



**CPS**

**Consumer Portfolio Services, Inc.**

***The Subprime Source Since 1991***

**December 2023 Investor Presentation**

# SAFE HARBOR STATEMENT

Forward-looking statements in this presentation include the Company's recorded figures representing allowances for remaining expected lifetime credit losses, its marks to the carrying value for the portion of its portfolio accounted for at fair value, its charge to the provision for credit losses for the its legacy portfolio, its estimates of fair value (most significantly for its receivables accounted for at fair value), its entries offsetting the preceding, its anticipated credit facility capacity, and figures derived from any of the preceding. In each case, such figures are forward-looking statements because they are dependent on the Company's estimates of cash to be received and losses to be incurred in the future. The accuracy of such statements 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; economic conditions in geographic areas in which the Company's business is concentrated; the long-term effects of the COVID-19 pandemic; unexpected exogenous events, such as a widespread plague or a resurgence of the COVID-19 pandemic including governmental responses to such events, which have included prohibitions on certain means of enforcement of receivables, and may include additional restrictions and mandates imposed in reaction to such events, such as prohibitions of otherwise permissible activity; competition; adverse decisions by courts or regulators; and a default under any credit facility debt agreement which, if not waived could result in acceleration of the related indebtedness and impair the Company's ability to secure additional financing. Any or all of such factors also may affect the Company's future financial results, as to which there can be no assurance. Any implication that past results or past consecutive earnings are indicative of future results or future earnings is disclaimed, and the reader should draw no such inference. Factors such as those identified above in relation to losses to be incurred in the future may affect future performance.



# COMPANY OVERVIEW

Consumer Portfolio Services specializes in purchasing and servicing automobile contracts originated by licensed motor vehicle dealers in the sale of new and used automobiles, light trucks and passenger vans. Through our purchases, we provide indirect financing to dealers for sub-prime customers. We serve as an alternative source of financing for dealers, allowing sales to customers who otherwise might not be able to obtain financing.

**NASDAQ  
Listed: CPSS**

**Established  
in 1991. IPO  
1992**

**890  
Employees<sup>(1)</sup>**

**HQ in  
Las Vegas, NV**

**49  
Consecutive  
Profitable  
Quarters<sup>(1)</sup>**

**100 ABS  
Deals to  
Date**

**Operating  
Branches in  
NV, CA, IL, VA  
and FL**

**8,000 Daily  
Applications  
Received  
from Dealers<sup>(1)</sup>**

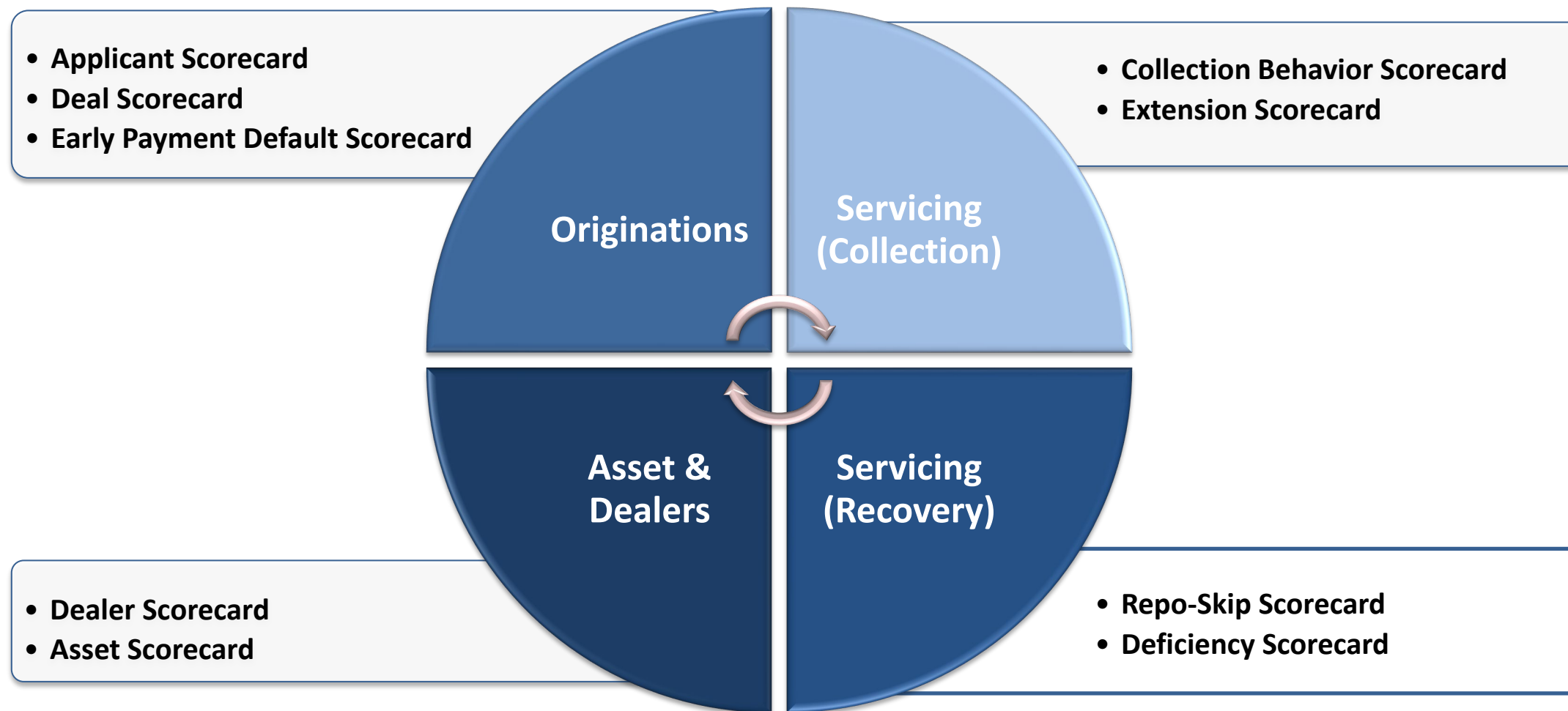
**Average  
Management  
Tenure is 23  
Years- 300+  
Combined Years  
at CPS**

**\$3.2 Billion  
Managed  
Portfolio<sup>(1)</sup>**

# THE CPS ADVANTAGE

**CPS is a leader in Machine Learning (ML) and Artificial Intelligence (AI).**

- Industry leading disciplined modeling framework: Linear/Logistic Regression, Neural Network, Decision Tree, Ensemble Model, Time Series, Machine Learning, Random Forest
- Continuous model training and recalibration



**Instant Credit Decisions Leads CPS to Higher Quality Loans**

**Proprietary Modeling and Scorecards**

**Decades of Historical Performance Data Shape our Models**

**Risk Department Led by Industry Veterans**



# LEADERSHIP

CPS' senior management team consists of 14 executives that are led by Brad, Mike and Danny. Each has significant industry experience and, on average, 23 years with CPS. Combined, senior management has over 300 years of auto lending experience just at CPS.



**Charles "Brad" Bradley**  
CEO, Chairman of the Board

- CEO since 1992
- Chairman of the Board since 2001
- 32 years at CPS



**Mike Lavin**  
President, COO, CLO

- President since 2022
- COO since 2019. CLO since 2014
- 22 Years at CPS



**Danny Bharwani**  
CFO

- CFO since 2022
- 26 years at CPS

# MARKET

## Dynamics

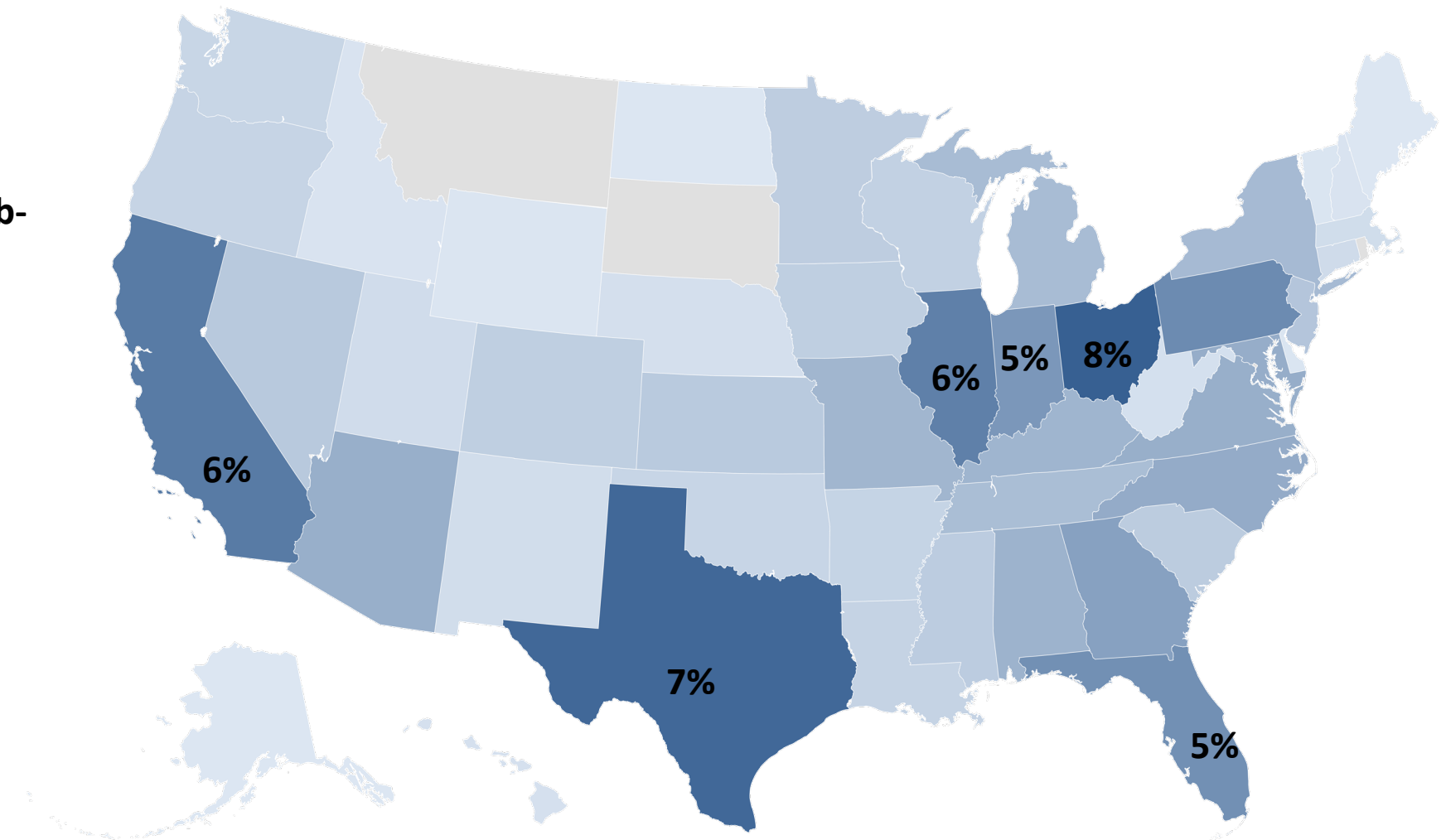
Large Total Addressable Market (TAM)

High Barrier to Entry

Small, Fragmented Market

- \$1.5 trillion auto loans outstanding at Q3 2023<sup>(1)</sup>
- ~14% of auto financings in Q3 2023 were sub-prime
- Capital-intensive
- Highly regulated industry
- Few dominant players
- Compete on rates and fees

## Footprint



- Highest volume originating states for CPS <sup>(2)</sup>
- Contracts purchased in 47 states <sup>(2)</sup>

Powered by Bing  
© GeoNames, Microsoft, TomTom

(1) According to Experian Automotive  
(2) As of December 31, 2023

# PRODUCT OFFERING

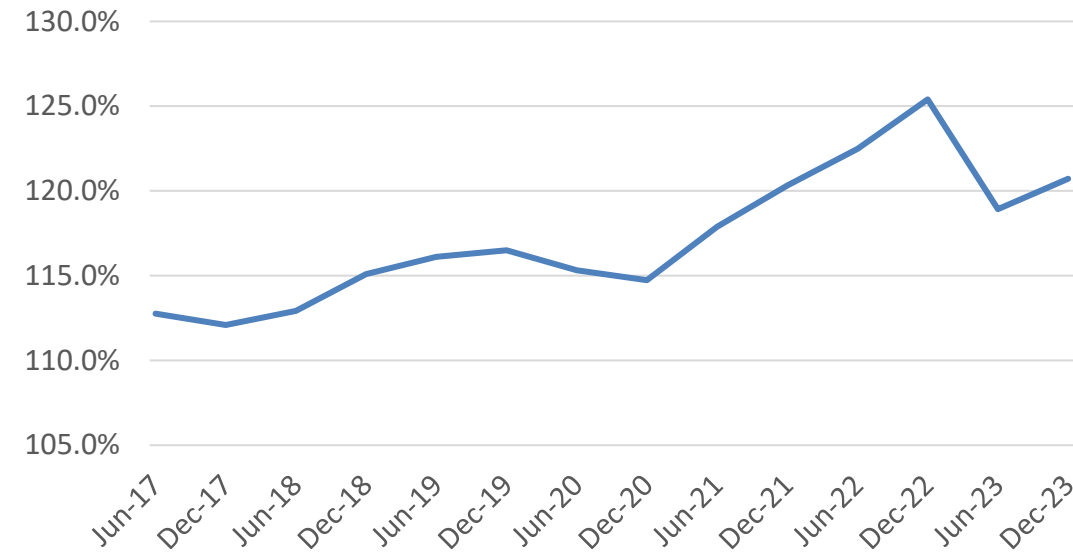
<u>Program</u> <sup>(1)</sup>	<u>Avg. Yield</u> <sup>(2)</sup>	<u>Avg. Amount Financed</u>	<u>Household Income</u>	<u>Avg. Time on Job (years)</u>	<u>Avg. FICO</u>	<u>% of Purchases</u>
Meta	15.30%	\$23,300	\$102,807	9.4	672	4%
Preferred	17.13%	\$24,693	\$93,127	7.1	594	14%
Super Alpha	19.22%	\$24,121	\$86,155	5.6	577	21%
Alpha Plus	21.41%	\$22,087	\$77,448	4.8	568	14%
Alpha	22.35%	\$20,122	\$63,405	3.8	585	31%
Standard	23.91%	\$16,775	\$60,579	3.3	583	8%
Mercury / Delta	24.34%	\$15,630	\$59,438	3.5	570	4%
First Time Buyer	24.36%	\$14,699	\$50,256	2.5	581	4%
<b>Overall</b>	<b>20.87%</b>	<b>\$20,845</b>	<b>\$72,930</b>	<b>4.7</b>	<b>584</b>	<b>100%</b>

(1) Under the CPS programs for contracts purchased for the twelve months ended December 31, 2023.

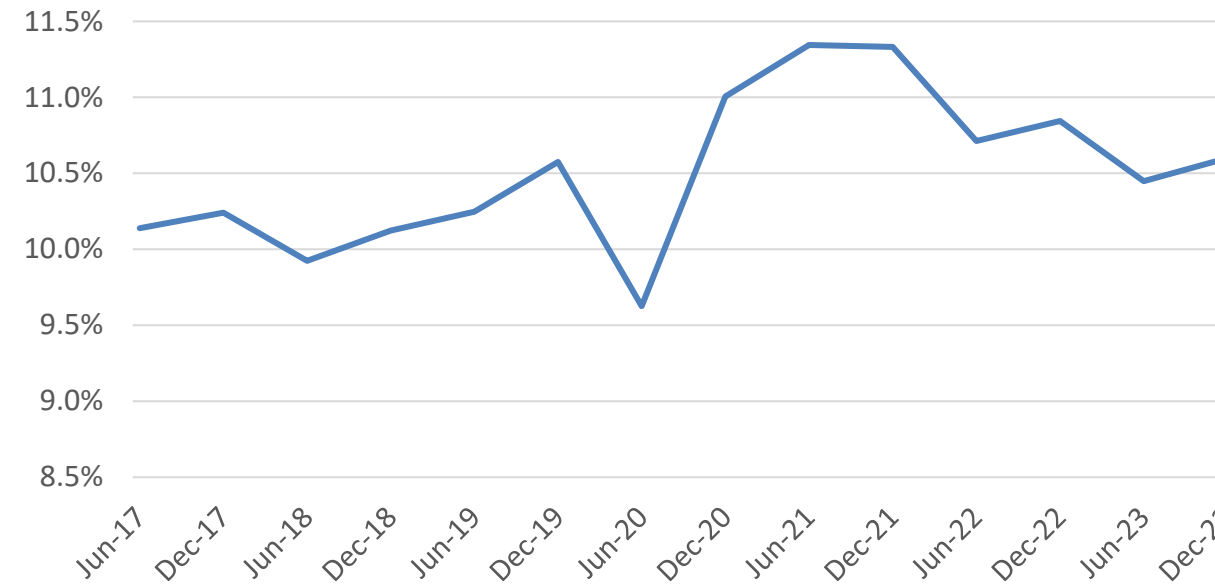
(2) Contract APR as adjusted for fees charged (or paid) to dealer.

# ORIGINATION CHARACTERISTICS

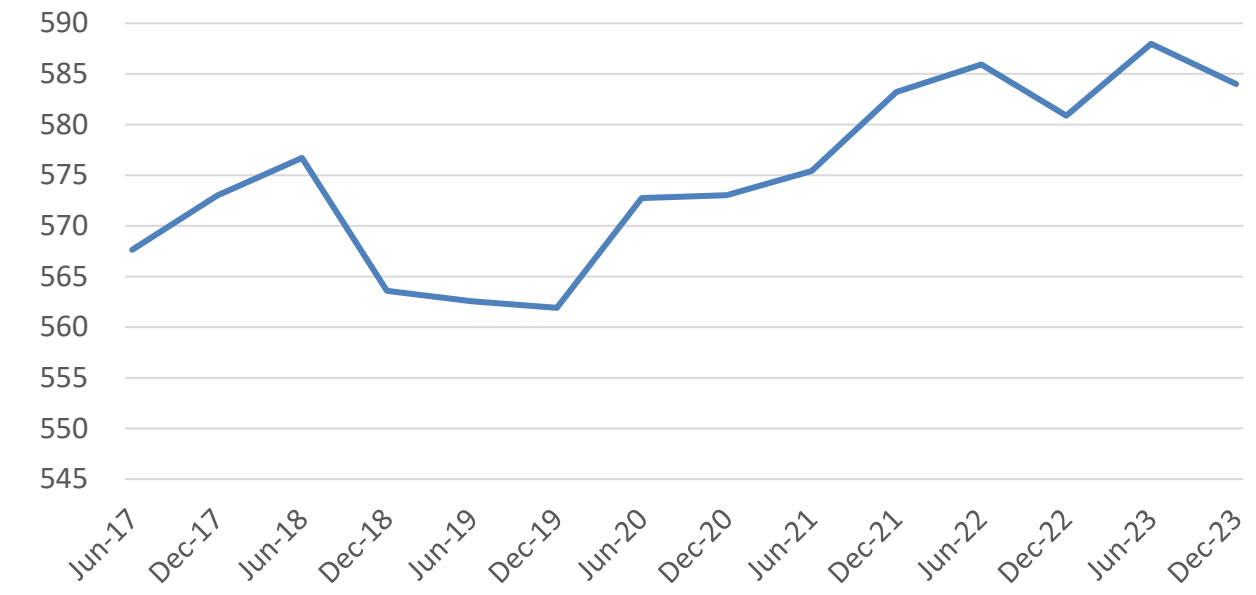
### Loan to Value



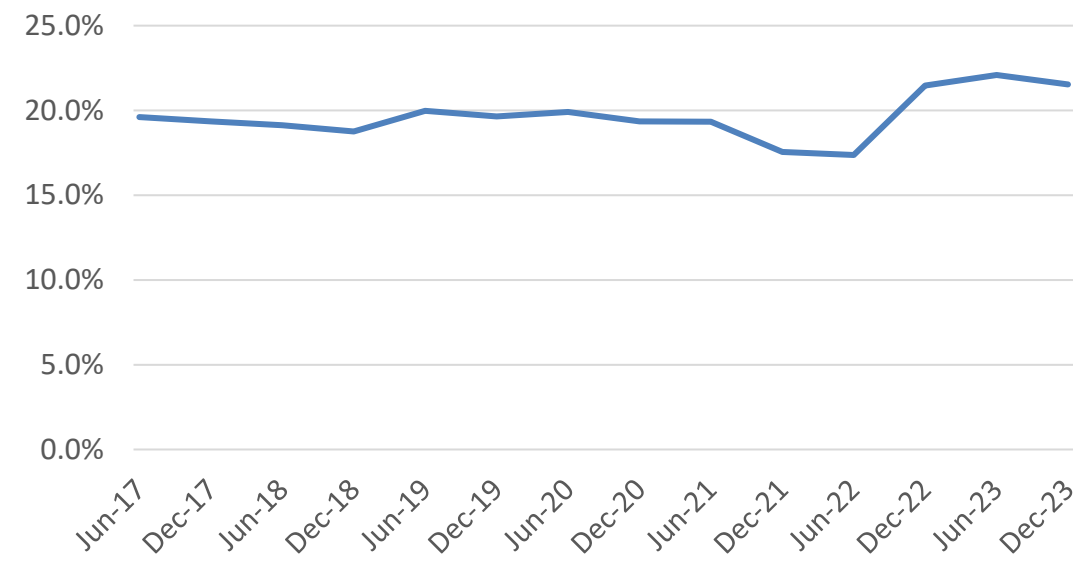
### Payment to Income



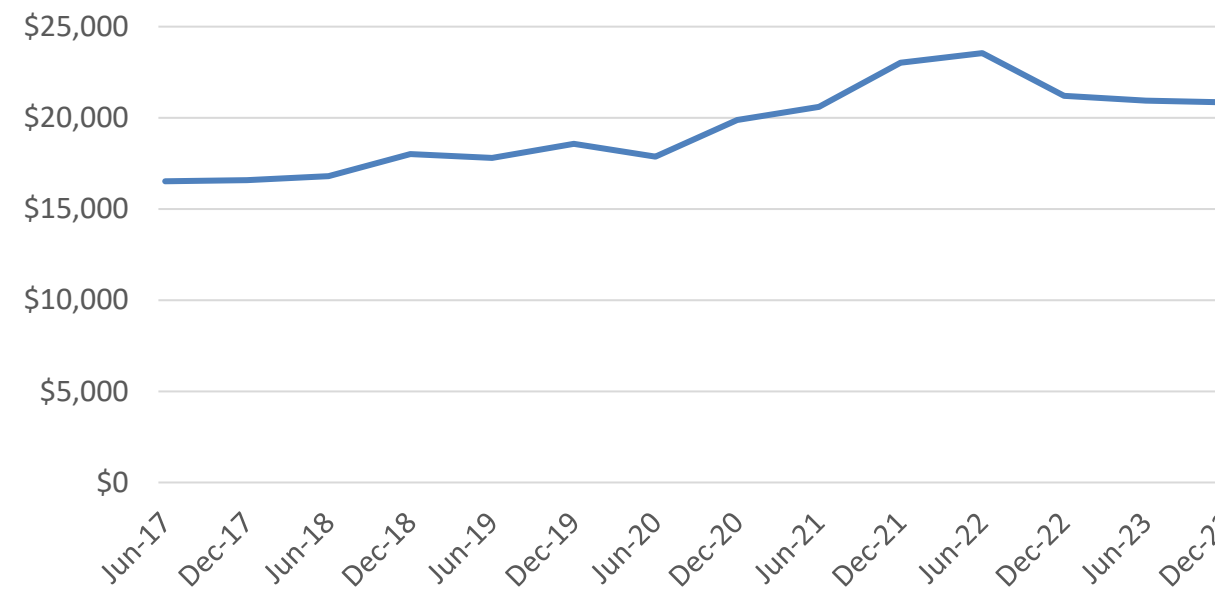
### FICO



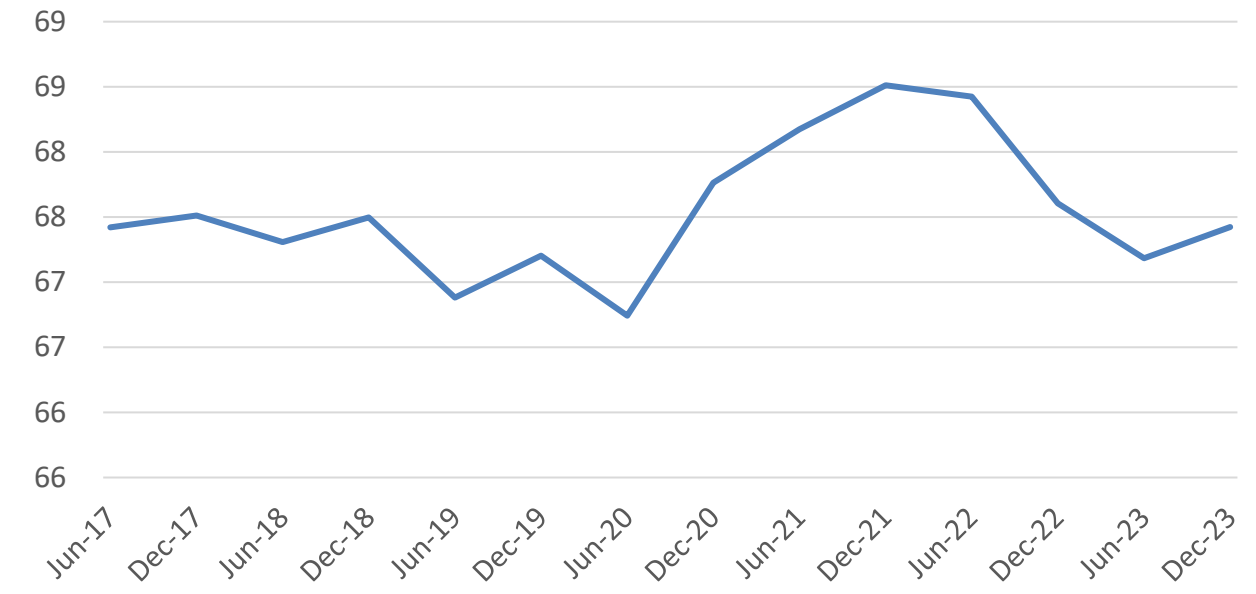
### APR



### Amount Financed



### Original Term





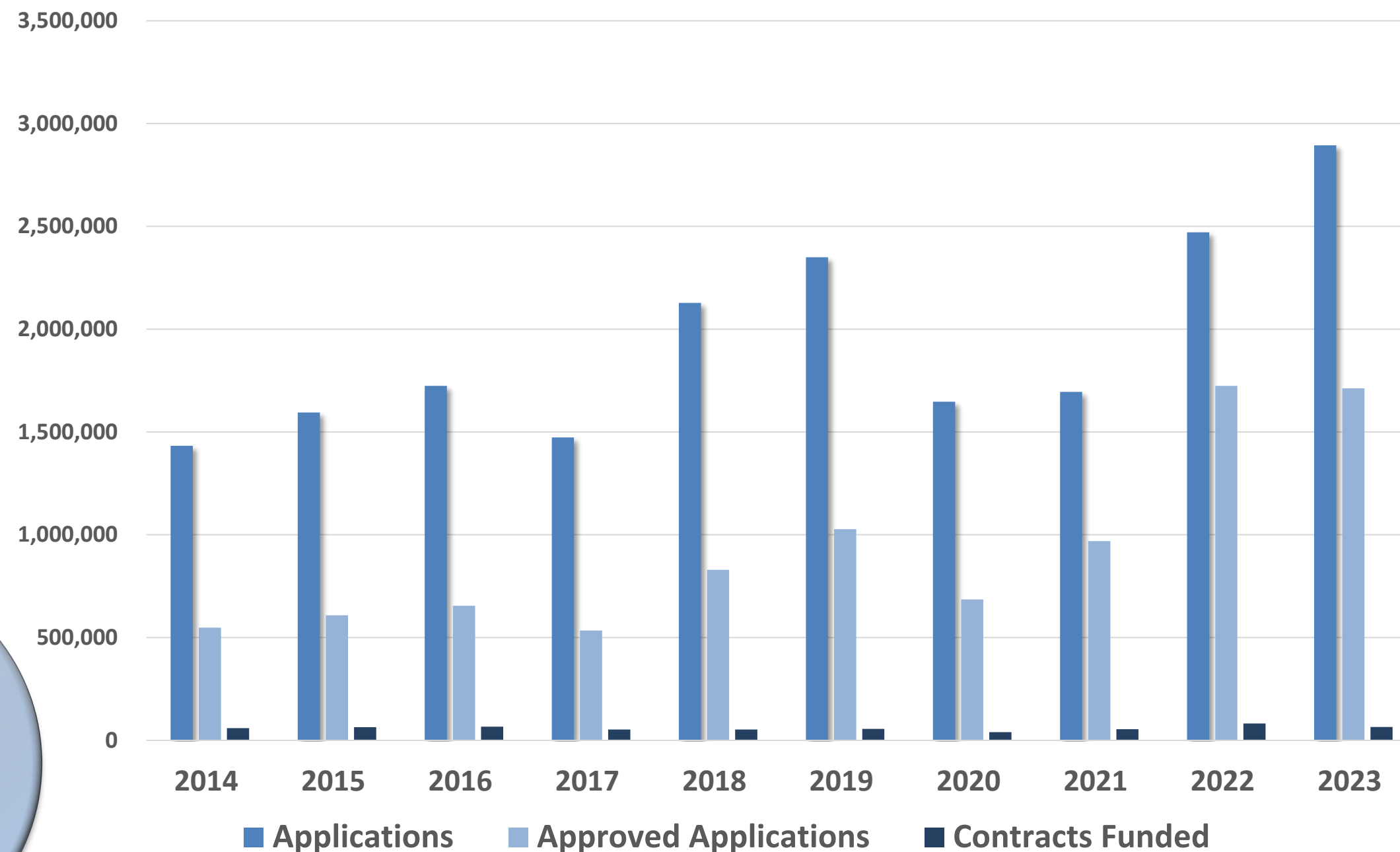
# DEMAND FOR OUR LENDING PROGRAMS

**12,000  
Approved  
Dealer  
Network**

**Answers  
Within  
Seconds to  
Dealers**

**Auto  
Decisioning  
Proprietary  
AI Driven  
Scorecard**

Applications vs. Funded Loans



**46%  
Average  
Approval  
Rate**

**Selective  
Funding**

**Strong  
Demand for  
our Lending  
Programs**

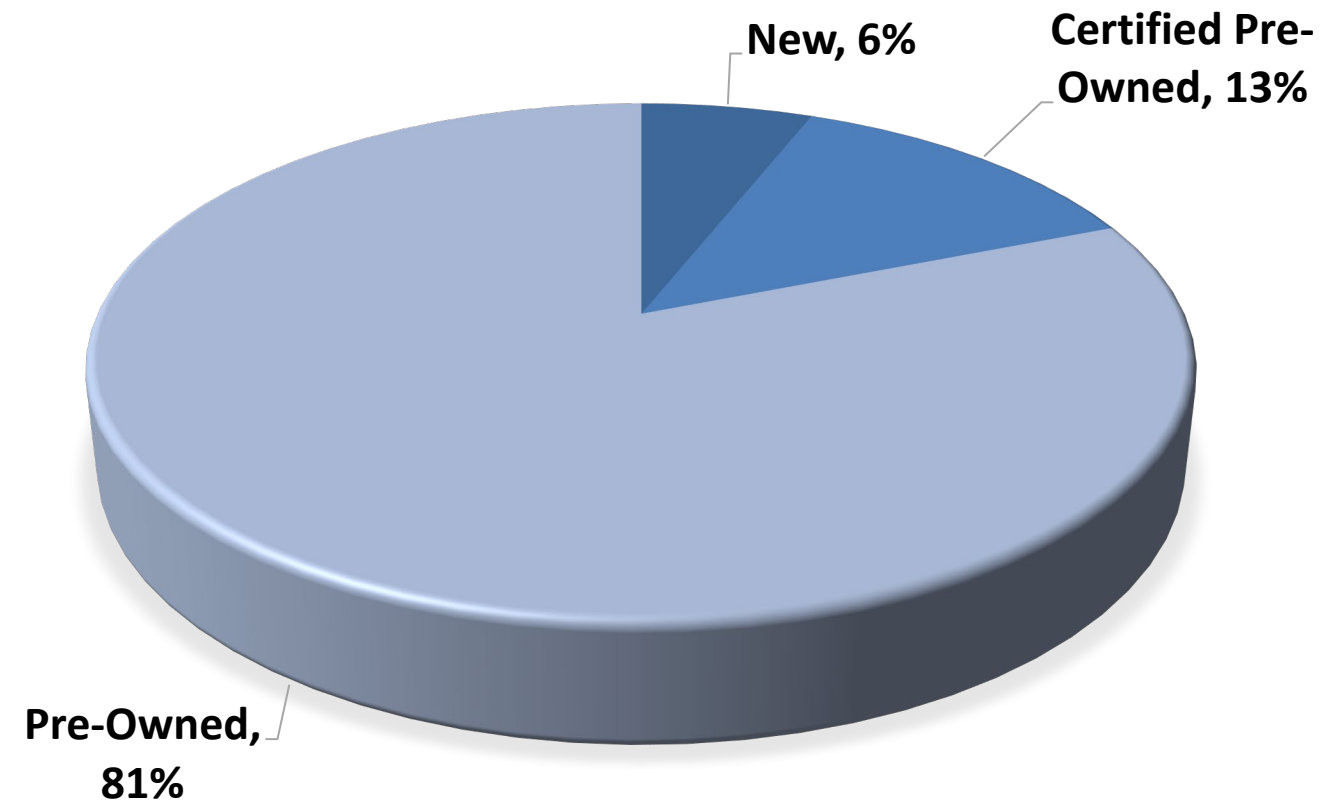
# WHO IS OUR CUSTOMER?



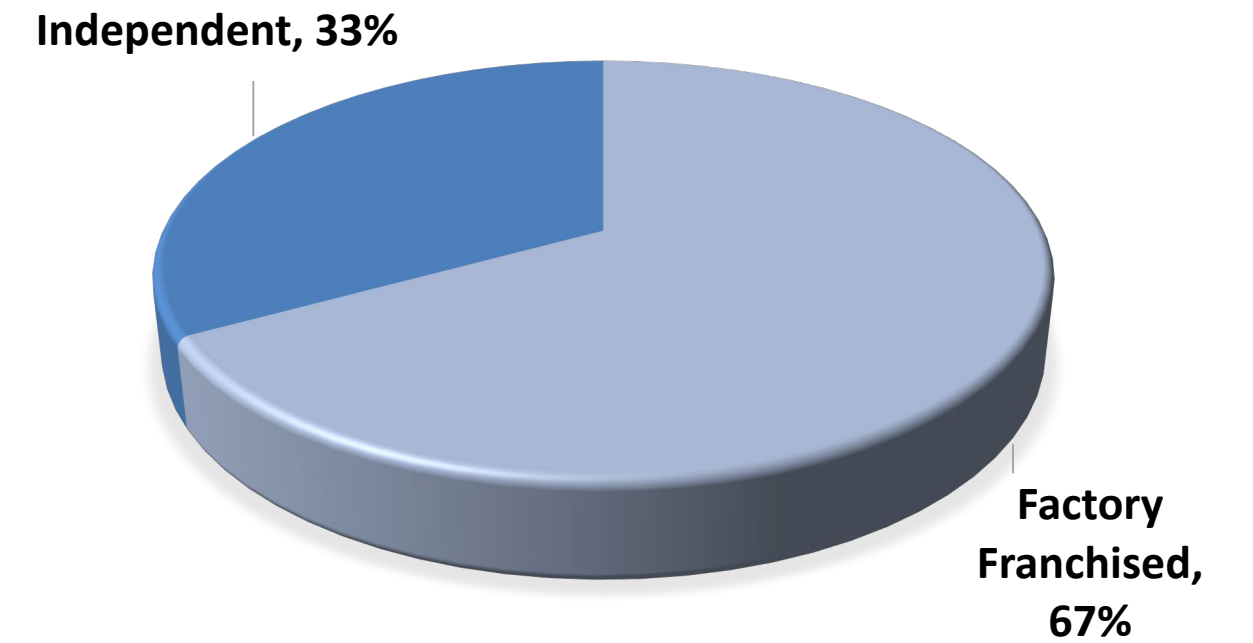


# WHAT DO OUR CUSTOMERS DRIVE?

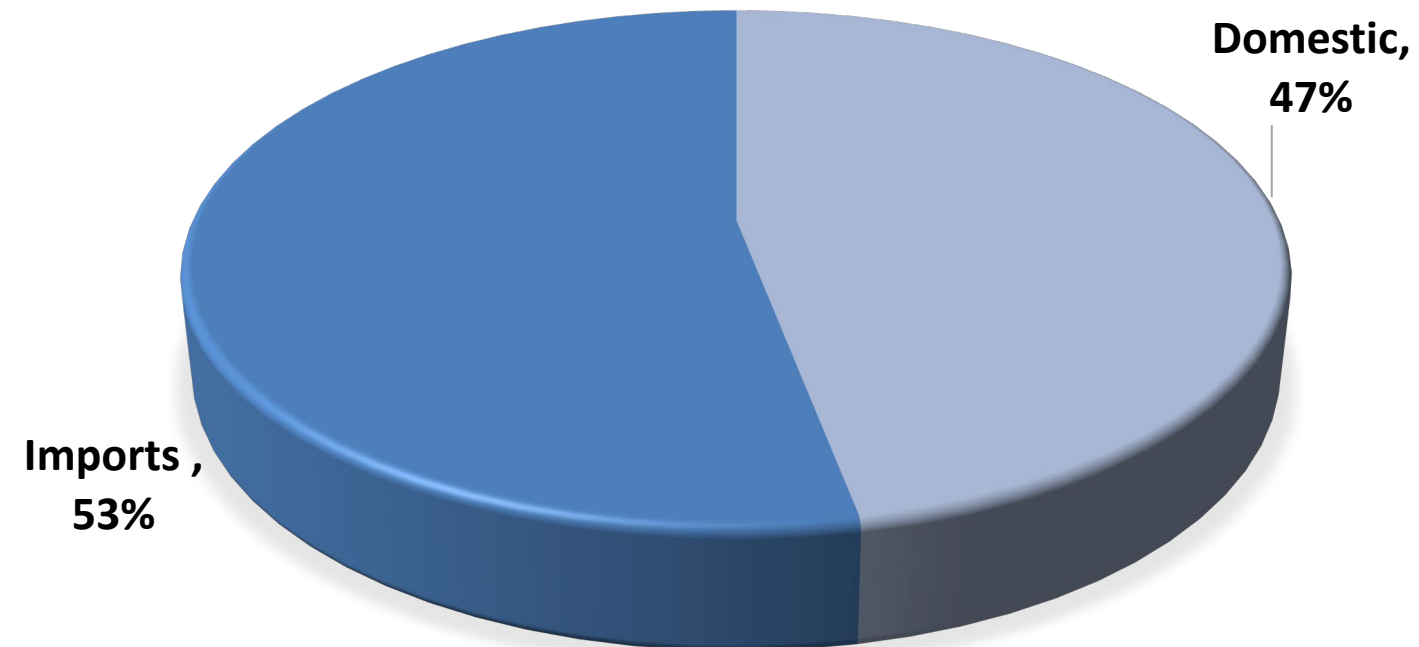
**VEHICLE TYPE**



**ORIGINATING DEALERSHIP**

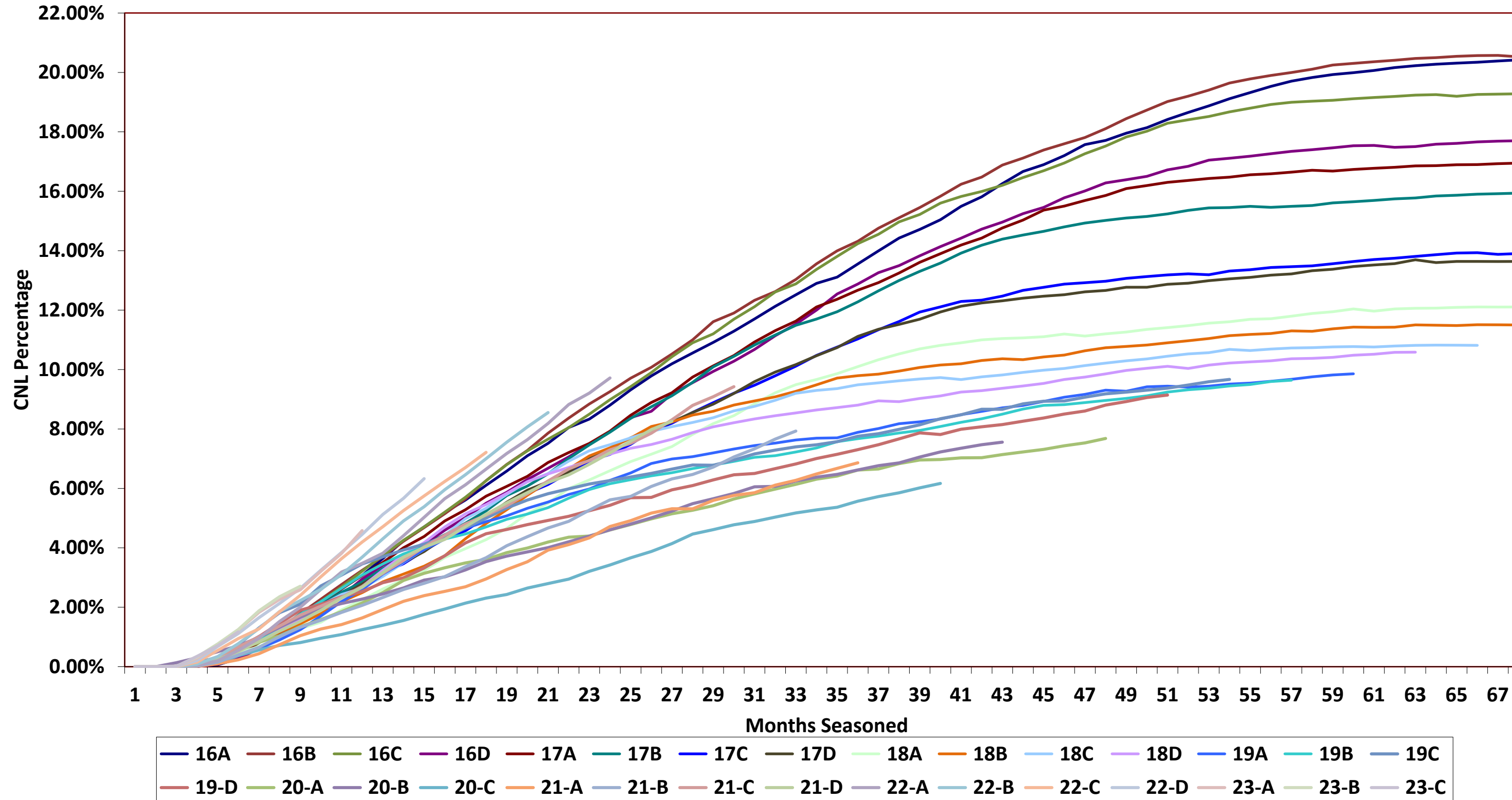


**VEHICLE MAKE**





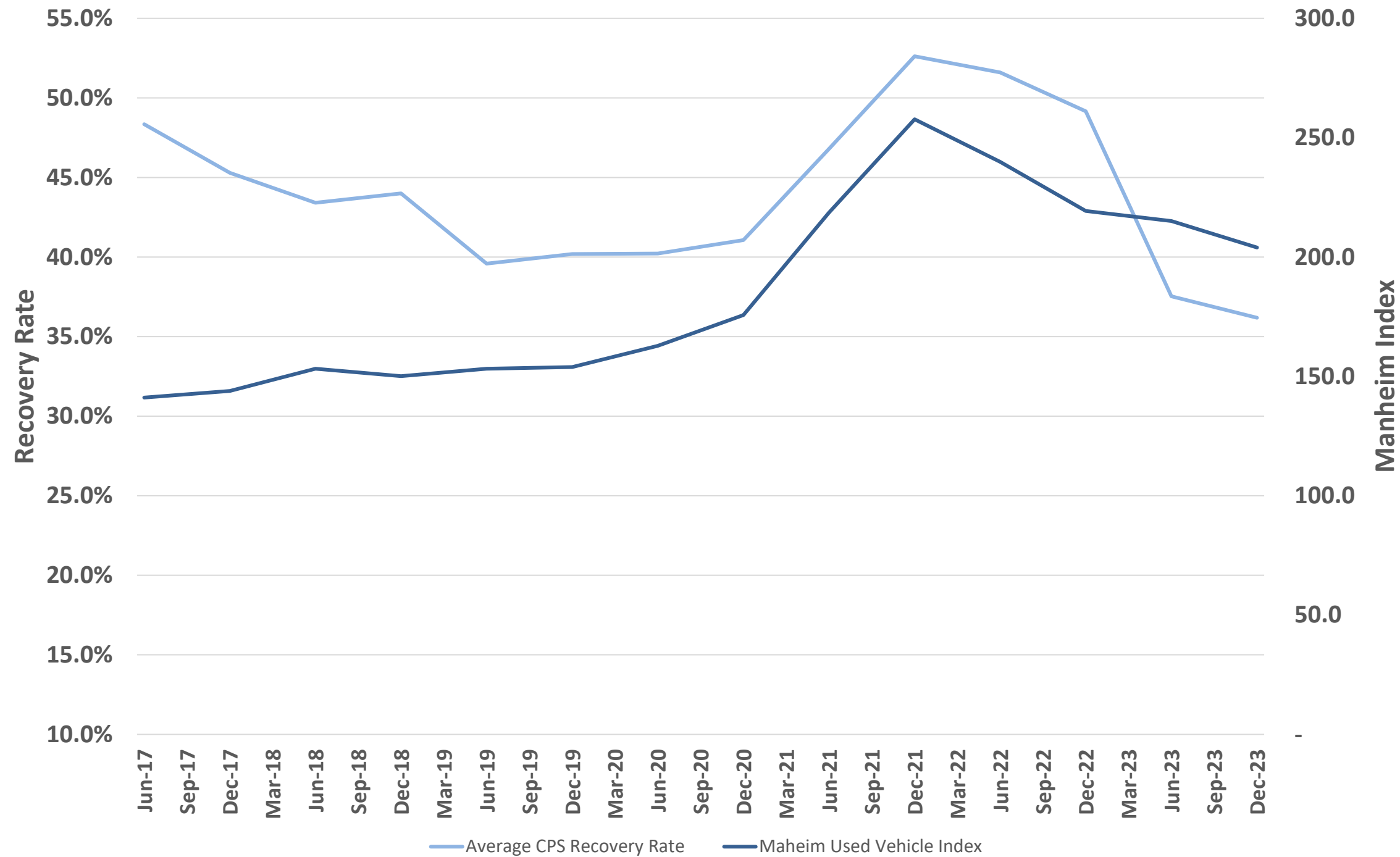
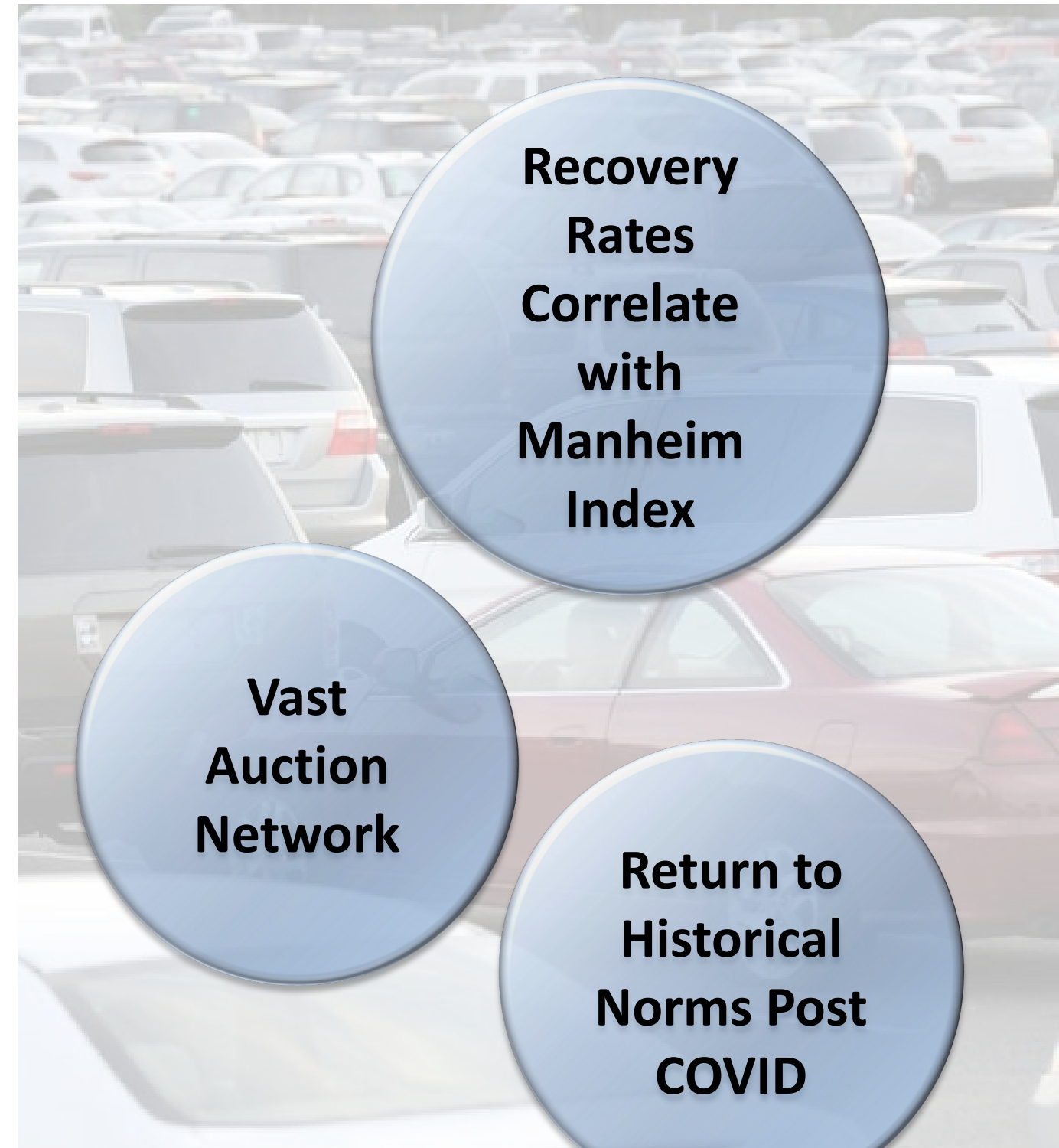
# PORTFOLIO PERFORMANCE



Data shown is CNL performance by ABS deal, and as of December 31, 2023.

# RECOVERY RATE

## Auction Values

- Recovery Rates Correlate with Manheim Index
- Vast Auction Network
- Return to Historical Norms Post COVID

# ECONOMIC MODEL

	Quarter Ended (1)		Twelve Months Ended (1)	
	<u>December 31,</u> <u>2023</u>	<u>December 30,</u> <u>2022</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Interest Income	11.3%	11.5%	11.3%	12.0%
Mark to Fin. Recs. at FV	0.8%	0.0%	0.4%	0.6%
Servicing and Other Income	0.4%	0.5%	0.4%	0.4%
Interest Expense	(5.4%)	(4.2%)	(5.0%)	(3.4%)
Net Interest Margin	7.0%	7.8%	7.0%	9.5%
Provision for Credit Losses	0.2%	0.7%	0.8%	1.1%
Core Operating Expenses	(5.9%)	(5.9%)	(5.7%)	(6.1%)
Pretax Return on Assets	1.3%	2.6%	2.1%	4.6%

(1) As a percentage of the average managed portfolio. Percentages may not add due to rounding.



# SUMMARY BALANCE SHEET

Summary Balance Sheet (\$ in millions) (1)			
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<b>Assets</b>			
Cash	\$ 6.2	\$ 13.5	\$ 29.9
Restricted cash	119.3	149.3	146.6
Finance receivables, net of allowance	24.7	70.6	176.2
Finance receivables, measured at fair value	2,722.7	2,476.6	1,749.1
Deferred tax assets, net	3.7	10.2	19.6
Other assets	27.2	32.6	38.2
	<u>\$ 2,903.7</u>	<u>\$ 2,752.8</u>	<u>\$ 2,159.6</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 62.5	\$ 55.4	\$ 43.6
Warehouse lines of credit	234.0	285.3	105.6
Residual interest financing	49.9	49.6	53.7
Securitization trust debt	2,265.4	2,108.7	1,760.0
Subordinated renewable notes	17.2	25.3	26.5
	<u>2,629.0</u>	<u>2,524.4</u>	<u>1,989.4</u>
Shareholders' equity	274.7	228.4	170.2
	<u>\$ 2,903.7</u>	<u>\$ 2,752.8</u>	<u>\$ 2,159.6</u>

(1) Numbers may not add due to rounding.

# SUMMARY STATEMENT OF OPERATIONS

## Summary Statement of Operations (\$ in millions) (1)

	Three Months Ended		Years Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
<b>Revenues</b>				
Interest income	\$ 83.3	\$ 79.7	\$ 329.2	\$ 305.2
Mark to finance receivables at fair value	6.0	-	12.0	15.3
Other income	2.7	3.3	10.8	9.2
	<u>92.0</u>	<u>83.0</u>	<u>352.0</u>	<u>329.7</u>
<b>Expenses</b>				
Employee costs	23.2	20.9	88.1	84.3
General and administrative	13.8	11.7	50.0	37.6
Interest	40.3	28.9	146.6	87.5
Provision for credit losses	(1.6)	(4.7)	(22.3)	(28.1)
	<u>75.8</u>	<u>56.8</u>	<u>262.5</u>	<u>181.4</u>
Pretax income	9.8	18.3	61.1	116.2
Income tax expense (benefit)	2.7	4.2	15.8	30.2
Net income	<u>\$ 7.2</u>	<u>\$ 14.1</u>	<u>\$ 45.3</u>	<u>\$ 86.0</u>
EPS (fully diluted)	\$ 0.29	\$ 0.59	\$ 1.80	\$ 3.23

(1) Numbers may not add due to rounding.

# SELECTED FINANCIAL DATA

<i>(\$ in millions)</i>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<b>Auto contract purchases</b>	\$ 301.8	\$ 428.1	\$ 1,357.8	\$ 1,854.4
<b>Total managed portfolio</b>	\$ 3,187.6	\$ 2,953.6	\$ 3,187.6	\$ 2,953.6
<b>Risk-adjusted margin (1)</b>	\$ 53.3	\$ 58.9	\$ 227.7	\$ 270.3
<b>Core operating expenses (2)</b>				
<b>\$ Amount</b>	\$ 43.5	\$ 40.6	\$ 166.6	\$ 154.1
<b>% of avg. managed portfolio</b>	5.9%	5.9%	5.7%	6.1%
<b>Pretax return on managed assets (3)</b>	1.3%	2.6%	2.1%	4.6%
<b>Total delinquencies and repo inventory (30+ days past due)</b>				
<b>As a % of total owned portfolio</b>	14.5%	12.7%	14.5%	12.7%
<b>Annualized net charge-offs</b>				
<b>As a % of total owned portfolio</b>	7.7%	5.8%	6.5%	4.5%

(1) Revenues less interest expense and provision for credit losses.

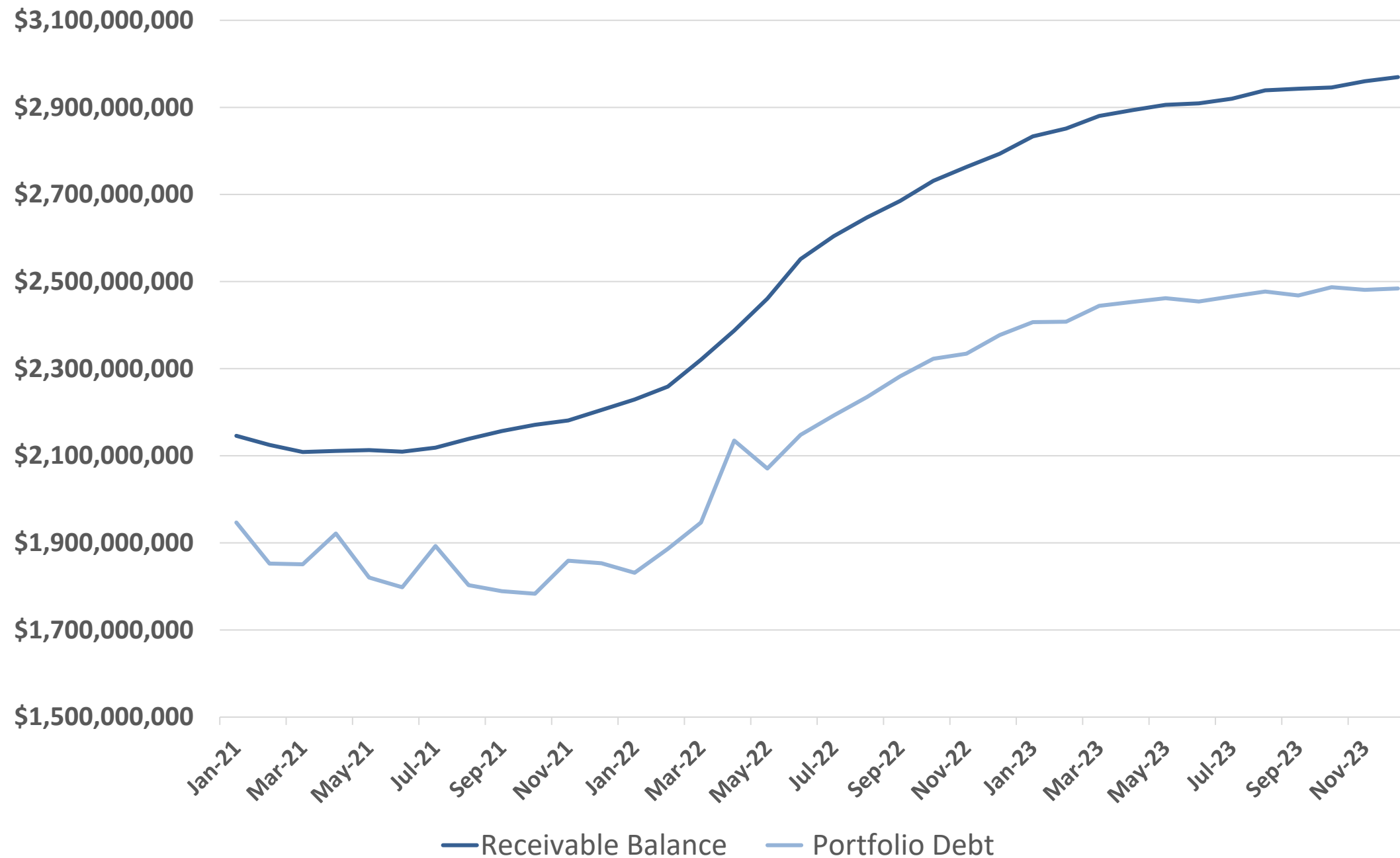
(2) Total expenses less provision for credit losses and interest expense.

(3) Equal to annualized pretax income as a percentage of the average managed portfolio.



# PORTFOLIO FINANCING

Portfolio Leverage

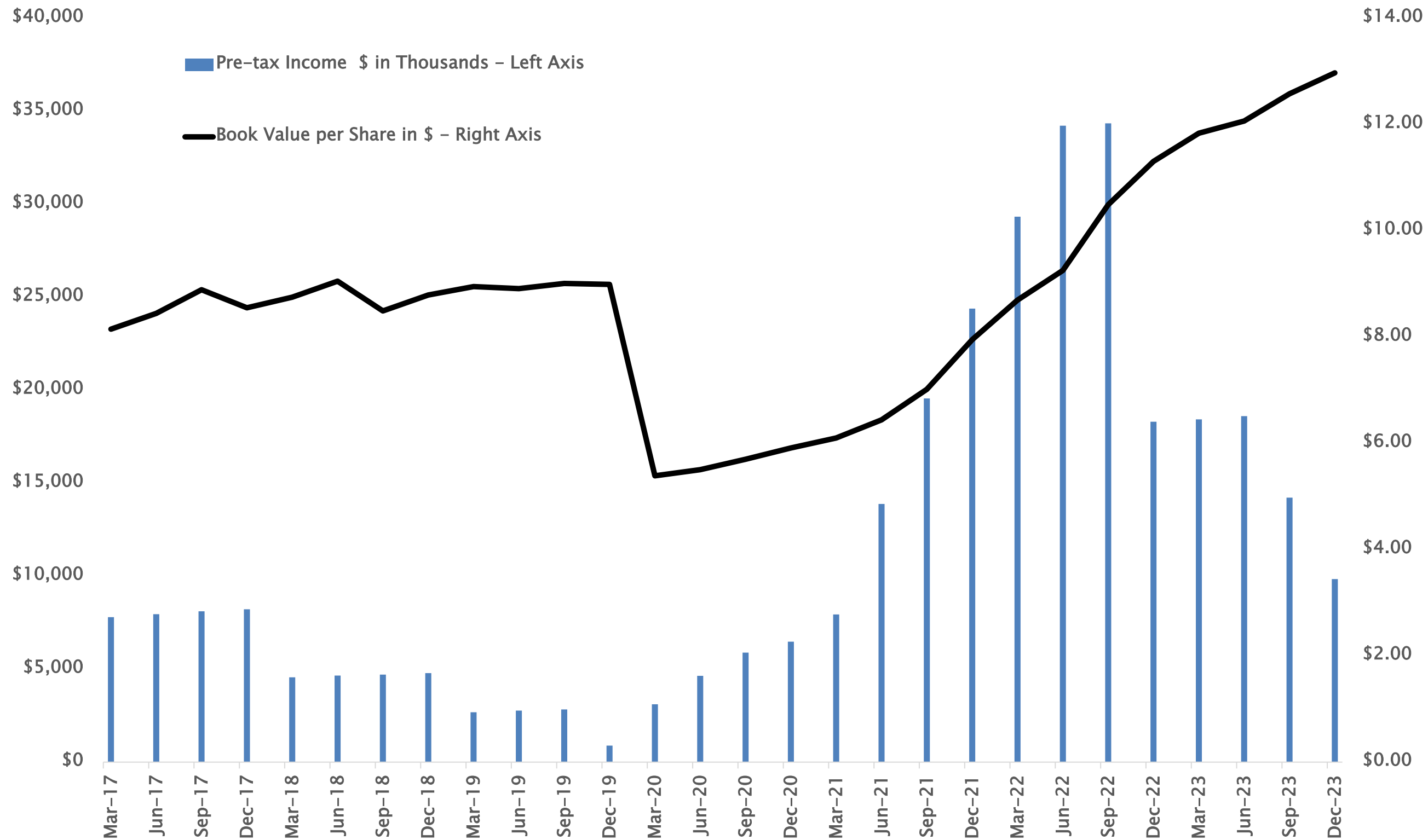


**\$400m  
Across Two  
Warehouse  
Line Credit  
Facilities**

**\$18.9b of  
Bonds Sold in  
100 ABS Deals  
Since  
Inception**

**Decreasing  
Portfolio  
Leverage**

# SHAREHOLDER VALUE




**Continuous Improvements to Shareholder Value**

**NASDAQ Listed Stock-Ticker Symbol: CPSS**


# INVESTMENT OUTLOOK

 **Continuous Growth**


- 2.9 million applications in 2023
- \$1.36 billion in sub-prime auto contracts funded
- Managed portfolio is at largest amount in company history

 **Strong macroeconomic factors**

- Raised Wtd. Avg APRs in originations from 17.72% in Dec 2022 to 20.87% in Dec 2023
- Favorable demand for used vehicles
- New vehicle pricing increase and increasing sales despite rising interest rates

 **AI-driven Originations Scorecard**

- Improves efficiency and customer satisfaction
- Upcoming AI Scorecard Refresh (refresh every 18-24 months)
- Industry leading technology in all facets of our business

 **Strong Fundamentals**

- Decreased leverage on the portfolio puts CPS in a position to grow faster than competitors
- Increasing shareholder equity- highest in company history
- Decreasing core operating expenses, while portfolio grows

## Investor Relations Contact

**Tom Colton and Alec Wilson**

**Gateway Group, Inc.**

Phone: 949-574-3860

Email: CPSS@gateway-grp.com



# REFERENCE TO PUBLIC REPORTS

Any person considering an investment in securities issued by CPS is urged to review the materials filed by CPS with the U.S. Securities and Exchange Commission ("Commission"). Such materials may be found by inquiring of the Commission's EDGAR search page [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html) using CPS's ticker symbol, which is "CPSS." Risk factors that should be considered are described in Item 1A, "Risk Factors," of CPS's most recent annual report on Form 10-K and subsequent reports on Form 10-Q, which reports are on file with the Commission and available for review at the Commission's website. Such description of risk factors is incorporated herein by reference.