



May 7, 2012

Portfolio Recovery Associates Reports First Quarter 2012 Results

NORFOLK, VA, May 07, 2012 (MARKETWIRE via COMTEX) --Portfolio Recovery Associates, Inc. (NASDAQ: PRAA), a specialized financial and business services company and market leader in the consumer debt purchase and collection industry, today reported its first quarter 2012 results.

First Quarter Highlights

- Cash collections of \$218.0 million, including Mackenzie Hall collections, up 31% from the first quarter of 2011.
- First quarter revenue of \$140.1 million, including Mackenzie Hall revenue of \$4.6 million, up 25% from the year-earlier quarter.
- First quarter net income of \$25.5 million, an increase of 10% over the first quarter of 2011.
- First quarter diluted EPS of \$1.47, compared with \$1.34 in the first quarter of 2011.
- Annualized return on average equity of 16.7% for the quarter.

"The first quarter of 2012 exhibited significant growth for PRA and continued the momentum we generated in 2011, culminating in strong financial results," said Steve Fredrickson, chairman, president and chief executive officer.

"Our expanded focus beginning this quarter on legal collections from those who can, but won't, pay back their debt, performed better than we anticipated. Legal collection costs of \$23.7 million were on target, with legal cash collections increasing 42% over first quarter 2011. Total cash collections increased 31% year-over-year, as we added new consumer debt and bankrupt customer portfolios of \$111.4 million this quarter," Fredrickson said.

"Revenue from our fee-for-service businesses slightly improved year-over-year, largely due to the inclusion of Mackenzie Hall. We look forward to the growth and diversification opportunities that Mackenzie Hall provides us," Fredrickson said. "Our focus on enhancing shareholder value -- driven in part through our share repurchase program -- has set the stage for sustained growth and success in 2012. We continue to identify opportunities to invest in our growth and improve our operational performance as PRA strives to be the standard by which all other firms in our industry are measured."

FINANCIAL AND OPERATING REVIEW

Revenues

- Total revenues were \$140.1 million for the quarter, up 25% when compared with the same period a year ago. This was driven by cash receipts of \$233.9 million in the first quarter, up 28% from \$182.5 million a year earlier. The Company defines cash receipts as the total of cash collections and fee income.

Finance Receivable Income

- Cash collections from finance receivables rose 31% to \$218.0 million in the first quarter of 2012 from \$166.7 million in the year-ago period. Cash collections reflected the seasonal strength typically experienced in the first quarter, coupled with improvements made in the Company's collections operations. The table below displays cash collections by source, by quarter for the past five quarters. Mackenzie Hall collections are included only in Q12012:

compared with \$42.7 million in the first quarter of 2011, representing an increase of 4%. The operating margin decreased from 38.2% in the year-earlier quarter to 31.7% in the recently completed quarter. The decline can be attributed, in large part, to the increased legal collection expenses associated with the Company's focus on driving net incremental cash flow from this portion of the business.

Balance Sheet

- Cash balances were \$28.1 million as of March 31, 2012.

- During the first quarter of 2012, the Company had net borrowings of \$45.0 million under its line of credit, resulting in an outstanding balance of \$265 million at quarter-end. Remaining borrowing availability, subject to normal borrowing and collateral provisions, under the line was \$142.5 million as of March 31, 2012. Subsequent to quarter-end, the Company's line of credit was amended to increase the credit limit by \$51 million.

- As previously announced, the Board of Directors has authorized a share repurchase program of up to \$100 million of the Company's outstanding shares of common stock. As of May 3, 2012, the Company had repurchased approximately 100,000 shares at an average purchase price of approximately \$68 per share. Repurchases depend on prevailing market conditions and other factors. The repurchase program may be suspended or discontinued at any time.

Conference Call Information The Company will hold a conference call with investors at 5:30 p.m. ET, Monday, May 7, 2012, to discuss its first quarter results. Investors may access the call by dialing 888-679-8040 for domestic callers or 617-213-4851 for international callers using the pass code 40970062. A replay will be available approximately one hour after the call ends and will remain available for seven days. Investors may access the replay of the call by dialing 888-286-8010 for domestic callers or 617-801-6888 for international callers using the pass code 99187654.

Investors also may listen to the conference call via webcast, both live and archived, at the company's website, www.PortfolioRecovery.com at the Investor Relations main page.

About Portfolio Recovery Associates, Inc.

Portfolio Recovery Associates, Inc. (PRA) is a specialized financial and business services company. A market leader in the consumer debt purchase and collection industry, PRA also provides a broad range of fee-based services, including revenue enhancement for local governments; vehicle location, skip-tracing and collateral recovery for auto lenders, governments, and law enforcement; contingent consumer debt recovery on behalf of banks, credit providers, and debt purchasers; and filing of class action claims on behalf of institutional investors, manufacturers, and retailers. PRA has a longstanding culture of compliance, engaging collaboratively with its customers to create realistic, affordable repayment plans. The Company has more than 3,000 employees in 10 U.S. states and the United Kingdom.

PRA has been named to the Forbes 100 Best Small Companies in America annual rankings list for five consecutive years (2007 - 2011). It was ranked as one of BusinessWeek's 100 Hot Growth Companies in 2003, 2005 and 2007, and was recognized by Fortune as one of America's Top Small Businesses in 2006 and 2007. The Company's shares are publicly traded on the NASDAQ Global Select Market under the symbol "PRAA." Additional information about Portfolio Recovery Associates is available at www.PortfolioRecovery.com.

Statements herein which are not historical, including Portfolio Recovery Associates' or management's intentions, hopes, beliefs, expectations, representations, projections, plans or predictions of the future, including future revenue and earnings growth,

statements with respect to future contributions of its subsidiaries to earnings and future portfolio-purchase opportunities, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include references to Portfolio Recovery Associates' presentations and web casts. The forward-looking statements in this press release are based upon management's beliefs, assumptions and expectations of the Company's future operations and economic performance, taking into account currently available information. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties, some of which are not currently known to us. Actual events or results may differ from those expressed or implied in any such forward-looking statements as a result of various factors, including the risk factors and other risks that are described from time to time in the Company's filings with the Securities and Exchange Commission including but not limited to its annual reports on Form 10-K, its quarterly reports on Form 10-Q and its current reports on Form 8-K, filed with the Securities and Exchange Commission and available through the Company's website, which contain a more detailed discussion of the Company's business, including risks and uncertainties that may affect future results. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. Information in this press release may be superseded by more recent information or statements, which may be disclosed in later press releases, subsequent filings with the Securities and Exchange Commission or otherwise. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or to reflect any change in events, conditions or circumstances on which any such forward-looking statements are based, in whole or in part.

Portfolio Recovery Associates, Inc.
 Unaudited Consolidated Income Statements
 (in thousands, except per share amounts)

| | Three Months Ended March 31, 2012 | Three Months Ended March 31, 2011 |
|--|--|--|
| | ----- | ----- |
| Revenues: | | |
| Income recognized on finance receivables, net | \$ 124,226 | \$ 95,974 |
| Fee income | 15,920 | 15,803 |
| | ----- | ----- |
| Total revenues | 140,146 | 111,777 |
| | ----- | ----- |
| Operating expenses: | | |
| Compensation and employee services | 39,694 | 34,153 |
| Legal collection fees | 7,617 | 5,749 |
| Legal collection costs | 23,669 | 9,338 |
| Agent fees | 1,627 | 2,639 |
| Outside fees and services | 5,860 | 3,414 |
| Communications | 8,253 | 6,313 |
| Rent and occupancy | 1,611 | 1,398 |
| Depreciation and amortization | 3,656 | 3,216 |
| Other operating expenses | 3,738 | 2,852 |
| | ----- | ----- |
| Total operating expenses | 95,725 | 69,072 |
| | ----- | ----- |
| Income from operations | 44,421 | 42,705 |
| Other income and (expense): | | |
| Interest income | 1 | - |
| Interest expense | (2,653) | (2,867) |
| | ----- | ----- |
| Income before income taxes | 41,769 | 39,838 |

| | | |
|--|-----------|-----------|
| Provision for income taxes | 16,580 | 16,129 |
| | ----- | ----- |
| Net income | \$ 25,189 | \$ 23,709 |
| | ===== | ===== |
| Net loss/(income) attributable to noncontrolling interest | 273 | (588) |
| | ----- | ----- |
| Net income attributable to Portfolio Recovery Associates, Inc. | \$ 25,462 | \$ 23,121 |
| | ===== | ===== |
| Net income per common share attributable to Portfolio Recovery Associates, Inc.: | | |
| Basic | \$ 1.48 | \$ 1.35 |
| Diluted | \$ 1.47 | \$ 1.34 |
| Weighted average number of shares outstanding: | | |
| Basic | 17,196 | 17,092 |
| Diluted | 17,267 | 17,199 |

Portfolio Recovery Associates, Inc.
Unaudited Condensed Consolidated Balance Sheets
(in thousands, except per share amounts)

| ASSETS | March 31, 2012 | December 31, 2011 |
|---|-------------------|----------------------|
| | ----- | ----- |
| Cash and cash equivalents | \$ 28,068 | \$ 26,697 |
| Finance receivables, net | 945,242 | 926,734 |
| Accounts receivable, net | 9,107 | 7,862 |
| Property and equipment, net | 26,369 | 25,727 |
| Goodwill | 97,480 | 61,678 |
| Intangible assets, net | 27,179 | 14,596 |
| Other assets | 8,581 | 7,829 |
| | ----- | ----- |
| Total assets | \$ 1,142,026 | \$ 1,071,123 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 42,309 | \$ 42,660 |
| Net deferred tax liability | 194,286 | 193,898 |
| Line of credit | 265,000 | 220,000 |
| Long-term debt | 936 | 1,246 |
| | ----- | ----- |
| Total liabilities | 502,531 | 457,804 |
| | ----- | ----- |
| Redeemable noncontrolling Interest | 18,783 | 17,831 |
| | ----- | ----- |
| Stockholders' equity: | | |
| Preferred stock, par value \$0.01, authorized | | |

| | | |
|---|-----------|--------------|
| shares, 2,000, issued and outstanding shares | | |
| - 0 | - | - |
| Common stock, par value \$0.01, 60,000 | | |
| authorized shares, 17,175 issued and | | |
| outstanding shares at March 31, 2012, and | | |
| 17,134 issued and outstanding shares at | | |
| December 31, 2011 | 172 | 171 |
| Additional paid-in capital | 166,133 | 167,719 |
| Retained earnings | 453,060 | 427,598 |
| Accumulated other comprehensive income | 1,347 | - |
| | ----- | ----- |
| Total stockholders' equity | 620,712 | 595,488 |
| | ===== | ===== |
| | | |
| Total liabilities and stockholders' equity \$ | 1,142,026 | \$ 1,071,123 |
| | ===== | ===== |

Portfolio Recovery Associates, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

| | Three Months Ended March 31, 2012 | Three Months Ended March 31, 2011 |
|--|--|--|
| | ----- | ----- |
| Cash flows from operating activities: | | |
| Net income | \$ 25,189 | \$ 23,709 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Amortization of share-based compensation | 2,347 | 2,614 |
| Depreciation and amortization | 3,656 | 3,216 |
| Deferred tax expense | 403 | 14,072 |
| Changes in operating assets and liabilities: | | |
| Other assets | 711 | 842 |
| Accounts receivable | 2,922 | 1,563 |
| Accounts payable and accrued liabilities | (15,169) | (2,696) |
| | ----- | ----- |
| Net cash provided by operating activities | 20,059 | 43,320 |
| | ----- | ----- |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (1,152) | (2,163) |
| Acquisition of finance receivables, net of buybacks | (108,176) | (106,405) |
| Collections applied to principal on finance receivables | 93,770 | 70,743 |
| Business acquisition, net of cash acquired | (48,653) | - |
| | ----- | ----- |
| Net cash used in investing activities | (64,211) | (37,825) |
| | ----- | ----- |
| Cash flows from financing activities: | | |
| Proceeds from exercise of options | - | 149 |
| Income tax benefit from share-based compensation | 1,440 | 294 |
| Proceeds from line of credit | 95,000 | 2,000 |

| | | |
|--|------------|-----------|
| Principal payments on line of credit | (50,000) | (12,000) |
| Repurchases of common stock | (2,081) | - |
| Distributions paid to noncontrolling interest | - | (1,291) |
| Principal payments on long-term debt | (310) | (298) |
| | ----- | ----- |
| Net cash provided by/(used in) financing activities | 44,049 | (11,146) |
| | ----- | ----- |
| Effect of exchange rate on cash | 1,474 | - |
| Net increase/(decrease) in cash and cash equivalents | 1,371 | (5,651) |
| Cash and cash equivalents, beginning of year | 26,697 | 41,094 |
| | ----- | ----- |
| Cash and cash equivalents, end of period | \$ 28,068 | \$ 35,443 |
| | ===== | ===== |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | \$ 2,557 | \$ 2,711 |
| Cash paid for income taxes | 12,497 | 15 |
| Noncash investing and financing activities: | | |
| Adjustment of the noncontrolling interest measurement amount | \$ (1,225) | \$ (985) |
| Distributions payable relating to noncontrolling interest | - | 769 |
| Employee stock relinquished for payment of taxes | (2,066) | - |

FINANCIAL HIGHLIGHTS

| | Three Months Ended | | % Change |
|--|--------------------|-----------|----------|
| | 2012 | 2011 | |
| | ----- | ----- | ----- |
| EARNINGS (in thousands) | | | |
| Income recognized on finance receivables, net | \$ 124,226 | \$ 95,974 | 29% |
| Fee income | 15,920 | 15,803 | 1% |
| Total revenues | 140,146 | 111,777 | 25% |
| Operating expenses | 95,725 | 69,072 | 39% |
| Income from operations | 44,421 | 42,705 | 4% |
| Net interest expense | 2,652 | 2,867 | -7% |
| Net income | 25,189 | 23,709 | 6% |
| Net income attributable to Portfolio Recovery Associates, Inc. | 25,462 | 23,121 | 10% |
| | ----- | ----- | ----- |
| PERIOD-END BALANCES (in thousands) | | | |
| Cash and cash equivalents | \$ 28,068 | \$ 35,443 | -21% |
| Finance receivables, net | 945,242 | 866,992 | 9% |
| Goodwill and intangible assets, net | 124,659 | 78,893 | 58% |
| Total assets | 1,142,026 | 1,020,099 | 12% |
| Line of credit | 265,000 | 290,000 | -9% |

| | | | |
|-------------------|---------|---------|-----|
| Total liabilities | 502,531 | 489,136 | 3% |
| Total equity | 620,712 | 515,710 | 20% |

FINANCE RECEIVABLE COLLECTIONS (dollars in thousands)

| | | | |
|---|------------|------------|-----|
| Cash collections | \$ 217,996 | \$ 166,717 | 31% |
| Principal amortization without allowance charges | 93,276 | 66,703 | 40% |
| Principal amortization with allowance charges | 93,770 | 70,743 | 33% |
| Principal amortization w/ allowance charges as % of cash collections: | | | |
| Including fully amortized pools | 43.0% | 42.4% | 1% |
| Excluding fully amortized pools | 44.8% | 45.3% | -1% |

ALLOWANCE FOR FINANCE RECEIVABLES (dollars in thousands)

| | | | |
|--|-----------|-----------|------|
| Balance at period-end | \$ 87,065 | \$ 80,447 | 8% |
| Allowance charge | 494 | 4,040 | -88% |
| Allowance charge to period-end net finance receivables | 0.05% | 0.47% | -89% |
| Allowance charge to net finance receivable income | 0.40% | 4.21% | -91% |
| Allowance charge to cash collections | 0.23% | 2.42% | -91% |

PURCHASES OF FINANCE RECEIVABLES (1)
(dollars in thousands)

| | | | |
|------------------------------|-----------|-----------|------|
| Purchase price - core | \$ 52,104 | \$ 61,294 | -15% |
| Face value - core | 972,268 | 1,008,758 | -4% |
| Purchase price - bankruptcy | 56,892 | 46,607 | 22% |
| Face value - bankruptcy | 368,447 | 482,941 | -24% |
| Purchase price - total | 108,996 | 107,901 | 1% |
| Face value - total | 1,340,715 | 1,491,699 | -10% |
| Number of portfolios - total | 82 | 79 | 4% |

ESTIMATED REMAINING COLLECTIONS (1) (in thousands)

| | | | |
|--|--------------|--------------|-----|
| Estimated remaining collections - core | \$ 1,226,292 | \$ 1,040,140 | 18% |
| Estimated remaining collections - bankruptcy | 796,161 | 753,130 | 6% |
| Estimated remaining collections - total | 2,022,453 | 1,793,270 | 13% |

SHARE DATA (share amounts in thousands)

| | | | |
|---|----------|----------|------|
| Net income per common share - diluted | \$ 1.47 | \$ 1.34 | 10% |
| Weighted average number of shares outstanding - diluted | 17,267 | 17,199 | 0% |
| Shares repurchased | 30,600 | - | 100% |
| Average price paid per share repurchased (including acquisitions costs) | \$ 68.02 | - | 100% |
| Closing market price | \$ 71.72 | \$ 85.13 | -16% |

RATIOS AND OTHER DATA (dollars in thousands)

| | | | |
|--|--------|--------|------|
| Return on average equity (2) | 16.70% | 18.25% | -8% |
| Return on revenue (3) | 17.97% | 21.21% | -15% |
| Operating margin (4) | 31.70% | 38.21% | -17% |
| Operating expense to cash receipts (5) | 40.92% | 37.84% | 8% |

| | | | |
|---|------------|------------|------|
| Debt to equity (6) | 42.84% | 56.64% | -24% |
| Number of collectors | 1,934 | 1,486 | 30% |
| Number of employees | 3,014 | 2,482 | 21% |
| Cash receipts (5) | \$ 233,916 | \$ 182,520 | 28% |
| Line of credit - unused portion at period end | 142,500 | 117,500 | 21% |

- (1) Domestic portfolio only
(2) Calculated as annualized net income divided by average equity for the period
(3) Calculated as net income divided by total revenues
(4) Calculated as income from operations divided by total revenues
(5) "Cash receipts" is defined as cash collections plus fee income
(6) For purposes of this ratio, "debt" equals the line of credit balance plus long-term debt

FINANCIAL HIGHLIGHTS

For the Quarter Ended

| | March 31 2012 | December 31 2011 | September 30 2011 | June 30 2011 | March 31 2011 |
|--|------------------|------------------------|-------------------------|-----------------|------------------|
| EARNINGS (in thousands) | | | | | |
| Income recognized on finance receivables, net | \$ 124,226 | \$ 102,743 | \$ 102,875 | \$ 100,303 | \$ 95,974 |
| Fee income | 15,920 | 15,344 | 11,401 | 14,492 | 15,803 |
| Total revenues | 140,146 | 118,087 | 114,276 | 114,795 | 111,777 |
| Operating expenses | 95,725 | 72,134 | 70,447 | 70,415 | 69,072 |
| Income from operations | 44,421 | 45,953 | 43,830 | 45,536 | 42,705 |
| Net interest expense | 2,652 | 2,512 | 2,548 | 2,635 | 2,867 |
| Net income | 25,189 | 26,666 | 25,193 | 25,575 | 23,709 |
| Net income attributable to Portfolio Recovery Associates, Inc. | 25,462 | 26,590 | 25,506 | 25,574 | 23,121 |
| PERIOD-END BALANCES (in thousands) | | | | | |
| Cash and cash equivalents | \$ 28,068 | \$ 26,697 | \$ 30,035 | \$ 25,481 | \$ 35,443 |
| Finance receivables, net | 945,242 | 926,734 | 919,478 | 879,515 | 866,992 |
| Goodwill and intangible assets, net | 124,659 | 76,274 | 76,426 | 77,643 | 78,893 |

| | | | | | |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| Total assets | 1,142,026 | 1,071,123 | 1,064,104 | 1,021,617 | 1,020,099 |
| Line of credit | 265,000 | 220,000 | 260,000 | 250,000 | 290,000 |
| Total liabilities | 502,531 | 457,804 | 478,915 | 463,153 | 489,136 |
| Total equity | 620,712 | 595,488 | 568,305 | 542,396 | 515,710 |

FINANCE

RECEIVABLE
COLLECTIONS
(dollars in
thousands)

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Cash collections | \$ 217,996 | \$ 180,324 | \$ 182,168 | \$ 176,281 | \$ 166,717 |
| Principal amortization without allowance charges | 93,276 | 74,481 | 78,552 | 73,695 | 66,703 |
| Principal amortization with allowance charges | 93,770 | 77,581 | 79,293 | 75,978 | 70,743 |
| Principal amortization w/ allowance charges as % of cash collections: | | | | | |
| Including fully amortized pools | 43.0% | 43.0% | 43.5% | 43.1% | 42.4% |
| Excluding fully amortized pools | 44.8% | 44.9% | 45.7% | 45.7% | 45.3% |

ALLOWANCE FOR
FINANCE
RECEIVABLES
(dollars in
thousands)

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| Balance at period-end | \$ 87,065 | \$ 86,571 | \$ 83,471 | \$ 82,730 | \$ 80,447 |
| Allowance charge | 494 | 3,100 | 741 | 2,283 | 4,040 |
| Allowance charge to period-end net finance receivables | 0.05% | 0.33% | 0.08% | 0.26% | 0.47% |
| Allowance charge to net finance receivable income | 0.40% | 3.02% | 0.72% | 2.28% | 4.21% |
| Allowance charge to cash collections | 0.23% | 1.72% | 0.41% | 1.30% | 2.42% |

PURCHASES OF
FINANCE
RECEIVABLES (1)

| | | | | | |
|------------------------------|-----------|-----------|-----------|-----------|-----------|
| (dollars in thousands) | | | | | |
| Purchase price - core | \$ 52,104 | \$ 42,532 | \$ 57,240 | \$ 52,323 | \$ 61,294 |
| Face value - core | 972,268 | 829,232 | 5,027,874 | 1,034,898 | 1,008,758 |
| Purchase price - bankruptcy | 56,892 | 46,360 | 64,848 | 37,204 | 46,607 |
| Face value - bankruptcy | 368,447 | 376,094 | 654,508 | 378,051 | 482,941 |
| Purchase price - total | 108,996 | 88,892 | 122,088 | 89,527 | 107,901 |
| Face value - total | 1,340,715 | 1,205,326 | 5,682,382 | 1,412,949 | 1,491,699 |
| Number of portfolios - total | 82 | 83 | 95 | 76 | 79 |

| | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| ESTIMATED REMAINING COLLECTIONS (1) (in thousands) | | | | | |
| Estimated remaining collections - core | \$1,226,292 | \$1,159,086 | \$1,154,406 | \$1,072,777 | \$1,040,140 |
| Estimated remaining collections - bankruptcy | 796,161 | 794,262 | 770,886 | 743,228 | 753,130 |
| Estimated remaining collections - total | 2,022,453 | 1,953,348 | 1,925,292 | 1,816,005 | 1,793,270 |

| | | | | | |
|---|----------|----------|----------|----------|----------|
| SHARE DATA (share amounts in thousands) | | | | | |
| Net income per common share - diluted | \$ 1.47 | \$ 1.54 | \$ 1.48 | \$ 1.48 | \$ 1.34 |
| Weighted average number of shares outstanding - diluted | 17,267 | 17,269 | 17,228 | 17,225 | 17,199 |
| Shares repurchased | 30,600 | - | - | - | - |
| Average price paid per share repurchased (including acquisitions costs) | \$ 68.02 | - | - | - | - |
| Closing market price | \$ 71.72 | \$ 67.52 | \$ 62.22 | \$ 84.79 | \$ 85.13 |

RATIOS AND OTHER DATA (dollars in thousands)

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Return on average equity (2) | 16.70% | 18.18% | 18.27% | 19.20% | 18.25% |
| Return on revenue (3) | 17.97% | 22.58% | 22.05% | 22.28% | 21.21% |
| Operating margin (4) | 31.70% | 38.91% | 38.35% | 39.67% | 38.21% |
| Operating expense to cash receipts (5) | 40.92% | 36.87% | 36.39% | 36.91% | 37.84% |
| Debt to equity (6) | 42.84% | 37.15% | 46.02% | 46.43% | 56.64% |
| Number of collectors | 1,934 | 1,658 | 1,520 | 1,517 | 1,486 |
| Number of employees | 3,014 | 2,641 | 2,504 | 2,504 | 2,482 |
| Cash receipts (5) | \$ 233,916 | \$ 195,668 | \$ 193,569 | \$ 190,773 | \$ 182,520 |
| Line of credit - unused portion at period end | 142,500 | 187,500 | 147,500 | 157,500 | 117,500 |

- (1) Domestic portfolio only
(2) Calculated as annualized net income divided by average equity for the period
(3) Calculated as net income divided by total revenues
(4) Calculated as income from operations divided by total revenues
(5) "Cash receipts" is defined as cash collections plus fee income
(6) For purposes of this ratio, "debt" equals the line of credit balance plus long-term debt

Purchase Price Multiples at March 31, 2012, Entire Domestic Portfolio

(\$ in thousands)

| Purchase Period | Purchase Price | Total Estimated Collections | Net Finance Receivables Balance at March 31, 2012 | Actual Cash Collections Including Cash Sales | Estimated Remaining Collections | Total Estimated Collections to Purchase Price |
|-----------------|----------------|-----------------------------|---|--|---------------------------------|---|
| 1996 | \$ 3,080 | \$ 10,234 | \$ - | \$ 10,152 | \$ 82 | 332% |
| 1997 | 7,685 | 25,542 | - | 25,340 | 202 | 332% |
| 1998 | 11,089 | 37,414 | - | 36,990 | 424 | 337% |
| 1999 | 18,898 | 69,696 | - | 68,379 | 1,317 | 369% |
| 2000 | 25,020 | 117,511 | - | 113,991 | 3,520 | 470% |
| 2001 | 33,481 | 176,338 | - | 171,380 | 4,958 | 527% |
| 2002 | 42,325 | 199,814 | - | 191,646 | 8,168 | 472% |
| 2003 | 61,448 | 268,404 | - | 254,623 | 13,781 | 437% |
| 2004 | 59,176 | 202,021 | - | 189,039 | 12,982 | 341% |
| 2005 | 143,169 | 311,247 | 10,553 | 291,628 | 19,619 | 217% |
| 2006 | 107,693 | 218,051 | 15,865 | 190,961 | 27,090 | 202% |
| 2007 | 258,392 | 512,287 | 53,731 | 416,948 | 95,339 | 198% |
| 2008 | 275,160 | 525,044 | 89,792 | 379,407 | 145,637 | 191% |
| 2009 | 281,446 | 791,492 | 115,329 | 468,207 | 323,285 | 281% |
| 2010 | 358,166 | 835,541 | 202,659 | 364,189 | 471,352 | 233% |
| 2011 | 399,462 | 835,002 | 343,679 | 133,533 | 701,469 | 209% |
| 2012 | 109,104 | 196,771 | 108,238 | 3,543 | 193,228 | 180% |

 Total \$2,194,794 \$ 5,332,409 \$ 939,846 \$ 3,309,956 \$ 2,022,453 243%

Purchase Price Multiples at March 31, 2012, Purchased Bankruptcy Portfolio

(\$ in thousands) ----- Total Net Finance Actual Cash Estimated
 Receivables Collections Collections Pur- Total Balance at Including Estimated to chase Purchase Estimated March 31, Cash
 Remaining Purchase Period Price Collections 2012 Sales Collections Price -----
 ----- 1996- 2003 \$ - \$ - \$ - \$ - 0% 2004 7,468 14,479 - 14,325 154 194% 2005 29,301 43,412 50 43,289 123 148%
 2006 17,645 31,314 111 30,700 614 177% 2007 78,547 109,231 9,286 98,127 11,104 139% 2008 108,609 182,114 38,414
 131,477 50,637 168% 2009 156,057 393,804 74,667 227,414 166,390 252% 2010 209,231 397,714 131,112 173,170
 224,544 190% 2011 186,184 291,733 176,051 27,767 263,966 157% 2012 56,889 79,704 56,446 1,075 78,629 140% -----
 ----- Total \$849,931 \$ 1,543,505 \$ 486,137 \$ 747,344 \$ 796,161 182% -----

Purchase Price Multiples at March 31, 2012, Core Portfolio

(\$ in thousands) ----- Total Net Finance Actual Cash Estimated
 Receivables Collections Collect- Pur- Total Balance at Including Estimated ions to chase Purchase Estimated March 31, Cash
 Remaining Purchase Period Price Collections 2012 Sales Collections Price -----
 ----- 1996 \$ 3,080 \$ 10,234 \$ - \$ 10,152 \$ 82 332% 1997 7,685 25,542 - 25,340 202 332% 1998 11,089 37,414 - 36,990
 424 337% 1999 18,898 69,696 - 68,379 1,317 369% 2000 25,020 117,511 - 113,991 3,520 470% 2001 33,481 176,338 -
 171,380 4,958 527% 2002 42,325 199,814 - 191,646 8,168 472% 2003 61,448 268,404 - 254,623 13,781 437% 2004 51,708
 187,542 - 174,714 12,828 363% 2005 113,868 267,835 10,503 248,339 19,496 235% 2006 90,048 186,737 15,754 160,261
 26,476 207% 2007 179,845 403,056 44,445 318,821 84,235 224% 2008 166,551 342,930 51,378 247,930 95,000 206% 2009
 125,389 397,688 40,662 240,793 156,895 317% 2010 148,935 437,827 71,547 191,019 246,808 294% 2011 213,278
 543,269 167,628 105,766 437,503 255% 2012 52,215 117,067 51,792 2,468 114,599 224% -----
 ----- Total \$1,344,863 \$ 3,788,904 \$ 453,709 \$ 2,562,612 \$ 1,226,292 282% -----

SOURCE: Portfolio Recovery Associates, Inc.