



## CPS Announces Third Quarter 2011 Operating Results

IRVINE, Calif., Nov. 11, 2011 (GLOBE NEWSWIRE) -- Consumer Portfolio Services, Inc. (Nasdaq:CPSS) ("CPS" or the "Company") today announced operating results for its third quarter ended September 30, 2011.

Operating results for the third quarter of 2011 included revenues of \$33.8 million, a decrease of approximately \$3.0 million, or 8.1%, compared to \$36.8 million for the third quarter of 2010. Total operating expenses for the third quarter of 2011 were \$37.9 million, a decrease of \$1.4 million, or 3.5%, as compared to \$39.2 million for the 2010 period. Pretax loss for the third quarter of 2011 was \$4.0 million compared to pretax loss of \$2.4 million in the third quarter of 2010. Net loss for the third quarter of 2011 was \$4.0 million, or \$0.20 per diluted share, compared to net loss of \$3.4 million, or \$0.20 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, 2011 total revenues were \$97.4 million compared to \$119.9 million for the nine months ended September 30, 2010, a decrease of approximately \$22.6 million, or 18.8%. Total expenses for the nine months ended September 30, 2011 were \$112.1 million, a decrease of \$21.4 million, or 16.0%, as compared to \$133.5 million for the nine months ended September 30, 2010. Pretax loss for the nine months ended September 30, 2011 was \$14.7 million, compared to pretax loss of \$13.5 million for the nine months ended September 30, 2010. Net loss for the nine months ended September 30, 2011 was \$14.7 million, or \$0.78 per diluted share, compared to net loss of \$18.1 million, or \$1.04 per diluted share, for the nine months ended September 30, 2010. 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 an addition to the valuation allowance against the deferred tax asset.

During the third quarter of 2011, CPS purchased \$81.2 million of contracts from dealers as compared to \$60.8 million during the second quarter of 2011 and \$35.3 million during the third quarter of 2010. The Company's managed receivables totaled \$827.8 million as of September 30, 2011, a decrease of \$15.2 million, or 1.8%, from \$843.0 million as of September 30, 2010, as follows (\$ in millions):

	September 30, 2011	September 30, 2010
Owned by Consolidated Subsidiaries*	\$734.80	\$657.60
Owned by Non-Consolidated Subsidiaries	51.7	95.8
As Third Party Servicer	41.3	89.6
Total	\$827.80	\$843.00

\* Before \$54.8 million and \$49.3 million of allowance for credit losses, deferred acquisition fees, repossessed vehicles and the fair value adjustment on the Fireside portfolio for 2011 and 2010, respectively.

The Company's managed receivables increased from \$635.0 million at the end of June 2011 primarily as a result of the acquisition of the \$237 million portfolio from Fireside Bank. The portfolio by originating entity is as follows (\$ in millions):

Originating Entity	September 30, 2011	September 30, 2010
CPS	\$572.50	\$741.60
Fireside Bank	210.9	0
TFC	3.1	11.8
As Third Party Servicer	41.3	89.6
Total	\$827.80	\$843.00

Annualized net charge-offs for the nine months ended September 30, 2011 were 6.56% of the average owned portfolio as compared to 9.69% in for the same period in 2010. Delinquencies greater than 30 days (including repossession inventory) were 6.2% of the total owned portfolio as of September 30, 2011, as compared to 8.6% as of September 30, 2010.

"We are pleased to announce that we achieved important operational milestones during the third quarter," said Charles E.

Bradley, Jr., Chairman and Chief Executive Officer. "In addition to completing the Fireside portfolio acquisition, our new contract purchases have increased to the point where we are now growing the CPS portfolio once again. Both of these accomplishments will have a positive impact on our profitability in future quarters."

"On the capital markets side of the business, we completed our second term securitization of 2011 in September. This marks our third transaction in the last year and demonstrates our ability to access the market on a regular basis once again."

#### *Conference Call*

CPS announced that it will hold a conference call on Monday, November 14, 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 November 14, 2011 and November 21, 2011, beginning two hours after conclusion of the call, by dialing 800 585-8367 or 404 537-3406 for international participants, with conference identification number 27738583. 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](http://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		Nine months ended	
	September 30,		September 30,	
	2011	2010	2011	2010
<b>Revenues:</b>				
Interest income	\$ 30,236	\$ 32,925	\$ 86,632	\$ 107,072
Servicing fees	986	1,768	3,530	6,119
Other income	2,592	2,105	7,201	6,724
	<u>33,814</u>	<u>36,798</u>	<u>97,363</u>	<u>119,915</u>
<b>Expenses:</b>				
Employee costs	8,257	7,599	23,343	25,075
General and administrative	3,286	3,593	10,697	15,048
Interest	19,011	19,001	57,377	62,242
Provision for credit losses	3,982	7,036	12,034	25,742
Other expenses	<u>3,324</u>	<u>2,011</u>	<u>8,607</u>	<u>5,354</u>

	<u>37,860</u>	<u>39,240</u>	<u>112,058</u>	<u>133,461</u>
Income before income taxes	(4,046)	(2,442)	(14,695)	(13,546)
Income taxes	<u>--</u>	<u>1,000</u>	<u>--</u>	<u>4,600</u>
Net income	<u><u>\$ (4,046)</u></u>	<u><u>\$ (3,442)</u></u>	<u><u>\$ (14,695)</u></u>	<u><u>\$ (18,146)</u></u>

Earnings per share:

Basic	\$ (0.20)	\$ (0.20)	\$ (0.78)	\$ (1.04)
Diluted	(0.20)	(0.20)	(0.78)	(1.04)

Number of shares used in computing earnings  
per share:

Basic	19,821	17,309	18,794	17,530
Diluted	19,821	17,309	18,794	17,530

**Condensed Consolidated Balance Sheets**  
(In thousands)  
(Unaudited)

	<u>September 30, 2011</u>	<u>December 31, 2010</u>
Cash	\$ 9,379	\$ 16,252
Restricted cash	<u>128,920</u>	<u>123,958</u>
Total Cash	138,299	140,210
Finance receivables	497,115	565,621
Allowance for finance credit losses	(9,769)	(13,168)
Finance receivables, net	487,346	552,453
Finance receivables measured at fair value	192,618	--
Residual interest in securitizations	4,219	3,841
Deferred tax assets, net	15,000	15,000
Other assets	<u>32,731</u>	<u>30,886</u>
	<u><u>\$ 870,213</u></u>	<u><u>\$ 742,390</u></u>
Accounts payable and other liabilities	\$ 23,975	\$ 22,033
Warehouse line of credit	17,637	45,564
Residual interest financing	25,562	39,440
Debt secured by receivables measured at fair value	196,713	--
Securitization trust debt	543,195	567,722
Senior secured debt, related party	53,497	44,873
Subordinated debt	<u>20,880</u>	<u>20,337</u>
	<u>881,459</u>	<u>739,969</u>
Shareholders' equity	<u>(11,246)</u>	<u>2,421</u>
	<u><u>\$ 870,213</u></u>	<u><u>\$ 742,390</u></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,	
	2011	2010	2011	2010
Contract purchases	81,166	35,253	192,016	79,390
Total managed portfolio	827,802	843,012	827,802	843,012
Average managed portfolio	691,237	873,439	669,034	978,087
Net interest margin (1)	11,225	13,924	29,255	44,830
Risk adjusted margin (2)	7,243	6,888	17,221	19,088
Core operating expenses (3)	14,867	13,203	42,647	45,477
Annualized % of average managed portfolio	8.60%	6.05%	8.50%	6.20%
Allowance for finance credit losses as % of fin. receivables	1.97%	3.37%		
Aggregate allowance as % of fin. receivables (4)	2.91%	5.40%		
Delinquencies				
31+ Days	4.38%	5.90%		
Repossession Inventory	1.82%	2.74%		
Total Delinquencies and Repossession Inventory	6.21%	8.64%		
Annualized net charge-offs as % of average owned portfolio	4.13%	6.98%	6.56%	9.69%

(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

Source: Consumer Portfolio Services, Inc.

News Provided by Acquire Media