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| | **Bruce Thomas** |
| 1 | Thank you, Operator. Good afternoon and welcome to Encore Capital Group's third quarter 2021 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<br><br>Safe Harbor | Unless otherwise noted, comparisons made on this conference call will be between the third quarter of 2021 and the third quarter of 2020. 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.<br><br>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.<br><br>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.<br><br>With that, let me turn the call over to Ashish Masih, our President and Chief Executive Officer. |

| | **Ashish Masih** |
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| 3<br><br>Q3 2021<br>Highlights | Thanks, Bruce, and good afternoon everyone. Thank you for joining our earnings call.<br><br>The third quarter for Encore was another period of strong performance as we continued to execute our strategy and deliver on our financial objectives, including our capital allocation priorities.<br><br>To better understand our results, let's begin with some important highlights from the quarter:<br><br>Our financial performance in Q3 was driven primarily by our strong collections in the period, particularly within our MCM business.<br><br>On a global basis, our portfolio purchases were $168 million dollars in Q3, nearly matching the $170 million dollar purchase total from Q3 a year ago. Although issuers continue to sell, the market continues to be impacted by lower supply as a result of fewer charge-offs. As these conditions persist, we have remained disciplined in our purchasing approach. Importantly, we continue to purchase at attractive returns due to improvements in the effectiveness of 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.<br><br>After implementing our global funding structure in 2020, we began 2021 by articulating our financial priorities and balance sheet objectives, which included our capital allocation strategy. We subsequently initiated a $300-million-dollar, multi-year share repurchase plan to return capital to shareholders.<br><br>{continued on next page} |

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| 3<br><br>Q3 2021 Highlights<br><br>(continued) | Since that time, we have been repurchasing Encore shares under our share repurchase authorization and in line with our capital allocation priorities. During the third quarter, we repurchased Encore shares totaling $41 million dollars, bringing our total through the first three quarters of 2021 to $88 million dollars.<br><br>Throughout this year, our business has continued to perform extremely well, delivering strong returns and cashflows. As a result, our balance sheet has continued to strengthen as we have further reduced our leverage, which is now below our target range. This has prompted us to accelerate the return of capital to our shareholders through a $300-million-dollar tender offer. |
| 4<br><br>Our Financial Priorities | As a reminder, our financial priorities include objectives for our balance sheet as well as a clear capital allocation framework, all underpinned by our long-term focus on delivering strong returns through the credit cycle.<br><br>We have made tremendous progress in developing a strong and financially flexible balance sheet and our leverage of 1.8x at the end of Q3 has improved more than half of a turn since the beginning of the year, and is now below our target range of 2 to 3x.<br><br>A consistent capital allocation framework is critical to success in our business and our priorities are clear. Our business is fueled by our ability to purchase portfolios at attractive returns and we have demonstrated our discipline in this area by delivering the best returns in our industry.<br><br>Consistent with our capital allocation priorities, we began repurchasing Encore shares in the first quarter of 2021 and are now accelerating the return of capital by initiating a tender offer. |

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| 5<br><br>Tender Offer | We plan to launch a $300-million-dollar tender offer for Encore shares tomorrow, November 4th, before the market opens. The tender will be conducted as a modified "Dutch auction" with offer pricing per Encore share no less than $52 dollars and no greater than $60 dollars. Pertinent details will be provided in a press release and SEC filing at the time of the launch.<br><br>To recap, Encore is delivering strong returns and cashflows, reflected in our "best in class" ROIC among our peers, which is a reminder that we deliver the best returns per dollar of invested capital in our industry. Despite our strong share price performance this year, which is up 37% in 2021, we believe we are still undervalued relative to our peers.<br><br>Our business has continued to generate significant cash and our leverage is now below our target range. Consequently, we are accelerating the return of capital through the tender offer, reflecting the board's and management's confidence in our future.<br><br>This offer is incremental to the existing share repurchase authorization, which after including the shares we repurchased, had $212 million dollars of remaining availability for future share buy backs as of the end of Q3.<br><br>When combined with shares we have already repurchased, a fully subscribed tender would reduce the number of outstanding Encore common shares by more than 22% since the beginning of the year.<br><br>After the completion of the tender, assuming we purchase the entire $300 million dollar amount, we expect to maintain a strong financial position to capitalize on future opportunities, with approximately $700 million dollars in available liquidity, leverage still at or near the low end of our target range and full access to capital markets.<br><br>As is always the case in credit cycles, charge-offs will increase at some point and we are well-positioned to increase portfolio purchases when they do, applying our returns-focused approach consistent with our strategy. |

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| 6<br><br>Our Business and Our Strategy | We are delivering best-in-class financial performance as a result of our consistent strategy and execution. We purchase portfolios of non-performing loans at attractive cash-on-cash returns, using funding with the lowest cost available to us. For each portfolio that we own, we strive to exceed our collection expectations, while both maintaining an efficient cost structure and ensuring the highest level of compliance and consumer focus.<br><br>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 is instrumental in building long-term shareholder value.<br><br>The first pillar of our strategy, Market Focus, leads us to concentrate our efforts on the markets where we can achieve the highest risk-adjusted returns.<br><br>Consistent with this strategy, we sold our portfolios in Colombia and Peru during the third quarter. |

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| 7<br><br>Market Focus: U.S. Business | Our largest and most valuable market is the U.S.:<br><br>MCM delivered another quarter of strong performance in Q3 as collections grew 4% to $407 million dollars. Legal collections grew compared to Q3 a year ago as courts have reopened, which led to a higher proportion of collections coming through the legal channel, though we do not expect this to be a long-term shift in collection mix.<br><br>MCM deployed $102 million dollars to purchase portfolios during Q3 as the impacts of the pandemic have dampened supply in the U.S.  Nonetheless, we continue to deploy capital at attractive returns, reflecting our disciplined purchasing and superior collections effectiveness.<br><br>Finally, the CFPB's new industry rules will become effective later this year and we are ready. We are pleased to see the completion of this multi-year process, which will resolve uncertainty and finally level the playing field for participants in our industry. In addition, the new rules will modernize communications with consumers and allow us to engage using methods consumers prefer. We are fully prepared to implement the new rules by the November 30th effective date. |

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| 8<br><br>Market Focus: U.K. and European Business | Turning to our business in the U.K. and Europe. Our collections performance continues its return to normal levels after several quarters of COVID-related volatility in 2020. Collections in the third quarter grew 10% compared to Q3 last year.<br><br>Third quarter collections in the legal channel increased 12% compared to Q3 last year, which led to a higher cost-to-collect.<br><br>Deployments in Q3 of $66 million dollars were higher compared to the third quarter of last year, and Cabot's year-to-date portfolio purchases through the third quarter of 2021 totaled $197 million dollars, which is more than Cabot's deployment for all of 2020.<br><br>Portfolio pricing was higher in the third quarter across our European footprint while delinquencies remain low, constraining our investments as we maintained our return-focused discipline in purchasing. |
| 9<br><br>Competitive Advantage: Cash Generation | The second pillar of our strategy focuses on enhancing our competitive advantages.<br><br>Our competitive platform enables us to consistently generate significant cash flow. Our cash generation for the twelve months ending in September increased 15%, reflecting the steady improvement in our business, the efficiency of our operations and the resilience of our portfolios.<br><br>Our consistent growth in cash generation has contributed to our reduced borrowings and the de-leveraging of our balance sheet. Our strong cash generation also provides us with additional flexibility when we consider our capital allocation priorities, including consistent share repurchases and the tender offer we are announcing today. |

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| 10<br><br>Competitive Advantage: Differentiated Returns | Our competitive advantages also allow us to deliver differentiated returns.<br><br>In addition to cash generation, another important measure of our business is ROIC as it takes into account both the performance of our collections operations as well as our ability to appropriately price risk when investing our capital. We believe it's important to demonstrate that our underlying business delivers strong, long-term returns and that we can maintain strong returns through the credit cycle.<br><br>Our ROIC performance in the third quarter, and our performance over time, are solid indicators of how we execute in comparison to our peers. In simple terms, we deliver the highest return per invested dollar in our industry. |
| 11<br><br>Balance Sheet Strength: Leverage | The third pillar of our strategy makes the strengthening of our balance sheet a constant priority.<br><br>By the end of the third quarter, our balance sheet had further strengthened as we reduced our debt-to-equity ratio to 2 times. In addition, we reduced our leverage ratio to 1.8 times, which is below our targeted range of 2 to 3 times and is near the lowest in the industry.<br><br>Our strong operating performance and focused capital deployment have driven higher levels of cash flow and have also contributed to a lower level of debt, which in turn has contributed to leverage reduction.<br><br>Importantly, assuming we purchase the entire $300 million dollars of Encore stock in the tender, our pro forma leverage ratio for Q3 would still be at the low end of our target range at approximately 2 times.<br><br>I'd now like to hand over the call to Jon for a more detailed look at our financial results… |

| | **Jonathan Clark** |
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| 12<br><br>Detailed Financial Discussion | Thank you, Ashish. |
| 13<br><br>Q3 2021 Key Financial Measures | In the third quarter, strong collections drove higher revenue, net income and returns.  The resulting strong cash generation, combined with lower purchase volume, led to a further reduction in our leverage ratio and lower ERC.<br><br>For purposes of comparison, there were non-operating items that impacted GAAP net income and GAAP EPS in the third quarter this year as well as last year:<br><br>In Q3 2021, we incurred a $16 million dollar loss, after tax, or $0.51 per share, associated with the sale of our investment in Colombia and Peru, largely related to the change in foreign currency during our investment period.<br><br>I would like to highlight that a year ago, in Q3 2020, we recorded $19 million dollars of expenses, after tax, or $0.59 per share, related to establishing our new global funding structure. In addition, GAAP net income a year ago included $15 million dollars, or $0.47 per share, of CFPB settlement fees. |

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| 14<br><br>Q3 Collections | Collections were $567 million dollars in the third quarter, up 5% compared to Q3 last year.<br><br>MCM collections grew 4% in the third quarter, to $407 million dollars. Within that total, MCM's legal channel collections grew 22% compared to Q3 last year when the pandemic's impact on the legal channel was significant.<br><br>Cabot's collections through our debt purchasing business in Europe in the third quarter were $155 million dollars, up 10% compared to Q3 last year.<br><br>Encore's year-to-date global collections, for portfolios owned at the end of 2020, through the first three quarters of 2021 was 118% of ERC at the end of 2020. |
| 15<br><br>Q3 Revenues | Revenues in the third quarter were $413 million dollars, compared to $404 million dollars in Q3 last year. |
| 16<br><br>Estimated Remaining Collections | Our Estimated Remaining Collections at the end of Q3 was $7.9 billion dollars, down 7% compared to the end of Q3 last year, a time when our ERC was very near its peak level. The decline is primarily a result of very strong collections performance during the past year as well as lower portfolio purchasing during this same period. |

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| 17<br><br>Diversified Funding | Our global funding structure provides many benefits to Encore, including lower funding costs and extended maturities. As such, in August we amended and extended our global senior facility, reducing the LIBOR and EURIBOR floors to zero and extending the maturity from 2024 to 2025.<br><br>Available capacity under our global RCF was $864 million dollars at the end of the third quarter, and we concluded Q3 with $130 million dollars of non-client cash on the balance sheet.<br><br>With our strong balance sheet, our financial flexibility and access to a variety of capital sources, we are well prepared to fund the tender offer, continue share buybacks and fund the opportunities that lie ahead.<br><br>With that, I'd like to turn it back over to Ashish. |

| | **Ashish Masih** |
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| 18<br><br>Our Mission Vision and Values | Thank you, Jon.<br><br>As I stated earlier, we are delivering best-in-class performance which is now also enabling our strategy to return capital to shareholders. I want to reiterate that we're able to do this from a position of strength that is driven by staying true to our strategy, and through the exceptional talent at Encore.<br><br>I'm thankful for their continued contributions during an unprecedented period to deliver time and again for our consumers. It's something that makes me very proud of our organization and excited about the opportunities in front of us.<br><br>With our Mission, Vision and Values at the core of our business, we've been able to successfully navigate and embrace uncertainty, execute on our strategy, and support our colleagues and consumers at a time when they need it most.<br><br>Specifically, our Values underscore the importance of caring for each other, finding a better way, and embracing our differences. In our business, that empathetic approach is what inspires us to help consumers in need every day and I can't think of better principles to live by as we continue our success in the near- and long-term.<br><br>Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions. |

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| 18<br><br>Closing | 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 well to deliver strong returns on our portfolio purchases, and maintaining a strong balance sheet are key drivers of our success. This strong track record of success enabled us to begin returning capital to shareholders earlier in the year, and is now helping us accelerate it via the $300M tender offer. Looking ahead, we intend to maintain a strong financial position, that will enable us to increase portfolio purchases when supply starts rising again, as it does in every credit cycle. This will drive Encore's continued success. Thanks for taking the time to join us and we look forward to providing our fourth quarter and full year 2021 results in February. |