



February 16, 2012

Portfolio Recovery Associates Reports Fourth Quarter and Full Year 2011 Results

NORFOLK, VA, Feb 16, 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 fourth quarter and full year 2011 results.

Fourth Quarter Highlights

- Record net income of \$26.6 million, an increase of 29% over the fourth quarter of 2010
- Record diluted EPS of \$1.54, compared with \$1.20 in the fourth quarter of 2010
- Record revenue of \$118.1 million, up 17% from the year-earlier quarter
- Cash collections of \$180.3 million, up 25% from the fourth quarter of 2010
- Annualized return on average equity of 18.2% for the quarter

The Company's earnings for the full year 2011 totaled \$100.8 million, or \$5.85 per diluted share, compared with \$73.5 million, or \$4.35 per diluted share, for the full year 2010. Full year 2011 revenues were \$458.9 million, compared to \$372.7 million for the full year 2010.

"In 2011, PRA again experienced significant growth in revenues and net income, as well as improved operating efficiencies and a strengthened capital structure," said Steven D. Fredrickson, chairman, president and chief executive officer. "Our steadfast adherence to our core principles, our ability to evaluate and purchase high-value portfolios and our unwavering commitment to best practices for our industry helped to drive net income crossing the \$100 million threshold for the first time in our history. We believe PRA has never been better positioned for long-term growth, and we intend to continue investing in our future through organic growth and select merger and acquisition opportunities. This is best illustrated through our acquisition of Mackenzie Hall in January 2012."

FINANCIAL AND OPERATING REVIEW

Revenues

- Total revenues were \$118.1 million for the quarter, up 17% when compared with the same period a year ago. This was driven by cash receipts of \$195.7 million in the fourth quarter, up 22% from \$160.3 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 25% to \$180.3 million in the fourth quarter of 2011 from \$144.4 million in the year-ago period. Cash collections reflected the seasonal weakness typically experienced in the fourth quarter. The table below displays cash collections by source, by quarter for the past five quarters:

----- Cash Collection Source (\$ in thousands) Q42011 Q32011 Q22011 Q12011 Q42010 -----

- The Company measures finance receivable collections productivity in a variety of ways, due to the varying nature of the Company's collections channels. All measurements of collections productivity improved over the fourth quarter of 2010, and are presented in the accompanying Financial Highlights.

Balance Sheet

- Cash balances were \$26.7 million as of December 31, 2011.
- During the fourth quarter of 2011, the Company had net repayments of \$40 million on its line of credit, which had a balance outstanding of \$220 million at year-end. Remaining borrowing availability, subject to normal borrowing and collateral provisions, under the line was \$187.5 million as of December 31, 2011.

Subsequent Events

- On January 16, 2012, the Company announced the acquisition of Mackenzie Hall Holdings Limited, a leading UK debt collection and purchase group.
- Under the terms of the transaction, PRA purchased 100% of the equity interest in Mackenzie Hall, for approximately GBP 33.1 million (approximately \$51 million) in cash. PRA anticipates the acquisition will be immediately accretive to earnings.
- Based in Kilmarnock, Scotland, Mackenzie Hall offers outsourced and contingent consumer debt recovery on behalf of banks, credit providers and debt purchasers, as well as distressed and dormant niche portfolio purchasing. Mackenzie Hall employs approximately 170 people at its headquarters and contact center in Kilmarnock.
- The Board of Directors has authorized a share repurchase program of up to \$100 million of the Company's outstanding shares of common stock. The program will be administered by a special committee of the Board. Repurchases would 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 this evening at 5:30 p.m. EST, Thursday, February 16, 2012, to discuss its fourth-quarter and full year results. Investors can access the call by dialing 888-713-4211 for domestic callers or 617-213-4864 for international callers using the pass code 25454734. A replay will be available approximately one hour after the call ends and will remain available for seven days. Investors can 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 35636577.

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 2,800 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 December 31, 2011 | Three Months Ended December 31, 2010 | Year Ended December 31, 2011 | Year Ended December 31, 2010 |
|---|---|---|---------------------------------------|---------------------------------------|
| | ----- | ----- | ----- | ----- |
| Revenues: | | | | |
| Income recognized on finance receivables, net | \$ 102,743 | \$ 84,783 | \$ 401,895 | \$ 309,680 |
| Fee income | 15,344 | 15,972 | 57,040 | 63,026 |
| | ----- | ----- | ----- | ----- |
| Total revenues | 118,087 | 100,755 | 458,935 | 372,706 |
| Operating expenses: | | | | |
| Compensation and employee services | 35,759 | 32,350 | 138,202 | 124,077 |
| Legal collection fees | 5,940 | 4,819 | 23,621 | 17,599 |
| Legal collection costs | 9,711 | 9,932 | 38,659 | 31,330 |

| | | | | |
|---|-----------|-----------|------------|-----------|
| Agent fees | 1,647 | 2,616 | 7,653 | 12,012 |
| Outside fees and services | 5,608 | 3,100 | 19,310 | 12,554 |
| Communications | 5,488 | 4,066 | 23,372 | 17,226 |
| Rent and occupancy | 1,538 | 1,402 | 5,891 | 5,313 |
| Depreciation and amortization | 3,188 | 3,387 | 12,943 | 12,437 |
| Other operating expenses | 3,255 | 2,808 | 12,416 | 10,296 |
| | ----- | ----- | ----- | ----- |
| Total operating expenses | 72,134 | 64,480 | 282,067 | 242,844 |
| Gain on sale of property | - | - | 1,157 | - |
| | ----- | ----- | ----- | ----- |
| Income from operations | 45,953 | 36,275 | 178,025 | 129,862 |
| Other income and (expense): | | | | |
| Interest income | - | 29 | 7 | 65 |
| Interest expense | (2,512) | (2,517) | (10,569) | (9,052) |
| | ----- | ----- | ----- | ----- |
| Income before income taxes | 43,441 | 33,787 | 167,463 | 120,875 |
| Provision for income taxes | 16,775 | 13,156 | 66,319 | 47,004 |
| | ----- | ----- | ----- | ----- |
| Net income | \$ 26,666 | \$ 20,631 | \$ 101,144 | \$ 73,871 |
| Less net income/(loss) attributable to redeemable noncontrolling interest | 76 | (14) | 353 | 417 |
| | ----- | ----- | ----- | ----- |
| Net income attributable to Portfolio Recovery Associates, Inc. | \$ 26,590 | \$ 20,645 | \$ 100,791 | \$ 73,454 |
| | ===== | ===== | ===== | ===== |
| Net income per common share: | | | | |
| Basic | \$ 1.55 | \$ 1.21 | \$ 5.89 | \$ 4.37 |
| Diluted | \$ 1.54 | \$ 1.20 | \$ 5.85 | \$ 4.35 |
| Weighted average number of shares outstanding: | | | | |

| | | | | |
|---------|--------|--------|--------|--------|
| Basic | 17,121 | 17,063 | 17,110 | 16,820 |
| Diluted | 17,269 | 17,165 | 17,230 | 16,885 |

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

| ASSETS | December 31, 2011 | December 31, 2010 |
|--|----------------------|----------------------|
| | ----- | ----- |
| Cash and cash equivalents | \$ 26,697 | \$ 41,094 |
| Finance receivables, net | 926,734 | 831,330 |
| Accounts receivable, net | 7,862 | 8,932 |
| Property and equipment, net | 25,727 | 24,270 |
| Goodwill | 61,678 | 61,678 |
| Intangible assets, net | 14,596 | 18,466 |
| Other assets | 7,829 | 10,138 |
| | ----- | ----- |
| Total assets | \$ 1,071,123 | \$ 995,908 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 42,660 | \$ 23,576 |
| Net deferred tax liability | 193,898 | 164,971 |
| Line of credit | 220,000 | 300,000 |
| Long-term debt | 1,246 | 2,396 |
| | ----- | ----- |
| Total liabilities | 457,804 | 490,943 |
| | ----- | ----- |
| Redeemable noncontrolling Interest | 17,831 | 14,449 |
| | ----- | ----- |
| Stockholders' equity: | | |
| Preferred stock, par value \$0.01, authorized shares, 2,000, issued and outstanding shares - 0 | - | - |
| Common stock, par value \$0.01, authorized shares, 60,000, 17,134 issued and outstanding shares at December 31, 2011, and 17,064 issued and outstanding shares at December 31, 2010 | 171 | 171 |
| Additional paid-in capital | 167,719 | 163,538 |
| Retained earnings | 427,598 | 326,807 |
| Total stockholders' equity | 595,488 | 490,516 |
| | ----- | ----- |
| Total liabilities and stockholders' equity | \$ 1,071,123 | \$ 995,908 |
| | ===== | ===== |

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

Year Year

| | Ended December 31, 2011 | Ended December 31, 2010 |
|---|-------------------------------|-------------------------------|
| | ----- | ----- |
| Cash flows from operating activities: | | |
| Net income | \$ 101,144 | \$ 73,871 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Amortization of share-based compensation | 7,759 | 4,203 |
| Depreciation and amortization | 12,943 | 12,437 |
| Deferred tax expense | 28,927 | 47,493 |
| Gain on sale of property | (1,157) | - |
| Changes in operating assets and liabilities: | | |
| Other assets | (54) | 1,204 |
| Accounts receivable | 1,070 | 237 |
| Accounts payable and accrued liabilities | 6,921 | 2,039 |
| Income taxes | 15,472 | 2,097 |
| | ----- | ----- |
| Net cash provided by operating activities | 173,025 | 143,581 |
| | ----- | ----- |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (9,634) | (9,546) |
| Proceeds from sale of property | 1,267 | - |
| Acquisition of finance receivables, net of buybacks | (398,999) | (357,530) |
| Collections applied to principal on finance receivables | 303,595 | 219,662 |
| Business acquisitions, net of cash acquired | (985) | (23,000) |
| Contingent payment made for business acquisition | - | (117) |
| | ----- | ----- |
| Net cash used in investing activities | (104,756) | (170,531) |
| | ----- | ----- |
| Cash flows from financing activities: | | |
| Proceeds from exercise of options | 150 | 57 |
| Income tax benefit from share-based compensation | 641 | 256 |
| Payment of liability-classified contingent consideration | - | (2,000) |
| Proceeds from line of credit | 32,000 | 177,500 |
| Principal payments on line of credit | (112,000) | (196,800) |
| Payments of line of credit origination costs and fees | - | (3,819) |
| Proceeds from stock offering, net of offering costs | - | 71,688 |
| Proceeds from long-term debt | - | 1,569 |
| Distributions paid to noncontrolling interest | (2,307) | - |
| Principal payments on long-term debt | (1,150) | (672) |
| | ----- | ----- |
| Net cash (used in)/provided by financing activities | (82,666) | 47,779 |
| | ----- | ----- |
| Net (decrease)/increase in cash and | | |

| | | |
|--|------------|-----------|
| cash equivalents | (14,397) | 20,829 |
| Cash and cash equivalents, beginning of year | 41,094 | 20,265 |
| | ----- | ----- |
| Cash and cash equivalents, end of year | \$ 26,697 | \$ 41,094 |
| | ===== | ===== |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | \$ 10,280 | \$ 9,398 |
| Cash paid for income taxes | 23,641 | 107 |
| Noncash investing and financing activities: | | |
| Adjustment of the noncontrolling interest measurement amount | \$ (4,112) | \$ - |
| Common stock issued for acquisition | - | 4,950 |
| Net unrealized change in fair value of derivative instrument | - | 701 |
| Distributions payable relating to noncontrolling interest | 67 | 1,291 |
| Employee stock relinquished for payment of taxes | (257) | - |

FINANCIAL HIGHLIGHTS

| (dollars in thousands) | Three Months Ended December 31, | | | Year Ended December 31, | | |
|--|------------------------------------|-----------|-------------|----------------------------|------------|-------------|
| | 2011 | 2010 | % Change | 2011 | 2010 | % Change |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| EARNINGS | | | | | | |
| Income recognized on finance receivables, net | \$ 102,743 | \$ 84,783 | 21% | \$ 401,895 | \$ 309,680 | 30% |
| Fee income | 15,344 | 15,972 | -4% | 57,040 | 63,026 | -9% |
| Total revenues | 118,087 | 100,755 | 17% | 458,935 | 372,706 | 23% |
| Operating expenses | 72,134 | 64,480 | 12% | 282,069 | 242,844 | 16% |
| Income from operations | 45,953 | 36,275 | 27% | 178,023 | 129,862 | 37% |
| Net interest expense | 2,512 | 2,488 | 1% | 10,562 | 8,987 | 18% |
| Net income | 26,666 | 20,631 | 29% | 101,143 | 73,871 | 37% |
| Net income attributable to Portfolio Recovery Associates, Inc. | 26,590 | 20,645 | 29% | 100,791 | 73,454 | 37% |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| PERIOD-END BALANCES | | | | | | |
| Cash and cash equivalents | \$ 26,697 | \$ 41,094 | -35% | \$ 26,697 | \$ 41,094 | -35% |
| Finance | | | | | | |

| | | | | | | |
|---|-----------|---------|-------|-----------|---------|-------|
| receivables, net | 926,734 | 831,330 | 11% | 926,734 | 831,330 | 11% |
| Goodwill and intangible assets, net | 76,274 | 80,144 | -5% | 76,274 | 80,144 | -5% |
| Total assets | 1,071,123 | 995,908 | 8% | 1,071,123 | 995,908 | 8% |
| Line of credit | 220,000 | 300,000 | -27% | 220,000 | 300,000 | -27% |
| Total liabilities | 457,804 | 490,943 | -7% | 457,804 | 490,943 | -7% |
| Total equity | 595,488 | 490,516 | 21% | 595,488 | 490,516 | 21% |
| | ----- | ----- | ----- | ----- | ----- | ----- |

FINANCE

RECEIVABLE
COLLECTIONS

| | | | | | | |
|--|-------------|------------|-------|-------------|------------|-------|
| Cash collections | \$ 180,324 | \$ 144,363 | 25% | \$ 705,490 | \$ 529,342 | 33% |
| Principal amortization without allowance charges | 74,481 | 54,139 | 38% | 293,431 | 194,510 | 51% |
| Principal amortization with allowance charges | 77,581 | 59,580 | 30% | 303,595 | 219,662 | 38% |
| Principal amortization w/ allowance charges as % of cash collections: | | | | | | |
| Including fully amortized pools | 43.0% | 41.3% | 4% | 43.0% | 41.5% | 4% |
| Excluding fully amortized pools | 44.9% | 44.3% | 1% | 45.4% | 44.8% | 1% |
| Estimated remaining collections - core | \$1,159,086 | \$ 974,108 | 19% | \$1,159,086 | \$ 974,108 | 19% |
| Estimated remaining collections - bankruptcy | 794,262 | 749,410 | 6% | 794,262 | 749,410 | 6% |
| Estimated remaining collections - total | 1,953,348 | 1,723,518 | 13% | 1,953,348 | 1,723,518 | 13% |
| | ----- | ----- | ----- | ----- | ----- | ----- |

ALLOWANCE FOR
FINANCE
RECEIVABLES

| | | | | | | |
|--------------------------|-----------|-----------|------|-----------|-----------|------|
| Balance at period-end | \$ 86,571 | \$ 76,407 | 13% | \$ 86,571 | \$ 76,407 | 13% |
| Allowance charge | \$ 3,100 | \$ 5,442 | -43% | \$ 10,164 | \$ 25,152 | -60% |

| | | | | | | |
|--|-------|-------|------|-------|-------|------|
| Allowance charge to period-end net finance receivables | 0.33% | 0.65% | -49% | 1.10% | 3.03% | -64% |
| Allowance charge to net finance receivable income | 3.02% | 6.42% | -53% | 2.53% | 8.12% | -69% |
| Allowance charge to cash collections | 1.72% | 3.77% | -54% | 1.44% | 4.75% | -70% |

PURCHASES OF FINANCE RECEIVABLES

| | | | | | | |
|------------------------------|-----------|-----------|------|------------|------------|------|
| Purchase price - core | \$ 42,532 | \$ 44,852 | -5% | \$ 213,389 | \$ 149,998 | 42% |
| Face value - core | 829,232 | 1,357,301 | -39% | 7,900,761 | 3,424,313 | 131% |
| Purchase price - bankruptcy | 46,360 | 40,671 | 14% | 195,019 | 217,445 | -10% |
| Face value - bankruptcy | 376,094 | 511,588 | -26% | 1,891,595 | 3,380,639 | -44% |
| Purchase price - total | 88,892 | 85,523 | 4% | 408,407 | 367,443 | 11% |
| Face value - total | 1,205,326 | 1,868,889 | -36% | 9,792,356 | 6,804,952 | 44% |
| Number of portfolios - total | 83 | 75 | 11% | 333 | 305 | 9% |

PER SHARE DATA

| | | | | | | |
|---|----------|----------|------|----------|----------|------|
| Net income per common share - diluted | \$ 1.54 | \$ 1.20 | 28% | \$ 5.85 | \$ 4.35 | 34% |
| Weighted average number of shares outstanding - diluted | 17,269 | 17,165 | 1% | 17,230 | 16,885 | 2% |
| Closing market price | \$ 67.52 | \$ 75.20 | -10% | \$ 67.52 | \$ 75.20 | -10% |

RATIOS AND OTHER DATA

| | | | | | | |
|------------------------------------|--------|--------|-----|--------|--------|-----|
| Return on average equity (1) | 18.18% | 17.09% | 6% | 18.62% | 16.56% | 12% |
| Return on revenue (2) | 22.58% | 20.48% | 10% | 22.04% | 19.82% | 11% |
| Operating margin (3) | 38.91% | 36.00% | 8% | 38.79% | 34.84% | 11% |
| Operating expense to cash receipts | | | | | | |

| | | | | | | |
|--|------------|------------|------|------------|------------|------|
| (4) | 36.87% | 40.22% | -8% | 36.99% | 41.00% | -10% |
| Debt to equity | | | | | | |
| (5) | 37.15% | 61.65% | -40% | 37.15% | 61.65% | -40% |
| Cash collections per collector hour paid: | | | | | | |
| Core cash collections \$ | 137 | \$ 129 | 6% | \$ 151 | \$ 129 | 17% |
| Total cash collections \$ | 228 | \$ 204 | 12% | \$ 240 | \$ 194 | 24% |
| Excluding external legal collections \$ | 194 | \$ 174 | 30% | \$ 204 | \$ 165 | 29% |
| Excluding bankruptcy and external legal collections \$ | 103 | \$ 98 | 39% | \$ 114 | \$ 100 | 23% |
| Number of collectors | 1,658 | 1,472 | 13% | 1,658 | 1,472 | 13% |
| Number of employees | 2,641 | 2,473 | 7% | 2,641 | 2,473 | 7% |
| Cash receipts (4) | \$ 195,668 | \$ 160,335 | 22% | \$ 762,530 | \$ 592,368 | 29% |
| Line of credit - unused portion at period end | 187,500 | 107,500 | 74% | 187,500 | 107,500 | 74% |

Notes:

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

FINANCIAL HIGHLIGHTS

For the Quarter Ended

| (dollars in thousands) | December | September | June 30 | March 31 | December |
|---|------------|------------|------------|-----------|------------|
| | 31 2011 | 30 2011 | 2011 | 2011 | 31 2010 |
| EARNINGS | | | | | |
| Income recognized on finance receivables, net | \$ 102,743 | \$ 102,875 | \$ 100,303 | \$ 95,974 | \$ 84,783 |
| Fee income | 15,344 | 11,401 | 14,492 | 15,803 | 15,972 |
| Total revenues | 118,087 | 114,276 | 114,795 | 111,777 | 100,755 |
| Operating expenses | 72,134 | 70,447 | 70,415 | 69,073 | 64,480 |
| Income from | | | | | |

| | | | | | |
|--|--------|--------|--------|--------|--------|
| operations | 45,953 | 43,830 | 45,536 | 42,704 | 36,275 |
| Net interest expense | 2,512 | 2,548 | 2,635 | 2,867 | 2,488 |
| Net income attributable to Portfolio Recovery Associates, Inc. | 26,666 | 25,193 | 25,575 | 23,709 | 20,631 |
| | 26,590 | 25,506 | 25,574 | 23,121 | 20,645 |

PERIOD-END
BALANCES

| | | | | | |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Cash and cash equivalents | \$ 26,697 | \$ 30,035 | \$ 25,481 | \$ 35,443 | \$ 41,094 |
| Finance receivables, net | 926,734 | 919,478 | 879,515 | 866,992 | 831,330 |
| Goodwill and intangible assets, net | 76,274 | 76,426 | 77,643 | 78,893 | 80,144 |
| Total assets | 1,071,123 | 1,064,104 | 1,021,617 | 1,020,099 | 995,908 |
| Line of credit | 220,000 | 260,000 | 250,000 | 290,000 | 300,000 |
| Total liabilities | 457,804 | 478,915 | 463,153 | 489,136 | 490,943 |
| Total equity | 595,488 | 568,305 | 542,396 | 515,710 | 490,516 |

FINANCE

| | | | | | |
|---|-------------|-------------|-------------|-------------|------------|
| RECEIVABLE COLLECTIONS | | | | | |
| Cash collections | \$ 180,324 | \$ 182,168 | \$ 176,281 | \$ 166,717 | \$ 144,363 |
| Principal amortization without allowance | 74,481 | 78,552 | 73,695 | 66,703 | 54,139 |
| Principal amortization with allowance | 77,581 | 79,293 | 75,978 | 70,743 | 59,580 |
| Principal amortization w/ allowance as % of cash collections: | | | | | |
| Including fully amortized pools | 43.0% | 43.5% | 43.1% | 42.4% | 41.3% |
| Excluding fully amortized pools | 44.9% | 45.7% | 45.7% | 45.3% | 44.3% |
| Estimated remaining collections - core | \$1,159,086 | \$1,154,406 | \$1,072,777 | \$1,040,140 | \$ 974,108 |
| Estimated remaining collections - bankruptcy | 794,262 | 770,886 | 743,228 | 753,130 | 749,410 |
| Estimated | | | | | |

| | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| remaining collections - total | 1,953,348 | 1,925,292 | 1,816,005 | 1,793,270 | 1,723,518 |
| ALLOWANCE FOR FINANCE RECEIVABLES | | | | | |
| Balance at period-end | \$ 86,571 | \$ 83,471 | \$ 82,730 | \$ 80,447 | \$ 76,407 |
| Allowance charge | \$ 3,100 | \$ 741 | \$ 2,283 | \$ 4,040 | \$ 5,442 |
| Allowance charge to period-end net finance receivables | 0.33% | 0.08% | 0.26% | 0.47% | 0.65% |
| Allowance charge to net finance receivable income | 3.02% | 0.72% | 2.28% | 4.21% | 6.42% |
| Allowance charge to cash collections | 1.72% | 0.41% | 1.30% | 2.42% | 3.77% |
| PURCHASES OF FINANCE RECEIVABLES | | | | | |
| Purchase price - core | \$ 42,532 | \$ 57,240 | \$ 52,323 | \$ 61,294 | \$ 44,852 |
| Face value - core | 829,232 | 5,027,874 | 1,034,898 | 1,008,758 | 1,357,301 |
| Purchase price - bankruptcy | 46,360 | 64,848 | 37,204 | 46,607 | 40,671 |
| Face value - bankruptcy | 376,094 | 654,508 | 378,051 | 482,941 | 511,588 |
| Purchase price - total | 88,892 | 122,088 | 89,527 | 107,901 | 85,523 |
| Face value - total | 1,205,326 | 5,682,382 | 1,412,949 | 1,491,699 | 1,868,889 |
| Number of portfolios - total | 83 | 95 | 76 | 79 | 75 |
| PER SHARE DATA | | | | | |
| Net income per common share - diluted | \$ 1.54 | \$ 1.48 | \$ 1.48 | \$ 1.34 | \$ 1.20 |
| Weighted average number of shares outstanding - diluted | 17,269 | 17,228 | 17,225 | 17,199 | 17,165 |
| Closing market price | \$ 67.52 | \$ 62.22 | \$ 84.79 | \$ 85.13 | \$ 75.20 |
| RATIOS AND OTHER DATA | | | | | |
| Return on average equity (1) | 18.18% | 18.27% | 19.20% | 18.25% | 17.09% |

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Return on revenue (2) | 22.58% | 22.05% | 22.28% | 21.21% | 20.48% |
| Operating margin (3) | 38.91% | 38.35% | 39.67% | 38.20% | 36.00% |
| Operating expense to cash receipts (4) | 36.87% | 36.39% | 36.91% | 37.84% | 40.22% |
| Debt to equity (5) | 37.15% | 46.02% | 46.43% | 56.64% | 61.65% |
| Cash collections per collector hour paid: | | | | | |
| Core cash collections | \$ 137 | \$ 152 | \$ 154 | \$ 162 | \$ 129 |
| Total cash collections | \$ 228 | \$ 249 | \$ 243 | \$ 241 | \$ 204 |
| Excluding external legal collections | \$ 194 | \$ 212 | \$ 205 | \$ 204 | \$ 174 |
| Excluding bankruptcy and external legal collections | \$ 103 | \$ 115 | \$ 116 | \$ 125 | \$ 98 |
| Number of collectors | 1,658 | 1,520 | 1,517 | 1,486 | 1,472 |
| Number of employees | 2,641 | 2,504 | 2,504 | 2,482 | 2,473 |
| Cash receipts (4) | \$ 195,668 | \$ 193,569 | \$ 190,773 | \$ 182,520 | \$ 160,335 |
| Line of credit - unused portion at period end | 187,500 | 147,500 | 157,500 | 117,500 | 107,500 |

Notes:

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

Purchase Price Multiples at December 31, 2011, Entire Portfolio
(\$ in thousands)

| Purchase Period | Purchase Price | Total Estimated Collections | Net Finance Receivables Balance at December 31, 2011 | Actual Cash Collections Including Cash Sales | Estimated Remaining Collections | Total Estimated Collections to Purchase Price |
|-----------------|----------------|-----------------------------|--|--|---------------------------------|---|
| 1996 | \$ 3,080 | \$ 10,243 | \$ - | \$ 10,144 | \$ 99 | 333% |
| 1997 | 7,685 | 25,491 | - | 25,310 | 181 | 332% |
| 1998 | 11,089 | 37,370 | - | 36,938 | 432 | 337% |
| 1999 | 18,898 | 69,145 | - | 68,162 | 983 | 366% |
| 2000 | 25,020 | 116,040 | - | 113,388 | 2,652 | 464% |
| 2001 | 33,481 | 173,637 | - | 170,464 | 3,173 | 519% |
| 2002 | 42,325 | 194,756 | - | 190,276 | 4,480 | 460% |

| | | | | | | |
|------|---------|---------|---------|---------|---------|------|
| 2003 | 61,448 | 259,458 | - | 252,397 | 7,061 | 422% |
| 2004 | 59,177 | 194,439 | - | 187,150 | 7,289 | 329% |
| 2005 | 143,169 | 309,213 | 11,267 | 287,884 | 21,329 | 216% |
| 2006 | 107,696 | 217,424 | 17,505 | 187,156 | 30,268 | 202% |
| 2007 | 258,382 | 508,433 | 62,197 | 402,226 | 106,207 | 197% |
| 2008 | 275,154 | 530,607 | 103,508 | 358,932 | 171,675 | 193% |
| 2009 | 281,436 | 779,837 | 131,700 | 421,864 | 357,973 | 277% |
| 2010 | 358,185 | 805,126 | 229,011 | 304,614 | 500,512 | 225% |
| 2011 | 402,803 | 816,224 | 371,546 | 77,190 | 739,034 | 203% |

Total \$2,089,028 \$5,047,443 \$ 926,734 \$3,094,095 \$1,953,348 242%

Purchase Price Multiples at December 31, 2011, Purchased Bankruptcy Portfolio

(\$ in thousands)

| Purchase Period | Purchase Price | Total Estimated Collections | Net Finance Receivables Balance at December 31, 2011 | Actual Cash Collections Including Cash Sales | Estimated Remaining Collections | Total Estimated Collections to Purchase Price |
|-----------------|----------------|-----------------------------|--|--|---------------------------------|---|
| 1996- | | | | | | |
| 2003 | \$ - | \$ - | \$ - | \$ - | - | 0% |
| 2004 | 7,468 | 14,384 | - | 14,294 | 90 | 193% |
| 2005 | 29,301 | 43,351 | 68 | 43,222 | 129 | 148% |
| 2006 | 17,645 | 31,191 | 83 | 30,481 | 710 | 177% |
| 2007 | 78,547 | 109,962 | 12,111 | 95,373 | 14,589 | 140% |
| 2008 | 108,609 | 184,106 | 44,172 | 123,582 | 60,524 | 170% |
| 2009 | 156,057 | 392,928 | 85,227 | 201,195 | 191,733 | 252% |
| 2010 | 209,246 | 393,518 | 146,596 | 143,984 | 249,534 | 188% |
| 2011 | 189,027 | 292,171 | 184,316 | 15,218 | 276,953 | 155% |
| Total | \$ 795,900 | \$1,461,611 | \$ 472,573 | \$ 667,349 | \$ 794,262 | 184% |

Purchase Price Multiples at December 31, 2011, Core Portfolio (\$ in thousands) -----

| Estimated Collections Price | Total Purchase Price | Estimated Collections | December 31, 2011 | Cash Remaining Sales | Estimated Remaining Collections | Total Estimated Collections to Purchase Price |
|-----------------------------|----------------------|-----------------------|-------------------|----------------------|---------------------------------|---|
| 1996 | \$ 3,080 | \$ 10,243 | \$ - | \$ 10,144 | \$ 99 | 333% |
| 1997 | 7,685 | 25,491 | 25,310 | 181 | 332% | 1998 11,089 37,370 - 36,938 432 337% 1999 18,898 69,145 - 68,162 983 366% 2000 25,020 116,040 - 113,388 2,652 464% 2001 33,481 173,637 - 170,464 3,173 519% 2002 42,325 194,756 - 190,276 4,480 460% 2003 61,448 259,458 - 252,397 7,061 422% 2004 51,709 180,055 - 172,856 7,199 348% 2005 113,868 265,862 11,199 244,662 21,200 233% 2006 90,051 186,233 17,422 156,675 29,558 207% 2007 179,835 398,471 50,086 306,853 91,618 222% 2008 166,545 346,501 59,336 235,350 111,151 208% 2009 125,379 386,909 46,473 220,669 166,240 309% 2010 148,939 411,608 82,415 160,630 250,978 276% 2011 213,776 524,053 187,230 61,972 462,081 245% ----- |
| Total | \$1,293,128 | \$3,585,832 | \$ 454,161 | \$2,426,746 | \$1,159,086 | 277% ----- |

Net Allowance Charges, Entire Portfolio

(\$ in thousands)

| Allowance Period | Purchase Period | | | |
|---------------------------------|-------------------|------------------|-------------------|-------------------|
| | 1996-2003 | 2004 | 2005 | 2006 |
| 2005 | \$ 200 | \$ - | \$ - | \$ - |
| 2006 | 275 | - | 825 | - |
| 2007 | 235 | 470 | 1,885 | 340 |
| 2008 | (110) | 1,290 | 3,040 | 7,170 |
| 2009 | (600) | (375) | 4,190 | 4,860 |
| Q1 10 | - | - | 2,795 | 1,175 |
| Q2 10 | - | (80) | 1,600 | 2,100 |
| Q3 10 | - | (80) | 1,650 | 2,050 |
| Q4 10 | - | (10) | 832 | 1,720 |
| Q1 11 | - | (15) | 455 | (100) |
| Q2 11 | - | - | (217) | - |
| Q3 11 | - | - | 641 | 100 |
| Q4 11 | - | - | 250 | 1,000 |
| Total | \$ - | \$ 1,200 | \$ 17,946 | \$ 20,415 |
| Portfolio Purchases, net | \$ 203,026 | \$ 59,177 | \$ 143,169 | \$ 107,696 |

(\$ in thousands)

| Allowance Period | Purchase Period | | | Total |
|---------------------------------|-------------------|-------------------|---------------------|---------------------|
| | 2007 | 2008 | 2009-2011 | |
| 2005 | \$ - | \$ - | \$ - | \$ 200 |
| 2006 | - | - | - | 1,100 |
| 2007 | - | - | - | 2,930 |
| 2008 | 7,380 | 620 | - | 19,390 |
| 2009 | 3,435 | 16,125 | - | 27,635 |
| Q1 10 | 2,900 | - | - | 6,870 |
| Q2 10 | 700 | 2,000 | - | 6,320 |
| Q3 10 | 2,750 | 150 | - | 6,520 |
| Q4 10 | 1,150 | 1,750 | - | 5,442 |
| Q1 11 | 400 | 3,300 | - | 4,040 |
| Q2 11 | - | 2,500 | - | 2,283 |
| Q3 11 | (500) | 500 | - | 741 |
| Q4 11 | 1,250 | 600 | - | 3,100 |
| Total | \$ 19,465 | \$ 27,545 | \$ - | \$ 86,571 |
| Portfolio Purchases, net | \$ 258,382 | \$ 275,154 | \$ 1,042,424 | \$ 2,089,028 |

Net Allowance Charges, Purchased Bankruptcy Portfolio

(\$ in thousands)

| Allowance Period | Purchase Period | | |
|------------------|-----------------|------|------|
| | 1996-2003 | 2004 | 2005 |
| | | | 2006 |

| | | | | | | | | |
|--------------------------|----|---|----|-------|----|--------|----|--------|
| 2007 | \$ | - | \$ | 470 | \$ | 160 | \$ | 150 |
| 2008 | | - | | 770 | | 375 | | 1,210 |
| 2009 | | - | | 45 | | 265 | | 120 |
| Q1 10 | | - | | - | | 95 | | 50 |
| Q2 10 | | - | | (30) | | 25 | | - |
| Q3 10 | | - | | (30) | | - | | (100) |
| Q4 10 | | - | | (10) | | (18) | | (30) |
| Q1 11 | | - | | (15) | | (95) | | (100) |
| Q2 11 | | - | | - | | (17) | | - |
| Q3 11 | | - | | - | | (59) | | (100) |
| Q4 11 | | - | | - | | (50) | | - |
| Total | \$ | - | \$ | 1,200 | \$ | 681 | \$ | 1,200 |
| Portfolio Purchases, net | \$ | - | \$ | 7,468 | \$ | 29,301 | \$ | 17,645 |

(\$ in thousands)

| Allowance Period | Purchase Period | | | | | | | |
|--------------------------|-----------------|--------|-----------|---------|----|---------|----|---------|
| | 2007 | 2008 | 2009-2011 | Total | | | | |
| 2007 | \$ | - | \$ | - | \$ | 780 | | |
| 2008 | | - | | - | | 2,355 | | |
| 2009 | | 110 | | - | | 540 | | |
| Q1 10 | | 1,200 | | - | | 1,345 | | |
| Q2 10 | | - | | - | | (5) | | |
| Q3 10 | | 600 | | - | | 470 | | |
| Q4 10 | | 950 | | - | | 892 | | |
| Q1 11 | | 1,150 | | 1,300 | | 2,240 | | |
| Q2 11 | | - | | 500 | | 483 | | |
| Q3 11 | | - | | - | | (159) | | |
| Q4 11 | | 1,100 | | - | | 1,050 | | |
| Total | \$ | 5,110 | \$ | 1,800 | \$ | - | \$ | 9,991 |
| Portfolio Purchases, net | \$ | 78,547 | \$ | 108,609 | \$ | 554,330 | \$ | 795,900 |

Net Allowance Charges, Core Portfolio (\$ in thousands) ----- Purchase
 Period Allowance Period 1996-2003 2004 2005 2006 ----- 2005 \$ 200 \$ - \$ - \$ - 2006 275 - 825 -
 2007 235 - 1,725 190 2008 (110) 520 2,665 5,960 2009 (600) (420) 3,925 4,740 Q1 10 - - 2,700 1,125 Q2 10 - (50) 1,575
 2,100 Q3 10 - (50) 1,650 2,150 Q4 10 - - 850 1,750 Q1 11 - - 550 - Q2 11 - - (200) - Q3 11 - - 700 200 Q4 11 - - 300 1,000 ---
 ----- Total \$ - \$ - \$ 17,265 \$ 19,215 =====

Portfolio Purchases, net \$ 203,026 \$ 51,709 \$ 113,868 \$ 90,051 -----

(\$ in thousands) ----- Purchase Period Allowance Period 2007 2008
 2009-2011 Total ----- 2005 \$ - \$ - \$ - \$ 200 2006 - - - 1,100 2007 - - - 2,150 2008 7,380 620 -
 17,035 2009 3,325 16,125 - 27,095 Q1 10 1,700 - - 5,525 Q2 10 700 2,000 - 6,325 Q3 10 2,150 150 - 6,050 Q4 10 200 1,750
 - 4,550 Q1 11 (750) 2,000 - 1,800 Q2 11 - 2,000 - 1,800 Q3 11 (500) 500 - 900 Q4 11 150 600 - 2,050 -----
 --- ----- Total \$ 14,355 \$ 25,745 \$ - \$ 76,580 =====

Portfolio Purchases, net \$ 179,835 \$ 166,545 \$ 488,094 \$1,293,128 -----

SOURCE: Portfolio Recovery Associates, Inc.