



July 15, 2015

CPS Announces Second Quarter 2015 Earnings

- Pretax income of \$15.2 million
- Net income of \$8.5 million, or \$0.27 per diluted share
- New contract purchases of \$270 million
- Total managed portfolio increases to \$1.822 billion from \$1.726 billion at March 31, 2015
- New \$100 million two-year revolving credit agreement

LAS VEGAS, NV, July 15, 2015 (GLOBE NEWSWIRE) -- Consumer Portfolio Services, Inc. (Nasdaq:CPSS) ("CPS" or the "Company") today announced earnings of \$8.5 million, or \$0.27 per diluted share, for its second quarter ended June 30, 2015. This compares to net income of \$7.0 million, or \$0.22 per diluted share, in the second quarter of 2014, a 22.7% increase in diluted earnings per share.

Revenues for the second quarter of 2015 were \$88.4 million, an increase of \$16.8 million, or 23.4%, compared to \$71.6 million for the second quarter of 2014. Total operating expenses for the second quarter of 2015 were \$73.2 million, an increase of \$13.9 million, or 23.4%, compared to \$59.3 million for the 2014 period. Pretax income for the second quarter of 2015 was \$15.2 million compared to pretax income of \$12.3 million in the second quarter of 2014, an increase of 23.3%.

For the six months ended June 30, 2015 total revenues were \$174.4 million compared to \$139.7 million for the six months ended June 30, 2014, an increase of approximately \$34.6 million, or 24.8%. Total expenses for the six months ended June 30, 2015 were \$144.4 million, an increase of \$28.8 million, or 24.9%, compared to \$115.6 million for the six months ended June 30, 2014. Pretax income for the six months ended June 30, 2015 was \$29.9 million, compared to \$24.1 million for the six months ended June 30, 2014. Net income for the six months ended June 30, 2015 was \$16.9 million, an increase of 23.4%, compared to \$13.7 million for the six months ended June 30, 2014.

During the second quarter of 2015, CPS purchased \$270.0 million of new contracts, an increase of 27.7%, compared to \$211.4 million during the second quarter of 2014. The Company's managed receivables totaled \$1.822 billion as of June 30, 2015, an increase from \$1.726 billion as of March 31, 2015 and \$1.374 billion as of June 30, 2014.

Annualized net charge-offs for the second quarter of 2015 were 6.59% of the average owned portfolio as compared to 4.98% for the second quarter of 2014. Delinquencies greater than 30 days (including repossession inventory) were 7.49% of the total owned portfolio as of June 30, 2015, as compared to 6.21% as of June 30, 2014.

As previously reported, during June CPS closed its second term securitization transaction of 2015 and the 17th transaction since April 2011, and the fifth consecutive transaction to earn a triple "A" rating on the senior class of notes. In the senior subordinate structure, a special purpose subsidiary sold five tranches of asset-backed notes totaling \$250.0 million. The notes are secured by automobile receivables purchased by CPS and have a weighted average effective coupon of approximately 3.17%. The transaction has initial credit enhancement consisting of a cash deposit equal to 1.00% of the original receivable pool balance. The final enhancement level requires accelerated payment of principal on the notes to reach overcollateralization of 4.00% of the then-outstanding receivable pool balance.

"We are pleased with our operating results for the second quarter of 2015," said Charles E. Bradley, Jr., Chairman and Chief Executive Officer. "We achieved our 15th consecutive quarter of increasing quarterly earnings, and increased our quarterly and our six-month diluted earnings per share by 23% compared to the same periods of 2014. In addition, we entered into a new two-year \$100 million revolving credit agreement."

Conference Call

CPS announced that it will hold a conference call on Thursday, July 16, 2015, at 1:00 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 of the conference call will be available between July 16, 2015 and July 23, 2015, beginning two hours after conclusion of the call, by dialing 855 859-2056 or 404 537-3406 for international participants, with conference identification number 83557731. A broadcast of the conference call will also be available live and for 90 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 incurred 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 the 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,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:				
Interest income	\$ 84,900	\$ 68,221	\$ 167,259	\$ 133,217
Servicing fees	62	367	210	880
Other income	3,399	3,006	6,881	5,643
	<u>88,361</u>	<u>71,594</u>	<u>174,350</u>	<u>139,740</u>
Expenses:				
Employee costs	13,144	11,774	27,630	22,664
General and administrative	5,108	5,075	9,944	8,678
Interest	13,688	11,942	26,861	25,323
Provision for credit losses	35,683	25,627	69,122	49,508
Other expenses	5,538	4,847	10,844	9,474
	<u>73,161</u>	<u>59,265</u>	<u>144,401</u>	<u>115,647</u>
Income before income taxes	15,200	12,329	29,949	24,093
Income tax expense	6,663	5,303	13,079	10,362
Net income	<u>\$ 8,537</u>	<u>\$ 7,026</u>	<u>\$ 16,870</u>	<u>\$ 13,731</u>
Earnings per share:				
Basic	\$ 0.33	\$ 0.28	\$ 0.65	\$ 0.56
Diluted	\$ 0.27	\$ 0.22	\$ 0.53	\$ 0.43
Number of shares used in computing earnings per share:				
Basic	26,234	25,029	25,936	24,694
Diluted	31,917	32,002	31,955	32,009

Condensed Consolidated Balance Sheets
(In thousands)

(Unaudited)

	June 30, 2015	December 31, 2014
Assets:		
Cash and cash equivalents	\$ 18,436	\$ 17,859
Restricted cash and equivalents	200,122	175,382
Total cash and cash equivalents	218,558	193,241
Finance receivables	1,784,798	1,595,956
Allowance for finance credit losses	(74,541)	(61,460)
Finance receivables, net	1,710,257	1,534,496
Finance receivables measured at fair value	316	1,664
Deferred tax assets, net	42,217	42,847
Other assets	60,556	60,810
	<u>\$ 2,031,904</u>	<u>\$ 1,833,058</u>
Liabilities and Shareholders' Equity:		
Accounts payable and accrued expenses	\$ 22,367	\$ 21,660
Warehouse lines of credit	61,771	56,839
Residual interest financing	11,274	12,327
Debt secured by receivables measured at fair value	--	1,250
Securitization trust debt	1,775,574	1,598,496
Subordinated renewable notes	14,982	15,233
	<u>1,885,968</u>	<u>1,705,805</u>
Shareholders' equity	<u>145,936</u>	<u>127,253</u>
	<u>\$ 2,031,904</u>	<u>\$ 1,833,058</u>

Operating and Performance Data (\$ in millions)

	At and for the Three months ended June 30,		At and for the Six months ended June 30,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Contracts purchased	\$ 269.90	\$ 211.38	\$ 503.79	\$ 401.27
Contracts securitized	227.13	200.21	485.46	374.80
Total managed portfolio	\$ 1,822.18	\$ 1,373.58	\$ 1,822.18	\$ 1,373.58
Average managed portfolio	1,783.87	1,343.46	1,744.23	1,309.13
Allowance for finance credit losses as % of fin. receivables	4.18%	4.06%		
Aggregate allowance as % of fin. receivables (1)	5.00%	5.19%		
Delinquencies				
31+ Days	6.12%	4.10%		
Repossession Inventory	1.37 %	2.11 %		
Total Delinquencies and Repo. Inventory	7.49%	6.21%		
Annualized net charge-offs as % of average owned portfolio	6.59%	4.98%	6.62%	5.25%

Recovery rates (2)	44.8%	49.2%	44.4%	48.6%
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	For the Three months ended June 30,					For the Six months ended June 30,						
	<u>2015</u>		<u>2014</u>			<u>2015</u>		<u>2014</u>				
	\$	(3)	% (4)	\$	(3)	% (4)	\$	(3)	% (4)			
Interest income	\$	84.90	19.0%	\$	68.22	20.3%	\$	167.26	19.2%	\$	133.22	20.4%
Servicing fees and other income		3.46	0.8%		3.37	1.0%		7.09	0.8%		6.52	1.0%
Interest expense		(13.69)	-3.1 %		(11.94)	-3.6 %		(26.86)	-3.1 %		(25.32)	-3.9 %
Net interest margin		74.67	16.7%		59.65	17.8%		147.49	16.9%		114.42	17.5%
Provision for credit losses		(35.68)	-8.0 %		(25.63)	-7.6 %		(69.12)	-7.9 %		(49.51)	-7.6 %
Risk adjusted margin		38.99	8.7%		34.03	10.1%		78.37	9.0%		64.91	9.9%
Core operating expenses		(23.79)	-5.3 %		(21.70)	-6.5 %		(48.42)	-5.6 %		(40.82)	-6.2 %
Pre-tax income	\$	15.20	3.4%	\$	12.33	3.7%	\$	29.95	3.4%	\$	24.09	3.7%

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

(2) Wholesale auction liquidation amounts (net of expenses) as a percentage of the account balance at the time of sale.

(3) Numbers may not add due to rounding.

(4) Annualized percentage of the average managed portfolio. Percentages may not add due to rounding.

Investor Relations Contact

Jeffrey P. Fritz, Chief Financial Officer

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Source: Consumer Portfolio Services, Inc.

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