



CPS Announces Third Quarter 2010 Operating Results

IRVINE, Calif., Nov. 15, 2010 (GLOBE NEWSWIRE) -- Consumer Portfolio Services, Inc. (Nasdaq:CPSS) ("CPS" or the "Company") today announced operating results for its third quarter ended September 30, 2010.

Operating results for the third quarter of 2010 included revenues of \$36.8 million, a decrease of approximately \$16.0 million, or 30.3%, compared to \$52.8 million for the third quarter of 2009. Total operating expenses for the third quarter of 2010 were \$40.3 million, a decrease of \$16.8 million, or 29.5%, as compared to \$57.1 million for the 2009 period. Pretax loss for the third quarter of 2010 was \$(3.5) million compared to pretax loss of \$(4.3) million in the third quarter of 2009. Net loss for the third quarter of 2010 was \$(4.5) million, or \$(0.26) per diluted share, compared to net loss of \$(4.3) million, or \$(0.23) per diluted share, for the year-ago quarter. Net loss for the third quarter of 2010 includes a charge to income tax expense of \$(1.0) million, or \$(0.06) per diluted share, related to an addition to the valuation allowance against the deferred tax asset.

For the nine months ended September 30, 2010 total revenues were \$119.9 million compared to \$177.2 million for the nine months ended September 30, 2009, a decrease of approximately \$57.3 million, or 32.3%. Total expenses for the nine months ended September 30, 2010 were \$134.6 million, a decrease of \$53.4 million, or 28.4%, as compared to \$188.0 million for the nine months ended September 30, 2009. Pretax loss for the nine months ended September 30, 2010 was \$(14.7) million, compared to pretax loss of \$(10.8) million for the nine months ended September 30, 2009. Net loss for the nine months ended September 30, 2010 was \$(19.3) million, or \$(1.10) per diluted share, compared to net loss of \$(10.8) million, or \$(0.57) per diluted share, for the nine months ended September 30, 2009. Net loss for the first nine months of 2010 includes a charge to income tax expense of \$(4.6) million, or \$(0.26) per diluted share, related to additions to the valuation allowance against the deferred tax asset.

During the third quarter of 2010, CPS purchased \$35.3 million of contracts from dealers as compared to \$26.7 million during the second quarter of 2010 and \$506,000 during the third quarter of 2009. The Company's managed receivables totaled \$843.0 million as of September 30, 2010, a decrease of \$354.3 million, or 29.6%, from \$1,197.3 million as of September 30, 2009, as follows (\$ in millions):

	September 30, 2010	September 30, 2009
Owned by Consolidated Subsidiaries*	\$657.6	\$1,049.3
Owned by Non-Consolidated Subsidiaries	95.8	148.0
As Third Party Servicer	89.6	0.0
Total	\$843.0	\$1,197.3

* Before \$49.3 million and \$73.3 million of allowance for credit losses, deferred acquisition fees and repossessed vehicles for 2010 and 2009, respectively.

Annualized net charge-offs for the third quarter of 2010 were 6.98% of the average owned portfolio as compared to 8.82% in 2009. Delinquencies greater than 30 days (including repossession inventory) were 8.64% of the total owned portfolio as of September 30, 2010, as compared to 8.83% as of September 30, 2009. The third quarter of 2010 represents the second consecutive quarter that year-over-year portfolio net charge-off levels have improved since the Company's managed portfolio began to decrease in 2008.

"Operational improvements continued in the third quarter with another significant increase in new contract purchases and favorable year-over-year credit performance levels," said Charles E. Bradley, Jr., Chairman and Chief Executive Officer. "In addition, we successfully completed our first term securitization transaction in over two years, our first rated senior subordinate term deal since 1993, at rates competitive with our peers. Getting that deal closed should enhance our fund raising efforts in the near term and set the stage for lower funding costs in 2011."

Conference Call

CPS announced that it will hold a conference call on Tuesday, November 16, 2010, 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 November 16, 2010 and November 22, 2010, beginning one hour after conclusion of the call, by dialing 800 642-1687 or 706 645-9291 for international participants, with conference identification number 25285298. 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 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 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 September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Revenues:				
Interest income	\$ 32,925	\$ 49,320	\$ 107,072	\$ 165,459
Servicing fees	1,768	839	6,119	2,811
Other income	2,105	2,662	6,724	8,922
	<u>36,798</u>	<u>52,821</u>	<u>119,915</u>	<u>177,192</u>
Expenses:				
Employee costs	7,599	8,224	25,075	26,466
General and administrative	3,593	5,569	15,048	18,021
Interest	20,056	26,175	63,380	87,278
Provision for credit losses	7,036	15,258	25,742	49,836
Other expenses	2,011	1,902	5,354	6,360
	<u>40,295</u>	<u>57,128</u>	<u>134,599</u>	<u>187,961</u>
Income before income taxes	(3,497)	(4,307)	(14,684)	(10,769)
Income taxes	1,000	--	4,600	--
Net income	<u>\$ (4,497)</u>	<u>\$ (4,307)</u>	<u>\$ (19,284)</u>	<u>\$ (10,769)</u>

Earnings per share:

Basic	\$ (0.26)	\$ (0.23)	\$ (1.10)	\$ (0.57)
Diluted	(0.26)	(0.23)	(1.10)	(0.57)

Number of shares used in computing earnings per share:

Basic	17,309	18,583	17,530	18,776
Diluted	17,309	18,583	17,530	18,776

Condensed Consolidated Balance Sheets

(In thousands)

(Unaudited)

	September 30, 2010	December 31, 2009
Cash	\$ 11,293	\$ 12,433
Restricted cash	120,105	128,511
Total Cash	131,398	140,944
Finance receivables	629,508	878,366
Allowance for finance credit losses	(21,198)	(38,274)
Finance receivables, net	608,310	840,092
Residual interest in securitizations	3,696	4,316
Deferred tax assets, net	28,850	33,450
Other assets	29,724	49,459
	<u>\$ 801,978</u>	<u>\$ 1,068,261</u>
Accounts payable and other liabilities	\$ 20,932	\$ 17,906
Warehouse line of credit	39,692	4,932
Residual interest financing	44,252	56,930
Securitization trust debt	632,783	904,833
Senior secured debt, related party	26,950	26,118
Subordinated debt	21,300	21,965
	<u>785,909</u>	<u>1,032,684</u>
Shareholders' equity	<u>16,069</u>	<u>35,577</u>
	<u>\$ 801,978</u>	<u>\$ 1,068,261</u>

Operating and Performance Data (\$ in thousands)

	At and for the Three months ended September 30,		At and for the Nine months ended September 30,	
	2010	2009	2010	2009
Contract purchases	35,253	506	79,390	2,539
Total managed portfolio	843,012	1,197,341	843,012	1,197,341
Average managed portfolio	873,439	1,240,287	978,087	1,391,013
Net interest margin (1)	12,869	23,145	43,692	78,181

Risk adjusted margin (2)	5,833	7,887	17,950	28,345
Core operating expenses (3)	13,203	15,695	45,477	50,847
Annualized % of average managed portfolio	6.05%	5.06%	6.20%	4.87%
Allowance for finance credit losses as % of fin. receivables	3.37%	3.28%		
Aggregate allowance as % of fin. receivables (4)	5.40%	5.57%		
Delinquencies				
31+ Days	5.90%	5.80%		
Repossession Inventory	2.74%	3.02%		
Total Delinquencies and Repossession Inventory	8.64%	8.83%		
Annualized net charge-offs as % of average owned portfolio	6.98%	8.82%	9.69%	10.44%

(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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