Slide #	Commentary
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's first quarter 2022 earnings call. Joining me on the call today are Ashish Masih, our President and Chief Executive Officer, Jonathan Clark, Executive Vice President and Chief Financial Officer, Ryan Bell, President of Midland Credit Management, and Craig Buick, CEO of Cabot Credit Management. Ashish and Jon will make prepared remarks today, and then we will be happy to take your questions.
2 Safe Harbor	Unless otherwise noted, comparisons made on this conference call will be between the first quarter of 2022 and the first quarter of 2021. In addition, today's discussion will include forward-looking statements subject to risks and uncertainties. Actual results could differ materially from these forward-looking statements. Please refer to our SEC filings for a detailed discussion of potential risks and uncertainties. During this call, we will use rounding and abbreviations for the sake of brevity. We will also be discussing non-GAAP financial measures. Reconciliations to the most directly comparable GAAP financial measures are included in our earnings presentation, which was filed on Form 8-K earlier today. As a reminder, this conference call will also be made available for replay on the Investors section of our website, where we will also post our prepared remarks following the conclusion of this call. With that, let me turn the call over to Ashish Masih, our President and Chief Executive Officer.

	Ashish Masih
3	Thanks, Bruce, and good afternoon, everyone. Thank you for joining us.
Q1 2022 Highlights	In the first quarter, we continued to execute our strategy and deliver on our financial objectives. To better understand our results, let's begin with some important highlights: Our business continued to perform extremely well in the first quarter, delivering best-in-class returns and solid cash flows. Our exceptional financial performance in Q1 was primarily driven by better-than-expected collections within our MCM business. This strong performance led to an increase in future period collection expectations and higher revenues in the current period. On a global basis, our portfolio purchases were $170 million dollars, in line with our purchase total from Q1 a year ago. The market continues to be impacted by lower supply as a result of fewer charge-offs. In spite of these conditions, we have remained disciplined in our purchasing approach. Importantly, we continue to purchase at attractive returns due to ongoing improvements in our collections operations as well as our focus on cost efficiency over the past several years. These initiatives have allowed us to mitigate the impact of higher market pricing. Looking forward, banks are reporting that their lending continues to grow. In the past, lending growth has been a strong leading indicator for increased supply of portfolios for our industry. Last year we articulated our financial priorities and balance sheet objectives, which included our capital allocation strategy. Consistent with this strategy, as we continue to deliver strong returns and solid cash flows, we repurchased $26 million dollars of Encore shares in the first quarter. In total over the past five quarters, including open market purchases and our tender offer in November, we have repurchased 24% of Encore's outstanding shares for $415 million dollars.

4 Our Business and Our Strategy	As context, I believe it's helpful to understand the critical role we play in the consumer credit ecosystem by assisting in the resolution of unpaid debts, which are an expected outcome of the lending business model. Our mission is to help consumers resolve their debts so they can regain the freedom to focus on what is important to them. And we do that by engaging consumers in honest, empathetic and respectful conversations. We look to purchase portfolios of non-performing loans at attractive returns while minimizing funding costs. For each portfolio that we own, we strive to exceed our collection expectations, while both maintaining an efficient cost structure as well as ensuring the highest level of compliance and consumer focus. We achieve these objectives through our three-pillar strategy. This strategy enables us to consistently deliver outstanding financial performance, positions us well to capitalize on future opportunities and we believe is instrumental in building long-term shareholder value. The first pillar of our strategy, Market Focus, concentrates our efforts on the markets where we can achieve the highest risk-adjusted returns.
5 Market Focus: Supply Normalization	Since the emergence of the pandemic, changes in consumer behavior and government support of the economy have led to lower credit card balances and below-average charge offs, which in turn has resulted in lower portfolio sales by banks. However, it is now clear that credit card balances are rising again in the U.S. and the U.K. and we expect their continued normalization toward pre-COVID levels and beyond. We strongly believe that the increased lending will translate into more charge-offs and lead to higher levels of portfolio sales by banks in due course. This also means that more consumers will be looking to resolve their debts in order to regain their economic freedom, and our team is ready to support them to do just that. Turning now to our largest and most valuable market in the U.S…

6 Market Focus: U.S. Business	The ongoing effects of the pandemic caused a greater number of consumers to reassess their financial circumstances. Many consumers chose to improve their financial standing by either reducing or eliminating their credit card debt as well as resolving their charged off debts. We continue to be well positioned to support consumers, providing hardship relief when appropriate and also providing solutions for a large number of consumers who are able to pay off their debts. Importantly, even as the drivers of this changed consumer behavior move further into the past, our collections performance in the U.S. continues to outperform expectations. MCM's collections in Q1 2022 - for all portfolios owned at the end of 2021 - were 115% of ERC. You may recall that MCM's full year 2021 collections were 124% of ERC. This sustained overperformance at MCM led us to raise future collection expectations, resulting in $225 million dollars of additional ERC. MCM portfolio purchases in the first quarter were $94 million dollars at an average purchase price multiple of 2.3 times, in a market where supply remains limited by the impacts of the pandemic. Even though we encountered somewhat higher pricing toward the end of 2021, pricing has stabilized, and we continue to deploy capital at the best returns in the industry.

7 Expanded Purchase Price Multiples	Our industry-leading returns are the culmination of years of consistently applying our business strategy. Our disciplined purchasing and superior collections effectiveness enable us to consistently purchase portfolios at strong purchase price multiples. Then over time, our continuous collection improvement efforts have enabled us to collect substantially more than initial expectations, which raises our multiple for each vintage even higher and helps drive our differentiated returns. This relationship is reflected in the higher purchase price multiples for certain MCM vintages due to the increase in collection expectations that I mentioned earlier.
8 Market Focus: U.K. and European Business	Turning to our business in Europe… In the first quarter, Cabot collections were $148 million dollars, down 9% compared to Q1 of last year, primarily due to lower portfolio purchasing in recent quarters. Cabot portfolio purchases in the first quarter were $75 million dollars at an average purchase price multiple of 2.2 times in a market where supply has been inconsistent and buying portfolios has been highly competitive. In keeping with our strategy, we maintained our return-focused discipline in purchasing portfolios.
9 Competitive Advantage: Cash Generation	The second pillar of our strategy focuses on enhancing our competitive advantages. Our competitive platform enables us to generate significant cash flow. Our cash generation has been impacted by lower portfolio purchasing in recent quarters. However, we expect this trend to begin to reverse when market supply starts to increase.

10 Competitive Advantage: Differentiated Returns	Our competitive advantages also allow us to deliver differentiated returns. In addition to cash generation, another important measure of our business is return on invested capital, which considers both the performance of our collections operation as well as our ability to price risk appropriately when investing our capital. Accordingly, one of our fundamental financial priorities is that our underlying business delivers strong, long-term returns, and that we maintain these strong returns through the credit cycle. Our ROIC performance in the first quarter was favorably impacted by our increase in ERC, reflecting the higher returns on those portfolios for which we raised our collections expectations. Our performance over time is a solid indicator of how we execute in comparison to our peers. In simple terms, we deliver the highest return per invested dollar in the industry.
11 Balance Sheet Strength: Leverage	The third pillar of our strategy makes the strength of our balance sheet a constant priority. Our strong operating performance and focused capital deployment have driven higher levels of cash flow and contributed to a lower level of debt, which in turn have reduced our leverage substantially over time. At the end of the first quarter, our leverage ratio was 1.9 times, compared to 2.1 times a year ago, and near the lowest in the industry even after the repurchase of $415 million dollars of our shares over the past 5 quarters. I'd now like to hand over the call to Jon for a more detailed look at our financial results…

	Jonathan Clark
12 Detailed Financial Discussion	Thank you, Ashish.
13 Q1 2022 Key Financial Measures	In comparing the first quarter this year to the first quarter a year ago, keep in mind that the elevated level of collections in Q1 of 2021 was extraordinary. The combination of collections over-performance in the first quarter and increased collections expectations for the future, increased our revenue and contributed to significant increases in earnings and returns in the quarter.
14 Q1 2022 Collections	Collections were $519 million dollars in Q1, which was considerably higher than we expected. For all portfolios owned at the end of 2021, Encore's global collections performance in Q1 was 108% of our ERC forecast. For MCM and for Cabot, Q1 collections by this same measure were 115% and 94%, respectively.
15 Incremental ERC	As previously mentioned, persistent stronger-then-expected U.S. collections in Q1 - as well as in recent quarters - led to the addition of $225 million dollars of ERC. These higher expectations are near-term from a timing perspective, with 75% of the incremental collections expected by the end of 2023. This is very positive news. We expect to collect $225 million dollars more from portfolios that we already own.

16 Q1 2022 Revenues	Revenues in Q1 were $500 million dollars, up 20% compared to the first quarter a year ago. The previously mentioned $225 million dollar ERC increase in the U.S. will also lead to a revenue increase of $225 million dollars, assuming we achieve collection expectations. CECL accounting requires us to recognize the revenues associated with this increase in two parts: • The first part is the present value of the ERC increase, which is $123 million dollars in revenue and is both included in our Q1 2022 results and added to the basis of the beneficially impacted vintages. • This increased basis would then lead to the second part of the revenue increase, the remaining $102 million dollars, which we expect to be recognized over time.

17 Cash Efficiency Margin	Today we are introducing a new metric, “Cash Efficiency Margin”, to enhance visibility into our operating expense management. Cash Efficiency Margin replaces “Cost to Collect” as a more comprehensive measure that includes all Encore operating expenses. It uses cash receipts, which is the sum of collections and servicing revenues. Cash Efficiency Margin is simply the ratio of cash receipts minus operating expenses divided by cash receipts. We believe our Cash Efficiency Margin is a simpler and more useful measure of efficiency. In addition, the components of the calculation are readily available in our disclosures with no adjustments required. We will be presenting this measure each quarter on a “last twelve months” basis to match our long-term view of the business. However, it’s important to note that Cash Efficiency Margin should not be viewed in isolation. We are a returns-focused business. At times, we will spend more and generate a lower Cost Efficiency Margin in order to achieve higher returns. In addition, this metric will be impacted by portfolio and account characteristics such as high vs. low balance, paying vs. non-paying, fresh vs. seasoned accounts, secured vs. unsecured, and so forth. And so, a combination of these factors may lead to volatility in Cost Efficiency Margin across reporting periods.

18 Diversified Funding	Our global funding structure provides many benefits to Encore, including lower funding costs and extended maturities. In the first quarter we further strengthened our diversified funding structure by amending and extending our global senior facility to expand its capacity by $90 million dollars - to $1.1 billion dollars - and extend its maturity from 2025 to 2026. In addition, we retired $150 million dollars principal amount of convertible notes that matured in March with cash, reducing the proportion of our debt funded by convertible bonds. As Ashish mentioned earlier, consistent with our capital allocation strategy, we also repurchased $26 million dollars of Encore shares in the period. At the end of the first quarter, available capacity under our global RCF was $560 million dollars, and we concluded the quarter with $134 million dollars of non-client cash on the balance sheet, which is sufficient liquidity and capacity to fund the opportunities that lie ahead. With that, I'd like to turn it back over to Ashish.
	Ashish Masih
19 ESG Update	Encore is committed to high standards and transparency around our Environmental, Social and Governance priorities, which are underpinned by our five ESG pillars: Consumer, People, Environment, Community, and Operating Responsibly. We're proud of the progress we've made to date, and we're looking forward to advancing our ESG program in 2022. This year we plan to focus on three main areas. First, performing our inaugural global Greenhouse Gas baseline assessment. Second, gathering and assessing data across our global business in order to set future targets against well-established frameworks. And third, publishing our first ESG annual report.

20 Our Financial Priorities	The first quarter for Encore has proven to be an excellent start to the year in the consistent execution of our strategy, and in continuing to deliver on our financial priorities. With a strong balance sheet and the best returns in the industry, we are well positioned for the future to continue delivering strong results and building shareholder value. Looking ahead, the largest impacts of COVID-19 from the last two years appear to be subsiding, and the lives of consumers are increasingly returning to normal. Banks are reporting that revolving credit and credit card balances are rising, underpinning our belief that portfolio supply for our industry will start increasing. But this also means that more consumers will be looking for help in resolving their debts to regain their economic freedom. Our Mission is specifically focused on this need, and our colleagues are ready to continue to support them just as they already do each and every day, all around the world. Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions.
Q&A Session	
20 Closing Comments	As we close the call today, I'd like to reiterate a couple of key points. Our strategy of focusing on the right markets, executing effectively to deliver strong returns on our portfolios, and maintaining a strong balance sheet are key drivers of our best-in-class performance. I believe you can see the evidence of this success in our continued, strong results. Looking ahead, as credit continues to normalize and supply starts rising again, we stand ready to increase our portfolio purchases to drive Encore's continued success. Thanks for taking the time to join us and we look forward to providing our second quarter results in August.