



May 4, 2011

Portfolio Recovery Associates Reports Record First Quarter 2011 Results

EPS Totals \$1.34 in Quarter as Net Income Grows 56% to Record \$23.1 Million; Revenue Up 34% to Record \$112 Million as Cash Collections Rise 40% to Record \$167 Million; Portfolio Acquisitions Total \$108 Million

NORFOLK, VA, May 04, 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 record first quarter results including net income of \$23.1 million for the quarter ended March 31, 2011.

Net income for the first quarter of 2011 increased 56% from \$14.8 million in the same period a year earlier. Earnings per diluted share were \$1.34 in the first quarter of 2011, up 47% from \$0.91 in the first quarter of 2010.

In the first quarter of 2011, total revenue rose 34% from the year-earlier period to a record \$111.8 million. Total revenue consists of cash collections reduced by amounts applied to principal on the Company's owned debt portfolios, plus fee income earned from its fee-for-service businesses. During the first quarter of 2011, the Company applied 42.4% of cash collections to reduce the carrying value of its owned debt portfolios, down slightly from 43.0% in the first quarter of 2010. The first quarter 2011 principal amortization rate included a \$4.0 million net allowance charge against certain pools of finance receivables accounts.

"Portfolio Recovery Associates kicked off 2011 with record financial results, driven by significantly higher first-quarter cash collections on our portfolios of defaulted consumer debt," said Steven D. Fredrickson, chairman, president and chief executive officer. "This performance, building on the Company's strong results in 2010, in large part reflects the improvements we've continued to make in our collections operations over time. These long-term investments paid off particularly well in the first quarter, with all measurements of collector productivity up strongly from 2010."

Financial and Operating Highlights

-- Cash collections increased 40% to a record \$166.7 million in the first quarter of 2011 from \$119.2 million in the year-ago period. Call center and other collections increased 18%, external legal collections increased 39%, internal legal collections grew 46%, and purchased bankruptcy collections gained 76% 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) | Q12011 | Q42010 | Q32010 | Q22010 | Q12010 |
|--|------------------|------------------|------------------|------------------|------------------|
| Call Center & Other Collections | \$ 67,377 | \$ 53,775 | \$ 51,711 | \$ 54,477 | \$ 56,987 |
| External Legal Collections | 25,378 | 21,446 | 20,217 | 18,819 | 18,276 |
| Internal Legal Collections | 15,598 | 12,841 | 12,130 | 11,362 | 10,714 |
| Purchased Bankruptcy Collections | 58,364 | 56,301 | 53,319 | 43,748 | 33,219 |
| Total Cash Collections | \$166,717 | \$144,363 | \$137,377 | \$128,406 | \$119,196 |

-- Internal legal collections grew to \$15.6 million in the first quarter of 2011 from \$10.7 million in the year ago quarter. Internal legal collections, in which the Company uses its own staff attorneys or in select cases, third-party attorneys working on a fixed price basis, represent an important, emerging collections channel.

-- Productivity rose to a record \$241 per collector hour paid for the first quarter of 2011 from \$194 for all of 2010. Productivity is measured by

cash collections per collector hour paid, the Company's key measure of collector performance. Excluding the impact of trustee remittances from purchased bankrupt accounts, the comparison is \$162 for the first quarter of 2011, compared with \$129 for all of 2010. Excluding trustee remittances on purchased bankrupt accounts and external legal collections, the comparison is \$125 for the first three months of 2011 and \$100 for all of 2010.

-- In the first quarter of 2011, revenue was a record \$111.8 million, up 34% compared with the same period a year ago. This was driven by record cash receipts of \$182.5 million in the first quarter, up 36% from \$134.6 million a year earlier. Cash receipts are comprised of both cash collections and revenue from the Company's fee-based businesses.

-- The Company's net allowance charge totaled \$4.0 million in the first quarter of 2011, representing 0.5% of net finance receivables at period-end and 2.4% of cash collections. The table below displays net allowance charges incurred by quarter, by buying period since 2005, as well as purchases of charged-off consumer debt, net of buybacks:

(\$ in thousands)

| Entire Portfolio Allowance Period | Purchase Period | | | | |
|--------------------------------------|-----------------|-----------|------------|------------|------------|
| | 1996-2003 | 2004 | 2005 | 2006 | 2007 |
| Q1 05 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Q2 05 | - | - | - | - | - |
| Q3 05 | - | - | - | - | - |
| Q4 05 | 200 | - | - | - | - |
| Q1 06 | - | - | 175 | - | - |
| Q2 06 | 75 | - | 125 | - | - |
| Q3 06 | 200 | - | 75 | - | - |
| Q4 06 | - | - | 450 | - | - |
| Q1 07 | (245) | - | 610 | - | - |
| Q2 07 | 90 | - | - | - | - |
| Q3 07 | 200 | 320 | 660 | - | - |
| Q4 07 | 190 | 150 | 615 | 340 | - |
| Q1 08 | 120 | 650 | 910 | 1,105 | - |
| Q2 08 | 260 | 720 | - | 2,330 | 650 |
| Q3 08 | (90) | 60 | 325 | 1,135 | 2,350 |
| Q4 08 | (400) | (140) | 1,805 | 2,600 | 4,380 |
| Q1 09 | (225) | 35 | 1,150 | 910 | 2,300 |
| Q2 09 | (230) | (220) | 495 | 765 | 685 |
| Q3 09 | (25) | (190) | 1,170 | 1,965 | 340 |
| Q4 09 | (120) | - | 1,375 | 1,220 | 110 |
| Q1 10 | - | - | 2,795 | 1,175 | 2,900 |
| Q2 10 | - | (80) | 1,600 | 2,100 | 700 |
| Q3 10 | - | (80) | 1,650 | 2,050 | 2,750 |
| Q4 10 | - | (10) | 832 | 1,720 | 1,150 |
| Q1 11 | - | (15) | 455 | (100) | 400 |
| Total | \$ - | \$ 1,200 | \$ 17,272 | \$ 19,315 | \$ 18,715 |
| Purchases, net | \$ 203,026 | \$ 59,177 | \$ 143,171 | \$ 107,710 | \$ 258,393 |

(\$ in thousands)

| Entire Portfolio Allowance Period | Purchase Period | | | Net Allowance Charge as % of NFR |
|--------------------------------------|-----------------|-----------|-------|---|
| | 2008 | 2009-2011 | Total | |
| Q1 05 | \$ - | \$ - | \$ - | 0.0% |
| Q2 05 | - | - | - | 0.0% |
| Q3 05 | - | - | - | 0.0% |
| Q4 05 | - | - | 200 | 0.1% |

| | | | | |
|-------|-------|---|-------|------|
| Q1 06 | - | - | 175 | 0.1% |
| Q2 06 | - | - | 200 | 0.1% |
| Q3 06 | - | - | 275 | 0.1% |
| Q4 06 | - | - | 450 | 0.2% |
| Q1 07 | - | - | 365 | 0.1% |
| Q2 07 | - | - | 90 | 0.0% |
| Q3 07 | - | - | 1,180 | 0.4% |
| Q4 07 | - | - | 1,295 | 0.3% |
| Q1 08 | - | - | 2,785 | 0.6% |
| Q2 08 | - | - | 3,960 | 0.8% |
| Q3 08 | - | - | 3,780 | 0.7% |
| Q4 08 | 620 | - | 8,865 | 1.6% |
| Q1 09 | 2,050 | - | 6,220 | 1.1% |
| Q2 09 | 2,425 | - | 3,920 | 0.6% |
| Q3 09 | 4,750 | - | 8,010 | 1.2% |
| Q4 09 | 6,900 | - | 9,485 | 1.4% |
| Q1 10 | - | - | 6,870 | 0.9% |
| Q2 10 | 2,000 | - | 6,320 | 0.8% |
| Q3 10 | 150 | - | 6,520 | 0.8% |
| Q4 10 | 1,750 | - | 5,442 | 0.7% |
| Q1 11 | 3,300 | - | 4,040 | 0.5% |

| | | | |
|----------------|------------|------------|--------------|
| Total | \$ 23,945 | \$ - | \$ 80,447 |
| Purchases, net | \$ 275,143 | \$ 749,840 | \$ 1,796,460 |

(\$ in thousands)

Purchased Bankruptcy

| Portfolio Allowance Period | Purchase Period | | | | |
|-------------------------------|-----------------|----------|-----------|-----------|-----------|
| | 1996-2003 | 2004 | 2005 | 2006 | 2007 |
| Q1 05 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Q2 05 | - | - | - | - | - |
| Q3 05 | - | - | - | - | - |
| Q4 05 | - | - | - | - | - |
| Q1 06 | - | - | - | - | - |
| Q2 06 | - | - | - | - | - |
| Q3 06 | - | - | - | - | - |
| Q4 06 | - | - | - | - | - |
| Q1 07 | - | - | - | - | - |
| Q2 07 | - | - | - | - | - |
| Q3 07 | \$ - | \$ 320 | \$ 160 | \$ - | \$ - |
| Q4 07 | - | 150 | - | 150 | - |
| Q1 08 | - | 530 | 60 | 405 | - |
| Q2 08 | - | 15 | - | 450 | - |
| Q3 08 | - | 115 | - | 30 | - |
| Q4 08 | - | 110 | 315 | 325 | - |
| Q1 09 | - | 10 | 100 | 50 | - |
| Q2 09 | - | 15 | (5) | - | - |
| Q3 09 | - | 20 | 70 | - | - |
| Q4 09 | - | - | 100 | 70 | 110 |
| Q1 10 | - | - | 95 | 50 | 1,200 |
| Q2 10 | - | (30) | 25 | - | - |
| Q3 10 | - | (30) | - | (100) | 600 |
| Q4 10 | - | (10) | (18) | (30) | 950 |
| Q1 11 | - | (15) | (95) | (100) | 1,150 |
| Total | \$ - | \$ 1,200 | \$ 807 | \$ 1,300 | \$ 4,010 |
| Purchases, net | \$ - | \$ 7,468 | \$ 29,301 | \$ 17,648 | \$ 78,552 |

(\$ in thousands)

Purchased Bankruptcy
Portfolio

| Allowance Period | Purchase Period | | | Net Allowance Charge as % of NFR |
|-----------------------|-------------------|-------------------|-------------------|---|
| | 2008 | 2009-2011 | Total | |
| Q1 05 | \$ - | \$ - | \$ - | 0.0% |
| Q2 05 | - | - | - | 0.0% |
| Q3 05 | - | - | - | 0.0% |
| Q4 05 | - | - | - | 0.0% |
| Q1 06 | - | - | - | 0.0% |
| Q2 06 | - | - | - | 0.0% |
| Q3 06 | - | - | - | 0.0% |
| Q4 06 | - | - | - | 0.0% |
| Q1 07 | - | - | - | 0.0% |
| Q2 07 | - | - | - | 0.0% |
| Q3 07 | \$ - | \$ - | \$ 480 | 1.3% |
| Q4 07 | - | - | 300 | 0.3% |
| Q1 08 | - | - | 995 | 0.8% |
| Q2 08 | - | - | 465 | 0.3% |
| Q3 08 | - | - | 145 | 0.1% |
| Q4 08 | - | - | 750 | 0.4% |
| Q1 09 | - | - | 160 | 0.1% |
| Q2 09 | - | - | 10 | 0.0% |
| Q3 09 | - | - | 90 | 0.0% |
| Q4 09 | - | - | 280 | 0.1% |
| Q1 10 | - | - | 1,345 | 0.4% |
| Q2 10 | - | - | (5) | 0.0% |
| Q3 10 | - | - | 470 | 0.1% |
| Q4 10 | - | - | 892 | 0.2% |
| Q1 11 | 1,300 | - | 2,240 | 0.5% |
| Total | \$ 1,300 | \$ - | \$ 8,617 | |
| Purchases, net | \$ 108,613 | \$ 413,156 | \$ 654,738 | |

(\$ in thousands)

| Allowance Period | Purchase Period | | | | |
|------------------|-----------------|-------|-------|-------|-------|
| | 1996-2003 | 2004 | 2005 | 2006 | 2007 |
| Q1 05 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Q2 05 | - | - | - | - | - |
| Q3 05 | - | - | - | - | - |
| Q4 05 | 200 | - | - | - | - |
| Q1 06 | - | - | 175 | - | - |
| Q2 06 | 75 | - | 125 | - | - |
| Q3 06 | 200 | - | 75 | - | - |
| Q4 06 | - | - | 450 | - | - |
| Q1 07 | (245) | - | 610 | - | - |
| Q2 07 | 90 | - | - | - | - |
| Q3 07 | 200 | - | 500 | - | - |
| Q4 07 | 190 | - | 615 | 190 | - |
| Q1 08 | 120 | 120 | 850 | 700 | - |
| Q2 08 | 260 | 705 | - | 1,880 | 650 |
| Q3 08 | (90) | (55) | 325 | 1,105 | 2,350 |
| Q4 08 | (400) | (250) | 1,490 | 2,275 | 4,380 |
| Q1 09 | (225) | 25 | 1,050 | 860 | 2,300 |
| Q2 09 | (230) | (235) | 500 | 765 | 685 |
| Q3 09 | (25) | (210) | 1,100 | 1,965 | 340 |
| Q4 09 | (120) | - | 1,275 | 1,150 | - |
| Q1 10 | - | - | 2,700 | 1,125 | 1,700 |

| | | | | | |
|-------|---|------|-------|-------|-------|
| Q2 10 | - | (50) | 1,575 | 2,100 | 700 |
| Q3 10 | - | (50) | 1,650 | 2,150 | 2,150 |
| Q4 10 | - | - | 850 | 1,750 | 200 |
| Q1 11 | - | - | 550 | - | (750) |

| | | | | | |
|-------|------|------|-----------|-----------|-----------|
| Total | \$ - | \$ - | \$ 16,465 | \$ 18,015 | \$ 14,705 |
|-------|------|------|-----------|-----------|-----------|

Portfolio

| | | | | | |
|----------------|------------|-----------|------------|-----------|------------|
| Purchases, net | \$ 203,026 | \$ 51,709 | \$ 113,870 | \$ 90,062 | \$ 179,841 |
|----------------|------------|-----------|------------|-----------|------------|

(\$ in thousands)

Core Portfolio

Purchase Period

| Allowance Period | 2008 | 2009-2011 | Total | Net Allowance Charge as % of NFR |
|------------------|-----------|-----------|-----------|----------------------------------|
| Q1 05 | \$ - | \$ - | \$ - | 0.0% |
| Q2 05 | - | - | - | 0.0% |
| Q3 05 | - | - | - | 0.0% |
| Q4 05 | - | - | 200 | 0.1% |
| Q1 06 | - | - | 175 | 0.1% |
| Q2 06 | - | - | 200 | 0.1% |
| Q3 06 | - | - | 275 | 0.2% |
| Q4 06 | - | - | 450 | 0.2% |
| Q1 07 | - | - | 365 | 0.2% |
| Q2 07 | - | - | 90 | 0.0% |
| Q3 07 | - | - | 700 | 0.2% |
| Q4 07 | - | - | 995 | 0.3% |
| Q1 08 | - | - | 1,790 | 0.5% |
| Q2 08 | - | - | 3,495 | 0.9% |
| Q3 08 | - | - | 3,635 | 1.0% |
| Q4 08 | 620 | - | 8,115 | 2.1% |
| Q1 09 | 2,050 | - | 6,060 | 1.6% |
| Q2 09 | 2,425 | - | 3,910 | 1.0% |
| Q3 09 | 4,750 | - | 7,920 | 2.0% |
| Q4 09 | 6,900 | - | 9,205 | 2.3% |
| Q1 10 | - | - | 5,525 | 1.4% |
| Q2 10 | 2,000 | - | 6,325 | 1.6% |
| Q3 10 | 150 | - | 6,050 | 1.5% |
| Q4 10 | 1,750 | - | 4,550 | 1.1% |
| Q1 11 | 2,000 | - | 1,800 | 0.4% |
| Total | \$ 22,645 | \$ - | \$ 71,830 | |

Portfolio

| | | | |
|----------------|------------|------------|--------------|
| Purchases, net | \$ 166,530 | \$ 336,684 | \$ 1,141,722 |
|----------------|------------|------------|--------------|

-- The Company purchased \$1.49 billion of face-value debt during the first quarter of 2011 for \$107.9 million. This was acquired in 79 portfolios from nine different sellers. The tables below display purchase price amounts by year, net of buybacks, current net finance receivable balance, cash collections to date including sales, estimated remaining and total collections and estimated purchase price multiples:

(\$ in thousands)

Entire Portfolio

| Purchase | Purchase | Total Estimated | Net Finance Receivables Balance at March | Actual Cash Collections Including Cash | Estimated Remaining | Total Estimated Collections to Purchase |
|----------|----------|-----------------|--|--|---------------------|---|
|----------|----------|-----------------|--|--|---------------------|---|

| Period | Price | Collections | 31, 2011 | Sales | Collections | Price |
|----------|-------------|-------------|-----------|-------------|-------------|-------|
| 1996 | \$ 3,080 | \$ 10,139 | \$ - | \$ 10,056 | \$ 83 | 329% |
| 1997 | 7,685 | 25,395 | - | 25,176 | 219 | 330% |
| 1998 | 11,089 | 37,039 | - | 36,719 | 320 | 334% |
| 1999 | 18,898 | 68,459 | - | 67,408 | 1,051 | 362% |
| 2000 | 25,020 | 114,253 | - | 111,518 | 2,735 | 457% |
| 2001 | 33,481 | 171,854 | - | 167,820 | 4,034 | 513% |
| 2002 | 42,325 | 191,508 | - | 186,151 | 5,357 | 452% |
| 2003 | 61,448 | 254,708 | - | 245,989 | 8,719 | 415% |
| 2004 | 59,177 | 189,433 | - | 181,113 | 8,320 | 320% |
| 2005 | 143,171 | 310,185 | 17,951 | 275,712 | 34,473 | 217% |
| 2006 | 107,710 | 217,899 | 23,750 | 174,373 | 43,526 | 202% |
| 2007 | 258,393 | 506,495 | 88,892 | 354,838 | 151,657 | 196% |
| 2008 | 275,143 | 534,146 | 140,404 | 294,161 | 239,985 | 194% |
| 2009 | 281,571 | 726,328 | 182,260 | 282,049 | 444,279 | 258% |
| 2010 | 360,199 | 776,111 | 306,217 | 138,768 | 637,343 | 215% |
| YTD 2011 | 108,070 | 214,642 | 107,518 | 3,473 | 211,169 | 199% |
| Total | \$1,796,460 | \$4,348,594 | \$866,992 | \$2,555,324 | \$1,793,270 | 242% |

(\$ in thousands)

Purchased Bankruptcy Portfolio

| Purchase Period | Purchase Price | Total Estimated Collections | Net Finance Receivables | | Actual Cash Collections | Total Estimated Collections | Purchase Price |
|-----------------|----------------|-----------------------------|---------------------------|-------------------------|-------------------------|-----------------------------|----------------|
| | | | Balance at March 31, 2011 | at Including Cash Sales | | | |
| 1996-2003 | \$ - | \$ - | \$ - | \$ - | \$ - | - | 0% |
| 2004 | 7,468 | 14,254 | - | 14,195 | 59 | 191% | |
| 2005 | 29,301 | 43,176 | 152 | 42,958 | 218 | 147% | |
| 2006 | 17,648 | 30,998 | 209 | 29,460 | 1,538 | 176% | |
| 2007 | 78,552 | 110,615 | 22,144 | 83,798 | 26,817 | 141% | |
| 2008 | 108,613 | 182,494 | 61,507 | 96,737 | 85,757 | 168% | |
| 2009 | 156,062 | 361,033 | 117,641 | 121,515 | 239,518 | 231% | |
| 2010 | 210,488 | 387,349 | 190,642 | 60,446 | 326,903 | 184% | |
| YTD 2011 | 46,606 | 72,505 | 46,606 | 185 | 72,320 | 156% | |
| Total | \$ 654,738 | \$1,202,424 | \$438,901 | \$ 449,294 | \$ 753,130 | 184% | |

(\$ in thousands)

Core Portfolio

| Purchase Period | Purchase Price | Total Estimated Collections | Net Finance Receivables | | Actual Cash Collections | Total Estimated Collections | Purchase Price |
|-----------------|----------------|-----------------------------|---------------------------|-------------------------|-------------------------|-----------------------------|----------------|
| | | | Balance at March 31, 2011 | at Including Cash Sales | | | |
| 1996 | \$ 3,080 | \$ 10,139 | \$ - | \$ 10,056 | \$ 83 | 329% | |
| 1997 | 7,685 | 25,395 | - | 25,176 | 219 | 330% | |
| 1998 | 11,089 | 37,039 | - | 36,719 | 320 | 334% | |
| 1999 | 18,898 | 68,459 | - | 67,408 | 1,051 | 362% | |
| 2000 | 25,020 | 114,253 | - | 111,518 | 2,735 | 457% | |
| 2001 | 33,481 | 171,854 | - | 167,820 | 4,034 | 513% | |
| 2002 | 42,325 | 191,508 | - | 186,151 | 5,357 | 452% | |
| 2003 | 61,448 | 254,708 | - | 245,989 | 8,719 | 415% | |
| 2004 | 51,709 | 175,179 | - | 166,918 | 8,261 | 339% | |

| | | | | | | |
|----------|---------|---------|---------|---------|---------|------|
| 2005 | 113,870 | 267,009 | 17,799 | 232,754 | 34,255 | 234% |
| 2006 | 90,062 | 186,901 | 23,541 | 144,913 | 41,988 | 208% |
| 2007 | 179,841 | 395,880 | 66,748 | 271,040 | 124,840 | 220% |
| 2008 | 166,530 | 351,652 | 78,897 | 197,424 | 154,228 | 211% |
| 2009 | 125,509 | 365,295 | 64,619 | 160,534 | 204,761 | 291% |
| 2010 | 149,711 | 388,762 | 115,575 | 78,322 | 310,440 | 260% |
| YTD 2011 | 61,464 | 142,137 | 60,912 | 3,288 | 138,849 | 231% |

| | | | | | | |
|-------|-------------|-------------|-----------|-------------|-------------|------|
| Total | \$1,141,722 | \$3,146,170 | \$428,091 | \$2,106,030 | \$1,040,140 | 276% |
|-------|-------------|-------------|-----------|-------------|-------------|------|

- The Company's fee-for-service businesses generated revenue of \$15.8 million in the first quarter of 2011, an increase of 2% from the same period a year ago. This increase was primarily due to the performance of Claims Compensation Bureau, LLC, or CCB. Portfolio Recovery Associates acquired a 62% controlling interest in CCB, on March 15, 2010. Together, the fee businesses accounted for 14.1% of the Company's overall revenue in the first quarter of 2011, down from 18.5% in the first quarter of 2010.
- During the first quarter of 2011, the Company recorded ongoing non-cash equity-based compensation expense of \$1.7 million.
- Cash balances were \$35.4 million as of March 31, 2011, down from \$41.1 million as of December 31, 2010. During the first quarter of 2011, the Company had net repayments of \$10 million on its line of credit, leaving it with \$290 million in outstanding borrowings at quarter end. Remaining borrowing availability under the line was \$117.5 million as of March 31, 2011.

Kevin P. Stevenson, chief financial and administrative officer, said: "Portfolio Recovery Associates turned in a strong performance across the board in the first quarter, building on record cash collections driven by the long-term investments we have made in portfolio purchases and our collections operations. In addition, we saw our fee businesses make progress in the quarter, led by strong results from our claims processing subsidiary, CCB. Our other fee businesses continued to meet their challenges head on, with a new leadership team at our government services business and with process and strategy improvements and management changes at our auto location business."

Conference Call Information

The Company will hold a conference call with investors tonight, 5:30 p.m. EDT, Wednesday, May 4, 2011, to discuss its first-quarter results. Investors can access the call live by dialing 888-679-8037 for domestic callers or 617-213-4849 for international callers using the pass code 69150702. Investors may also listen via webcast at the Company's website, www.portfoliorecovery.com.

Following the live call, investors may listen to the call via a taped replay, which will be available for seven days, by dialing 888-286-8010 for domestic callers and 617-801-6888 for international callers using the pass code 94862609. The replay will be available approximately two hours after today's conference call ends. There will also be an archived webcast available at the Company's website.

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 \$56 billion of defaulted consumer debt since its inception, has operations in 10 states, approximately 25 million customer accounts and nearly 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 four consecutive years has been named to the Forbes 100 Best Small Companies in America annual rankings list (2007 - 2010). Additional information about Portfolio Recovery Associates is available at www.portfoliorecovery.com.

Statements herein which are not historical, including Portfolio Recovery Associates' or management's intentions, hopes, beliefs, expectations, representations, projections, plans or predictions of the future, including future revenue and earnings growth, statements with respect to future contributions of its subsidiaries to earnings and future portfolio-purchase opportunities, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of

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

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

| | Three Months Ended March 31, 2011 | Three Months Ended March 31, 2010 |
|---|---|---|
| | ----- | ----- |
| Revenues: | | |
| Income recognized on finance receivables, net | \$ 95,974 | \$ 67,951 |
| Fee income | 15,803 | 15,427 |
| | ----- | ----- |
| Total revenues | 111,777 | 83,378 |
| Operating expenses: | | |
| Compensation and employee services | 34,153 | 29,642 |
| Legal and agency fees and costs | 17,726 | 13,338 |
| Outside fees and services | 3,414 | 2,829 |
| Communications | 6,313 | 5,058 |
| Rent and occupancy | 1,398 | 1,252 |
| Depreciation and amortization | 3,216 | 2,550 |
| Other operating expenses | 2,852 | 2,274 |
| | ----- | ----- |
| Total operating expenses | 69,072 | 56,943 |
| | ----- | ----- |
| Income from operations | 42,705 | 26,435 |
| Other income and (expense): | | |
| Interest income | - | 36 |
| Interest expense | (2,867) | (2,180) |
| | ----- | ----- |
| Income before income taxes | 39,838 | 24,291 |
| Provision for income taxes | 16,129 | 9,486 |
| | ----- | ----- |
| Net income | \$ 23,709 | \$ 14,805 |
| | ===== | ===== |
| Less net income attributable to noncontrolling interest | (588) | (5) |
| | ----- | ----- |
| Net income attributable to Portfolio Recovery Associates, Inc. | \$ 23,121 | \$ 14,800 |
| | ===== | ===== |
| Net income per common share attributable to Portfolio Recovery Associates, Inc.: | | |
| Basic | \$ 1.35 | \$ 0.91 |
| Diluted | \$ 1.34 | \$ 0.91 |
| Weighted average number of shares outstanding: | | |
| Basic | 17,092 | 16,191 |
| Diluted | 17,199 | 16,203 |

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

| | March 31, 2011 | December 31, 2010 |
|--|-------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 35,443 | \$ 41,094 |
| Finance receivables, net | 866,992 | 831,330 |
| Accounts receivable, net | 7,369 | 8,932 |
| Property and equipment, net | 24,469 | 24,270 |
| Goodwill | 61,678 | 61,678 |
| Intangible assets, net | 17,215 | 18,466 |
| Other assets | 6,933 | 10,138 |
| | ----- | ----- |
| Total assets | \$1,020,099 | \$ 995,908 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 17,995 | \$ 23,576 |
| Net deferred tax liability | 179,043 | 164,971 |
| Line of credit | 290,000 | 300,000 |
| Long term debt | 2,098 | 2,396 |
| | ----- | ----- |
| Total liabilities | 489,136 | 490,943 |
| | ----- | ----- |
| Redeemable noncontrolling Interest | 15,253 | 14,449 |
| | ----- | ----- |
| Stockholders' equity: | | |
| Portfolio Recovery Associates, Inc. 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, 30,000, 17,099 issued and outstanding shares at March 31, 2011, and 17,064 issued and outstanding shares at December 31, 2010 | 171 | 171 |
| Additional paid-in capital | 165,611 | 163,538 |
| Retained earnings | 349,928 | 326,807 |
| | ----- | ----- |
| Total stockholders' equity | 515,710 | 490,516 |
| | ===== | ===== |
| Total liabilities and stockholders' equity | \$1,020,099 | \$ 995,908 |
| | ===== | ===== |

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

| | Three Months Ended March 31, 2011 | Three Months Ended March 31, 2010 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | \$ 23,709 | \$ 14,805 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Amortization of share-based compensation | 2,614 | 880 |
| Depreciation and amortization | 3,216 | 2,550 |
| Deferred tax expense | 14,072 | 9,070 |
| Changes in operating assets and liabilities: | | |
| Other assets | 3,205 | 2,408 |
| Accounts receivable | 1,563 | 417 |
| Accounts payable and accrued | | |

| | | | |
|--|--------------------|-----------|--------|
| liabilities | (5,059) | (2,606) | |
| | ----- | ----- | |
| Net cash provided by operating activities | 43,320 | 27,524 | |
| | ----- | ----- | |
| Cash flows from investing activities: | | | |
| Purchases of property and equipment | (2,163) | (1,706) | |
| Acquisition of finance receivables, net of buybacks | (106,405) | (100,266) | |
| Collections applied to principal on finance receivables | 70,743 | 51,244 | |
| Business acquisitions, net of cash acquired | - | (22,500) | |
| Contingent payment made for business acquisition | - | (100) | |
| | ----- | ----- | |
| Net cash used in investing activities | (37,825) | (73,328) | |
| | ----- | ----- | |
| Cash flows from financing activities: | | | |
| Proceeds from exercise of options | 149 | - | |
| Income tax benefit from share-based compensation | 294 | 22 | |
| Proceeds from line of credit | 2,000 | 70,500 | |
| Principal payments on line of credit | (12,000) | (93,500) | |
| Proceeds from stock offering, net of offering costs | - | 71,688 | |
| Distributions paid to noncontrolling interest | (1,291) | - | |
| Principal payments on long-term debt | (298) | (165) | |
| | ----- | ----- | |
| Net cash (used in)/provided by financing activities | (11,146) | 48,545 | |
| | ----- | ----- | |
| Net (decrease)/increase in cash and cash equivalents | (5,651) | 2,741 | |
| Cash and cash equivalents, beginning of year | 41,094 | 20,265 | |
| | ----- | ----- | |
| Cash and cash equivalents, end of period | \$ 35,443 | \$ 23,006 | |
| | ===== | ===== | |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid for interest | \$ 2,711 | \$ 2,151 | |
| Cash paid for income taxes | 15 | 61 | |
| Noncash investing and financing activities: | | | |
| Net unrealized change in fair value of derivative instrument | \$ - | \$ (108) | |
| Distributions payable to noncontrolling interest | 769 | - | |
| Adjustment to reflect redemption amount of noncontrolling interest | 985 | - | |
| FINANCIAL HIGHLIGHTS | Three Months Ended | | |
| | March 31, | | % |
| (dollars in thousands) | 2011 | 2010 | Change |
| | ----- | ----- | ----- |
| EARNINGS | | | |
| Income recognized on finance receivables, net | \$ 95,974 | \$ 67,951 | 41% |
| Fee income | 15,803 | 15,427 | 2% |
| Total revenues | 111,777 | 83,378 | 34% |
| Operating expenses | 69,072 | 56,943 | 21% |
| Income from operations | 42,705 | 26,435 | 62% |
| Net interest expense | 2,867 | 2,144 | 34% |
| Net income | 23,709 | 14,805 | 60% |
| Net income attributable to Portfolio Recovery Associates, Inc. | 23,121 | 14,800 | 56% |
| | ----- | ----- | ----- |
| PERIOD-END BALANCES | | | |
| Cash and cash equivalents | \$ 35,443 | \$ 23,006 | 54% |

| | | | |
|---|-------------|------------|------|
| Finance receivables, net | 866,992 | 742,484 | 17% |
| Goodwill and intangible assets, net | 78,893 | 79,071 | 0% |
| Total assets | 1,020,099 | 882,450 | 16% |
| Line of credit | 290,000 | 296,300 | -2% |
| Total liabilities | 489,136 | 444,318 | 10% |
| Total equity | 515,710 | 422,804 | 22% |
| ----- | | | |
| FINANCE RECEIVABLE COLLECTIONS | | | |
| Cash collections | \$ 166,717 | \$ 119,196 | 40% |
| Principal amortization without allowance charges | 66,703 | 44,374 | 50% |
| Principal amortization with allowance charges | 70,743 | 51,245 | 38% |
| Principal amortization w/ allowance charges as % of cash collections: | | | |
| Including fully amortized pools | 42.4% | 43.0% | -1% |
| Excluding fully amortized pools | 45.3% | 47.1% | -4% |
| Estimated remaining collections - core | \$1,040,140 | \$ 912,423 | 14% |
| Estimated remaining collections - bankruptcy | 753,130 | 623,706 | 21% |
| Estimated remaining collections - total | 1,793,270 | 1,536,129 | 17% |
| ----- | | | |
| ALLOWANCE FOR FINANCE RECEIVABLES | | | |
| Balance at period-end | \$ 80,447 | \$ 58,125 | 38% |
| Balance at period-end to net finance receivables | 9.28% | 7.83% | 19% |
| Allowance charge | \$ 4,040 | \$ 6,870 | -41% |
| Allowance charge to net finance receivable income | 4.21% | 10.11% | -58% |
| Allowance charge to cash collections | 2.42% | 5.76% | -58% |
| ----- | | | |
| PURCHASES OF FINANCE RECEIVABLES | | | |
| Purchase price - core | \$ 61,294 | \$ 31,038 | 97% |
| Face value - core | 1,008,758 | 593,139 | 70% |
| Purchase price - bankruptcy | 46,607 | 71,582 | -35% |
| Face value - bankruptcy | 482,941 | 1,298,108 | -63% |
| Purchase price - total | 107,901 | 102,620 | 5% |
| Face value - total | 1,491,699 | 1,891,247 | -21% |
| Number of portfolios - total | 79 | 84 | -6% |
| ----- | | | |
| PER SHARE DATA | | | |
| Net income per common share - diluted | \$ 1.34 | \$ 0.91 | 47% |
| Weighted average number of shares outstanding - diluted | 17,199 | 16,203 | 6% |
| Closing market price | \$ 85.13 | \$ 54.87 | 55% |
| ----- | | | |
| RATIOS AND OTHER DATA | | | |
| Return on average equity (1) | 18.25% | 15.05% | 21% |
| Return on revenue (2) | 21.21% | 17.76% | 19% |
| Operating margin (3) | 38.21% | 31.71% | 21% |
| Operating expense to cash receipts (4) | 37.84% | 42.30% | -11% |
| Debt to equity (5) | 56.64% | 70.40% | -20% |
| Cash collections per collector hour paid: | | | |
| Total | \$ 241 | \$ 182 | 33% |
| Excluding bankruptcy collections | \$ 162 | \$ 135 | 20% |
| Excluding bankruptcy and external legal collections | \$ 125 | \$ 106 | 18% |
| Number of collectors | 1,486 | 1,379 | 8% |
| Number of employees | 2,482 | 2,329 | 7% |
| Cash receipts (4) | \$ 182,520 | \$ 134,623 | 36% |
| Line of credit - unused portion at period end | 117,500 | 68,700 | 71% |

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) | March 31 2011 | December 31 2010 | September 30 2010 | June 30 2010 | March 31 2010 |
|--|------------------|---------------------|----------------------|-----------------|------------------|
| EARNINGS | | | | | |
| Income recognized on finance receivables, net | \$ 95,974 | \$ 84,783 | \$ 80,026 | \$ 76,920 | \$ 67,951 |
| Fee income | 15,803 | 15,972 | 15,518 | 16,109 | 15,427 |
| Total revenues | 111,777 | 100,755 | 95,544 | 93,029 | 83,378 |
| Operating expenses | 69,072 | 64,480 | 62,721 | 58,700 | 56,943 |
| Income from operations | 42,705 | 36,275 | 32,823 | 34,329 | 26,435 |
| Net interest expense | 2,867 | 2,488 | 2,178 | 2,177 | 2,144 |
| Net income | 23,709 | 20,631 | 18,757 | 19,678 | 14,805 |
| Net income attributable to Portfolio Recovery Associates, Inc. | 23,121 | 20,645 | 18,481 | 19,528 | 14,800 |
| PERIOD-END BALANCES | | | | | |
| Cash and cash equivalents | \$ 35,443 | \$ 41,094 | \$ 20,297 | \$ 18,250 | \$ 23,006 |
| Finance receivables, net | 866,992 | 831,330 | 807,239 | 775,606 | 742,484 |
| Goodwill and intangible assets, net | 78,893 | 80,144 | 81,610 | 83,090 | 79,071 |
| Total assets | 1,020,099 | 995,908 | 947,737 | 915,021 | 882,450 |
| Line of credit | 290,000 | 300,000 | 288,500 | 289,500 | 296,300 |
| Total liabilities | 489,136 | 490,943 | 464,781 | 451,214 | 444,318 |
| Total equity | 515,710 | 490,516 | 468,425 | 448,727 | 422,804 |
| FINANCE RECEIVABLE COLLECTIONS | | | | | |
| Cash collections | \$ 166,717 | \$ 144,363 | \$ 137,377 | \$ 128,406 | \$ 119,196 |
| Principal amortization without allowance | 66,703 | 54,139 | 50,830 | 45,166 | 44,374 |
| Principal amortization with allowance | 70,743 | 59,580 | 57,351 | 51,486 | 51,245 |
| Principal amortization w/ allowance as % of cash collections: | | | | | |
| Including fully amortized pools | 42.4% | 41.3% | 41.7% | 40.1% | 43.0% |
| Excluding fully amortized pools | 45.3% | 44.3% | 44.7% | 43.5% | 47.1% |
| Estimated remaining collections - core | \$ 1,040,140 | \$ 974,108 | \$ 934,942 | \$ 929,144 | \$ 912,423 |

| | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| Estimated remaining collections - bankruptcy | 753,130 | 749,410 | 734,632 | 682,365 | 623,706 |
| Estimated remaining collections - total | 1,793,270 | 1,723,518 | 1,669,574 | 1,611,509 | 1,536,129 |
| ----- | | | | | |
| ALLOWANCE FOR FINANCE RECEIVABLES | | | | | |
| Balance at period-end | \$ 80,447 | \$ 76,407 | \$ 70,965 | \$ 64,445 | \$ 58,125 |
| Balance at period-end to net finance receivables | 9.28% | 9.19% | 8.79% | 8.31% | 7.83% |
| Allowance charge | \$ 4,040 | \$ 5,442 | \$ 6,520 | \$ 6,320 | \$ 6,870 |
| Allowance charge to net finance receivable income | 4.21% | 6.42% | 8.15% | 8.22% | 10.11% |
| Allowance charge to cash collections | 2.42% | 3.77% | 4.75% | 4.92% | 5.76% |
| ----- | | | | | |
| PURCHASES OF FINANCE RECEIVABLES | | | | | |
| Purchase price - core | \$ 61,294 | \$ 44,852 | \$ 31,831 | \$ 42,277 | \$ 31,038 |
| Face value - core | 1,008,758 | 1,357,301 | 588,551 | 885,321 | 593,139 |
| Purchase price - bankruptcy | 46,607 | 40,671 | 60,687 | 44,505 | 71,582 |
| Face value - bankruptcy | 482,941 | 511,588 | 788,967 | 781,976 | 1,298,108 |
| Purchase price - total | 107,901 | 85,523 | 92,518 | 86,782 | 102,620 |
| Face value - total | 1,491,699 | 1,868,889 | 1,377,518 | 1,667,297 | 1,891,247 |
| Number of portfolios - total | 79 | 75 | 68 | 78 | 84 |
| ----- | | | | | |
| PER SHARE DATA | | | | | |
| Net income per common share - diluted | \$ 1.34 | \$ 1.20 | \$ 1.08 | \$ 1.14 | \$ 0.91 |
| Weighted average number of shares outstanding - diluted | 17,199 | 17,165 | 17,093 | 17,080 | 16,203 |
| Closing market price | \$ 85.13 | \$ 75.20 | \$ 64.66 | \$ 66.78 | \$ 54.87 |
| ----- | | | | | |
| RATIOS AND OTHER DATA | | | | | |
| Return on average equity(1) | 18.25% | 17.09% | 16.04% | 17.86% | 15.05% |
| Return on revenue(2) | 21.21% | 20.48% | 19.63% | 21.15% | 17.76% |
| Operating margin(3) | 38.21% | 36.00% | 34.35% | 36.90% | 31.71% |
| Operating expense to cash receipts(4) | 37.84% | 40.22% | 41.02% | 40.62% | 42.30% |
| Debt to equity(5) | 56.64% | 61.65% | 61.80% | 64.78% | 70.40% |
| Cash collections per hour paid: | | | | | |
| Total | \$ 241 | \$ 204 | \$ 200 | \$ 188 | \$ 182 |
| Excluding bankruptcy collections | \$ 162 | \$ 129 | \$ 127 | \$ 127 | \$ 135 |

| | | | | | | | | | | |
|--|----|---------|----|---------|----|---------|----|---------|----|---------|
| Excluding bankruptcy and external legal collections | \$ | 125 | \$ | 98 | \$ | 97 | \$ | 100 | \$ | 106 |
| Number of collectors | | 1,486 | | 1,472 | | 1,422 | | 1,384 | | 1,379 |
| Number of employees | | 2,482 | | 2,473 | | 2,421 | | 2,377 | | 2,329 |
| Cash receipts(4) | \$ | 182,520 | \$ | 160,335 | \$ | 152,895 | \$ | 144,515 | \$ | 134,623 |
| Line of credit - unused portion at period end | | 117,500 | | 107,500 | | 76,500 | | 75,500 | | 68,700 |
| | | ----- | | ----- | | ----- | | ----- | | ----- |

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

SOURCE: Portfolio Recovery Associates, Inc.