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Portfolio Recovery Associates Reports Record Second Quarter 2011 Results

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NORFOLK, VA, Jul 28, 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 second quarter results including net income of \$25.6 million for the quarter ended June 30, 2011. The Company's net income for the second quarter of 2011 increased 31% from \$19.5 million in the same period a year earlier. Earnings per diluted share were \$1.48 in the second quarter of 2011, up 30% from \$1.14 in the second quarter of 2010. The Company's second quarter 2011 earnings included ongoing non-cash equity-based compensation expense of \$1.2 million, after tax, or \$0.07 per share, and a gain from the sale of real property of \$690,000, after tax, or \$0.04 per share.

Total revenues for the second quarter of 2011 grew 23% from the year-earlier period to a record \$114.8 million. Total revenues consist of cash collections reduced by amounts applied to principal on the Company's owned debt portfolios, plus fee income earned from its fee-for-service businesses. During the second quarter of 2011, the Company applied 43.1% of cash collections to reduce the carrying value of its owned debt portfolios, up from 40.1% in the second quarter of 2010. The second quarter 2011 principal amortization rate included a \$2.3 million net allowance charge against certain pools of finance receivables accounts.

"Portfolio Recovery Associates ended the first half of 2011 with yet another record quarter, which saw strong growth in net income, earnings per share, revenues and cash collections," said Steven D. Fredrickson, chairman, president and chief executive officer. "Collections were a key driver of our second-quarter performance. Bankruptcy collections were up strongly in the quarter, internal and external legal collections both produced impressive growth, and our call centers performed well despite the difficult economy. Collector productivity advanced to another new record as well."

Fredrickson continued: "This outstanding performance reflects the efforts of our entire PRA staff, including the Company's more than 1,500 call-center collectors. I'm proud of the hard work and dedication of our very talented team and look forward to our future successes."

Financial and Operating Highlights

-- Cash collections rose 37% to a record \$176.3 million in the second quarter of 2011, up from \$128.4 million in the year-ago period. Call center and other collections increased 19%, external legal collections increased 45%, internal legal collections grew 41%, and purchased bankruptcy collections gained 56% 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)	Q22011	Q12011	Q42010	Q32010	Q22010		Call Center & Other
Collections	\$ 64,566	\$ 67,377	\$ 53,775	\$ 51,711	\$ 54,477	External Legal Collections	27,329 25,378 21,446 20,217 18,819
Internal Legal Collections	16,007	15,598	12,841	12,130	11,362	Purchased Bankruptcy Collections	68,379 58,364 56,301 53,319 43,748
							Total Cash Collections
							\$ 176,281 \$ 166,717
							\$ 144,363 \$ 137,377 \$ 128,406

-- Internal legal collections grew to \$16.0 million in the second quarter of 2011 from \$11.4 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, developing collections channel.

-- Productivity rose to a record \$242 per collector hour paid for the first half of 2011 from \$194 for all of 2010. Productivity, the Company's key measure of collector performance, is measured by cash collections per collector hour paid. Excluding the impact of trustee remittances from purchased bankrupt accounts, the comparison is \$158 for the first two quarters of 2011, compared to \$129 for all of 2010. Excluding trustee remittances on purchased bankrupt accounts and external legal collections, the comparison is \$121 for the first six months of 2011 and \$100 for all of 2010.

-- In the second quarter of 2011, revenues were a record \$114.8 million, up 23% compared with the same period a year ago. This was driven by record cash receipts of \$190.8 million in the second quarter, up 32% from \$144.5 million a year earlier. Cash receipts are comprised of both cash collections and revenues from the Company's fee-based businesses.

-- The Company's net allowance charge totaled \$2.3 million in the second quarter of 2011, representing 0.26% of net finance receivables at period-end and 1.3% 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 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 07 200 320 660 - 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 Q2 11 - (217) -
----- Total \$ - \$ 1,200 \$ 17,055 \$ 19,315 \$ 18,715 -----							

Portfolio Purchases, net \$ 203,026 \$ 59,177 \$ 143,169 \$ 107,705 \$ 258,381

(\$ 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	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%	Q2 11	2,500 - 2,283 0.3%	Total \$ 26,445 \$ -	
82,730																																																						

Portfolio Purchases, net \$ 275,141 \$ 838,362 \$1,884,961

(\$ in thousands) ----- Purchased Bankruptcy Portfolio Purchase Period ----- Allowance 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 Q1 11 -
(15) (95) (100) 1,150 Q2 11 - (17) - ----- Total \$ - \$ 1,200 \$ 790 \$ 1,300 \$ 4,010
=====

Portfolio Purchases, net \$ - \$ 7,468 \$ 29,301 \$ 17,648 \$ 78,551 -----

(\$ in thousands) ----- Purchased Bankruptcy Portfolio Purchase Period ----- Net Allowance Charge as Allowance Period 2008 2009-2011 Total % of
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% Q1 11
1,300 - 2,240 0.5% Q2 11 500 - 483 0.1% ----- Total \$ 1,800 \$ - \$ 9,100 =====

Portfolio Purchases, net \$ 108,613 \$ 449,563 \$ 691,144 -----

(\$ 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 Q1 11 - 550 - (750) Q2 11 - (200) - -----
----- Total \$ - \$ - \$ 16,265 \$ 18,015 \$ 14,705 =====

Portfolio Purchases, net \$ 203,026 \$ 51,709 \$ 113,868 \$ 90,057 \$ 179,830 -----

(\$ in thousands) ----- Core 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 0.2% 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% Q2 11 2,000 - 1,800 0.4% ----- Total \$ 24,645 \$ - \$ 73,630
=====

Portfolio Purchases, net \$ 166,528 \$ 388,799 \$ 1,193,817 -----

-- The Company purchased \$1.41 billion of face-value debt during the second quarter of 2011 for \$89.5 million. This was acquired in 76 portfolios from 10 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

Net Finance Actual Total Receivables Cash Estimated Balance Collections Collections Total at Including Estimated to Purchase Purchase Estimated June 30, at Cash
Remaining Purchase Period Price Collections 2011 Sales Collections Price ----- 1996 \$ 3,080 \$ 10,183 \$ - \$ 10,108 \$
75 331% 1997 7,685 25,487 - 25,229 258 332% 1998 11,089 37,203 - 36,789 414 335% 1999 18,898 68,950 - 67,698 1,252 365% 2000 25,020 115,279 - 112,216 3,063
461% 2001 33,481 173,088 - 168,858 4,230 517% 2002 42,325 192,679 - 187,667 5,012 455% 2003 61,448 256,431 - 248,330 8,101 417% 2004 59,177 191,865 -
183,432 8,433 324% 2005 143,169 310,203 15,976 280,311 29,892 217% 2006 107,705 218,391 21,788 179,297 39,094 203% 2007 258,381 507,104 79,060 372,501
134,603 196% 2008 275,141 531,342 125,937 317,577 213,765 193% 2009 281,425 733,239 163,829 330,310 402,929 261% 2010 359,235 785,719 280,349 194,466
591,253 219% YTD 2011 197,702 390,446 192,576 16,815 373,631 197% ----- Total \$1,884,961 \$4,547,609 \$
879,515 \$2,731,604 \$1,816,005 241% -----

(\$ in thousands) ----- Purchased Bankruptcy Portfolio

Net Finance Actual Total Receivables Cash Estimated Balance Collections Collections Total at Including Estimated to Purchase Purchase Estimated June 30, at Cash
Remaining Purchase Period Price Collections 2011 Sales Collections Price ----- 1996-2003 \$ - \$ - \$ - \$ - 0% 2004
7,468 14,373 - 14,243 130 192% 2005 29,301 43,279 83 43,065 214 148% 2006 17,648 31,285 123 29,935 1,350 177% 2007 78,551 111,003 18,891 88,114 22,889
141% 2008 108,613 183,599 55,426 105,998 77,601 169% 2009 156,062 360,801 106,599 147,753 213,048 231% 2010 209,693 385,918 176,991 86,796 299,122
184% YTD 2011 83,808 130,643 83,757 1,769 128,874 156% ----- Total \$ 691,144 \$1,260,901 \$ 441,870 \$ 517,673
\$ 743,228 182% -----

(\$ in thousands) ----- Core Portfolio

Net Finance Actual Total Receivables Cash Estimated Balance Collections Collections Total at Including Estimated to Purchase Purchase Estimated June 30, at Cash
Remaining Purchase Period Price Collections 2011 Sales Collections Price ----- 1996 \$ 3,080 \$ 10,183 \$ - \$ 10,108 \$
75 331% 1997 7,685 25,487 - 25,229 258 332% 1998 11,089 37,203 - 36,789 414 335% 1999 18,898 68,950 - 67,698 1,252 365% 2000 25,020 115,279 - 112,216 3,063
461% 2001 33,481 173,088 - 168,858 4,230 517% 2002 42,325 192,679 - 187,667 5,012 455% 2003 61,448 256,431 - 248,330 8,101 417% 2004 51,709 177,492 -
169,189 8,303 343% 2005 113,868 266,924 15,893 237,246 29,678 234% 2006 90,057 187,106 21,665 149,362 37,744 208% 2007 179,830 396,101 60,169 284,387
111,714 220% 2008 166,528 347,743 70,511 211,579 136,164 209% 2009 125,363 372,438 57,230 182,557 189,881 297% 2010 149,542 399,801 103,358 107,670
292,131 267% YTD 2011 113,894 259,803 108,819 15,046 244,757 228% ----- Total \$1,193,817 \$3,286,708 \$
437,645 \$2,213,931 \$1,072,777 275% -----

-- The Company's fee-for-service businesses generated revenues of \$14.5 million in the second quarter of 2011, a decline of 10% from the same period a year ago due largely to a decrease in revenues generated by PRA Location Services. Together, the fee-for-service businesses accounted for 12.6% of the Company's overall revenues in the second quarter of 2011, down from 17.3% in the second quarter of 2010.

-- Cash balances were \$25.5 million as of June 30, 2011, down from \$41.1 million as of December 31, 2010. During the second quarter of 2011, the Company had net repayments of \$40 million on its line of credit, leaving it with \$250 million in outstanding borrowings at quarter end. Remaining borrowing availability under the line was \$157.5 million as of June 30, 2011.

Kevin P. Stevenson, chief financial and administrative officer, said: "Portfolio Recovery Associates turned in another strong performance in the second quarter of 2011, due in large part to the long-term investments we have made in people, technology and portfolios. The Company purchased \$89.5 million of charged-off debt in the second quarter, bringing our total purchases for the first half of the year to \$197.4 million. These portfolios will provide additional opportunities for our collectors in the quarters and years to come. Importantly, we were able to accomplish this while paying down \$40 million in principal on our line of credit during the quarter, strengthening our ability to continue making smart investments in the future."

The Company's first-half 2011 earnings totaled \$48.7 million, or \$2.83 per diluted share, compared with \$34.3 million, or \$2.06 per diluted share, for the first six months of 2010. First-half 2011 revenues were \$226.6 million, compared to \$176.4 million in the first half of 2010.

Conference Call Information The Company will hold a conference call with investors this evening at 5:30 p.m. EDT, Thursday, July 28, 2011, to discuss its second-quarter results. Investors can access the call live by dialing 888-713-4211 for domestic callers or 617-213-4864 for international callers using the pass code 68414138. 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 41859487. 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 \$57 billion of face value defaulted consumer debt since its inception, has operations in 10 states, more than 25 million customer accounts and more than 2,500 employees. Portfolio Recovery Associates also provides a broad range of fee-based services through its subsidiaries: PRA Government Services, LLC; MuniServices, LLC; PRA Location Services, LLC; and Claims Compensation Bureau, LLC. Working every day with people in financial distress, the Company seeks to engage collaboratively with its customers to create realistic, affordable repayment plans. Portfolio Recovery Associates has a longstanding culture of compliance, and for 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 June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Revenues:				
Income recognized on finance receivables, net	\$ 100,303	\$ 76,920	\$ 196,277	\$ 144,871
Fee income	14,492	16,109	30,295	31,536
Total revenues	114,795	93,029	226,572	176,407
Operating expenses:				
Compensation and employee services	34,815	30,872	68,968	60,513
Legal collection fees	5,970	4,131	11,719	8,203
Legal collection costs	9,879	6,430	19,218	12,069
Agent fees	1,724	2,927	4,362	6,554
Outside fees and services	4,066	3,155	7,481	5,984
Communications	5,706	4,102	12,020	9,160
Rent and occupancy	1,438	1,297	2,835	2,549
Depreciation and amortization	3,316	3,206	6,532	5,756
Other operating expenses	3,501	2,580	6,353	4,854
Total operating expenses	70,415	58,700	139,488	115,642
Gain on sale of property	1,157	-	1,157	-
Income from operations	45,537	34,329	88,241	60,765
Other income and (expense):				
Interest income	-	-	-	35
Interest expense	(2,635)	(2,177)	(5,502)	(4,357)
Income before income taxes	42,902	32,152	82,739	56,443
Provision for income taxes	17,326	12,474	33,454	21,960
Net income	\$ 25,576	\$ 19,678	\$ 49,285	\$ 34,483
Less net income attributable to redeemable				

noncontrolling interest	2	150	590	155
	-----	-----	-----	-----

Net income attributable to Portfolio Recovery Associates, Inc.	\$	25,574	\$	19,528	\$	48,695	\$	34,328
	=====		=====		=====		=====	

Net income per common share:					
Basic	\$	1.49	\$	1.15	\$ 2.85 \$ 2.07
Diluted	\$	1.48	\$	1.14	\$ 2.83 \$ 2.06

Weighted average number of shares outstanding:					
Basic	17,108	16,970	17,100	16,581	
Diluted	17,225	17,080	17,212	16,641	
Portfolio Recovery Associates, Inc.					
Unaudited Condensed Consolidated Balance Sheets					
(in thousands, except per share amounts)					

	June 30, 2011	December 31, 2010	
ASSETS	-----	-----	
Cash and cash equivalents	\$ 25,481	\$ 41,094	
Finance receivables, net	879,515	831,330	
Accounts receivable, net	6,683	8,932	
Property and equipment, net	23,810	24,270	
Goodwill	61,678	61,678	
Intangible assets, net	15,965	18,466	
Other assets	8,485	10,138	
	-----	-----	
Total assets	\$ 1,021,617	\$ 995,908	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:			
Accounts payable and accrued liabilities	\$ 23,155	\$ 23,576	
Net deferred tax liability	188,142	164,971	
Line of credit	250,000	300,000	
Long term debt	1,856	2,396	
	-----	-----	
Total liabilities	463,153	490,943	

Redeemable noncontrolling Interest	16,068	14,449	
	-----	-----	

Stockholders' equity:			
Preferred stock, par value \$0.01, authorized shares, 2,000, issued and outstanding shares - 0	-	-	
Common stock, par value \$0.01, authorized shares, 60,000, 17,115 issued and outstanding shares at June 30, 2011, and 17,064 issued and outstanding shares at December 31, 2010	171	171	
Additional paid-in capital	166,723	163,538	
Retained earnings	375,502	326,807	
	-----	-----	
Total stockholders' equity	542,396	490,516	=====

Total liabilities and stockholders' equity	\$ 1,021,617	\$ 995,908	=====
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Portfolio Recovery Associates, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
	-----	-----

Cash flows from operating activities:		
Net income	\$ 49,285	\$ 34,483
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of share-based compensation	4,622	2,074
Depreciation and amortization	6,532	5,756
Deferred tax expense	23,171	21,881
Gain on sale of property	(1,157)	-
Changes in operating assets and liabilities:		
Other assets	1,653	2,934
Accounts receivable	2,249	1,010
Accounts payable and accrued liabilities	622	(847)
	-----	-----

Net cash provided by operating activities	86,977	67,291
	-----	-----

Cash flows from investing activities:

Purchases of property and equipment	(3,682)	(4,784)
Proceeds from sale of property	1,267	-
Acquisition of finance receivables, net of buybacks	(194,906)	(184,874)
Collections applied to principal on finance receivables	146,721	102,730
Business acquisitions, net of cash acquired	-	(23,000)
Contingent payment made for business acquisition	-	(104)
	-----	-----

Net cash used in investing activities	(50,600)	(110,032)
	-----	-----

Cash flows from financing activities:

Proceeds from exercise of options	149	57
Income tax benefit from share-based compensation	459	113
Payment of liability-classified contingent consideration	-	(1,000)
Proceeds from line of credit	2,000	99,000
Principal payments on line of credit	(52,000)	(128,800)
Proceeds from stock offering, net of offering costs	-	71,688
Distributions paid to noncontrolling interest	(2,059)	-
Principal payments on long-term debt	(539)	(332)
	-----	-----

Net cash (used in)/provided by financing activities	(51,990)	40,726
	-----	-----

Net decrease in cash and cash equivalents	(15,613)	(2,015)
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Cash and cash equivalents, beginning of year	41,094	20,265
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Cash and cash equivalents, end of period	\$ 25,481	\$ 18,250
	=====	=====

Supplemental disclosure of cash flow information:

Cash paid for interest	\$ 5,256	\$ 4,318
Cash paid for income taxes	6,784	73

Noncash investing and financing activities:

Distributions payable to noncontrolling interest	\$ 247	\$ -
Adjustment of the noncontrolling interest measurement amount	2,045	-
Common stock issued for acquisition	-	4,950
Net unrealized change in fair value of derivative instrument	-	61

FINANCIAL HIGHLIGHTS

	Three Months Ended			Six Months Ended			
(dollars in thousands)	June 30, 2011	June 30, 2010	% Change	June 30, 2011	June 30, 2010	% Change	
EARNINGS							
Income recognized on finance receivables, net	\$ 100,303	\$ 76,920	30%	\$ 196,277	\$ 144,871	35%	
Fee income	14,492	16,109	-10%	30,295	31,536	-4%	
Total revenues	114,795	93,029	23%	226,572	176,407	28%	
Operating expenses	70,415	58,700	20%	139,488	115,642	21%	
Income from operations	45,537	34,329	33%	88,241	60,765	45%	
Net interest expense	2,635	2,177	21%	5,502	4,322	27%	
Net income	25,576	19,678	30%	49,285	34,483	43%	
Net income attributable to Portfolio Recovery Associates, Inc.	25,574	19,528	31%	48,695	34,328	42%	
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PERIOD-END

BALANCES

Cash and cash equivalents	\$ 25,481	\$ 18,250	40%	\$ 25,481	\$ 18,250	40%
Finance receivables, net	879,515	775,606	13%	879,515	775,606	13%
Goodwill and intangible assets, net	77,643	83,090	-7%	77,643	83,090	-7%
Total assets	1,021,617	915,021	12%	1,021,617	915,021	12%
Line of credit	250,000	289,500	-14%	250,000	289,500	-14%
Total liabilities	463,153	451,214	3%	463,153	451,214	3%
Total equity	542,396	448,727	21%	542,396	448,727	21%
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FINANCE

RECEIVABLE

COLLECTIONS

Cash

collections	\$ 176,281	\$ 128,406	37%	\$ 342,998	\$ 247,601	39%
Principal amortization without allowance charges	73,695	45,166	63%	140,398	89,540	57%
Principal amortization with allowance charges	75,978	51,486	48%	146,721	102,730	43%
Principal amortization w/ allowance charges as % of cash collections:						
Including fully amortized pools	43.1%	40.1%	7%	42.8%	41.5%	3%
Excluding fully amortized pools	45.7%	43.5%	5%	45.5%	44.7%	2%
Estimated remaining collections - core	\$1,072,777	\$ 929,144	15%	\$1,072,777	\$ 929,144	15%
Estimated remaining collections - bankruptcy	743,228	682,365	9%	743,228	682,365	9%
Estimated remaining collections - total	1,816,005	1,611,509	13%	1,816,005	1,611,509	13%

ALLOWANCE FOR FINANCE RECEIVABLES

Balance at period-end	\$ 82,730	\$ 64,445	28%	\$ 82,730	\$ 64,445	28%
Allowance charge	\$ 2,283	\$ 6,320	-64%	\$ 6,323	\$ 13,190	-52%
Allowance charge to period-end net finance receivables	0.26%	0.81%	-68%	0.72%	1.70%	-58%
Allowance charge to net finance receivable income	2.28%	8.22%	-72%	3.22%	9.10%	-65%
Allowance charge to cash collections	1.30%	4.92%	-74%	1.84%	5.33%	-65%

PURCHASES OF FINANCE RECEIVABLES

Purchase price - core	\$ 52,323	\$ 42,277	24%	\$ 113,617	\$ 73,315	55%
Face value - core	1,034,898	885,321	17%	2,043,655	1,478,460	38%
Purchase price - bankruptcy	37,204	44,505	-16%	83,811	116,087	-28%
Face value - bankruptcy	378,051	781,976	-52%	860,993	2,080,084	-59%
Purchase price - total	89,527	86,782	3%	197,428	189,402	4%
Face value - total	1,412,949	1,667,297	-15%	2,904,648	3,558,544	-18%
Number of portfolios - total	76	78	-3%	155	162	-4%

PER SHARE DATA

Net income per common share - diluted	\$ 1.48	\$ 1.14	30%	\$ 2.83	\$ 2.06	37%
Weighted average number of shares outstanding - diluted	17,225	17,080	1%	17,212	16,641	3%
Closing market price	\$ 84.79	\$ 66.78	27%	\$ 84.79	\$ 66.78	27%

RATIOS AND OTHER DATA

Return on average equity (1)	19.20%	17.86%	7%	18.74%	16.53%	13%
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Return on revenue (2)	22.28%	21.15%	5%	21.75%	19.55%	11%
Operating margin (3)	39.67%	36.90%	7%	38.95%	34.45%	13%
Operating expense to cash receipts (4)	36.91%	40.62%	-9%	37.37%	41.43%	-10%
Debt to equity (5)	46.43%	64.78%	-28%	46.43%	64.78%	-28%
Cash collections per collector hour paid:						
Core cash collections \$	154	\$ 127	21%	\$ 158	\$ 113	40%
Total cash collections \$	243	\$ 188	29%	\$ 242	\$ 145	67%
Excluding external legal collections \$	205	\$ 160	28%	\$ 205	\$ 157	31%
Excluding bankruptcy and external legal collections \$	116	\$ 100	16%	\$ 121	\$ 103	17%
Number of collectors	1,517	1,384	10%	1,517	1,384	10%
Number of employees	2,504	2,377	5%	2,504	2,377	5%
Cash receipts (4)	\$ 190,773	\$ 144,515	32%	\$ 373,292	\$ 279,137	34%
Line of credit - unused portion at period end	157,500	75,500	109%	157,500	75,500	109%

Notes:

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

FINANCIAL HIGHLIGHTS

For the Quarter Ended

(dollars in thousands)

	June 30 2011	March 31 2011	December 31 2010	September 30 2010	June 30 2010
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EARNINGS

Income recognized on finance receivables, net	\$ 100,303	\$ 95,974	\$ 84,783	\$ 80,026	\$ 76,920
Fee income	14,492	15,803	15,972	15,518	16,109
Total revenues	114,795	111,777	100,755	95,544	93,029
Operating expenses	70,415	69,072	64,480	62,721	58,700
Income from operations	45,537	42,705	36,275	32,823	34,329
Net interest expense	2,635	2,867	2,488	2,178	2,177
Net income	25,576	23,709	20,631	18,757	19,678
Net income attributable to Portfolio Recovery Associates, Inc.	25,574	23,121	20,645	18,481	19,528

PERIOD-END BALANCES

Cash and cash equivalents	\$ 25,481	\$ 35,443	\$ 41,094	\$ 20,297	\$ 18,250
Finance receivables, net	879,515	866,992	831,330	807,239	775,606
Goodwill and intangible assets, net	77,643	78,893	80,144	81,610	83,090
Total assets	1,021,617	1,020,099	995,908	947,737	915,021
Line of credit	250,000	290,000	300,000	288,500	289,500
Total liabilities	463,153	489,136	490,943	464,781	451,214
Total equity	542,396	515,710	490,516	468,425	448,727

FINANCE RECEIVABLE COLLECTIONS

Cash collections	\$ 176,281	\$ 166,717	\$ 144,363	\$ 137,377	\$ 128,406
Principal					

amortization without allowance	73,695	66,703	54,139	50,830	45,166
Principal amortization with allowance	75,978	70,743	59,580	57,351	51,486
Principal amortization w/ allowance as % of cash collections: Including fully amortized pools	43.1%	42.4%	41.3%	41.7%	40.1%
Excluding fully amortized pools	45.7%	45.3%	44.3%	44.7%	43.5%
Estimated remaining collections - core	\$1,072,777	\$1,040,140	\$ 974,108	\$ 934,942	\$ 929,144
Estimated remaining collections - bankruptcy	743,228	753,130	749,410	734,632	682,365
Estimated remaining collections - total	1,816,005	1,793,270	1,723,518	1,669,574	1,611,509
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ALLOWANCE FOR FINANCE RECEIVABLES

Balance at period-end	\$ 82,730	\$ 80,447	\$ 76,407	\$ 70,965	\$ 64,445
Allowance charge	\$ 2,283	\$ 4,040	\$ 5,442	\$ 6,520	\$ 6,320
Allowance charge to period-end net finance receivables	0.26%	0.47%	0.65%	0.81%	0.81%
Allowance charge to net finance receivable income	2.28%	4.21%	6.42%	8.15%	8.22%
Allowance charge to cash collections	1.30%	2.42%	3.77%	4.75%	4.92%
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PURCHASES OF FINANCE RECEIVABLES

Purchase price - core	\$ 52,323	\$ 61,294	\$ 44,852	\$ 31,831	\$ 42,277
Face value - core	1,034,898	1,008,758	1,357,301	588,551	885,321
Purchase price - bankruptcy	37,204	46,607	40,671	60,687	44,505
Face value - bankruptcy	378,051	482,941	511,588	788,967	781,976
Purchase price - total	89,527	107,901	85,523	92,518	86,782
Face value - total	1,412,949	1,491,699	1,868,889	1,377,518	1,667,297
Number of portfolios - total	76	79	75	68	78
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PER SHARE DATA

Net income per common share - diluted	\$ 1.48	\$ 1.34	\$ 1.20	\$ 1.08	\$ 1.14
Weighted average number of shares outstanding - diluted	17,225	17,199	17,165	17,093	17,080
Closing market price	\$ 84.79	\$ 85.13	\$ 75.20	\$ 64.66	\$ 66.78
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RATIOS AND OTHER DATA

Return on average equity (1)	19.20%	18.25%	17.09%	16.04%	17.86%
Return on					

revenue (2)	22.28%	21.21%	20.48%	19.63%	21.15%
Operating margin (3)	39.67%	38.21%	36.00%	34.35%	36.90%
Operating expense to cash receipts (4)	36.91%	37.84%	40.22%	41.02%	40.62%
Debt to equity (5)	46.43%	56.64%	61.65%	61.80%	64.78%
Cash collections per hour paid:					
Core cash collections \$	154 \$	162 \$	129 \$	127 \$	127
Total cash collections \$	243 \$	241 \$	204 \$	200 \$	188
Excluding external legal collections \$	205 \$	204 \$	174 \$	170 \$	160
Excluding bankruptcy and external legal collections \$	116 \$	125 \$	98 \$	97 \$	100
Number of collectors	1,517	1,486	1,472	1,422	1,384
Number of employees	2,504	2,482	2,473	2,421	2,377
Cash receipts (4)	\$ 190,773	\$ 182,520	\$ 160,335	\$ 152,895	\$ 144,515
Line of credit - unused portion at period end	157,500	117,500	107,500	76,500	75,500

Notes:

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

SOURCE: Portfolio Recovery Associates, Inc.