

PRA GROUP INC
Form 10-Q
August 09, 2016
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
ý Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2016
¨ Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____
Commission File Number: 000-50058

PRA Group, Inc.
(Exact name of registrant as specified in its charter)
Delaware 75-3078675
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)
120 Corporate Boulevard, Norfolk, Virginia 23502 (888) 772-7326
(Address of principal executive offices) (Zip Code) (Registrant's Telephone No., including area code)
Not
Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO
The number of shares of the registrant's common stock outstanding as of August 5, 2016 was 46,343,827.

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Part I. Financial Information
Item 1. Financial Statements

PRA Group, Inc.

Consolidated Balance Sheets

June 30, 2016 and December 31, 2015

(unaudited)

(Amounts in thousands)

	June 30, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$117,071	\$71,372
Investments	66,560	73,799
Finance receivables, net	2,399,949	2,202,113
Other receivables, net	30,079	30,771
Income taxes receivable	13,871	1,717
Net deferred tax asset	15,713	13,068
Property and equipment, net	46,852	45,394
Goodwill	544,337	495,156
Intangible assets, net	32,655	23,788
Other assets	38,509	33,389
Total assets	\$3,305,596	\$2,990,567
Liabilities and Equity		
Liabilities:		
Accounts payable	\$3,719	\$4,190
Accrued expenses	79,202	95,380
Income taxes payable	20,888	21,236
Net deferred tax liability	276,360	261,498
Interest-bearing deposits	58,041	46,991
Borrowings	1,912,283	1,717,129
Other liabilities	19,922	4,396
Total liabilities	2,370,415	2,150,820
Equity:		
Preferred stock, par value \$0.01, authorized shares, 2,000, issued and outstanding shares, 0—	—	—
Common stock, par value \$0.01, authorized shares, 100,000, issued and outstanding shares, 46,341 at June 30, 2016; 100,000 authorized shares, 46,173 issued and outstanding shares at December 31, 2015	463	462
Additional paid-in capital	66,838	64,622
Retained earnings	1,032,709	964,270
Accumulated other comprehensive loss	(213,933)	(228,861)
Total stockholders' equity - PRA Group, Inc.	886,077	800,493
Noncontrolling interest	49,104	39,254
Total equity	935,181	839,747
Total liabilities and equity	\$3,305,596	\$2,990,567

The accompanying notes are an integral part of these consolidated financial statements.

PRA Group, Inc.

Consolidated Income Statements

For the three and six months ended June 30, 2016 and 2015

(unaudited)

(Amounts in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues:				
Income recognized on finance receivables, net	\$204,008	\$220,064	\$410,515	\$448,467
Fee income	22,347	13,878	38,613	26,931
Other revenue	2,101	3,255	4,210	7,005
Total revenues	228,456	237,197	453,338	482,403
Operating expenses:				
Compensation and employee services	64,793	68,320	131,558	133,591
Legal collection fees	15,098	14,114	28,048	27,805
Legal collection costs	18,799	19,556	35,981	40,410
Agency fees	11,309	7,784	22,193	16,045
Outside fees and services	15,876	12,466	31,684	25,263
Communication	8,423	8,073	18,305	18,491
Rent and occupancy	4,038	3,479	7,834	