

Press Releases

Portfolio Recovery Associates Reports Record Fourth Quarter 2010 Results

Portfolio Recovery Associates Reports Record Fourth Quarter 2010 Results

NORFOLK, VA, Feb 15, 2011 (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 \$20.6 million for the quarter ended Dec. 31, 2010.

Net income increased 66% from \$12.4 million in the same period a year earlier. Earnings per diluted share were \$1.20 in the fourth quarter of 2010, up 50% from \$0.80 in the fourth quarter of 2009.

In the fourth quarter of 2010, total revenue rose 38% from the year-earlier period to a record \$100.8 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 fourth quarter of 2010, the Company applied 41.3% of cash collections to reduce the carrying basis of its owned debt portfolios, the same as in the fourth quarter of 2009. The fourth quarter 2010 amortization rate included a \$5.4 million net allowance charge against certain pools of finance receivables accounts.

"Portfolio Recovery Associates concluded 2010 with record financial results, demonstrating exceptional performance across our debt purchasing business despite the still-weakened economy," said Steven D. Fredrickson, chairman, president and chief executive officer. "Our disciplined approach to underwriting together with our consistent and continued efforts to improve the efficiency of our collections operations helped drive record results in cash collections, cash receipts, revenue and earnings both in the fourth quarter and for the full year."

Fredrickson continued: "Importantly, these results stem from the long-term focus we have continuously espoused and the significant investments in both people and technology we have made over a number of years. I am excited to be starting the new year with such strong momentum and a truly great team of employees."

For full year 2010, net income rose 66% to \$73.5 million, or \$4.35 per diluted share, from \$44.3 million, or \$2.87 per diluted share, in 2009. Revenue for 2010 was \$372.7 million, up 33% from \$281.1 million in 2009.

Financial and Operating Highlights

- Cash collections increased 52% to a record \$144.4 million in the fourth quarter of 2010 from \$95.3 million in the year-ago period. Call center and other collections increased 19%, external legal collections increased 38%, internal legal collections grew 70%, and purchased bankruptcy collections gained 110% 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)

	Q42010	Q32010	Q22010	Q12010	Q42009
--	--------	--------	--------	--------	--------

Call Center & Other Collections	\$ 53,775	\$ 51,711	\$ 54,477	\$ 56,987	\$ 45,365
External Legal Collections	21,446	20,217	18,819	18,276	15,496
Internal Legal Collections	12,841	12,130	11,362	10,714	7,570
Purchased Bankruptcy	56,301	53,319	43,748	33,219	26,855

Total Cash Collections \$144,363 \$137,377 \$128,406 \$119,196 \$ 95,286

- Up 70% from the prior year, internal legal collections grew to \$12.8 million in the fourth 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 rose to a record \$194 for the full year 2010 from \$145 for all of 2009. 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 \$129 for the full year 2010, compared with \$113 for all of 2009. Excluding trustee remittances on purchased bankrupt accounts and external legal collections, the comparison is \$100 for the full year 2010 and \$87 for all of 2009.
- In the fourth quarter, revenue was a record \$100.8 million, up 38% when compared with the same period a year ago. This was driven by record cash receipts of \$160.3 million in the fourth quarter, up 42.5% from \$112.5 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 \$5.4 million in the fourth quarter, representing 0.65% of net finance receivables at period-end and 3.77% 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
Total	\$	- \$	1,215 \$	16,817 \$	19,415 \$ 18,315

Portfolio
Purchases, net \$ 203,026 \$ 59,177 \$ 143,171 \$ 107,713 \$ 258,397
(\$ in thousands)

Entire Portfolio Allowance Period	Purchase Period		Allowance Charge as	
	2008	2009-2010	Total	% 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	0.1%
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%
Total	\$	20,645 \$	- \$	76,407

Portfolio
Purchases, net \$ 275,145 \$ 643,426 \$ 1,690,055
(\$ in thousands)

Purchased BK Portfolio Allowance Period	Purchase Period				
	1996-2003	2004	2005	2006	2007
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

Total \$ - \$ 1,215 \$ 902 \$ 1,400 \$ 2,860

Portfolio Purchases,
net \$ - \$ 7,468 \$ 29,301 \$ 17,648 \$ 78,557
(\$ in thousands)

Purchased BK Portfolio Allowance Period	Purchase Period		Allowance Charge as	
	2008	2009-2010	Total	% if NFR
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%
Total	\$	- \$	- \$	6,377

Portfolio Purchases,
net \$ 108,615 \$ 367,944 \$ 609,533
(\$ in thousands)

Core Portfolio Purchase Period

Allowance 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

Total \$ - \$ - \$ 15,915 \$ 18,015 \$ 15,455

Portfolio

Purchases, net \$ 203,026 \$ 51,709 \$ 113,870 \$ 90,065 \$ 179,840

(\$ in thousands)

Allowance				
Core Portfolio	Purchase Period	Charge as		
Allowance Period	2008	2009-2010	Total	% 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%

Total \$ 20,645 \$ - \$ 70,030

Portfolio

Purchases, net \$ 166,530 \$ 275,482 \$ 1,080,522

The Company purchased \$1.87 billion of face-value debt during the fourth quarter of 2010 for \$85.5 million. This was acquired in 75 portfolios from 11 different sellers. For the full year 2010, the company purchased face-value debt totaling \$6.80 billion for \$367.4 million, a record level of investment. 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

Total						
Net Finance			Estimated			
Receivables Actual Cash			Collections			
Total Balance at			Including Remaining			
Purchase	Purchase	Estimated	December	Cash Sales	to Purchase	
Period	Price	Collections	31, 2010	Cash Sales	Collections	Price
1996	\$ 3,080	\$ 10,143	\$ -	\$ 10,043	\$ 100	329%
1997	7,685	25,395	-	25,122	273	330%
1998	11,089	37,002	-	36,607	395	334%
1999	18,898	68,445	-	67,165	1,280	362%
2000	25,020	114,019	-	110,835	3,184	456%
2001	33,481	171,214	-	166,673	4,541	511%
2002	42,325	190,351	-	184,432	5,919	450%
2003	61,448	253,276	-	243,452	9,824	412%
2004	59,177	188,291	157	178,628	9,663	318%
2005	143,171	310,837	20,756	270,650	40,187	217%
2006	107,713	217,381	25,880	168,966	48,415	202%
2007	258,397	505,826	100,180	335,138	170,688	196%
2008	275,145	538,136	155,587	269,588	268,548	196%
2009	281,583	720,932	198,715	234,745	486,187	256%
2010	361,843	760,876	330,055	86,562	674,314	210%

Total \$1,690,055 \$4,112,124 \$ 831,330 \$2,388,606 \$1,723,518 243%

(\$ in thousands)

Purchased Bankruptcy Portfolio

Purchase Period	Total					
	Net Finance			Estimated		
	Receivables Actual Cash			Collections		
	Total	Balance at	Collections	Estimated	to	
Purchase	Purchase	Estimated	December	Including	Remaining	Purchase
Period	Price	Collections	31, 2010	Cash Sales	Collections	Price
1996-2003	\$ -	\$ -	\$ -	\$ -	-	0%
2004	7,468	14,176	2	14,145	31	190%
2005	29,301	43,059	222	42,756	303	147%
2006	17,648	30,973	218	28,955	2,018	176%
2007	78,557	111,742	26,584	79,281	32,461	142%
2008	108,615	183,857	67,637	87,892	95,965	169%
2009	156,064	366,721	125,270	98,415	268,306	235%
2010	211,880	389,812	199,960	39,486	350,326	184%
Total	\$ 609,533	\$1,140,340	\$ 419,893	\$ 390,930	\$ 749,410	187%

(\$ in thousands)

Core Portfolio

Purchase Period	Total					
	Net Finance			Estimated		
	Receivables Actual Cash			Collections		
	Total	Balance at	Collections	Estimated	to	
Purchase	Purchase	Estimated	December	Including	Remaining	Purchase
Period	Price	Collections	31, 2010	Cash Sales	Collections	Price
1996	\$ 3,080	\$ 10,143	\$ -	\$ 10,043	100	329%
1997	7,685	25,395	-	25,122	273	330%
1998	11,089	37,002	-	36,607	395	334%
1999	18,898	68,445	-	67,165	1,280	362%
2000	25,020	114,019	-	110,835	3,184	456%
2001	33,481	171,214	-	166,673	4,541	511%
2002	42,325	190,351	-	184,432	5,919	450%
2003	61,448	253,276	-	243,452	9,824	412%
2004	51,709	174,115	155	164,483	9,632	337%
2005	113,870	267,778	20,534	227,894	39,884	235%
2006	90,065	186,408	25,662	140,011	46,397	207%
2007	179,840	394,084	73,596	255,857	138,227	219%
2008	166,530	354,279	87,950	181,696	172,583	213%
2009	125,519	354,211	73,445	136,330	217,881	282%
2010	149,963	371,064	130,095	47,076	323,988	247%
Total	\$1,080,522	\$2,971,784	\$ 411,437	\$1,997,676	\$ 974,108	275%

- The Company's fee-for-service businesses, including CCB, generated revenue of \$16.0 million in the fourth quarter of 2010, an increase of 3% over the third quarter but down 7% from the same period a year ago. Together, the fee businesses accounted for 15.9% of the Company's overall revenue in the fourth quarter of 2010, down from 23.6% in Q4 2009.
- During the fourth quarter of 2010, the Company recorded ongoing non-cash equity-based compensation expense of \$1.1 million.
- The Company expanded its available borrowings by entering into a new credit facility of \$407.5 million during the quarter. The new facility consists of a \$357.5 million revolving credit facility that matures on Dec. 20, 2014 and a \$50 million fixed rate loan that matures on May 4, 2012. The revolving credit facility will automatically be increased by \$50 million upon maturity of the fixed-rate loan.
- Cash balances were \$41.1 million as of Dec. 31, 2010, up from \$20.3 million as of September 30, 2010. During the fourth quarter, the Company had net borrowings of \$11.5 million on its line of credit, leaving it with \$300.0 million in outstanding borrowings at year end 2010. Remaining borrowing availability under the line was \$107.5 million as of Dec. 31, 2010.
- The Company has included tables with additional financial highlights for the 3- and 12-month periods ended Dec. 31, 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: "Portfolio Recovery Associates turned in another strong performance in the fourth quarter, driven largely by cash collections from our sizeable investments in bankruptcy portfolios as well as steady improvements in call center and legal collections. We took steps during the quarter to address the performance of our fee-for-service businesses, which continued to be impacted by the difficult economy. These included some of the same process improvements that have served our debt purchase business so well, and we look forward to seeing these efforts make an impact in the quarters to come."

Conference Call Information

The Company will hold a conference call with investors tonight, 5:30 p.m. EST, Tuesday, Feb. 15, 2011, to discuss its fourth-quarter and full year 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 72893346. 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 28959430. 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. is the parent of companies whose 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. The Company 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 its consolidated Government Services subsidiaries, 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 December 31, 2010	Three Months Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2009
Revenues:				
Income recognized on finance receivables, net	\$ 84,783	\$ 55,962	\$ 309,680	\$ 215,612
Fee income	15,972	17,254	63,026	65,479
Total revenues	100,755	73,216	372,706	281,091
Operating expenses:				
Compensation and employee services	32,350	26,447	124,077	106,388
Legal and agency fees and costs	17,367	12,518	60,941	46,978
Outside fees and services	3,100	2,716	12,554	9,570
Communications	4,066	3,616	17,226	14,773
Rent and occupancy	1,402	1,245	5,313	4,761
Depreciation and amortization	3,387	2,339	12,437	9,213
Other operating expenses	2,808	2,234	10,296	8,799
Total operating expenses	64,480	51,115	242,844	200,482
Income from operations	36,275	22,101	129,862	80,609
Other income and (expense):				
Interest income	29	-	65	3
Interest expense	(2,517)	(2,018)	(9,052)	(7,909)
Income before income taxes	33,787	20,083	120,875	72,703
Provision for income taxes	13,156	7,667	47,004	28,397
Net income	\$ 20,631	\$ 12,416	\$ 73,871	\$ 44,306
Less net (loss)/income attributable to redeemable noncontrolling interest	(14)	-	417	-
Net income attributable to Portfolio Recovery Associates, Inc.	\$ 20,645	\$ 12,416	\$ 73,454	\$ 44,306
Net income per common share:				
Basic	\$ 1.21	\$ 0.80	\$ 4.37	\$ 2.87
Diluted	\$ 1.20	\$ 0.80	\$ 4.35	\$ 2.87
Weighted average number of shares outstanding:				
Basic	17,063	15,505	16,820	15,420
Diluted	17,165	15,531	16,885	15,454

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

	December 31, 2010	December 31, 2009
ASSETS		
Cash and cash equivalents	\$ 41,094	\$ 20,265
Finance receivables, net	831,330	693,462
Accounts receivable, net	8,932	9,169
Income taxes receivable	2,363	4,460
Property and equipment, net	24,270	21,864
Goodwill	61,678	29,299
Intangible assets, net	18,466	10,756
Other assets	7,775	5,158
Total assets	\$ 995,908	\$ 794,433
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued liabilities	\$ 23,576	\$ 20,948
Deferred tax liability	164,971	117,206
Line of credit	300,000	319,300
Long term debt	2,396	1,499
Total liabilities	490,943	458,953
Redeemable noncontrolling Interest	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, 17,064 issued and outstanding
 shares at December 31, 2010, and 15,596 issued
 and 15,514 outstanding shares at December 31, 2009 171 155
 Additional paid-in capital 163,538 82,400
 Retained earnings 326,807 253,353
 Accumulated other comprehensive loss, net of
 taxes - (428)

 Total stockholders' equity 490,516 335,480
 =====
 Total liabilities and stockholders' equity \$ 995,908 \$ 794,433
 =====

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

	Year Ended December 31, 2010	Year Ended December 31, 2009	
Cash flows from operating activities:			
Net income	\$ 73,871	\$ 44,306	
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of share-based compensation	4,203	3,820	
Depreciation and amortization	12,437	9,213	
Deferred tax expense	47,493	28,927	
Changes in operating assets and liabilities:			
Other assets	1,204	(1,862)	
Accounts receivable	237	(891)	
Accounts payable and accrued liabilities	2,039	2,645	
Income taxes receivable	2,097	(873)	
Net cash provided by operating activities	143,581	85,285	
Cash flows from investing activities:			
Purchases of property and equipment		(9,546)	(4,521)
Acquisition of finance receivables, net of buybacks	(357,530)	(282,023)	
Collections applied to principal on finance receivables	219,662	152,391	
Business acquisitions, net of cash acquired		(23,000)	-
Contingent payment made for business acquisition	(117)	(100)	
Net cash used in investing activities	(170,531)	(134,253)	
Cash flows from financing activities:			
Proceeds from exercise of options	57	1,915	
Income tax benefit from share-based compensation	256	923	
Payment of liability-classified contingent consideration	(2,000)	-	
Proceeds from line of credit	177,500	123,500	
Principal payments on line of credit	(196,800)	(72,500)	
Payments of line of credit origination costs and fees	(3,819)	-	
Proceeds from stock offering, net of offering costs	71,688	-	
Proceeds from long-term debt	1,569	2,036	
Principal payments on long-term debt	(672)	(537)	
Principal payments on capital lease obligations	-	(5)	
Net cash provided by financing activities	47,779	55,332	
Net increase in cash and cash equivalents	20,829	6,364	
Cash and cash equivalents, beginning of year	20,265	13,901	
Cash and cash equivalents, end of year	\$ 41,094	\$ 20,265	

Supplemental disclosure of cash flow
 information:
 Cash paid for interest \$ 9,398 \$ 8,004
 Cash paid for income taxes \$ 107 \$ 365
 Noncash investing and financing activities:
 Net unrealized change in fair value of
 derivative instrument \$ 701 \$ (790)
 Common stock issued for acquisition \$ 4,950 \$ 1,170

FINANCIAL HIGHLIGHTS

	Three Months Ended			Year Ended		
(dollars in thousands)	December 31, 2010	December 31, 2009	% Change	December 31, 2010	December 31, 2009	% Change

EARNINGS
 Income recognized
 on finance
 receivables, net \$ 84,783 \$ 55,962 52% \$ 309,680 \$ 215,612 44%
 Fee income 15,972 17,254 -7% 63,026 65,479 -4%
 Total revenues 100,755 73,216 38% 372,706 281,091 33%
 Operating
 expenses 64,480 51,115 26% 242,844 200,482 21%
 Income from
 operations 36,275 22,101 64% 129,862 80,608 61%
 Net interest
 expense 2,488 2,018 23% 8,987 7,908 14%
 Net income 20,631 12,416 66% 73,871 44,306 67%
 Net income

attributable to Portfolio Recovery Associates, Inc.	20,645	12,416	66%	73,454	44,306	66%
--	--------	--------	-----	--------	--------	-----

PERIOD-END BALANCES						
Cash and cash equivalents	\$ 41,094	\$ 20,265	103%	\$ 41,094	\$ 20,265	103%
Finance receivables, net	831,330	693,462	20%	831,330	693,462	20%
Goodwill and intangible assets, net	80,144	40,055	100%	80,144	40,055	100%
Total assets	995,908	794,433	25%	995,908	794,433	25%
Line of credit	300,000	319,300	-6%	300,000	319,300	-6%
Total liabilities	490,943	458,953	7%	490,943	458,953	7%
Total equity	490,516	335,480	46%	490,516	335,480	46%

FINANCE RECEIVABLE COLLECTIONS						
Cash collections	\$ 144,363	\$ 95,286	52%	\$ 529,342	\$ 368,003	44%
Principal amortization without allowance charges	54,139	29,839	81%	194,509	124,756	56%
Principal amortization with allowance charges	59,580	39,324	52%	219,662	152,391	44%
Principal amortization w/ allowance charges as % of cash collections:						
Including fully amortized pools	41.3%	41.3%	0%	41.5%	41.4%	0%
Excluding fully amortized pools	44.3%	44.8%	-1%	44.8%	44.7%	0%
Estimated remaining collections - core	\$ 974,108	\$ 893,716	9%	\$ 974,108	\$ 893,716	9%
Estimated remaining collections - bankruptcy	749,410	521,730	44%	749,410	521,730	44%
Estimated remaining collections - total	1,723,518	1,415,446	22%	1,723,518	1,415,446	22%

ALLOWANCE FOR FINANCE RECEIVABLES						
Balance at period-end	\$ 76,407	\$ 51,255	49%	\$ 76,407	\$ 51,255	49%
Balance at period-end to net finance receivables	9.19%	7.39%	24%	9.19%	7.39%	24%
Allowance charge	\$ 5,442	\$ 9,485	-43%	\$ 25,152	\$ 27,635	-9%
Allowance charge to finance receivable income	6.03%	14.49%	-58%	7.51%	11.36%	-34%
Allowance charge to cash collections	3.77%	9.95%	-62%	4.75%	7.51%	-37%

PURCHASES OF FINANCE RECEIVABLES						
Purchase price - core	\$ 44,852	\$ 30,514	47%	\$ 149,998	\$ 126,334	19%
Face value - core	1,357,301	915,044	48%	3,424,313	4,435,068	-23%
Purchase price - bankruptcy	40,671	44,592	-9%	217,445	162,470	34%
Face value - bankruptcy	511,588	1,099,677	-53%	3,380,639	3,674,626	-8%
Purchase price - total	85,523	75,106	14%	367,442	288,804	27%
Face value - total	1,868,889	2,014,721	-7%	6,804,952	8,109,694	-16%
Number of portfolios - total	75	101	-26%	305	407	-25%

PER SHARE DATA						
Net income per common share - diluted	\$ 1.20	\$ 0.80	50%	\$ 4.35	\$ 2.87	52%
Weighted average number of shares outstanding -						

diluted	17,165	15,531	11%	16,885	15,454	9%
Closing market price	\$ 75.20	\$ 44.85	68%	\$ 75.20	\$ 44.85	68%

RATIOS AND OTHER

DATA

Return on average

equity (1)	17.09%	15.03%	14%	16.56%	14.16%	17%
------------	--------	--------	-----	--------	--------	-----

Return on

revenue (2)	20.48%	16.96%	21%	19.82%	15.76%	26%
-------------	--------	--------	-----	--------	--------	-----

Operating margin (3)	36.00%	30.19%	19%	34.84%	28.68%	21%
----------------------	--------	--------	-----	--------	--------	-----

Operating expense

to cash receipts(4)	40.22%	45.42%	-11%	41.00%	46.25%	-11%
---------------------	--------	--------	------	--------	--------	------

Debt to equity (5)	61.65%	95.62%	-36%	61.65%	95.62%	-36%
--------------------	--------	--------	------	--------	--------	------

Cash collections

per collector

hour paid:

Total	\$ 204	\$ 148	38%	\$ 194	\$ 145	34%
-------	--------	--------	-----	--------	--------	-----

Excluding

bankruptcy

collections	\$ 129	\$ 109	18%	\$ 129	\$ 113	14%
-------------	--------	--------	-----	--------	--------	-----

Excluding

bankruptcy

and external

legal

collections	\$ 98	\$ 84	17%	\$ 100	\$ 87	15%
-------------	-------	-------	-----	--------	-------	-----

Number of

collectors

	1,472	1,325	11%	1,472	1,325	11%
--	-------	-------	-----	-------	-------	-----

Number of

employees

	2,473	2,213	12%	2,473	2,213	12%
--	-------	-------	-----	-------	-------	-----

Cash receipts (4)	\$ 160,335	\$ 112,540	42%	\$ 592,367	\$ 433,483	37%
-------------------	------------	------------	-----	------------	------------	-----

Line of credit -

unused portion

at period end	107,500	45,700	135%	107,500	45,700	135%
---------------	---------	--------	------	---------	--------	------

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

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

EARNINGS

Income recognized on

finance

receivables, net	\$ 84,783	\$ 80,026	\$ 76,920	\$ 67,951	\$ 55,962
------------------	-----------	-----------	-----------	-----------	-----------

Fee income	15,972	15,518	16,109	15,427	17,254
------------	--------	--------	--------	--------	--------

Total revenues	100,755	95,544	93,029	83,378	73,216
----------------	---------	--------	--------	--------	--------

Operating expenses	64,480	62,721	58,700	56,943	51,115
--------------------	--------	--------	--------	--------	--------

Income from

operations

	36,275	32,823	34,329	26,435	22,101
--	--------	--------	--------	--------	--------

Net interest expense	2,488	2,178	2,177	2,144	2,018
----------------------	-------	-------	-------	-------	-------

Net income	20,631	18,757	19,678	14,805	12,416
------------	--------	--------	--------	--------	--------

Net income

attributable to

Portfolio Recovery

Associates, Inc.	20,645	18,481	19,528	14,800	12,416
------------------	--------	--------	--------	--------	--------

PERIOD-END BALANCES

Cash and cash

equivalents	\$ 41,094	\$ 20,297	\$ 18,250	\$ 23,006	\$ 20,265
-------------	-----------	-----------	-----------	-----------	-----------

Finance receivables,

net

	831,330	807,239	775,606	742,484	693,462
--	---------	---------	---------	---------	---------

Goodwill and

intangible assets,

net

	80,144	81,610	83,090	79,071	40,055
--	--------	--------	--------	--------	--------

Total assets	995,908	947,737	915,021	882,450	794,433
--------------	---------	---------	---------	---------	---------

Line of credit	300,000	288,500	289,500	296,300	319,300
----------------	---------	---------	---------	---------	---------

Total liabilities	490,943	464,781	451,214	444,318	458,953
-------------------	---------	---------	---------	---------	---------

Total equity	490,516	468,425	448,727	422,804	335,480
--------------	---------	---------	---------	---------	---------

FINANCE RECEIVABLE

COLLECTIONS

Cash collections	\$ 144,363	\$ 137,377	\$ 128,406	\$ 119,196	\$ 95,286
------------------	------------	------------	------------	------------	-----------

Principal

amortization

without allowance	54,139	50,830	45,166	44,374	29,839
-------------------	--------	--------	--------	--------	--------

Principal

amortization with

allowance

	59,580	57,351	51,486	51,245	39,324
--	--------	--------	--------	--------	--------

Principal

amortization w/

allowance as % of

cash collections:

Including fully					
-----------------	--	--	--	--	--

amortized pools

	41.3%	41.7%	40.1%	43.0%	41.3%
--	-------	-------	-------	-------	-------

Excluding fully

amortized pools

	44.3%	44.7%	43.5%	47.1%	44.8%
--	-------	-------	-------	-------	-------

Estimated remaining

collections - core	\$ 974,108	\$ 934,942	\$ 929,144	\$ 912,423	\$ 893,716
--------------------	------------	------------	------------	------------	------------

Estimated remaining

collections -

bankruptcy

	749,410	734,632	682,365	623,706	521,730
--	---------	---------	---------	---------	---------

Estimated remaining

collections - total	1,723,518	1,669,574	1,611,509	1,536,129	1,415,446
---------------------	-----------	-----------	-----------	-----------	-----------

ALLOWANCE FOR FINANCE RECEIVABLES

Balance at					
period-end	\$ 76,407	\$ 70,965	\$ 64,445	\$ 58,125	\$ 51,255
Balance at					
period-end to net					
finance receivables	9.19%	8.79%	8.31%	7.83%	7.39%
Allowance charge	\$ 5,442	\$ 6,520	\$ 6,320	\$ 6,870	\$ 9,485
Allowance charge to					
finance receivable					
income	6.03%	7.53%	7.59%	9.18%	14.49%
Allowance charge to					
cash collections	3.77%	4.75%	4.92%	5.76%	9.95%

PURCHASES OF FINANCE

RECEIVABLES

Purchase price -					
core	\$ 44,852	\$ 31,831	\$ 42,277	\$ 31,038	\$ 30,514
Face value - core	1,357,301	588,551	885,321	593,139	915,044
Purchase price -					
bankruptcy	40,671	60,687	44,505	71,582	44,592
Face value -					
bankruptcy	511,588	788,967	781,976	1,298,108	1,099,677
Purchase price -					
total	85,523	92,518	86,782	102,620	75,106
Face value - total	1,868,889	1,377,518	1,667,297	1,891,247	2,014,721
Number of portfolios					
- total	75	68	78	84	101

PER SHARE DATA

Net income per					
common share -					
diluted	\$ 1.20	\$ 1.08	\$ 1.14	\$ 0.91	\$ 0.80
Weighted average					
number of shares					
outstanding -					
diluted	17,165	17,093	17,080	16,203	15,531
Closing market price	\$ 75.20	\$ 64.66	\$ 66.78	\$ 54.87	\$ 44.85

RATIOS AND OTHER

DATA

Return on average					
equity (1)	17.09%	16.04%	17.86%	15.05%	15.03%
Return on revenue					
(2)	20.48%	19.63%	21.15%	17.76%	16.96%
Operating margin (3)	36.00%	34.35%	36.90%	31.71%	30.19%
Operating expense to					
cash receipts (4)	40.22%	41.02%	40.62%	42.30%	45.42%
Debt to equity (5)	61.65%	61.80%	64.78%	70.40%	95.62%
Cash collections					
per hour paid:					
Total	\$ 204	\$ 200	\$ 188	\$ 182	\$ 148
Excluding					
bankruptcy					
collections	\$ 129	\$ 127	\$ 127	\$ 135	\$ 109
Excluding					
bankruptcy and					
external legal					
collections	\$ 98	\$ 97	\$ 100	\$ 106	\$ 84
Number of collectors	1,472	1,422	1,384	1,379	1,325
Number of employees	2,473	2,421	2,377	2,329	2,213
Cash receipts (1)	\$ 160,335	\$ 152,895	\$ 144,515	\$ 134,623	\$ 112,540
Line of credit -					
unused portion at					
period end	107,500	76,500	75,500	68,700	45,700

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

SOURCE: Portfolio Recovery Associates, Inc.