\$ 41.5	\$ 29.9	\$ 23.5	\$ 5.1	\$ 4,753.8	
2013	390.8	—	101.6	247.9	194.0	120.8	78.9	56.5	36.9	23.2	16.7	12.5	2.6	891.6	
2014	404.1	—	—	92.7	253.5	170.3	114.2	82.2	55.3	31.9	22.3	15.0	3.1	840.5	
2015	443.1	—	—	—	117.0	228.4	185.9	126.6	83.6	57.2	34.9	19.5	3.8	856.9	
2016	455.8	—	—	—	—	138.7	256.5	194.6	140.6	105.9	74.2	38.4	6.7	955.6	
2017	532.9	—	—	—	—	—	107.3	278.7	256.5	192.5	130.0	76.3	13.1	1,054.4	
2018	654.0	—	—	—	—	—	—	122.7	361.9	337.7	239.9	146.1	27.6	1,235.9	
2019	581.5	—	—	—	—	—	—	—	143.8	349.0	289.8	177.7	33.1	993.4	
2020	435.7	—	—	—	—	—	—	—	—	132.9	284.3	192.0	38.1	647.3	
2021	435.9	—	—	—	—	—	—	—	—	—	85.0	177.3	40.2	302.5	
2022	406.1	—	—	—	—	—	—	—	—	—	—	67.7	51.6	119.3	
2023	117.2	—	—	—	—	—	—	—	—	—	—	—	3.0	3.0	
Subtotal	6,399.0	2,962.4	656.5	753.1	844.8	837.1	860.9	945.1	1,141.5	1,271.8	1,207.0	946.0	228.0	12,654.2	
Americas Insolvency															
1996-2012	1,038.2	1,021.6	417.3	338.8	208.3	105.4	37.7	8.3	3.9	2.3	1.4	1.1	0.2	2,146.3	
2013	227.8	—	52.5	82.6	81.7	63.4	47.8	22.0	2.9	1.3	0.8	0.5	0.1	355.6	
2014	148.4	—	—	37.1	50.9	44.3	37.4	28.8	15.8	2.2	1.1	0.7	0.1	218.4	
2015	63.2	—	—	—	3.4	17.9	20.1	19.8	16.7	7.9	1.3	0.6	0.1	87.8	
2016	91.4	—	—	—	—	18.9	30.4	25.1	19.9	14.4	7.4	1.8	0.2	118.1	
2017	275.3	—	—	—	—	—	49.1	97.3	80.9	58.8	44.0	20.8	1.6	352.5	
2018	97.9	—	—	—	—	—	—	6.7	27.4	30.5	31.6	24.6	4.4	125.2	
2019	123.1	—	—	—	—	—	—	—	13.5	31.4	39.1	37.8	7.7	129.5	
2020	62.1	—	—	—	—	—	—	—	—	6.5	16.1	20.4	4.9	47.9	
2021	55.2	—	—	—	—	—	—	—	—	—	4.6	17.9	4.3	26.8	
2022	33.4	—	—	—	—	—	—	—	—	—	—	3.2	1.8	5.0	
2023	15.7	—	—	—	—	—	—	—	—	—	—	—	0.3	0.3	
Subtotal	2,231.7	1,021.6	469.8	458.5	344.3	249.9	222.5	208.0	181.0	155.3	147.4	129.4	25.7	3,613.4	
Total Americas and Australia	8,630.7	3,984.0	1,126.3	1,211.6	1,189.1	1,087.0	1,083.4	1,153.1	1,322.5	1,427.1	1,354.4	1,075.4	253.7	16,267.6	
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	0.1	40.5	
2013	20.3	—	7.1	8.5	2.4	1.3	1.2	1.3	0.9	0.7	0.7	0.5	0.1	24.7	
2014 <sup>(2)</sup>	773.8	—	—	153.2	292.0	246.4	220.8	206.3	172.9	149.8	149.3	122.2	25.5	1,738.4	
2015	411.3	—	—	—	45.8	100.3	86.2	80.9	66.1	54.3	51.4	40.7	8.8	534.5	
2016	333.1	—	—	—	—	40.4	78.9	72.6	58.0	48.3	46.7	36.9	7.5	389.3	
2017	252.2	—	—	—	—	—	17.9	56.0	44.1	36.1	34.8	25.2	5.3	219.4	
2018	341.8	—	—	—	—	—	—	24.3	88.7	71.3	69.1	50.7	10.6	314.7	
2019	518.6	—	—	—	—	—	—	—	48.0	125.7	121.4	89.8	19.1	404.0	
2020	324.1	—	—	—	—	—	—	—	—	32.3	91.7	69.1	14.6	207.7	
2021	412.4	—	—	—	—	—	—	—	—	—	48.5	89.9	19.2	157.6	
2022	359.5	—	—	—	—	—	—	—	—	—	—	33.9	21.2	55.1	
2023	91.9	—	—	—	—	—	—	—	—	—	—	—	2.0	2.0	
Subtotal	3,859.4	11.6	16.1	167.3	343.4	390.6	407.0	443.4	480.2	519.7	614.8	559.8	134.0	4,087.9	
Europe Insolvency															
2014 <sup>(2)</sup>	10.9	—	—	—	4.3	3.9	3.2	2.6	1.6	0.8	0.3	0.2	0.1	17.0	
2015	19.0	—	—	—	3.0	4.4	5.0	4.8	3.9	2.9	1.6	0.7	0.1	26.4	
2016	39.3	—	—	—	—	6.2	12.7	12.9	10.7	8.0	6.0	2.7	0.5	59.7	
2017	39.2	—	—	—	—	—	1.2	7.9	9.2	9.8	9.4	6.5	1.3	45.3	
2018	44.9	—	—	—	—	—	—	0.6	8.4	10.3	11.7	9.8	1.9	42.7	
2019	77.2	—	—	—	—	—	—	—	5.0	21.1	23.9	21.0	4.7	75.7	
2020	105.4	—	—	—	—	—	—	—	—	6.1	34.7	34.1	8.2	83.1	
2021	53.2	—	—	—	—	—	—	—	—	—	5.5	14.4	3.7	23.6	
2022	44.6	—	—	—	—	—	—	—	—	—	—	4.5	3.0	7.5	
2023	7.4	—	—	—	—	—	—	—	—	—	—	—	0.1	0.1	
Subtotal	441.1	—	—	—	7.3	14.5	22.1	28.8	38.8	59.0	93.1	93.9	23.6	381.1	
Total Europe	4,300.5	11.6	16.1	167.3	350.7	405.1	429.1	472.2	519.0	578.7	707.9	653.7	157.6	4,469.0	
Total PRA Group	\$ 12,931.2	\$ 3,995.6	\$ 1,142.4	\$ 1,378.9	\$ 1,539.8	\$ 1,492.1	\$ 1,512.5	\$ 1,625.3	\$ 1,841.5	\$ 2,005.8	\$ 2,062.3	\$ 1,729.1	\$ 411.3	\$ 20,736.6	

- (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 our 2022 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 portfolio was purchased. In addition, any purchase price adjustments that occur throughout the life of the pool are presented at the year-end exchange rate for the respective year of purchase.

Estimated Remaining Collections

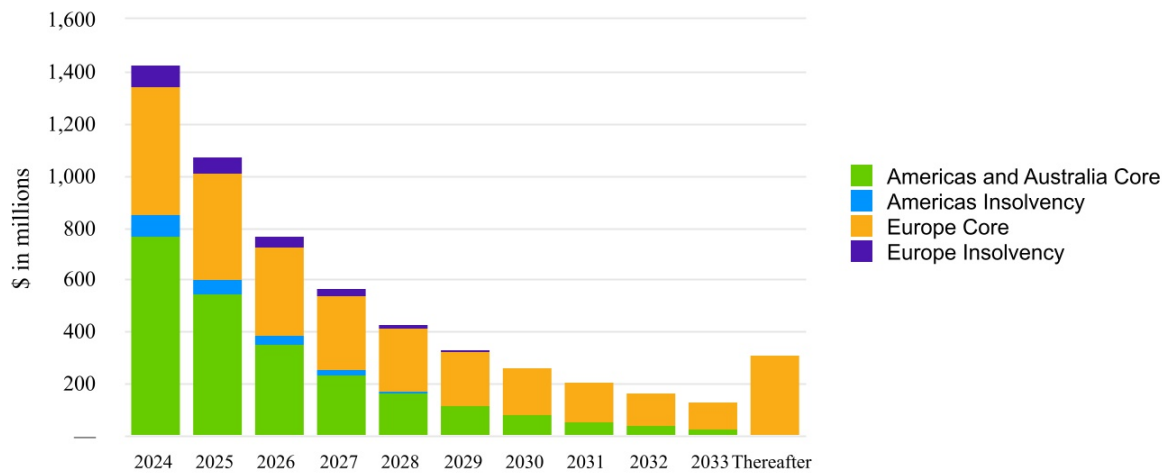
The following chart shows our ERC of \$5,674.7 million at March 31, 2023 by geographical region (amounts in millions).

ERC by Geographical Region



The following chart shows our ERC by year for the 12 month periods ending March 31 in each of the years presented below. The forecast amounts reflect our estimate at March 31, 2023 of how much we expect to collect on our portfolios. These estimates are translated to U.S. dollars at the March 31, 2023 exchange rate.

ERC by Year



The following table displays our ERC by year for the 12 month periods ending March 31 in each of the years presented below, by year, by geography as of March 31, 2023 (amounts in thousands).

ERC By Year, By Geography					
	Americas and Australia Core	Americas Insolvency	Europe Core	Europe Insolvency	Total
2024	\$ 767,512	\$ 87,607	\$ 491,234	\$ 78,770	\$ 1,425,123
2025	546,874	57,569	409,335	58,775	1,072,553
2026	352,465	33,871	341,733	38,142	766,211
2027	236,649	17,083	289,035	22,074	564,841
2028	163,723	7,239	246,997	10,939	428,898
2029	114,426	1,021	212,693	4,571	332,711
2030	80,830	11	180,413	1,242	262,496
2031	58,306	—	151,132	283	209,721
2032	39,433	—	128,611	239	168,283
2033	26,007	—	108,574	200	134,781
Thereafter	3,685	—	304,882	496	309,063
	<u>\$ 2,389,910</u>	<u>\$ 204,401</u>	<u>\$ 2,864,639</u>	<u>\$ 215,731</u>	<u>\$ 5,674,681</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 quarter of 2023 and the first half of 2022, this seasonal trend was not as pronounced. Additionally, 2021 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								
	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Americas and Australia Core	\$ 227,960	\$ 205,619	\$ 225,775	\$ 244,377	\$ 270,284	\$ 257,705	\$ 276,691	\$ 324,845
Americas Insolvency	25,751	27,971	31,911	34,278	35,209	36,851	37,464	37,768
Europe Core	134,005	134,016	132,072	142,470	151,162	155,853	151,625	157,637
Europe Insolvency	23,568	24,051	22,586	22,935	24,325	23,262	22,574	23,579
Total Cash Collections	<u>\$ 411,284</u>	<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>

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								
	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Call Center and Other Collections	\$ 236,415	\$ 216,182	\$ 235,832	\$ 260,764	\$ 291,266	\$ 283,606	\$ 298,717	\$ 338,022
External Legal Collections	54,934	48,925	49,243	50,996	55,179	55,760	54,445	61,836
Internal Legal Collections	70,616	74,528	72,772	75,087	75,001	74,192	75,154	82,624
Total Core Cash Collections	<u>\$ 361,965</u>	<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>

### 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>				
	2023	2022	2021	2020	2019
First Quarter	\$ 207	\$ 261	\$ 279	\$ 172	\$ 139
Second Quarter	—	226	270	263	139
Third Quarter	—	210	242	246	124
Fourth Quarter	—	186	232	204	128

(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.

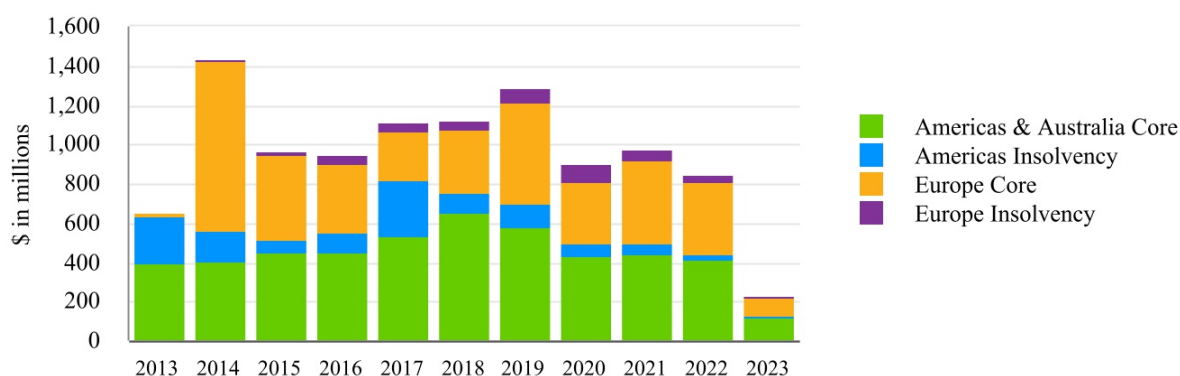
	Cash Efficiency Ratio <sup>(1)</sup>				
	2023	2022	2021	2020	2019
First Quarter	54.3%	65.1%	68.0%	61.5%	59.2%
Second Quarter	—	61.3	66.8	68.7	60.4
Third Quarter	—	58.4	62.4	65.6	60.2
Fourth Quarter	—	58.6	63.5	61.9	59.7
Full Year	—	61.0	65.3	64.5	59.9

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

### Portfolio Acquisitions

The following graph shows the purchase price of our portfolios by year since 2013. It also includes the acquisition date nonperforming loan portfolios that were acquired through our business acquisitions. The 2023 total represents portfolio acquisitions through the three months ended March 31, 2023 while the prior year totals are for the full year.

#### Portfolio Acquisitions by Year \*



\* 2014 includes portfolios acquired in connection with the acquisition of Aktiv Kapital AS in 2014 (as described in our 2022 Form 10-K).

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

**Portfolio Acquisitions by Geography and Type**

	2023		2022			2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Americas and Australia Core	\$ 116,867	\$ 118,581	\$ 100,780	\$ 99,962	\$ 90,639	\$ 90,263	\$ 162,451	\$ 98,901
Americas Insolvency	15,701	8,967	8,988	6,369	9,118	21,183	9,878	14,642
Europe Core	90,454	140,011	59,426	123,814	38,764	60,430	212,194	106,134
Europe Insolvency	7,203	20,535	13,910	1,202	8,929	29,820	7,424	—
Total Portfolio Acquisitions	\$ 230,225	\$ 288,094	\$ 183,104	\$ 231,347	\$ 147,450	\$ 201,696	\$ 391,947	\$ 219,677

*Portfolio Acquisitions by Stratification (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 million customer accounts in the U.S. (amounts in thousands).

**U.S. Portfolio Acquisitions by Major Asset Type**

	2023		2022							
	Q1		Q4	Q3	Q2		Q1		Q1	
Major Credit Cards	\$ 13,234	12.1 %	\$ 10,242	11.7 %	\$ 10,236	15.8 %	\$ 20,673	26.7 %	\$ 18,160	23.0 %
Private Label Credit Cards	66,652	60.9	60,380	69.0	44,727	68.8	52,368	67.4	46,195	58.6
Consumer Finance	28,051	25.6	16,366	18.7	9,396	14.4	2,062	2.7	13,968	17.7
Auto Related	1,481	1.4	515	0.6	630	1.0	2,443	3.2	514	0.7
Total	\$ 109,418	100.0 %	\$ 87,503	100.0 %	\$ 64,989	100.0 %	\$ 77,546	100.0 %	\$ 78,837	100.0 %

**U.S. Portfolio Acquisitions by Delinquency Category**

	2023		2022							
	Q1		Q4	Q3	Q2		Q1		Q1	
Fresh <sup>(1)</sup>	\$ 70,053	74.8 %	\$ 55,117	70.2 %	\$ 30,510	54.5 %	\$ 28,235	39.7 %	\$ 29,077	41.7 %
Primary <sup>(2)</sup>	3,863	4.1	511	0.7	587	1.0	369	0.5	11,445	16.4
Secondary <sup>(3)</sup>	17,789	19.0	21,620	27.5	19,886	35.5	28,148	39.5	26,748	38.4
Other <sup>(4)</sup>	2,012	2.1	1,288	1.6	5,018	9.0	14,425	20.3	2,449	3.5
Total Core	93,717	100.0 %	78,536	100.0 %	56,001	100.0 %	71,177	100.0 %	69,719	100.0 %
Insolvency	15,701		8,967		8,988		6,369		9,118	
Total	\$ 109,418		\$ 87,503		\$ 64,989		\$ 77,546		\$ 78,837	

- (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, our 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. Our 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 is a reconciliation of net income, as reported in accordance with GAAP, to Adjusted EBITDA for the last 12 months ("LTM") as of March 31, 2023 and for the year ended December 31, 2022 (amounts in thousands):

Reconciliation of Non-GAAP Financial Measures			
	LTM March 31, 2023	For the Year Ended December 31, 2022	
Net income attributable to PRA Group, Inc.	\$ 18,546	\$ 117,147	
<u>Adjustments:</u>			
Income tax expense	13,525	36,787	
Foreign exchange gains	(1,508)	(985)	
Interest expense, net	137,212	130,677	
Other expense <sup>(1)</sup>	1,485	1,325	
Depreciation and amortization	15,054	15,243	
Adjustment for net income attributable to noncontrolling interests	10,931	851	
Recoveries applied to negative allowance less Changes in expected recoveries	820,206	805,942	
Adjusted EBITDA	<u>\$ 1,015,451</u>	<u>\$ 1,106,987</u>	

(1) Other expense 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 ratios of Debt to Adjusted EBITDA for the LTM as of March 31, 2023 and for the year ended December 31, 2022 (amounts in thousands):

Debt to Adjusted EBITDA			
	LTM March 31, 2023	LTM March 31, 2023 <sup>(1)</sup>	For the Year Ended December 31, 2022
Borrowings	\$ 2,937,895	\$ 2,592,895	\$ 2,494,858
Adjusted EBITDA	1,015,451	1,015,451	1,106,987
Debt to Adjusted EBITDA	2.89 x	2.55 x	2.25 x

(1) For the LTM as of March 31, 2023, as adjusted, assuming repayment of our 2023 Notes on March 31, 2023.



## 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 March 31, 2023, cash and cash equivalents totaled \$116.5 million, of which \$88.4 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.

*Restricted cash and cash equivalents.* At March 31, 2023, we had total restricted cash and cash equivalents of \$359.2 million, which we will use to retire all or a portion of our \$345.0 million aggregate principal amount of 3.50% Convertible Senior Notes due June 1, 2023 ("2023 Convertible Senior Notes"), or to satisfy any other obligations with respect to such notes, and to pay redress to customers as required by the settlement with the CFPB. For more information on the CFPB settlement, see [Note 12](#) to our Consolidated Financial Statements included in Part 1, Item 1 of this Quarterly Report.

*Borrowings.* At March 31, 2023, 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>	\$ 234,866	\$ 840,593	\$ 118,692
UK revolving credit	473,712	326,288	116,249
European revolving credit	401,438	432,588	201,866
Term loan	447,500	—	—
Senior Notes	1,050,000	—	—
Convertible Notes	345,000	—	—
Less: Debt discounts and issuance costs	(14,621)	—	—
Total	<u>\$ 2,937,895</u>	<u>\$ 1,599,469</u>	<u>\$ 436,807</u>

(1) Available borrowings after calculation of current borrowing base and debt covenants as of March 31, 2023.

(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, included in Restricted cash and cash equivalents on our Consolidated Balance Sheets, 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 \$115.8 million as of March 31, 2023). Interest-bearing deposits as of March 31, 2023 were \$108.8 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 portfolio purchase commitments. As of March 31, 2023, we have forward flow commitments in place for the purchase of nonperforming loans with a maximum purchase price of \$622.4 million, of which \$576.3 million is due within the next 12 months. The \$622.4 million is comprised of \$344.6 million for the Americas and Australia and \$277.8 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 \$2.9 billion borrowings at March 31, 2023, estimated interest, unused fees and principal payments for the next 12 months are approximately \$516.8 million, of which, \$355.3 million relates to principal, primarily reflecting our Convertible Senior Notes due 2023. 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 including a covenant that requires us to maintain positive consolidated income from operations during any fiscal quarter. We incurred a net loss from operations of \$33.6 million for the three months ended March 31, 2023. We requested and were granted a one-time prospective waiver by lenders under each of our credit facilities prior to the date we were required to report and certify compliance with the covenant requiring us to maintain positive consolidated income from operations. The effect of granting the waiver prior to certification date for such compliance resulted in us maintaining compliance with the applicable financial covenants of our credit facilities as of March 31, 2023. Following the receipt of the covenant waiver on May 5, 2023, we were in compliance with the remaining applicable financial covenants of our financing arrangements as of March 31, 2023. For more information, see [Note 6](#) to our Consolidated Financial Statements included in Part 1, Item 1 of this Quarterly Report.

**Share Repurchases.** 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 Securities Exchange Act of 1934, as amended (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 three months ended March 31, 2023, we did not repurchase any shares of our common stock. As of March 31, 2023, we had \$67.7 million remaining for share repurchases under the new program. For more information, see [Item 2](#) included in Part II of this Quarterly Report.

**Leases.** The majority of our leases have remaining lease terms of one to 14 years. As of March 31, 2023, we had \$57.9 million in lease liabilities, of which approximately \$10.5 million matures within the next 12 months. For more information, see [Note 5](#) to our Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report.

**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 March 31, 2023, we had \$10.1 million of derivative liabilities, all of which mature within the next 12 months. For more information, see [Note 7](#) to our Consolidated Financial Statements included in Item 8 of this Quarterly Report.

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 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 conditions 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 three months ended March 31, 2023 compared to the three months ended March 31, 2022 (amounts in thousands):

	Three Months Ended March 31,		
	2023	2022	\$ Change
Net cash provided by (used in):			
Operating activities	\$ (47,521)	\$ (22,744)	\$ (24,777)
Investing activities	8,979	126,329	(117,350)
Financing activities	425,806	(112,647)	538,453
Effect of exchange rate on cash	3,656	910	2,746
Net increase/(decrease) in cash and cash equivalents	\$ 390,920	\$ (8,152)	\$ 399,072

### Operating Activities

Cash used in operating activities mainly reflects cash collections recognized as revenue and cash paid for operating expenses, interest and income taxes. To calculate cash used in operating activities, net (loss)/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 used in operating activities of \$47.5 million for the three months ended March 31, 2023 increased \$24.8 million from net cash used in operating activities of \$22.7 million for the three months ended March 31, 2022. The change was mainly driven by lower cash collections recognized as portfolio income 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 \$117.4 million during the three months ended March 31, 2023, primarily driven by an increase of \$71.6 million in purchases of finance receivables, an increase of \$58.5 million in purchases of investments and a decrease of \$52.6 million in recoveries applied to negative allowance. These items were partially offset by an increase of \$62.0 million in proceeds from sales and maturities of investments.

#### 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.

Net cash provided by financing activities increased \$538.5 million during the three months ended March 31, 2023, primarily driven by the proceeds from the issuance of our 2028 Notes of \$400.0 million, a \$92.4 million change from net payments on our lines of credit in the prior year quarter to net draws on our lines of credit in the current year quarter and a decrease in our purchases of common stock of \$48.7 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 and 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 \$88.4 million and \$75.3 million as of March 31, 2023 and December 31, 2022, respectively. Refer to [Note 11](#) to our Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report 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 13](#) to our Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report.

#### **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 our 2022 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) have 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 the first quarter of 2023, we assessed certain pools, where lower levels of performance occurred due to a softer tax season than anticipated in the U.S. coupled with a more normalized collection environment globally. The reduced performance levels in the first quarter resulted in write downs to our ERC primarily in the U.S. Core portfolio.

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 our 2022 Form 10-K.

### Item 3. 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 \$1.6 billion as of March 31, 2023. Based on our debt structure at March 31, 2023, assuming a 50 basis point decrease in interest rates, for example, interest expense over the following 12 months would decrease by an estimated \$4.3 million. Assuming a 50 basis point increase in interest rates, interest expense over the following 12 months would increase by an estimated \$4.3 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 March 31, 2023, we are 68% 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 March 31, 2023. 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. During the three months ended March 31, 2023, we generated \$96.3 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 such that portfolio ownership and collections generally occur within the same entity. Our UK and European 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 4. 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 principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on this evaluation, the principal executive officer and principal financial officer have concluded that, as of March 31, 2023, our disclosure controls and procedures were effective.

*Changes in Internal Control over Financial Reporting.* There was no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## Part II. Other Information

### Item 1. Legal Proceedings

For information regarding legal proceedings as of March 31, 2023, refer to [Note 12](#) to our Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report.

### Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A, of our 2022 Form 10-K.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Share Repurchase Programs

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. For more information, see [Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources"](#) in this Quarterly Report.

We did not repurchase any common stock during the quarter ended March 31, 2023.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

### Item 6. 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](#) [Form of Common Stock Certificate \(Incorporated by reference to Exhibit 4.1 of Amendment No. 1 to the Registration Statement on Form S-1 filed October 15, 2002 \(Registration No. 333-99225\)\).](#)
- [4.2](#) [Form of Warrant \(Incorporated by reference to Exhibit 4.2 of Amendment No. 2 to the Registration Statement on Form S-1 filed October 30, 2002 \(Registration No. 333-99225\)\).](#)
- [4.3](#) [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 \(File No. 000-50058\)\).](#)
- [4.4](#) [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 05, 2021 \(File No. 000-50058\)\).](#)
- [4.5](#) [Indenture, dated as of August 27, 2020 among PRA Group Inc., the domestic subsidiaries of PRA Group Inc., 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 \(File No. 000-50058\)\).](#)
- [4.6](#) [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 \(File No. 000-50058\)\).](#)
- [4.7](#) [Indenture, dated as of February 6, 2023, among PRA Group, Inc., the domestic subsidiaries of PRA Group, Inc., party thereto and Regions Bank, as trustee \(Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed February 6, 2023 \(File No. 000-50058\)\).](#)
- [4.8](#) [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\\*](#) [Executed Offer of Employment, dated March 24, 2023 by and between Vikram A. Atal and PRA Group, Inc. \(filed herewith\).](#)
- [10.2\\*](#) [Form of Performance Stock Unit Agreement \(filed herewith\).](#)
- [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	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkable Document
101.LAB	XBRL Taxonomy Extension Label Linkable Document
101.PRE	XBRL Taxonomy Extension Presentation Linkable Document
101.DEF	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.



## SIGNATURES

Pursuant to the requirements 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)

May 8, 2023

By: /s/ Vikram A. Atal  
Vikram A. Atal  
President and Chief Executive Officer  
(Principal Executive Officer)

May 8, 2023

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

Exhibit 10.1

March 24, 2023

Dear Vikram Atal:

I am pleased to formally extend an offer of employment to you for the position of President and Chief Executive Officer (“CEO”) of PRA Group, Inc. (the “Company”). The essential details of our offer are outlined below:

- **Start Date** – We would like you to start on March 27, 2023, or as soon thereafter as possible (“Effective Date”). This position requires a written, 90-day advance notice to me or the Company’s General Counsel should you decide to terminate your employment with the Company.
- **Base Salary** – This position provides an annual base salary of \$950,000, which will be payable on a bi-weekly basis, less applicable state and federal taxes, and any voluntary deductions. This position is classified as “exempt” status under the Fair Labor Standards Act, which means that you will not be eligible for overtime pay.
- **Bonus Compensation** – This position provides for an annual bonus as set forth in the Company’s Annual Bonus Plan, provided that the target bonus for the year ending December 31, 2023 (“FYE 2023”) shall be \$950,000.
- **Equity Awards** – This position provides equity awards pursuant to the Company’s 2022 Omnibus Incentive Plan. For FYE 2023, you will be awarded restricted stock units valued at \$1,500,000 on the date of grant, which will vest ratably over a 3-year period beginning with the first anniversary of the grant date. If your employment is terminated as a result of the Board of Directors (“Board”) naming a new CEO and the completion of an agreed upon transition period, any unvested tranches of this equity award will vest immediately upon the date of your termination. Note that this equity award will also vest in the case of death, disability, or a qualifying termination in connection with a change in control, consistent with the Company’s standard grant practices. All subsequent equity awards will be determined by the Compensation Committee of the Company’s Board.
- **Expenses** – You will be reimbursed for expenses pursuant to the Company’s reimbursement policies for any reasonable out-of-pocket business travel and entertainment expenses incurred or expended by you in connection with the performance of your duties as President and CEO.
- **Relocation Allowance** – You will be provided a gross housing allowance of \$150,000, less applicable withholding taxes, payable no later than 45 days after the Effective Date to cover your expenses related to corporate housing, furniture, moving/relocation, a vehicle, internet services, travel between Virginia and New York through the December 31, 2023, and other related items.
- **Policies and Oversight** – You agree to abide by the Company’s rules, regulations, instructions, personnel practices and policies and any changes therein that may be adopted from time to time by the Company. This position reports directly to the Company’s Board.
- **Best Efforts/Exclusivity** – You agree to devote your full business time, best efforts, skill, knowledge, attention and energies to the advancement of the Company’s business and

interests and to the performance of your duties and responsibilities as the President and CEO.

- **Onboarding Process** – During your first week with the Company you will be assisted with any onboarding procedures relevant to your position. Federal law requires that we examine documentation of your employment eligibility within three business days after you begin work. As such, please bring proof of your legal right to work in this country.
- **Professional Development** – The Company is dedicated to empowering its employees at every level to do their best work and thrive in their roles. We appreciate that professional development increases employee effectiveness at work and enhances their contribution to the Company's business. As such, as part of your professional development, the Company will provide as a benefit, one year of executive coaching to ensure your and the Company's success.
- **Benefit Plans** – You will be eligible to (i) receive any employee benefits provided by the Company to its employees, including, but not limited to, life insurance, disability insurance and sick leave; (ii) participate in employee benefit programs as may be offered by the Company to other similarly situated employees, including medical, prescription drug, dental and vision benefits; and (iii) participate in all of the Company's other benefit plans and retirement plans, which may be in effect from time to time or may hereafter be adopted by the Company, in all cases subject to the terms and conditions (including but not limited to eligibility requirements) of such plans and programs.
- **Paid Time Off ("PTO")** – As an employer-provided benefit, the Company grants employees compensation for personal time off, vacation days, federal holidays, sick leave, and maternity & paternity leave in the form of PTO. You will be entitled to PTO during each calendar year of employment consistent with the Company's PTO policies then in effect and your position with the Company, but in no event shall you be entitled to fewer than 25 PTO days in any calendar year.
- **Confidentiality/Non-Disclosure** – By signing below, you acknowledge and agree that the nonpublic information, observations and data relating to the Company's business, or any of its respective subsidiaries or affiliates (each a "Protected Party" and, collectively, the "Protected Parties") that you may obtain either before or after the date hereof are the property of the Protected Party to which such information, observations and data relate. You hereby agree that you will not disclose or use at any time, before, during or after your employment with the Company, any Confidential Information (as defined below) of which you are or you become aware, whether or not such information is developed by you, except to the extent that such disclosure or use is directly related to and required by your performance of your employment duties. You hereby agree that you will take all reasonably appropriate steps to safeguard the Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. In connection with the performance of your employment duties hereunder, you will also comply with all applicable privacy policies and applicable law.

The term "Confidential Information" means any and all non-public information that is used, developed or obtained from or with respect to a Protected Party in connection with the Company or such Protected Party's business. Confidential Information will not include any information that has been published in a form generally available to the public or is otherwise in the public domain prior to the date any such information was disclosed by you (unless published by you in violation of the terms of this letter)

- **Non-Compete** – You acknowledge and agree that your services as the President and CEO of the Company will be of special, unique, extraordinary and intellectual character and will place you in a position of confidence and trust with respect to the Company’s business operations. Accordingly, it is specifically agreed that during your employment with the Company and for the succeeding eighteen (18) months after your employment with the Company ends, (collectively, the “Restricted Period”), you shall not compete directly with the Company by rendering professional services to any other similarly situated company in the United States, during the Restricted Period. Because of the limited number of organizations in the debt collection business, you agree that the geographic area is reasonably related to the competitive area of debt collection companies.

Nothing contained herein, however, shall be construed to prohibit you from gaining employment as a President and/or CEO or in any other capacity with employers outside of the debt collection business, during the Restricted Period or after the Restricted Period. You represent and warrant that your background, training and experience are such that the restrictions contained in this paragraph shall not result in an inability for you to pursue a livelihood and that other alternatives of earning an acceptable living are reasonably available. You acknowledge that remedies at law would be inadequate to protect the Company in the event of a breach of this provision and agree that the Company shall be entitled to seek injunctive relief against a breach or threatened breach by you. The existence of any claim or cause of action by you against the Company whether predicated on your employment with the Company or otherwise, shall not constitute a defense to the enforcement of this restrictive covenant.

You have had the opportunity to seek legal counsel prior to signing this offer letter and your signature evidences your full knowledge of and consent to the restrictions contained in this section.

Please understand that this is an offer of at-will employment and your employment may be terminated by you or the Company at any time.

Vik, we are confident that you will make a substantial and immediate contribution to the Company and through your dedication and commitment as the President and CEO, will lead the company to new heights. Welcome aboard!

If you require any additional information or have questions, please do not hesitate to contact me directly.

**PRA GROUP, INC.**

/s/ Steve Fredrickson  
Steve Fredrickson  
Chairman, Board of Directors

/s/ LaTisha Owens Tarrant  
LaTisha Owens Tarrant  
General Counsel and  
Chief Human Resources Officer

Signature of Acceptance

/s/ V Atal  
Vikram A. Atal

Date: April 13, 2023

**PRA GROUP, INC.****PERFORMANCE STOCK UNIT AGREEMENT**

PRA Group, Inc., a Delaware corporation, (the “Company”) has duly adopted, and its stockholders have approved, the Company’s 2022 Omnibus Incentive Plan (the “Plan”), the terms of which are hereby incorporated by reference. In the case of any conflict between the provisions hereof and those of the Plan, the provisions of the Plan shall be controlling. A copy of the Plan is available upon request from the Secretary of the Company or can be accessed through the Company’s filings with the Securities and Exchange Commission at the following weblink:

<https://www.sec.gov/Archives/edgar/data/1185348/000119312522127908/d245536ddef14a.htm#toc245536> 67

This Performance Stock Unit Agreement, including the calculations set forth in Annex A and the country-specific terms set forth in the attached Appendix (collectively the “Agreement”), describes in detail your rights with respect to the Performance Stock Units (“PSUs”) granted herein (“LTI Award”) and sets forth the conditions, terms and limitations applicable to this grant, subject to the terms and conditions of the Plan. This Agreement constitutes a legal agreement between you (“Grantee”) and the Company. Capitalized terms used in this Agreement, but not otherwise defined herein, shall have the meanings set forth in the Plan.

Grantee Name	FIRST_NAME_MIDDLE_NAME_LAST_NAME
Grantee Id	EMPLOYEE_IDENTIFIER
Target Number of Units Granted	TOTAL_SHARES_GRANTED
Grant Date	OPTION_DATE,'MONTH DD

**IN WITNESS WHEREOF**, the parties have accepted, witnessed and agreed to be bound by this Agreement as of the Grant Date specified and agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the intent of this Agreement.

**PRA GROUP, INC.**

s/ LaTisha Tarrant

By: Chief Human Resources Officer and General  
Counsel

By: President and Chief Executive Officer

## 1. Performance-based LTI Awards - PSUs

### A. Performance Categories

- (a) The number and extent to which any PSUs granted herein may be delivered to the Grantee pursuant to this Agreement shall be based upon the extent to which any or all of the performance categories (the “Performance Categories”) below are met. The total number of target PSUs granted herein and eligible for vesting shall be divided equally between the following two Performance Categories:
- (i) **Performance Category 1: 2023-2025 Adjusted EBITDA**. 50% of the PSUs will be based on the extent to which the Company achieves a three-year Adjusted EBITDA target, which shall be calculated for the period beginning on January 1, 2023 and ending on December 31, 2025 (the “Performance Period”).
- Performance Category 2: 2023-2025 Relative Total Shareholders Return (“TSR”)**. 50% of the PSUs will be based on the Company’s TSR relative to the S&P SmallCap 600 Financial Sector Index during the Performance Period.
- (b) The percentage of PSUs which shall become vested at the end of the Performance Period shall be as set forth in the tables in Section B below.
- (c) At the end of the Performance Period, the Committee shall determine the Company’s performance and the extent to which any PSUs have been earned, if at all.
- (d) If, at the end of the Performance Period, stated performance targets have been met, except as otherwise provided herein, including in Section 21, the Grantee shall be entitled to receive fully paid Shares equal to the applicable percentage of the PSUs as determined in accordance with Section B below, and such Shares shall be delivered to the Grantee as soon as administratively feasible after the Committee determines the actual performance of the Company during the Performance Period and the extent to which the Company’s performance objectives have been met (and in all events within two and one half (2 1/2) months after the end of the Performance Period or after such earlier vesting date as may be provided under this Agreement). Such determination shall be final and binding upon the Grantee.
- (e) Except as provided in Section 2, 3 and 4 below, vesting of the PSUs is contingent on the Grantee providing continuous service to the Company or any Subsidiary or affiliate of the Company as an Employee or on the Board Directors of the Company (a “Business Relationship”) through the end of the Performance Period. Therefore, except as provided in Sections 2, 3 and 4 below, if prior to the end of the Performance Period, the Grantee ceases to be in a Business Relationship, including, without limitation, that the Grantee: (i) ceases active employment by, and service to, the Company or any Subsidiary or affiliate of the Company (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee’s employment or service contract, if any), or (ii) gives or receives notice of the termination of the Grantee’s employment and service for any reason and either (A) is placed on garden leave pursuant to the Grantee’s contract of employment (if applicable) or, (B) ceases to perform his or her duties and responsibilities during the Grantee’s notice period in accordance with the Grantee’s contract of employment prior to the applicable vesting date, all rights of the Grantee hereunder shall thereupon terminate, no PSUs granted hereunder shall be determined to have been earned, the unvested PSUs shall be immediately and automatically forfeited and neither the Grantee, nor any successors, heirs, assigns or legal representatives of the Grantee, shall thereafter have any further rights or interest in any unvested PSUs. The vesting and settlement of the PSUs shall not be affected by any change in the type of Business Relationship the Grantee has with or among the Company or any Subsidiary or affiliate so long as the Grantee continuously maintains a Business Relationship.
- (f) The Committee shall have the exclusive discretion to determine whether the Grantee’s service has been interrupted in the case of any leave of absence approved by the Company, Subsidiary or affiliate of the Company, including sick leave, military leave or any other personal leave. Nothing contained herein shall be construed to confer on the Grantee any right to be retained in the

employ or service of the Company or any Subsidiary or affiliate of the Company or to derogate from any right of the Company or any Subsidiary or affiliate thereof to terminate the Grantee's employment or service, free from any liability, or any claim under this Agreement, unless otherwise expressly provided in this Agreement.

**B. Determining the Number of PSUs Earned**

A number of PSUs, ranging from zero to 200%, shall be earned and vested in accordance with the tables below, based upon the extent to which the Company achieves the performance targets stated therein.

(a) **Performance Category 1: 2023-2025 Adjusted EBITDA.** 50% of the Grantee's PSUs will be determined as of December 31, 2025, based upon achievement of a three-year Adjusted EBITDA goal, calculated as described in Annex A, during the Performance Period in accordance with the table below. To the extent that actual Adjusted EBITDA falls between any two of the values indicated in the table below, the number of PSUs earned and vested will be determined by the Committee based on an interpolation between the applicable ranges in the table below. Any earned PSUs shall be settled in Shares of common stock of the Company at the time set forth in Section 1.A(d) above.

**2023-2025 Adjusted EBITDA**

<u>Adjusted EBITDA Value (\$ in millions)</u>	<u>Target PSUs Earned (%)</u>
Below \$ xxxxxxxxxx	Zero
\$ xxxxxxxxxx	50%
\$ xxxxxxxxxx	75%
\$ xxxxxxxxxx	100%
\$ xxxxxxxxxx	150%
\$ xxxxxxxxxx and above	200%

(b) **Performance Category 2: 2023-2025 TSR.** 50% of the Grantee's PSUs will be determined as of December 31, 2025, based upon the Company's achievement of relative shareholder value, using as a comparison TSR based on the Company's TSR relative to the S&P SmallCap 600 Financial Sector Index during the Performance Period in accordance with the table below. To the extent that the TSR falls between any two of the values indicated in the table below, the number of PSUs earned and vested will be determined by the Committee based on an interpolation between the applicable ranges in the table below. Any earned PSUs shall be settled in Shares of common stock of the Company at the time set forth in Section 1.A(d) above.

**2023-2025 TSR**



<b><u>TSR Ranking</u></b>	<b><u>Target PSUs Earned (%)</u></b>
Below 30th percentile	Zero
30th percentile	50%
50th percentile	100%
70th percentile	150%
90th percentile or more	200%

The share price for purposes of the TSR calculation will be based on calendar day averaging periods to mitigate the effect of stock price volatility; accordingly, the beginning share price will be the average closing price for 30 calendar days immediately preceding the first day of the Performance Period and the ending share price will be the average closing price for the last 90 calendar days of the Performance Period. The TSR calculation will assume reinvestment of dividends. Companies comprising the S&P SmallCap 600 Financial Sector Index (i) that file for bankruptcy or delist at any time during the Performance Period will remain for calculation purposes in the relevant comparator group with a deemed TSR of negative 100% in the final percentile rankings and (ii) that are acquired (including by merger) during the Performance Period will be removed from the relevant comparator group.

## **2. Death or Disability**

- (a) In the event of the termination of the Grantee's Business Relationship due to death or Disability (as defined below) while employed by, or providing service to, the Company or any of its Subsidiaries or affiliates, the target number of PSUs shall become immediately and fully vested.
- (b) For purposes of this Agreement, "Disability" means that the Grantee is unable to render the services or perform the duties of Grantee's employment by reason of illness, injury or incapacity (whether physical, mental, emotional or psychological) for a period of either (i) 90 consecutive days or (ii) a total of 180 days, whether or not consecutive, within the preceding 365-day period.

## **3. Retirement**

- (a) In the event of the Grantee's termination of (i) employment due to Retirement (as defined below) or (ii) service on the Board of Directors of the Company, if applicable, and in each case provided that the Grantee does not then continue in a Business Relationship, the PSUs shall remain outstanding and capable of vesting in the normal course subject to actual performance, provided that the PSUs shall be prorated based on a fraction, the numerator of which is the number of full months during the Performance Period which the Grantee was employed by the Company or any of its Subsidiaries or affiliates and/or served on the Board (without duplicative counting of any days during which the Grantee was both employed by the Company or any of its Subsidiaries or affiliates and serving on the Board) and the denominator of which is 36.
- (b) For purposes of this Agreement, "Retirement" means the Grantee's voluntary termination of employment with the Company and its Subsidiaries or affiliates (without "Cause") on or after his or her 55th birthday with at least ten years of service with the Company and its Subsidiaries or affiliates.

Notwithstanding the above, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in the Grantee's jurisdiction that likely would result in the favorable Retirement treatment (as set forth above) that applies to the PSUs

being deemed unlawful and/or discriminatory, then the Company will not apply the favorable Retirement treatment at the time of termination and the PSUs will be treated as they would under the rules that apply if the Grantee's employment is terminated for reasons other than Retirement.

- (c) For the avoidance of doubt, the Retirement benefit provided under this Section 3 is subject to the Grantee's compliance with the restrictive covenants set forth in Section 10 of this Agreement.

#### 4. Effect of a Change in Control

- (a) **CIC During First Year of Performance Period:** In the event of a Change in Control (and subject to the Grantee's being in a Business Relationship as of the date of the Change in Control) during the first year of the Performance Period, the target number of PSUs will automatically convert into, and represent the right to receive, an equivalent number of time-based Restricted Stock Units ("Assumed PSUs") which will continue to vest in accordance with Section 1 but without regard to achievement of any Performance Categories.
- (b) **CIC After First Year of Performance Period:** In the event of a Change in Control (and subject to the Grantee's being in a Business Relationship as of the date of the Change in Control) after the first year of the Performance Period, the number of PSUs deemed earned based on actual performance vs. target as of the most recent year end for Adjusted EBITDA and TSR will automatically convert into, and represent the right to receive, an equivalent number of time-based Restricted Stock Units ("Assumed PSUs") which will continue to vest in accordance with Section 1 but without regard to achievement of any Performance Categories.
- (c) **Accelerated Vesting if Awards not Assumed:** In the event of a Change in Control (and subject to the Grantee's being in a Business Relationship as of the date of the Change in Control), if the successor company does not equitably assume, continue or substitute the outstanding LTI Awards in connection with a Change in Control, such LTI Awards shall become fully vested (for the avoidance of doubt, in the case of PSUs based on clauses (a) or (b) above) as of the date of the Change in Control and the Grantee shall be eligible to receive (at the same time and in the same form) the equivalent per share consideration offered to common shareholders generally.
- (d) **"Double-Trigger" Vesting for Assumed Awards:** To the extent the successor company does equitably assume, continue or substitute the outstanding PSUs, the assumed PSUs shall continue to vest in accordance with Section 1 but without regard to achievement of any Performance Categories; provided, however, if within twenty-four (24) months after the date of the Change in Control the Grantee's employment is terminated by the Company or a Subsidiary or affiliate (or the successor company or a subsidiary or affiliate thereof) without Cause<sup>1</sup> or by the Grantee for Good Reason<sup>2</sup>, any then Assumed PSUs shall become fully vested as of the date of termination of employment.

#### 5. Non-assignability

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<sup>1</sup> Solely for the purposes of Section 4(d) of this Agreement, "Cause" shall mean: (A) Grantee's conviction of, or plea of guilty or nolo contendere to, any felony or other comparable offense under local law; (B) Grantee's engaging in illegal or willful misconduct, or engaging in conduct that has a material adverse effect on the financial performance, financial condition and/or reputation of the Company or any Subsidiary; or (C) Grantee's embezzlement of funds or misappropriation of other material property of the Company or any Subsidiary.

<sup>2</sup> Solely for purposes of Section 4(d) of this Agreement, "Good Reason" shall mean (1) a material and adverse change in the responsibilities of Grantee, or (2) a material reduction in Grantee's base salary other than a reduction that is also applicable generally to other similarly situated employees; provided, however, that no such change or reduction shall constitute Good Reason (A) unless Grantee gives notice of the existence of such change or reduction that Grantee believes constitutes Good Reason within 30 days after the initial existence of such change or reduction, and the Company fails to cure such change or reduction within 30 days after receipt of such notice or (B) if the Executive consented in writing to such change or reduction.

No rights hereunder shall be assignable, alienable, transferable or otherwise encumbered by the Grantee other than by will or by the laws of descent and distribution and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Subsidiary or affiliate of the Company. However, the Committee may, in its discretion, provide that rights may be transferable, without consideration, to immediate family members (i.e., children, grandchildren or spouse) to trusts for the benefit of such immediate family members and to partnerships in which such family members are the only parties. In addition, the Grantee may, in the manner established by the Committee, designate a beneficiary to receive any distribution with respect to any Shares upon the death of the Grantee.

## **6. Responsibility for Taxes**

- (a) The Grantee acknowledges that, regardless of any action taken by the Company or any of its Subsidiaries or affiliates, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items"), is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or any Subsidiary or affiliate. The Grantee further acknowledges that the Company and/or any Subsidiary or affiliate: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the LTI Award, including, but not limited to, the grant of the LTI Award, the vesting or settlement of the PSUs, the issuance of Shares (or payment of the cash equivalent) upon settlement of the PSUs, the subsequent sale of Shares acquired at vesting and the receipt of any dividends and/or Dividend Equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the LTI Award or any aspect of the PSUs to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee becomes subject to Tax-Related Items in more than one jurisdiction, the Grantee acknowledges that the Company and/or any Subsidiary or affiliate may be required to withhold or account for Tax-Related Items in more than one jurisdiction.
- (b) Prior to any relevant taxable or tax withholding event, as applicable, the Grantee agrees to make adequate arrangements satisfactory to the Company and/or any Subsidiary or affiliate to satisfy all withholding obligations of the Company and/or any of its Subsidiaries or affiliates with respect to Tax-Related Items. In this regard, the Grantee hereby authorizes the Company, in its sole discretion and without any notice to or further authorization or consent by the Grantee, to withhold from the Shares being distributed under this LTI Award upon vesting, that number of whole Shares the value of which is equal to the aggregate withholding obligation for Tax-Related Items as determined by the Company.

In the event that such withholding in Shares is not feasible under applicable tax or securities law or has materially adverse accounting consequences, the Grantee authorizes the Company and/or any Subsidiary or affiliate to satisfy the aggregate withholding obligation for Tax-Related Items as the Company determines to be appropriate by (i) selling, on the Grantee's behalf, a whole number of shares from those Shares issued to the Grantee, (ii) cash payment, (iii) withholding from the Grantee's wages or other cash compensation paid to the Grantee, or (iv) such other means as the Committee deems appropriate

- (c) Depending on the withholding method, the Company or the Subsidiary or affiliate may withhold or account for Tax-Related Items by considering statutory withholding rates or other applicable withholding rates, including minimum or maximum rates applicable in the Grantee's jurisdiction, in which case the Grantee may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Grantee is deemed to have been issued the full number of Shares subject to the vested PSUs, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items.
- (d) Finally, the Grantee shall pay to the Company or any Subsidiary or affiliate any amount of Tax-Related Items that the Company or any Subsidiary or affiliate may be required to

withhold as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of the Shares, if the Grantee fails to comply with the Grantee's obligations in connection with the Tax-Related Items as described in this Section 6. The Grantee shall have no further rights with respect to any Shares that are retained by the Company or sold by the Company or its designated broker pursuant to this Section 6, and under no circumstances will the Company be required to issue any fractional Shares.

## **7. Nature of Grant**

By accepting the LTI Award, the Grantee acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) all decisions with respect to future LTI Award grants, if any, will be at the sole discretion of the Company;
- (c) the grant of the LTI Award and the Grantee's participation in the Plan shall not create a right to continued employment or service or be interpreted as forming an employment or services contract with the Company or any Subsidiary or affiliate and shall not interfere with the ability of the Company or any Subsidiary or affiliate to terminate the Grantee's employment relationship at any time;
- (d) the Grantee's participation in the Plan is voluntary;
- (e) the LTI Award and the Shares subject to the LTI Award, and the income and value of the same, are not intended to replace any pension rights or compensation;
- (f) the LTI Award and the Shares subject to the LTI Award, and the income and value of the same, are extraordinary items outside the scope of the Grantee's employment or services contract, if any, and are not part of normal or expected compensation or salary of any kind for services of any kind rendered to the Company, any Subsidiary or any affiliate or for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (g) the future value of the underlying Shares is unknown, indeterminable, and cannot be predicted with certainty;
- (h) unless otherwise agreed with the Company, the LTI Award and the Shares subject to the LTI Award, and the income and value of same, are not granted as consideration for, or in connection with, the service the Grantee may provide as a director of the Company or any Subsidiary or affiliate;
- (i) no claim or entitlement to compensation or damages shall arise from forfeiture of the LTI Award or the recoupment of any Shares acquired under the Plan resulting from (1) termination of the Grantee's termination of employment by the Company or any Subsidiary or affiliate (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment or services contract, if any); and /or (2) the application of any recoupment policy or any recovery or clawback policy otherwise required by law;
- (j) the PSUs and the benefits under the Plan, if any, will not necessarily transfer to another company in the case of a merger, takeover or transfer of liability;
- (k) the Grantee acknowledges and agrees that neither the Company nor any Subsidiary or affiliate shall be liable for any foreign exchange rate fluctuation between the Grantee's local currency (if not the United States Dollar) and the United States Dollar that may affect the

value of the LTI Award or of any amounts due to the Grantee pursuant to the settlement of the LTI Award or the subsequent sale of any Shares acquired upon settlement.

## **8. No Advice Regarding Grant**

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying Shares. The Grantee is hereby advised to consult with the Grantee's own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

## **9. Data Privacy**

***Data Collection and Usage.*** The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement and any other grant materials by and among, as applicable, the Company and any Subsidiary or affiliate for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.

***Data Processing.*** The Grantee understands that the Company and any Subsidiary or affiliate may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, e-mail address, date of birth, passport number, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any Subsidiary or affiliate, details of all PSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Grantee's favor ("Personal Data"), for the exclusive purpose of implementing, administering and managing the Plan.

***Stock Plan Administration, Data Transfer, Retention and Data Subject Rights.*** The Grantee understands that Personal Data will be transferred to E\*TRADE Financial Corporate Services, Inc. and/or its affiliates ("E\*TRADE") or any other stock plan service provider which is, presently or in the future, assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that these recipients of Personal Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that he or she may request a list with the names and addresses of any potential recipients of Personal Data by contacting the Grantee's local human resources representative. The Grantee authorizes the Company, E\*TRADE and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Personal Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any Shares received upon vesting of the PSUs. The Grantee understands that Personal Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. Further, the Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to withdraw his or her consent, his or her employment status or service with the Company or any Subsidiary or affiliate will not be affected; the only consequence of refusing or withdrawing the Grantee's consent is that the Company would not be able to grant the Grantee PSUs or other equity awards or to administer or maintain PSUs or other equity awards granted to the Grantee prior or subsequent to such refusal or withdrawal. Therefore, the Grantee understands that refusal or withdrawal of consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that he or she may contact his or her local human resources representative.

## 10. Confidentiality; Non-Competition and Non-Solicitation Covenants

- (a) **Confidentiality.** Grantee covenants and agrees that Grantee will not at any time use, disclose or make accessible or available to any other person, firm, partnership, corporation or any other entity any Confidential Information (as defined below) pertaining to the business of the Company or any of its Subsidiaries or affiliates, except (i) while employed by the Company or any of its Subsidiaries or affiliates, in the business of and for the benefit of the Company or any of its Subsidiaries or affiliates, or (ii) when required to do so by a subpoena, by any court of competent jurisdiction, by any governmental agency having supervisory authority over the business of the Company or any of its Subsidiaries or affiliates, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order the Company or any of its Subsidiaries or affiliates to divulge, disclose or make accessible such information. For purposes of this agreement, “**Confidential Information**” shall mean non-public information concerning the Company’s or any of its Subsidiaries’ or affiliates’ financial data, statistical data, strategic business plans, product development (or other proprietary product data), customer and supplier lists, customer and supplier information, information relating to practices, processes, methods, trade secrets, marketing plans and other non-public, proprietary and confidential information of the Company or any of its Subsidiaries or affiliates; provided, however, that Confidential Information shall not include any information which (x) is known generally to the public other than as a result of unauthorized disclosure by Grantee, (y) becomes available to Grantee on a non-confidential basis from a source other than the Company or any of its Subsidiaries or affiliates that lawfully obtained such information or (z) was available to Grantee on a non-confidential basis prior to its disclosure to Grantee by the Company or any of its Subsidiaries or affiliates. In addition to and not in limitation of anything in the foregoing, it is specifically understood and agreed by Grantee that any and all Confidential Information received by Grantee during his/her employment by the Company or any Subsidiary or affiliate is deemed Confidential Information. In the event Grantee’s employment is terminated hereunder for any reason, he/she immediately shall return to the Company or any of its Subsidiaries or affiliates all tangible Confidential Information (including any and all copies thereof) in his/her possession.
- (b) **Non-Competition Covenant.** Grantee agrees that during the period of Grantee’s employment with the Company or any of its Subsidiaries and for a period of twelve (12) months after the effective date of termination of employment (the “Restricted Period”), without the prior written consent of the Company’s CEO (or if Grantee is the CEO, without the prior written consent of the Committee), Grantee shall not, except in furtherance of his employment duties, directly or indirectly (whether as a sole proprietor, owner, partner, principal, manager, officer, director, agent, consultant, executive or management employee, or otherwise), engage in, assist or enable any other person to engage in, or directly or indirectly own more than 1% of any class or series of equity securities in, any business activity competitive (directly or indirectly) with the Business (as defined below) (a “Competing Entity”) anywhere in the world (the “Territory”), it being understood and agreed that the Company or any of its Subsidiaries or affiliates conducts and will conduct the Business throughout the Territory and that the Business effectively may be engaged in from any location throughout the Territory. As used in this Agreement, the term “**Business**” means the business of the Company and its Subsidiaries or affiliates, including (i) the purchase, collection, and/or management of portfolios of defaulted consumer receivables, (ii) claims filing, administration, or related services pertaining to securities or antitrust class action or similar litigation, (iii) the acquisition of claims or accounts related to securities or antitrust class action or similar litigation, or (iv) the administration, management, auditing or collection of state, federal or municipal taxes or other government accounts receivable. Notwithstanding the foregoing, an entity will not be deemed to be a Competing Entity, and Grantee and other persons assisted by Grantee will not be deemed to be engaged in the Business in violation of the terms of this Section 10(b) if (A) Grantee is employed by an entity that is meaningfully engaged in one or more enterprises whose principal business is other than the Business (the “Non-Competing Businesses”), (B) such entity’s relationship with Grantee relates solely to the Non-Competing Businesses, and (C) if requested by the Company or any of its Subsidiaries or affiliates, such entity and Grantee provide the

Company or any of its Subsidiaries or affiliates with reasonable assurances that Grantee will have no direct or indirect involvement in the Business on behalf of such entity.

- (c) **Non-Solicitation Covenant.** Grantee agrees that during the Restricted Period, without the prior written consent of the Company, Grantee shall not, on his own behalf or on behalf of any person or entity (other than on behalf of the Company or any of its Subsidiaries or affiliates), directly or indirectly, (i) solicit any Customer or Prospective Customer (as defined below) of the Company or any of its affiliates or Subsidiaries for the purpose of providing services or products relating to and competitive with the Business or facilitating the provision of such products or services; or (ii) engage, hire or solicit the employment of, whether on a full-time, part-time, consulting, advising, or any other basis, any employee who was employed by the Company or its affiliates or Subsidiaries on the effective date of Grantee's termination or at any time during the six (6) months preceding such termination date. This provision does not prohibit the solicitation of employees by means of a general advertisement. "Customer", as used in this Agreement, means any client or customer of the Company or any of its Subsidiaries or affiliates with respect to whom, at any time during the two (2) year period preceding the termination of Grantee's employment, Grantee: (i) performed services on behalf of the Company or any of its Subsidiaries or affiliates, or (ii) had substantial contact or acquired or had access to Confidential Information or other substantial information as a result of or in connection with Grantee's employment. "Prospective Customer", as used in this Agreement, means any entity other than a Customer with respect to whom, at any time during the one (1) year period preceding the termination of Grantee's employment, Grantee: (i) submitted or assisted in the submission of a presentation or proposal of any kind on behalf of the Company or any of its Subsidiaries or affiliates, or (ii) had substantial contact or acquired or had access to Confidential Information or other substantial information as a result of or in connection with Grantee's employment.
- (d) Grantee agrees that the covenants of confidentiality, non-competition and non-solicitation are reasonable covenants under the circumstances and further agrees that if, in the opinion of any court of competent jurisdiction, any such covenants are not reasonable or are unenforceable in any respect, such court shall have the right, power and authority to excise or modify such provision or provisions of these covenants as appear to the court not reasonable or unenforceable and to enforce the remainder of these covenants as so amended, and to that end the provisions of this Section 10 shall be deemed severable. Grantee agrees that any breach of the covenants contained in this Section 10 will result in immediate and irreparable harm to the Company and its Subsidiaries and affiliates for which full damages cannot readily be calculated and for which damages are an inadequate remedy. Accordingly, Grantee agrees that the Company or any of its Subsidiaries or affiliates, in addition to pursuing any other remedies it may have in law or in equity, may obtain an injunction (without posting a bond or other security) against Grantee from any court having jurisdiction over the matter restraining any breach or threatened breach of this Section 10. If the Grantee breaches this Section 10 all undelivered PSUs (whether vested or unvested) shall be immediately forfeited and cancelled and the Company may clawback (i) any PSUs delivered to Grantee in the preceding year and (ii) any other PSUs delivered in connection with, or following, Grantee's termination of employment.
- (e) To the extent that the restrictive covenants at section (b) and (c) above are covered by any restrictive covenants in the Grantee's contract of employment, for the avoidance of any doubt, the restrictive covenants contained in the Grantee's contract of employment shall prevail.
- (f) No particular consideration is payable for the covenants contained in this Section 10. However, if mandatory legislation is in effect or is introduced, pursuant to which consideration is a requirement for the validity and/or enforceability of the covenants in this Section 10, the Grantee shall receive the minimum compensation provided by law. The Company may waive the covenants contained in this Section 10 in whole or in parts, and the Grantee will only be entitled to such mandatory consideration for any period the covenants are invoked.

- (g) Notwithstanding the foregoing, no subsection of this Section 10 is intended to or shall limit, prevent, impede or interfere with the Grantee's non-waivable right, without prior notice to the Company, to provide information to the government, participate in investigations, testify in proceedings regarding the Company or any Subsidiaries or affiliates past or future conduct, engage in any activities protected under whistleblower statutes, or to receive and fully retain a monetary award from a government-administered whistleblower award program for providing information directly to a government agency. The Grantee does not need prior authorization from the Company to make any such reports or disclosures and is not required to notify the Company that the Grantee has made such reports or disclosures. Further, pursuant to the Defend Trade Secrets Act of 2016 (18 U.S.C. Section 1833(b)), the Grantee shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence either directly or indirectly to a Federal, State, or local government official, or to an attorney, solely for the purpose of reporting or investigating, a violation of law. The Grantee shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret made in a complaint, or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If the Grantee files a lawsuit alleging retaliation by the Company for reporting a suspected violation of the law, the Grantee may disclose the trade secret to the Grantee's attorney and use the trade secret in the court proceeding, so long as any document containing the trade secret is filed under seal and does not disclose the trade secret, except pursuant to court order.

## **11. Regulatory Requirements**

- (a) Anything in this Agreement to the contrary notwithstanding, in no event may any LTI Awards granted pursuant to this Agreement be effective if the Company or any of its Subsidiaries or affiliates shall, at any time and in its sole discretion, determine that the consent or approval of any governmental or regulatory body, is required or desirable in connection with such LTI Award. In such event, the LTI Award shall be held in abeyance and shall not be effective unless and until such consent or approval shall have been affected or obtained free of any conditions not acceptable to the Company or any of its Subsidiaries or affiliates.
- (b) The Committee may require as a condition to the right to receive any LTI Awards hereunder that the Company receive from the Grantee representations, warranties and agreements, at the time of any such grant, to the effect that the Shares are being purchased without any present intention to sell or otherwise distribute such Shares in violation of applicable securities laws and that the Shares will not be disposed of in transactions which would violate the Company's policies, including its Insider Trading Policy, or violate registration provisions of the Securities Act of 1933, as then amended, and the rules and regulations promulgated thereunder or other applicable law. If applicable, the certificate issued to evidence such Shares shall bear appropriate legends summarizing such restrictions on the disposition thereof.
- (c) All certificates for Shares or other securities of the Company shall be subject to such stop transfer orders and other restrictions as the Company or the Committee may deem advisable under the Company's policies, or the rules, regulations and other restrictions of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

## **12. Language**

The Grantee acknowledges that he or she is proficient in the English language or had the opportunity to consult with an advisor who is sufficiently proficient in English, so as to allow the Grantee to understand the provisions in this Agreement and the Plan. Further, if the Grantee has received this Agreement, or any other document related to the Plan or this LTI Award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control unless otherwise required by applicable law.



### **13. Electronic Delivery and Participation**

The Company may, in its sole discretion, decide (a) to deliver any documents related to the LTI Award, the Grantee's participation in the Plan, or future LTI Awards by electronic means, or (b) to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party designated by the Company.

### **14. Governing Law/Venue**

This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia and applicable United States laws, without giving effect to the conflict of laws principles thereof. Subject to Section 5 hereof, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors or assigns, as the case may be. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by any LTI Award or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the Commonwealth of Virginia and agree that such litigation shall be conducted only in the courts of Norfolk, Virginia, or the federal courts for the United States for the Eastern District of Virginia, and no other courts, where this LTI Award is made and/or to be performed.

### **15. Equitable Adjustments; Rights as Shareholder**

If any change is made to the outstanding Shares or capital structure of the Company, the outstanding and unvested PSUs shall be adjusted as necessary to prevent dilution or enlargement of a Grantee's rights hereunder in the manner contemplated by Section 12.2 of the Plan.

The Grantee shall not have any rights of a shareholder with respect to the LTI Award, including, but not limited to, voting rights until vesting and delivery of the applicable Shares underlying the LTI Award.

As of any date that the Company pays an ordinary cash dividend on its Shares, the Company will increase the applicable number of outstanding and unvested PSUs by the number of shares that represent an amount equal to the per share cash dividend paid by the Company on its shares of Common Stock multiplied by the number of outstanding and unvested PSUs as of the related dividend payment date (collectively, "Dividend Equivalent Shares"). Any such Dividend Equivalent Shares shall be subject to the same vesting, forfeiture, payment, termination and other terms, conditions and restrictions as the original PSUs to which they relate.

### **16. Interpretation**

Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Grantee and the Company.

### **17. Successors and Assigns.**

The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Grantee and the Grantee's beneficiaries, executors, administrators and the person(s) to whom the LTI Award may be transferred by will or the laws of descent or distribution.

### **18. Severability**

The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each

provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

## **19. Discretionary Nature**

The grant of the LTI Award is exceptional, voluntary and occasional and does not create any contractual right or other right to receive any other awards or benefits in lieu of awards in the future, even if awards have been granted in the past. Future awards, if any, will be at the sole discretion of the Committee. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Grantee's employment or service with the Company or any of its Subsidiaries or affiliates.

## **20. Amendment**

This Agreement may be modified or amended by the Board or the Committee at any time; provided, however, no modification or amendment to this Agreement or the Plan shall be made which would materially and adversely affect the rights of the Grantee under this Agreement, without such Grantee's written consent, except as otherwise set forth herein.

## **21. Section 409A**

To the extent Grantee is or becomes subject to U.S. Federal income taxation, this Agreement is intended to comply with Section 409A of the Code or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code. For purposes of this Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final Treasury regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time. In addition, and notwithstanding anything to the contrary in this Agreement, the Company reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without Grantee's consent, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection with this LTI Award. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of non-compliance with Section 409A.

Notwithstanding anything herein to the contrary, (i) to the extent any LTI Award constitutes nonqualified deferred compensation within the meaning of, and subject to, Section 409A, then, with respect to such LTI Award, all references in the Plan and this Agreement to the Grantee's termination of employment shall mean the Grantee's separation from service within the meaning of Section 409A, and (ii) in the event that Grantee is a "specified employee" within the meaning of Section 409A, and a payment or benefit provided for under this Agreement would be subject to additional tax under Section 409A if such payment or benefit is paid within six (6) months after such Grantee's "separation from service" (as defined under Section 409A), then such payment or benefit shall not be paid (or commence) during the six (6) month period immediately following such Grantee's separation from service except as provided in the immediately following sentence. In such an event, any payments or benefits that would otherwise have been made or provided during such six (6) month period and which would have incurred such additional tax under Section 409A shall instead be paid to the Grantee in a lump-sum cash payment, without interest, on the earlier of (i) the first business day following the six (6) month anniversary of such Grantee's separation from service or (ii) the tenth business day following such Grantee's death or such later date as is permitted under Section 409A.

## **22. Repayment Obligation.**

In the event that (i) the Company issues a restatement of financial results to correct a material error, (ii) the Committee determines, in good faith, that Grantee's fraud or willful misconduct was a significant contributing factor to the need to issue such restatement and (iii) some or all of the PSUs that were granted and/or earned during the three year period prior to such restatement would not have been granted and/or earned, as applicable, based upon the restated financial

results, the Grantee shall immediately return to the Company the PSUs or the pre-tax income derived from any disposition of the Shares previously received in settlement of the PSUs that would not have been granted and/or earned based upon the restated financial results (the “Repayment Obligation”). This Repayment Obligation shall be in addition to any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

### **23. Entire Agreement**

The above terms and conditions control this Agreement, notwithstanding any terms or provisions in any prior awards from the Company to the Grantee. In the case of any conflict between the provisions hereof and those of the Plan, the provisions of the Plan shall be controlling.

### **24. Appendix**

The LTI Award shall be subject to the additional terms and conditions set forth in the Appendix for the Grantee’s country. Moreover, if the Grantee relocates to one of the countries included in the Appendix, the terms and conditions for such country, if any, will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

### **25. Imposition of Other Requirements**

The Company reserves the right to impose other requirements on the Grantee’s participation in the Plan, on the LTI Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

### **26. Insider Trading/Market Abuse Laws**

The Grantee acknowledges that, depending on the Grantee’s country, the broker’s country, or the country in which Shares are listed, the Grantee may be subject to insider trading and/or market abuse laws which may affect the Grantee’s ability to accept, acquire, sell or otherwise dispose of Shares, rights to such shares (*e.g.*, the LTI Award) or rights linked to the value of Shares under the Plan during such times as the Grantee is considered to have “material nonpublic information” or “insider information” regarding the Company (as defined by the laws or regulations in the relevant jurisdiction). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Grantee places before the Grantee possessed inside information. Furthermore, the Grantee could be prohibited from (a) disclosing inside information to any third party and (b) “tipping” third parties or causing them otherwise to buy or sell securities. Note that third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company’s insider trading policy, and the requirements of applicable laws may or may not be consistent with the terms of the Company’s insider trading policy. The Grantee acknowledges that it is his or her responsibility to comply with any applicable restrictions, and that the Grantee should speak to his or her personal advisor on this matter.

### **27. Foreign Asset/Account Reporting Notification**

The Grantee understands that the Grantee’s country may have certain exchange control and/or foreign asset/account reporting requirements which may affect the Grantee’s ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside of the Grantee’s country. The Grantee may be required to report such accounts, assets or transactions to the tax or other authorities in the Grantee’s country. The Grantee also may be required to repatriate sale proceeds from the sale of Shares or other funds received as a result of participation in the Plan to the Grantee’s country through a designated bank or broker within a certain time after receipt. In addition, the Grantee agrees to take any and all actions required by the Company, any Subsidiary or affiliate of the Company or the local laws, rules and

regulations in the Grantee's country of residence (and country of employment, if different) that may be required to comply with such laws, rules and regulations. The Grantee acknowledges that it is the Grantee's responsibility to comply with any applicable regulations, and the Grantee should speak to the Grantee's personal advisor on this matter.

## **28. Waiver**

The Grantee acknowledges that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any prior or subsequent breach by the Grantee or any other grantee.

## **ANNEX A**

### **ADJUSTED EBITDA CALCULATION**

EBITDA is defined using GAAP reported Net Operating Income adjusted to add back Depreciation and Amortization.

Adjusted EBITDA is defined as EBITDA adjusted to remove Changes in Estimates and to add back Depreciation, Amortization and Recoveries applied to negative allowance. Both of these items are defined using GAAP and are reported as line items in the statement of cash flows.

### **ADJUSTMENTS**

The following adjustments will be made to performance category 1:

- Adjustments to neutralize the impact of actual foreign currency translation rates
- Changes in accounting principles and tax laws

## APPENDIX

### PRA GROUP, INC.

#### **2022 Omnibus Incentive Plan Performance Stock Unit Agreement Country-Specific Provisions**

Capitalized terms used but not defined herein shall have the meanings set forth in the Plan and/or the Agreement.

This Appendix includes additional terms and conditions applicable to Grantees and the PSUs (the “Stock Units”) granted to such Grantees under the Plan if the Grantee resides and/or works in any of the countries listed below.

This Appendix also includes information regarding exchange control and certain other issues of which the Grantee should be aware with respect to the Grantee’s participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as of February 2023. However, such laws are often complex and change frequently. As a result, the Company strongly recommends that the Grantee does not rely on the information noted herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the Grantee vests in the Stock Units, acquires Shares (or the cash equivalent) or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Grantee’s particular situation and the Company is not in a position to assure the Grantee of any particular result. Accordingly, the Grantee is advised to seek appropriate professional advice as to how the relevant laws in the Grantee’s country may apply to the Grantee’s situation.

Finally, if the Grantee is a citizen or resident of a country other than the one in which the Grantee is currently residing and/or working, transfers employment and/or residency to another country after the Stock Units are granted or is considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to the Grantee in the same manner. The Company shall, in its sole discretion, determine to what extent the terms and conditions included herein will apply under these circumstances.

#### **THE FOLLOWING PROVISIONS APPLY TO GRANTEEES WHO WORK AND / OR RESIDE INSIDE THE EUROPEAN UNION, THE EUROPEAN ECONOMIC AREA, SWITZERLAND / OR THE UNITED KINGDOM AND REPLACES SECTION 9 OF THE AGREEMENT**

##### *TERMS AND CONDITIONS*

By accepting the LTI Award, the Grantee acknowledges that the Grantee has read and understood the information regarding the collection, processing and transfer of the Grantee’s personal data described below. Capitalized terms used in this Appendix shall have the meaning ascribed to such terms in the Plan.

**Data Collection and Usage.** The Company or, if different, the Grantee’s employer (the “Employer”) will collect, process, transfer and use personal data about the Grantee that is necessary for the purpose of implementing, administering and managing the Grantee’s participation in the Plan. This personal data may include the Grantee’s name, home address, email address, date of birth, social insurance number, passport or other identification number, nationality and citizenship, any shares of common stock or directorships held in the Company, details of all awards or other entitlements to shares of common stock, granted, canceled, exercised, vested, unvested or outstanding in the Grantee’s favor (“Data”).

**Purposes and Legal Bases of Processing.** The Company processes the Data for the purpose of performing its contractual obligations under the Plan, which include implementing, administering and managing the Grantee’s participation in the Plan and facilitating compliance with applicable tax, exchange control, securities and labor law. The legal basis for the processing of the Data by the Company

and the third party service providers described below is the necessity of the data processing for the Company to perform its contractual obligations under the Plan and relevant award agreement the Grantee and for the Company's legitimate business interests of managing the Plan and generally administering employee LTI Awards.

**Stock Plan Administration Service Providers.** The Company transfers Data to E\*TRADE Financial Corporate Services, Inc. and certain of its affiliates (jointly, "E\*TRADE"), independent service providers with operations, relevant to the Company, in the United States, which assist the Company with the implementation, administration and management of the Plan. In the future, the Company may select different service providers and share the Grantee's Data with other service providers that serve in a similar manner. The Company's service providers may open accounts for the Grantee to receive and trade shares of common stock. The processing of the Grantee's Data will take place through both electronic and non-electronic means. The Grantee may be asked to agree on separate terms and data processing practices with E\*TRADE or any other service providers the Company may designate, with such agreement being a condition of the ability to participate in the Plan.

**International Data Transfers.** The Company and its service providers, including, without limitation, E\*TRADE, operate, relevant to the Company, in the United States, which means that it will be necessary for Data to be transferred to, and processed in, the United States. The Grantee understands and acknowledges that the United States is not subject to an unlimited adequacy finding by the European Commission and that the Grantee's Personal Data may not have an equivalent level of protection as compared to the Grantee's country of residence. The Company may transfer Data on the basis of a decision of the European Commission stating the appropriate level of protection, standard data protection clauses or, where applicable, on the basis of the Privacy Shield programs between the European Union and the United States and between Switzerland and the United States, as applicable. The Grantee has the right to obtain from us confirmation of the conclusion of appropriate contractual arrangements.

**Data Retention.** The Company will use Data only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan or as required to comply with legal or regulatory obligations, including under tax, exchange control, securities, and labor laws. The Company may keep some of the Grantee's Data even after the Grantee terminates employment with the Company group to satisfy legal or regulatory obligations and the Company's legal basis for such use would be necessity to comply with legal obligations. When the Company no longer needs the Grantee's Data, the Company will remove it from its systems.

**Contractual Requirement.** The processing and transfer of Data as described above is a contractual requirement and a condition to the Grantee's ability to participate in the Plan. However, the Grantee's participation in the Plan and acceptance of the relevant agreement are purely voluntary. While the Grantee will not receive LTI Awards if the Grantee decides against participating in the Plan, the Grantee's career and salary will not be affected in any way.

**Data Subject Rights.** The Grantee has a number of rights under data privacy laws in the Grantee's country. Depending on where the Grantee is based, the Grantee's rights may include the right to (i) request access or copies of the Grantee's Data the Company processes, (ii) rectify incorrect Data and/or delete the Grantee's Data, (iii) restrict processing of the Grantee's Data, (iv) portability of the Grantee's Data, (v) lodge complaints with the competent data protection authorities in the Grantee's country and/or (vi) obtain a list with the names and addresses of any recipients of the Grantee's Data. To receive clarification regarding the Grantee's rights or to exercise the Grantee's rights please contact the Company at [compensation@pragroup.com](mailto:compensation@pragroup.com).

## **AUSTRALIA**

### **TERMS AND CONDITIONS**

**Tax Conditions.** Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies to the LTI Award granted under the Plan, such that the LTI Award is intended to be subject to deferred taxation.

**Securities Law Information.** This LTI Award offer is made under Division 1A Part 7.12 of the Corporations Act 2001 (Cth). If the Grantee offers Shares acquired under the Plan for sale to a person or

entity resident in Australia, the Grantee's offer may be subject to disclosure requirements under Australian law. The Grantee should obtain legal advice on any disclosure obligations prior to making any such offer.

**Exchange Control Information.** If the Grantee is an Australian resident, exchange control reporting is required for cash transactions exceeding AUD10,000 and international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on the Grantee's behalf. If there is no Australian bank involved with the transfer, the Grantee will be required to file the report.

## AUSTRIA

### TERMS AND CONDITIONS

**The following provision supplements Section 10(b) of the Agreement:**

The phrase "any business activity competitive (directly or indirectly) with the Business (as defined below) (a "Competing Entity") anywhere in the world (the "Territory") shall be replaced with:

"any business activity competitive (directly or indirectly) with the Business (as defined below) (a "Competing Entity") in Europe (the "Territory").

### NOTIFICATIONS

**Foreign Asset/Account Reporting Information.** If the Grantee holds Shares acquired under the Plan or cash (including proceeds from the sale of Shares) outside of Austria, the Grantee may be subject to reporting obligations to the Austrian National Bank.

**Exchange Control Information.** If the Grantee holds securities (including Shares acquired under the Plan) or cash (including proceeds from the sale of Shares) outside of Austria, he or she may be subject to reporting obligations to the Austrian National Bank. If the value of the Shares meets or exceeds a certain threshold, the Grantee must report the securities held on a quarterly basis to the Austrian National Bank as of the last day of the quarter, on or before the 15th day of the month following the end of the calendar quarter. In all other cases, an annual reporting obligation applies and the report has to be filed as of December 31 on or before January 31 of the following year using the form P2. Where the cash amounts held outside of Austria meet or exceed a certain threshold, monthly reporting obligations apply as explained in the next paragraph.

If the Grantee sells Shares, or receives any cash dividends, the Grantee may have exchange control obligations if the Grantee holds the cash proceeds outside Austria. If the transaction volume of all the Grantee's accounts abroad meets or exceeds a certain threshold, the Grantee must report to the Austrian National Bank the movements and balances of all accounts on a monthly basis, as of the last day of the month, on or before the 15th day of the following month, on the prescribed form (Meldungen SI-Forderungen und/oder SI-Verpflichtungen).

## BRAZIL

### TERMS AND CONDITIONS

**Intent to Comply with Law.** The Grantee agrees to comply with applicable Brazilian laws and to report and pay any and all applicable tax-related items associated with the vesting of the LTI Award, the sale of any Shares acquired upon vesting of the LTI Award and the receipt of any dividends or dividend equivalents.

**Nature of Grant.** This provision supplements Section 7 of the Agreement:

The Grantee agrees that (i) the Grantee is making an investment decision, (ii) the LTI Award will vest only if the vesting conditions are met and any necessary services are rendered by the Grantee over the



vesting period and (iii) the value of the Shares subject to the LTI Award is not fixed and may increase or decrease in value over the vesting period without compensation to the Grantee.

## NOTIFICATIONS

**Exchange Control Information.** The Grantee acknowledges that if the Grantee is a Brazilian resident or domiciled in Brazil, the Grantee is required to submit an annual declaration of assets and rights held outside Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is US\$100,000 or more. Assets and rights that must be reported include Shares acquired under the Plan. The US\$100,000 threshold may be changed annually.

**Tax on Financial Transactions.** Payments to foreign countries, repatriation of funds into Brazil, and the conversion between BRL and USD associated with such fund transfers, may be subject to the Tax on Financial Transaction. It is the Grantee's personal responsibility to comply with any applicable Tax on Financial Transaction arising from participation in the Plan. The Grantee should consult with the Grantee's personal tax advisor for additional details.

## CANADA

### TERMS AND CONDITIONS

**Payment.** Notwithstanding any discretion contained in the Plan or this Agreement, the LTI Award granted to Grantees in Canada shall be paid in Shares only and does not provide any right for the Grantee to receive a cash payment.

Termination. The following provision supplements Section 1(e) of the Agreement:

In the event of the termination of the Grantee's Business Relationship with the Company or any Subsidiary or affiliate of the Company, unless otherwise provided in the Agreement or determined by the Company, the Grantee's right to vest in the PSUs under the Plan will terminate effective as of the earlier of (i) the date the Grantee's service ends, no matter how the termination of service arises; or (ii) the date the Grantee receives written notice of termination of the Business Relationship from the Company or the Employer. In either case, the date shall exclude any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under local law. For greater certainty, the Grantee will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which the Grantee's right to vest terminates, nor will the Grantee be entitled to any compensation for lost vesting. Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued vesting during a statutory notice period, the Grantee's right to vest in the PSUs, if any, will terminate effective as of the last day of the Grantee's minimum statutory notice period, but the Grantee will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of the Grantee's statutory notice period, nor will the Grantee be entitled to any compensation for lost vesting.

**The following provisions apply if the Grantee resides in Quebec:**

**Language.** A French translation of the Plan and the Agreement can be made available as soon as reasonably practicable upon request. The Grantee understands that, from time to time, additional information related to the offering of the Plan might be provided in English and such information may not be immediately available in French. However, upon request, the Company will translate into French documents related to the offering of the Plan as soon as reasonably practicable.

*Une traduction française du Plan et de l'Accord peut être disponible dès que raisonnablement possible sur demande. Le bénéficiaire comprend que, de temps à autre, des informations supplémentaires liées à l'offre du Plan peuvent être fournies en anglais et que ces informations peuvent ne pas être immédiatement disponibles en français. Cependant, sur demande, la Compagnie traduira en français les documents relatifs à l'offre du Plan dès que raisonnablement possible.*

**The following provision supplements the Data Privacy Provisions in Section 9 of the Agreement:**

**Data Privacy.** The Grantee hereby authorizes the Company, its Subsidiaries, affiliates and their representatives, including the broker(s) designated by the Company, to discuss with and obtain all relevant information from all personnel, professional or otherwise, involved in the administration and operation of the Plan. The Grantee acknowledges that their Personal Data, including and sensitive personal information, may be transferred or disclosed outside of the province of Quebec, including to the United States. The Grantee further authorizes the Company and/or any Subsidiary or affiliate of the Company to record such information in his or her employee file. If applicable, the Grantee also acknowledges that the Company, E\*Trade and/or any Subsidiary or affiliate of the Company may use technology for profiling purposes and make automated decisions that may have an impact on the Grantee's participation in the Plan or the administration of the Plan.

**NOTIFICATIONS**

**Securities Law Information.** The Grantee is permitted to sell Shares acquired under the Plan provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the Nasdaq Exchange in the United States.

**Foreign Asset/Account Reporting Information.** Foreign property, including Shares and rights to receive shares (*e.g.*, Stock Units), held by Canadian residents must be reported annually to the tax authorities on Form T1135 (Foreign Income Verification Statement) if the total cost of all of your foreign specified property exceeds C\$100,000 at any time during the year. The form must be filed by April 30th of the following year when such foreign property was held by a Canadian resident. It is the Grantee's responsibility to comply with applicable reporting obligations and the Grantee should consult with his or her personal tax advisor in this regard.

**COLOMBIA**

**TERMS AND CONDITIONS**

**Nature of Grant.** This provision supplements Section 7 of the Agreement:

The Grantee acknowledges that pursuant to Article 128 of the Colombian Labor Code, the Plan and related benefits do not constitute a component of the Grantee's "salary" for any legal purpose. The Plan and related benefits will not be included and / or considered for purposes of calculating any and all labor benefits, such as legal / fringe benefits, vacation, indemnities, payroll taxes, social insurance contributions and / or any other labor related amounts, subject to the limitations provided in Law 1393/2010.

**NOTIFICATIONS**

**Securities Law Information.** The Shares subject to the LTI Award are not and will not be registered with the Colombian registry of publicly traded securities (Registro Nacional de Valores y Emisores) and therefore the Shares may not be offered to the public in Colombia. Nothing in this document should be construed as the making of a public offer of securities in Colombia. An offer of Shares to employees will not be considered a public offer provided that it meets the conditions set forth in Article 6.1.1.1.1 in Decree 2555, 2010.

**Exchange Control Information.** The Grantee must register the Grantee's investments with the Central Bank of Colombia (Banco de la República). The registration method will vary depending on whether cash is remitted from Colombia (either by the Grantee or the Employer), or no cash consideration is paid at all. Upon liquidation of assets held abroad, the Grantee must (i) cancel the registration with the Central Bank and (ii) repatriate the proceeds from the sale or liquidation to Colombia and file the appropriate Central Bank form (usually through the Grantee's own local bank). The Grantee personally is responsible for complying with applicable exchange control requirements in Colombia.

**Foreign Asset/Account Reporting Information.** An annual information return may need to be filed with the Colombian Tax Office detailing any assets held abroad (including Shares acquired under the Plan). If the individual value of any of these assets exceeds a certain threshold, each asset must be described (*e.g.*,

its nature and its value) and the jurisdiction in which it is located must be disclosed. It is the Grantee's responsibility to comply with this tax reporting requirement.

## FINLAND

No country-specific provisions apply.

## GERMANY

### NOTIFICATIONS

**Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. No report is required for payments less than €12,500. If the Grantee acquires Shares with a value in excess of this amount under the Plan or sells Shares via a foreign broker, bank or service provider and receives proceeds in excess of this amount, the Grantee must report the acquisition/payment to the Bundesbank. The report must be filed electronically. The form of report ("*Allgemeine Meldeportal Statistik*") can be accessed via the Bundesbank's website ([www.bundesbank.de](http://www.bundesbank.de)) and is available in both German and English. The report must be submitted monthly or within other such timing as is permitted or required by the Bundesbank. The Grantee is responsible for satisfying the reporting obligation.

**Foreign Asset/Account Reporting Information.** If the Grantee's acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year, the Grantee will need to report the acquisition when the Grantee files his or her tax return for the relevant year. A qualified participation is attained if (i) the value of the Shares acquired exceeds €150,000, or (ii) the Grantee holds Shares exceeding 10% of the total capital of the Company. However, if the Grantee owns less than 1% of the total capital of the Company, this requirement will not apply.

## ITALY

### TERMS AND CONDITIONS

**Grant Terms Acknowledgment.** By accepting the LTI Award, the Grantee acknowledges that the Grantee has received a copy of the Plan and the Agreement, including this Appendix, in their entirety and fully understands and accepts all the provisions of the Plan and the Agreement. The Grantee further acknowledges having read and specifically approves the following sections of the Agreement: Performance Categories, Determining the Number of PSUs Earned, Non-assignability, Responsibility for Taxes, Nature of Grant, Confidentiality; Non-Competition and Non-Solicitation Covenants, Language, Electronic Delivery and Participation, Governing Law / Venue, Successors and Assigns, Repayment Obligation, Appendix, Imposition of Other Requirements, and Waiver.

### NOTIFICATIONS

**Foreign Asset/Account Reporting Information.** Italian residents who, at any time during the tax year, hold foreign financial assets outside of Italy (e.g., cash and Shares) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

**Tax on Foreign Financial Assets.** A tax on the value of financial assets held outside of Italy by individual residents in Italy may be due to the extent their value exceeds a certain threshold. The taxable amount will be the fair market value of the financial assets (including Shares) assessed at the end of each calendar year or on the last day the financial assets are held (in such case, or when assets are acquired during the course of the year, the tax is levied on proportion to the number of days the assets are held over the calendar year).

## NORWAY

### NOTIFICATIONS

**Exchange Control Information.** In general, Norwegian residents should not be subject to any foreign exchange requirements in connection with the acquisition or sale of Shares under the Plan, except normal reporting requirements to the Norwegian Currency Registry. If the transfer of funds into or out of Norway is made through a Norwegian bank, the bank will make the registration.

## POLAND

### NOTIFICATIONS

**Foreign Asset / Account Reporting Information.** Polish residents holding foreign securities (including Shares) and/or maintaining accounts abroad must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (when combined with all other assets held abroad) exceeds certain thresholds. If required, the reports must be filed on a quarterly basis on special forms available on the website of the National Bank of Poland. Polish residents should consult with their personal tax advisor to determine their personal reporting obligations.

**Exchange Control Information.** Transfers of funds into and out of Poland in excess of €15,000 (or PLN 15,000 if such transfer of funds is connected with business activity of an entrepreneur) must be made via a bank account held at a bank in Poland. Additionally, Polish residents are required to store all documents connected with any foreign exchange transactions that Polish residents are engaged in for a period of five years, as measured from the end of the year in which such transaction occurred.

## SPAIN

### TERMS AND CONDITIONS

#### **The following provision supplements Section 10(b) of the Agreement:**

Grantee agrees that any PSUs granted under the Plan during his or her employment with the Company or its Subsidiaries constitute adequate compensation for the covenants of confidentiality, non-competition and non-solicitation. If the Grantee breaches this Section 10, all undelivered PSUs (whether vested or unvested) shall be immediately forfeited and cancelled and the Company may clawback (i) any PSUs delivered to Grantee in the preceding year and (ii) any other PSUs delivered in connection with, or following, Grantee's termination of employment and (iii) when applicable, the cash compensation paid during the Restricted Period. If at the effective date of termination of the employment, the Grantee has not received through LTI Awards at least a 50% of his/her fixed gross salary at termination date for the Restricted Period as compensation for the covenants of noncompetition and non-solicitation, the Company will pay the difference up to the referred 50% in 12 cash monthly installments during the Restricted Period.

**Nature of Grant.** This provision supplements Section 7 of the Agreement:

By accepting the LTI Award, the Grantee acknowledges that he or she consents to participation in the Plan and has received a copy of the Plan and the Agreement.

The Grantee understands that the Company has unilaterally, gratuitously and discretionally decided to grant the LTI Award under the Plan to individuals who may provide service the Company or its Subsidiaries or affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that the grant will not economically or otherwise bind the Company or any of its Subsidiaries or affiliates on an ongoing basis other than as set forth in the applicable award agreement. Consequently, the Grantee understands that the LTI Award is granted on the assumption and condition that the LTI Award and any Shares subject to the vesting of the Stock Units shall not become a part of any employment contract (either with the Company or any of its Subsidiaries or affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation)

or any other right whatsoever. Furthermore, the Grantee understands and accepts that there is no guarantee that any benefit whatsoever shall arise from the LTI Award, which is gratuitous and discretionary, since the future value of the LTI Award, and the underlying Shares, is unknown and unpredictable.

Additionally, the Grantee understands that the vesting of the Stock Units covered by the LTI Award is expressly conditioned on the Grantee's continued and active rendering of service to the Company or the Employer, as applicable, such that if the Grantee's employment terminates for any reason, except death, Disability, Retirement and certain circumstances at a Change in Control, the Stock Units will cease vesting immediately effective as of the date of cessation of active employment by reason of, but not limited to, resignation, retirement, disciplinary dismissal adjudged to be with cause (i.e., subject to a "*despido improcedente*"), disciplinary dismissal without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985.

## NOTIFICATIONS

**Exchange Control Information.** In the event that the Grantee holds 10% or more of the share capital or voting rights of the Company or such other amount that would entitle the Grantee to join the Board of Directors of the Company, the Grantee must declare such holding to the Spanish Dirección General de Comercio e Inversiones (the "DGCI"), which is a department of the Ministry of Economy and Competitiveness. Such declaration should be done by filing a Form D-6 each January while the Shares are owned. In addition, the acquisition and sale when the Grantee holds 10% or more of the share capital or voting rights of the Company must also be declared on Form D-6 filed with the Spanish Registro de Inversiones within one month from the acquisition or sale.

**Foreign Asset/Account Reporting Information.** If the Grantee holds rights or assets (e.g., Shares or cash held in a bank or brokerage account) outside of Spain with a value in excess of €50,000 per type of right or asset (e.g., Shares, cash, etc.) as of December 31 each year, the Grantee is required to report certain information regarding such rights and assets on tax form 720. After such rights and/or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000 or if the ownership of the assets is transferred or relinquished during the year. The reporting must be completed by the following March 31.

The Grantee is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), any foreign instruments (including any Shares acquired under the Plan) and any transactions with non-Spanish residents (including any payments of Shares made to the Grantee by the Company) depending on the value of such accounts and instruments and the amount of the transactions during the relevant year as of December 31 of the relevant year. More frequent reporting may be required if the transaction value or account balance exceeds €100,000,000.

**Securities Law Information.** The LTI Award and the Shares subject to the LTI Award do not qualify as securities under Spanish regulations. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory. Neither the Plan nor the Agreement have been or will be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), nor do they constitute a public offering prospectus.

## SWEDEN

### TERMS AND CONDITIONS

**Responsibility for Taxes.** The following provision supplements Section 6 of the Agreement:

Without limiting the Company's or any Subsidiary's or affiliate's authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 6 of the Agreement, in accepting the grant of the LTI Award, the Grantee authorizes the Company and/or any Subsidiary or affiliate to withhold Shares or to sell Shares otherwise deliverable to the Grantee upon vesting/settlement to satisfy Tax-Related Items,

regardless of whether the Company and/or any Subsidiary or affiliate has an obligation to withhold such Tax-Related Items.

## **SWITZERLAND**

### **NOTIFICATIONS**

**Securities Law Information.** Neither this document nor any other materials relating to the LTI Award (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“FinSA”) (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an Employee and other service provider of the Company or any Subsidiary or affiliate or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

## **UNITED KINGDOM**

### **TERMS AND CONDITIONS**

**The following provision supplements Section 10(b) of the Agreement:**

The phrase “directly or indirectly own more than 1% of any class or series of equity securities in, any business activity competitive (directly or indirectly) with the Business (as defined below) (a “Competing Entity”) anywhere in the world (the “Territory”) shall be replaced with:

“directly or indirectly own more than 1% of any class or series of equity securities in, any entity or business which at such time has material operations that are engaged, or about to be engaged, in any business activity competitive (directly or indirectly) with the Business (as defined below) in Europe and with which the Grantee was materially involved at any time during the last 12 months of the Grantee’s employment with the Company or any Subsidiary (a “Competing Entity”) anywhere in the world (the “Territory”).

**Responsibility for Taxes.** The following provision supplements Section 6 of the Agreement:

Without limitation to Section 6 of the Agreement, the Grantee agrees that he or she is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Employer or by HM Revenue and Customs (“HMRC”) (or any other tax authority or any other relevant authority). The Grantee also agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Grantee’s behalf.

Notwithstanding the foregoing, if the Grantee is an executive officer or director of the Company within the meaning of Section 13(k) of the Exchange Act, the Grantee shall not be eligible for a loan to cover the income tax due as described above. In the event that the Grantee is such an executive officer or director and the income tax due is not collected by the Due Date, the amount of any uncollected income tax may constitute a benefit to the Grantee on which additional income tax and National Insurance Contributions (“NICs”) may be payable. The Grantee acknowledges that the Grantee ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as applicable) for the value of any employee NICs due on this additional benefit, which the Company or the Employer may recover from the Grantee by any of the means referred to in Section 6 of the Agreement.

I, Vikram A. Atal, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 periods 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 control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - (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 control 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.

May 8, 2023

By: /s/ Vikram A. Atal  
Vikram A. Atal  
President and Chief Executive Officer  
(Principal Executive Officer)

I, Peter M. Graham, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 periods 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 control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - (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 control 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.

May 8, 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 Quarterly Report of PRA Group, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vikram A. Atal, 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 result of operations of the Company.

May 8, 2023

By: /s/ Vikram A. Atal  
Vikram A. Atal  
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 Quarterly Report of PRA Group, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2023 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 result of operations of the Company.

May 8, 2023

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