CPS Announces Fourth Quarter and Full Year 2010 Operating Results

IRVINE, Calif., March 31, 2011 (GLOBE NEWSWIRE) -- Consumer Portfolio Services, Inc. (Nasdaq:CPSS) ("CPS" or the "Company") today announced operating results for its fourth quarter ended December 31, 2010.

Operating results for the fourth quarter of 2010 included revenues of $35.3 million, a decrease of approximately $11.4 million, or 24.5%, compared to $46.7 million for the fourth quarter of 2009. Total operating expenses for the fourth quarter of 2010 were $37.4 million, a decrease of $47.9 million, or 56.1%, as compared to $85.3 million for the 2009 period. Pretax loss for the fourth quarter of 2010 was $2.2 million compared to pretax loss of $38.6 million in the fourth quarter of 2009.

Net loss for the fourth quarter of 2010 was $14.5 million, or $0.84 per diluted share, compared to net loss of $46.4 million, or $2.55 per diluted share, for the year-ago quarter. Net loss for the fourth quarter of 2010 includes income tax expense of $12.4 million, or $0.71 per diluted share, which represents an addition to the valuation allowance against the Company's deferred tax asset. Net loss for the fourth quarter of 2009 includes income tax expense of $7.8 million, or $0.43 per diluted share, which represents an addition to the valuation allowance against the Company's deferred tax asset.

For the year ended December 31, 2010 total revenues were $155.2 million compared to $223.9 million for the year ended December 31, 2009, a decrease of approximately $68.7 million, or 30.7%. Total expenses for the year ended December 31, 2010 were $172.0 million, a decrease of $101.3 million, or 37.1%, as compared to $273.3 million for the year ended December 31, 2009. Pretax loss for the year ended December 31, 2010 was $16.8 million, compared to pretax loss of $49.4 million for the year ended December 31, 2009.

Net loss for the year ended December 31, 2010 was $33.8 million, or $1.94 per diluted share, compared to net loss of $57.2 million, or $3.07 per diluted share, for the year ended December 31, 2009. Net loss for the year of 2010 includes income tax expense of $17.0 million, or $0.97 per diluted share, which represents additions to the valuation allowance against the Company's deferred tax asset. Net loss for the year of 2009 includes income tax expense of $7.8 million, or $0.42 per diluted share, which represents additions to the valuation allowance against the Company's deferred tax asset.

During the fourth quarter of 2010, CPS purchased $33.6 million of contracts from dealers as compared to $35.3 million during the third quarter of 2010 and $6.1 million during the fourth quarter of 2009. The Company's managed receivables totaled $756.2 million as of December 31, 2010, a decrease of $438.5 million, or 36.7%, from $1,194.7 million as of December 31, 2009, as follows ($ in millions):

	December 31, 2010	December 31, 2009
Owned by Consolidated Subsidiaries*	$597.1	$922.7
Owned by Non-Consolidated Subsidiaries	84.0	134.9
As Third Party Servicer	75.1	137.1
Total	$756.2	$1,194.7

* Before $44.6 million and $82.6 million of allowance for credit losses, deferred acquisition fees and repossessed vehicles for 2010 and 2009, respectively.

Annualized net charge-offs for 2010 were 9.04% of the average owned portfolio as compared to 11.02% in 2009. Delinquencies greater than 30 days (including repossession inventory) were 9.16% of the total owned portfolio as of December 31, 2010, as compared to 8.76% as of December 31, 2009.

"2010 and the last few months have been very productive for the Company," said Charles E. Bradley, Jr., Chairman and Chief Executive Officer. "We have established two new credit facilities for $200 million in new warehouse funding, raised $20 million in incremental growth capital and completed our first term securitization since early 2008. In addition, our new contract purchase initiatives within the dealership community are gaining traction. We purchased over $110 million in new contracts in 2010 vs. nominal amounts in 2009 and maintained attractive yields and credit metrics."

"Our two primary objectives for 2011 will be to increase new contract purchases to the point where our total managed portfolio starts growing again and to complete multiple term securitization transactions. We feel both of these goals are attainable and will mark important milestones in our rebuilding efforts from the impact we have felt from the Great Recession."

Conference Call

CPS announced that it will hold a conference call on Monday, April 4, 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 April 4, 2011 and April 10, 2011, beginning two hours after conclusion of the call, by dialing 800 642-1687 or 706 645-9291 for international participants, with conference identification number 56806276. 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 December 31,		Twelve months ended December 31,	
	2010	2009	2010	2009
Revenues:				
Interest income	$ 30,018	$ 42,737	$ 137,090	$ 208,196
Servicing fees	1,538	1,829	7,657	4,640
Other income	3,714	2,137	10,438	11,059
	35,270	46,703	155,185	223,895
Expenses:				
Employee costs	8,739	10,840	33,814	37,306
General and administrative	3,478	6,183	18,526	24,204
Interest	18,846	24,490	82,226	111,768
Provision for credit losses	4,179	42,175	29,921	92,011
Other expenses	2,188	1,653	7,542	8,013
	37,430	85,341	172,029	273,302
Income before income taxes	(2,160)	(38,638)	(16,844)	(49,407)

Income taxes	12,382	7,800	16,982	7,800
Net income	$ (14,542)	$ (46,438)	$ (33,826)	$ (57,207)
Earnings per share:				
Basic	$ (0.84)	$ (2.55)	$ (1.94)	$ (3.07)
Diluted	(0.84)	(2.55)	(1.94)	(3.07)
Number of shares used in computing earnings per share:				
Basic	17,321	18,216	17,477	18,643
Diluted	17,321	18,216	17,477	18,643

Condensed Consolidated Balance Sheets

(In thousands)

(Unaudited)

	December 31, 2010	December 31, 2009
Cash	$ 16,252	$ 12,433
Restricted cash	123,958	128,511
Total cash	140,210	140,944
Finance receivables	565,621	878,366
Allowance for finance credit losses	(13,168)	(38,274)
Finance receivables, net	552,453	840,092
Residual interest in securitizations	3,841	4,316
Deferred tax assets, net	15,000	33,450
Other assets	31,380	49,459
	$ 742,884	$ 1,068,261
Accounts payable and other liabilities	$ 20,394	$ 17,906
Warehouse line of credit	45,564	4,932
Residual interest financing	39,440	56,930
Securitization trust debt	567,722	904,833
Senior secured debt, related party	44,873	26,118
Subordinated debt	20,337	21,965
	738,330	1,032,684
Shareholders' equity	4,554	35,577
	$ 742,884	$ 1,068,261

Operating and Performance Data ($ in thousands)	At and for the Three months ended December 31,		At and for the Twelve months ended December 31,	
	2010	2009	2010	2009
Contract purchases	33,633	6,061	113,023	8,599
Total managed portfolio	756,211	1,194,721	756,211	1,194,721

Average managed portfolio	781,647	1,196,598	928,977	1,342,410
Net interest margin (1)	11,172	18,247	54,864	96,428
Risk adjusted margin (2)	6,993	(23,928)	24,943	4,417
Core operating expenses (3)	14,405	18,676	59,882	69,523
Annualized % of average managed portfolio	7.37%	6.24%	6.45%	5.18%
Allowance for finance credit losses as % of fin. receivables	2.33%	4.36%		
Aggregate allowance as % of fin. receivables (4)	5.02%	7.24%		
Delinquencies				
31+ Days	5.74%	4.90%		
Repossession Inventory	3.42%	3.86%		
Total Delinquencies and Repossession Inventory	9.16%	8.76%		
Annualized net charge-offs as % of average owned portfolio	6.65%	13.23%	9.04%	11.02%

(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.

CONTACT: Investor Relations Contact

Robert E. Riedl, Chief Investment Officer

949 753-6800