

Portfolio Recovery Associates Reports Third Quarter 2010 Results

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NORFOLK, VA, Oct 27, 2010 (MARKETWIRE via COMTEX) --

Portfolio Recovery Associates, Inc. (NASDAQ: PRAA), a company that purchases, collects and manages portfolios of defaulted consumer receivables and provides a broad range of receivables management and payments processing services, today reported net income of \$18.5 million for the quarter ended September 30, 2010. Net income increased 83% from \$10.1 million in the same period a year earlier. Earnings were \$1.08 per diluted share for the third quarter of 2010 compared with \$0.65 in the third quarter of 2009, representing an increase of 66%.

In the third quarter of 2010, total revenue was up 39% from the year-earlier period to a record \$95.5 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 third quarter of 2010, the Company applied 41.8% of cash collections to reduce the carrying basis of its owned debt portfolios, compared with 41.2% in the third quarter of 2009. The third quarter 2010 amortization rate included a \$6.5 million net allowance charge, equivalent to approximately \$4.0 million after tax, or 23 cents per diluted share, against certain pools of finance receivables accounts.

"Portfolio Recovery Associates has had a very strong year thus far, even in the face of a continued weakened economy," said Steven D. Fredrickson, chairman, president and chief executive officer. "In the third quarter, we produced record cash collections, record cash receipts and record revenue. At the same time, net income and earnings per share both demonstrated strong growth. This fine performance was due to long-term initiatives in a number of areas, including the continued success of our bankruptcy business, our ongoing search for greater operational efficiencies, the expansion of our internal legal collections channel, and the continued contributions of our fee-based businesses."

Fredrickson continued: "I am extremely pleased with PRA's performance across all of our businesses. The credit, of course, goes to our staff, which has continued to work smarter and more efficiently than ever."

Financial and Operating Highlights

-- Cash collections increased 49% to a record \$137.4 million in the third quarter of 2010, up from \$92.4 million in the year-ago period. Call center and other collections increased 6%, external legal collections increased 32%, internal legal collections grew 96%, and purchased bankruptcy collections gained 140% when compared with the year-earlier period. The table below displays our cash collections by source, by quarter for the past five quarters:

Cash Collection Source (\$ in thousands)

	Q32010	Q22010	Q12010	Q42009	Q32009
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Call Center & Other Collections	\$ 51,711	\$ 54,477	\$ 56,987	\$ 45,365	\$ 48,590
External Legal Collections	20,217	18,819	18,276	15,496	15,330
Internal Legal Collections	12,130	11,362	10,713	7,570	6,196
Purchased Bankruptcy	53,319	43,748	33,219	26,855	22,251

- Up 96% from the prior year, internal legal collections grew to \$12.1 million in the third quarter of 2010. 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 the Company has been developing over the past four years.
- Productivity finished at a record \$190 for the first nine months of 2010 vs. \$145 for all of 2009. Productivity is measured by cash collections per hour paid, the Company's key measure of collector performance. Excluding the impact of trustee remittances from purchased bankrupt accounts, the comparison is \$129 for the first nine months of 2010, compared with \$113 for all of 2009. Excluding trustee remittances on purchased bankrupt accounts and external legal collections, the comparison is \$101 for the first nine months of 2010 and \$87 for all of 2009.
- In the third quarter, revenue was a record \$95.5 million, up 39% when compared with the same period a year ago, driven by record cash receipts of \$152.9 million, up 43.4% from \$106.6 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 \$6.5 million in the third quarter, representing 0.81% of net finance receivables at period-end and 4.75% 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)

Allowance Period	Purchase Period				2007
	1996-2003	2004	2005	2006	
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
Total	\$ -	\$ 1,225	\$ 15,985	\$ 17,695	\$ 17,165

Portfolio Purchases, net \$ 203,026 \$ 59,177 \$ 143,171 \$ 107,701 \$ 258,271

(\$ in thousands)

Allowance Period	Purchase Period		Allowance Total	Charge as % of NFR
	2008	2009-2010		

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%	

Total \$ 18,895 \$ - \$ 70,965

Portfolio Purchases,
net \$ 275,130 \$ 559,907 \$ 1,606,383

Acquired in 68 portfolios from nine different sellers, the Company purchased \$1.38 billion of face-value debt during the third quarter of 2010 for \$92.5 million. 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 collections and estimated purchase price multiples:

(\$ in thousands)

Entire Portfolio

Purchase Period	Purchase Price	Unamortized Purchase Price	Actual Cash Collections 30, 2010	Total Estimated Collections to		Purchase Price
				September	Including Remaining	
1996	\$ 3,080	\$ 10,094	\$ -	\$ 10,024	\$ 70	328%
1997	7,685	25,244	-	25,057	187	328%
1998	11,089	36,913	-	36,506	407	333%
1999	18,898	68,282	-	66,901	1,381	361%
2000	25,020	113,442	-	110,146	3,296	453%
2001	33,481	169,035	-	165,568	3,467	505%
2002	42,325	187,309	-	182,872	4,437	443%
2003	61,448	248,438	-	240,944	7,494	404%
2004	59,177	184,196	462	176,311	7,885	311%
2005	143,171	309,500	23,563	265,608	43,892	216%
2006	107,701	218,553	29,349	163,894	54,659	203%
2007	258,271	505,819	111,183	316,096	189,723	196%
2008	275,130	538,306	166,926	246,306	292,000	196%
2009	281,641	713,656	213,969	190,109	523,547	253%
YTD 2010	278,266	585,030	261,787	47,901	537,129	210%
Total	\$ 1,606,383	\$ 3,913,817	\$ 807,239	\$ 2,244,243	\$ 1,669,574	244%

(\$ in thousands)

Purchased Bankruptcy (BK)

Portfolio

Purchase Period	Purchase Price	Unamortized Purchase Price	Actual Cash Collections 30, 2010	Total Estimated Collections to		Purchase Price
				September	Including Remaining	
1996-2003	\$ -	\$ -	\$ -	\$ -	\$ -	0%
2004	7,469	14,160	13	14,113	47	190%
2005	29,302	43,020	340	42,577	443	147%
2006	17,643	30,450	269	28,321	2,129	173%
2007	78,933	112,658	31,286	74,210	38,448	143%
2008	108,603	183,196	72,428	78,709	104,486	169%
2009	156,094	360,984	132,970	75,372	285,611	231%
YTD 2010	172,703	324,794	167,846	21,327	303,468	188%
Total	\$ 570,747	\$ 1,069,262	\$ 405,152	\$ 334,629	\$ 734,632	187%

(\$ in thousands)

Entire Portfolio less

Purchased BK

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2001	33,481	169,035	-	165,568	3,467	505%
2002	42,325	187,309	-	182,872	4,437	443%
2003	61,448	248,438	-	240,944	7,494	404%
2004	51,708	170,036	449	162,198	7,838	329%
2005	113,869	266,479	23,223	223,031	43,448	234%
2006	90,058	188,104	29,080	135,573	52,531	209%
2007	179,338	393,160	79,897	241,886	151,274	219%
2008	166,527	355,111	94,498	167,597	187,514	213%
2009	125,547	352,673	80,999	114,737	237,936	281%
YTD 2010	105,563	260,236	93,941	26,574	233,662	247%
Total	\$ 1,035,636	\$ 2,844,556	\$ 402,087	\$ 1,909,614	\$ 934,942	275%

- The Company's fee-for-service businesses generated revenue of \$15.5 million in the third quarter of 2010, up 9% from \$14.2 million in the same period a year ago, due primarily to the acquisition of CCB earlier this year. These businesses accounted for 16.2% of the Company's overall revenue in the third quarter of 2010, down from 20.8% in Q3 2009.
- During the third quarter of 2010, the Company recorded ongoing non-cash equity-based compensation expense of \$1.0 million, equivalent to approximately \$612,000 after tax, or 4 cents per diluted share.
- The Company's cash balances were \$20.3 million as of Sept. 30, 2010. During the third quarter, the Company made net repayments of \$1.0 million on its line of credit, leaving it with \$288.5 million in outstanding borrowings at quarter's end. Remaining borrowing availability under the line was \$76.5 million at Sept. 30, 2010.
- The Company has included, for the first time, tables with additional financial highlights for the three- and nine-month periods ended Sept. 30, 2010, as well as the past five quarters of the same data, at the bottom of this release.

Kevin P. Stevenson, chief financial and administrative officer, said: "The third quarter of 2010 was another strong one for Portfolio Recovery Associates. A number of factors drove this performance, including the continued maturation of our sizeable investments in bankruptcy portfolios and steady improvements in call center and legal collections. Reflecting these improvements, recoveries per hour paid, our core measure of productivity, finished the first nine months of the year at a record \$190. Taken together, these factors allowed us to overcome a \$6.5 million allowance charge, additional significant investments in our legal pipeline, and a still-weak U.S. economy."

The Company's nine-month 2010 earnings totaled \$52.8 million, or \$3.15 per diluted share, compared with \$31.9 million, or \$2.07 per diluted share, for the first nine months of 2009. First-nine month 2010 revenue was \$272.0 million, compared with \$207.9 million in the first nine months of 2009.

Conference Call Information

The Company will hold a conference call with investors tonight, 5:30 p.m. EDT, Wednesday, Oct. 27, 2010, to discuss its third-quarter results. Investors can access the call live by dialing 888-713-4213 for domestic callers or 617-213-4865 for international callers using the pass code 82740845. 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 91118122. 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.

For the fourth consecutive year, Portfolio Recovery Associates has been named to the Forbes 100 Best Small Companies in America annual rankings list, as announced in the Nov. 8, 2010, edition of the business magazine. PRA is ranked 56 among the top 100 small businesses listed.

About Portfolio Recovery Associates, Inc.

Portfolio Recovery Associates' business revolves around the detection, collection, and processing of both unpaid and normal-course receivables originally owed to credit grantors, governments, retailers and others. The Company's primary business is the purchase, collection and management of portfolios of defaulted consumer receivables. These are the unpaid obligations of individuals to credit originators, which include banks, credit unions, consumer and auto finance companies, and retail merchants. Portfolio Recovery Associates also provides fee-based services, including collateral-location services for credit originators via its IGS subsidiary, revenue administration, audit and debt discovery/recovery services for government entities through both its RDS and MuniServices businesses and class action claims recovery services and related payment processing through its CCB subsidiary.

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, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
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Revenues:				
Income recognized on finance				
receivables, net	\$ 80,026	\$ 54,336	\$ 224,897	\$ 159,650
Fee income	15,518	14,229	47,054	48,225
	-----	-----	-----	-----
Total revenues	95,544	68,565	271,951	207,875
Operating expenses:				
Compensation and employee				
services	31,213	26,844	91,725	79,940
Legal and agency fees and				
costs	16,748	11,296	43,573	34,460
Outside fees and services	3,470	2,284	9,454	6,854
Communications	4,000	3,472	13,160	11,157
Rent and occupancy	1,362	1,270	3,912	3,515
Depreciation and amortization	3,294	2,269	9,050	6,874
Other operating expenses	2,634	2,341	7,488	6,565
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Total operating expenses	62,721	49,776	178,362	149,365
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Income from operations	32,823	18,789	93,589	58,510
Other income and (expense):				
Interest income	-	-	35	3
Interest expense	(2,178)	(1,964)	(6,535)	(5,891)
	-----	-----	-----	-----
Income before income taxes	30,645	16,825	87,089	52,622
Provision for income taxes	11,888	6,729	33,847	20,730
	-----	-----	-----	-----
Net income	\$ 18,757	\$ 10,096	\$ 53,242	\$ 31,892
	-----	-----	-----	-----
Less net income				
attributable to				
redeemable noncontrolling				
interest	(276)	-	(431)	-
	-----	-----	-----	-----
Net income attributable to				
Portfolio Recovery				
Associates, Inc.	\$ 18,481	\$ 10,096	\$ 52,811	\$ 31,892
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Net income per common share:				
Basic	\$ 1.08	\$ 0.65	\$ 3.15	\$ 2.07

Diluted	\$ 1.08	\$ 0.65	\$ 3.15	\$ 2.07
Weighted average number of shares outstanding:				
Basic	17,058	15,466	16,740	15,392
Diluted	17,093	15,502	16,792	15,428

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

	September 30, 2010		December 31, 2009	
ASSETS				
Cash and cash equivalents		\$ 20,297	\$ 20,265	
Finance receivables, net		807,239	693,462	
Accounts receivable, net		7,789	9,169	
Income taxes receivable		2,603	4,460	
Property and equipment, net		22,794	21,864	
Goodwill		61,665	29,299	
Intangible assets, net		19,945	10,756	
Other assets		5,405	5,158	
Total assets		\$ 947,737	\$ 794,433	

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:				
Accounts payable and accrued liabilities		\$ 23,645	\$ 20,948	
Deferred tax liability		151,638	117,206	
Line of credit		288,500	319,300	
Long term debt		998	1,499	
Total liabilities		464,781	458,953	

Redeemable noncontrolling Interest		14,531	-	
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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, 17,061 issued and outstanding shares at September 30, 2010, and 15,596 issued and 15,514 outstanding shares at December 31, 2009		171	155	
Additional paid-in capital		162,418	82,400	
Retained earnings		306,164	253,353	
Accumulated other comprehensive loss, net of taxes		(328)	(428)	
Total stockholders' equity		468,425	335,480	

Total liabilities and stockholders' equity		\$ 947,737	\$ 794,433	
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Portfolio Recovery Associates, Inc.
Unaudited Consolidated Summary Statements of Cash Flows
(in thousands)

	Nine Months Ended September 30, 2010		Nine Months Ended September 30, 2009	
Cash flows from operating activities:				
Net income		\$ 53,242	\$ 31,892	
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization of share-based compensation		3,114	3,240	
Depreciation and amortization		9,050	6,874	
Deferred tax expense		34,368	22,000	
Changes in operating assets and liabilities:				
Other assets		(244)	(14)	
Accounts receivable		1,380	1,369	
Accounts payable and accrued liabilities		639	1,112	
Income taxes receivable		1,857	(2,306)	
Net cash provided by operating activities		103,406	64,167	
Cash flows from investing activities:				
Purchases of property and equipment		(6,162)	(3,079)	
Acquisition of finance receivables, net of buybacks		(273,858)	(210,116)	
Collections applied to principal on finance receivables		160,081	113,067	
Business acquisitions, net of cash acquired		(23,000)	-	
Contingent payment made for business acquisition		(104)	(100)	
Net cash used in investing activities		(143,043)	(100,228)	
Cash flows from financing activities:				
Proceeds from exercise of options		57	1,630	
Income tax benefit from share-based compensation		225	746	
Payment of liability-classified contingent consideration		(1,000)	-	
Proceeds from line of credit		131,000	84,500	
Principal payments on line of credit		(161,800)	(46,500)	
Proceeds from stock offering, net of offering costs		71,688	-	
Proceeds from long-term debt		-	2,036	
Principal payments on long-term debt		(501)	(373)	
Principal payments on capital lease obligations		-	(5)	
Net cash provided by financing		140,772	140,772	

activities	39,669	42,034
Net increase in cash and cash equivalents	32	5,973
Cash and cash equivalents, beginning of period	20,265	13,901
Cash and cash equivalents, end of period	\$ 20,297	\$ 19,874

Supplemental disclosure of cash flow information:

Cash paid for interest	\$ 6,508	\$ 6,028
Cash paid for income taxes	\$ 89	\$ 321
Noncash investing and financing activities:		
Net unrealized change in fair value of derivative instrument	\$ 164	\$ (655)
Common stock issued for acquisition	\$ 4,950	\$ 1,170

FINANCIAL HIGHLIGHTS Three Months Ended

(dollars in thousands)	September 30, 2010	September 30, 2009	% Change
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EARNINGS

Income recognized on finance receivables, net	\$ 80,026	\$ 54,336	47%
Fee income	15,518	14,229	9%
Total revenues	95,544	68,565	39%
Operating expenses	62,721	49,776	26%
Income from operations	32,823	18,789	75%
Net interest expense	2,178	1,964	11%
Net income	18,757	10,096	86%
Net income attributable to Portfolio Recovery Associates, Inc.	18,481	10,096	83%

PERIOD-END BALANCES

Cash and cash equivalents	\$ 20,297	\$ 19,874	2%
Finance receivables, net	807,239	660,879	22%
Goodwill and intangible assets, net	81,610	40,724	100%
Total assets	947,737	759,682	25%
Line of credit	288,500	306,300	-6%
Total liabilities	464,781	437,576	6%
Total equity	468,425	322,106	45%

FINANCE RECEIVABLE COLLECTIONS

Cash collections	\$ 137,377	\$ 92,367	49%
Principal amortization without allowance	50,830	30,022	69%
Principal amortization with allowance	57,350	38,032	51%
Principal amortization w/ allowance as % of cash collections:			

Including fully amortized pools	41.7%	41.2%	1%
Excluding fully amortized pools	44.7%	44.3%	1%
Estimated remaining collections - core	\$ 934,942	\$ 872,752	7%
Estimated remaining collections - bankruptcy	734,632	459,160	60%
Estimated remaining collections - total	1,669,574	1,331,912	25%

ALLOWANCE FOR FINANCE RECEIVABLES

Balance at period-end	\$ 70,965	\$ 41,770	70%
Balance at period-end to net finance receivables	8.79%	6.32%	39%
Allowance charge	\$ 6,520	\$ 8,010	-19%
Allowance charge to finance receivable income	7.53%	12.85%	-41%
Allowance charge to cash collections	4.75%	8.67%	-45%

PURCHASES OF FINANCE RECEIVABLES

Purchase price - excluding bankruptcy	\$ 31,831	\$ 30,137	6%
Face value - excluding bankruptcy	588,551	679,975	-13%
Purchase price - bankruptcy	60,687	46,523	30%
Face value - bankruptcy	788,967	1,069,266	-26%
Purchase price - total	92,518	76,660	21%
Face value - total	1,377,518	1,749,241	-21%
Number of portfolios - total	68	100	-32%

PER SHARE DATA

Net income per common share - diluted	\$ 1.08	\$ 0.65	66%
Weighted average number of shares outstanding - diluted	17,093	15,502	10%
Closing market price	\$ 64.66	\$ 45.33	43%

RATIOS AND OTHER DATA

Return on average equity (1)	16.04%	12.75%	26%
Return on revenue (2)	19.63%	14.72%	33%
Operating margin (3)	34.35%	27.40%	25%
Operating expense to cash receipts (4)	41.02%	46.69%	-12%
Debt to equity (5)	61.80%	95.61%	-35%

Cash collections per hour paid:

Total	\$ 200	\$ 144	39%
Excluding bankruptcy collections	\$ 127	\$ 111	14%
Excluding bankruptcy and external legal collections	\$ 97	\$ 87	11%

Number of collectors	1,422	1,312	8%
Number of employees	2,421	2,146	13%
Cash receipts (1)	\$ 152,895	\$ 106,596	43%
Line of credit - unused portion	76,500	58,700	30%

FINANCIAL HIGHLIGHTS Nine Months Ended

(dollars in thousands)	September 30, 2010	September 30, 2009	% Change
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EARNINGS

Income recognized on finance receivables, net	\$ 224,897	\$ 159,650	41%
Fee income	47,054	48,225	-2%
Total revenues	271,951	207,875	31%
Operating expenses	178,362	149,365	19%
Income from operations	93,588	58,510	60%
Net interest expense	6,500	5,888	10%
Net income	53,242	31,892	67%
Net income attributable to Portfolio Recovery Associates, Inc.	52,811	31,892	66%

PERIOD-END BALANCES

Cash and cash equivalents	\$ 20,297	\$ 19,874	2%
Finance receivables, net	807,239	660,879	22%
Goodwill and intangible assets, net	81,610	40,724	100%
Total assets	947,737	759,682	25%
Line of credit	288,500	306,300	-6%
Total liabilities	464,781	437,576	6%
Total equity	468,425	322,106	45%

FINANCE RECEIVABLE COLLECTIONS

Cash collections	\$ 384,978	\$ 272,717	41%
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Principal amortization without allowance	140,371	94,917	48%
Principal amortization with allowance	160,081	113,067	42%
Principal amortization w/ allowance as % of cash collections:			
Including fully amortized pools	41.6%	41.5%	0%
Excluding fully amortized pools	45.0%	44.7%	1%
Estimated remaining collections - core	\$ 934,942	\$ 872,752	7%
Estimated remaining collections - bankruptcy	734,632	459,160	60%
Estimated remaining collections - total	1,669,574	1,331,912	25%
ALLOWANCE FOR FINANCE RECEIVABLES			
Balance at period-end	\$ 70,965	\$ 41,770	70%
Balance at period-end to net finance receivables	8.79%	6.32%	39%
Allowance charge	\$ 19,710	\$ 18,150	9%
Allowance charge to finance receivable income	8.76%	11.37%	-23%
Allowance charge to cash collections	5.12%	6.66%	-23%
PURCHASES OF FINANCE RECEIVABLES			
Purchase price - excluding bankruptcy	\$ 105,146	\$ 95,819	10%
Face value - excluding bankruptcy	2,067,011	3,520,023	-41%
Purchase price - bankruptcy	176,774	117,963	50%
Face value - bankruptcy	2,869,052	2,574,948	11%
Purchase price - total	281,919	213,783	32%
Face value - total	4,936,063	6,094,973	-19%
Number of portfolios - total	230	306	-25%
PER SHARE DATA			
Net income per common share - diluted	\$ 3.15	\$ 2.07	52%
Weighted average number of shares outstanding - diluted	16,792	15,428	9%
Closing market price	\$ 64.66	\$ 45.33	43%
RATIOS AND OTHER DATA			
Return on average equity (1)	16.36%	13.99%	17%
Return on revenue (2)	19.58%	15.34%	28%
Operating margin (3)	34.41%	28.15%	22%
Operating expense to cash receipts (4)	41.28%	46.54%	-11%
Debt to equity (5)	61.80%	95.61%	-35%
Cash collections per hour paid:			
Total	\$ 190	\$ 145	31%
Excluding bankruptcy collections	\$ 129	\$ 115	13%
Excluding bankruptcy and external legal collections	\$ 101	\$ 88	15%
Number of collectors	1,422	1,312	8%
Number of employees	2,421	2,146	13%
Cash receipts (1)	\$ 432,032	\$ 320,942	35%
Line of credit - unused portion	76,500	58,700	30%

Notes:

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

FINANCIAL HIGHLIGHTS For the Quarter Ended

September 30 2010 June 30 2010 March 31 2010 December 31 2009
(dollars in thousands)

EARNINGS

Income recognized on finance receivables, net	\$ 80,026	\$ 76,920	\$ 67,951	\$ 55,962
Fee income	15,518	16,109	15,427	17,254
Total revenues	95,544	93,029	83,378	73,216
Operating expenses	62,721	58,700	56,943	51,115
Income from operations	32,823	34,329	26,435	22,101
Net interest expense	2,178	2,177	2,144	2,018
Net income	18,757	19,678	14,805	12,416
Net income attributable to Portfolio Recovery Associates, Inc.	18,481	19,528	14,800	12,416

PERIOD-END BALANCES

Cash and cash equivalents	\$ 20,297	\$ 18,250	\$ 23,006	\$ 20,265
Finance receivables, net	807,239	775,606	742,484	693,462
Goodwill and intangible assets, net	81,610	83,090	79,071	40,055
Total assets	947,737	915,021	882,450	794,433
Line of credit	288,500	289,500	296,300	319,300
Total liabilities	464,781	451,214	444,318	458,953
Total equity	468,425	448,727	422,804	335,480

FINANCE RECEIVABLE COLLECTIONS

Cash collections	\$ 137,377	\$ 128,406	\$ 119,196	\$ 95,286
Principal amortization without allowance	50,830	45,166	44,374	29,839
Principal amortization with allowance	57,350	51,486	51,244	39,324
Principal amortization w/ allowance as % of cash collections:				
Including fully amortized pools	41.7%	40.1%	43.0%	41.3%
Excluding fully amortized pools	44.7%	43.5%	47.1%	44.8%
Estimated remaining collections - core	\$ 934,942	\$ 929,144	\$ 912,423	\$ 893,716
Estimated remaining collections - bankruptcy	734,632	682,365	623,706	521,730
Estimated remaining collections - total	1,669,574	1,611,509	1,536,129	1,415,446

ALLOWANCE FOR FINANCE RECEIVABLES

Balance at period-end	\$ 70,965	\$ 64,445	\$ 58,125	\$ 51,255
Balance at period-end to net finance receivables	8.79%	8.31%	7.83%	7.39%
Allowance charge	6,520	6,320	6,870	9,485
Allowance charge to finance receivable income	7.53%	7.59%	9.18%	14.49%
Allowance charge to cash collections	4.75%	4.92%	5.76%	9.95%

PURCHASES OF FINANCE

RECEIVABLES

Purchase price - excluding bankruptcy	\$ 31,831	\$ 42,277	\$ 31,038	\$ 30,514
Face value - excluding bankruptcy	588,551	885,321	593,139	915,044
Purchase price - bankruptcy	60,687	44,505	71,582	44,592
Face value - bankruptcy	788,967	781,976	1,298,108	1,099,677
Purchase price - total	92,518	86,782	102,620	75,106
Face value - total	1,377,518	1,667,297	1,891,247	2,014,721
Number of portfolios - total	68	78	84	101

PER SHARE DATA

Net income per common share - diluted	\$ 1.08	\$ 1.14	\$ 0.91	\$ 0.80
Weighted average number of shares outstanding - diluted	17,093	17,080	16,203	15,531
Closing market price	\$ 64.66	\$ 66.78	\$ 54.87	\$ 44.85

RATIOS AND OTHER DATA

Return on average equity (1)	16.04%	17.86%	15.05%	15.03%
Return on revenue (2)	19.63%	21.15%	17.76%	16.96%
Operating margin (3)	34.35%	36.90%	31.71%	30.19%

Operating expense to cash

receipts (4)	41.02%	40.62%	42.30%	45.42%
Debt to equity (5)	61.80%	64.78%	70.40%	95.62%

Cash collections per hour paid:

Total	\$ 200	\$ 188	\$ 182	\$ 148
Excluding bankruptcy collections	\$ 127	\$ 127	\$ 135	\$ 109

Excluding bankruptcy and

external legal collections	\$ 97	\$ 100	\$ 106	\$ 84
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Number of collectors	1,422	1,384	1,379	1,325
Number of employees	2,421	2,377	2,329	2,213
Cash receipts (1)	\$ 152,895	\$ 144,515	\$ 134,623	\$ 112,540
Line of credit - unused portion	76,500	75,500	68,700	45,700

FINANCIAL HIGHLIGHTS For the Quarter Ended

September 30
(dollars in thousands) 2009

EARNINGS

Income recognized on finance receivables, net	\$ 54,336
Fee income	14,229
Total revenues	68,565
Operating expenses	49,776
Income from operations	18,789
Net interest expense	1,964
Net income	10,096

Net income attributable to

Portfolio Recovery Associates, Inc.	10,096
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PERIOD-END BALANCES

Cash and cash equivalents	\$ 19,874
Finance receivables, net	660,879
Goodwill and intangible assets, net	40,724
Total assets	759,682
Line of credit	306,300
Total liabilities	437,576
Total equity	322,106

FINANCE RECEIVABLE COLLECTIONS

Cash collections	\$ 92,367
Principal amortization without allowance	30,022
Principal amortization with allowance	38,032
Principal amortization w/ allowance as % of cash collections:	

Including fully amortized pools	41.2%
Excluding fully amortized pools	44.3%

Estimated remaining collections - core	\$ 872,752
Estimated remaining collections - bankruptcy	459,160
Estimated remaining collections - total	1,331,912

ALLOWANCE FOR FINANCE

RECEIVABLES

Balance at period-end	\$ 41,770
Balance at period-end to net finance receivables	6.32%
Allowance charge	8,010
Allowance charge to finance receivable income	12.85%
Allowance charge to cash collections	8.67%

PURCHASES OF FINANCE

RECEIVABLES

Purchase price - excluding bankruptcy	\$ 30,137
Face value - excluding bankruptcy	679,975
Purchase price - bankruptcy	46,523
Face value - bankruptcy	1,069,266
Purchase price - total	76,660
Face value - total	1,749,241
Number of portfolios - total	100

PER SHARE DATA

Net income per common share - diluted	\$ 0.65
Weighted average number of shares outstanding - diluted	15,502
Closing market price	\$ 45.33

RATIOS AND OTHER DATA

Return on average equity (1)	12.75%
Return on revenue (2)	14.72%

Operating margin (3) 27.40%
Operating expense to cash receipts (4) 46.69%
Debt to equity (5) 95.61%
Cash collections per hour paid:
Total \$ 144
Excluding bankruptcy collections \$ 111
Excluding bankruptcy and external legal collections \$ 87
Number of collectors 1,312
Number of employees 2,146
Cash receipts (1) \$ 106,596
Line of credit - unused portion 58,700

Notes:

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

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