Slide #	Commentary
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's fourth 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 on this conference call will be made between the fourth quarter of 2022 and the fourth quarter of 2021 or the full-year 2022 and the full-year 2021. In addition, today's discussion will include forward-looking statements subject to risks and uncertainties. Actual future 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 Today's Call	Thanks, Bruce, and good afternoon, everyone. Thank you for joining us. On today's call, I will start with a high-level recap of 2022. Then I'll review our strategy and financial priorities, as well as key measures that are important indicators of the state of our business. Then Jon will review our financial results, after which I'll comment on our outlook for 2023. At the conclusion of today's call, we will also post to our website our annual report. It includes, among other items, our 10-K and my letter to shareholders. We will begin with a look back at our performance over the past year…
4 2022 – A Strong Year	For the debt buying industry, 2022 was a year characterized by the normalization of the consumer credit environment in the U.S. and the steady, but slower recovery in the U.K. and Europe. Consistent execution of our three-pillar strategy, which includes a disciplined, consistent approach to each aspect of our business, enabled us to deliver strong financial and operational results while maintaining our long-term focus. In fact, earnings on a per share basis in 2022 were second only to the extraordinary performance we delivered in 2021, a year that was characterized by unusually strong financial health of the U.S. consumer resulting from macroeconomic effects of the pandemic. We delivered this strong earnings result for the year despite a number of items that negatively impacted our Q4 P&L, including small percentage reductions to our large total ERC forecast and certain one-time tax items. The quarterly volatility in our results supports our belief that Encore's underlying performance is best understood using a long-term view of our financial metrics. Jon will provide more details about our full-year and fourth quarter results later in our presentation. {continued on next page}

4 2022 – A Strong Year (continued)	After more than two years of reduced market supply, increased lending by U.S. banks and rising delinquencies have led to the beginning of a transition in the U.S. credit cycle, in which opportunities to deploy capital at strong returns are now steadily rising. As a result, our largest business – MCM – increased U.S. portfolio purchasing in 2022 by 36%, which helped increase Encore's global portfolio purchasing by 20% for the year. Our estimated remaining collections of $7.6 billion dollars grew 2% in constant currency when compared to the prior year. Consistent with our capital allocation priorities, we returned $87 million dollars of capital to Encore shareholders through share repurchases in 2022. When added to our 2021 repurchases, the total amount of capital returned to shareholders over the last two years was $476 million dollars, for which we repurchased 27% of our outstanding shares. We embark on this important transition in the portfolio supply cycle with a strong balance sheet and ample capacity to capitalize on the opportunities that lie ahead.

5 Our Business and Our Strategy	I believe it's helpful to reiterate 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 create pathways to economic freedom for the consumers we serve by helping them resolve their past-due debts. 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 and positions us well to capitalize on future opportunities. We believe this 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. Let's now take a look at our two largest markets…
6 U.S. & U.K. Outstandings	Changes to consumer behavior during the pandemic led to unusually low credit card balances and below-average charge offs, which in turn resulted in a reduced level of portfolio sales by banks. However, since early 2021, outstandings have been rising as banks continue to report strong growth in lending. In fact, revolving credit in the U.S. surpassed pre-pandemic levels of early 2022, and each month thereafter the U.S. Federal Reserve has reported a new record level of outstandings. At the same time in the U.K., credit card balances continue to steadily recover, though at a slower pace.

7 Credit Card Delinquency in the U.S.	While credit card outstandings have been growing for the past two years, it has now become clear that delinquency rates in the U.S. have also begun to climb noticeably. This has historically been followed in lockstep by higher charge-offs and increased market supply of portfolios for debt buyers such as Encore.
8 U.S. Business	Turning now to our largest and most valuable market in the U.S… With lending by U.S. banks well above pre-pandemic levels - and setting new records with each passing month - and charge-off rates steadily rising, it's clear that the market supply of portfolios is growing. We've now transitioned into the portion of the consumer credit cycle in the U.S. in which portfolio purchasing becomes more favorable both in terms of volumes and returns. MCM's portfolio purchasing in Q4 was a healthy $169 million dollars, bringing the total for the year to $556 million dollars, an increase of 36% over last year. Against this backdrop of growing market supply in the U.S., we expect MCM's portfolio purchases in Q1 2023 to be at least $200 million dollars at attractive returns, more than double Q1 2022 purchases. In addition, the purchasing pipeline for 2023 appears robust and seems to be improving with each passing month. MCM collections in 2022 were $1.35 billion dollars, which was slightly above our peak level of annual collections before the pandemic began. MCM achieved this level of collections despite the headwinds from more than two years of significantly lower portfolio purchasing and ongoing normalization of consumer behavior in the U.S. This reflects well on the improvements we continue to implement in our collections operation. MCM remains very well positioned for these future opportunities with sufficient capacity and resources to collect on the larger portfolio volumes at strong returns.

9 U.K. and European Business	Turning to our business in Europe… Cabot's collections in 2022 declined 14% as reported, primarily due to the foreign currency effect of the weakening of the British pound and Euro. In constant currency, Cabot's collections declined only 5%. Collections in the fourth quarter remained largely in-line with previous quarters. When compared to our collections performance in continental Europe, our U.K. collections were closer to target, and we are still not seeing the macroeconomic headwinds causing any material change in consumer behavior. Collections related to regular payers in our U.K. back book remained stable in Q4. Given the current macro outlook, we no longer believe that we will recover collections we missed during the last two years. As a result, we reduced Cabot's ERC by 2% in Q4, which, due to the required accounting impacts of CECL, had a corresponding negative impact on revenues and earnings in the quarter. Portfolio purchases totaled $245 million dollars in 2022, decreasing 4% compared to the prior year. Importantly, we do not yet see the impact of higher funding costs from higher interest rates reflected in portfolio pricing. As a result, we've remained disciplined in our approach to portfolio purchasing and do not expect to increase portfolio purchases as originally planned. Ultimately, pricing will need to align with higher funding costs before we allocate capital toward growing deployments in Europe. The U.K. labor market started to show some early signs of easing toward the end of 2022, which has enabled us to restore collection agent staffing levels. At the same time, double-digit inflation in Europe is adding significant pressure on our cost base. {continued on next page}

9 U.K. and European Business (continued)	Given these market dynamics and facing significant cost inflation, we are taking preemptive action to control the cost base of our Cabot business. We expect these actions, including headcount reductions focused mainly in our support functions, will lead to an approximately $4 million dollar one-time pre-tax charge in Q1. We believe by taking prudent action now, we enhance the ability of our Cabot business to deliver stronger returns when the market opportunity in the U.K. and Europe improves.
10 Cash Generation	Despite a decline resulting from lower portfolio purchasing in recent years and the normalization of consumer behavior, especially when compared to the extraordinary levels of 2021, we continue to generate significant cash flow. We expect this decline will begin to reverse as our purchase volumes steadily grow.
11 Differentiated Returns	In addition to cash generation, another important measure of our business is return on invested capital – or ROIC - 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. Despite the recent decline in our ROIC due to the same consumer credit normalization and lower collections headwinds that I referenced earlier, we believe we are still delivering returns that are among the highest when compared to those of our peer group in the debt buying industry.

12 Balance Sheet Strength & Leverage	Executing on our three-pillar strategy ensures that the strength of our balance sheet is a constant priority. Our strong operating performance and focused capital deployment over many consecutive quarters drove higher levels of cash generation and contributed to a lower level of debt, which in turn has reduced our leverage significantly over time. At the end of 2022, our leverage ratio was 2.4 times - which is below the midpoint of our target range - and remains near the lowest in the industry. It is important to note that our reported increase in leverage, from 2.1 times at the end of Q3 to 2.4 times at the end of Q4, was impacted by volatility in foreign currency exchange rates. The underlying rise in our leverage on a constant currency basis was much more gradual, was in-line with our expectations, and resulted from a number of factors including lower collections and increased portfolio purchasing over the last few quarters. When compared to the pre-pandemic years, Encore has become a much stronger company when it comes to our balance sheet and capital availability. In addition to lower leverage, we now have a unified global funding structure that provides us with financial flexibility, including diversified sources of financing and extended maturities. Through our strong balance sheet we remain well-positioned to fund the opportunities that lie ahead. I'd now like to hand over the call to Jon for a more detailed look at our financial results…

	Jonathan Clark
13 Detailed Financial Discussion	Thank you, Ashish.
14 2022 Key Financial Measures	When comparing 2022 results to those from a year ago, keep in mind that the elevated level of collections last year was extraordinary, and resulted - in part - from U.S. consumer behavior that has largely normalized since the beginning of 2022. I'd like to highlight a few items that I believe are noteworthy: As Ashish mentioned earlier, 2022 was a strong year for the company as we delivered the second highest annual earnings per share, in Encore's history. Portfolio purchasing accelerated in the second half of the year, especially in the U.S., as we entered a new phase of the credit cycle that favors purchasing, which for Encore grew 20% to $801 million dollars. This growth in purchasing is also reflected in our estimated remaining collections, or ERC, which while declining 3% on a reported basis to $7.6 billion dollars, grew 2% in constant currency. Our tax rate for the year was higher than normal at 37.4%, and was largely the result of certain one-time tax items in the fourth quarter. Looking ahead, we expect the tax rate to be in a more typical range in 2023, with the full year effective tax rate expected to be in the mid-twenties on a percentage basis.

15 Q4 2022 Key Financial Measures	Turning now to our results for Q4: A number of items significantly impacted our Q4 P&L. Collections in Q4 were approximately 5% lower than expected and resulted in $22 million dollars of recoveries below forecast, thus reducing Q4 EPS by $0.73. Changes in expected future recoveries totaling $64 million dollars was the result of a **small** percentage reduction of our global ERC, 1 1/2%, which reduced Q4 EPS by $2.20. Our tax rate in Q4 - and for the year - was significantly impacted by $28 million dollars of one-time tax items in the quarter related to our deferred tax asset in the U.K., which reduced Q4 EPS by $1.21. Importantly, the same normalization of consumer behavior in the U.S. that has led to year-over-year declines in collections is now driving an increase in market supply. This is reflected in our Q4 portfolio purchases, which grew sharply compared to a year ago. As you can see, even though the large negative accounting items more than offset our underlying Q4 results and drove a loss for the quarter, we delivered strong results for the full year. I'd like to emphasize that CECL Accounting can cause significant fluctuations in quarterly reported results, but they **do** converge with cash results over the long-term. In this case, much of the impact to our Q4 results stemmed from small percentage adjustments to our large total ERC. This is yet another reason that we believe it's important to take the long view of our financial metrics. This is consistent with the way we run the business and make decisions, employing a long-term perspective to building shareholder value. Now moving back to full year 2022…

16 2022 Collections	Collections were $1.9 billion dollars in 2022, lower by 17% compared to the extraordinary collections of the prior year. Breaking that result down into our two major businesses, MCM's collections in the U.S. in 2022 declined 17% compared to the prior year, primarily due to lower portfolio purchasing in recent years and the normalization of consumer behavior in the U.S. Cabot's collections in 2022 declined 14% as reported, primarily due to the foreign currency effect of the weakening of the British pound and Euro. In addition, lower portfolio purchases in recent years contributed to the decline. For portfolios owned at the end of 2021, Encore's global collections performance in 2022 was **103%** of our portfolio ERC forecast for the year as of December 31, 2021. For MCM and for Cabot, 2022 collections by this same reported measure were 112% and 87%, respectively. With regard to collections in Europe, the weakening of the pound and euro in relation to the U.S. dollar created a separation between reported and constant currency results. In this case, Cabot's collections performance in 2022 on a constant currency basis was 94% of our ERC forecast, while Encore's global collections performance on a constant currency basis was 105% of our ERC forecast. These results provide further evidence that quarterly volatility often contradicts long-term performance. In this case, even though we reported collections underperformance of $22 million dollars in Q4, we delivered $29 million dollars of collections overperformance for the full year.

17 2022 Revenues	Revenues in 2022 were $1.4 billion dollars and were lower by 13% compared to the prior year, returning to a pre-pandemic level last seen in 2019. In the U.S., revenues in 2022 were lower by 11% to $1 billion dollars while revenues in Europe were lower by 17% as reported, but were down only 9% for the year in constant currency.
18 Diversified Funding	The global macroeconomic environment has led to higher interest rates and challenging conditions in the bond market. Regardless, it is times like these that our global funding structure provides us the financial horsepower to approach the growing supply environment from a position of strength. We believe our strong balance sheet provides us very competitive funding costs when compared to our peers and competitors. In this environment, we believe higher financing costs will **eventually** have a moderating effect on portfolio pricing as debt buyers adapt their bidding behaviors to their higher costs of capital. Having said that, we don't believe current pricing reflects this moderating effect. Our interest expense in the fourth quarter was $42 million dollars, compared to $38 million dollars in Q4 last year. Looking ahead to the first quarter, we expect our interest expense to be in the mid-$40-million-dollar range, depending on rates and currency movements. With that, I'd like to turn it back over to Ashish.

	Ashish Masih
19 Our Financial Priorities	Before I close, I'd like to remind everyone of our commitment to a consistent set of financial priorities that we established some time ago. We expect to benefit from our strong balance sheet as the highly anticipated growth in market supply has arrived in the U.S. and we are ready. We will continue to be good stewards of **your** capital and, as always, will maintain our focus on returns in order to build long-term shareholder value.
20 Encore's Strong Position & Outlook	In the U.S., we believe the continued normalization of consumer behavior as well as the growth in portfolio supply are clear indicators that the next phase of the consumer credit cycle has arrived. As a result, more consumers than ever will need our support and we are ready to help them resolve their debts and restore their financial health, consistent with our mission and the essential role we play in the consumer credit ecosystem. Beginning in August last year, we've spoken about facing pressure on collections, revenues and earnings for a few quarters due to lower purchasing in recent periods and the normalization of consumer behavior. Recent results reflect these expected pressures, although Q4 was also significantly impacted by one-time items and larger CECL adjustments. Now that our portfolio purchasing in the U.S. has turned the corner and returns are improving, we expect these pressures will subside over time. With the recovery of the U.S. market evolving as we expected, we remain confident in our view of the business and are right where we want to be. The recovery of our business in the U.K. and Europe is unfolding more slowly, but we remain confident that we are taking the right actions to best position our business for the opportunities that will come. {continued on next page}

20 Encore's Strong Position & Outlook (continued)	I am very optimistic that Encore's strong position - with sufficient operational capacity, continued solid cash generation and ample liquidity - will allow us to remain disciplined in our purchasing approach and capitalize on the growth in U.S. portfolio purchasing opportunities that lie ahead. 2022 was a strong year for Encore, and 2023 is already shaping up to be a strong year for portfolio purchasing, driven by growth in the U.S. It also bears repeating that this means more consumers who will need our support, and - as always - our dedicated colleagues around the world, driven by our Mission, Vision and Values, will be there to do just that. Even as we plan for increased capital deployment this year, we will continue to carefully manage our strong balance sheet and expect our leverage at the end of 2023 to be near the mid-point of our target range. 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, employing discipline in our purchasing approach, executing effectively, and maintaining a strong balance sheet are key drivers of our performance – and have put us in a position of strength as portfolio supply in the U.S. is now clearly growing. This is the portion of the credit cycle we have been anticipating – and we are ready for it. We're also as committed as ever to the essential role we play in the credit ecosystem and to help consumers regain their financial freedom. Thanks for taking the time to join us and we look forward to providing our first quarter 2023 results in May.