



-- Operating income was \$44.4 million in the first quarter of 2012, compared with \$42.7 million in the first quarter of 2011, representing an increase of 4%. The operating margin decreased from 38.2% in the year-earlier quarter to 31.7% in the recently completed quarter. The decline can be attributed, in large part, to the increased legal collection expenses associated with the Company's focus on driving net incremental cash flow from this portion of the business.

#### Balance Sheet

- Cash balances were \$28.1 million as of March 31, 2012.
- During the first quarter of 2012, the Company had net borrowings of \$45.0 million under its line of credit, resulting in an outstanding balance of \$265 million at quarter-end. Remaining borrowing availability, subject to normal borrowing and collateral provisions, under the line was \$142.5 million as of March 31, 2012. Subsequent to quarter-end, the Company's line of credit was amended to increase the credit limit by \$51 million.
- As previously announced, the Board of Directors has authorized a share repurchase program of up to \$100 million of the Company's outstanding shares of common stock. As of May 3, 2012, the Company had repurchased approximately 100,000 shares at an average purchase price of approximately \$68 per share. Repurchases depend on prevailing market conditions and other factors. The repurchase program may be suspended or discontinued at any time.

Conference Call Information The Company will hold a conference call with investors at 5:30 p.m. ET, Monday, May 7, 2012, to discuss its first quarter results. Investors may access the call by dialing 888-679-8040 for domestic callers or 617-213-4851 for international callers using the pass code 40970062. A replay will be available approximately one hour after the call ends and will remain available for seven days. Investors may access the replay of the call by dialing 888-286-8010 for domestic callers or 617-801-6888 for international callers using the pass code 99187654.

Investors also may listen to the conference call via webcast, both live and archived, at the company's website, [www.PortfolioRecovery.com](http://www.PortfolioRecovery.com) at the Investor Relations main page.

#### About Portfolio Recovery Associates, Inc.

Portfolio Recovery Associates, Inc. (PRA) is a specialized financial and business services company. A market leader in the consumer debt purchase and collection industry, PRA also provides a broad range of fee-based services, including revenue enhancement for local governments; vehicle location, skip-tracing and collateral recovery for auto lenders, governments, and law enforcement; contingent consumer debt recovery on behalf of banks, credit providers, and debt purchasers; and filing of class action claims on behalf of institutional investors, manufacturers, and retailers. PRA has a longstanding culture of compliance, engaging collaboratively with its customers to create realistic, affordable repayment plans. The Company has more than 3,000 employees in 10 U.S. states and the United Kingdom.

PRA has been named to the Forbes 100 Best Small Companies in America annual rankings list for five consecutive years (2007 - 2011). It was ranked as one of BusinessWeek's 100 Hot Growth Companies in 2003, 2005 and 2007, and was recognized by Fortune as one of America's Top Small Businesses in 2006 and 2007. The Company's shares are publicly traded on the NASDAQ Global Select Market under the symbol "PRAA." Additional information about Portfolio Recovery Associates is available at [www.PortfolioRecovery.com](http://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, 2012	Three Months Ended March 31, 2011
<b>Revenues:</b>		
Income recognized on finance receivables, net	\$ 124,226	\$ 95,974
Fee income	15,920	15,803
<b>Total revenues</b>	<b>140,146</b>	<b>111,777</b>
<b>Operating expenses:</b>		
Compensation and employee services	39,694	34,153
Legal collection fees	7,617	5,749
Legal collection costs	23,669	9,338
Agent fees	1,627	2,639
Outside fees and services	5,860	3,414
Communications	8,253	6,313
Rent and occupancy	1,611	1,398
Depreciation and amortization	3,656	3,216
Other operating expenses	3,738	2,852
<b>Total operating expenses</b>	<b>95,725</b>	<b>69,072</b>
<b>Income from operations</b>	<b>44,421</b>	<b>42,705</b>
<b>Other income and (expense):</b>		
Interest income	1	-
Interest expense	(2,653)	(2,867)
<b>Income before income taxes</b>	<b>41,769</b>	<b>39,838</b>
<b>Provision for income taxes</b>	<b>16,580</b>	<b>16,129</b>
<b>Net income</b>	<b>\$ 25,189</b>	<b>\$ 23,709</b>

Net loss/(income) attributable to noncontrolling interest	273	(588)
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Net income attributable to Portfolio Recovery Associates, Inc.	\$ 25,462	\$ 23,121
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Net income per common share attributable to Portfolio Recovery Associates, Inc.:		
Basic	\$ 1.48	\$ 1.35
Diluted	\$ 1.47	\$ 1.34

Weighted average number of shares outstanding:		
Basic	17,196	17,092
Diluted	17,267	17,199

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

	March 31, 2012	December 31, 2011
<b>ASSETS</b>		
Cash and cash equivalents	\$ 28,068	\$ 26,697
Finance receivables, net	945,242	926,734
Accounts receivable, net	9,107	7,862
Property and equipment, net	26,369	25,727
Goodwill	97,480	61,678
Intangible assets, net	27,179	14,596
Other assets	8,581	7,829
Total assets	\$ 1,142,026	\$ 1,071,123
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 42,309	\$ 42,660
Net deferred tax liability	194,286	193,898
Line of credit	265,000	220,000
Long-term debt	936	1,246
Total liabilities	502,531	457,804
Redeemable noncontrolling Interest	18,783	17,831
Stockholders' equity:		
Preferred stock, par value \$0.01, authorized shares, 2,000, issued and outstanding shares	-	-
Common stock, par value \$0.01, 60,000 authorized shares, 17,175 issued and outstanding shares at March 31, 2012, and 17,134 issued and outstanding shares at December 31, 2011	172	171
Additional paid-in capital	166,133	167,719
Retained earnings	453,060	427,598
Accumulated other comprehensive income	1,347	-
Total stockholders' equity	620,712	595,488
Total liabilities and stockholders' equity	\$ 1,142,026	\$ 1,071,123

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

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Cash flows from operating activities:		
Net income	\$ 25,189	\$ 23,709
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of share-based compensation	2,347	2,614
Depreciation and amortization	3,656	3,216
Deferred tax expense	403	14,072
Changes in operating assets and liabilities:		
Other assets	711	842
Accounts receivable	2,922	1,563
Accounts payable and accrued liabilities	(15,169)	(2,696)
Net cash provided by operating activities	20,059	43,320
Cash flows from investing activities:		
Purchases of property and equipment	(1,152)	(2,163)
Acquisition of finance receivables, net of buybacks	(108,176)	(106,405)
Collections applied to principal on finance receivables	93,770	70,743
Business acquisition, net of cash acquired	(48,653)	-

Net cash used in investing activities	(64,211)	(37,825)
Cash flows from financing activities:		
Proceeds from exercise of options	-	149
Income tax benefit from share-based compensation	1,440	294
Proceeds from line of credit	95,000	2,000
Principal payments on line of credit	(50,000)	(12,000)
Repurchases of common stock	(2,081)	-
Distributions paid to noncontrolling interest	-	(1,291)
Principal payments on long-term debt	(310)	(298)
Net cash provided by/(used in) financing activities	44,049	(11,146)
Effect of exchange rate on cash	1,474	-
Net increase/(decrease) in cash and cash equivalents	1,371	(5,651)
Cash and cash equivalents, beginning of year	26,697	41,094
Cash and cash equivalents, end of period	\$ 28,068	\$ 35,443

Supplemental disclosure of cash flow information:

Cash paid for interest	\$ 2,557	\$ 2,711
Cash paid for income taxes	12,497	15

Noncash investing and financing activities:

Adjustment of the noncontrolling interest measurement amount	\$ (1,225)	\$ (985)
Distributions payable relating to noncontrolling interest	-	769
Employee stock relinquished for payment of taxes	(2,066)	-

FINANCIAL HIGHLIGHTS

	Three Months Ended		
	March 31,		%
	2012	2011	Change

EARNINGS (in thousands)

Income recognized on finance receivables, net	\$ 124,226	\$ 95,974	29%
Fee income	15,920	15,803	1%
Total revenues	140,146	111,777	25%
Operating expenses	95,725	69,072	39%
Income from operations	44,421	42,705	4%
Net interest expense	2,652	2,867	-7%
Net income	25,189	23,709	6%
Net income attributable to Portfolio Recovery Associates, Inc.	25,462	23,121	10%

PERIOD-END BALANCES (in thousands)

Cash and cash equivalents	\$ 28,068	\$ 35,443	-21%
Finance receivables, net	945,242	866,992	9%
Goodwill and intangible assets, net	124,659	78,893	58%
Total assets	1,142,026	1,020,099	12%
Line of credit	265,000	290,000	-9%
Total liabilities	502,531	489,136	3%
Total equity	620,712	515,710	20%

FINANCE RECEIVABLE COLLECTIONS (dollars in thousands)

Cash collections	\$ 217,996	\$ 166,717	31%
Principal amortization without allowance charges	93,276	66,703	40%
Principal amortization with allowance charges	93,770	70,743	33%
Principal amortization w/ allowance charges as % of cash collections:			
Including fully amortized pools	43.0%	42.4%	1%
Excluding fully amortized pools	44.8%	45.3%	-1%

ALLOWANCE FOR FINANCE RECEIVABLES (dollars in thousands)

Balance at period-end	\$ 87,065	\$ 80,447	8%
Allowance charge	494	4,040	-88%
Allowance charge to period-end net finance receivables	0.05%	0.47%	-89%
Allowance charge to net finance receivable income	0.40%	4.21%	-91%
Allowance charge to cash collections	0.23%	2.42%	-91%

PURCHASES OF FINANCE RECEIVABLES (1) (dollars in thousands)

Purchase price - core	\$ 52,104	\$ 61,294	-15%
Face value - core	972,268	1,008,758	-4%
Purchase price - bankruptcy	56,892	46,607	22%
Face value - bankruptcy	368,447	482,941	-24%
Purchase price - total	108,996	107,901	1%
Face value - total	1,340,715	1,491,699	-10%
Number of portfolios - total	82	79	4%

ESTIMATED REMAINING COLLECTIONS (1) (in thousands)				
Estimated remaining collections - core	\$ 1,226,292	\$ 1,040,140		18%
Estimated remaining collections - bankruptcy	796,161	753,130		6%
Estimated remaining collections - total	2,022,453	1,793,270		13%

SHARE DATA (share amounts in thousands)				
Net income per common share - diluted	\$ 1.47	\$ 1.34		10%
Weighted average number of shares outstanding - diluted	17,267	17,199		0%
Shares repurchased	30,600	-		100%
Average price paid per share repurchased (including acquisitions costs)	\$ 68.02	-		100%
Closing market price	\$ 71.72	\$ 85.13		-16%

RATIOS AND OTHER DATA (dollars in thousands)				
Return on average equity (2)	16.70%	18.25%		-8%
Return on revenue (3)	17.97%	21.21%		-15%
Operating margin (4)	31.70%	38.21%		-17%
Operating expense to cash receipts (5)	40.92%	37.84%		8%
Debt to equity (6)	42.84%	56.64%		-24%
Number of collectors	1,934	1,486		30%
Number of employees	3,014	2,482		21%
Cash receipts (5)	\$ 233,916	\$ 182,520		28%
Line of credit - unused portion at period end	142,500	117,500		21%

(1) Domestic portfolio only

(2) Calculated as annualized net income divided by average equity for the period

(3) Calculated as net income divided by total revenues

(4) Calculated as income from operations divided by total revenues

(5) "Cash receipts" is defined as cash collections plus fee income

(6) For purposes of this ratio, "debt" equals the line of credit balance plus long-term debt

#### FINANCIAL HIGHLIGHTS

For the Quarter Ended

	December 31 2012	September 30 2011	June 30 2011	March 31 2011
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EARNINGS (in thousands)					
Income recognized on finance receivables, net	\$ 124,226	\$ 102,743	\$ 102,875	\$ 100,303	\$ 95,974
Fee income	15,920	15,344	11,401	14,492	15,803
Total revenues	140,146	118,087	114,276	114,795	111,777
Operating expenses	95,725	72,134	70,447	70,415	69,072
Income from operations	44,421	45,953	43,830	45,536	42,705
Net interest expense	2,652	2,512	2,548	2,635	2,867
Net income	25,189	26,666	25,193	25,575	23,709
Net income attributable to Portfolio Recovery Associates, Inc.	25,462	26,590	25,506	25,574	23,121

PERIOD-END BALANCES (in thousands)					
Cash and cash equivalents	\$ 28,068	\$ 26,697	\$ 30,035	\$ 25,481	\$ 35,443
Finance receivables, net	945,242	926,734	919,478	879,515	866,992
Goodwill and intangible assets, net	124,659	76,274	76,426	77,643	78,893
Total assets	1,142,026	1,071,123	1,064,104	1,021,617	1,020,099
Line of credit	265,000	220,000	260,000	250,000	290,000
Total liabilities	502,531	457,804	478,915	463,153	489,136
Total equity	620,712	595,488	568,305	542,396	515,710

FINANCE RECEIVABLE COLLECTIONS (dollars in thousands)					
Cash collections	\$ 217,996	\$ 180,324	\$ 182,168	\$ 176,281	\$ 166,717
Principal amortization without allowance charges	93,276	74,481	78,552	73,695	66,703
Principal amortization with allowance charges	93,770	77,581	79,293	75,978	70,743

Principal amortization w/ allowance charges as % of cash collections:					
Including fully amortized pools	43.0%	43.0%	43.5%	43.1%	42.4%
Excluding fully amortized pools	44.8%	44.9%	45.7%	45.7%	45.3%

ALLOWANCE FOR FINANCE RECEIVABLES

(dollars in thousands)					
Balance at period-end	\$ 87,065	\$ 86,571	\$ 83,471	\$ 82,730	\$ 80,447
Allowance charge	494	3,100	741	2,283	4,040
Allowance charge to period-end net finance receivables	0.05%	0.33%	0.08%	0.26%	0.47%
Allowance charge to net finance receivable income	0.40%	3.02%	0.72%	2.28%	4.21%
Allowance charge to cash collections	0.23%	1.72%	0.41%	1.30%	2.42%

PURCHASES OF FINANCE RECEIVABLES (1)

(dollars in thousands)					
Purchase price - core	\$ 52,104	\$ 42,532	\$ 57,240	\$ 52,323	\$ 61,294
Face value - core	972,268	829,232	5,027,874	1,034,898	1,008,758
Purchase price - bankruptcy	56,892	46,360	64,848	37,204	46,607
Face value - bankruptcy	368,447	376,094	654,508	378,051	482,941
Purchase price - total	108,996	88,892	122,088	89,527	107,901
Face value - total	1,340,715	1,205,326	5,682,382	1,412,949	1,491,699
Number of portfolios - total	82	83	95	76	79

ESTIMATED REMAINING COLLECTIONS (1)

(in thousands)					
Estimated remaining collections - core	\$ 1,226,292	\$ 1,159,086	\$ 1,154,406	\$ 1,072,777	\$ 1,040,140
Estimated remaining collections - bankruptcy	796,161	794,262	770,886	743,228	753,130
Estimated remaining collections - total	2,022,453	1,953,348	1,925,292	1,816,005	1,793,270

SHARE DATA

(share amounts in thousands)					
Net income per common share - diluted	\$ 1.47	\$ 1.54	\$ 1.48	\$ 1.48	\$ 1.34
Weighted average number of shares outstanding - diluted	17,267	17,269	17,228	17,225	17,199
Shares repurchased	30,600	-	-	-	-
Average price paid per share repurchased (including acquisitions costs)	\$ 68.02	-	-	-	-
Closing market price	\$ 71.72	\$ 67.52	\$ 62.22	\$ 84.79	\$ 85.13

RATIOS AND OTHER DATA

(dollars in thousands)					
Return on average equity (2)	16.70%	18.18%	18.27%	19.20%	18.25%
Return on revenue (3)	17.97%	22.58%	22.05%	22.28%	21.21%
Operating margin (4)	31.70%	38.91%	38.35%	39.67%	38.21%

Operating expense to cash receipts (5)	40.92%	36.87%	36.39%	36.91%	37.84%
Debt to equity (6)	42.84%	37.15%	46.02%	46.43%	56.64%
Number of collectors	1,934	1,658	1,520	1,517	1,486
Number of employees	3,014	2,641	2,504	2,504	2,482
Cash receipts (5)	\$ 233,916	\$ 195,668	\$ 193,569	\$ 190,773	\$ 182,520
Line of credit - unused portion at period end	142,500	187,500	147,500	157,500	117,500

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

Purchase Price Multiples at March 31, 2012, Entire Domestic Portfolio

(\$ in thousands)

Pur- chase Period	Purchase Price	Net Finance Actual Receivables Collections	Estimated March 31, 2012	Cash Collections Including Sales	Estimated to Cash Remaining Collections	Purchase Price	Purchase Price
1996	\$ 3,080	\$ 10,234	\$ -	\$ 10,152	\$ 82	332%	
1997	7,685	25,542	-	25,340	202	332%	
1998	11,089	37,414	-	36,990	424	337%	
1999	18,898	69,696	-	68,379	1,317	369%	
2000	25,020	117,511	-	113,991	3,520	470%	
2001	33,481	176,338	-	171,380	4,958	527%	
2002	42,325	199,814	-	191,646	8,168	472%	
2003	61,448	268,404	-	254,623	13,781	437%	
2004	59,176	202,021	-	189,039	12,982	341%	
2005	143,169	311,247	10,553	291,628	19,619	217%	
2006	107,693	218,051	15,865	190,961	27,090	202%	
2007	258,392	512,287	53,731	416,948	95,339	198%	
2008	275,160	525,044	89,792	379,407	145,637	191%	
2009	281,446	791,492	115,329	468,207	323,285	281%	
2010	358,166	835,541	202,659	364,189	471,352	233%	
2011	399,462	835,002	343,679	133,533	701,469	209%	
2012	109,104	196,771	108,238	3,543	193,228	180%	
Total	\$2,194,794	\$ 5,332,409	\$ 939,846	\$ 3,309,956	\$ 2,022,453	243%	

Purchase Price Multiples at March 31, 2012, Purchased Bankruptcy Portfolio

(\$ in thousands)

chase Period	Purchase Price	Estimated March 31, 2012	Cash Collections	Estimated to Cash Remaining Collections	Purchase Price	Purchase Price
1996	\$ 3,080	\$ 10,234	\$ -	\$ 10,152	\$ 82	332%
1997	7,685	25,542	-	25,340	202	332%
1998	11,089	37,414	-	36,990	424	337%
1999	18,898	69,696	-	68,379	1,317	369%
2000	25,020	117,511	-	113,991	3,520	470%
2001	33,481	176,338	-	171,380	4,958	527%
2002	42,325	199,814	-	191,646	8,168	472%
2003	61,448	268,404	-	254,623	13,781	437%
2004	59,176	202,021	-	189,039	12,982	341%
2005	143,169	311,247	10,553	291,628	19,619	217%
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2008	275,160	525,044	89,792	379,407	145,637	191%
2009	281,446	791,492	115,329	468,207	323,285	281%
2010	358,166	835,541	202,659	364,189	471,352	233%
2011	399,462	835,002	343,679	133,533	701,469	209%
2012	109,104	196,771	108,238	3,543	193,228	180%
Total	\$2,194,794	\$ 5,332,409	\$ 939,846	\$ 3,309,956	\$ 2,022,453	243%

Purchase Price Multiples at March 31, 2012, Core Portfolio

(\$ in thousands)

chase Period	Purchase Price	Estimated March 31, 2012	Cash Collections	Estimated to Cash Remaining Collections	Purchase Price	Purchase Price
1996	\$ 3,080	\$ 10,234	\$ -	\$ 10,152	\$ 82	332%
1997	7,685	25,542	-	25,340	202	332%
1998	11,089	37,414	-	36,990	424	337%
1999	18,898	69,696	-	68,379	1,317	369%
2000	25,020	117,511	-	113,991	3,520	470%
2001	33,481	176,338	-	171,380	4,958	527%
2002	42,325	199,814	-	191,646	8,168	472%
2003	61,448	268,404	-	254,623	13,781	437%
2004	59,176	202,021	-	189,039	12,982	341%
2005	143,169	311,247	10,553	291,628	19,619	217%
2006	107,693	218,051	15,865	190,961	27,090	202%
2007	258,392	512,287	53,731	416,948	95,339	198%
2008	275,160	525,044	89,792	379,407	145,637	191%
2009	281,446	791,492	115,329	468,207	323,285	281%
2010	358,166	835,541	202,659	364,189	471,352	233%
2011	399,462	835,002	343,679	133,533	701,469	209%
2012	109,104	196,771	108,238	3,543	193,228	180%
Total	\$1,344,863	\$ 3,788,904	\$ 453,709	\$ 2,562,612	\$ 1,226,292	282%

SOURCE: Portfolio Recovery Associates, Inc.