Slide #	**Commentary**
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's second 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 Safe Harbor	Unless otherwise noted, comparisons made on this conference call will be between the second quarter of 2021 and the second 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. 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 Q2 2021 Highlights	Thanks, Bruce, and good afternoon everyone. Thank you for joining our earnings call. Encore delivered another strong performance in the second quarter as we continued to execute our strategy, improve our balance sheet and focus on our capital allocation priorities. To better understand our results, let's begin with some important highlights from the quarter: The primary driver of our financial performance in Q2 was the record collections for both our MCM and Cabot businesses. We continue to see consumers focus on resolving their debts, which led to a high volume of in-bound calls and online engagement. We also started seeing an increase in legal collections in the second quarter. On a global basis, our portfolio purchases were $143 million dollars in Q2, which was lower than last year due to lower market supply. Although issuers continue to sell, volumes are lower because of fewer charge-offs. As these conditions persist, we have remained disciplined and continue to purchase at attractive returns. In addition, our success over the past several years in improving our collections effectiveness and cost efficiency has allowed us to mitigate the impact of higher market pricing on our returns. Our global financing structure continues to provide benefits. In June we refinanced the last of the legacy Cabot bonds with a significantly reduced coupon, saving 325 basis points, which will further reduce our interest expense in the future. {continued on next page}

3 Q2 2021 Highlights (continued)	Our business continues to generate significant excess capital, driving a further reduction in our leverage ratio, which is now at the low end of our target range of 2 to 3 times. In line with our capital allocation priorities, we repurchased $27 million dollars of Encore shares during the second quarter. As a result, through the first two quarters of 2021, we have spent a total of $47 million dollars repurchasing shares. We will continue to allocate capital according to our stated priorities. Any future share repurchases are subject to maintaining our strong balance sheet, liquidity, and the continuation of our strong financial performance. To further describe our results for the quarter, I would like to anchor the conversation to our previously outlined strategy.

4 Our Business and Our Strategy	We deliver best-in-class financial performance as a result of our consistent strategy and execution. We look to 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. 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. 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. Consistent with this strategy, we recently entered into an agreement to sell our portfolios in Colombia and Peru. The sale is expected to close in the third quarter.

5 Market Focus: U.S. Business	Our largest and most valuable market is the U.S. In Q2 MCM delivered another quarter of record collections in an environment characterized by two meaningful dynamics. First, consumers continued to reach out to us through our cost-efficient call center and digital channel to resolve their debts. Second, collections through our legal channel grew 31% due to increased legal activity as courts and legal services have reopened. We do not expect this to be a long-term shift in collection mix. MCM deployed $90 million dollars during Q2 as the impacts of the pandemic tempered supply in the U.S. We continue to deploy capital at attractive returns. As announced by the CFPB last week, the industry rules will become effective on November 30th, 2021. 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 prepared to fully implement the new rules by the confirmed effective date.

6 Market Focus: U.K. and European Businesses	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. Collections in the second quarter grew 45% compared to Q2 last year, a period when the effects of the pandemic were most impactful. Collections for the first half of 2021 for Cabot portfolios owned at year-end 2020 exceeded our expectations by 7%. Second quarter collections in the legal channel increased 36% compared to Q2 last year, which drove cost-to-collect higher. Deployments in Q2 of $53 million dollars were higher compared to the second quarter of last year, and Cabot's portfolio purchases of $131 million dollars in the first half of 2021 have already exceeded the total for all of 2020. Despite the fact that delinquencies remain low, supply has increased in the U.K and Europe as sellers are now coming back to market. Portfolio pricing has become more competitive across our European footprint and constrained our investments in the second quarter as we maintained our return-focused discipline in purchasing.

7 Competitive Advantage: Cash Generation	The second pillar of our strategy focuses on enhancing our competitive advantages. Our competitive platform enables us to consistently generate significant cash flow. Our cash generation for the twelve months ending in June increased 16%, reflecting the steady improvement in our business, the efficiency of our operations and the resilience of our portfolios. 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, which include portfolio purchases at attractive returns, strategic and disciplined M&A, and share repurchases.
8 Competitive Advantage: Differentiated Returns	Our competitive advantages also allow us to deliver differentiated returns. We emphasize ROIC as an important measure of our business because it takes into account both the performance of our collections operation 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 that we can maintain through the credit cycle. Our ROIC performance in the second quarter, and our performance over time, are solid indicators of the improvements in our business during a period that was characterized by uncertainty and volatility in global financial markets. We continue to believe it is difficult to find such attractive returns at other companies in or around our industry.

9 Balance Sheet Strength: Leverage Reduction	The third pillar of our strategy makes the strengthening of our balance sheet a constant priority. We believe that a strong balance sheet is critical to being successful in our sector. Our continued focus on strengthening our balance sheet has enabled us to reduce our debt to equity ratio to 2.2 times and reduce our leverage ratio to 1.9 times, which is now at the low end of our targeted range of 2 to 3 times, and is near the lowest in the industry. Our strong operating performance and focused capital deployment have driven higher levels of cash flow, which in turn has led to leverage reduction. As a result of our financing accomplishments over the last year, including the refinancing we completed in Q2, we have significantly lowered our cost of funds, and we believe we have established a best-in-class capital structure that will allow us to capitalize on future opportunities. I'd now like to hand over the call to Jon for a more detailed look at our financial results…

	Jonathan Clark
10 Detailed Financial Discussion	Thank you, Ashish.
11 Q2 2021 Key Financial Measures	In the second quarter, very strong collections – in both the call center channel and the legal channel - drove higher revenue, net income and returns. Importantly, the resulting strong cash generation, combined with lower purchase volume, led to a further reduction in our leverage ratio and slightly lower ERC. The true quality of our strong underlying second quarter results is not readily apparent when comparing to the second quarter of 2020. This was a period during the emerging stages of the pandemic, when we observed significant volatility in our business.
12 H1 2021 Key Financial Measures	Our continued strong financial performance becomes more clear when viewed as a comparison of the first half of 2021 to the first half of 2020. Through this lens, it is clear that our growth in collections drove higher revenues and earnings. It also shows that our operating expenses remain well-managed. In fact, we’ve maintained an expense level within a tight relative range for the past several quarters, except for the second quarter of 2020, a period during which legal channel spending was significantly reduced due to the impact of the pandemic.

13 Q2 Collections	Collections were a record $612 million dollars in the second quarter, up 21% compared to Q2 last year. MCM collections grew 13% in the second quarter, to a record $437 million dollars. Within that total, MCM's legal channel collections grew 31% compared to Q2 last year when the pandemic's impact on the legal channel was most prevalent. Cabot's collections through our debt purchasing business in Europe in the second quarter were a record $168 million dollars, up 45% compared to Q2 last year. Q2 of last year was a period, during the early days of the pandemic, when Cabot's collections were impacted severely. Encore's global collections in the second quarter for portfolios owned at year-end 2020 achieved 119% of our ERC.
14 Q2 Revenues	Revenues in the second quarter were $428 million dollars, compared to $426 million dollars in Q2 last year. Recall that in early 2020, the uncertainty surrounding the Coronavirus pandemic caused us to push out our collections forecast in Q1 2020 and subsequently pull most of it back in during Q2 and Q3 of 2020. This dynamic essentially suppressed our revenues in the first quarter last year and reversed the process in the second and third quarters of 2020.
15 Estimated Remaining Collections	Our Estimated Remaining Collections at the end of Q2 was $8.1 billion dollars, down 3% compared to the end of Q2 last year, primarily as a result of very strong collections performance during the past year as well as lower portfolio purchasing during this same time period.

16 Diversified Funding	Our global funding structure provides many benefits to Encore, including lower funding costs and extended maturities. In June we refinanced the last of our legacy Cabot bonds with £250 million pounds of new senior secured notes with a 325-basis point lower coupon while also extending the maturity from 2023 to 2028. We also expect the interest savings from these new notes will pay back the call premium from the redemption of our previous notes by the end of 2021. Available capacity under our global RCF was $720 million dollars at the end of the second quarter, and we concluded Q2 with $175 million dollars of non-client cash on the balance sheet. With our strong balance sheet, our financial flexibility and access to a variety of capital sources, we are well prepared for the opportunities that lie ahead. With that, I'd like to turn it back over to Ashish.

	Ashish Masih
17 Our Mission Vision and Values	Thank you, Jon. I am proud of our accomplishments in the first half of 2021 and excited about the opportunities in front of us. As I reflect on the last year and a half, which has brought constant and unprecedented change to our personal and professional lives, I am proud of my 7,000-plus colleagues at Encore located across many countries around the world. Each of them has managed through a variety of COVID-related challenges impacting their families, their health and their communities. They have dealt admirably with the constant ups and downs in their lives. Through it all, they have kept their focus on our <u>mission</u> – which is to create pathways to economic freedom for our consumers, and our <u>vision</u> – which is to make credit accessible by partnering with consumers to restore their financial health. We understand that no two consumers are the same, and we pride ourselves on gaining an understanding of each consumer's circumstance to determine the best solution to help them resolve their debts <u>and</u> restore their financial health. Everything we do at Encore is informed by our three core <u>values:</u> • WE CARE, so we always put people first. • WE FIND A BETTER WAY, so we remain committed to always delivering our best; and • WE ARE INCLUSIVE AND COLLABORATIVE, so we always embrace our differences so that each individual can thrive. Together, our Mission, Vision and Values serve as the bedrock of our organization and for the performance that follows.

18 Our Financial Priorities	To continue to deliver strong results and plan for a successful future, we remain focused on executing our strategy, which we believe is critical to building long-term shareholder value. We have a clear view of our financial priorities and their importance to building upon our success. Our bond refinancing in Q2 once again demonstrated the benefits of our global funding structure. We continue to be focused on achieving our balance sheet objectives, which include preserving our financial flexibility, targeting leverage in a range between 2 and 3 times and maintaining a strong double-B debt rating. Consistent with our capital allocation priorities, we followed our disciplined approach to purchase portfolios at attractive returns in the second quarter. Furthermore, we continued to repurchase Encore shares in the second quarter, after having initiated share repurchases and receiving board approval to increase our repurchase authorization earlier in the year. Finally, with regard to our operating and financial performance, our returns remain very strong and we are committed to delivering strong ROIC through the credit cycle. Looking forward, I'm excited about our business for the remainder of this year and beyond. We continue to operate at a high level, building upon our solid liquidity position and a strong, flexible balance sheet, which will allow us to capitalize on whatever the future holds. Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions.
18 Closing	That concludes the call for today. Thanks for taking the time to join us and we look forward to providing our third quarter 2021 results in November.