



August 1, 2012

Portfolio Recovery Associates Reports Second Quarter 2012 Results

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NORFOLK, Va., Aug. 1, 2012 (GLOBE NEWSWIRE) -- 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 second quarter 2012 results.

Second Quarter Highlights

- Cash collections of \$232 million, up 32% from the second quarter of 2011.
- Revenue of \$148 million, up 29% from the year-earlier quarter.
- Net income of \$32 million, an increase of 25% over the second quarter of 2011.
- Diluted EPS of \$1.87, compared with \$1.48 in the second quarter of 2011.
- Annualized return on average equity of 20.3%.
- Domestic portfolio purchases of \$123 million, up 37% over the year-earlier quarter.

Net income for the first six months of 2012 was \$57.5 million, or \$3.34 per diluted share, compared with \$48.7 million, or \$2.83 per diluted share, for the first six months of 2011. Year-to-date 2012 revenues were \$288.0 million, compared with \$226.6 million for the first six months of 2011.

"Today, PRA reported a record quarter for cash collections, revenue and net income, in addition to a record quarter of portfolio acquisitions," said Steve Fredrickson, chairman, president and chief executive officer. "I am particularly pleased with our ROE this quarter in excess of 20%, achieving the benchmark that we set as a long-term goal.

"It is important to note that we achieved these record results while making planned increases in court costs for legal collections from those who can, but won't pay back their debt. This renewed focus resulted in legal cash collections increasing 54% over second quarter 2011, exceeding our expectations," said Fredrickson.

"Our account representatives, working with customers to pay down their debt, also successfully negotiated more than two million U.S. payments in a single quarter for the first time in the Company's history," Fredrickson said.

"Income from our fee-for-service businesses increased 6% over the second quarter of 2011, due in part to income generated in the UK. We continue to focus on sales strategies for our domestic fee-for-service businesses, in an effort to improve their profitability," Fredrickson said.

The Company repurchased approximately 301,000 shares of stock in the second quarter. Through June 30, 2012, the Company has invested a total of \$22.7 million under a \$100 million repurchase program. "We continue to monitor market conditions to administer the remaining \$77 million," Fredrickson said.

FINANCIAL AND OPERATING REVIEW – SECOND QUARTER

Revenues

- Revenues were \$147.9 million for the quarter, up 29% when compared with the same period a year ago. This was driven by cash receipts of \$247.7 million in the second quarter, up 30% from \$190.8 million a year earlier. The Company defines cash receipts as the total of cash collections and fee income.

Finance Receivable Income

- Finance receivable income is driven by cash collections from finance receivables, which increased 32% to \$232.4 million in the second quarter of 2012, from \$176.3 million in the year-ago period. All sources of cash collections increased over the year-earlier quarter, including legal, which advanced 54%, and purchased bankruptcy account collections, which increased 35%. Legal collections are expected to increase further, due in part to the Company's expanded focus on collections from those who can, but won't, pay back their debt. The table below displays cash collections by source, by quarter for the past five quarters:

| Cash Collection Source (\$ in thousands) | Q2 2012 | Q1 2012 | Q4 2011 | Q3 2011 | Q2 2011 |
|---|----------------|----------------|----------------|----------------|----------------|
| Call Center & Other Collections | \$ 73,582 | \$ 79,805 | \$ 61,227 | \$ 63,967 | \$ 64,566 |
| External Legal Collections | 41,464 | 34,852 | 26,316 | 27,245 | 27,329 |
| Internal Legal Collections | 25,361 | 23,345 | 17,615 | 16,444 | 16,007 |
| Purchased Bankruptcy Collections | 92,018 | 79,994 | 75,166 | 74,512 | 68,379 |
| Total Cash Collections | \$ 232,425 | \$ 217,996 | \$ 180,324 | \$ 182,168 | \$ 176,281 |

- During the quarter, the Company applied 42.0% of cash collections against the carrying value of its debt portfolios, compared with 41.8% in the year-earlier quarter. Additionally, the Company recorded \$2.2 million in net allowance charges against certain pools of finance receivables accounts, further reducing the carrying value of its debt portfolios. Net allowance charges in the second quarter of 2011 were \$2.3 million.
- Cash collections produced income on finance receivables of \$132.6 million in the second quarter of 2012, net of allowance charges of \$2.2 million. Income on finance receivables, net of allowance charges, increased 32% over the second quarter of 2011.

Fee Income

- The Company's fee-for-service businesses generated revenue of \$15.3 million in the second quarter of 2012, compared with \$14.5 million in the same period a year ago. The addition of fee income this quarter from our UK business more than offset declines in revenue from the Company's domestic fee-for-service businesses. Together, the fee-for-service businesses accounted for 10% of the Company's overall revenues in the second quarter of 2012, compared with 13% in the year-earlier quarter.

Operating Expenses and Income

- Operating expenses were \$93.3 million in the second quarter of 2012, up \$22.9 million or 32% from the year-earlier quarter. Operating expenses were impacted by an increase of \$8.3 million in legal costs related to the Company's expanded focus on legal collections. Operating expenses were also impacted by a \$7.7 million increase in compensation and employee services expense, as well as other expense increases related primarily to growth in collections activities.
- Operating income was \$54.6 million in the second quarter of 2012, compared with \$45.5 million in the second quarter of 2011, representing an increase of 20%. The operating margin decreased from 39.7% in the year-earlier quarter to 36.9% in the second quarter 2012. The decrease is attributed in large part to the increased legal collection expenses associated with the Company's longer-term focus on driving additional collections from the legal channel.

Balance Sheet

- The Company purchased \$1.48 billion of domestic portfolio face-value finance receivables during the second quarter of 2012 for \$123.0 million. These receivables were acquired in 105 defaulted debt portfolios from 12 different sellers.
- Cash balances were \$42.6 million as of June 30, 2012.
- As of June 30, 2012, the balance on the Company's line of credit was \$292 million, with remaining borrowing availability, subject to normal borrowing and collateral provisions, under the line of \$166.5 million.
- During the second quarter, the Company repurchased 300,849 shares of common stock at an average purchase price of \$68.62. 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, Wednesday, August 1, 2012, to discuss its second quarter results. Investors may access the call by dialing 888-679-8018 for domestic callers or 617-213-4845 for international callers using the pass code 59792795. 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 61025341.

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 has a longstanding culture of compliance, engaging collaboratively with its customers to create realistic, affordable repayment plans. 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. 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). 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.

The Portfolio Recovery Associates logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=13727>

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 June 30, 2012 | Three Months Ended June 30, 2011 | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 |
|---|---|---|---|---|
| Revenues: | | | | |
| Income recognized on finance receivables, net | \$ 132,587 | \$ 100,303 | \$ 256,812 | \$ 196,277 |
| Fee income | 15,298 | 14,492 | 31,218 | 30,295 |
| Total revenues | 147,885 | 114,795 | 288,030 | 226,572 |

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Operating expenses: | | | | |
| Compensation and employee services | 42,479 | 34,815 | 82,173 | 68,968 |
| Legal collection fees | 8,988 | 5,970 | 16,606 | 11,719 |
| Legal collection costs | 18,227 | 9,879 | 41,895 | 19,218 |
| Agent fees | 1,323 | 1,724 | 2,951 | 4,362 |
| Outside fees and services | 5,584 | 4,066 | 11,444 | 7,481 |
| Communications | 7,007 | 5,706 | 15,260 | 12,020 |
| Rent and occupancy | 1,656 | 1,438 | 3,268 | 2,835 |
| Depreciation and amortization | 3,555 | 3,316 | 7,210 | 6,532 |
| Other operating expenses | 4,470 | 3,501 | 8,206 | 6,353 |
| Total operating expenses | 93,289 | 70,415 | 189,013 | 139,488 |
| Gain on sale of property | -- | 1,157 | -- | 1,157 |
| Income from operations | 54,596 | 45,537 | 99,017 | 88,241 |
| Other income and (expense): | | | | |
| Interest income | 7 | -- | 8 | -- |
| Interest expense | (2,381) | (2,635) | (5,034) | (5,502) |
| Income before income taxes | 52,222 | 42,902 | 93,991 | 82,739 |
| Provision for income taxes | 20,171 | 17,326 | 36,751 | 33,454 |
| Net income | \$ 32,051 | \$ 25,576 | \$ 57,240 | \$ 49,285 |
| Less net income/(loss) attributable to redeemable noncontrolling interest | 36 | 2 | (237) | 590 |
| Net income attributable to Portfolio Recovery Associates, Inc. | \$ 32,015 | \$ 25,574 | \$ 57,477 | \$ 48,695 |
| Net income per common share: | | | | |
| Basic | \$ 1.88 | \$ 1.49 | \$ 3.36 | \$ 2.85 |
| Diluted | \$ 1.87 | \$ 1.48 | \$ 3.34 | \$ 2.83 |
| Weighted average number of shares outstanding: | | | | |
| Basic | 17,027 | 17,108 | 17,111 | 17,100 |
| Diluted | 17,133 | 17,225 | 17,200 | 17,212 |

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

| | | |
|---------------|-----------------|-----------------|
| ASSETS | June 30, | December |
| | 2012 | 31, |
| | | 2011 |

| | | |
|-----------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 42,621 | \$ 26,697 |
| Finance receivables, net | 966,508 | 926,734 |
| Accounts receivable, net | 8,580 | 7,862 |
| Property and equipment, net | 26,016 | 25,727 |
| Goodwill | 99,384 | 61,678 |
| Intangible assets, net | 22,364 | 14,596 |
| Other assets | 8,265 | 7,829 |
| Total assets | \$ 1,173,738 | \$ 1,071,123 |

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:

| | | |
|--|----------------|----------------|
| Accounts payable and accrued liabilities | \$ 37,423 | \$ 42,660 |
| Net deferred tax liability | 190,639 | 193,898 |
| Line of credit | 292,000 | 220,000 |
| Long-term debt | 849 | 1,246 |
| Total liabilities | 520,911 | 457,804 |

| | | |
|------------------------------------|--------|--------|
| Redeemable noncontrolling Interest | 19,381 | 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, 16,879 issued and outstanding shares at June 30, 2012, and 17,134 issued and outstanding shares at December 31, 2011 | 169 | 171 |
| Additional paid-in capital | 147,881 | 167,719 |
| Retained earnings | 485,075 | 427,598 |
| Accumulated other comprehensive income | 321 | -- |
| Total stockholders' equity | 633,446 | 595,488 |
| Total liabilities and stockholders' equity | \$ 1,173,738 | \$ 1,071,123 |

Portfolio Recovery Associates, Inc.

Unaudited Condensed Consolidated Statements of Cash Flows

(in thousands)

| | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | \$ 57,240 | \$ 49,285 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Amortization of share-based compensation | 5,576 | 4,622 |
| Depreciation and amortization | 7,210 | 6,532 |
| Deferred tax (benefit)/expense | (3,244) | 23,171 |
| Gain on sale of property | -- | (1,157) |
| Changes in operating assets and liabilities: | | |

| | | |
|--|------------|------------|
| Other assets | 1,018 | (711) |
| Accounts receivable | 3,410 | 2,249 |
| Accounts payable and accrued liabilities | (19,682) | 2,986 |
| Net cash provided by operating activities | 51,528 | 86,977 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (2,954) | (3,682) |
| Proceeds from sale of property | -- | 1,267 |
| Acquisition of finance receivables, net of buybacks | (229,388) | (194,906) |
| Collections applied to principal on finance receivables | 193,609 | 146,721 |
| Business acquisitions, net of cash acquired | (48,653) | -- |
| Net cash used in investing activities | (87,386) | (50,600) |
| Cash flows from financing activities: | | |
| Proceeds from exercise of options | -- | 149 |
| Income tax benefit from share-based compensation | 1,435 | 459 |
| Proceeds from line of credit | 151,000 | 2,000 |
| Principal payments on line of credit | (79,000) | (52,000) |
| Repurchases of common stock | (22,726) | -- |
| Distributions paid to noncontrolling interest | -- | (2,059) |
| Principal payments on long-term debt | (396) | (539) |
| Net cash provided by/(used in) financing activities | 50,313 | (51,990) |
| Effect of exchange rate on cash | 1,469 | -- |
| Net increase/(decrease) in cash and cash equivalents | 15,924 | (15,613) |
| Cash and cash equivalents, beginning of year | 26,697 | 41,094 |
| Cash and cash equivalents, end of period | \$ 42,621 | \$ 25,481 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | \$ 5,312 | \$ 5,256 |
| Cash paid for income taxes | 44,509 | 6,784 |
| Noncash investing and financing activities: | | |
| Adjustment of the noncontrolling interest measurement amount | \$ (2,048) | \$ (2,045) |
| Distributions payable relating to noncontrolling interest | 262 | 247 |
| Employee stock relinquished for payment of taxes | (2,077) | -- |

FINANCIAL HIGHLIGHTS

| Three Months Ended June 30, | | % | Six Months Ended June 30, | | % |
|--------------------------------|------|--------|------------------------------|------|--------|
| 2012 | 2011 | Change | 2012 | 2011 | Change |

EARNINGS (in thousands)

| | | | | | | |
|--|------------|------------|------|------------|------------|-----|
| Income recognized on finance receivables, net | \$ 132,587 | \$ 100,303 | 32% | \$ 256,812 | \$ 196,277 | 31% |
| Fee income | 15,298 | 14,492 | 6% | 31,218 | 30,295 | 3% |
| Total revenues | 147,885 | 114,795 | 29% | 288,030 | 226,572 | 27% |
| Operating expenses | 93,289 | 70,415 | 32% | 189,013 | 139,488 | 36% |
| Income from operations | 54,596 | 45,537 | 20% | 99,017 | 88,241 | 12% |
| Net interest expense | 2,374 | 2,635 | -10% | 5,026 | 5,502 | -9% |
| Net income | 32,051 | 25,576 | 25% | 57,240 | 49,285 | 16% |
| Net income attributable to Portfolio Recovery Associates, Inc. | 32,015 | 25,574 | 25% | 57,477 | 48,695 | 18% |

PERIOD-END BALANCES (in thousands)

| | | | | | | |
|-------------------------------------|-----------|-----------|-----|-----------|-----------|-----|
| Cash and cash equivalents | \$ 42,621 | \$ 25,481 | 67% | \$ 42,621 | \$ 25,481 | 67% |
| Finance receivables, net | 966,508 | 879,515 | 10% | 966,508 | 879,515 | 10% |
| Goodwill and intangible assets, net | 121,748 | 77,643 | 57% | 121,748 | 77,643 | 57% |
| Total assets | 1,173,738 | 1,021,617 | 15% | 1,173,738 | 1,021,617 | 15% |
| Line of credit | 292,000 | 250,000 | 17% | 292,000 | 250,000 | 17% |
| Total liabilities | 520,911 | 463,153 | 12% | 520,911 | 463,153 | 12% |
| Total equity | 633,446 | 542,396 | 17% | 633,446 | 542,396 | 17% |

FINANCE RECEIVABLE COLLECTIONS (dollars in thousands)

| | | | | | | |
|---|------------|------------|-----|------------|------------|-----|
| Cash collections | \$ 232,425 | \$ 176,281 | 32% | \$ 450,421 | \$ 342,998 | 31% |
| Principal amortization without allowance charges | 97,634 | 73,695 | 32% | 190,910 | 140,398 | 36% |
| Principal amortization with allowance charges | 99,838 | 75,978 | 31% | 193,608 | 146,721 | 32% |
| Principal amortization w/ allowance charges as % of cash collections: | | | | | | |
| Including fully amortized pools | 43.0% | 43.1% | 0% | 43.0% | 42.8% | 0% |
| Excluding fully amortized pools | 44.4% | 45.7% | -3% | 44.6% | 45.5% | -2% |

ALLOWANCE FOR FINANCE RECEIVABLES (dollars in thousands)

| | | | | | | |
|--|-----------|-----------|------|-----------|-----------|------|
| Balance at period-end | \$ 89,269 | \$ 82,730 | 8% | \$ 89,269 | \$ 82,730 | 8% |
| Allowance charge | 2,204 | 2,283 | -3% | 2,698 | 6,323 | -57% |
| Allowance charge to period-end net finance receivables | 0.23% | 0.26% | -12% | 0.28% | 0.72% | -61% |
| Allowance charge to net finance receivable income | 1.66% | 2.28% | -27% | 1.05% | 3.22% | -67% |
| Allowance charge to cash collections | 0.95% | 1.30% | -27% | 0.60% | 1.84% | -68% |

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

| | | | | | | |
|-----------------------------|-----------|-----------|-----|------------|------------|-----|
| Purchase price - core | \$ 69,512 | \$ 52,323 | 33% | \$ 121,616 | \$ 113,617 | 7% |
| Face value - core | 1,033,331 | 1,034,898 | 0% | 2,005,599 | 2,043,656 | -2% |
| Purchase price - bankruptcy | 53,460 | 37,204 | 44% | 110,352 | 83,811 | 32% |
| Face value - bankruptcy | 448,244 | 378,051 | 19% | 816,691 | 860,993 | -5% |
| Purchase price - total | 122,972 | 89,527 | 37% | 231,968 | 197,428 | 17% |

| | | | | | | |
|------------------------------|-----------|-----------|-----|-----------|-----------|-----|
| Face value - total | 1,481,575 | 1,412,949 | 5% | 2,822,290 | 2,904,648 | -3% |
| Number of portfolios - total | 105 | 76 | 38% | 187 | 155 | 21% |

ESTIMATED REMAINING COLLECTIONS
(1) (in thousands)

| | | | | | | |
|--|--------------|--------------|-----|--------------|--------------|-----|
| Estimated remaining collections - core | \$ 1,305,641 | \$ 1,072,777 | 22% | \$ 1,305,641 | \$ 1,072,777 | 22% |
| Estimated remaining collections - bankruptcy | 802,353 | 743,228 | 8% | 802,353 | 743,228 | 8% |
| Estimated remaining collections - total | 2,107,994 | 1,816,005 | 16% | 2,107,994 | 1,816,005 | 16% |

SHARE DATA (share amounts in thousands)

| | | | | | | |
|---|----------|----------|------|----------|----------|------|
| Net income per common share - diluted | \$ 1.87 | \$ 1.48 | 26% | \$ 3.34 | \$ 2.83 | 18% |
| Weighted average number of shares outstanding - diluted | 17,133 | 17,225 | -1% | 17,200 | 17,212 | 0% |
| Shares repurchased | 300,849 | -- | 100% | 331,449 | -- | 100% |
| Average price paid per share repurchased (including acquisitions costs) | \$ 68.62 | -- | 100% | \$ 68.56 | -- | 100% |
| Closing market price | \$ 91.26 | \$ 84.79 | 8% | \$ 91.26 | \$ 84.79 | 8% |

RATIOS AND OTHER DATA (dollars in thousands)

| | | | | | | |
|---|------------|------------|-----|------------|------------|------|
| Return on average equity (2) | 20.34% | 19.20% | 6% | 18.54% | 18.74% | -1% |
| Return on revenue (3) | 21.67% | 22.28% | -3% | 19.87% | 21.75% | -9% |
| Operating margin (4) | 36.92% | 39.67% | -7% | 34.38% | 38.95% | -12% |
| Operating expense to cash receipts (5) | 37.66% | 36.91% | 2% | 39.24% | 37.37% | 5% |
| Debt to equity (6) | 46.33% | 46.43% | 0% | 46.33% | 46.43% | 0% |
| Number of collectors | 1,952 | 1,517 | 29% | 1,952 | 1,517 | 29% |
| Number of employees | 3,032 | 2,504 | 21% | 3,032 | 2,504 | 21% |
| Cash receipts (5) | \$ 247,723 | \$ 190,773 | 30% | \$ 481,639 | \$ 373,293 | 29% |
| Line of credit - unused portion at period end | 166,450 | 157,500 | 6% | 166,450 | 157,500 | 6% |

(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

| | June 30 2012 | March 31 2012 | December 31 2011 | September 30 2011 | June 30 2011 |
|---|-------------------------|--------------------------|---------------------------------|----------------------------------|-------------------------|
| <u>EARNINGS (in thousands)</u> | | | | | |
| Income recognized on finance receivables, net | \$ 132,587 | \$ 124,226 | \$ 102,743 | \$ 102,875 | \$ 100,303 |
| Fee income | 15,298 | 15,920 | 15,344 | 11,401 | 14,492 |
| Total revenues | 147,885 | 140,146 | 118,087 | 114,276 | 114,795 |
| Operating expenses | 93,289 | 95,725 | 72,134 | 70,447 | 70,415 |
| Income from operations | 54,596 | 44,421 | 45,953 | 43,830 | 45,537 |
| Net interest expense | 2,374 | 2,652 | 2,512 | 2,548 | 2,635 |

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Net income | 32,051 | 25,189 | 26,666 | 25,193 | 25,576 |
| Net income attributable to Portfolio Recovery Associates, Inc. | 32,015 | 25,462 | 26,590 | 25,506 | 25,574 |

PERIOD-END BALANCES (in thousands)

| | | | | | |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Cash and cash equivalents | \$ 42,621 | \$ 28,068 | \$ 26,697 | \$ 30,035 | \$ 25,481 |
| Finance receivables, net | 966,508 | 945,242 | 926,734 | 919,478 | 879,515 |
| Goodwill and intangible assets, net | 121,748 | 124,659 | 76,274 | 76,426 | 77,643 |
| Total assets | 1,173,738 | 1,142,026 | 1,071,123 | 1,064,104 | 1,021,617 |
| Line of credit | 292,000 | 265,000 | 220,000 | 260,000 | 250,000 |
| Total liabilities | 520,911 | 502,531 | 457,804 | 478,915 | 463,153 |
| Total equity | 633,446 | 620,712 | 595,488 | 568,305 | 542,396 |

FINANCE RECEIVABLE COLLECTIONS (dollars in thousands)

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Cash collections | \$ 232,425 | \$ 217,996 | \$ 180,324 | \$ 182,168 | \$ 176,281 |
| Principal amortization without allowance charges | 97,634 | 93,276 | 74,481 | 78,552 | 73,695 |
| Principal amortization with allowance charges | 99,838 | 93,770 | 77,581 | 79,293 | 75,978 |
| Principal amortization w/ allowance charges as % of cash collections: | | | | | |
| Including fully amortized pools | 43.0% | 43.0% | 43.0% | 43.5% | 43.1% |
| Excluding fully amortized pools | 44.4% | 44.8% | 44.9% | 45.7% | 45.7% |

ALLOWANCE FOR FINANCE RECEIVABLES (dollars in thousands)

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| Balance at period-end | \$ 89,269 | \$ 87,065 | \$ 86,571 | \$ 83,471 | \$ 82,730 |
| Allowance charge | 2,204 | 494 | 3,100 | 741 | 2,283 |
| Allowance charge to period-end net finance receivables | 0.23% | 0.05% | 0.33% | 0.08% | 0.26% |
| Allowance charge to net finance receivable income | 1.66% | 0.40% | 3.02% | 0.72% | 2.28% |
| Allowance charge to cash collections | 0.95% | 0.23% | 1.72% | 0.41% | 1.30% |

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

| | | | | | |
|------------------------------|-----------|-----------|-----------|-----------|-----------|
| Purchase price - core | \$ 69,512 | \$ 52,104 | \$ 42,532 | \$ 57,240 | \$ 52,323 |
| Face value - core | 1,033,331 | 972,268 | 829,232 | 5,027,874 | 1,034,898 |
| Purchase price - bankruptcy | 53,460 | 56,892 | 46,360 | 64,848 | 37,204 |
| Face value - bankruptcy | 448,244 | 368,447 | 376,094 | 654,508 | 378,051 |
| Purchase price - total | 122,972 | 108,996 | 88,892 | 122,088 | 89,527 |
| Face value - total | 1,481,575 | 1,340,715 | 1,205,326 | 5,682,382 | 1,412,949 |
| Number of portfolios - total | 105 | 82 | 83 | 95 | 76 |

ESTIMATED REMAINING COLLECTIONS (1) (in thousands)

| | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Estimated remaining collections - core | \$ 1,305,641 | \$ 1,226,292 | \$ 1,159,086 | \$ 1,154,406 | \$ 1,072,777 |
| Estimated remaining collections - bankruptcy | 802,353 | 796,161 | 794,262 | 770,886 | 743,228 |
| Estimated remaining collections - total | 2,107,994 | 2,022,453 | 1,953,348 | 1,925,292 | 1,816,005 |

SHARE DATA (share amounts in thousands)

| | | | | | |
|---|----------|----------|----------|----------|----------|
| Net income per common share - diluted | \$ 1.87 | \$ 1.47 | \$ 1.54 | \$ 1.48 | \$ 1.48 |
| Weighted average number of shares outstanding - diluted | 17,133 | 17,267 | 17,269 | 17,228 | 17,225 |
| Shares repurchased | 300,849 | 30,600 | -- | -- | -- |
| Average price paid per share repurchased (including acquisitions costs) | \$ 68.62 | \$ 68.02 | -- | -- | -- |
| Closing market price | \$ 91.26 | \$ 71.72 | \$ 67.52 | \$ 62.22 | \$ 84.79 |

RATIOS AND OTHER DATA (dollars in thousands)

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Return on average equity (2) | 20.34% | 16.70% | 18.18% | 18.27% | 19.20% |
| Return on revenue (3) | 21.67% | 17.97% | 22.58% | 22.05% | 22.28% |
| Operating margin (4) | 36.92% | 31.70% | 38.91% | 38.35% | 39.67% |
| Operating expense to cash receipts (5) | 37.66% | 40.92% | 36.87% | 36.39% | 36.91% |
| Debt to equity (6) | 46.33% | 42.84% | 37.15% | 46.02% | 46.43% |
| Number of collectors | 1,952 | 1,934 | 1,658 | 1,520 | 1,517 |
| Number of employees | 3,032 | 3,014 | 2,641 | 2,504 | 2,504 |
| Cash receipts (5) | \$ 247,723 | \$ 233,916 | \$ 195,668 | \$ 193,569 | \$ 190,773 |
| Line of credit - unused portion at period end | 166,450 | 142,500 | 187,500 | 147,500 | 157,500 |

(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 June 30, 2012, Entire Domestic Portfolio

(\$ in thousands)

| Purchase Period | Purchase Price | Total Estimated Collections | Net Finance Receivables Balance at June 30, 2012 | Actual Cash Collections Including Cash Sales | Estimated Remaining Collections | Total Estimated Collections to Purchase Price |
|-----------------|----------------|-----------------------------|--|--|---------------------------------|---|
| 1996 | \$ 3,080 | \$ 10,224 | \$ -- | \$ 10,164 | \$ 60 | 332% |
| 1997 | 7,685 | 25,483 | -- | 25,362 | 121 | 332% |
| 1998 | 11,089 | 37,581 | -- | 37,059 | 522 | 339% |
| 1999 | 18,898 | 69,686 | -- | 68,559 | 1,127 | 369% |
| 2000 | 25,020 | 117,519 | -- | 114,480 | 3,039 | 470% |
| 2001 | 33,481 | 176,515 | -- | 172,207 | 4,308 | 527% |
| 2002 | 42,325 | 200,317 | -- | 192,918 | 7,399 | 473% |
| 2003 | 61,448 | 269,818 | -- | 256,522 | 13,296 | 439% |
| 2004 | 59,176 | 203,927 | -- | 190,819 | 13,108 | 345% |
| 2005 | 143,169 | 311,951 | 9,339 | 295,027 | 16,924 | 218% |
| 2006 | 107,693 | 217,485 | 13,508 | 194,265 | 23,220 | 202% |
| 2007 | 258,391 | 509,676 | 44,369 | 429,798 | 79,878 | 197% |
| 2008 | 275,153 | 527,884 | 78,254 | 398,512 | 129,372 | 192% |
| 2009 | 281,441 | 811,928 | 99,319 | 515,276 | 296,652 | 288% |

| | | | | | | |
|-------|--------------|--------------|------------|--------------|--------------|------|
| 2010 | 358,153 | 874,225 | 176,437 | 426,544 | 447,681 | 244% |
| 2011 | 395,809 | 854,491 | 312,083 | 196,685 | 657,806 | 216% |
| 2012 | 231,878 | 429,042 | 227,361 | 15,560 | 413,482 | 185% |
| Total | \$ 2,313,889 | \$ 5,647,752 | \$ 960,670 | \$ 3,539,757 | \$ 2,107,995 | 244% |

Purchase Price Multiples at June 30, 2012, Purchased Bankruptcy Portfolio

(\$ in thousands)

| Purchase Period | Purchase Price | Total Estimated Collections | Net Finance Receivables Balance at June 30, 2012 | Actual Cash Collections Including Cash Sales | Estimated Remaining Collections | Total Estimated Collections to Purchase Price |
|-----------------|----------------|-----------------------------|--|--|---------------------------------|---|
| 1996-2003 | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | 0% |
| 2004 | 7,468 | 14,464 | -- | 14,357 | 107 | 194% |
| 2005 | 29,301 | 43,477 | 52 | 43,362 | 115 | 148% |
| 2006 | 17,645 | 31,279 | 98 | 30,852 | 427 | 177% |
| 2007 | 78,547 | 106,236 | 4,647 | 100,482 | 5,754 | 135% |
| 2008 | 108,608 | 183,829 | 32,677 | 139,513 | 44,316 | 169% |
| 2009 | 156,056 | 407,979 | 63,694 | 255,753 | 152,226 | 261% |
| 2010 | 209,228 | 410,249 | 114,058 | 205,713 | 204,536 | 196% |
| 2011 | 183,416 | 289,088 | 163,307 | 45,371 | 243,717 | 158% |
| 2012 | 109,841 | 155,113 | 108,798 | 3,959 | 151,154 | 141% |
| Total | \$ 900,110 | \$ 1,641,714 | \$ 487,331 | \$ 839,362 | \$ 802,352 | 182% |

Purchase Price Multiples at June 30, 2012, Core Portfolio

(\$ in thousands)

| Purchase Period | Purchase Price | Total Estimated Collections | Net Finance Receivables Balance at June 30, 2012 | Actual Cash Collections Including Cash Sales | Estimated Remaining Collections | Total Estimated Collections to Purchase Price |
|-----------------|----------------|-----------------------------|--|--|---------------------------------|---|
| 1996 | \$ 3,080 | \$ 10,224 | \$ -- | \$ 10,164 | \$ 60 | 332% |
| 1997 | 7,685 | 25,483 | -- | 25,362 | 121 | 332% |
| 1998 | 11,089 | 37,581 | -- | 37,059 | 522 | 339% |
| 1999 | 18,898 | 69,686 | -- | 68,559 | 1,127 | 369% |
| 2000 | 25,020 | 117,519 | -- | 114,480 | 3,039 | 470% |
| 2001 | 33,481 | 176,515 | -- | 172,207 | 4,308 | 527% |
| 2002 | 42,325 | 200,317 | -- | 192,918 | 7,399 | 473% |
| 2003 | 61,448 | 269,818 | -- | 256,522 | 13,296 | 439% |
| 2004 | 51,708 | 189,463 | -- | 176,462 | 13,001 | 366% |
| 2005 | 113,868 | 268,474 | 9,287 | 251,665 | 16,809 | 236% |
| 2006 | 90,048 | 186,206 | 13,410 | 163,413 | 22,793 | 207% |
| 2007 | 179,844 | 403,440 | 39,722 | 329,316 | 74,124 | 224% |
| 2008 | 166,545 | 344,055 | 45,577 | 258,999 | 85,056 | 207% |
| 2009 | 125,385 | 403,949 | 35,625 | 259,523 | 144,426 | 322% |
| 2010 | 148,925 | 463,976 | 62,379 | 220,831 | 243,145 | 312% |
| 2011 | 212,393 | 565,403 | 148,776 | 151,314 | 414,089 | 266% |

| | | | | | | |
|-------|--------------|--------------|------------|--------------|--------------|------|
| 2012 | 122,037 | 273,929 | 118,563 | 11,601 | 262,328 | 224% |
| Total | \$ 1,413,779 | \$ 4,006,038 | \$ 473,339 | \$ 2,700,395 | \$ 1,305,643 | 283% |

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