



CPS Announces Second Quarter 2011 Operating Results

IRVINE, Calif., Aug. 15, 2011 (GLOBE NEWSWIRE) -- Consumer Portfolio Services, Inc. (Nasdaq:CPSS) ("CPS" or the "Company") today announced operating results for its second quarter ended June 30, 2011.

Operating results for the second quarter of 2011 included revenues of \$31.2 million, a decrease of approximately \$7.4 million, or 19.1%, compared to \$38.5 million for the second quarter of 2010. Total operating expenses for the second quarter of 2011 were \$37.6 million, a decrease of \$4.1 million, or 9.8%, as compared to \$41.7 million for the 2010 period. Pretax loss for the second quarter of 2011 was \$6.4 million compared to pretax loss of \$3.2 million in the second quarter of 2010. Net loss for the second quarter of 2011 was \$6.4 million, or \$0.35 per diluted share, compared to net loss of \$6.8 million, or \$0.39 per diluted share, for the year-ago quarter. Net loss for the second quarter of 2010 includes a charge to income tax expense of \$(3.6) million, or \$(0.21) per diluted share, related to an addition to the valuation allowance against the deferred tax asset.

For the six months ended June 30, 2011 total revenues were \$63.5 million compared to \$83.1 million for the six months ended June 30, 2010, a decrease of approximately \$19.6 million, or 23.5%. Total expenses for the six months ended June 30, 2011 were \$74.2 million, a decrease of \$20.0 million, or 21.3%, as compared to \$94.2 million for the six months ended June 30, 2010. Pretax loss for the six months ended June 30, 2011 was \$(10.6) million, compared to pretax loss of \$(11.1) million for the six months ended June 30, 2010. Net loss for the six months ended June 30, 2011 was \$(10.6) million, or \$(0.58) per diluted share, compared to net loss of \$(14.7) million, or \$(0.83) per diluted share, for the six months ended June 30, 2010. Net loss for the first half of 2010 includes a charge to income tax expense of \$(3.6) million, or \$(0.20) per diluted share, related to an addition to the valuation allowance against the deferred tax asset.

During the second quarter of 2011, CPS purchased \$60.8 million of contracts from dealers as compared to \$50.0 million during the first quarter of 2011 and \$26.7 million during the second quarter of 2010. The Company's managed receivables totaled \$635.0 million as of June 30, 2011, a decrease of \$296.6 million, or 31.8%, from \$931.6 million as of June 30, 2010, as follows (\$ in millions):

	June 30, 2011	June 30, 2010
Owned by Consolidated Subsidiaries*	\$ 522.1	\$ 719.8
Owned by Non-Consolidated Subsidiaries	61.7	107.9
As Third Party Servicer	51.2	103.9
Total	\$ 635.0	\$ 931.6

* Before \$35.4 million and \$52.2 million of allowance for credit losses, deferred acquisition fees and repossessed vehicles for 2011 and 2010, respectively.

Annualized net charge-offs for the second quarter of 2011 were 6.04% of the average owned portfolio as compared to 9.33% in 2010. Delinquencies greater than 30 days (including repossession inventory) were 5.9% of the total owned portfolio as of June 30, 2011, as compared to 6.8% as of June 30, 2010.

"The second quarter was another good quarter operationally," said Charles E. Bradley, Jr., Chairman and Chief Executive Officer. "We continued to increase our new contract purchases and our asset performance metrics improved year-over-year. We are now getting close to the point where our managed portfolio will start growing again. As I have mentioned in the past, the decrease in our managed portfolio has been one of the key factors contributing to the losses we have experienced over the last several quarters."

"In addition, last week we signed a purchase agreement with Fireside Bank to acquire its \$237 million sub-prime auto portfolio. We expect to close the transaction later this quarter after receiving the requisite regulatory approvals. This will be the fifth acquisition we have completed in the last 10 years and will boost our managed portfolio by over 35%. More importantly, the transaction should accelerate our return to profitability as a result of increased net interest margin and enhanced operational efficiencies."

Conference Call

CPS announced that it will hold a conference call on Tuesday, August 16, 2011, at 1:30 p.m. ET to discuss its quarterly operating results. Those wishing to participate by telephone may dial-in at 877 312-5502 or 253 237-1131 approximately 10 minutes prior to the scheduled time.

A replay will be available between August 16, 2011 and August 23, 2011, beginning two hours after conclusion of the call, by dialing 855 859-2056 or 404 537-3406 for international participants, with conference identification number 91713314. 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.

About Consumer Portfolio Services, Inc.

Consumer Portfolio Services, Inc. is an independent specialty finance company that provides indirect automobile financing to individuals with past credit problems, low incomes or limited credit histories. We purchase retail installment sales contracts primarily from franchised automobile dealerships secured by late model used vehicles and, to a lesser extent, new vehicles. We fund these contract purchases on a long-term basis primarily through the securitization markets and service the contracts over their lives.

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, 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 financial results, 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,	
	2011	2010	2011	2010
Revenues:				
Interest income	\$ 27,812	\$ 35,178	\$ 56,396	\$ 74,147
Servicing fees	1,130	1,963	2,545	4,351
Other income	2,212	1,387	4,608	4,619
	<u>31,154</u>	<u>38,528</u>	<u>63,549</u>	<u>83,117</u>
Expenses:				
Employee costs	7,461	8,697	15,085	17,475
General and administrative	3,772	5,579	7,411	11,454
Interest	19,241	18,775	38,367	43,242
Provision for credit losses	4,360	6,990	8,052	18,706
Other expenses	2,763	1,656	5,283	3,344
	<u>37,597</u>	<u>41,697</u>	<u>74,198</u>	<u>94,221</u>
Income before income taxes	(6,443)	(3,169)	(10,649)	(11,104)
Income taxes	--	3,600	--	3,600
Net income	<u>\$ (6,443)</u>	<u>\$ (6,769)</u>	<u>\$ (10,649)</u>	<u>\$ (14,704)</u>
Earnings per share:				
Basic	\$ (0.35)	\$ (0.39)	\$ (0.58)	\$ (0.83)

Diluted	(0.35)	(0.39)	(0.58)	(0.83)
Number of shares used in computing earnings per share:				
Basic	18,421	17,450	18,272	17,642
Diluted	18,421	17,450	18,272	17,642

Condensed Consolidated Balance Sheets

(In thousands)

(Unaudited)

	June 30, 2011	December 31, 2010
Cash	\$ 16,468	\$ 16,252
Restricted cash	<u>128,385</u>	<u>123,958</u>
Total Cash	144,853	140,210
Finance receivables	496,980	565,621
Allowance for finance credit losses	<u>(10,284)</u>	<u>(13,168)</u>
Finance receivables, net	486,696	552,453
Residual interest in securitizations	4,048	3,841
Deferred tax assets, net	15,000	15,000
Other assets	<u>29,934</u>	<u>30,886</u>
	<u>\$ 680,531</u>	<u>\$ 742,390</u>
Accounts payable and other liabilities	\$ 23,359	\$ 22,033
Warehouse line of credit	43,847	45,564
Residual interest financing	30,461	39,440
Securitization trust debt	516,255	567,722
Senior secured debt, related party	53,358	44,873
Subordinated debt	<u>20,738</u>	<u>20,337</u>
	<u>688,018</u>	<u>739,969</u>
Shareholders' equity	<u>(7,487)</u>	<u>2,421</u>
	<u>\$ 680,531</u>	<u>\$ 742,390</u>

Operating and Performance Data (\$ in thousands)

	At and for the Three months ended		At and for the Six months ended	
	June 30,		June 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Contract purchases	60,814	26,727	110,850	44,137
Total managed portfolio	634,973	931,615	634,973	931,615
Average managed portfolio	646,831	966,510	675,490	1,030,410
Net interest margin (1)	8,571	16,403	18,029	30,905

Risk adjusted margin (2)	4,211	9,413	9,977	12,199
Core operating expenses (3)	13,996	15,932	27,779	32,273
Annualized % of average managed portfolio	8.66%	6.59%	8.22%	6.26%
Allowance for finance credit losses as % of fin. receivables	2.07%	3.94%		
Aggregate allowance as % of fin. receivables (4)	3.23%	5.57%		
Delinquencies				
31+ Days	3.96%	4.55%		
Repossession Inventory	1.96%	2.28%		
Total Delinquencies and Repossession Inventory	5.92%	6.83%		
Annualized net charge-offs as % of average owned portfolio	6.04%	9.33%	7.74%	10.85%

(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) Includes allowance for finance credit losses and allowance for repossession inventory.

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Source: Consumer Portfolio Services, Inc.

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