



## *NEWS RELEASE*

### **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/B11c37e20cef8549cb8cb3cb345fa42915>. 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

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**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,     |            |
|  | 2022               | 2021      | 2022              | 2021       |
| <b>Revenues:</b>                                       |                    |           |                   |            |
| 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      |
|  | 90,305             | 68,565    | 246,689           | 198,446    |
| <b>Expenses:</b>                                       |                    |           |                   |            |
| 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     |
|  | 55,961             | 49,018    | 148,801           | 157,080    |
| 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   | \$ 25,413          | \$ 13,683 | \$ 71,848         | \$ 28,559  |
| 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,<br>2022 | December 31,<br>2021 |
|--|-----------------------|----------------------|
| <b>Assets:</b>                               |                       |                      |
| 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               |
|  | \$ 2,650,524          | \$ 2,159,578         |
| <b>Liabilities and Shareholders' Equity:</b> |                       |                      |
| 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               |
|  | 2,432,340             | 1,989,371            |
| Shareholders' equity                         | 218,184               | 170,207              |
|  | \$ 2,650,524          | \$ 2,159,578         |

Operating and Performance Data (\$ in millions)

|   | At and for the<br>Three months ended<br>September 30, |              | At and for the<br>Nine months ended<br>September 30, |             |
|---|---|--------------|--|-------------|
|   | <u>2022</u>   | <u>2021</u>  | <u>2022</u>  | <u>2021</u> |
| Contracts purchased   | \$ 468.21   | \$ 326.85    | \$ 1,426.30  | \$ 818.34   |
| 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.<br>receivables | 23.79%  | 24.32%       |  |             |
| Delinquencies (5)   |   |              |  |             |
| 31+ Days  | 9.72%   | 8.44%        |  |             |
| Repossession Inventory  | <u>1.13%</u>  | <u>1.00%</u> |  |             |
| Total Delinquencies and Repo. Inventory                         | 10.85%  | 9.44%        |  |             |
| Annualized Net Charge-offs as % of Average Portfolio<br>(5)     |   |              |  |             |
| Legacy portfolio  | 5.82%   | 3.75%        | 4.40%  | 7.06%       |
| Fair Value portfolio  | 4.90%   | 2.67%        | 4.03%  | 3.16%       |
| Total portfolio   | 4.93%   | 2.82%        | 4.04%  | 3.85%       |
| Recovery rates (2)  | 51.1%   | 56.5%        | 55.9%  | 52.2%       |

|  | For the<br>Three months ended<br>September 30, |              |               |              | For the<br>Nine months ended<br>September 30, |              |               |              |
|--|--|--------------|---------------|--------------|---|--------------|---------------|--------------|
|  | <u>2022</u>                                    |              | <u>2021</u>   |              | <u>2022</u>                                   |              | <u>2021</u>   |              |
|  | <u>\$ (3)</u>                                  | <u>% (4)</u> | <u>\$ (3)</u> | <u>% (4)</u> | <u>\$ (3)</u>                                 | <u>% (4)</u> | <u>\$ (3)</u> | <u>% (4)</u> |
| 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)  | <u>-3.5%</u> | (18.33)       | <u>-3.4%</u> | (58.65)                                       | <u>-3.2%</u> | (58.26)       | <u>-3.6%</u> |
| 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   | <u>0.9%</u>  | 1.59          | <u>0.3%</u>  | 23.40   | <u>1.3%</u>  | 1.59          | <u>0.1%</u>  |
| Risk adjusted margin                               | 72.82  | 11.0%        | 51.82         | 9.7%         | 211.44  | 11.4%        | 141.78        | 8.9%         |
| Core operating expenses                            | (38.48)  | <u>-5.8%</u> | (32.27)       | <u>-6.0%</u> | (113.55)                                      | <u>-6.1%</u> | (100.41)      | <u>-6.3%</u> |
| 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.