



## CPS Announces First Quarter 2011 Operating Results

IRVINE, Calif., May 23, 2011 (GLOBE NEWSWIRE) -- Consumer Portfolio Services, Inc. (Nasdaq:CPSS) ("CPS" or the "Company") today announced operating results for its first quarter ended March 31, 2011.

Operating results for the first quarter of 2011 included revenues of \$32.4 million, a decrease of approximately \$12.2 million, or 27.3%, compared to \$44.6 million for the first quarter of 2010. Total operating expenses for the first quarter of 2011 were \$36.6 million, a decrease of \$15.9 million, or 30.3%, as compared to \$52.5 million for the 2010 period. Pretax loss for the first quarter of 2011 was \$4.2 million compared to pretax loss of \$7.9 million in the first quarter of 2010. Net loss for the first quarter of 2011 was \$4.2 million, or \$0.23 per diluted share, compared to net loss of \$7.9 million, or \$0.44 per diluted share, for the year-ago quarter.

During the first quarter of 2011, CPS purchased \$50.0 million of contracts from dealers as compared to \$33.6 million during the fourth quarter of 2011 and \$17.4 million during the first quarter of 2010. The Company's managed receivables totaled \$679.7 million as of March 31, 2011, a decrease of \$364.4 million, or 34.9%, from \$1,044.1 million as of March 31, 2010, as follows (\$ in millions):

	March 31, 2011	March 31, 2010
Owned by Consolidated Subsidiaries*	\$546.3	\$805.2
Owned by Non-Consolidated Subsidiaries	71.6	120.7
As Third Party Servicer	61.8	118.2
Total	\$679.7	\$1,044.1

\* Before \$39.3 million and \$66.4 million of allowance for credit losses, deferred acquisition fees and repossessed vehicles for 2011 and 2010, respectively.

Annualized net charge-offs for the first quarter of 2011 were 9.32% of the average owned portfolio as compared to 12.19% in 2010. Delinquencies greater than 30 days (including repossession inventory) were 5.82% of the total owned portfolio as of March 31, 2011, as compared to 5.94% as of March 31, 2010.

"We are pleased with the progress we have made in executing our comeback strategy," said Charles E. Bradley, Jr., Chairman and Chief Executive Officer. "We purchased \$50 million of new contracts during the quarter, a 49% increase vs. the fourth quarter of 2010, and we expect to see continued growth this quarter. In addition, the credit and yield metrics of the new loans look as attractive as at any time in the last 10 years."

"In April as we previously reported we closed our first term securitization of 2011. It was a senior subordinate transaction with a net advance rate of approximately 94% and an effective yield to the investors of approximately 4%. This transaction provided significant liquidity and the cost of funds is a vast improvement from our more recent financing facilities. As I have mentioned previously, accessing the term securitization market has been an important objective because it is a critical part of attaining profitability once again."

### Conference Call

CPS announced that it will hold a conference call on Tuesday, May 24, 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 May 24, 2011 and May 31, 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 70460984. 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 March 31,	
	2011	2010
<b>Revenues:</b>		
Interest income	\$ 28,584	\$ 38,969
Servicing fees	1,415	2,387
Other income	2,396	3,232
	<u>32,395</u>	<u>44,588</u>
<b>Expenses:</b>		
Employee costs	7,623	8,779
General and administrative	3,639	5,875
Interest	19,126	24,467
Provision for credit losses	3,692	11,716
Other expenses	2,521	1,687
	<u>36,601</u>	<u>52,524</u>
Income before income taxes	(4,206)	(7,936)
Income taxes	--	--
Net income	<u>\$ (4,206)</u>	<u>\$ (7,936)</u>
<b>Earnings per share:</b>		
Basic	\$ (0.23)	\$ (0.44)
Diluted	(0.23)	(0.44)
<b>Number of shares used in computing earnings per share:</b>		
Basic	18,122	17,837
Diluted	18,122	17,837

**Condensed Consolidated Balance Sheets**

**(In thousands)**

**(Unaudited)**

	March 31, 2011	December 31, 2010
Cash	\$ 9,227	\$ 16,252
Restricted cash	<u>131,122</u>	<u>123,958</u>
Total cash	140,349	140,210
Finance receivables	518,565	565,621
Allowance for finance credit losses	<u>(11,599)</u>	<u>(13,168)</u>
Finance receivables, net	506,966	552,453
Residual interest in securitizations	3,985	3,841
Deferred tax assets, net	15,000	15,000
Other assets	<u>30,901</u>	<u>30,886</u>
	<u><u>\$ 697,201</u></u>	<u><u>\$ 742,390</u></u>
Accounts payable and other liabilities	\$ 23,155	\$ 22,033
Warehouse lines of credit	81,027	45,564
Residual interest financing	34,824	39,440
Securitization trust debt	489,264	567,722
Senior secured debt, related party	50,144	44,873
Subordinated debt	<u>20,209</u>	<u>20,337</u>
	<u>698,623</u>	<u>739,969</u>
Shareholders' equity	<u>(1,422)</u>	<u>2,421</u>
	<u><u>\$ 697,201</u></u>	<u><u>\$ 742,390</u></u>

**Operating and Performance Data (\$ in thousands)**

	At and for the Three months ended March 31,	
	2011	2010
Contract purchases	50,036	17,410
Total managed portfolio	679,763	1,044,088
Average managed portfolio	704,149	1,094,311
Net interest margin (1)	9,458	14,502
Risk adjusted margin (2)	5,766	2,786
Core operating expenses (3)	13,783	16,341
Annualized % of average managed portfolio	7.83%	5.97%
Allowance for finance credit losses as % of fin. receivables	2.24%	4.09%

Aggregate allowance as % of fin. receivables (4)	3.77%	6.36%
Delinquencies		
31+ Days	3.08%	2.61%
Repossession Inventory	2.74%	3.33%
Total Delinquencies and Repossession Inventory	5.82%	5.94%
Annualized net charge-offs as % of average owned portfolio	9.32%	12.19%

(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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