Our EPS estimates are $3.99 for 2014 and $5.07.

We see PRAA benefiting from the consolidation of the debt-buying marketplace in the U.S., as fewer competitors are able to buy in the U.S. since sellers are increasingly restricting bidders to those with comprehensive compliance programs. In the 2014 first quarter, the company invested about $153 million in new portfolio purchases from U.S and U.K. creditors, down from about $215 million in the year-ago period. We see PRAA’s U.K. and fee businesses and increased productivity/well controlled expenses helping.

Our EPS estimates are $3.99 for 2014 and $5.07 in 2015.

Although we expect PRAA to continue generating robust growth, we think this optimism is almost fully reflected in the share price. We believe the company’s improving cash collection and low purchase price of defaulted consumer receivables portfolios will generate strong revenue and earnings growth over the short to medium term. Even with the economy recovering and credit trends generally improving, we think PRAA will be able to purchase profitable portfolios of charged-off assets.

Risks to our recommendation and target price include a significant decrease in the price of defaulted consumer receivables portfolios, low impairment charges, and regulatory changes that would decrease the cost of collections.

Our 12-month target price of $66 is equal to 15.5x our forward four-quarter EPS estimate of $4.25, a discount to the average for the past two quarters but still above the three-year average P/E. After recent sharp gains, we expect the valuation to moderate as growth eventually slows. However, near term, we still see continued favorable operating trends, helped by a better economy.

Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst Erik Oja on Jun 27, 2014 11:19 AM, when the stock traded at $59.38.

Highlights:
- We think higher cash receipts from the cash collection and fee-based divisions will drive 19% revenue growth in 2014, a slowdown from the fast 24% and 28% growth rates of the last two years. We forecast that the commission business will play an increasing role in PRAA’s attempts to diversify its revenue stream through its IGS fee-for-service business and government processing business. We see PRAA’s move into new areas of the collections business, such as secured bankruptcy claims, helping longer-term growth.
- We see PRAA benefiting from the consolidation of the debt-buying marketplace in the U.S., as fewer competitors are able to buy in the U.S.
- We think the company’s improving cash collection and low purchase price of defaulted consumer receivables portfolios will generate strong revenue and earnings growth over the short to medium term. Even with the economy recovering and credit trends generally improving, we think PRAA will be able to purchase profitable portfolios of charged-off assets.
- Risks to our recommendation and target price include a significant decrease in the price of defaulted consumer receivables portfolios, low impairment charges, and regulatory changes that would decrease the cost of collections.
- Our 12-month target price of $66 is equal to 15.5x our forward four-quarter EPS estimate of $4.25, a discount to the average for the past two quarters but still above the three-year average P/E. After recent sharp gains, we expect the valuation to moderate as growth eventually slows. However, near term, we still see continued favorable operating trends, helped by a better economy.

Please read the Required Disclosures and Analyst Certification on the last page of this report.
Portfolio Recovery Associates (PRAA) is a full-service provider of outsourced receivables management and related services. It primarily buys, collects and manages portfolios of defaulted consumer receivables. These receivables are individuals’ unpaid obligations to credit originators, which include banks, credit unions, consumer and auto-finance companies, and retail merchants. Such receivables are purchased from sellers of defaulted consumer debt. PRAA also provides a broad range of contingent and fee-based services, including collateral-location services for credit originators through PRA Location Services, LLC (IGS), fee-based collections through audit and debt discovery/recovery services for government entities through PRA Government Services, LLC (RDS), and MuniServices LLC (MuniServices). From its inception in 1996 through 2013, the company acquired 3,098 portfolios, with a face value of $78.6 billion, for a purchase price of $3.3 billion.

Since its formation, PRAA has purchased accounts from approximately 150 debt owners. It has acquired portfolios at various price levels, depending on the age of the portfolio, geographic distribution, its historical experience with a certain asset type or credit originator, and similar factors. A typical defaulted consumer receivables portfolio ranges from $1 million to $150 million in face value and contains defaulted consumer receivables from diverse geographic locations with average initial individual account balances of $460 to $7,000.

As of December 31, 2013, the company’s life-to-date-owned portfolio -- which represents the original face amount purchased from sellers and not decremented by any adjustments, including payments and repurchases -- totaled $64.6 billion, up from $64.6 billion a year earlier. The life-to-date-owned portfolio by face value broke down by asset types as follows: major credit cards 69% (versus 70% at the end of 2012); consumer finance 11% (11%); private label credit cards 14% (13%); and auto deficiency 6% (6%).

PRAA acquires portfolios from debt owners through auctions and negotiated sales. In an auction process, the seller will assemble a portfolio and will either broadly offer the portfolio to the market or seek purchase prices from specifically invited potential purchasers. In a privately negotiated sale process, the debt owner will contact known purchasers directly, take bids and negotiate the terms of sale. It also acquires accounts in forward flow contracts. Under a forward flow contract, it agrees to purchase defaulted consumer receivables from a debt owner on a periodic basis, at a set percentage of face value of the receivables over a specified time period, generally from three to twelve months. These agreements often contain a provision requiring that the attributes and selection criteria of the receivables to be sold will not significantly change each month. If this provision is not adhered to, the contract will typically allow for the early termination of the forward flow contract by the purchaser or other appropriate remedies as mutually agreed upon. Forward flow contracts provide receivable owners with a consistent source of value for defaulted accounts, and provide the debt buyer with a steady and reliable source of consumer receivables for its collection operation.

In addition to acquiring receivables portfolios, the company has made several business acquisitions. In January 2012, it acquired 100% of the equity interest of Scotland-based Mackenzie Hall Holdings, Limited, and its subsidiaries for about $51 million; Mackenzie Hall is in the accounts receivable management industry, which includes collecting on both its owned portfolios and for third-party originators on a contingent fee basis. In March 2010, PRAA acquired 62% of the membership units of CCB. CCB was founded in 1996 and is a leading provider of class action claims settlement recovery services and related payment processing to corporate clients.

FINANCIAL TRENDS. Between 2008 and 2013, PRAA’s revenues increased about 179%, a 23% average annual rate, while net income advanced 286%, a 31% average annual rate, reflecting well controlled costs. The company’s debt burden increased from $268 million at the end of 2008 to $452 million at the end of 2013. However, much of the debt was associated with purchasing income-producing assets, and the debt-to-assets ratio improved to 28% at the end of 2013, from 41% at the end of 2008.
## Quantitative Evaluations

### S&P Capital IQ Fair Value Rank

<table>
<thead>
<tr>
<th>Rank</th>
<th>5+</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest</td>
<td>HIGHEST</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

### Fair Value Calculation

$67.50

Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that PRAA is slightly undervalued by $10.01 or 17.4%.

## Investability Quotient

<table>
<thead>
<tr>
<th>Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOWEST = 1</td>
</tr>
</tbody>
</table>

PRAA scored higher than 85% of all companies for which an S&P Capital IQ Report is available.

## Volatility

LOW | AVERAGE | HIGH

## Technical Evaluation

BEARISH

Since August, 2014, the technical indicators for PRAA have been BEARISH.

## Insider Activity

NA | UNFAVORABLE | NEUTRAL | FAVORABLE

For further clarification on the terms used in this report, please visit www.standardandpoors.com/stockreportguide

## Company Financials Fiscal Year Ended Dec. 31


<table>
<thead>
<tr>
<th>Tangible Book Value</th>
<th>15.01</th>
<th>11.30</th>
<th>10.08</th>
<th>7.99</th>
<th>6.31</th>
<th>5.28</th>
<th>4.65</th>
<th>4.37</th>
<th>3.55</th>
<th>2.98</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td>3.45</td>
<td>2.46</td>
<td>1.95</td>
<td>1.45</td>
<td>0.98</td>
<td>0.99</td>
<td>1.02</td>
<td>0.92</td>
<td>0.76</td>
<td>0.58</td>
</tr>
<tr>
<td>S&amp;P Capital IQ Core Earnings</td>
<td>3.53</td>
<td>2.46</td>
<td>1.94</td>
<td>1.45</td>
<td>0.96</td>
<td>0.99</td>
<td>1.02</td>
<td>0.92</td>
<td>0.76</td>
<td>0.58</td>
</tr>
<tr>
<td>Dividends</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Payout Ratio</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>33%</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Prices: High</td>
<td>63.96</td>
<td>35.67</td>
<td>30.32</td>
<td>26.00</td>
<td>16.83</td>
<td>15.78</td>
<td>21.89</td>
<td>17.66</td>
<td>16.13</td>
<td>13.93</td>
</tr>
<tr>
<td>P/E Ratio: High</td>
<td>19</td>
<td>14</td>
<td>16</td>
<td>18</td>
<td>16</td>
<td>17</td>
<td>22</td>
<td>21</td>
<td>21</td>
<td>24</td>
</tr>
<tr>
<td>P/E Ratio: Low</td>
<td>10</td>
<td>8</td>
<td>10</td>
<td>10</td>
<td>7</td>
<td>8</td>
<td>12</td>
<td>14</td>
<td>14</td>
<td>14</td>
</tr>
</tbody>
</table>

### Income Statement Analysis (Million $)

<table>
<thead>
<tr>
<th>Interest on Loans</th>
<th>NA</th>
<th>531</th>
<th>402</th>
<th>310</th>
<th>216</th>
<th>206</th>
<th>185</th>
<th>163</th>
<th>135</th>
<th>106</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Investment Income</td>
<td>NA</td>
<td>62.2</td>
<td>57.0</td>
<td>63.0</td>
<td>64.5</td>
<td>57.0</td>
<td>36.0</td>
<td>25.0</td>
<td>13.9</td>
<td>7.14</td>
</tr>
<tr>
<td>Total Investment Income</td>
<td>NA</td>
<td>593</td>
<td>459</td>
<td>373</td>
<td>281</td>
<td>263</td>
<td>221</td>
<td>188</td>
<td>149</td>
<td>113</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>NA</td>
<td>9.04</td>
<td>10.6</td>
<td>9.05</td>
<td>7.91</td>
<td>7.98</td>
<td>7.98</td>
<td>7.98</td>
<td>7.98</td>
<td>7.98</td>
</tr>
<tr>
<td>Net Before Taxes</td>
<td>283</td>
<td>207</td>
<td>167</td>
<td>121</td>
<td>72.7</td>
<td>73.8</td>
<td>77.9</td>
<td>72.2</td>
<td>59.9</td>
<td>44.8</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>37.5%</td>
<td>39.1%</td>
<td>39.6%</td>
<td>39.3%</td>
<td>39.1%</td>
<td>39.5%</td>
<td>39.4%</td>
<td>39.8%</td>
<td>39.6%</td>
<td>39.8%</td>
</tr>
<tr>
<td>Net Income</td>
<td>175</td>
<td>127</td>
<td>101</td>
<td>73.9</td>
<td>44.3</td>
<td>45.4</td>
<td>48.2</td>
<td>44.5</td>
<td>36.8</td>
<td>27.5</td>
</tr>
<tr>
<td>S&amp;P Capital IQ Core Earnings</td>
<td>179</td>
<td>127</td>
<td>101</td>
<td>73.5</td>
<td>44.3</td>
<td>45.4</td>
<td>48.2</td>
<td>44.5</td>
<td>36.8</td>
<td>27.5</td>
</tr>
</tbody>
</table>

### Balance Sheet & Other Financial Data (Million $)

| Total Assets | 1,601 | 1,289 | 1,071 | 996 | 794 | 658 | 476 | 293 | 248 | 175 |
| Cost of Investments | NA | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 24.0 |
| Cash | 162 | 32.7 | 26.7 | 41.1 | 20.3 | 13.9 | 16.7 | 25.1 | 16.0 | 24.5 |
| Loans Receivable | NA | 1,079 | 927 | 831 | 693 | 564 | 410 | 226 | 194 | 105 |
| Loans/Equity | NA | 1.5 | 1.6 | 1.8 | 2.0 | 1.9 | 1.3 | 0.9 | 1.0 | 0.7 |
| Capitalization:Debt | NA | 328 | 221 | 302 | 321 | 268 | 168 | 69.3 | 16.5 | 2.50 |
| Capitalization:Equity | 881 | 708 | 585 | 491 | 335 | 284 | 225 | 247 | 195 | 151 |
| Capitalization:Total | NA | 1,036 | 852 | 807 | 656 | 552 | 403 | 248 | 234 | 168 |
| % Return on Revenue | 21.3 | 22.0 | 19.8 | 15.8 | 17.2 | 21.9 | 23.6 | 24.7 | 24.3 | 24.3 |
| % Return on Assets | 12.1 | 10.7 | 9.8 | 8.3 | 6.2 | 4.0 | 12.5 | 16.4 | 17.3 | 18.2 |
| % Return on Equity | 22.2 | 19.4 | 18.6 | 17.9 | 14.3 | 17.5 | 20.0 | 20.1 | 21.2 | 20.4 |
| Price Times Book Value:High | NA | 3.1 | 3.0 | 3.3 | 2.7 | 3.3 | 4.7 | 3.8 | 4.5 | 4.7 |
| Price Times Book Value:Low | NA | 1.8 | 1.9 | 1.7 | 0.3 | 1.6 | 2.6 | 2.8 | 3.0 | 2.7 |

Data as originally reported in Company reports; bef. results of disc oper/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

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Sub-Industry Outlook

Our fundamental outlook for the consumer finance sub-industry is positive, as we believe companies are positioned well to capture rewards of an improving economic environment. A dramatic improvement in credit quality that began in 2011 continued through 2014 due to tight underwriting standards employed through the downturn. We believe overall credit quality trends will be stable in 2014 and 2015, and we expect card spending to grow at a faster rate than consumer loans. While the industry is now under a higher level of regulatory scrutiny, we believe companies will act prudently. And with credit at historically strong levels, we see management’s time as focused on strategic growth initiatives.

Of the types of consumer loans offered by companies within this sub-industry, the biggest emphasis is on credit cards as auto finance and private student loan portfolios are relatively smaller markets. The U.S. credit card industry is relatively mature, but its players are experienced with competition, and balancing account growth, margin and expenses. These companies are sophisticated information-rich marketers and we expect them to develop innovative new products. The most significant area of development is in mobile payments, which brings new industry competitors.

We forecast a slight gain in receivables and loans for 2014, and that companies will continue to modestly loosen credit standards over the next couple of years. Industry receivables growth and discount revenues for the card networks will likely continue to be moderate due to cautious attitudes toward debt and lackluster spending. We think receivables growth and spending should pick up as consumer confidence and employment levels improve. For the longer term, we think pricing pressure and competition will remain intense and we expect the larger consumer finance companies to continue to look to develop new niches.

We believe the consumer finance sub-industry will outperform the Financials sector in the next twelve months, due to relatively less capital markets exposure, relatively more transparent business models and dynamic and compelling growth strategies that should blossom as the economy improves.

In 2014, year to date through September 5, the S&P Consumer Finance Index was up just 3.5% versus an 8.2% rise in the S&P 1500 Index. However, in 2013, the S&P Consumer Finance Index was up 46% versus a 30% rise in the S&P 1500 Index, and in 2012, the sub-industry index increased 30%, versus a 14% advance for the S&P 1500.

--Erik Oja

Industry Performance

GICS Sector: Financials
Sub-Industry: Consumer Finance

Based on S&P 1500 Indexes
Five-Year market price performance through Sep 13, 2014

Sub-Industry : Consumer Finance Peer Group*: Based on market capitalizations within GICS Sub-Industry

<table>
<thead>
<tr>
<th>Peer Group</th>
<th>Stock Symbol</th>
<th>Stk. Mkt. Cap. (Mil. $)</th>
<th>Recent Stock Price($)</th>
<th>52 Week High/Low($)</th>
<th>Beta</th>
<th>Yield (%)</th>
<th>P/E Ratio</th>
<th>Fair Value Calc.$</th>
<th>S&amp;P IQ %ile</th>
<th>Return on Revenue (%)</th>
<th>LTD to Cap (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio Recovery Assoc</td>
<td>PRAA</td>
<td>2,879 57.49</td>
<td>63.96/47.53</td>
<td>0.91</td>
<td>Nil</td>
<td>17</td>
<td>67.50</td>
<td>B+</td>
<td>85</td>
<td>NA</td>
<td>26.0</td>
</tr>
<tr>
<td>Asta Funding</td>
<td>ASFI</td>
<td>108 8.29</td>
<td>8.95/7.94</td>
<td>0.09</td>
<td>Nil</td>
<td>10</td>
<td>NA</td>
<td>B-</td>
<td>65</td>
<td>NA</td>
<td>25.6</td>
</tr>
<tr>
<td>Atlanticus Holdings</td>
<td>ATLC</td>
<td>32 2.32</td>
<td>3.99/1.92</td>
<td>1.94</td>
<td>Nil</td>
<td>11</td>
<td>NA</td>
<td>C</td>
<td>10</td>
<td>NA</td>
<td>43.4</td>
</tr>
<tr>
<td>Credit Acceptance</td>
<td>CACC</td>
<td>2,678 124.90</td>
<td>150.89/107.25</td>
<td>0.50</td>
<td>Nil</td>
<td>12</td>
<td>168.10</td>
<td>B+</td>
<td>83</td>
<td>NA</td>
<td>30.0</td>
</tr>
<tr>
<td>Encore Capital Group</td>
<td>ECPG</td>
<td>1,160 45.24</td>
<td>51.95/40.62</td>
<td>1.34</td>
<td>Nil</td>
<td>14</td>
<td>66.60</td>
<td>B</td>
<td>82</td>
<td>NA</td>
<td>50.2</td>
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<tr>
<td>Green Dot A</td>
<td>GDOT</td>
<td>741 18.47</td>
<td>26.87/16.53</td>
<td>0.85</td>
<td>Nil</td>
<td>23</td>
<td>23.70</td>
<td>NR</td>
<td>60</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Imperial Holdings</td>
<td>IFT</td>
<td>145 6.76</td>
<td>7.21/4.71</td>
<td>1.53</td>
<td>Nil</td>
<td>12</td>
<td>NA</td>
<td>NR</td>
<td>9</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>JGWPT Holdings</td>
<td>JGW</td>
<td>164 12.83</td>
<td>19.88/9.43</td>
<td>NA</td>
<td>Nil</td>
<td>NM</td>
<td>NA</td>
<td>NA</td>
<td>37</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Nelnet Inc ‘A’</td>
<td>NNI</td>
<td>1,507 43.22</td>
<td>45.91/34.86</td>
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<td>0.9</td>
<td>7</td>
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<td>86</td>
<td>NA</td>
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<td>Nicholas Financial</td>
<td>NICK</td>
<td>152 12.39</td>
<td>17.20/10.64</td>
<td>0.72</td>
<td>3.9</td>
<td>10</td>
<td>NA</td>
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<td>80</td>
<td>19.2</td>
<td>78.7</td>
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<tr>
<td>QC Holdings</td>
<td>QCOC</td>
<td>39 2.22</td>
<td>2.85/1.61</td>
<td>0.67</td>
<td>9.0</td>
<td>NM</td>
<td>NA</td>
<td>B-</td>
<td>34</td>
<td>NA</td>
<td>6.2</td>
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<td>Regional Management</td>
<td>RM</td>
<td>240 18.90</td>
<td>36.23/13.93</td>
<td>1.70</td>
<td>Nil</td>
<td>10</td>
<td>21.60</td>
<td>NR</td>
<td>34</td>
<td>NA</td>
<td>NA</td>
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<td>SLM Corp</td>
<td>SLM</td>
<td>3,768 8.96</td>
<td>9.48/8.19</td>
<td>NA</td>
<td>Nil</td>
<td>19</td>
<td>11.60</td>
<td>NR</td>
<td>56</td>
<td>NA</td>
<td>16.4</td>
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<tr>
<td>Springfield Holdings</td>
<td>LEAF</td>
<td>3,921 34.23</td>
<td>39.90/19.51</td>
<td>NA</td>
<td>Nil</td>
<td>65</td>
<td>24.00</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Past performance is not an indication of future performance and should not be relied upon as such.
S&P Capital IQ Analyst Research Notes and other Company News

May 23, 2014
06:46 am ET ... PORTFOLIO RECOVERY ASSOCIATES INC. (PRAA 53.03) UNCHANGED, JANNEY CAPITAL UPGRADES PORTFOLIO RECOVERY ASSOCIATES, INC. TO BUY, MAINTAINS $6.... Janney Capital upgrades Portfolio Recovery Associates, Inc. (NASDAQ: PRAA) from Neutral to Buy and maintains $60.00 PT. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved.Acquire Media

April 16, 2014
Portfolio Recovery Associates Inc. has appointed Laura White, formerly chief risk and compliance officer for Alliance Global Assistance, Americas, as its new chief compliance officer. In her role with Alliance Global Assistance she was responsible for risk management and compliance, including operational risk, internal controls, business continuity and regulatory compliance. White previously served as a member of the investor relations team at Amerigroup Corporation which was traded on the NASDQA. Previously, she was a senior member of corporate planning for the Federal Reserve Bank of Richmond and was a commissioned bank examiner for the Federal Reserve System.

April 10, 2014
Portfolio Recovery Associates Inc. announced that Darby Schoenfeld has been named director of investor relations. She will support PRA outreach to stock analysts and institutional investors. Prior to joining PRA, Schoenfeld was the director of investor relations at JTH Holding Inc., where she established and implemented an investor relations program shortly after the company was listed on the NASDAQ. Previously, she was a member of the investor relations team at Amerigroup Corporation which was traded on the NYSE.

April 3, 2014
Portfolio Recovery Associates Inc. announced that Laura White, formerly chief risk and compliance officer for Alliance Global Assistance, Americas, has been named chief compliance officer for PRA. Prior to holding these positions, White served as a senior financial analyst for Capital One Financial Corporation. White has more than 20 years of leadership experience in the financial services industry.

November 4, 2013
11:03 am ET ... S&P CAPITAL IQ KEEPS HOLD OPINION ON SHARES OF PORTFOLIO RECOVERY ASSOCIATES (PRAA 59.11***): We raise our target price to $66 from $59 on revised P/E analysis. After reporting Q3 EPS of $0.93, vs. $0.65, which topped our previously published Capital IQ consensus estimate of $0.69, the '13 Capital IQ consensus estimate rose to $2.49 from our previously published $2.36, and to $3.79 from $3.79 for '14. We are optimistic that PRAA will benefit from the consolidation of the debt buying marketplace in the U.S., amid more stringent regulatory scrutiny, which combined with active buying in the UK and contributions from the growing fee based businesses, should propel earnings going forward. /RMcMillan

September 17, 2013
Portfolio Recovery Associates Inc. announced that Marjorie M. Connelly has been appointed by the company’s board of directors to serve as PRA’s seventh independent director. Connelly, 51, brings to the board more than 25 years experience in financial services, largely focused on leading global credit card operations.

August 5, 2013
10:15 am ET ... S&P KEEPS BUY OPINION ON SHARES OF PORTFOLIO RECOVERY ASSOCIATES (PRAA 62.25****): We up our target price by $6 to $59 (adjusted for 3-for-1 stock split). After reporting Q2 EPS of $0.85, vs. $0.62, which matched our previously published Capital IQ consensus estimate, the Capital IQ consensus estimate has gone to $3.41 from our previously published $3.00 for '13 and to $3.79 from $3.41 for '14. We are optimistic that PRAA will continue to benefit from the consolidation of the debt buying marketplace in the U.S., which combined with active buying in the UK and contributions from the growing fee based businesses, should propel earnings going forward. /RMcMillan

June 6, 2013
Portfolio Recovery Associates Inc. announced that James A. Nussle has been appointed by the company’s board of directors to serve as an independent director. Nussle, is president of The Nussle Group, a public policy and strategic consulting company. Prior to his years in the Bush Administration, Nussle served in the U.S. House of Representatives as a congressman from Iowa for 16 years.

May 6, 2013
12:30 pm ET ... S&P KEEPS BUY OPINION ON SHARES OF PORTFOLIO RECOVERY ASSOCIATES (PRAA 138.83*****): We raise our target price to $158 from $134 on revised P/E analysis. After reporting Q1 EPS of $2.26, vs. $1.47 last year, which was above our previously published Capital IQ consensus estimate of $2.09, the Capital IQ consensus estimate has gone to $9.01 from our previously published $8.90 for '13 and to $10.23 from $9.99 for '14. Although we expect portfolio pricing to tighten as the economy improves, we are optimistic PRAA will be able to purchase delinquent loan portfolios at attractive prices. New businesses, such as bankruptcy claims, should also help growth. /RMcMillan

October 31, 2013
12:23 pm ET ... S&P CAPITAL IQ RAISES OPINION ON SHARES OF PORTFOLIO RECOVERY HOLD FROM SELL (PRAA 138.88******): PRAA reports Q3 EPS of $0.93, vs. $0.65, which topped our previously published Capital IQ consensus forecast of $0.89. Revenues rose 31% and cash collections jumped 27%. We expect operating trends for the company to remain robust, driven by ongoing strength in the cash collection and commission businesses, contributions from new businesses and management’s ability to acquire defaulted loans at attractive prices. After today’s decline below our $59 target price, we think the shares are fairly valued. /RMcMillan

October 24, 2013
02:27 pm ET ... S&P CAPITAL IQ LOWERS OPINION ON PORTFOLIO RECOVERY ASSOCIATES TO SELL FROM BUY (PRAA 61.96*******): The Capital IQ consensus estimate for '13 fell to $3.36 from $3.41, likely on higher expenses, while '14's rose to $3.89 from $3.79. Shares of PRAA have jumped more than 16% since the start of September and are now above our $59 target price which we maintain. We expect operating trends for the company to remain robust, driven by ongoing strength in the cash collection and commission businesses, contributions from new businesses and management’s ability to acquire defaulted loans at attractive prices. Nevertheless, we think our optimism is more than reflected in the shares. /RMcMillan
Of the total 7 companies following PRAA, 7 analysts currently publish recommendations.

### Analysts' Recommendations

<table>
<thead>
<tr>
<th>Monthly Average Trend</th>
<th>Buy</th>
<th>Buy/Hold</th>
<th>Hold</th>
<th>Weak Hold</th>
<th>Sell</th>
<th>No Opinion</th>
<th>PRAA Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Street Average</td>
<td>B</td>
<td>BH</td>
<td>H</td>
<td>WH</td>
<td>S</td>
<td>P</td>
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### Number of Analysts Following Stock

![Bar chart showing number of analysts following stock]

### Stock Price ($)

![Line chart showing stock price]

### Wall Street Consensus Estimates

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<th>2013 Actual $3.45</th>
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<td>3.99</td>
<td>3.84</td>
<td>7</td>
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<tr>
<td>2015 vs. 2014</td>
<td>▲21%</td>
<td>▲27%</td>
<td>▲16%</td>
<td>▲14%</td>
</tr>
</tbody>
</table>

### Wall Street Consensus vs. Performance

For fiscal year 2014, analysts estimate that PRAA will earn US$ 3.92. For the 2nd quarter of fiscal year 2014, PRAA announced earnings per share of US$ 0.74, representing 19% of the total annual estimate. For fiscal year 2015, analysts estimate that PRAA’s earnings per share will grow by 21% to US$ 4.76.
Glossary

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| A+ Highest | B Below Average |
| A High | B- Lower |
| A- Above Average | C Lowest |
| B+ Average | D In Reorganization |
| NR Not Ranked |

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S&P Capital IQ Equity Research

Abbreviations Used in S&P Capital IQ Equity Research Reports
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CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model

STARS Ranking system and definition:
★★★★★ 5-STARS (Strong Buy):
Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.
★★★★ 4-STARS (Buy):
Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.
★★★ ★★ 3-STARS (Hold):
Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.
★★★ ★ 2-STARS (Sell):
Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.★★★ ★★ 1-STAR (Strong Sell):
Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares failing in price on an absolute basis.

Relevant benchmarks:
In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

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