

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) November 9, 2022

CONSUMER PORTFOLIO SERVICES, INC.
(Exact Name of Registrant as Specified in Charter)

CALIFORNIA
(State or Other Jurisdiction
of Incorporation)

1-11416
(Commission
File Number)

33-0459135
(IRS Employer
Identification No.)

3800 Howard Hughes Pkwy, Suite 1400, Las Vegas, NV 89169
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (949) 753-6800

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	CPSS	The Nasdaq Stock Market LLC (Global Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On November 9, 2022, the registrant announced its earnings for the three-month period ended September 30, 2022. A copy of the announcement is attached as an exhibit to this report. As noted in the release, the registrant will hold a conference call on Thursday, November 10, 2022 at 1:00 p.m. ET to discuss its quarterly operating results. Those wishing to participate by telephone may pre-register for the conference call at the following link <https://register.vevent.com/register/BI1c37e20cef8549cb8cb3cb345fa42915>. Registered participants will receive an email containing conference call details for dial-in options.

Item 9.01. Financial Statements and Exhibits.

Neither financial statements nor *pro forma* financial information are filed with this report.

One exhibit is included with this report:

- 99.1 [News release re earnings.](#)
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 9, 2022

CONSUMER PORTFOLIO SERVICES, INC.

By: /s/ Denesh Bharwani
Denesh Bharwani
Senior Vice President and Chief Financial Officer
Signing on behalf of the registrant



CPS ANNOUNCES THIRD QUARTER 2022 EARNINGS

- § Pretax income of \$34.3 million, a 76% increase over the prior year period
- § Net income of \$25.4 million, an 85% increase over the \$13.7 million in Q3 2021
- § Diluted EPS of \$0.95 compared to \$0.52 in the prior year period
- § New contract purchases of \$468.2 million, a 43% increase over the prior year period

LAS VEGAS, NV, November 9, 2022 (GlobeNewswire) -- Consumer Portfolio Services, Inc. (Nasdaq: CPSS) (“CPS” or the “Company”) today announced earnings of \$25.4 million, or \$0.95 per diluted share, for its third quarter ended September 30, 2022. This compares to net income of \$13.7 million, or \$0.52 per diluted share, in the third quarter of 2021.

Revenues for the third quarter of 2022 were \$90.3 million, compared to \$68.6 million for the third quarter of 2021. Total operating expenses for the third quarter of 2022 were \$56.0 million compared to \$49.0 million for the 2021 period for an increase of \$6.9 million, or 14.2%. Pretax income for the third quarter of 2022 was \$34.3 million compared to pretax income of \$19.5 million in the third quarter of 2021, an increase of \$14.8 million.

For the nine months ended September 30, 2022 total revenues were \$246.7 million compared to \$198.4 million for the nine months ended September 30, 2021, an increase of approximately \$48.2 million, or 24.3%. Total expenses for the nine months ended September 30, 2022 were \$148.8 million, a decrease of \$8.3 million, or 5.3%, compared to \$157.1 million for the nine months ended September 30, 2021. Pretax income for the nine months ended September 30, 2022 was \$97.9 million, compared to \$41.4 million for the nine months ended September 30, 2021, an increase of \$56.5 million. Net income for the nine months ended September 30, 2022 was \$71.9 million compared to \$28.6 million for the nine months ended September 30, 2021.

During the third quarter of 2022, CPS purchased \$468.2 million of new contracts compared to \$548.1 million during the second quarter of 2022 and \$326.8 million during the third quarter of 2021. The Company's receivables totaled \$2.687 billion as of September 30, 2022, an increase from \$2.555 billion as of June 30, 2022 and \$2.161 billion as of September 30, 2021.

Annualized net charge-offs for the third quarter of 2022 were 4.93% of the average portfolio as compared to 2.82% for the third quarter of 2021. Delinquencies greater than 30 days (including repossession inventory) were 10.85% of the total portfolio as of September 30, 2022, as compared to 9.44% as of September 30, 2021.

“Our third quarter results show a continuation of trends from the first half of the year,” said Charles E. Bradley, President and Chief Executive Officer. “Through three quarters, loan originations and pre-tax earnings have already surpassed any full year in the Company’s history.”

Conference Call

CPS announced that it will hold a conference call on Thursday, November 10, 2022 at 1:00 p.m. ET to discuss its third quarter 2022 operating results.

Those wishing to participate can pre-register for the conference call at the following link <https://register.vevent.com/register/BI1c37e20cef8549cb8cb3cb345fa42915>. Registered participants will receive an email containing conference call details for dial-in options. To avoid delays, we encourage participants to dial into the conference call fifteen minutes ahead of the schedule start time. A replay will be available beginning two hours after conclusion of the call for 12 months via the Company’s website at <https://ir.consumerportfolio.com/investor-relations>.

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 figures representing allowances for remaining expected lifetime credit losses, its estimates of fair value (most significantly for its receivables accounted for at fair value), its provision for credit losses, its entries offsetting the preceding, 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 losses to be incurred in the future. The accuracy of such estimates may be adversely affected by various factors, which include 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. 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 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 losses to be incurred in the future may affect future performance.

Investor Relations Contact

Danny Bharwani, Chief Financial Officer

949-753-6811

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,	
	2022	2021	2022	2021
Revenues:				
Interest income	\$ 79,817	\$ 67,018	\$ 225,547	\$ 198,551
Mark to finance receivables measured at fair value	8,183	–	15,283	(4,417)
Other income	2,305	1,547	5,859	4,312
	<u>90,305</u>	<u>68,565</u>	<u>246,689</u>	<u>198,446</u>
Expenses:				
Employee costs	20,671	18,170	63,414	57,777
General and administrative	9,408	7,455	25,920	23,034
Interest	23,483	18,334	58,654	58,260
Provision for credit losses	(6,000)	(1,590)	(23,400)	(1,590)
Other expenses	8,399	6,649	24,213	19,599
	<u>55,961</u>	<u>49,018</u>	<u>148,801</u>	<u>157,080</u>
Income before income taxes	34,344	19,547	97,888	41,366
Income tax expense	8,931	5,864	26,040	12,807
Net income	<u>\$ 25,413</u>	<u>\$ 13,683</u>	<u>\$ 71,848</u>	<u>\$ 28,559</u>
Earnings per share:				
Basic	\$ 1.22	\$ 0.59	\$ 3.39	\$ 1.25
Diluted	\$ 0.95	\$ 0.52	\$ 2.61	\$ 1.12
Number of shares used in computing earnings per share				
Basic	20,911	23,011	21,166	22,866
Diluted	26,654	26,218	27,512	25,439

Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	September 30, 2022	December 31, 2021
Assets:		
Cash and cash equivalents	\$ 12,944	\$ 29,928
Restricted cash and equivalents	159,762	146,620
Finance receivables measured at fair value	2,343,253	1,749,098
Finance receivables	117,686	232,390
Allowance for finance credit losses	(27,996)	(56,206)
Finance receivables, net	89,690	176,184
Deferred tax assets, net	14,570	19,575
Other assets	30,305	38,173
	<u>\$ 2,650,524</u>	<u>\$ 2,159,578</u>
Liabilities and Shareholders' Equity:		
Accounts payable and accrued expenses	\$ 55,982	\$ 43,648
Warehouse lines of credit	242,449	105,610
Residual interest financing	49,560	53,682
Securitization trust debt	2,057,100	1,759,972
Subordinated renewable notes	27,249	26,459
	<u>2,432,340</u>	<u>1,989,371</u>
Shareholders' equity	218,184	170,207
	<u>\$ 2,650,524</u>	<u>\$ 2,159,578</u>

Operating and Performance Data (\$ in millions)

	At and for the Three months ended September 30,		At and for the Nine months ended September 30,	
	2022	2021	2022	2021
	Contracts purchased	\$ 468.21	\$ 326.85	\$ 1,426.30
Contracts securitized	440.00	300.00	1,200.00	785.00
Total portfolio balance (5)	\$ 2,687.31	\$ 2,161.50	\$ 2,687.31	\$ 2,161.50
Average portfolio balance (5)	2,648.21	2,142.96	2,463.88	2,133.43
Allowance for finance credit losses as % of fin. receivables	23.79%	24.32%		
Delinquencies (5)				
	31+ Days	9.72%	8.44%	
	Repossession Inventory	1.13%	1.00%	
	Total Delinquencies and Repo. Inventory	10.85%	9.44%	
Annualized Net Charge-offs as % of Average Portfolio (5)				
	Legacy portfolio	5.82%	3.75%	4.40%
	Fair Value portfolio	4.90%	2.67%	4.03%
	Total portfolio	4.93%	2.82%	4.04%
Recovery rates (2)		51.1%	56.5%	55.9%
				52.2%

	For the Three months ended September 30,				For the Nine months ended September 30,			
	2022		2021		2022		2021	
	\$(3)	%(4)	\$(3)	%(4)	\$(3)	%(4)	\$(3)	%(4)
Interest income	\$ 79.82	12.1%	\$ 67.02	12.5%	\$ 225.55	12.2%	\$ 198.55	12.4%
Mark to finance receivables measured at fair value	8.18	1.2%	–	0.0%	15.28	0.8%	(4.42)	-0.3%
Other income	2.31	0.3%	1.55	0.3%	5.86	0.3%	4.31	0.3%
Interest expense	(23.48)	-3.5%	(18.33)	-3.4%	(58.65)	-3.2%	(58.26)	-3.6%
Net interest margin	66.82	10.1%	50.23	9.4%	188.04	10.2%	140.19	8.8%
Provision for credit losses	6.00	0.9%	1.59	0.3%	23.40	1.3%	1.59	0.1%
Risk adjusted margin	72.82	11.0%	51.82	9.7%	211.44	11.4%	141.78	8.9%
Core operating expenses	(38.48)	-5.8%	(32.27)	-6.0%	(113.55)	-6.1%	(100.41)	-6.3%
Pre-tax income	\$ 34.34	5.2%	\$ 19.55	3.6%	\$ 97.89	5.3%	\$ 41.37	2.6%

- (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 portfolio balance. Percentages may not add due to rounding.
- (5) Excludes third party portfolios.