Slide #	**Commentary**
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's second quarter 2023 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 and Ryan Bell, President of Midland 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 second quarter of 2023 and the second quarter of 2022. 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 Q2 2023 Highlights	Thanks, Bruce, and good afternoon, everyone. Thank you for joining us. I'll begin today's call with a few Q2 highlights: Encore's second quarter performance reflected normalized consumer behavior and a stable collections environment in each of our key markets. In the U.S., with lending and charge-off rates continuing to steadily increase, the growth of portfolio supply and improvements in portfolio pricing also continue. Consequently, MCM portfolio purchases in the U.S. in the second quarter matched our Q1 total of $213 million dollars. Our cash generation grew sequentially again in the second quarter, the result of increases in collections from purchasing portfolios at attractive returns over the past several quarters, especially in the U.S. Earnings comparisons to the second quarter of 2022 are challenging due to the positive impact of collections overperformance and ERC forecast increases in that quarter. As a result of the continued disciplined execution of our strategy, Encore remains well-positioned with the operational capability and balance sheet to capitalize on the growing portfolio purchasing opportunities currently available in the U.S. market.

4 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 and necessary 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. Our business is 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 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 for 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, beginning with the U.S...
5 U.S. 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. Revolving credit in the U.S. surpassed pre-pandemic levels in early 2022, and each month thereafter the U.S. Federal Reserve has reported a new record level of outstandings. We are now back to the steady growth in lending we have historically seen in the U.S. market. This growth is also evident in the second quarter financial results of U.S. banks, which continue to report increases in credit card outstandings.

6 Credit Card Delinquency in the U.S.	In addition to the upward trend in credit card outstandings, credit card delinquency rates in the U.S. have continued to rise in recent quarters and are now at or near pre-pandemic levels. This sustained increase in delinquency rates is now leading to higher charge-offs and increased supply of portfolios in the U.S. for debt buyers such as Encore.
7 U.S. Business	With this favorable environment as a backdrop, MCM's portfolio purchasing in Q2 of $213 million dollars matched our record level of capital deployment in the U.S. set last quarter. Over the past four quarters, MCM has deployed $772 million dollars at strong returns. To put that figure into proper context, MCM's largest portfolio purchases for a full calendar year was $682 million dollars in 2019. MCM collections in Q2 were $336 million dollars, which met our expectations entering the quarter. As market supply growth continues in the U.S., MCM continues to expand internal collections capacity, which we believe generates industry-leading liquidation of purchased portfolios.
8 U.S. ERC Growth	As market supply remains elevated in the U.S. and the pricing environment continues to improve, MCM's ERC is steadily growing. Importantly, as pricing continues to improve, we expect to collect more for every dollar of capital deployed. The portfolio supply pipeline for the remainder of 2023 is expected to remain favorable, and MCM will continue to focus on maximizing returns in this environment.

9 U.K. and European Business	Turning to our business in Europe… Cabot's collections were $139 million dollars in Q2, a decline of 2% and in-line with our expectations. Overall, we are still not seeing any changes in consumer behavior due to macroeconomic headwinds. With U.K. credit card outstandings still 10% below the pre-pandemic level, the markets in the U.K. and continental Europe remain very competitive. Cabot portfolio purchases in Q2 were $61 million dollars. Importantly, we have started to see a slight improvement in market portfolio pricing. However, we still do not yet see the full 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. As we have said in the past, ultimately pricing will need to align with higher funding costs before we allocate additional capital toward growing our deployments in Europe.
10 Cash Generation	We believe that our ability to generate significant cash provides us an important competitive advantage, which is a key component of the second pillar of our strategy. In the U.S., from 2020 through the first half of 2022, lower consumer spending, credit card balances and charge-off rates drove reduced market supply in our industry and led to higher collections for our business. When consumer behavior began to normalize and incremental cash generation from these higher collections began to subside, our cash generation came under pressure as the prolonged period of lower portfolio purchases then led to reduced overall collections. More recently, however, higher portfolio purchases and improving pricing over the past few quarters have now reversed this trend, enabling our cash generation to grow sequentially again in Q2 as expected.

11 Balance Sheet Strength & Leverage	Executing on our three-pillar strategy ensures that the strength of our balance sheet is a constant priority. When compared to the pre-pandemic years, Encore has become a much stronger company. We now have a unified global funding structure that provides us with financial flexibility, diversified sources of financing and extended maturities. Over the past several years, our strong operating performance and focused capital deployment drove higher levels of cash generation and contributed to a lower level of debt, which reduced our leverage significantly. More recently, our leverage has risen, driven by both lower collections and increased portfolio purchasing over the last few quarters. But now, as the collections environment has stabilized, we expect to see our leverage continue to level off. Through our strong balance sheet we remain well-positioned to fund the portfolio purchasing 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
12 Detailed Financial Discussion	Thank you, Ashish.
13 Q2 2023 Key Financial Measures	When comparing Q2 results to those from a year ago, keep in mind that the elevated level of collections last year was atypical, and resulted - in part - from U.S. consumer behavior that has since normalized. In addition, in the second quarter of last year, our revenues and earnings benefitted from $25 million dollars of changes in recoveries. I'd also like to highlight a few other items: Interest expense in Q2 was $50 million dollars, which has steadily grown over the past several quarters, primarily due to rising interest rates in 2022 followed by higher borrowings related to our increased purchasing in 2023. We expect interest expense to be roughly $50M per quarter for the rest of 2023. Collections in Q2 were very near our expectations and resulted in half a million dollars of recoveries below forecast, thus reducing Q2 EPS by one cent. Changes in expected future recoveries totaling $3 million dollars was mainly the result of changes in the timing of existing ERC which reduced Q2 EPS by $0.10. {continued on next page}

13 Q2 2023 Key Financial Measures (continued)	It bears repeating that CECL Accounting can cause significant fluctuations in quarterly reported results, but they **do** converge with cash results over the long-term. 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. Portfolio purchasing in Q2 grew by over $100 million dollars compared to the second quarter last year, as we have transitioned to a new phase of the credit cycle in the U.S. This growth in purchasing is also reflected in our estimated remaining collections, or ERC, which grew 6% to $8 billion dollars and is expected to continue to grow.
14 Q2 2023 Collections	Collections were $477 million dollars in Q2, down 4% compared to the second quarter a year ago. Breaking that result down into our two major businesses, MCM's collections in the U.S. declined 5% compared to Q2 last year, primarily due to lower portfolio purchasing in prior years and the normalization of consumer behavior. Cabot's collections in the second quarter declined 2%. For both MCM and Cabot, collections in Q2 were generally in line with expectations. For portfolios owned at the end of 2022, Encore's global collections performance year-to-date through the second quarter was 97% of our year-end portfolio ERC. For MCM and for Cabot, collections through Q2 by this same measure were 97% and 98%, respectively.

15 Diversified Funding	With higher interest rates and continued challenging conditions in the bond market, the importance of our global funding structure cannot be overstated. Our funding structure provides us financial flexibility and diversified funding sources to compete effectively in this growing supply environment. We believe our balance sheet also provides us very competitive funding costs when compared to our peers and competitors. In May we amended our global senior facility, increasing its size by $40 million dollars and extending its maturity out to September 2027 with no change to interest terms. In this environment, we believe higher financing costs are having a moderating effect on portfolio pricing in the U.S. as debt buyers adapt their bidding behaviors to their higher costs of capital. Having said that, we believe current pricing in Europe still does not yet fully reflect this moderating effect, but we expect it will over time. With that, I'd like to turn it back over to Ashish.
	Ashish Masih
16 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 long ago. The importance of a strong, diversified balance sheet in our industry cannot be overstated, especially as highly anticipated growth in market supply has arrived in the U.S. We will continue to be good stewards of **your** capital by always taking the long view and prioritizing portfolio purchases at attractive returns in order to build long-term shareholder value.

17 Encore's Strong Position & Outlook	In closing, we believe we are well positioned to capitalize on the significant opportunities that lie ahead. We remain confident in our view of the business and our markets. Operationally, we believe our ability to liquidate portfolios is unrivaled, leading to solid cash generation. This is especially important when the cost of capital for every participant in the market is at a premium. In addition, our consistent, disciplined purchasing approach continues to build upon the foundation of strong back book returns. Looking ahead, the favorable supply pipeline and pricing improvements in the U.S. are expected to continue. In Europe, we believe our disciplined approach to portfolio purchasing best positions us for success when Cabot's markets become more constructive. With higher portfolio purchases and strengthening returns in the U.S., we expect the steady growth in ERC and earnings to continue. Now we'd be happy to answer any questions that you may have. Operator, please open up the lines for questions.
Q&A Session	
17 Closing Comments	As we close the call today, I'd like to reiterate a couple of important points. As the consumer credit cycles in our key markets each evolve in their own unique ways, we continue our disciplined purchasing approach by allocating capital to our markets with the highest returns. When combined with our effective collections operation, this approach has enabled us to continue to grow our cash generation. This is the portion of the credit cycle we have been anticipating. Driven by our Mission, Vision and Values, and through the consistently great work by our colleagues around the world, we're as committed as ever to the essential role we play in the credit ecosystem and to help consumers restore their financial health. Thanks for taking the time to join us and we look forward to providing our third quarter 2023 results in November.