Slide #	Commentary
	Bruce Thomas
1	Thank you, Operator. Good afternoon and welcome to Encore Capital Group's first 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 first quarter of 2023 and the first 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	Thanks, Bruce, and good afternoon, everyone. Thank you for joining us.
Q1 2023 Highlights	Encore's performance in the first quarter reflected normalized consumer behavior in each of our key markets. As such, collections have returned to pre-pandemic levels for our MCM business in the U.S. and have stabilized for our Cabot business in Europe. At the same time, as anticipated, portfolio supply growth in the U.S. is accelerating with lending and charge off rates steadily growing. Consequently, MCM portfolio purchases in the U.S. in the first quarter were a record $213 million dollars, more than twice the amount we purchased in Q1 a year ago. Due to increases in our collections from purchasing portfolios at attractive returns over the past few quarters, especially in the U.S., we are now seeing a turning point in our cash generation, which grew sequentially in the first quarter. This is a trend we expect to continue. Earnings comparisons to the year ago quarter are challenging due to the significant impact of collections overperformance and ERC forecast increases in the U.S. in the first quarter of 2022. As a result of the disciplined execution of our strategy, Encore is well-positioned with the operational capability and balance sheet to capitalize on the growing portfolio purchasing opportunities in the market. We also remain as committed as ever to both the critical role we play in the consumer credit ecosystem as well as the support we provide to consumers to regain their financial freedom, especially in this rising charge-off rate environment.

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 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 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, 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. Additionally, banks continued to report growth in lending in their first quarter financial results.

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. This sustained increase in delinquency rates is now leading to higher charge-offs and increased supply of portfolios for debt buyers such as Encore.
7 U.S. Business	With lending by U.S. banks continuing to set new records with each passing month - and charge-off rates steadily rising – we are seeing increases in volumes under existing forward flow agreements as well as significant additional volume being brought to market by banks and issuers. It's clear that we have continued to transition into the portion of the consumer credit cycle in the U.S. in which portfolio purchasing becomes increasingly favorable in terms of both market supply and returns. MCM's portfolio purchasing in Q1 of $213 million dollars was more than twice the purchasing total for the same period last year and represents a record level of capital deployment for our U.S. business. As market supply remains elevated in the U.S., we expect MCM's portfolio purchases in Q2 2023 to be at a similar level to our Q1 total. In addition, the purchasing pipeline for the remainder of 2023 remains robust, with expected improvement in both volumes and returns. MCM collections in Q1 were $329 million dollars, which was in line with pre-pandemic collection levels, an indication that consumer behavior has largely normalized when compared to a year ago. As market supply growth accelerates in the U.S., MCM is focused on expanding collections capacity.

8	Turning to our business in Europe…
U.K. and European Business	Cabot's collections were $133 million dollars in Q1, a decline of 10% as reported due to the impact of foreign currency and lower portfolio purchases. In constant currency, Cabot's collections declined only 2% and remained broadly in-line with our expectations. The largest outlier on a comparative basis was in Spain, where collections were somewhat impacted by strikes in the Spanish court system. Overall, we are still not seeing any changes in consumer behavior due to macroeconomic headwinds. Cabot portfolio purchases in Q1 were $63 million dollars. Importantly, we do not yet see the impact of higher funding costs from higher interest rates reflected in market 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. As outlined in our 2022 results, we reduced our headcount within Cabot during Q1, primarily in our support functions, in order to manage our cost base. These reductions resulted in a $6-million-dollar pre-tax charge in the quarter.

9 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. Now that many of the impacts of the pandemic are behind us, it's instructive to look back and offer some perspective on cause-and-effect relationships that affected our business performance. For example, in the U.S. the same atypical consumer behavior that drove reduced market supply in our industry - namely lower credit card balances and charge-off rates – also led to higher collections for our business. When 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. However, as expected, higher portfolio purchases at attractive returns in recent quarters have now reversed this trend, and our cash generation in Q1 has begun to grow. We expect this trend to continue.

10 Balance Sheet Strength & Leverage	Executing on our three-pillar strategy ensures that the strength of our balance sheet is a constant priority. 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 over time. More recently, our leverage has risen, driven by both 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 with lower leverage. We now have a unified global funding structure that provides us with financial flexibility, diversified sources of financing and extended maturities. 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
11 Detailed Financial Discussion	Thank you, Ashish.

12 Q1 2023 Key Financial Measures	When comparing Q1 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 first quarter of last year, our revenues and earnings benefitted from $167 million dollars of changes in recoveries. I'd also like to highlight a few other items that I believe are noteworthy: As we mentioned during our last earnings call, we reduced Cabot's headcount during Q1, principally in support functions, in order to manage our cost base. These reductions resulted in a $6-million-dollar pre-tax charge which reduced Q1 2023 EPS by $0.19. Elsewhere, we continue to effectively manage our cost base as operating expenses remain well-controlled despite inflationary pressures. Collections in Q1 were approximately 3% lower than expected and resulted in $15 million dollars of recoveries below forecast, thus reducing Q1 EPS by $0.46. Changes in expected future recoveries totaling $6 million dollars was the result of a very small increase in our existing global ERC – less than 1% - which increased Q1 EPS by $0.18. 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. 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. {continued on next page}

12 Q1 2023 Key Financial Measures (continued)	Portfolio purchasing in Q1 more than doubled in the U.S. compared to the first quarter last year, as we have transitioned to a new phase of the credit cycle with increased purchasing. This growth in purchasing is also reflected in our estimated remaining collections, or ERC, which was flat compared to a year ago on a reported basis at $7.8 billion dollars. However, ERC actually grew 2% in constant currency and is expected to grow from here.
13 Q1 2023 Collections	Collections were $462 million dollars in Q1, down 11% compared to the atypically high collections level in the first quarter a year ago. Breaking that result down into our two major businesses, MCM's collections in the U.S. declined 11% compared to Q1 last year, primarily due to lower portfolio purchasing in recent years and the normalization of consumer behavior. Cabot's collections in the first quarter declined 10% as reported, primarily due to the foreign currency effect of the weakening of the British pound and Euro compared to a year ago. In constant currency, Cabot's Q1 collections were down only 2%. For portfolios owned at the end of 2022, Encore's global collections performance through the first quarter was 96% of our year-end portfolio ERC. For MCM and for Cabot, collections through Q1 by this same measure were 95% and 98%, respectively. For MCM, the collections shortfall in Q1 appears to be mainly a timing issue for recently acquired vintages as we transition back to more normalized collection patterns. For Cabot, collections were generally in line with expectations, though collections in Spain were somewhat impacted by strikes in the court system.

14 Diversified Funding	With rising interest rates and challenging conditions in the bond market, we cannot overstate the importance of our global funding structure. It provides us the financial horsepower, financial flexibility and diversified funding sources to approach the growing supply environment from a position of strength. We believe our balance sheet also provides us very competitive funding costs when compared to our peers and competitors. In this environment, we believe higher financing costs are beginning to have 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 does not yet 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
15 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.

16 Encore's Strong Position & Outlook	In the U.S., now that consumer behavior has normalized and portfolio supply growth is accelerating, it's clear that we've transitioned to the next phase of the consumer credit cycle. 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. A few quarters ago we spoke about facing pressure on collections, revenues and earnings due to lower purchasing in recent years and the normalization of consumer behavior. Our recent results have reflected these expected pressures. Now that our portfolio purchasing in the U.S. has turned the corner and returns are improving, we have begun to see these pressures subside on cash generation. The recovery of the U.S. market is evolving as we expected and we remain confident in our view of the business and are well-positioned to capitalize on this opportunity. Although the recovery of our business in the U.K. and Europe is unfolding more slowly, we remain confident that we are taking the right actions to best position our business for the opportunities that will come when that market becomes more constructive. 2023 has started off as a strong year for portfolio purchasing, driven by growth in the U.S. As we look ahead, we expect MCM portfolio purchases in Q2 will be similar to our Q1 total, which was a quarterly record for our U.S. business, and we also see a robust pipeline for MCM in the second half of the year in both volumes and returns. And as I mentioned earlier, quarterly cash generation has grown sequentially in the first quarter, a trend we expect 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	
16 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 begin to grow our cash generation once again. This is the portion of the credit cycle we have been anticipating. 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 second quarter 2023 results in August.