

PRA Group (UK) Ltd. – 2021 TAX STRATEGY

In compliance with Part 2 of schedule 19 of the 2016 Finance Act, the Company is publishing its tax strategy for the year ending 31 December 2021. As the head company of the PRA Group, Inc. (NASDAQ: PRAA) UK sub-group, we confirm that this strategy will apply to the following UK companies:

- PRA Group (UK) Ltd.

PRA Group (UK) Ltd. purchases portfolios of distressed bad debts from large financial institutions, and manages the collections on those portfolios. The Company has offices and employees in several locations in the United Kingdom. The Company had been increasingly profitable in the UK from 2014 to 2017, and had significant tax liabilities for calendar years 2016-2020. We anticipate that the Company will generate taxable profits in the foreseeable future.

Our business has a strong focus on corporate responsibility, and we see responsible administration and payment of taxation as an obligation of our business.

Our overall tax strategy is to:

- Meet all legal requirements and to file all appropriate tax returns and submit all necessary tax payments.
- Seek to utilise available tax reliefs and incentives, where available, in a manner which is consistent with the government's policy objectives.
- Consider the tax impact in major or complex business decisions, for example acquisitions.
- Operate in an environment where we consider tax in the context of our reputation and brand.
- Comply with appropriate tax risk processes, and ensure there is Board oversight into this compliance.

Risk management and governance arrangements

We want our tax affairs to be transparent and compliant with tax legislation, and recognise that managing tax compliance is increasingly complex. Our internal structure is set up to ensure:

- The level of tax risk is managed within limits set and overseen by the Board of Directors. We proactively seek to identify, evaluate, manage and monitor tax risks to ensure they remain in line with the Group's risk appetite.
- The Board understands the importance of tax compliance, and how it is achieved.
- There is a constant dialogue between the Board and those individuals tasked with the operation of our finance function, regarding the way our business manages its tax risk.
- The business portrays a positive view towards tax compliance and the importance of meeting our obligations.

We keep under review how we meet our tax obligations, by seeking external tax advice, investing in tax training for our staff and how we manage our relationship with tax authorities.

Responsible Attitude to Arranging Our Tax Affairs

A key consideration of the group is to pay the right amount of tax, in the right place at the right time. Professional advice is sought on a transactional basis, with the depth of such advice being driven by our assessment of the risk presented by each opportunity.

We have a responsibility to minimise our tax risk and our exposure to negative publicity through non-compliance. In structuring our commercial activities, we do consider – among other factors – the tax laws of the countries within which we operate with a view to maximising value on a sustainable basis for our shareholders.

Attitude towards risk

The Board sees compliance with tax legislation as key to managing our tax risk. We understand the importance of tax in the wider context of business decisions and have processes in place to ensure tax is considered as part of our decision-making process.

We have relationships with professional advisers that allow us to seek expert advice on specialist areas of tax. We are compliant with relevant UK tax legislation.

The Board is conscious of the hugely negative publicity attracted by a bad attitude towards tax, and sees strong internal processes and a good relationship with our professional advisers as the best ways to manage this reputational risk. We manage tax risk within a risk appetite set by the Board, as this is in line with best practice.

Relationship with HM Revenue & Customs (HMRC)

Our communication with HMRC is focused around timely tax compliance, for example meeting relevant filing and payment deadlines for taxes the company pays.

We employ the services of professional tax advisers to act as our agents, and in many cases they liaise with HMRC on our behalf. This is seen by the Board as a way to ensure we get the most out of our relationship with HMRC, thus reducing our tax risk.

We aim to be transparent in our dealings with HMRC, acting with integrity and in a co-operative manner. We strive to ensure information is clearly presented and that all relevant facts and circumstances are disclosed. The expectation would be to strive for early agreement on disputed matters, and to achieve certainty wherever possible.