



October 27, 2011

Portfolio Recovery Associates Reports Third Quarter 2011 Results

NORFOLK, VA, Oct 27, 2011 (MARKETWIRE via COMTEX) --

Portfolio Recovery Associates, Inc. (NASDAQ: PRAA), a specialized financial services company and market leader in the consumer debt purchase and collection industry, today reported results for the quarter ended September 30, 2011.

Third Quarter Highlights

- Revenue increased 20% to \$114.3 million as cash collections grew 33% to a record \$182.2 million
- Net income of \$25.5 million, an increase of 38% over the comparable year-ago period
- EPS totaled \$1.48 in the quarter, compared with EPS of \$1.08 in the third quarter of 2010
- Portfolio acquisitions totaled \$122.1 million

"Our third quarter results are indicative of our efforts to drive the top line, identify and improve operational efficiencies and maintain a strong and flexible capital structure," said Steven D. Fredrickson, chairman, president and chief executive officer. "The key drivers of our results continue to be strong cash collections from both bankruptcy and core portfolios, supported by an impressive performance at our call centers. We were able to deliver these results despite a weak and volatile economy. Looking ahead, we will continue to focus on strengthening our core business, reducing costs and allocating the necessary resources to support continued growth in our fee-for-service businesses."

Total revenues for the third quarter of 2011 grew 20% from the year-earlier period to \$114.3 million. Total revenues consist of cash collections reduced by amounts applied to principal on the Company's owned debt portfolios, plus fee income earned from our fee-for-service businesses. During the third quarter of 2011, the Company applied 43.5% of cash collections to reduce the carrying value of its owned debt portfolios, up from 41.8% in the third quarter of 2010. The third quarter 2011 principal amortization rate included a \$741,000 net allowance charge against certain pools of finance receivables accounts.

Financial and Operating Review

Kevin P. Stevenson, chief financial and administrative officer, said: "The earnings power of our debt purchase business was evident during Q3, as our strong results from both bankrupt and core portfolios more than overcame soft performance at our fee-for-service businesses."

- Cash collections rose 33% to a record \$182.2 million in the third quarter of 2011, up from \$137.4 million in the year-ago period. Call center and other collections increased 24%, external legal collections increased 35%, internal legal collections grew 36%, and purchased bankruptcy collections gained 40% when compared with the year-earlier period. The table below displays cash collections by source, by quarter for the past five quarters:

Cash Collection Source (\$ in thousands)	Q32011	Q22011	Q12011	Q42010	Q32010	
Call Center & Other Collections	\$ 63,967	\$ 64,566	\$ 67,377	\$ 53,775	\$ 51,711	External Legal Collections
	27,245	27,329	25,378	21,446	20,217	Internal Legal Collections
	74,512	68,379	58,364	56,301	53,319	Purchased Bankruptcy Collections
	\$176,281	\$166,717	\$144,363	\$137,377		Total Cash Collections
						\$182,168

- Internal legal collections grew to \$16.4 million in the third quarter

of 2011 from \$12.1 million in the year-ago quarter. Internal legal collections, in which the Company uses its own staff, represent an important, developing collections channel.

-- Productivity rose to a record \$245 per collector hour paid for the first nine months of 2011 from \$194 for all of 2010. Productivity, the Company's key measure of collector performance, is measured by cash collections per collector hour paid. Excluding the impact of trustee remittances on purchased bankrupt accounts, the comparison is \$156 for the first three quarters of 2011, compared to \$129 for all of 2010. Excluding trustee remittances on purchased bankrupt accounts and external legal collections, the comparison is \$118 for the first nine months of 2011 and \$100 for all of 2010.

-- In the third quarter of 2011, total revenues were \$114.3 million, up 20% compared with the same period a year ago. This was driven by record cash receipts of \$193.6 million in the third quarter, up 27% from \$152.9 million a year earlier. Cash receipts are comprised of both cash collections and revenues from the Company's fee-for-service businesses.

-- The Company's net allowance charge totaled \$0.7 million in the third quarter of 2011, representing 0.08% of net finance receivables at period-end and 0.41% of cash collections.

-- The Company purchased \$5.68 billion of face-value debt during the third quarter of 2011 for \$122.1 million. This was acquired in 95 portfolios from 12 different sellers.

-- The Company's fee-for-service businesses generated revenues of \$11.4 million in the third quarter of 2011, a decline of 27% from the same period a year ago due largely to a decrease in revenues generated by PRA Location Services. Together, the fee-for-service businesses accounted for 10% of the Company's overall revenues in the third quarter of 2011, down from 16% in the third quarter of 2010.

-- Cash balances were \$30.0 million as of September 30, 2011, down from \$41.1 million as of December 31, 2010. During the third quarter of 2011, the Company had net borrowings of \$10 million on its line of credit, leaving it with \$260 million in outstanding borrowings at quarter end. Remaining borrowing availability under the line was \$147.5 million as of September 30, 2011.

The Company's earnings for the first nine months of 2011 totaled \$74.2 million, or \$4.31 per diluted share, compared with \$52.8 million, or \$3.15 per diluted share, for the first nine months of 2010. Year-to-date 2011 revenues were \$340.8 million, compared to \$272.0 million in the first nine months of 2010.

Conference Call Information The Company will hold a conference call with investors this evening at 5:30 p.m. EDT, Thursday, October 27, 2011, to discuss its third-quarter results. Investors can access the call by dialing 888-679-8034 for domestic callers or 617-213-4847 for international callers using the pass code 49267189. The 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 68599056.

Investors may also 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. (NASDAQ: PRAA), a specialized financial services company, is a market leader in the consumer debt purchase and collection industry. The Company, which has purchased more than \$63 billion of face value defaulted consumer debt since its inception, has operations in 10 states, more than 27 million customer accounts and more than 2,500 employees. Portfolio Recovery Associates also provides a broad range of fee-based services through its subsidiaries: PRA Government Services, LLC; MuniServices, LLC; PRA Location Services, LLC; and Claims Compensation Bureau, LLC. Working every day with people in financial distress, the Company seeks to engage collaboratively with its customers to create realistic, affordable repayment plans. Portfolio Recovery Associates has a longstanding culture of compliance, and for five consecutive years has been named to the Forbes 100 Best Small Companies in America annual

rankings list (2007 - 2011). 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 September 30, 2011 -----	Three Months Ended September 30, 2010 -----	Nine Months Ended September 30, 2011 -----	Nine Months Ended September 30, 2010 -----
Revenues:				
Income recognized on finance receivables, net	\$ 102,875	\$ 80,026	\$ 299,152	\$ 224,897
Fee income	11,401	15,518	41,696	47,054
	-----	-----	-----	-----
Total revenues	114,276	95,544	340,848	271,951
Operating expenses:				
Compensation and employee services	33,475	31,213	102,443	91,725
Legal collection fees	5,962	4,577	17,681	12,779
Legal collection costs	9,731	9,329	28,949	21,398
Agent fees	1,643	2,842	6,005	9,396
Outside fees and services	6,222	3,470	13,702	9,454
Communications	5,865	4,000	17,884	13,160
Rent and occupancy	1,517	1,362	4,353	3,912
Depreciation and amortization	3,223	3,294	9,755	9,050
Other operating expenses	2,808	2,634	9,161	7,488
	-----	-----	-----	-----
Total operating expenses	70,446	62,721	209,933	178,362
Gain on sale of property	-	-	1,157	-
	-----	-----	-----	-----

Income from operations	43,830	32,823	132,072	93,589
Other income and (expense):				
Interest income	7	-	7	35
Interest expense	(2,555)	(2,178)	(8,057)	(6,535)
	-----	-----	-----	-----
Income before income taxes	41,282	30,645	124,022	87,089
Provision for income taxes	16,089	11,888	49,544	33,847
	-----	-----	-----	-----
Net income	\$ 25,193	\$ 18,757	\$ 74,478	\$ 53,242
Less net (loss)/income attributable to redeemable noncontrolling interest	(313)	276	277	431
	-----	-----	-----	-----
Net income attributable to Portfolio Recovery Associates, Inc.	\$ 25,506	\$ 18,481	\$ 74,201	\$ 52,811
	-----	-----	-----	-----
Net income per common share:				
Basic	\$ 1.49	\$ 1.08	\$ 4.34	\$ 3.15
Diluted	\$ 1.48	\$ 1.08	\$ 4.31	\$ 3.15
Weighted average number of shares outstanding:				
Basic	17,117	17,058	17,106	16,740
Diluted	17,228	17,093	17,218	16,792

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

September 30, December 31, ASSETS 2011 2010 -----

Cash and cash equivalents \$ 30,035 \$ 41,094 Finance receivables, net 919,478 831,330 Accounts receivable, net 6,462 8,932 Property and equipment, net 22,975 24,270 Goodwill 61,678 61,678 Intangible assets, net 14,748 18,466 Other assets 8,728 10,138 -----

Total assets \$ 1,064,104 \$ 995,908 -----

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities: Accounts payable and accrued liabilities \$ 25,064 \$ 23,576 Net deferred tax liability 192,298 164,971 Line of credit 260,000 300,000 Long term debt 1,553 2,396 -----

Total liabilities 478,915 490,943 -----

Redeemable noncontrolling Interest 16,884 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, 17,118 issued and outstanding shares at September 30, 2011, and 17,064 issued and outstanding shares at December 31, 2010 171 171 Additional paid-in capital 167,126 163,538

Retained earnings 401,008 326,807 ----- Total stockholders' equity 568,305 490,516 -----

Total liabilities and stockholders' equity \$ 1,064,104 \$ 995,908 -----

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

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
	-----	-----
Cash flows from operating activities:		
Net income	\$ 74,478	\$ 53,242
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of share-based compensation	6,110	3,114
Depreciation and amortization	9,756	9,050
Deferred tax expense	27,327	34,368
Gain on sale of property	(1,157)	-
Changes in operating assets and liabilities:		
Other assets	(953)	(244)
Accounts receivable	2,470	1,380
Accounts payable and accrued liabilities	5,141	2,496
	-----	-----
Net cash provided by operating activities	123,172	103,406
	-----	-----
Cash flows from investing activities:		
Purchases of property and equipment	(4,854)	(6,162)
Proceeds from sale of property	1,267	-
Acquisition of finance receivables, net of buybacks	(314,162)	(273,858)
Collections applied to principal on finance receivables	226,014	160,081
Business acquisitions, net of cash acquired	-	(23,000)
Contingent payment made for business acquisition	-	(104)
	-----	-----
Net cash used in investing activities	(91,735)	(143,043)
	-----	-----
Cash flows from financing activities:		
Proceeds from exercise of options	150	57
Income tax benefit from share-based compensation	503	225
Payment of liability-classified contingent consideration	-	(1,000)
Proceeds from line of credit	27,000	131,000
Principal payments on line of credit	(67,000)	(161,800)
Proceeds from stock offering, net of offering costs	-	71,688
Distributions paid to noncontrolling interest	(2,306)	-
Principal payments on long-term debt	(843)	(501)
	-----	-----

Net cash (used in)/provided by financing activities	(42,496)	39,669
Net (decrease)/increase in cash and cash equivalents	(11,059)	32
Cash and cash equivalents, beginning of year	41,094	20,265
Cash and cash equivalents, end of period	\$ 30,035	\$ 20,297
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 7,771	\$ 6,508
Cash paid for income taxes	19,058	89
Noncash investing and financing activities:		
Adjustment of the noncontrolling interest measurement amount	\$ 3,175	\$ -
Common stock issued for acquisition	-	4,950
Net unrealized change in fair value of derivative instrument	-	164

FINANCIAL HIGHLIGHTS

Three Months Ended September 30, % September 30, % (dollars in thousands) 2011 2010 Change 2011 2010 Change ----- EARNINGS ----- Income recognized on finance receivables, net \$ 102,875 \$ 80,026 29% \$ 299,152 \$ 224,897 33% Fee income 11,401 15,518 -27% 41,696 47,054 -11% Total revenues 114,276 95,544 20% 340,848 271,951 25% Operating expenses 70,446 62,721 12% 209,933 178,362 18% Income from operations 43,830 32,823 34% 132,072 93,589 41% Net interest expense 2,548 2,178 17% 8,050 6,500 24% Net income 25,193 18,757 34% 74,478 53,242 40% Net income attributable to Portfolio Recovery Associates, Inc. 25,506 18,481 38% 74,201 52,811 41% -----

PERIOD-END BALANCES ----- Cash and cash equivalents \$ 30,035 \$ 20,297 48% \$ 30,035 \$ 20,297 48% Finance receivables, net 919,478 807,239 14% 919,478 807,239 14% Goodwill and intangible assets, net 76,426 81,610 -6% 76,426 81,610 -6% Total assets 1,064,104 947,737 12% 1,064,104 947,737 12% Line of credit 260,000 288,500 -10% 260,000 288,500 -10% Total liabilities 478,915 464,781 3% 478,915 464,781 3% Total equity 568,305 468,425 21% 568,305 468,425 21% -----

FINANCE RECEIVABLE COLLECTIONS ----- Cash collections \$ 182,168 \$ 137,377 33% \$ 525,166 \$ 384,978 36% Principal amortization without allowance charges 78,552 50,831 55% 218,950 140,372 56% Principal amortization with allowance charges 79,293 57,351 38% 226,014 160,081 41% Principal amortization w/ allowance charges as % of cash collections: Including fully amortized pools 43.5% 41.7% 4% 43.0% 41.6% 4% Excluding fully amortized pools 45.7% 44.7% 2% 45.6% 45.0% 1% Estimated remaining collections - core \$1,154,406 \$ 934,942 23% \$1,154,406 \$ 934,942 23% Estimated remaining collections - bankruptcy 770,886 734,632 5% 770,886 734,632 5% Estimated remaining collections - total 1,925,292 1,669,574 15% 1,925,292 1,669,574 15% -----

ALLOWANCE FOR FINANCE RECEIVABLES ----- Balance at period-end \$ 83,471 \$ 70,965 18% \$ 83,471 \$ 70,965 18% Allowance charge \$ 741 \$ 6,520 -89% \$ 7,064 \$ 19,710 -64% Allowance charge to period-end net finance receivables 0.08% 0.81% -90% 0.77% 2.44% -69% Allowance charge to net finance receivable income 0.72% 8.15% -91% 2.36% 8.76% -73% Allowance charge to cash collections 0.41% 4.75% -91% 1.35% 5.12% -74% -----

PURCHASES OF FINANCE RECEIVABLES ----- Purchase price - core \$ 57,240 \$ 31,831 80% \$ 170,857 \$ 105,145 62% Face value - core 5,027,874 588,551 754% 7,071,530 2,067,011 242% Purchase price - bankruptcy 64,848 60,687 7% 148,659 176,774 -16% Face value - bankruptcy 654,508 788,967 -17% 1,515,501 2,869,052 -47% Purchase price - total 122,088 92,518 32% 319,516 281,919 13% Face value - total 5,682,382 1,377,518 313% 8,587,031 4,936,063 74% Number of portfolios - total 95 68 40% 250 230 9% -----

PER SHARE DATA ----- Net income per common share - diluted \$ 1.48 \$ 1.08 37% \$ 4.31 \$ 3.15 37% Weighted average number of shares outstanding - diluted 17,228 17,093 1% 17,218 16,792 3% Closing market price \$ 62.22 \$ 64.66 - 4% \$ 62.22 \$ 64.66 -4% -----

RATIOS AND OTHER DATA ----- Return on average equity (1) 18.27% 16.04% 14% 18.57% 16.36% 14% Return on revenue (2) 22.05% 19.63% 12% 21.85% 19.58% 12% Operating margin (3) 38.35% 34.35% 12% 38.75% 34.41% 13% Operating expense to cash receipts (4) 36.39% 41.02% -11% 37.03% 41.28% -10% Debt to equity (5) 46.02% 61.80% -26% 46.02% 61.80% -26% Cash collections per collector hour paid: Core cash collections \$ 152 \$ 127 20% \$ 156 \$ 129 21% Total cash collections \$ 249 \$ 200 25% \$ 245 \$ 190 29% Excluding external legal collections \$ 212 \$ 170 25% \$ 207 \$ 161 29% Excluding bankruptcy and external legal collections \$ 115 \$ 97 19% \$ 118 \$ 101 17% Number of collectors 1,520 1,422 7% 1,520 1,422 7% Number of employees 2,504 2,421 3% 2,504 2,421 3% Cash receipts (4) \$ 193,569 \$ 152,895 27% \$ 566,862 \$ 432,032 31% Line of credit - unused portion at period end 147,500 76,500 93% 147,500 76,500 93% -----
 ----- 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 ----- September December September (dollars in 30 June 30
 March 31 31 30 thousands) 2011 2011 2011 2010 2010 ----- EARNINGS ---
 ----- Income recognized on finance receivables, net \$ 102,875 \$ 100,303 \$ 95,974 \$ 84,783 \$ 80,026 Fee income
 11,401 14,492 15,803 15,972 15,518 Total revenues 114,276 114,795 111,777 100,755 95,544 Operating expenses 70,446
 70,415 69,072 64,480 62,721 Income from operations 43,830 45,537 42,705 36,275 32,823 Net interest expense 2,548 2,635
 2,867 2,488 2,178 Net income 25,193 25,576 23,709 20,631 18,757 Net income attributable to Portfolio Recovery Associates,
 Inc. 25,506 25,574 23,121 20,645 18,481 -----

PERIOD-END BALANCES ----- Cash and cash equivalents \$ 30,035 \$ 25,481 \$ 35,443 \$ 41,094 \$ 20,297 Finance
 receivables, net 919,478 879,515 866,992 831,330 807,239 Goodwill and intangible assets, net 76,426 77,643 78,893 80,144
 81,610 Total assets 1,064,104 1,021,617 1,020,099 995,908 947,737 Line of credit 260,000 250,000 290,000 300,000
 288,500 Total liabilities 478,915 463,153 489,136 490,943 464,781 Total equity 568,305 542,396 515,710 490,516 468,425 --

FINANCE RECEIVABLE COLLECTIONS ----- Cash collections \$ 182,168 \$ 176,281 \$ 166,717 \$ 144,363 \$ 137,377
 Principal amortization without allowance 78,552 73,695 66,703 54,139 50,831 Principal amortization with allowance 79,293
 75,978 70,743 59,580 57,351 Principal amortization w/ allowance as % of cash collections: Including fully amortized pools
 43.5% 43.1% 42.4% 41.3% 41.7% Excluding fully amortized pools 45.7% 45.7% 45.3% 44.3% 44.7% Estimated remaining
 collections - core \$1,154,406 \$1,072,777 \$1,040,140 \$ 974,108 \$ 934,942 Estimated remaining collections - bankruptcy
 770,886 743,228 753,130 749,410 734,632 Estimated remaining collections - total 1,925,292 1,816,005 1,793,270 1,723,518
 1,669,574 -----

ALLOWANCE FOR FINANCE RECEIVABLES ----- Balance at period-end \$ 83,471 \$ 82,730 \$ 80,447 \$ 76,407 \$
 70,965 Allowance charge \$ 741 \$ 2,283 \$ 4,040 \$ 5,442 \$ 6,520 Allowance charge to period-end net finance receivables
 0.08% 0.26% 0.47% 0.65% 0.81% Allowance charge to net finance receivable income 0.72% 2.28% 4.21% 6.42% 8.15%
 Allowance charge to cash collections 0.41% 1.30% 2.42% 3.77% 4.75% -----
 -

PURCHASES OF FINANCE RECEIVABLES ----- Purchase price - core \$ 57,240 \$ 52,323 \$ 61,294 \$ 44,852 \$ 31,831
 Face value - core 5,027,874 1,034,898 1,008,758 1,357,301 588,551 Purchase price - bankruptcy 64,848 37,204 46,607
 40,671 60,687 Face value - bankruptcy 654,508 378,051 482,941 511,588 788,967 Purchase price - total 122,088 89,527
 107,901 85,523 92,518 Face value - total 5,682,382 1,412,949 1,491,699 1,868,889 1,377,518 Number of portfolios - total 95
 76 79 75 68 -----

PER SHARE DATA ----- Net income per common share - diluted \$ 1.48 \$ 1.48 \$ 1.34 \$ 1.20 \$ 1.08 Weighted average
 number of shares outstanding - diluted 17,228 17,225 17,199 17,165 17,093 Closing market price \$ 62.22 \$ 84.79 \$ 85.13 \$
 75.20 \$ 64.66 -----

RATIOS AND OTHER DATA ----- Return on average equity (1) 18.27% 19.20% 18.25% 17.09% 16.04% Return on
 revenue (2) 22.05% 22.28% 21.21% 20.48% 19.63% Operating margin (3) 38.35% 39.67% 38.21% 36.00% 34.35% Operating
 expense to cash receipts (4) 36.39% 36.91% 37.84% 40.22% 41.02% Debt to equity (5) 46.02% 46.43% 56.64% 61.65%
 61.80% Cash collections per collector hour paid: Core cash collections \$ 152 \$ 154 \$ 162 \$ 129 \$ 127 Total cash collections \$
 249 \$ 243 \$ 241 \$ 204 \$ 200 Excluding external legal collections \$ 212 \$ 205 \$ 204 \$ 174 \$ 170 Excluding bankruptcy and
 external legal collections \$ 115 \$ 116 \$ 125 \$ 98 \$ 97 Number of collectors 1,520 1,517 1,486 1,472 1,422 Number of

employees 2,504 2,504 2,482 2,473 2,421 Cash receipts (4) \$ 193,569 \$ 190,773 \$ 182,520 \$ 160,335 \$ 152,895 Line of credit - unused portion at period end 147,500 157,500 117,500 107,500 76,500 -----
 ----- 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

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
Total	\$ -	\$ 1,200	\$ 17,696	\$ 19,415
Portfolio Purchases, net	\$ 203,026	\$ 59,177	\$ 143,169	\$ 107,704

Net Allowance Charges, Entire Portfolio

(\$ 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
Total	\$ 18,215	\$ 26,945	\$ -	\$ 83,471
Portfolio Purchases, net	\$ 258,401	\$ 275,162	\$ 957,578	\$ 2,004,217

Net Allowance Charges, Purchased Bankruptcy Portfolio

(\$ in thousands)

Purchase Period

Allowance 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)
Total	\$ -	\$ 1,200	\$ 731	\$ 1,200
Portfolio Purchases, net	\$ -	\$ 7,468	\$ 29,301	\$ 17,645

Net Allowance Charges, Purchased Bankruptcy Portfolio
(\$ in thousands)

Allowance Period	Purchase Period			Total
	2007	2008	2009-2011	
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)
Total	\$ 4,010	\$ 1,800	\$ -	\$ 8,941
Portfolio Purchases, net	\$ 78,547	\$ 108,609	\$ 511,762	\$ 753,332

Net Allowance Charges, Core Portfolio

(\$ in thousands)

Allowance Period	Purchase Period			2006
	1996-2003	2004	2005	
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
Total	\$ -	\$ -	\$ 16,965	\$ 18,215

	=====	=====	=====	=====
Portfolio Purchases, net	\$ 203,026	\$ 51,709	\$ 113,868	\$ 90,059
	-----	-----	-----	-----

Net Allowance Charges, Core Portfolio

(\$ in thousands)

Allowance Period	Purchase Period			Total
	2007	2008	2009-2011	
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
Total	\$ 14,205	\$ 25,145	\$ -	\$ 74,530
	=====	=====	=====	=====
Portfolio Purchases, net	\$ 179,854	\$ 166,553	\$ 445,816	\$1,250,885
	-----	-----	-----	-----

Purchase Price Multiples at September 30, 2011, Entire Portfolio

(\$ in thousands)

Purchase Period	Purchase Price	Total Estimated Collections	Net Finance Actual Cash			Total Estimated Collections to Purchase Price
			Balance at September 30, 2011	Receivables Including Cash Sales	Cash Collections	
1996	\$ 3,080	\$ 10,244	\$ -	\$ 10,133	\$ 111	333%
1997	7,685	25,542	-	25,276	266	332%
1998	11,089	37,372	-	36,870	502	337%
1999	18,898	69,217	-	67,958	1,259	366%
2000	25,020	115,723	-	112,831	2,892	463%
2001	33,481	173,562	-	169,712	3,850	518%
2002	42,325	194,567	-	189,071	5,496	460%
2003	61,448	258,690	-	250,428	8,262	421%
2004	59,177	193,917	-	185,401	8,516	328%
2005	143,169	309,864	13,377	284,295	25,569	216%
2006	107,704	218,184	19,983	183,555	34,629	203%
2007	258,401	507,831	70,611	388,573	119,258	197%
2008	275,162	531,849	114,070	339,458	192,391	193%
2009	281,442	744,873	146,078	377,599	367,274	265%
2010	358,349	793,259	252,628	251,198	542,061	221%
YTD 2011	317,787	654,370	302,731	41,414	612,956	206%
Total	\$ 2,004,217	\$ 4,839,064	\$ 919,478	\$ 2,913,772	\$ 1,925,292	241%

Purchase Price Multiples at September 30, 2011, Purchased Bankruptcy
Portfolio

(\$ in thousands)

Purchase Period	Purchase Price	Total Estimated Collections	Net Finance Receivables Balance at September 30, 2011	Actual Cash Collections Including Cash Sales	Estimated Remaining Collections	Total Estimated Collections to Purchase Price
1996-2003	\$ -	\$ -	\$ -	\$ -	-	0%
2004	7,468	14,383	-	14,273	110	193%
2005	29,301	43,326	79	43,146	180	148%
2006	17,645	31,189	141	30,279	910	177%
2007	78,547	111,082	15,837	92,058	19,024	141%
2008	108,609	184,083	49,641	115,115	68,968	169%
2009	156,061	367,213	95,034	174,834	192,379	235%
2010	209,284	386,164	160,891	115,781	270,383	185%
YTD 2011	146,417	225,631	144,687	6,699	218,932	154%
Total	\$ 753,332	\$ 1,363,071	\$ 466,310	\$ 592,185	\$ 770,886	181%

Purchase Price Multiples at September 30, 2011, Core Portfolio

(\$ in thousands)

Purchase Period	Purchase Price	Total Estimated Collections	Net Finance Receivables Balance at September 30, 2011	Actual Cash Collections Including Cash Sales	Estimated Remaining Collections	Total Estimated Collections to Purchase Price
1996	\$ 3,080	\$ 10,244	\$ -	\$ 10,133	\$ 111	333%
1997	7,685	25,542	-	25,276	266	332%
1998	11,089	37,372	-	36,870	502	337%
1999	18,898	69,217	-	67,958	1,259	366%
2000	25,020	115,723	-	112,831	2,892	463%
2001	33,481	173,562	-	169,712	3,850	518%
2002	42,325	194,567	-	189,071	5,496	460%
2003	61,448	258,690	-	250,428	8,262	421%
2004	51,709	179,534	-	171,128	8,406	347%
2005	113,868	266,538	13,298	241,149	25,389	234%
2006	90,059	186,995	19,842	153,276	33,719	208%
2007	179,854	396,749	54,774	296,515	100,234	221%
2008	166,553	347,766	64,429	224,343	123,423	209%
2009	125,381	377,660	51,044	202,765	174,895	301%
2010	149,065	407,095	91,737	135,417	271,678	273%
YTD 2011	171,370	428,739	158,044	34,715	394,024	250%
Total	\$ 1,250,885	\$ 3,475,993	\$ 453,168	\$ 2,321,587	\$ 1,154,406	278%

SOURCE: Portfolio Recovery Associates, Inc.