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, 2024

☐ 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	**75-3078675**
(State or other jurisdiction of incorporation or organization)	**(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:

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

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 þ 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 þ 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 þ 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 þ

The number of shares of the registrant's common stock outstanding as of May 2, 2024 was 39,352,006 .

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Item 1. Financial Statements (Unaudited)

PRA Group, Inc.
Consolidated Balance Sheets
March 31, 2024 and December 31, 2023
(Amounts in thousands)

	(unaudited) March 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 108,100	$ 112,528
Investments	58,879	72,404
Finance receivables, net	3,650,195	3,656,598
Income taxes receivable	32,067	27,713
Deferred tax assets, net	78,883	74,694
Right-of-use assets	44,187	45,877
Property and equipment, net	34,054	36,450
Goodwill	411,846	431,564
Other assets	63,971	67,526
Total assets	$ 4,482,182	$ 4,525,354
Liabilities and Equity		
Liabilities:		
Accounts payable	$ 10,814	$ 6,325
Accrued expenses	98,902	131,893
Income taxes payable	23,541	17,912
Deferred tax liabilities, net	16,888	17,051
Lease liabilities	48,557	50,300
Interest-bearing deposits	113,259	115,589
Borrowings	2,953,048	2,914,270
Other liabilities	20,855	32,638
Total liabilities	3,285,864	3,285,978
Equity:		
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, 39,345 shares issued and outstanding as of March 31, 2024; 100,000 shares authorized, 39,247 shares issued and outstanding as of December 31, 2023	393	392
Additional paid-in capital	8,928	7,071
Retained earnings	1,493,023	1,489,548
Accumulated other comprehensive loss	(373,018)	(329,899)
Total stockholders' equity - PRA Group, Inc.	1,129,326	1,167,112
Noncontrolling interests	66,992	72,264
Total equity	1,196,318	1,239,376
Total liabilities and equity	$ 4,482,182	$ 4,525,354

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, 2024 and 2023
(Amounts in thousands, except per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2024	**2023**
Revenues:		
Portfolio income	$ 202,056	$ 188,242
Changes in expected recoveries	51,674	(36,912)
Total portfolio revenue	253,730	151,330
Other revenue	1,856	4,140
Total revenues	255,586	155,470
Operating expenses:		
Compensation and employee services	73,597	82,403
Legal collection fees	12,112	8,838
Legal collection costs	26,691	23,945
Agency fees	19,723	17,378
Outside fees and services	25,050	24,944
Communication	12,578	10,527
Rent and occupancy	4,144	4,448
Depreciation and amortization	2,720	3,589
Other operating expenses	12,575	13,042
Total operating expenses	189,190	189,114
Income/(loss) from operations	66,396	(33,644)
Other income and (expense):		
Interest expense, net	(52,278)	(38,283)
Foreign exchange gain/(loss), net	227	(9)
Other	(206)	(650)
Income/(loss) before income taxes	14,139	(72,586)
Income tax expense/(benefit)	2,386	(18,683)
Net income/(loss)	11,753	(53,903)
Adjustment for net income attributable to noncontrolling interests	8,278	4,726
Net income/(loss) attributable to PRA Group, Inc.	$ 3,475	$ (58,629)
Net income/(loss) per common share attributable to PRA Group, Inc.:		
Basic	$ 0.09	$ (1.50)
Diluted	$ 0.09	$ (1.50)
Weighted average number of shares outstanding:		
Basic	39,274	39,033
Diluted	39,448	39,033

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, 2024 and 2023
(Amounts in thousands)
(unaudited)

	Three Months Ended March 31,	
	2024	**2023**
Net income/(loss)	$ 11,753	$ (53,903)
Other comprehensive loss, net of tax		
Foreign currency translation adjustments	(48,191)	(1,550)
Cash flow hedges	2,808	(4,831)
Debt securities available-for-sale	46	128
Other comprehensive loss	(45,337)	(6,253)
Total comprehensive loss	(33,584)	(60,156)
Less comprehensive income attributable to noncontrolling interests	6,059	7,276
Comprehensive loss attributable to PRA Group, Inc.	$ (39,643)	$ (67,432)

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, 2024 and 2023
(Amounts in thousands)
(unaudited)

	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Noncontrolling	Total
	Shares	Amount	Capital	Earnings	Income/(Loss)	Interests	Equity
Balance as of December 31, 2023	39,247	$ 392	$ 7,071	$ 1,489,548	$ (329,899)	$ 72,264	$ 1,239,376
Components of comprehensive income, net of tax:							
Net income	—	—	—	3,475	—	8,278	11,753
Foreign currency translation adjustments	—	—	—	—	(45,973)	(2,218)	(48,191)
Cash flow hedges	—	—	—	—	2,808	—	2,808
Debt securities available-for-sale	—	—	—	—	46	—	46
Distributions to noncontrolling interest	—	—	—	—	—	(11,332)	(11,332)
Vesting of restricted stock	98	1	(1)	—	—	—	—
Share-based compensation expense	—		3,327	—	—	—	3,327
Employee stock relinquished for payment of taxes	—	—	(1,469)	—	—	—	(1,469)
Balance as of March 31, 2024	39,345	$ 393	$ 8,928	$ 1,493,023	$ (373,018)	$ 66,992	$ 1,196,318

	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Noncontrolling	Total
	Shares	Amount	Capital	Earnings	Income/(Loss)	Interests	Equity
Balance as of 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)
Foreign 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 as of March 31, 2023	39,170	$ 392	$ 285	$ 1,514,396	$ (356,730)	$ 66,366	$ 1,224,709

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, 2024 and 2023
(Amounts in thousands)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net income/(loss)	$ 11,753	$ (53,903)
Adjustments to reconcile net income/(loss) to net cash used in operating activities:		
Share-based compensation expense	3,327	3,799
Depreciation and amortization	2,720	3,589
Amortization of debt discount and issuance costs	2,200	2,441
Changes in expected recoveries	(51,674)	36,912
Deferred income taxes	(6,487)	(12,400)
Net unrealized foreign currency transaction gain	(9,689)	(15,020)
Fair value in earnings for equity securities	206	(3)
Other	200	(59)
Changes in operating assets and liabilities:		
Other assets	1,216	(5,197)
Accrued expenses, accounts payable and other liabilities	(26,806)	9,176
Income taxes payable, net	66	(16,717)
Right-of-use asset/lease liability	(31)	(139)
Net cash used in operating activities	(72,999)	(47,521)
Cash flows from investing activities:		
Purchases of property and equipment, net	(495)	(405)
Purchases of nonperforming loan portfolios	(245,817)	(219,030)
Recoveries applied to negative allowance	251,660	225,709
Purchases of investments	(48,247)	(60,057)
Proceeds from sales and maturities of investments	58,110	62,762
Net cash provided by investing activities	15,211	8,979
Cash flows from financing activities:		
Proceeds from lines of credit	153,171	243,431
Principal payments on lines of credit	(86,435)	(199,377)
Proceeds from issuance of Senior Notes due 2028	—	400,000
Principal payments on long-term debt	(5,000)	(2,500)
Payments of origination cost and fees	(117)	(5,114)
Tax withholdings related to share-based payments	(1,469)	(5,683)
Distributions to noncontrolling interests	(11,332)	—
Net increase/(decrease) in interest-bearing deposits	4,004	(4,951)
Net cash provided by financing activities	52,822	425,806
Effect of exchange rates on cash	861	3,656
Net increase/(decrease) in cash, cash equivalents and restricted cash	(4,105)	390,920
Cash, cash equivalents and restricted cash, beginning of period	113,692	84,759
Cash, cash equivalents and restricted cash, end of period	$ 109,587	$ 475,679
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 76,677	$ 25,081
Cash paid for income taxes	8,616	10,555
Reconciliation to Balance Sheet accounts:		
Cash and cash equivalents	$ 108,100	$ 116,471
Restricted cash included in Other assets	1,487	359,208
Cash, cash equivalents and restricted cash	$ 109,587	$ 475,679

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 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, 2024, and the Consolidated Income Statements, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the three months ended March 31, 2024 and 2023, have been included. 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.

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, 2023 (the "2023 Form 10-K"). For further discussion of the Company's significant accounting policies, refer to Note 1 to the Consolidated Financial Statements in the 2023 Form 10-K. There were no material changes to these policies during the three months ended March 31, 2024.

The preparation of the Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Realized results could differ from those estimates and assumptions, and the Company's Consolidated Income Statements for the three months ended March 31, 2024 may not be indicative of future results.

Reclassification of prior year presentation: Certain prior period amounts have been reclassified for consistency with the current period presentation. In the Consolidated Statements of Cash Flows, changes in Accrued expenses, Accounts payable and Other liabilities are now presented as a single line-item within Changes in operating assets and liabilities.

2. Finance Receivables, net:

Finance receivables, net consisted of the following as of March 31, 2024 and December 31, 2023 (amounts in thousands):

	March 31, 2024	December 31, 2023
Amortized cost	$ —	$ —
Negative allowance for expected recoveries	3,650,195	3,656,598
Balance at end of period	$ 3,650,195	$ 3,656,598

Changes in the negative allowance for expected recoveries by portfolio segment for the three months ended March 31, 2024 and 2023 were as follows (amounts in thousands):

	Three Months Ended March 31, 2024		
	Core	Insolvency	Total
Balance at beginning of period	$ 3,295,214	$ 361,384	$ 3,656,598
Initial negative allowance for expected recoveries - portfolio acquisitions (1)	218,657	27,160	245,817
Foreign currency translation adjustment	(50,127)	(2,107)	(52,234)
Recoveries applied to negative allowance (2)	(215,216)	(36,444)	(251,660)
Changes in expected recoveries (3)	49,564	2,110	51,674
Balance at end of period	$ 3,298,092	$ 352,103	$ 3,650,195

	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 (1)	207,322	22,903	230,225
Foreign currency translation adjustment	19,835	4,050	23,885
Recoveries applied to negative allowance (2)	(186,386)	(39,323)	(225,709)
Changes in expected recoveries (3)	(41,128)	4,216	(36,912)
Balance at end of period	$ 2,935,850	$ 350,647	$ 3,286,497

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

Portfolio acquisitions for the three months ended March 31, 2024 and 2023 were as follows (amounts in thousands):

	Three Months Ended March 31, 2024		
	Core	Insolvency	Total
Face value	$ 1,708,631	$ 114,216	$ 1,822,847
Noncredit discount	(231,385)	(13,442)	(244,827)
Allowance for credit losses at acquisition	(1,258,589)	(73,614)	(1,332,203)
Purchase price	$ 218,657	$ 27,160	$ 245,817

	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	$ 207,322	$ 22,903	$ 230,225

The initial negative allowance recorded on portfolio acquisitions for the three months ended March 31, 2024 and 2023 was as follows (amounts in thousands):

	Three Months Ended March 31, 2024		
	Core	Insolvency	Total
Allowance for credit losses at acquisition	$ (1,258,589)	$ (73,614)	$ (1,332,203)
Writeoffs, net	1,258,589	73,614	1,332,203
Expected recoveries	218,657	27,160	245,817
Initial negative allowance for expected recoveries	$ 218,657	$ 27,160	$ 245,817

	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	$ 207,322	$ 22,903	$ 230,225

(2) Recoveries applied to negative allowance

Recoveries applied to the negative allowance for the three months ended March 31, 2024 and 2023 were as follows (amounts in thousands):

	Three Months Ended March 31, 2024		
	Core	Insolvency	Total
Recoveries [(a)]	$ 406,313	$ 47,403	$ 453,716
Less - amounts reclassified to portfolio income	191,097	10,959	202,056
Recoveries applied to negative allowance	$ 215,216	$ 36,444	$ 251,660

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

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

(3) Changes in expected recoveries

Changes in expected recoveries for the three months ended March 31, 2024 and 2023 were as follows (amounts in thousands):

	Three Months Ended March 31, 2024		
	Core	Insolvency	Total
Changes in expected future recoveries	$ 15,646	$ 190	$ 15,836
Recoveries received in excess of forecast	33,919	1,919	35,838
Changes in expected recoveries	$ 49,565	$ 2,109	$ 51,674

	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	$ (41,128)	$ 4,216	$ (36,912)

In order to estimate future cash collections, the Company considers factors such as historical collections performance and its view of economic conditions and consumer habits in the various geographies in which the Company operates. Based on these considerations, adjustments to estimated remaining collections ("ERC") may incorporate changes in both the amounts and the timing of expected cash collections over the forecast period.

Changes in expected recoveries for the three months ended March 31, 2024 were $ 51.7 million. This was primarily due to $ 35.8 million in recoveries received in excess of forecast (cash collections overperformance), due largely to collections performance in the U.S., driven by the impact of the Company's cash-generating initiatives and supplemented by tax refund seasonality, as well as collections performance in Brazil and Europe. The changes in expected future recoveries of $ 15.8 million reflect the Company's assessment of certain pools in Europe, Brazil and the U.S., resulting in increases to the expected cash flows.

Changes in expected recoveries for the three months ended March 31, 2023 were a net negative $ 36.9 million. This included $ 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 reflected 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.

3. Investments:

Investments consisted of the following as of March 31, 2024 and December 31, 2023 (amounts in thousands):

	March 31, 2024	December 31, 2023
Debt securities		
Available-for-sale	$ 47,149	$ 59,470
Equity securities		
Private equity funds	2,243	2,451
Equity method investment	9,487	10,483
Total investments	$ 58,879	$ 72,404

Debt Securities

Government securities: As of March 31, 2024, the Company's available-for-sale debt securities consisted of Swedish treasury securities, all of which mature within one year. As of March 31, 2024 and December 31, 2023, the amortized cost and fair value of these investments were as follows (amounts in thousands):

	March 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Fair Value
Available-for-sale				
Government securities	$ 47,037	$ 112	$ —	$ 47,149

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Fair Value
Available-for-sale				
Government securities	$ 59,404	$ 66	$ —	$ 59,470

Equity Method Investment

The Company has an 11.7 % interest in RCB Investimentos S.A. ("RCB"), a servicing platform for nonperforming loans in Brazil, accounted for under the equity method.

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, with the most recent annual review performed as of October 1, 2023. The Company performed a quarterly assessment by evaluating whether any triggering events had occurred as of March 31, 2024, which included considering current market conditions, and determined that goodwill was not more-likely-than-not impaired. Changes in goodwill for the three months ended March 31, 2024 and 2023, were as follows (amounts in thousands):

	Three Months Ended March 31,	
	2024	2023
Balance as of beginning of period	$ 431,564	$ 435,921
Foreign currency translation	(19,718)	(15,274)
Balance as of end of period	$ 411,846	$ 420,647

5. Borrowings:

Borrowings consisted of the following as of March 31, 2024 and December 31, 2023 (amounts in thousands):

	March 31, 2024	December 31, 2023
North American revolving credit facility (1)	$ 504,180	$ 396,303
United Kingdom revolving credit facility (2)	487,065	502,847
European revolving credit facility (3)	489,391	538,565
North American term loan (4)	437,500	442,500
Senior notes (5)	1,046,000	1,046,000
Total gross borrowings	2,964,136	2,926,215
Less: Debt discount and issuance costs	(11,088)	(11,945)
Borrowings	$ 2,953,048	$ 2,914,270

(1) Revolving credit facility under the Company's North American Revolving Credit and Term Loan (the "North American Credit Agreement"), which includes an aggregate principal amount of $ 1.5 billion (subject to compliance with a borrowing base and applicable debt covenants), consisting of (i) a fully-funded $ 437.5 million term loan (the "Term Loan"), (ii) a $ 1.0 billion domestic revolving credit facility, and (iii) a $ 75.0 million Canadian revolving credit facility, maturing on July 30, 2026.

(2) Revolving credit facility under the Company's United Kingdom ("UK") Credit Agreement (the "UK Credit Agreement"), consisting 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, maturing on July 30, 2026.

(3) Revolving credit facility under the Company's European Credit Agreement (the "European Credit Agreement"), providing revolving borrowings for an aggregate amount of approximately € 730.0 million (subject to the borrowing base and applicable debt covenants), and an accordion feature for up to € 500.0 million, subject to certain conditions, maturing on November 23, 2027. During the three months ended March 31, 2024, the lenders under the European Credit Agreement consented to an increase in the limit for interest bearing deposits in AK Nordic AB from SEK 1.2 billion to SEK 2.2 billion.

(4) Term Loan under the North American Credit Agreement.

(5) Comprised of the Senior Notes due 2025 (the "2025 Notes"), Senior Notes due 2028 (the "2028 Notes") and the Senior Notes due 2029 (the "2029 Notes" and, together with the 2025 Notes and 2028 Notes, the "Senior Notes"), with outstanding principal balances of $ 298.0 million, $ 398.0 million and $ 350.0 million, respectively, as of March 31, 2024 and December 31, 2023.

For additional details about the Company's credit facilities, Term Loan and Senior Notes, refer to Note 7 to the Consolidated Financial Statements in the 2023 Form 10-K. The Company determined that it was in compliance with the covenants contained in its financing arrangements as of March 31, 2024.

6. Derivatives:

The Company periodically enters into derivative financial instruments; typically interest rate swaps and foreign currency contracts, to reduce its exposure to fluctuations in interest rates on variable-rate debt and foreign currency exchange rates. Derivative financial instruments are recognized at fair value in the Company's Consolidated Balance Sheets. For further discussion of the Company's use of, and accounting policies for, derivative instruments, refer to Notes 1 and 8 to the Consolidated Financial Statements in the 2023 Form 10-K. The following table summarizes the fair value of derivative financial instruments as of March 31, 2024 and December 31, 2023 (amounts in thousands):

	March 31, 2024		December 31, 2023	
	Balance Sheet Account	Fair Value	Balance Sheet Account	Fair Value
Derivatives designated as hedging instruments:				
Interest rate contracts	Other assets	$ 20,999	Other assets	$ 21,770
Interest rate contracts	Other liabilities	7,071	Other liabilities	11,627
Derivatives not designated as hedging instruments:				
Foreign currency contracts	Other assets	968	Other assets	1,007
Foreign currency contracts	Other liabilities	1,375	Other liabilities	8,776

Derivatives Designated as Hedging Instruments:

Changes in the fair value of derivative contracts designated as cash flow hedging instruments are recognized in other comprehensive income ("OCI"). As of March 31, 2024 and December 31, 2023, the notional amount of interest rate contracts designated as cash flow hedging instruments was $ 812.9 million and $ 872.3 million, respectively. Derivatives designated as cash flow hedging instruments remained highly effective as of March 31, 2024, and have remaining terms from eight months to four years. As of March 31, 2024, the Company estimates that $ 12.8 million of net derivative gains 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 for the three months ended March 31, 2024 and 2023 (amounts in thousands):

	Gain/(loss) recognized in OCI, net of tax	
	Three Months Ended March 31,	
Hedging instrument	2024	2023
Interest rate contracts	$ 7,070	$ (629)

	Gain/(loss) reclassified from OCI into income	
	Three Months Ended March 31,	
Income statement account	2024	2023
Interest expense, net	$ 5,674	$ (5,498)

Derivatives Not Designated as Hedging Instruments:

The Company enters into foreign currency contracts to economically hedge foreign currency remeasurement exposure related to certain balances denominated in currencies other than the functional currency of the Company or its international subsidiaries. Changes in fair value of derivative contracts not designated as hedging instruments are recognized in earnings. As of March 31, 2024 and December 31, 2023, the notional amount of foreign currency contracts was $ 307.4 million and $ 368.5 million, respectively.

The following table summarizes the effects of derivatives not designated as hedging instruments for the three months ended March 31, 2024 and 2023 (amounts in thousands):

		Gain/(loss) recognized in income	
		Three Months Ended March 31,	
Derivatives not designated as hedging instruments	Income statement account	2024	2023
Foreign currency contracts	Foreign exchange gain/(loss), net	$ 100	$ (7,697)
Foreign currency contracts	Interest expense, net	192	521

7. 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 different input levels in the determination of fair value, 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 Carried at Fair Value

As of March 31, 2024 and December 31, 2023, the carrying amounts and estimated fair values of financial instruments not carried at fair value were as follows (amounts in thousands):

	March 31, 2024		December 31, 2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash and cash equivalents	$ 108,100	$ 108,100	$ 112,528	$ 112,528
Finance receivables, net	3,650,195	3,172,948	3,656,598	3,167,798
Financial liabilities:				
Interest-bearing deposits	113,259	113,259	115,589	115,589
Revolving lines of credit	1,480,636	1,480,636	1,437,715	1,437,715
Term Loan (1)	437,500	437,500	442,500	442,500
Senior Notes (1)	1,046,000	988,926	1,046,000	964,907

(1) Carrying amounts and estimated fair values do not include debt issuance costs.

The Company uses the following methods and assumptions to estimate the fair value of the above financial instruments:

Cash equivalents: 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.

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: 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: 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.

Term loan: 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: Fair value estimates for the Senior Notes incorporate quoted market prices 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 Carried at Fair Value

As of March 31, 2024 and December 31, 2023, financial instruments measured at fair value on a recurring basis were as follows (amounts in thousands):

	Fair Value Measurements as of March 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Government securities	$ 47,149	$ —	$ —	$ 47,149
Derivative contracts (recorded in Other assets)	—	21,967	—	21,967
Liabilities:				
Derivative contracts (recorded in Other liabilities)	—	8,446	—	8,446

	Fair Value Measurements as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Government securities	$ 59,470	$ —	$ —	$ 59,470
Derivative contracts (recorded in Other assets)	—	22,777	—	22,777
Liabilities:				
Derivative contracts (recorded in Other liabilities)	—	20,403	—	20,403

The Company uses the following methods and assumptions to estimate the fair value of the above financial instruments:

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

Derivative contracts: Fair value of derivative contracts is estimated using industry standard valuation models. These models project future cash flows and discount the future amounts to 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.

8. Accumulated Other Comprehensive Loss:

Reclassifications out of Accumulated other comprehensive loss for the three months ended March 31, 2024 and 2023, were as follows (amounts in thousands):

	Three Months Ended March 31,		
Gain on cash flow hedges	2024	2023	Income Statement Account
Interest rate swaps	$ 5,674	$ 5,498	Interest expense, net
Income tax effect of item above (1)	(1,413)	(1,296)	Income tax expense/(benefit)
Total gain on cash flow hedges	$ 4,261	$ 4,202	

(1) Income tax effects are released from Accumulated other comprehensive loss contemporaneously with the related gross pretax amount.

Changes in Accumulated other comprehensive loss by component, after tax, for the three months ended March 31, 2024 and 2023, were as follows (amounts in thousands):

	Three Months Ended March 31, 2024			
	Debt Securities Available-for-sale	Cash Flow Hedges	Currency Translation Adjustments	Accumulated Other Comprehensive Loss (1)
Balance as of beginning of period	$ 65	$ 6,597	$ (336,561)	$ (329,899)
Other comprehensive gain/(loss) before reclassifications	46	7,070	(45,973)	(38,857)
Reclassifications, net	—	(4,262)	—	(4,262)
Net current period other comprehensive gain/(loss)	46	2,808	(45,973)	(43,119)
Balance as of end of period	$ 111	$ 9,405	$ (382,534)	$ (373,018)

	Three Months Ended March 31, 2023			
	Debt Securities Available-for-sale	Cash Flow Hedges	Currency Translation Adjustments	Accumulated Other Comprehensive Loss (1)
Balance as of 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 as of end of period	$ (109)	$ 22,973	$ (379,594)	$ (356,730)

(1) Net of deferred taxes for unrealized (gains)/losses from cashflow hedges of $(3.1) million and $(7.6) million for the three months ended March 31, 2024 and 2023, respectively.

9. Earnings per Share:

Basic earnings per share ("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 nonvested share awards, if dilutive. 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.

The following table provides a reconciliation between the computation of basic and diluted EPS f or the three months ended March 31, 2024 and 2023 (amounts in thousands, except per share amounts):

	Three Months Ended March 31,					
	2024			2023		
	Net Income Attributable to PRA Group, Inc.	Weighted Average Common Shares	EPS	Net Loss Attributable to PRA Group, Inc.	Weighted Average Common Shares	EPS
Basic EPS	$ 3,475	39,274	$ 0.09	$ (58,629)	39,033	$ (1.50)
Dilutive effect of nonvested share awards	—	174	—	—	—	—
Diluted EPS	$ 3,475	39,448	$ 0.09	$ (58,629)	39,033	$ (1.50)

10. Commitments and Contingencies:

Forward Flow Agreements:

The Company enters into forward flow agreements for the purchase of nonperforming loans. These agreements typically have terms ranging from six to 12 months, or they can be open-ended, and establish purchase prices and specific criteria for the accounts to be purchased. Some of the agreements establish a volume reference for the contract term in the form of a target or maximum, however, very few agreements establish a minimum contractual obligation, and many of the contracts contain early termination provisions allowing either party to cancel the agreements in accordance with a specified notice period. The amounts purchased are also dependent on actual delivery by the sellers, and while purchases under these agreements comprise a significant portion of the Company's overall purchases, as of March 31, 2024, the minimum purchase obligation under these forward flow agreements was not significant.

Litigation and Regulatory Matters:

The Company and its subsidiaries are from time-to-time subject to a variety of 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 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 claim, 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 exceed the current estimate.

In certain legal proceedings, the Company may have recourse to insurance or third-party contractual indemnities to cover all or portions of its litigation expenses, judgments, or settlements. Loss estimates and accruals for potential liability related to legal proceedings are typically exclusive of potential recoveries, if any, under the Company's insurance policies or third-party indemnities.

The Company believes that the estimate of the aggregate range of reasonably possible losses in excess of the amount accrued for its legal proceedings outstanding as of March 31, 2024, where the range of loss can be estimated, was not material. As of March 31, 2024, there were no material developments in any of the legal proceedings included in Note 14 to the Consolidated Financial Statements in the 2023 Form 10-K, and there were no new material legal proceedings during the three months ended March 31, 2024.

11. 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 ("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 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 ability 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 ability 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;
- a disruption or failure by any of our outsourcing or offshoring third party service providers to meet their obligations and our service level expectations;
- our ability to successfully implement our strategic and operational initiatives in our U.S. business;
- changes in accounting standards and their interpretations;
- the impact of a disease outbreak 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 ability 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;
- our ability to comply with existing and new regulations of the collection industry;
- changes in tax provisions or exposure to additional tax liabilities;
- investigations, reviews, or enforcement actions by governmental authorities, including the Consumer Financial Protection Bureau ("CFPB");
- our ability to comply with data privacy regulations such as the General Data Protection Regulation ("GDPR");
- adverse outcomes in pending litigation or administrative proceedings;
- our ability to retain, expand, renegotiate or replace our credit facilities and our inability to comply with the covenants under our financing arrangements;
- our ability to manage effectively our capital and liquidity needs, including as a result of changes in credit or capital markets or adverse changes in our credit ratings, whether due to concerns about our industry in general, the financial condition of our competitors, or other factors;
- 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, 2023 ("2023 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. The future events, developments or results described in, or implied by, this Quarterly Report could turn out to be materially different. Except as required by law, we assume no obligation to publicly update or revise our forward-looking statements after the date of this 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 nonperforming loan accounts.
- "Cash collections" refers to collections on our nonperforming loan portfolios.
- "Cash receipts" refers to cash collections on our nonperforming loan portfolios, fees and revenue recognized from our class action claims recovery services.
- "Change in expected recoveries" refers to the differences of actual recoveries received when compared to expected recoveries and the net present value of changes in estimated remaining collections.
- "Core" accounts or portfolios refer to accounts or portfolios that are nonperforming loans and are not in an insolvent status upon acquisition. These accounts are aggregated separately from insolvency accounts.
- "Estimated remaining collections" or "ERC" refers to the sum of all future projected cash collections on our nonperforming loan portfolios.
- "Finance receivables" or "receivables" refers to the negative allowance for expected recoveries recorded on our balance sheet as an asset.
- "Insolvency" accounts or portfolios refer to accounts or portfolios of nonperforming loans that are in an insolvent status when we purchase them and as such are purchased as a pool of insolvent accounts. These accounts include Individual Voluntary Arrangements ("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 acquired as a result of a purchase or added as a result of a business acquisition.
- "Portfolio purchases" refers to all nonperforming loan portfolios purchased in the normal course of business and excludes those added as a result of business acquisitions.
- "Portfolio income" reflects revenue recorded due to the passage of time using the effective interest rate calculated based on the purchase price of nonperforming loan portfolios and estimated remaining collections.
- "Purchase price" refers to the cash paid to a seller to acquire nonperforming loans.
- "Purchase price multiple" refers to the total estimated collections on our nonperforming loan portfolios divided by purchase price.
- "Recoveries" refers to cash collections plus buybacks and other adjustments.
- "Total estimated collections" or "TEC" refers to actual cash collections plus estimated remaining collections on our nonperforming loan portfolios.

Executive Overview

We are a global financial and business services company with operations in the Americas, Europe and Australia. Our primary business is the purchase, collection and management of portfolios of nonperforming loans. We are headquartered in Norfolk, Virginia, and our shares of common stock are traded on the Nasdaq Global Select Market under the symbol "PRAA".

For the first quarter of 2024, we generated:

- Total portfolio purchases of $245.8 million.
- Total cash collections of $449.5 million.
- Cash efficiency ratio of 58.0%.
- Diluted earnings per share of $0.09.
- ERC of $6.5 billion as of March 31, 2024.

Building on the momentum from last year, we began 2024 on a positive note, with higher cash collections in the Americas and Europe compared to Q1 2023. Although we are seeing fewer large one-time payments in the U.S. and some markets in Europe, our level of customer engagement and the proportion of customers paying us both remain fairly steady.

We remain disciplined with regards to pricing and are strategically deploying capital in the markets where we see the most attractive returns, and the combination of increased purchases and improved pricing is positively impacting portfolio income. Our roadmap to enhanced profitability is centered on the creation of value from higher cash collections, while reducing marginal costs, and is supported by three pillars:

1. Optimizing investments - increasing ERC and portfolio returns.
2. Driving operational execution - maximizing cash collected per dollar invested.
3. Managing expenses - optimizing our cost structure.

In the U.S., we continue to capitalize on the significant growth in U.S. portfolio supply driven by credit normalization. We recorded our second highest Q1 U.S. investment level in Company history and expect strong portfolio investments to continue. There is a strong correlation between U.S. credit card charge-off rates and our U.S. portfolio purchases, and in recent years, we have seen industry credit card balances and delinquency and charge-off rates continue to rise. Across our U.S. call centers, we have continued to refine and optimize our customer contact strategies and built capacity to support portfolio growth. We have also made improvements to our overall legal collection processes, and we are encouraged by the pace at which we are realizing cash collections from these process enhancements. In Brazil, our cash collections in Q1 2024 continued to benefit from higher recent purchasing levels.

In Europe, investment opportunities are less predictable than the U.S., since the market is more spot-driven, and we have not seen large spot transactions similar to those that have come to market previously. The volume of portfolios available for sale in Q1 2024 was lower than normal, however, we are seeing an uptick in market volumes, and we expect that our investments in the second quarter will align more closely with long-term trends.

Summary of Selected Financial Data

As of or for the period ended (in thousands, except per share, ratio, headcount data or where otherwise noted)	March 31, 2024	March 31, 2023	Change
Selected Income statement data:			
Portfolio income	$ 202,056	$ 188,242	$ 13,814
As a % of total revenues	*79.1 %*	*121.1 %*	*(42.0) %*
Changes in expected recoveries	51,674	(36,912)	88,586
As a % of total revenues	*20.2 %*	*(23.7) %*	*43.9 %*
Operating expenses	189,190	189,114	76
As a % of total revenues	*74.0 %*	*121.6 %*	*(47.6) %*
Interest expense, net	52,278	38,283	13,995
As a % of total revenues	*20.5 %*	*24.6 %*	*(4.1) %*
Income tax expense/(benefit)	2,386	(18,683)	21,069
As a % of total revenues	*0.9 %*	*(12.0) %*	*12.9 %*
Net income/(loss) attributable to PRA Group	3,475	(58,629)	62,104
As a % of total revenues	*1.4 %*	*(37.7) %*	*39.1 %*
Common share data:			
Diluted earnings per share	$ 0.09	$ (1.50)	$ 1.59
Diluted average common shares outstanding	39,448	39,033	415
Common shares outstanding (period-end)	39,345	39,170	175
Portfolio volumes:			
Total portfolio purchases	$ 245,817	$ 230,225	$ 15,592
Total cash collections	449,518	411,284	38,234
Estimated remaining collections	6,498,172	5,674,681	823,491
Selected Balance sheet data (period-end):			
Finance receivables, net	$ 3,650,195	$ 3,286,497	$ 363,698
Borrowings	2,953,048	2,937,895	15,153
Total stockholders' equity - PRA Group, Inc.	1,129,326	1,158,343	(29,017)
Selected Performance data and ratios:			
Cash efficiency ratio (1)	58.0 %	54.3 %	3.7 %
Net loss attributable to PRA Group (last 12 months)	$ (21,373)	$ (83,477)	$ 62,104
Adjusted EBITDA (last 12 months) (2)	1,043,534	1,015,451	28,083
Debt to Adjusted EBITDA (3)	2.83 x	2.89 x	(0.06) x
Return on average Total stockholders' equity - PRA Group (4)	1.2 %	(19.7)%	20.9 %
Return on average tangible equity (5)	1.9 %	(30.7)%	32.6 %
Availability under credit facilities (period-end):			
Availability based on current ERC	$ 366,927	$ 436,807	$ (69,880)
Additional availability	855,211	1,162,662	(307,451)
Total availability	1,222,138	1,599,469	(377,331)
Headcount (full-time equivalents)	3,119	3,184	(65)

(1) Calculated by dividing cash receipts less operating expenses by cash receipts. Cash receipts refers to cash collections on our nonperforming loan portfolios, fees and revenue recognized from our class action claims recovery services.

(2) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" for a reconciliation of Net Income/(loss) attributable to PRA Group, the most directly comparable financial measure calculated and reported in accordance with GAAP, to Adjusted EBITDA.

(3) Debt to Adjusted EBITDA is a non-GAAP financial measure, which is calculated by dividing Borrowings by Adjusted EBITDA. Refer to section "Non-GAAP Financial Measures" for additional information.

(4) Calculated by dividing annualized net income income/(loss) attributable to PRA Group by average total stockholders' equity - PRA Group for the period.

(5) Return on average tangible equity ("ROATE") is a non-GAAP financial Measure. Average tangible equity ("ATE") is also a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" for a reconciliation of Total stockholders' equity - PRA Group, the most directly comparable financial measure calculated and reported in accordance with GAAP, to ATE.

First Quarter 2024 ("Q1 2024") Compared To First Quarter 2023 ("Q1 2023")

Cash Collections

Cash collections were as follows (amounts in thousands):

	First Quarter			
	2024	2023	$ Change	% Change
Americas and Australia Core	$ 256,861	$ 227,960	$ 28,901	12.7 %
Americas Insolvency	25,209	25,751	(542)	(2.1)
Europe Core	145,933	134,005	11,928	8.9
Europe Insolvency	21,515	23,568	(2,053)	(8.7)
Total cash collections	$ 449,518	$ 411,284	$ 38,234	9.3 %
Cash collections adjusted [1]	$ 449,518	$ 419,044	$ 30,474	7.3 %

(1) Cash collections adjusted refers to Q1 2023 foreign currency cash collections remeasured at Q1 2024 average U.S. dollar exchange rates.

Cash collections were $449.5 million in Q1 2024, an increase of $38.2 million, or 9.3%, compared to $411.3 million in Q1 2023. The increase was primarily due to an increase in U.S. Core collections of $21.4 million, driven largely by higher recent purchasing levels and the impact of our cash-generating initiatives, which were supplemented by tax refund seasonality. Also contributing to the increase were higher cash collections in Europe and Brazil of $9.8 million and $6.7 million, respectively, primarily due to higher recent purchasing levels.

Revenues

Revenues were as follows (amounts in thousands):

	First Quarter			
	2024	2023	$ Change	% Change
Portfolio income	$ 202,056	$ 188,242	$ 13,814	7.3 %
Changes in expected recoveries	51,674	(36,912)	88,586	240.0
Total portfolio revenue	253,730	151,330	102,400	67.7
Other revenue	1,856	4,140	(2,284)	(55.2)
Total revenues	$ 255,586	$ 155,470	$ 100,116	64.4 %

Total Portfolio Revenue

Total portfolio revenue was $253.7 million in Q1 2024, an increase of $102.4 million, or 67.7%, compared to $151.3 million in Q1 2023. This increase was primarily due to the increase in changes in expected recoveries, driven mainly by cash collections overperformance in the U.S., Brazil and Europe, and a net increase to the ERC of certain pools in Q1 2024 compared to a net decrease in the prior year period. The increase in portfolio income was primarily due to the impact of higher purchasing and improved returns in the U.S. beginning in 2023.

Operating Expenses

Total operating expenses of $189.2 million in Q1 2024 were flat compared to Q1 2023, increasing by $0.1 million.

Compensation and Employee Services

Compensation and employee services were $73.6 million in Q1 2024, a decrease of $8.8 million, or 10.7%, compared to $82.4 million in Q1 2023. The decrease mainly reflects severance expenses of $7.5 million incurred in Q1 2023, and despite adding to our U.S. call center employee base to service the larger volume of accounts, adjusting for those severances expenses, compensation and employee services expenses were lower compared to the prior year period.

Legal Collection Fees

Legal collection fees were $12.1 million in Q1 2024, an increase of $3.3 million, or 37.3%, compared to $8.8 million in Q1 2023. Legal collection fees represent contingent fees incurred for the cash collections generated by our third-party attorney network. The increase mainly reflects higher external legal collections within our U.S. Core portfolio.

Legal Collection Costs

Legal collection costs were $26.7 million in Q1 2024, an increase of $2.8 million, or 11.7%, compared to $23.9 million in Q1 2023. Legal collection costs consist primarily of costs paid to courts where a lawsuit is filed for the purpose of attempting to collect on an account. The increase primarily reflects higher volumes of lawsuits filed in Europe, as well as the costs associated with our legal cash-generating initiatives in the U.S.

Agency Fees

Agency fees were $19.7 million in Q1 2024, an increase of $2.3 million, or 13.2%, compared to $17.4 million in Q1 2023. Agency fees primarily represent third-party collection fees. The increase was mainly due to the increase in cash collections in Brazil.

Communication

Communication expense was $12.6 million in Q1 2024, an increase of $2.1 million, or 19.9%, compared to $10.5 million in Q1 2023. Communication expense relates mainly to correspondence, network and calling costs associated with our revenue generating activities. The increase was primarily due to the expansion in account volumes.

Interest Expense, Net

Interest expense, net was $52.3 million in Q1 2024, an increase of $14.0 million, or 36.6%, compared to $38.3 million in Q1 2023. The increase was primarily due to higher average debt balances and increased interest rates in Q1 2024.

Interest expense, net consisted of the following (amounts in thousands):

	First Quarter			
	2024	2023	$ Change	% Change
Interest on debt obligations and unused line fees	$ 33,956	$ 21,824	$ 12,132	55.6 %
Interest on senior notes	18,203	15,073	3,130	20.8
Coupon interest on convertible notes	—	3,019	(3,019)	(100.0)
Amortization of loan fees and other loan costs	2,200	2,441	(241)	(9.9)
Interest income	(2,081)	(4,074)	1,993	(48.9)
Interest expense, net	$ 52,278	$ 38,283	$ 13,995	36.6 %

Income Tax Expense/(Benefit)

Income tax expense was $2.4 million in Q1 2024 compared to a tax benefit of $18.7 million in Q1 2023. The increase was primarily due to higher income before taxes. In Q1 2024, our effective tax rate was 16.9% compared to an effective tax benefit rate of 25.7% in Q1 2023, due mainly to higher income before taxes, as well as changes in the mix of income from different taxing jurisdictions and the timing of discrete items.

Supplemental Performance Data

Finance Receivables Portfolio Performance

We purchase portfolios of nonperforming loans from a variety of credit originators or acquire portfolios through strategic 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, for accounting purposes, 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, costs to collect, expected returns 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 generally 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 but similar net income margins when compared with other portfolio purchases. Within a given portfolio type, when lower purchase price multiples are the result of more competitive pricing, this generally leads to lower profitability. As portfolio pricing becomes more favorable, 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 a correlating adjustment to the purchase price multiple. We follow an established process to evaluate ERC, and we typically do not adjust our ERC and TEC until we gain sufficient collection experience and confidence with a pool of accounts. 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.

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 of 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, 2024
Amounts in thousands

Purchase Period	Purchase Price [1][2]	Total Estimated Collections [3]	Estimated Remaining Collections [4]	Current Purchase Price Multiple	Original Purchase Price Multiple [5]
Americas and Australia Core					
1996-2013	$ 1,932,722	$ 5,735,181	$ 53,058	297%	233%
2014	404,117	887,557	26,537	220%	204%
2015	443,114	903,490	35,096	204%	205%
2016	455,767	1,081,231	61,791	237%	201%
2017	532,851	1,204,662	98,626	226%	193%
2018	653,975	1,495,710	144,303	229%	202%
2019	581,476	1,294,975	159,210	223%	206%
2020	435,668	952,081	189,210	219%	213%
2021	435,846	745,705	325,686	171%	191%
2022	406,082	712,575	417,252	175%	179%
2023	622,583	1,227,658	1,038,459	197%	197%
2024	174,596	368,538	362,801	211%	211%
Subtotal	7,078,797	16,609,363	2,912,029		
Americas Insolvency					
1996-2013	1,266,056	2,502,843	54	198%	159%
2014	148,420	218,846	67	147%	124%
2015	63,170	88,037	51	139%	125%
2016	91,442	118,193	268	129%	123%
2017	275,257	357,959	1,435	130%	125%
2018	97,879	135,560	1,013	138%	127%
2019	123,077	168,504	12,379	137%	128%
2020	62,130	91,371	24,293	147%	136%
2021	55,187	73,991	29,902	134%	136%
2022	33,442	46,945	31,961	140%	139%
2023	91,282	120,803	105,383	132%	135%
2024	22,156	33,077	32,692	149%	149%
Subtotal	2,329,498	3,956,129	239,498		
Total Americas and Australia	9,408,295	20,565,492	3,151,527		
Europe Core					
2012-2013	40,742	72,345	1	178%	153%
2014	773,811	2,551,509	431,677	330%	208%
2015	411,340	750,954	138,612	183%	160%
2016	333,090	578,002	161,067	174%	167%
2017	252,174	368,260	105,187	146%	144%
2018	341,775	548,888	186,849	161%	148%
2019	518,610	843,205	334,701	163%	152%
2020	324,119	564,901	247,220	174%	172%
2021	412,411	698,784	399,930	169%	170%
2022	359,447	583,939	460,431	162%	162%
2023	410,593	693,985	603,457	169%	169%
2024	43,809	82,653	81,224	189%	189%
Subtotal	4,221,921	8,337,425	3,150,356		
Europe Insolvency					
2014	10,876	18,933	—	174%	129%
2015	18,973	29,335	—	155%	139%
2016	39,338	57,747	742	147%	130%
2017	39,235	52,006	1,517	133%	128%
2018	44,908	52,670	3,747	117%	123%
2019	77,218	113,606	17,421	146%	130%

2019	77,218	112,606	17,421	146%	130%
2020	105,440	156,347	35,698	148%	129%
2021	53,230	73,023	29,947	137%	134%
2022	44,604	61,163	43,051	137%	137%
2023	46,558	64,359	56,671	138%	138%
2024	4,978	7,530	7,495	151%	151%
Subtotal	485,358	685,719	196,289		
Total Europe	4,707,279	9,023,144	3,346,645		
Total PRA Group	$ 14,115,574	$ 29,588,636	$ 6,498,172		

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

(2) 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.

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

(4) Non-U.S. amounts are presented at the March 31, 2024 exchange rate.

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

Portfolio Financial Information [1]

Amounts in thousands

Purchase Period	March 31, 2024 (year-to-date) Cash Collections [2]	Portfolio Income [2]	Changes in Expected Recoveries [2]	Total Portfolio Revenue [2]	As of March 31, 2024 Net Finance Receivables [3]
Americas and Australia Core					
1996-2013	$ 9,021	$ 3,462	$ 5,949	$ 9,411	$ 16,050
2014	3,410	1,423	1,852	3,275	10,235
2015	4,262	1,713	2,582	4,294	15,130
2016	6,247	3,288	1,994	5,282	20,969
2017	10,450	4,796	3,180	7,976	40,703
2018	21,334	7,599	8,233	15,833	78,949
2019	22,567	9,256	2,710	11,966	89,544
2020	26,730	10,437	1,040	11,478	105,887
2021	29,841	14,658	(3,302)	11,356	171,251
2022	43,687	18,510	421	18,930	254,765
2023	73,573	45,156	8,060	53,215	565,671
2024	5,739	4,114	974	5,086	173,900
Subtotal	256,861	124,412	33,693	158,102	1,543,054
Americas Insolvency					
1996-2013	267	37	231	268	—
2014	64	30	38	68	—
2015	50	11	28	39	28
2016	194	11	186	197	231
2017	805	46	1,028	1,074	1,280
2018	956	48	17	65	967
2019	5,719	399	(158)	240	11,825
2020	4,612	762	672	1,434	21,843
2021	4,090	885	193	1,079	25,851
2022	2,634	846	130	976	26,191
2023	5,432	2,984	(1,004)	1,981	80,736
2024	386	353	19	372	22,142
Subtotal	25,209	6,412	1,380	7,793	191,094
Total Americas and Australia	282,070	130,824	35,073	165,895	1,734,148
Europe Core					
2012-2013	281	—	281	281	—
2014	24,056	16,757	6,329	23,086	97,667
2015	7,696	3,524	1,324	4,848	68,718
2016	6,809	3,351	1,410	4,762	90,482
2017	4,609	1,745	688	2,434	70,014
2018	9,554	3,534	(143)	3,392	121,309
2019	17,474	5,802	2,086	7,888	225,375
2020	12,662	4,951	1,190	6,141	152,642
2021	17,293	7,418	1,470	8,888	241,757
2022	18,662	7,916	273	8,190	288,841
2023	25,401	11,317	401	11,718	354,946
2024	1,436	369	563	932	43,288
Subtotal	145,933	66,684	15,872	82,560	1,755,039
Europe Insolvency					
2014	45	—	45	45	—
2015	60	2	31	33	—
2016	250	36	69	105	278
2017	488	42	8	50	1,296
2018	1,080	88	9	97	3,393

2019	3,710	428	316	743	15,271
2020	6,272	847	(285)	561	32,321
2021	3,485	746	208	954	25,897
2022	3,332	1,025	227	1,252	34,421
2023	2,760	1,315	75	1,390	43,143
2024	33	19	26	45	4,988
Subtotal	21,515	4,548	729	5,275	161,008
Total Europe	167,448	71,232	16,601	87,835	1,916,047
Total PRA Group	$ 449,518	$ 202,056	$ 51,674	$ 253,730	$ 3,650,195

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

(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, 2024 exchange rate.

Cash Collections by Year, By Year of Purchase [1]

as of March 31, 2024

Amounts in millions

		Cash Collections												
Purchase Period	Purchase Price [2][3]	1996-2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Americas and Australia Core														
1996-2013	$ 1,932.7	$ 3,618.9	$ 660.3	$ 474.4	$ 299.7	$ 197.0	$ 140.3	$ 99.7	$ 64.7	$ 46.5	$ 36.0	$ 28.4	$ 9.0	$ 5,674.9
2014	404.1	—	92.7	253.4	170.3	114.2	82.2	55.3	31.9	22.3	15.0	11.8	3.4	852.5
2015	443.1	—	—	117.0	228.4	185.9	126.6	83.6	57.2	34.9	19.5	14.1	4.3	871.5
2016	455.8	—	—	—	138.7	256.5	194.6	140.6	105.9	74.2	38.4	24.9	6.2	980.0
2017	532.9	—	—	—	—	107.3	278.7	256.5	192.5	130.0	76.3	43.8	10.4	1,095.5
2018	654.0	—	—	—	—	—	122.7	361.9	337.7	239.9	146.1	92.9	21.3	1,322.5
2019	581.5	—	—	—	—	—	—	143.8	349.0	289.8	177.7	110.3	22.6	1,093.2
2020	435.7	—	—	—	—	—	—	—	132.9	284.3	192.0	125.8	26.7	761.7
2021	435.8	—	—	—	—	—	—	—	—	85.0	177.3	136.8	29.8	428.9
2022	406.1	—	—	—	—	—	—	—	—	—	67.7	195.4	43.7	306.8
2023	622.6	—	—	—	—	—	—	—	—	—	—	108.4	73.6	182.0
2024	174.5	—	—	—	—	—	—	—	—	—	—	—	5.9	5.9
Subtotal	7,078.8	3,618.9	753.0	844.8	837.1	860.9	945.1	1,141.4	1,271.8	1,206.9	946.0	892.6	256.9	13,575.4
Americas Insolvency														
1996-2013	1,266.1	1,491.4	421.4	289.9	168.7	85.5	30.3	6.8	3.6	2.2	1.6	1.1	0.3	2,502.8
2014	148.4	—	37.0	50.9	44.3	37.4	28.8	15.8	2.2	1.1	0.7	0.4	0.1	218.7
2015	63.2	—	—	3.4	17.9	20.1	19.8	16.7	7.9	1.3	0.6	0.3	0.1	88.1
2016	91.4	—	—	—	18.9	30.4	25.0	19.9	14.4	7.4	1.8	0.9	0.2	118.9
2017	275.3	—	—	—	—	49.1	97.3	80.9	58.8	44.0	20.8	4.9	0.8	356.6
2018	97.9	—	—	—	—	—	6.7	27.4	30.5	31.6	24.6	12.7	1.0	134.5
2019	123.1	—	—	—	—	—	—	13.4	31.4	39.1	37.8	28.7	5.7	156.1
2020	62.1	—	—	—	—	—	—	—	6.5	16.1	20.4	19.5	4.6	67.1
2021	55.2	—	—	—	—	—	—	—	—	4.6	17.9	17.5	4.1	44.1
2022	33.4	—	—	—	—	—	—	—	—	—	3.2	9.2	2.6	15.0
2023	91.3	—	—	—	—	—	—	—	—	—	—	9.2	5.4	14.6
2024	22.1	—	—	—	—	—	—	—	—	—	—	—	0.3	0.3
Subtotal	2,329.5	1,491.4	458.4	344.2	249.8	222.5	207.9	180.9	155.3	147.4	129.4	104.4	25.2	3,716.8
Total Americas and Australia	9,408.3	5,110.3	1,211.4	1,189.0	1,086.9	1,083.4	1,153.0	1,322.3	1,427.1	1,354.3	1,075.4	997.0	282.1	17,292.2
Europe Core														
2012-2013	40.7	27.7	14.2	5.5	3.5	3.3	3.3	2.4	1.9	1.8	1.4	1.0	0.3	66.3
2014	773.8	—	153.2	292.0	246.4	220.8	206.3	172.9	149.8	149.2	122.2	107.6	24.1	1,844.5
2015	411.3	—	—	45.8	100.3	86.2	80.9	66.1	54.3	51.4	40.7	33.8	7.7	567.2
2016	333.1	—	—	—	40.4	78.9	72.6	58.0	48.3	46.7	36.9	29.7	6.8	418.3
2017	252.2	—	—	—	—	17.9	56.0	44.1	36.1	34.8	25.2	20.2	4.6	238.9
2018	341.8	—	—	—	—	—	24.3	88.7	71.3	69.1	50.7	41.6	9.6	355.3
2019	518.6	—	—	—	—	—	—	48.0	125.7	121.4	89.8	75.1	17.5	477.5
2020	324.1	—	—	—	—	—	—	—	32.3	91.7	69.0	56.1	12.7	261.8
2021	412.4	—	—	—	—	—	—	—	—	48.5	89.9	73.0	17.3	228.7
2022	359.4	—	—	—	—	—	—	—	—	—	33.9	83.8	18.7	136.4
2023	410.6	—	—	—	—	—	—	—	—	—	—	50.3	25.4	75.7
2024	43.9	—	—	—	—	—	—	—	—	—	—	—	1.2	1.2
Subtotal	4,221.9	27.7	167.4	343.3	390.6	407.1	443.4	480.2	519.7	614.6	559.7	572.2	145.9	4,671.8
Europe Insolvency														
2014	10.9	—	—	4.3	3.9	3.2	2.6	1.5	0.8	0.3	0.2	0.2	—	17.0
2015	19.0	—	—	3.0	4.4	5.0	4.8	3.9	2.9	1.6	0.6	0.4	0.1	26.7
2016	39.3	—	—	—	6.2	12.7	12.9	10.7	7.9	6.0	2.7	1.3	0.3	60.7
2017	39.2	—	—	—	—	1.2	7.9	9.2	9.8	9.4	6.5	3.8	0.5	48.3

2018	44.9	—	—	—	—	—	0.6	8.4	10.3	11.7	9.8	7.2	1.1	49.1
2019	77.2	—	—	—	—	—	—	5.0	21.1	23.9	21.0	17.5	3.7	92.2
2020	105.4	—	—	—	—	—	—	—	6.0	34.6	34.1	29.7	6.3	110.7
2021	53.2	—	—	—	—	—	—	—	—	5.5	14.4	14.7	3.3	37.9
2022	44.6	—	—	—	—	—	—	—	—	—	4.5	12.4	3.5	20.4
2023	46.6	—	—	—	—	—	—	—	—	—	—	4.3	2.7	7.0
2024	5.0	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	485.4	—	—	7.3	14.5	22.1	28.8	38.7	58.8	93.0	93.8	91.5	21.5	470.0
Total Europe	4,707.3	27.7	167.4	350.6	405.1	429.2	472.2	518.9	578.5	707.6	653.5	663.7	167.4	5,141.8
Total PRA Group	$ 14,115.6	$ 5,138.0	$ 1,378.8	$ 1,539.6	$ 1,492.0	$ 1,512.6	$ 1,625.2	$ 1,841.2	$ 2,005.6	$ 2,061.9	$ 1,728.9	$ 1,660.7	$ 449.5	$ 22,434.0

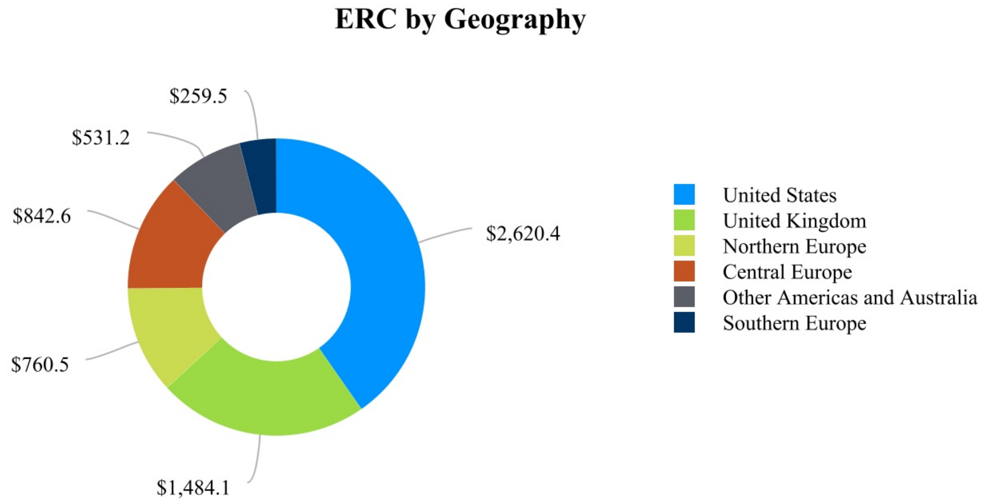
(1) Non-U.S. amounts are presented using the average exchange rates during the cash collection period.

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

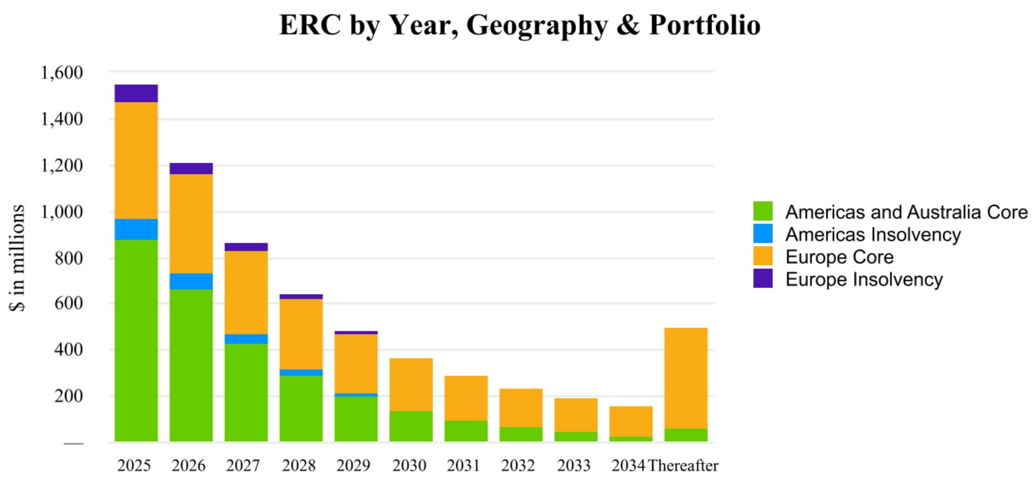
(3) Non-U.S. amounts are presented at the exchange rate at the end of the year in which the portfolio was purchased. In addition, any purchase price adjustments that occur throughout the life of the pool are presented at the year-end exchange rate for the respective year of purchase.

Estimated Remaining Collections

The following chart shows our ERC of $6.5 billion as of March 31, 2024 by geography (amounts in millions).



The following chart shows our ERC by year, geography and portfolio for the 12 months ending March 31, for each year presented. These amounts reflect current estimates of how much we expect to collect on our portfolios and, where applicable, are converted to U.S. dollars at the applicable March 31, 2024 exchange rate.



The following table also displays our ERC by year, geography and portfolio for the 12 months ending March 31, for each year presented (amounts in thousands):

ERC By Year, Geography & Portfolio

	Americas and Australia Core	Americas Insolvency	Europe Core	Europe Insolvency	Total
2025	$ 881,969	$ 90,129	$ 506,516	$ 71,667	$ 1,550,281
2026	667,699	65,011	427,764	52,259	1,212,733
2027	428,408	43,775	359,525	34,078	865,786
2028	293,265	27,055	304,238	20,339	644,897
2029	200,868	11,967	260,605	10,556	483,996
2030	138,622	1,539	223,841	3,962	367,964
2031	96,852	22	193,131	1,201	291,206
2032	66,136	—	167,542	667	234,345
2033	45,829	—	145,780	523	192,132
2034	30,935	—	127,242	419	158,596
Thereafter	61,446	—	434,172	618	496,236
	$ 2,912,029	$ 239,498	$ 3,150,356	$ 196,289	$ 6,498,172

Cash Collections

The following table displays our quarterly cash collections by geography and portfolio (amounts in thousands):

Cash Collections by Geography & Portfolio

	First Quarter			
	2024		2023	
Americas and Australia Core	$ 256,861	57.1 %	$ 227,960	55.4 %
Americas Insolvency	25,209	5.6	25,751	6.3
Europe Core	145,933	32.5	134,005	32.6
Europe Insolvency	21,515	4.8	23,568	5.7
Total Cash Collections	$ 449,518	100.0 %	$ 411,284	100.0 %

The following table displays the source of our Core cash collections (amounts in thousands):

Cash Collections by Source - Core Portfolios Only

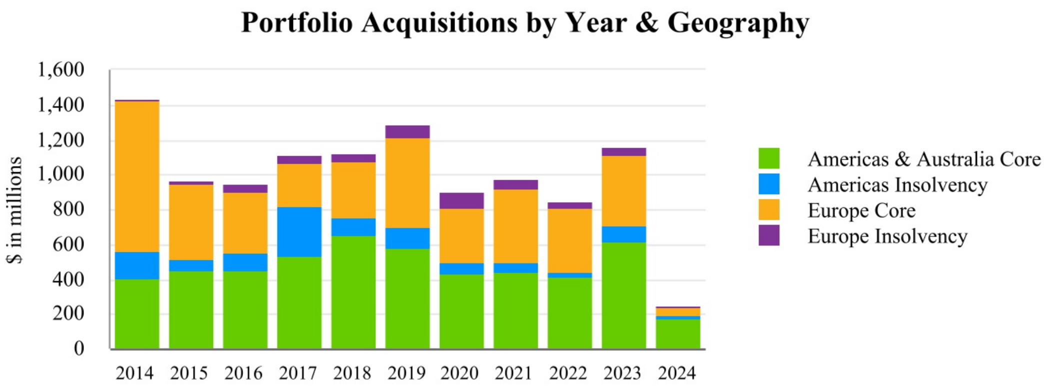
	First Quarter			
	2024		2023	
Call Center and Other Collections	$ 247,677	61.5 %	$ 236,415	65.3 %
External Legal Collections	64,427	16.0	54,934	15.2
Internal Legal Collections	90,690	22.5	70,616	19.5
Total Core Cash Collections	$ 402,794	100.0 %	$ 361,965	100.0 %

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.

Portfolio Acquisitions

The following chart shows the purchase price of our portfolios by year since 2014, including portfolios acquired through business acquisitions. The 2024 total represents portfolio acquisitions through March 31, 2024, while the prior year totals are for the full year.



The following table displays our quarterly portfolio acquisitions (amounts in thousands):

Portfolio Acquisitions by Geography & Type

	First Quarter			
	2024		2023	
Americas & Australia Core	$ 174,660	71.1 %	$ 116,867	50.8 %
Americas Insolvency	22,156	9.0	15,701	6.8
Europe Core	43,997	17.9	90,454	39.3
Europe Insolvency	5,004	2.0	7,203	3.1
Total Portfolio Acquisitions	$ 245,817	100.0 %	$ 230,225	100.0 %

Portfolio Acquisitions by Asset Type and Delinquency Category (U.S. Only)

The following tables categorize our quarterly U.S. portfolio acquisitions by asset type and delinquency category. Since our inception in 1996, we have acquired nearly 63.6 million customer accounts in the U.S. (amounts in thousands).

U.S Portfolio Acquisitions by Major Asset Type

	First Quarter			
	2024		2023	
Major Credit Cards	$ 59,058	31.5 %	$ 13,234	12.1 %
Private Label Credit Cards	109,887	58.7	66,652	60.9
Consumer Finance	6,247	3.3	28,051	25.6
Auto Related	12,069	6.5	1,481	1.4
Total	$ 187,261	100.0 %	$ 109,418	100.0 %

U.S. Portfolio Acquisitions by Delinquency Category

	First Quarter			
	2024		2023	
Fresh [1]	$ 104,504	63.3 %	$ 70,053	74.8 %
Primary [2]	2,501	1.5	3,863	4.1
Secondary [3]	52,855	32.0	17,789	19.0
Other [4]	5,245	3.2	2,012	2.1
Total Core	165,105	100.0 %	93,717	100.0 %
Insolvency	22,156		15,701	
Total	$ 187,261		$ 109,418	

(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 also uses certain non-GAAP financial measures, including:

- adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), to evaluate the Company's performance and to set performance goals; and
- return on average tangible equity ("ROATE"), as a measure to monitor and evaluate operating performance relative to the Company's equity.

Adjusted EBITDA

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/(loss) 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;
- impairment of real estate;
- net income attributable to noncontrolling interests; and
- recoveries applied to negative allowance less changes in expected recoveries.

The following table provides a reconciliation of Net income/(loss) attributable to PRA Group, Inc. as reported in accordance with GAAP to Adjusted EBITDA for the last 12 months ("LTM") as of March 31, 2024, and for the year ended December 31, 2023 (amounts in thousands):

Reconciliation of Non-GAAP Financial Measures

	LTM March 31, 2024	Year Ended December 31, 2023
Net income/(loss) attributable to PRA Group, Inc.	$ (21,373)	$ (83,477)
Adjustments:		
Income tax expense/(benefit)	4,936	(16,133)
Foreign exchange gain	(525)	(289)
Interest expense, net	195,719	181,724
Other expense (1)	1,500	1,944
Depreciation and amortization	12,507	13,376
Impairment of real estate	5,239	5,239
Adjustment for net income attributable to noncontrolling interests	20,275	16,723
Recoveries applied to negative allowance less Changes in expected recoveries	825,256	887,891
Adjusted EBITDA	$ 1,043,534	$ 1,006,998

(1) Other expense reflects non-operating activities.

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 displays our Debt to Adjusted EBITDA ratio for the LTM as of March 31, 2024 and for the year ended December 31, 2023 (amounts in thousands):

Debt to Adjusted EBITDA

	LTM March 31, 2024	Year Ended December 31, 2023
Borrowings	$ 2,953,048	$ 2,914,270
Adjusted EBITDA	1,043,534	1,006,998
Debt to Adjusted EBITDA	2.83 x	2.89 x

Return on average tangible equity

We use ROATE, which is a supplemental measure of performance that is not required by, or presented in accordance with, GAAP, to monitor and evaluate operating performance relative to the Company's equity. Management believes ROATE is a useful financial measure for investors in evaluating the effective use of equity, and is an important component of our long-term shareholder return. Average tangible equity ("ATE") is defined as average Total stockholders' equity - PRA Group, Inc. less average goodwill and average other intangible assets. ROATE is calculated by dividing annualized Net income/(loss) attributable to PRA Group, Inc. by ATE. The following table displays our ROATE and provides a reconciliation of Total stockholders' equity - PRA Group, Inc. as reported in accordance with GAAP to ATE for the periods indicated (amounts in thousands, except for ratio data):

	Period Ended		Average	Period Ended		Average
	March 31, 2024	December 31, 2023	First Quarter 2024	March 31, 2023	December 31, 2022	First Quarter 2023
Total stockholders' equity - PRA Group, Inc.	$ 1,129,326	$ 1,167,112	$ 1,148,219	$ 1,158,343	$ 1,227,661	$ 1,193,002
Less: Goodwill	411,846	431,564	421,705	420,647	435,921	428,284
Less: Other intangible assets	1,666	1,742	1,704	1,833	1,847	1,840
Average tangible equity			$ 724,810			$ 762,878
			First Quarter 2024			First Quarter 2023
Net income/(loss) attributable to PRA Group, Inc.			$ 3,475			$ (58,629)
Return on average tangible equity (1)			1.9%			(30.7)%

(1) Based on annualized Net income/(loss) attributable to PRA Group, Inc.

Liquidity and Capital Resources

We actively manage our liquidity to meet our business needs and financial obligations.

Sources of Liquidity

Cash and cash equivalents. As of March 31, 2024, cash and cash equivalents totaled $108.1 million, of which $96.6 million consisted of cash on hand related to international operations with indefinitely reinvested earnings. For additional information about the unremitted earnings of our international subsidiaries, refer to Note 13 to our Consolidated Financial Statements in the 2023 Form 10-K.

Borrowings. As of March 31, 2024, we had the following committed amounts, amounts outstanding and availability under our credit facilities (amounts in thousands):

			Availability		
	Committed Amount	Amount Outstanding	Availability Based on Current ERC (1)	Additional Availability (2)	Total Availability
North American revolving credit	$ 1,075,000	$ 504,180	$ 72,629	$ 498,191	$ 570,820
UK revolving credit	800,000	487,065	63,357	249,578	312,935
European revolving credit	827,774	489,391	230,941	107,442	338,383
Term loan	437,500	437,500	—	—	—
Senior notes	1,046,000	1,046,000	—	—	—
Less: Debt discounts and issuance costs	—	(11,088)	—	—	—
Total	$ 4,186,274	$ 2,953,048	$ 366,927	$ 855,211	$ 1,222,138

(1) Available borrowings after calculation of borrowing base, which may be used for general corporate purposes, including portfolio purchases.
(2) Subject to borrowing base and debt covenants, including advance rates ranging from 35-55% of applicable ERC.

For additional details about our credit facilities, term loan and senior notes, see Note 5 to our Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report.

Interest-bearing deposits. As of March 31, 2024, interest-bearing deposits totaled $113.3 million. In Q1 2024, the interest-bearing deposit limit under our European credit facility was increased from SEK 1.2 billion to SEK 2.2 billion, and as of March 31, 2024, our limit was $206.3 million in U.S. dollars.

Furthermore, we have the ability to slow the purchase of nonperforming loans and to use the net cash flow generated from cash collections on our portfolio of existing nonperforming loans to temporarily service our debt and fund existing operations.

Uses of Liquidity and Material Cash Requirements

Forward Flows. We enter into forward flow agreements for the purchase of nonperforming loans. These agreements typically have terms ranging from six to 12 months, or they can be open-ended, and establish purchase prices and specific criteria for the accounts to be purchased. Some of the agreements establish a volume reference for the contract term in the form of a target or maximum, however, very few agreements establish a minimum contractual obligation, and many of the contracts contain early termination provisions allowing either party to cancel the agreements in accordance with a specified notice period.

As of March 31, 2024, we have forward flow agreements in place with an estimated purchase price of approximately $473.9 million over the next 12 months. This total is comprised of $375.8 million for the Americas and Australia and $98.1 million for Europe. These amounts represent our estimated forward flow purchases over the next 12 months based on projections and other factors, including sellers' estimates of future flows sales, and are dependent on actual delivery by the sellers. Accordingly, amounts purchased under these agreements may vary significantly. In addition to these agreements, we may also enter into new or renewed forward flow commitments and/or close on spot purchase transactions.

Borrowings. As of March 31, 2024, we had $3.0 billion in borrowings. The estimated interest, unused fees and principal payments for the next 12 months are $204.5 million, of which $10.0 million relates to principal on our term loan. After 12 months, principal payments on our debt are due from between one and six years. Many of our financing arrangements include covenants with which we must comply, and as of March 31, 2024, we determined that we were in compliance with these covenants.

Share Repurchases. On February 25, 2022, our Board of Directors approved a share repurchase program under which we are authorized to repurchase up to $150.0 million of our outstanding common stock. Repurchases are subject to restrictive covenants contained in our credit facilities and indentures that govern our senior notes, and there were no repurchases during the first quarter of 2024.

The 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. 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. As of March 31, 2024, we had $67.7 million remaining for share repurchases under the program.

Leases. Our leases have remaining terms from one to 12 years. As of March 31, 2024, we had $48.6 million in lease liabilities, of which $9.9 million is due within the next 12 months. For additional information about our leases, refer to Note 5 to our Consolidated Financial Statements in the 2023 Form 10-K.

Derivatives. We enter into derivative financial instruments to reduce our exposure to fluctuations in interest rates on variable rate debt and foreign currency exchange rates. As of March 31, 2024, we had $8.4 million of derivative liabilities, of which $1.4 million matures within one year. The remaining $7.0 million matures in 2028. For more information, see Note 6 to our Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report.

Investments. As of March 31, 2024, we held $47.1 million in Swedish treasury securities to meet the liquidity requirements of the Swedish Financial Services Authority for our banking subsidiary, AK Nordic AB.

We believe that funds generated from operations and 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. Market conditions permitting, we may seek to access the debt or equity capital markets as we deem appropriate. Business acquisitions or higher than expected levels of portfolio purchasing could require additional financing from other sources. We may also, from time-to-time, repurchase senior notes in the open market or otherwise.

Cash Flow Analysis

The following table summarizes our cash flow activity for the first quarter of 2024 compared to the prior year period (amounts in thousands):

	First Quarter		
	2024	2023	$ Change
Net cash provided by/(used in):			
Operating activities	$ (72,999)	$ (47,521)	$ (25,478)
Investing activities	15,211	8,979	6,232
Financing activities	52,822	425,806	(372,984)
Effect of exchange rate on cash	861	3,656	(2,795)
Net increase/(decrease) in cash and cash equivalents	$ (4,105)	$ 390,920	$ (395,025)

Operating Activities

Net cash used in operating activities mainly reflects cash collections recognized as revenue and cash paid for operating expenses, interest and income taxes. To calculate net cash used in operating activities, net income/(loss) was adjusted for (i) non-cash items included in net income such as unrealized foreign currency transaction gains, 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 was $73.0 million in Q1 2024 compared to $47.5 million in Q1 2023. This was primarily driven by higher cash paid for interest and lower accrued expenses, partially offset by higher cash collections recognized as income.

Investing Activities

Net cash provided by investing activities increased $6.2 million in Q1 2024. An increase of $26.0 million in recoveries applied to the negative allowance and a $7.2 million net decrease in investment purchase/disposal activity were partially offset by a $26.8 million increase in purchases of nonperforming loan portfolios.

Financing Activities

Net cash provided by financing activities decreased $373.0 million in Q1 2024. A decrease of $400.0 million in proceeds from senior notes due to the issuance of our 2028 Notes in Q1 2023 was partially offset by a $22.7 million increase in net draws on our lines of credit.

Recent Accounting Pronouncements

For discussion of recent accounting pronouncements and the anticipated effects on our Consolidated Financial Statements, see Note 11 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 and critical accounting estimates, refer to Note 1 to our Consolidated Financial Statements in our 2023 Form 10-K.

We consider accounting estimates to be critical if they (1) 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 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.

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 cash forecasts result in an adjustment to revenue at an amount less than the impact of the performance in the period due to the effects of discounting. Additionally, cash collection forecast increases will result in more revenue being recognized and cash collection forecast decreases in less revenue being recognized over the life of the pool.

Goodwill

In accordance with Financial Accounting Standards Board ("FASB") ASC Topic 350, "Intangibles-Goodwill and Other" ("ASC 350"), we evaluate goodwill for impairment annually as of October 1, and more frequently if circumstances indicate that it is more-likely-than-not that the fair value of a reporting unit is below its carrying value.

We determine the fair value of a reporting unit by applying certain approaches prescribed under ASC Topic 820 "Fair Value Measurements and Disclosures": the income approach and the market approach. Under the income approach, we estimate the fair value of a reporting unit based on the present value of estimated future cash flows and a residual terminal value. Cash flow projections are based on management's estimates of a variety of factors, including growth rates and operating margins, which take into consideration industry and market conditions. Under the market approach, we estimate fair value based on market trading multiples and other relevant market transactions involving comparable publicly traded companies with operating and investment characteristics similar to the reporting unit. Depending on the availability of public data and suitable comparable transaction data, we may give more weight to the income approach than the market approach. We also assess the reasonableness of the aggregate estimated fair value of our reporting units by comparison to our market capitalization over a reasonable period, considering historic control premiums in the financial services industry and the current market environment.

As of March 31, 2024, we had goodwill of $411.8 million, consisting primarily of $385.0 million in our Debt Buying and Collection ("DBC") reporting unit. We performed our most recent annual review of the DBC reporting unit as of October 1, 2023, and concluded that goodwill was not impaired.

As of March 31, 2024, our quarterly impairment assessment did not identify the occurrence of any triggering events, and we determined our goodwill was not more-likely-than-not impaired. However, consistent with our most recent annual review, the DBC reporting unit may be at-risk for future impairment if our cash flow projections are not met or if market factors utilized in the impairment test deteriorate, including adverse changes in the debt sales market that impact our estimated purchasing volumes and purchase price multiples, and/or an increase in the discount rate. For additional information, refer to Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates" of our 2023 Form 10-K.

Income Taxes

We are subject to income taxes in 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 not 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 the impact to earnings 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 in our 2023 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our business is subject to various financial risks, including market, currency, interest rate, credit, liquidity and cash flow risk. We use various strategies, including derivative financial instruments, to manage these risks; however, they may still impact our Consolidated Financial Statements.

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 to these instruments, as these transactions were executed with a diversified group of major financial institutions with investment-grade credit ratings. Our intention is to spread our counterparty credit risk across a number of counterparties so that exposure to a single counterparty is mitigated.

Interest Rate Risk

We are subject to interest rate risk from borrowings on our variable rate credit facilities, as well as our interest-bearing deposits. As such, our consolidated financial results are subject to fluctuations due to changes in market interest rates. 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 $1.9 billion as of March 31, 2024, and based on our debt structure, assuming a 50 basis point decrease/increase in interest rates, interest expense over the following 12 months would decrease/increase by an estimated $6.1 million.

To reduce the exposure to changes in the market rate of interest, we have entered into interest rate derivative contracts to hedge a portion of our borrowings under floating rate financing arrangements. Under the terms of the interest rate derivatives, we receive a variable interest rate and pay a fixed interest rate. Of our $3.0 billion in total borrowings as of March 31, 2024, $1.1 billion was fixed rate debt. Considering these fixed rate borrowings and the interest rate hedges on our variable rate debt, with maturities ranging from nine months to four years, as of March 31, 2024, 60% of our total debt was either fixed rate or converted to a fixed rate.

Currency Exchange Risk

We operate internationally and enter into transactions denominated in various foreign currencies. During Q1 2024, we generated $130.8 million of revenues from operations outside the U.S. and used multiple functional currencies. Weakness in one particular currency might be offset by strength in other currencies over time.

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 remeasurement of transactions in 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 income/(loss) in our Consolidated Statements of Comprehensive Income and as a component of Equity in our Consolidated Balance Sheets.

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

Item 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, 2024, 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, 2024, 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, 2024, refer to Note 10 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 2023 Form 10-K.

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

Share Repurchase Programs

On February 25, 2022, our Board of Directors approved a share repurchase program under which we are authorized to repurchase up to $150.0 million of our outstanding common stock. For more information, see 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 first quarter of 2024.

We do not currently pay regular dividends on our common stock and did not pay dividends during the first quarter of 2024; however, our Board of Directors may determine in the future to declare or pay dividends on our common stock. Our credit facilities and the indentures governing our senior notes contain financial and other restrictive covenants, including restrictions on certain types of transactions and our ability to pay dividends to our stockholders and repurchase our common stock.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None of the Company's directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or non-rule 10b5-1 trading arrangement during the first quarter of 2024.

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 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)).
4.4	Indenture, dated as of September 22, 2021 among PRA Group Inc., the domestic subsidiaries of PRA Group Inc., party thereto and Regions Banks, as trustee (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed September 24, 2021 (File No. 000-50058)).
4.5	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)).
4.6	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	Eighth Amendment to the Credit Agreement dated December 20, 2023 by and among PRA Group, Inc and PRA Group Canada Inc., the Guarantors, the Lenders party thereto, Bank of America, N.A., as Administrative Agent and Bank of America, N.A., acting through its Canada Branch, as Canadian Administrative Agent (filed herewith)

10.2	Amendment dated March 25, 2024 to the European Credit Agreement dated November 23, 2022 by and among PRA Group Europe Holdings S.a.r.l, and its Swiss Bank, PRA Group Europe Holding S.a.r.l, Luxembourg, Zug Branch and DNB Bank ASA (filed herewith)
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (filed herewith).
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (filed herewith).
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (filed herewith).
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)

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, 2024 By: /s/ Vikram A. Atal
Vikram A. Atal
President and Chief Executive Officer
(Principal Executive Officer)

May 8, 2024 By: /s/ Rakesh Sehgal
Rakesh Sehgal
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.1

EIGHTH AMENDMENT TO CREDIT AGREEMENT

This EIGHTH AMENDMENT TO CREDIT AGREEMENT (this "Agreement" or this "Amendment") is entered into as of December 20, 2023, among PRA GROUP, INC. (f/k/a Portfolio Recovery Associates, Inc.), a Delaware corporation (" PRA", or the "Company"), PRA GROUP CANADA INC., a Canadian corporation amalgamated under the Canada Business Corporations Act (the "Canadian Borrower", and, together with PRA, the "Borrowers"), the Guarantors party hereto, the Lenders party hereto, BANK OF AMERICA, N.A., as Administrative Agent and BANK OF AMERICA, N.A., acting through its Canada branch, as Canadian Administrative Agent.

Recitals

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

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

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

ARTICLE I

AMENDMENTS TO CREDIT AGREEMENT

The Credit Agreement is hereby amended as follows:

1. The following definitions in Section 1.01 of the Credit Agreement are amended to read as follows:

"Canadian Borrowing Base" means, with respect to the Canadian Borrower, an amount equal to the sum of (a) 35% of Canadian Estimated Remaining Collections of all Canadian Eligible Asset Pools plus (b) 55% of Canadian Estimated Remaining Collections of all Canadian Insolvency Eligible Asset Pools plus (c) 75% of Canadian Eligible Accounts, in each case as determined by the Administrative Agent by reference to the most recent Canadian Borrowing Base Certificate delivered to the Administrative Agent pursuant to Section 7.02(b) or, if elected by the applicable Borrower, pursuant to a Pro Forma Borrowing Base Certificate, as applicable. The Agents and the Lenders agree that any amendment entered into solely to alter the rate of Canadian Estimated Remaining Collections shall not require an amendment fee to be payable by any Loan Party.

"Domestic Borrowing Base" means an amount equal to the sum of (a) 35% of Estimated Remaining Collections of all Eligible Asset Pools plus (b) 55% of Estimated Remaining Collections of all Insolvency Eligible Asset Pools plus (c) 75% of Eligible Accounts, in each case as determined by the Administrative Agent by reference to the most recent Borrowing Base Certificate delivered to the Administrative Agent pursuant to Section 7.02(b) or, if elected by the applicable Borrower, pursuant to a Pro Forma Borrowing Base Certificate, as applicable. The Administrative Agent and/or Lenders agree that any amendment entered into solely to alter the rate of Estimated Remaining Collections shall not require an amendment fee to be payable by any Loan Party.

"Pro Forma Basis" means, for purposes of calculating (a) the financial covenants set forth in Section 8.11 (including for purposes of determining the Applicable Rate), that any Disposition, Involuntary Disposition, Acquisition, acquisition of any debt portfolio or Restricted Payment shall be deemed to have occurred as of the first day of the most recent four fiscal quarter period preceding the date of such transaction for which PRA was required to deliver financial statements pursuant to Section 7.01(a) or (b) and (b) the Domestic Borrowing Base or Canadian Borrowing Base in connection with the delivery of a Pro Forma Borrowing Base Certificate, that any acquisition of any debt portfolio shall be deemed to have occurred as of the first day of the most recent month preceding the date of such transaction for which PRA was required to deliver a Borrowing Base Certificate or Canadian Borrowing Base Certificate, as applicable, pursuant to Section 7.02(b). In connection with the foregoing, (a) with respect to any Disposition or Involuntary Disposition, income statement and cash flow statement items (whether positive or negative) attributable to the property disposed of shall be excluded to the extent relating to any period occurring prior to the date of such transaction, (b) with respect to any Acquisition, (i) income statement items attributable to the Person or property acquired shall be included to the extent relating to any period applicable in such calculations to the extent (A) such items are not otherwise included in such income statement items for PRA and its Subsidiaries in accordance with GAAP or in accordance with any defined terms set forth in Section 1.01 and (B) such items are supported by financial statements or other information reasonably satisfactory to the Administrative Agent and (ii) any Indebtedness incurred or assumed by PRA or any Subsidiary (including the Person or property acquired) in connection with such transaction (A) shall be deemed to have been incurred as of the first day of the applicable period and (B) if such Indebtedness has a floating or formula rate, shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination and (c) Estimated Remaining Collections, Eligible Asset Pools, Eligible Insolvency Asset Pools, Eligible Accounts, Canadian Estimated Remaining Collections, Canadian Eligible Asset Pools, Canadian Insolvency Eligible Asset Pools and Canadian Eligible Accounts shall be calculated to include the debt portfolios acquired during such month and designated in the applicable Pro Forma Borrowing Base Certificate.

2. Section 1.01 of the Credit Agreement is amended to add the following definition in the appropriate alphabetical order:

"Pro Forma Borrowing Base Certificate" means a certificate of a Responsible Officer of PRA in the form of Exhibit I or I-2, as applicable, containing reasonably detailed calculations of the Domestic Borrowing Base or the Canadian Borrowing Base, as applicable, as of the most recent month end for which PRA was required to deliver a Borrowing Base Certificate or Canadian Borrowing Base Certificate pursuant to Section 7.02(b), but giving effect to an acquisition of debt portfolios by the applicable Borrower; provided that (a) any such acquisition must be for an aggregate purchase price of at least (x) Ten Million Dollars ($10,000,000) with respect to any acquisition of U.S. debt portfolios for which a Borrowing Base Certificate is delivered and (y) Five Million Dollars ($5,000,000) with respect to any acquisition of Canadian debt portfolios for which a Canadian Borrowing Base Certificate is delivered and (b) (i) no more than four (4) Pro Forma Borrowing Base Certificates may be delivered per calendar year in connection with the delivery of a Borrowing Base Certificate and (ii) no more than four (4) Pro Forma Borrowing Base Certificates may be delivered per calendar year in connection with the delivery of a Canadian Borrowing Base Certificate.

ARTICLE II CONDITIONS TO EFFECTIVENESS

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

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

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

ARTICLE III

MISCELLANEOUS

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

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

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

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

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

[SIGNATURE PAGES FOLLOW]

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

BORROWERS:

PRA GROUP, INC.

By: ____________________
Name: Rakesh Sehgal
Title: Executive Vice President, Chief Financial Officer and Treasurer

PRA GROUP CANADA, INC.

By: ____________________
Name: Dennis Hunter
Title: Vice President

GUARANTORS:

PORTFOLIO RECOVERY ASSOCIATES, LLC

By: ____________________
Name: Craig Dewey
Title: President, Treasurer and Secretary

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

By: ____________________
Name: Rakesh Sehgal
Title: President and Treasurer

PRA FINANCIAL SERVICES, LLC

By: ____________________
Name: Rakesh Sehgal
Title: Manager

PRA AUTO FUNDING, LLC

By: ____________________
Name: LaTisha Tarrant
Title: Manager

PRA RECEIVABLES MANAGEMENT, LLC

By: ____________________
Name: Carol Elizabeth Hardy
Title: Vice President

CLAIMS COMPENSATION BUREAU

By: ______________________________

Name: Robert J. Rey
Title: President

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

By: ______________________________

Name: Holver Rivera
Title: Senior Vice President

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

By: ______________________________

Name: Medina Sales de Andrade
Title: Vice President

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

By: ______________________________

Name: Holver Rivera
Title: Senior Vice President

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

By: ______________________________

Name: Medina Sales de Andrade
Title: Vice President

TRUIST BANK,
as a Lender

By: ______________________________

Name: Madison Waterfield
Title: Vice President

CAPITAL ONE, N.A.,
as a Lender

By: ______________________________

Name: Eric Purzycki
Title: Duly Authorized Signatory

FIFTH THIRD BANK, NATIONAL
ASSOCIATION
as a Lender

By: ______________________________

Name: Sam Schuessler
Title: Assistant Vice President

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

By: ______________________________

Name: Michael Woo
Title: Vice President

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

By: ______________________________

Name: George Stoecklein
Title: Managing Director

DNB CAPITAL LLC,
as a Lender

By: ______________________________

Name: Dania Hinedi
Title: Senior Vice President

By: ______________________________

Name: Bret Douglas
Title: Senior Vice President

ING CAPITAL LLC
as a Lender

By: ______________________________

Name: Jonathon Banks
Title: Managing Director

By: ______________________________

Name: Alexander Kreissman
Title: Director

REGIONS BANK,
as a Lender

By: ______________________________

Name: William Soo
Title: Director

Citizens Bank, N.A.
as a Lender

By: ______________________________

Name: Christopher Domanico
Title: Senior Vice President

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: ______________________________

Name: Ashley Braniecki
Title: Vice President

ATLANTIC UNION BANK,
as a Lender

By: ______________________________

Name: Matthew Sawyer
Title: Managing Director

RAYMOND JAMES BANK,
as a Lender

By: ______________________________

Name: Douglas Marron
Title: Senior Vice President

EXHIBIT 10.2

THIS AMENDMENT LETTER (the "**Amendment Letter**") is dated 25 March 2024 and in relation to a revolving credit facility agreement dated 23 November 2022 between, *inter alios*, PRA Group Europe Holding S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated and existing under the laws of Luxembourg, having its registered office at 53, Boulevard Royal L-2449 Luxembourg and registered with the Luxembourg Trade and Companies Register (Registre de commerce et des sociétés, Luxembourg) ("**R.C.S.**") under number B183422 (the "**Luxembourg Borrower**"), and PRA Group Europe Holding S.à r.l., Luxembourg, Zug Branch as Borrowers, DNB Bank ASA, Nordea Bank Abp, filial i Norge and Swedbank AB (publ) as Lenders and certain other parties named therein, pursuant to which the Lenders have agreed to lend up to EUR 730,000,000 (as amended from time to time, the "**Facility Agreement**").

WHEREAS

(A) The Borrowers have proposed certain amendments to the Facility Agreement including, but not limited to, allowing for beneficial ownership of Approved Loan Portfolios in the Austrian Market and introducing a pro forma test of the ERC Ratio which will allow the Obligors to acquire significant Loan Portfolios and include the ERC of such Loan Portfolios when requesting a Utilisation, subject to certain conditions being satisfied.

(B) Subject to the terms and conditions set out in this Amendment Letter, the Agent and the Lenders have agreed to the below amendment of terms to be made to the Facility Agreement.

(C) The Borrowers are entering into this Amendment Letter on behalf of themselves and also as Obligor's Agent (in accordance with Clause 2.5 (*Obligor's Agent*) of the Facility Agreement) on behalf of the other Obligors. PRA Group Deutschland GmbH is also executing this Amendment Letter in order to document its agreement to the amendments contained herein.

(D) This Amendment Letter shall constitute a "Finance Document".

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

Unless the context otherwise requires or unless otherwise defined herein, a term defined in the Facility Agreement has the same meaning when used in this Amendment Letter.

2. AMENDMENTS

2.1 Clause 1 (*Definitions and Interpretation*)

The following amendments shall be made to Clause 1 (*Definitions and Interpretation*):

2.1.1 A new definition of ERC Ratio Pro Forma Test shall be added as follows:

"**ERC Ratio Pro Forma Test**" means the percentage of GIBD to the ERC, where the ERC shall include the ERC of any Planned Acquired Loan Portfolio.

2.1.2 A new definition of Planned Acquired Loan Portfolio shall be added as follows:

"**Planned Acquired Loan Portfolio**" means a Loan Portfolio which (i) is contemplated by a Group Company to be acquired, (ii) will satisfy the conditions of an Approved Loan Portfolio when acquired and (iii) the Borrowers have notified the Agent of the planned acquisition of and confirmed satisfaction of alternative (ii) above, at least five (5) Business Days prior of such planned acquisition.

2.1.3 The definition of "Borrowing Base" shall be replaced by the following definition: " **Borrowing Base**" means the amount, calculated in the Original Base Currency, which when

included in GIBD would either (i) result in the ERC Ratio being equal to 45% or (ii) subject to the terms in Clause 14.2.19 (*Calculation of the Borrowing Base*) being satisfied, result in the ERC Ratio Pro Forma Test being equal to 45%.

2.2 Clause 14.2 (*Positive Undertakings*)

2.2.1 A new item (v) shall be added to Clause 14.2.15 (*Ownership of Loan Portfolio*) paragraph (b) with the following wording:

(v) Approved Loan Portfolios where the beneficial owner is PRA Group Österreich Portfolio GmbH and the legal ownership of such Loan Portfolio is with an Austrian financial institution, provided that:

(A) PRA Group Österreich Portfolio GmbH, when becoming the beneficial owner of such Approved Loan Portfolio, is entitled to segregate (*aussondern*) the assets beneficially owned from the assets of the seller holding legal title of such Approved Loan Portfolio, in an insolvency of the seller; and

(B) the aggregate ERC of such Approved Loan Portfolios, multiplied by forty- five per cent. (45%), is not larger than ten (10) per cent. of the Total Commitments.

2.2.2 A new Clause 14.2.19 shall be added to Clause 14.2 (*Positive Undertakings*) with the following wording:

14.2.19 (*Calculation of the Borrowing Base*)

(a) The Borrowers undertake to calculate the Borrowing Base in accordance with alternative (i) of the definition of "Borrowing Base".

(b) Without prejudice to paragraph (a) above, the Borrowers may in connection with a Utilisation which will be utilised in whole to acquire a Planned Acquired Loan Portfolio, calculate the Borrowing Base, in the relevant Drawdown Notice, in accordance with alternative (ii) of the definition of "Borrowing Base". The Borrowers shall notify the Agent five (5) Business Days before making such calculation, informing the Agent that the Borrowers wish to utilize alternative (ii) of the definition of "Borrowing Base".

2.2.3 A New clause 14.2.20 shall be added to Clause 14.2 (*Positive Undertakings*) with the following wording:

14.2.20 (*No Reclaim*)

The Borrowers undertake to procure that any Loan Portfolio beneficially owned by PRA Group Österrreich Portfolio GmbH, cannot be reclaimed by the entity holding legal ownership over such Loan Portfolio, without PRA Group Österrreich Portfolio GmbH receiving the acquisition amount for such Loan Portfolio (deducted by any amount already collected from such Loan Portfolio);

3. CONDITIONS FOR EFFECTIVENESS:

The amendments set out herein shall be conditional upon satisfaction of the conditions set out below, in form and substance satisfactory to the Agent, and shall become effective on the date of the Agent giving written confirmation of such satisfaction.

(a) a confirmation from the Borrowers to the Agent, confirming that a seller can only reclaim any Loan Portfolio beneficially owned by PRA Group Österrreich Portfolio GmbH by repaying the acquisition amount for such Loan Portfolio back to PRA Group Österrreich Portfolio GmbH (deducted by any amount already collected from such Loan Portfolio);

(b) the certificate of incorporation/registration (and any related certificate of incorporation on change of name and certificate of good standing) (or equivalent) of the Borrowers and the and the Luxembourg Pledgor (as defined below), including, but not limited to, in relation to the Luxembourg Borrower and the Luxembourg Pledgor (as defined below) (A) an excerpt (*extrait*) from the R.C.S. dated as of the date of this Amendment Letter, (B) a certificate of non-registration of a judicial decision or administrative dissolution without liquidation (*certificat de non-inscription d'une décision judiciaire ou de dissolution administrative sans liquidation*) from the R.C.S. dated as of the date of this Amendment Letter and (C) a domiciliation certificate confirming that all legal requirements of the Luxembourg Domiciliation Law have been complied with by the Luxembourg Borrower;

(c) to the extent not already provided to the Agent in connection with the Facility Agreement, the latest available versions of the constitutional (or similar) documents of the Borrowers, including, but not limited to, the articles of association and by-laws;

(d) the minutes of a meeting (or as appropriate, a copy of a resolution) of the board of directors, managers, or as applicable, the branch manager of (i) the Borrowers on behalf of themselves and, where applicable, also as Obligor's Agent on behalf of the other Obligors and (ii) the and the Luxembourg Pledgor (as defined below):

(i) approving and authorising the execution, delivery and performance of this Amendment Letter on the terms and conditions herein;

(ii) showing that the relevant board meeting had appropriate quorum, that due consideration was given by all the relevant directors present of the relevant company's obligations and liabilities arising under those documents and that all declarations of interests required in connection with the Amendment Letter were made; and

(iii) authorising any person whose name is set out in those minutes to sign or otherwise attest the execution of those documents and any other documents to be executed or delivered pursuant to those documents or, as the case may be, appointing any person or persons to sign or otherwise attest the due execution of the Amendment Letter by way of power of attorney together with a certified copy of such power of attorney;

(e) a legal opinion from Arendt & Medernach in respect of Luxembourg law issues; and

(f) any other document (including, but not limited to, an up-to-date version of any of the documents listed under Schedule 3 (*Conditions Precedent*) of the Facility Agreement) reasonably requested by the Agent.

4. CONTINUING OBLIGATIONS

(a) Except as expressly modified by this Amendment Letter, all terms and provisions of the Finance Documents shall remain in full force and effect and are hereby ratified and confirmed in all respects by the Parties as if they were set out herein. All references in the Facility Agreement to “this Agreement”, “hereof”, “hereby”, “hereto”, or otherwise to the Facility Agreement in any Finance Document (including any Security Document) and the like shall, mean the Facility Agreement as hereby amended.

(b) The Borrowers, on behalf of themselves and each Obligor, and PRA Group Deutschland GmbH confirm that any security or guarantee created or given by them under any Finance Document will continue in full force and effect, subject to the amendments contemplated by this Amendment Letter and shall continue to secure the obligations of the Obligors under the Facility Agreement.

(c) Without prejudice of Clause 5 (*Security Confirmation – Luxembourg Share Pledge Agreement*) of this Amendment Letter, the Borrowers confirm that any security or guarantee created or given by them under any Finance Document will continue in full force and effect, subject to the amendments contemplated by this Amendment Letter and shall continue to secure the obligations of the Obligors under the Facility Agreement.

5. SECURITY CONFIRMATION – LUXEMBOURG SHARE PLEDGE AGREEMENT

The Luxembourg Pledgor (as defined below), the Luxembourg Borrower and the Agent hereby agree to confirm the legality, validity, binding effect and enforceability of the Luxembourg Share Pledge Agreement (as defined below) and the Pledge (as defined in the Luxembourg Share Pledge Agreement) in accordance with the following terms.

(a) The Luxembourg law governed share pledge agreement dated 23 November 2022 and made between PRA Group Europe Holding I S.à.r.l., a private limited liability company (*société à responsabilité limitée*) incorporated and existing under the laws of Luxembourg, having its registered office at 53, Boulevard Royal L-2449 Luxembourg and registered with the R.C.S. under number B185154 (the “**Luxembourg Pledgor**”), as pledgor, the Agent as security agent and the Luxembourg Borrower as company (the “ **Luxembourg Share Pledge Agreement**”) and the Pledge secure the Secured Obligations (each term as defined in the Luxembourg Share Pledge Agreement) arising under the Facility Agreement as amended by this Amendment Letter.

(b) The Luxembourg Share Pledge Agreement and the Pledge (as defined therein) remain legal, valid, binding and enforceable and remain in full force and effect notwithstanding this Amendment Letter.

(c) Any reference in the Luxembourg Share Pledge Agreement to the Facility Agreement will be construed as a reference to the Facility Agreement as amended by this Amendment Letter.

(d) Nothing in this Amendment Letter shall constitute any form of novation or release of the Luxembourg Share Pledge Agreement or the Pledge (as defined therein).

6. GOVERNING LAW

(a) Subject to paragraph (b) and (c) below, this Amendment Letter shall be governed by Norwegian law. The Borrowers hereby irrevocably submit to the non-exclusive jurisdiction of the Norwegian courts, the venue to be Oslo Tingrett.

(b) Without prejudice to paragraph (b) above and paragraph (c) below, Clause 5 (*Security Confirmation – Luxembourg Share Pledge Agreement*) of this Amendment Letter and any non-contractual obligations arising out of or in connection therewith are governed by, and construed in accordance with, the laws of the Grand Duchy of Luxembourg, including the Collateral Law (as defined in the Luxembourg Share Pledge Agreement). Any disputes in connection with Clause 5 (*Security Confirmation – Luxembourg Share Pledge Agreement*) of this Amendment Letter shall be subject to the exclusive jurisdiction of the courts of Luxembourg, Grand Duchy of Luxembourg, without prejudice to the rights of the Agent to take legal action before any other court of competent jurisdiction in accordance with the Brussels Ibis Regulation (as defined in the Luxembourg Share Pledge Agreement) or where any asset of the Luxembourg Pledgor is situated.

(c) Notwithstanding paragraphs (a) and (b) above, the security confirmations in Clause 4 (*Continuing Obligations*) of this Amendment Letter, insofar as they relate to the Swiss law governed share pledge agreement dated November 23, 2022 among PRA Group Europe Portfolio AS, Oslo, Zweigniederlassung Zug as Pledgor, DNB Bank ASA as Security Agent and the Secured Parties (the " **Swiss Share Pledge Agreement**"), and any non-contractual obligations arising out of or in connection therewith are governed by, and construed in accordance with, the laws of Switzerland (without regard to conflict of law rules). All disputes arising out of or in connection with Clause 4 (*Continuing Obligations*), insofar as they relate to the Swiss Share Pledge Agreement, shall be subject to the exclusive jurisdiction of the courts of Zurich, Canton of Zurich, Switzerland, without prejudice to the rights of the Agent and the Secured Parties (as defined in the Swiss Share Pledge Agreement) to take legal action in respect of the Swiss Share Pledge Agreement before any other court of competent jurisdiction.

* * *

EXHIBIT 10.2

SIGNATORIES:

The Borrower (on behalf of itself and the Obligors): PRA Group Europe Holding S.à r.l

By: __
Name: Tom-André Westbø Hansen
Title: Manager

The Borrower (on behalf of itself and the Obligors):

PRA Group Europe Holding S.à r.l., Luxembourg, Zug Branch

By: __
Name: Tom-André Westbø Hansen
Title: Manager

As Guarantor:

PRA Group Deutschland GmbH

By: __ Name: Martin Sjölund
Title: Managing Director

As Luxembourg Pledgor:

PRA Group Europe Holding I S.à.r.l.

By: __
Name: Tom-André Westbø Hansen
Title: Manager

EXHIBIT 10.2

As Facility Agent, Security Agent and Lender:

EXHIBIT 10.2

By: -.J...,.J IL:_j£4.:-4 'K
ØXVIND JØRGENSEN
ADVISOR Name:

Title:

As Facility Agent, Security Agent and Lender: DNB Bank ASA

By:

Name:

Title:

As Lender:

Swedbank AB (publ)

By: ______________________________

Name: Rikard Talling

Title: Director
Structured Finance
Swedbank

As Lender:

Nordea Bank Abp, filial i Norge

By: __

Name:

Title:

As Facility Agent, Security Agent and Lender: DNB Bank ASA

By
Name:
Title:

As Lender:

Swedbank AB (publ)

By
Name:
Title:

filial i Norge

As

Lender: Nor:i.Bank

By:V

Corporate & Investment Banking

Mikkel Andreas Vogt

Managing Director

Sia Benedikte Strnmsnes

Analyst I Relationship Manager

Exhibit 31.1

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, 2024 By: /s/ Vikram A. Atal

Vikram A. Atal
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

I, Rakesh Sehgal, 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, 2024

By: /s/ Rakesh Sehgal

Rakesh Sehgal
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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, 2024 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, 2024	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, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rakesh Sehgal, 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, 2024	By:	/s/ Rakesh Sehgal
		Rakesh Sehgal
		Executive Vice President and Chief Financial Officer
		(Principal Financial and Accounting Officer)