



Consumer Portfolio Services, Inc. Reports 2007 Second Quarter Earnings

IRVINE, Calif.--(BUSINESS WIRE)--July 17, 2007--Consumer Portfolio Services, Inc. (Nasdaq:CPSS) ("CPS" or the "Company") today announced earnings for its second quarter ended June 30, 2007.

Pretax income for the second quarter of 2007 increased to \$6.2 million, compared to pretax income of \$2.6 million for the comparable quarter ended June 30, 2006. Net income for the quarter ended June 30, 2007 was \$3.5 million, or \$0.15 per diluted share, compared to net income of \$2.6 million, or \$0.11 per diluted share, for the quarter ended June 30, 2006. Net income for the second quarter of 2006 did not include a provision for income tax expense.

For the three months ended June 30, 2007 total revenues increased approximately \$28.6 million, or 42.6%, to \$95.8 million, compared to \$67.2 million for the three months ended June 30, 2006. Total expenses for the three months ended June 30, 2007 were \$89.6 million, an increase of \$25.0 million, or 38.7%, as compared to \$64.6 million for the three months ended June 30, 2006.

Pretax income for the six months ended June 30, 2007 increased to \$11.6 million, compared to pretax income of \$4.4 million for the six months ended June 30, 2006. Net income for the six months ended June 30, 2007 was \$6.7 million, or \$0.29 per diluted share, compared to net income of \$4.4 million, or \$0.18 per diluted share, for the six months ended June 30, 2006. Net income for the six months ended June 30, 2006 did not include a provision for income tax expense.

For the six months ended June 30, 2007 total revenues increased approximately \$57.0 million, or 45.5%, to \$182.3 million, compared to \$125.3 million for the six months ended June 30, 2006. Total expenses for the six months ended June 30, 2007 were \$170.6 million, an increase of \$49.8 million, or 41.2%, as compared to \$120.8 million for the six months ended June 30, 2006.

During the second quarter of 2007, CPS purchased \$346.0 million of contracts from dealers as compared to \$330.3 million during the first quarter of 2007 and \$268.8 million during the second quarter of 2006. During the first half of 2007, CPS purchased \$676.3 million of contracts from dealers as compared to \$523.2 million during the first half of 2006. 2007 contract purchases represent an increase of 29.3% vs. the same period in 2006. The Company's managed receivables totaled \$1,900.3 million as of June 30, 2007, an increase of \$525.0 million, or 38.2%, from \$1,375.3 million as of June 30, 2006, as follows (\$ in millions):

	June 30, 2007	June 30, 2006
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Owned by Consolidated Subsidiaries*	\$1,889.9	\$1,299.4
Owned by Non-Consolidated Subsidiaries	9.1	67.2
As Third Party Servicer for SeaWest Financial	1.3	8.7
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Total	\$1,900.3	\$1,375.3

* Before \$146.0 million and \$107.7 million of allowance for credit losses, deferred acquisition fees and repossessed vehicles for 2007 and 2006, respectively.

CPS completed a term securitization in May of receivables primarily originated by CPS and by its subsidiary, The Finance Company, with the sale of \$113.3 million of asset backed notes. This was in addition to its regular quarterly securitization program, with the June sale of \$315.0 million of asset backed notes. As previously announced, the quarterly transaction was executed with lower credit enhancement requirements than the first quarter transaction. Both transactions were completed smoothly in an otherwise uncertain credit market. Subsequent to quarter end, the Company issued \$60 million of two-year notes under a new \$120 million revolving and term residual interest financing facility.

Annualized net charge-offs during the first half of 2007 were 4.60% of the average owned portfolio as compared to 3.71% during the same period in 2006. Delinquencies greater than 30 days (including repossession inventory) were 4.85% of the total owned portfolio as of June 30, 2007 as compared to 3.87% as of June 30, 2006.

"The second quarter marks our largest quarter of new contract originations in the history of the Company," said Charles E. Bradley, Jr., President and Chief Executive Officer. "The controlled growth strategy that we implemented in the first quarter of 2004 has proven successful as we have grown our total managed portfolio from \$741 million at the end of 2003 to \$1.9 billion at the end of the second quarter 2007."

"With respect to the second quarter's financial results, our continued year-over-year pretax income growth validates our execution in growing our total managed portfolio and our ongoing efforts to improve operating efficiencies. Credit performance remains good and within the range of our expectations. In addition, the new residual interest financing facility we recently established provides significant liquidity and additional flexibility to our capital structure."

Conference Call

CPS announced that it will hold a conference call tomorrow, July 18, 2007, at 1:30 p.m. ET to discuss its quarterly earnings. Those wishing to participate by telephone may dial-in at 973-582-2717 approximately 10 minutes prior to the scheduled time.

A replay will be available between July 18, 2007 and July 25, 2007, beginning one hour after conclusion of the call, by dialing 877-519-4471 or 973-341-3080 for international participants, with pin number 8997332. A broadcast of the conference call will also be available live and for 30 days after the call via the Company's web site at www.consumerportfolio.com and at www.streetevents.com.

About Consumer Portfolio Services, Inc.

Consumer Portfolio Services, Inc. is a specialty finance company engaged in purchasing and servicing new and used retail automobile contracts originated primarily by franchised automobile dealerships and to a lesser extent by select independent dealers of used automobiles in the United States. We serve as an alternative source of financing for dealers, facilitating sales to sub-prime customers, who have limited credit history, low income or past credit problems and who otherwise might not be able to obtain financing from traditional sources.

Forward-looking statements in this news release include the Company's recorded revenue, expense and provision for credit losses, because these items are dependent on the Company's estimates of future losses. The accuracy of such estimates may be adversely affected by various factors, which include (in addition to risks relating to the economy generally) the following: possible increased delinquencies; repossessions and losses on retail installment contracts; incorrect prepayment speed and/or discount rate assumptions; possible unavailability of qualified personnel, which could adversely affect the Company's ability to service its portfolio; possible increases in the rate of consumer bankruptcy filings or the effects of recent changes in bankruptcy law, which could adversely affect the Company's rights to collect payments from its portfolio; other changes in government regulations affecting consumer credit; possible declines in the market price for used vehicles, which could adversely affect the Company's realization upon repossessed vehicles; and economic conditions in geographic areas in which the Company's business is concentrated. All of such factors also may affect the Company's future earnings, as to which there can be no assurance.

Any implication that the results of the most recently completed quarter are indicative of future results is disclaimed, and the reader should draw no such inference. Factors such as those identified above in relation to provision for credit losses may affect future performance.

Consumer Portfolio Services, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Revenues:				
Interest income	\$ 89,448	\$63,039	\$169,938	\$117,566
Servicing fees	113	799	395	1,804
Other income	6,239	3,395	11,961	5,887
	95,800	67,233	182,294	125,257
Expenses:				
Employee costs	11,335	9,720	22,139	19,077

General and administrative	6,082	5,678	12,051	10,789
Interest	33,714	22,303	63,218	40,338
Provision for credit losses	32,670	22,178	62,159	41,277
Other expenses	5,762	4,727	11,080	9,359
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	89,563	64,606	170,647	120,840
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Income before income taxes	6,237	2,627	11,647	4,417
Income taxes	2,749	-	4,928	-
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Net income	\$ 3,488	\$ 2,627	\$ 6,719	\$ 4,417
	=====	=====	=====	=====

Earnings per share:

Basic	\$ 0.16	\$ 0.12	\$ 0.31	\$ 0.20
Diluted	0.15	0.11	0.29	0.18

Number of shares used in
computing earnings per share:

Basic	21,539	21,839	21,533	21,786
Diluted	23,405	24,377	23,562	24,283

Condensed Consolidated Balance Sheets

(In thousands)

(Unaudited)

	June 30, 2007	December 31, 2006
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Cash	\$ 13,437	\$ 14,215
Restricted cash	260,979	193,001
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Total Cash	274,416	207,216
Finance receivables	1,839,503	1,480,794
Allowance for finance credit losses	(95,597)	(79,380)
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Finance receivables, net	1,743,906	1,401,414
Residual interest in securitizations	5,449	13,795
Other assets	110,143	106,169
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	\$2,133,914	\$ 1,728,594
	=====	=====
Accounts payable and other liabilities	\$ 36,956	\$ 31,185
Warehouse lines of credit	79,722	72,950
Residual interest financing	27,874	31,378
Securitization trust debt	1,837,634	1,442,995
Senior secured debt	15,000	25,000
Subordinated debt	19,766	13,574
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	2,016,952	1,617,082
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Shareholders' equity	116,962	111,512
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	\$2,133,914	\$ 1,728,594
	=====	=====

Operating and Performance
Data (\$ in thousands)

At and for the
Three months ended

At and for the
Six months ended

	June 30,		June 30,	
	2007	2006	2007	2006
Contract purchases	346,030	268,770	676,302	523,231
Total managed portfolio	1,900,255	1,375,347	1,900,255	1,375,347
Average managed portfolio	1,843,346	1,327,766	1,754,618	1,259,449
Net interest margin (1)	55,734	40,736	106,720	77,228
Risk adjusted margin (2)	23,064	18,558	44,561	35,951
Core operating expenses (3)	23,179	20,125	45,270	39,225
Annualized % of average managed portfolio	5.03%	6.06%	5.16%	6.23%
Annualized return on managed assets (4)	1.35%	0.79%	1.33%	0.70%
Allowance as % of finance receivables	5.20%	5.91%		
Delinquencies				
31+ Days	3.50%	2.86%		
Repossession Inventory	1.35%	1.01%		
Total Delinquencies and Repossession Inventory	4.85%	3.87%		
Annualized net charge-offs as % of average owned portfolio	4.13%	2.78%	4.60%	3.71%

(1) Interest income less interest expense.

(2) Net interest margin less provision for credit losses.

(3) Total expenses less interest and provision for credit losses.

(4) Pretax income divided by average managed portfolio.

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SOURCE: Consumer Portfolio Services, Inc.