Portfolio Recovery Associates Reports Record First Quarter 2011 Results

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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	Purchase Period			Net Allowance Charge as
Allowance Period	2008	2009-2011	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%
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	Purchase Period				
Allowance 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	Purchase Period			Net Allowance Charge as
Allowance Period	2008	2009-2011	Total	% of NFR
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)

Core 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	-	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

Allowance Period	Purchase Period 2008	2009-2011	Net Allowance Charge as 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%
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 Period	Purchase Price	Total Estimated Collections	Net Finance Receivables Balance at March 31, 2011	Actual Cash Collections Including Cash Sales	Estimated Remaining Collections	Total Estimated Collections to Purchase 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	Total Purchase Price	Total Estimated Collections	Net Finance Receivables Balance at March 31, 2011	Actual Cash Collections Including Cash Sales	Estimated Remaining Collections	Total Estimated Collections to Purchase Price
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	Total Purchase Price	Total Estimated Collections	Net Finance Receivables Balance at March 31, 2011	Actual Cash Collections Including Cash Sales	Estimated Remaining Collections	Total Estimated Collections to Purchase 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	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)

ASSETS	March 31, 2011	December 31, 2010
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

(dollars in thousands)	Three Months Ended March 31, 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

(dollars in thousands)	For the Quarter Ended 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.