

Consumer Portfolio Services, Inc.

Nasdaq: CPSS

Investor Presentation
As of September 30, 2022



Company Overview

- Consumer finance company focused on sub-prime auto market
- Established in 1991. IPO in 1992
- Through September 30, 2022, approximately \$19.5 billion in contracts originated
- Headquarters in Las Vegas, Nevada. Branches in California, Nevada, Illinois, Virginia and Florida
- Approximately 792 employees as of September 30, 2022
- \$1.4 billion million contract originations in nine months ended September 2022; \$818.3 million contract originations in 2021;
- \$2.7 billion outstanding managed portfolio as of September 30, 2022

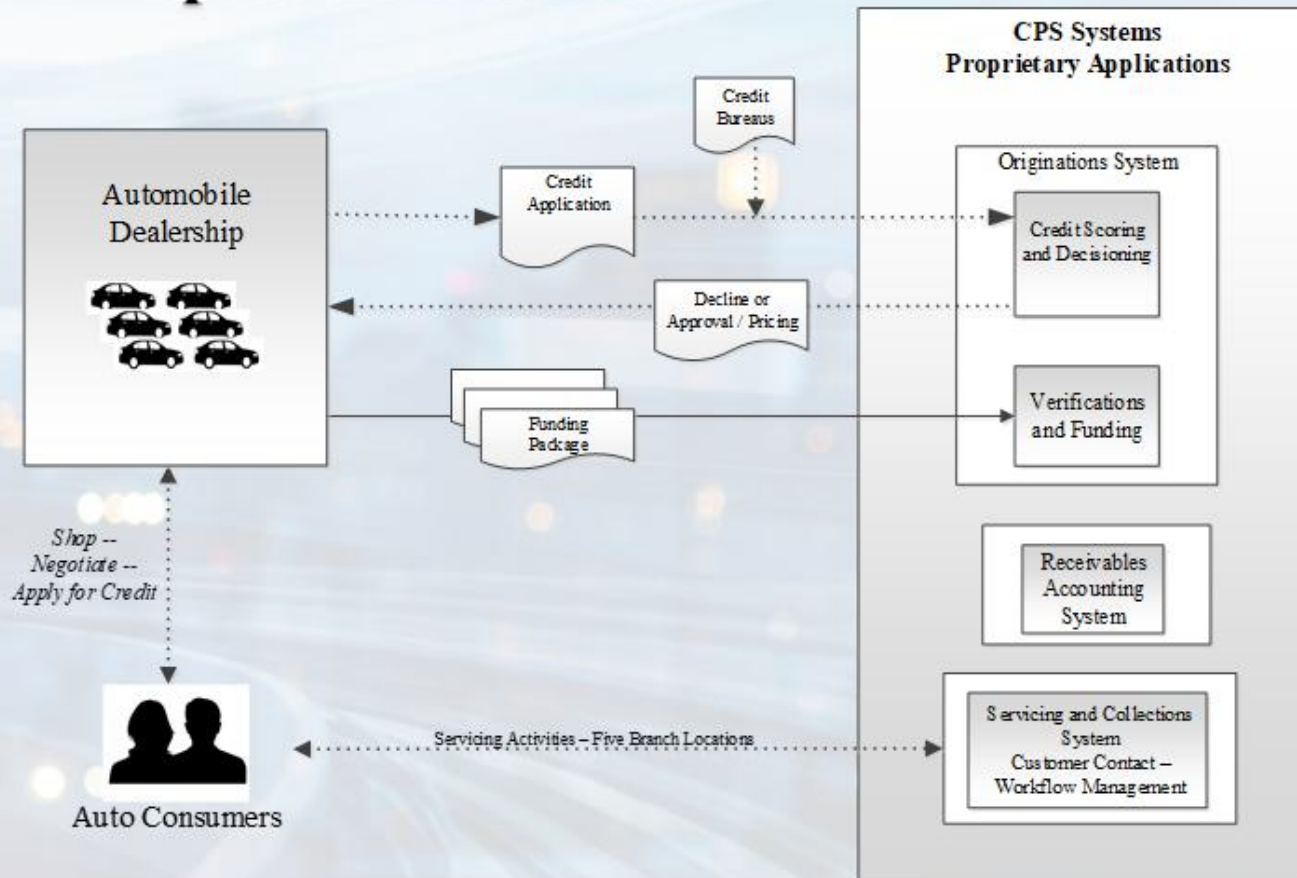


Recent Financial and Operating Performance



(1) Pre-tax income as a percentage of average managed portfolio for the period.

Operational Flow



Economic Model

	Quarter Ended		Twelve Months Ended	
	<u>September 30,</u> <u>2022</u>	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Interest Income	12.1%	12.5%	12.4%	12.7%
Mark to Fin. Recs. at FV	1.2%	--	(0.2%)	(1.3%)
Servicing and Other Income	0.3%	0.3%	0.3%	0.2%
Interest Expense	(3.5%)	(3.4%)	(3.5%)	(4.4%)
Net Interest Margin	10.1%	9.4%	9.0%	7.3%
Provision for Credit Losses	0.9%	0.3%	0.7%	(0.6%)
Core Operating Expenses	(5.8%)	(6.0%)	(6.6%)	(5.9%)
Pretax Return on Assets	5.2%	3.6%	3.1%	0.9%

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

Market Dynamics

U.S Market for Auto Finance

- \$1.4 trillion auto loans outstanding at Q2 2022 (1)
- Approximately 37% of auto financings in Q2 2022 were below prime (FICO < 661) (1)
- Historically fragmented market
- Few dominant players
- Significant barriers to entry

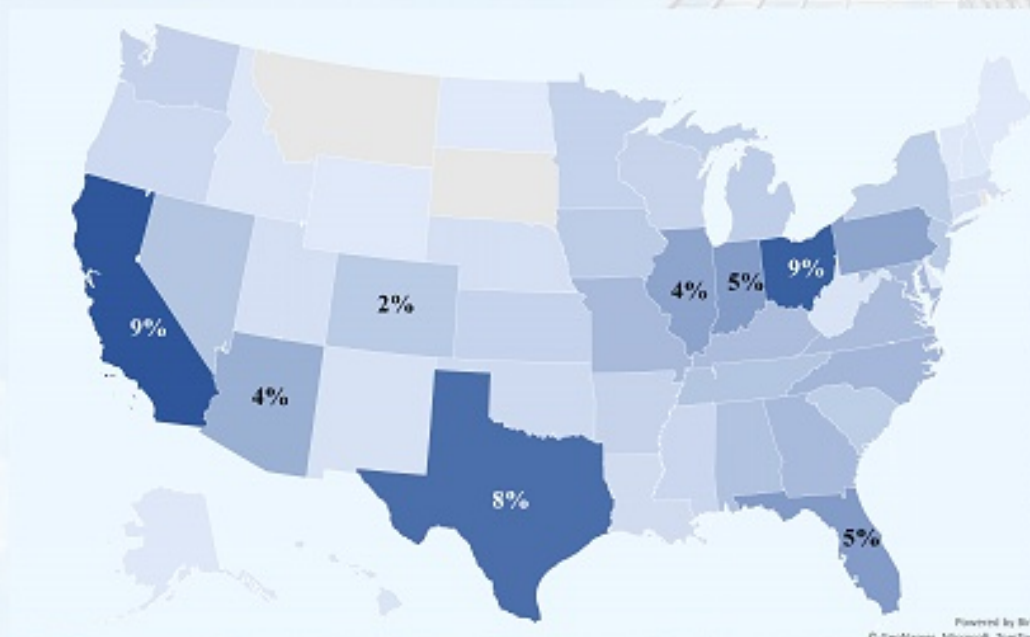
(1) According to Experian Automotive

Other National Industry Players

- Santander Consumer USA
- Exeter Finance Corp
- Global Lending Services
- Westlake Financial
- Credit Acceptance Corp.
- GM Financial – Americredit
- Capital One
- Wells Fargo

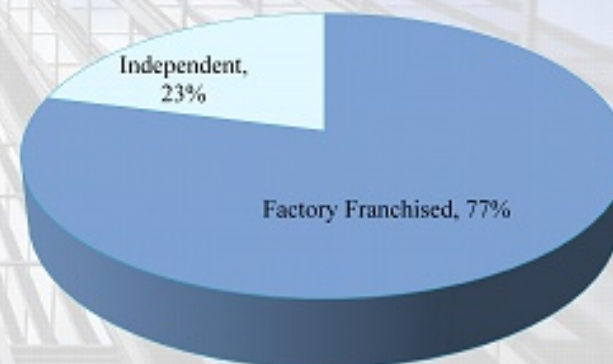
Market Footprint

- Contracts purchased in nine months ended September 30, 2022 - \$1,426.3 million
- Contracts purchased from dealers in 47 states
- Diverse geographic market penetration



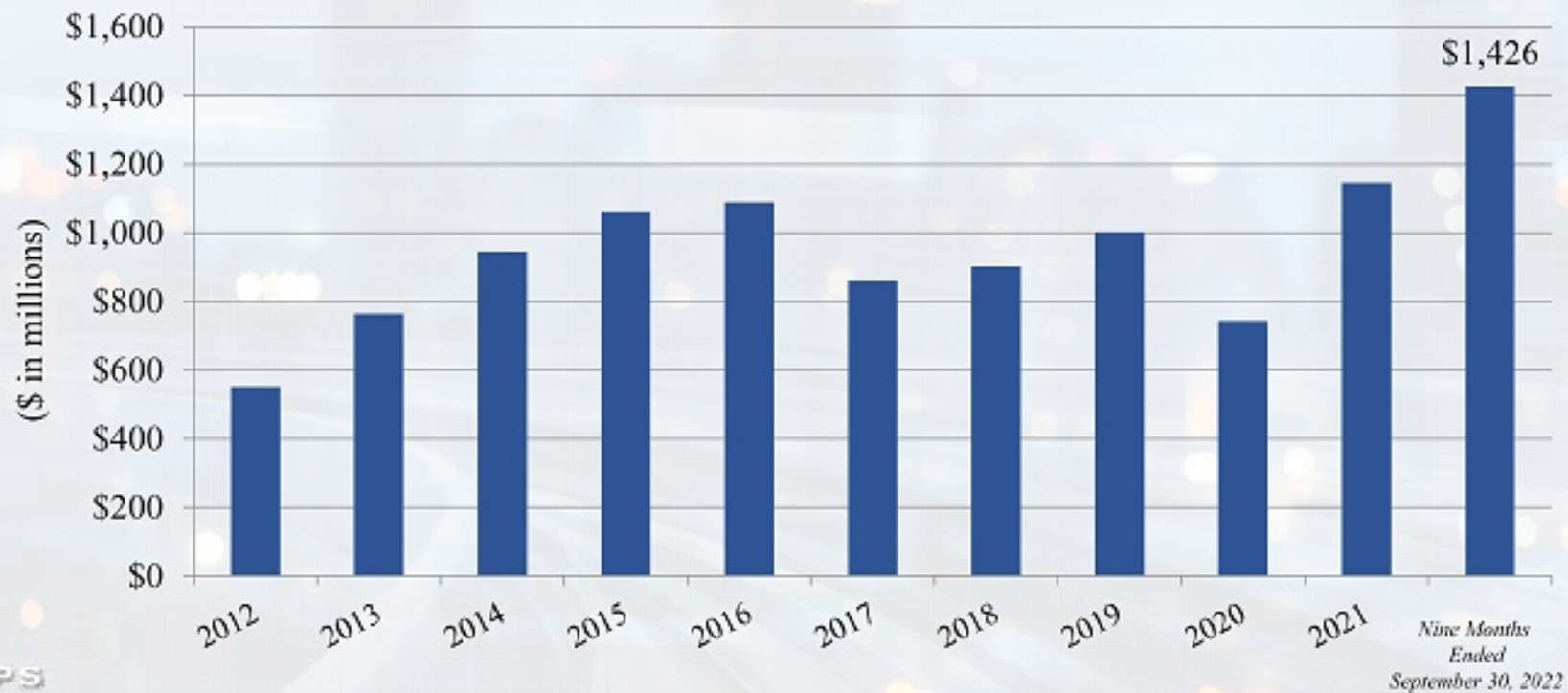
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Originating Dealer Type

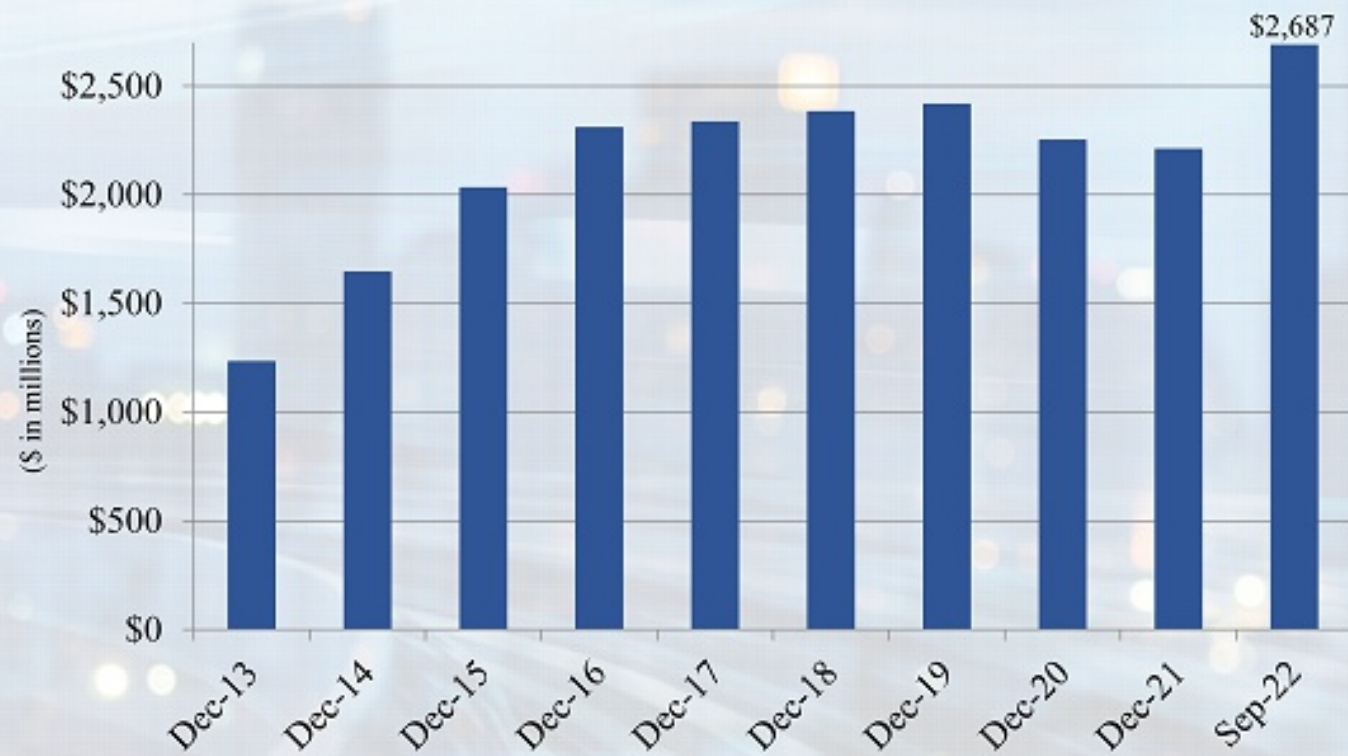


Historical Origination Volume

- Since inception through September 30, 2022, the Company has originated approximately \$19.5 billion in contracts
- 2022 Q3 volume was 43.3% greater than the volume from the third quarter of 2021



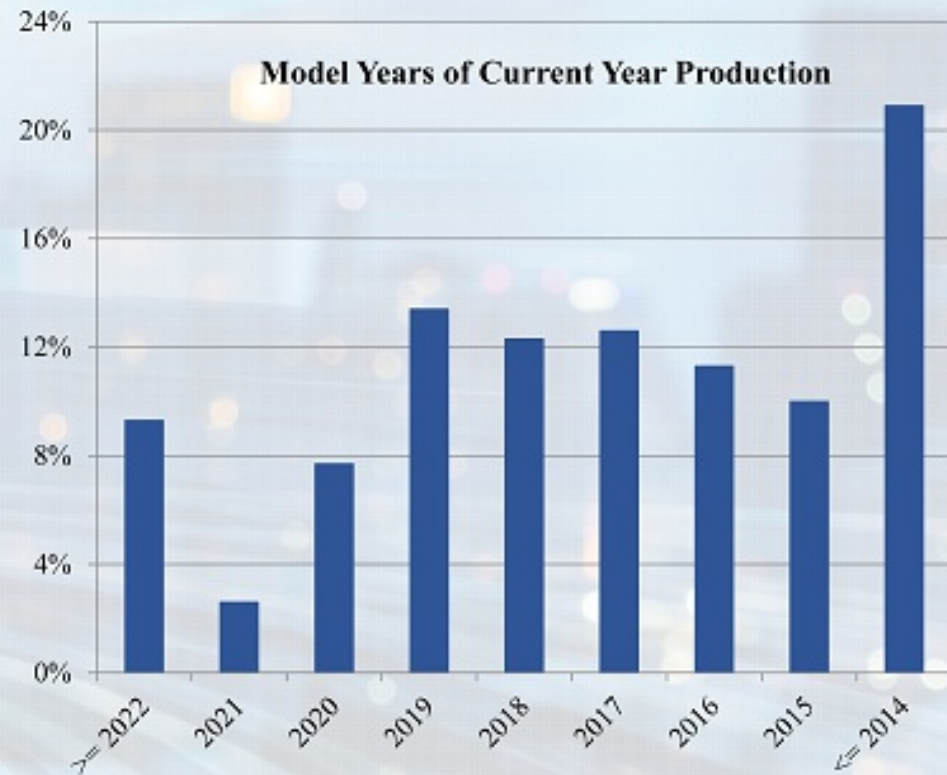
Total Managed Portfolio



Collateral Description (1)

Primarily late model, pre-owned vehicles

- 9% New
- 12% Certified Pre-Owned
- 79% Pre-owned
- 47% Domestic
- 53% Imports



(1) Under the CPS programs for contracts purchased for the nine months ended September 30, 2022

Overview of Lending Programs

- CPS's proprietary scoring models and risk-adjusted pricing result in program offerings covering a wide band of the sub-prime credit spectrum

<u>Program ⁽¹⁾</u>	<u>Avg. Yield ⁽²⁾</u>	<u>Avg. Amount Financed</u>	<u>Avg. Annual Household Income</u>	<u>Avg. Time on Job (years)</u>	<u>Avg. FICO</u>	<u>% of Purchases</u>
Meta	9.17%	\$26,634	\$96,181	9.5	672	4%
Preferred	11.34%	\$27,503	\$91,285	7.1	608	14%
Super Alpha	13.98%	\$27,330	\$82,421	5.5	579	25%
Alpha Plus	16.70%	\$24,632	\$73,988	4.2	575	11%
Alpha	19.16%	\$22,291	\$62,714	3.4	578	27%
Standard	22.11%	\$18,389	\$57,422	2.6	578	12%
Mercury / Delta	24.02%	\$17,264	\$57,034	2.8	564	4%
First Time Buyer	23.74%	\$15,994	\$47,859	1.9	568	3%
Overall	16.87%	\$23,156	\$70,550	4.3	584	100%



- (1) Under the CPS programs for contracts purchased for the nine months ended September 30, 2022.
 (2) Contract APR as adjusted for fees charged (or paid) to dealer.

Borrower and Contract Profile⁽¹⁾

Borrower:

• Average age	42 years
• Average time in job	5 years
• Average time in residence	6 years
• Average credit history	10 years
• Average household income	\$70,550 per year
• Percentage of homeowners	23%

Contract:

• Average amount financed	\$23,156
• Weighted average monthly payment	\$572
• Weighted average term	70 months
• Weighted average contract APR	16.9%
• Weighted average LTV	121.1%

(1) Under the CPS programs for contracts purchased for the nine months ended September 30, 2022.

Operations

Contract Originations

- Centralized contract originations at Irvine HQ
 - Maximizes control and efficiencies
 - Certain functions performed at Florida and Nevada offices
- Proprietary auto-decisioning system
 - Makes initial credit decision on over 99% of incoming applications
 - Decision inputs include deal structure, credit history and proprietary scorecard
- Pre-funding verification of employment, income and residency
 - Protects against potential fraud

Servicing

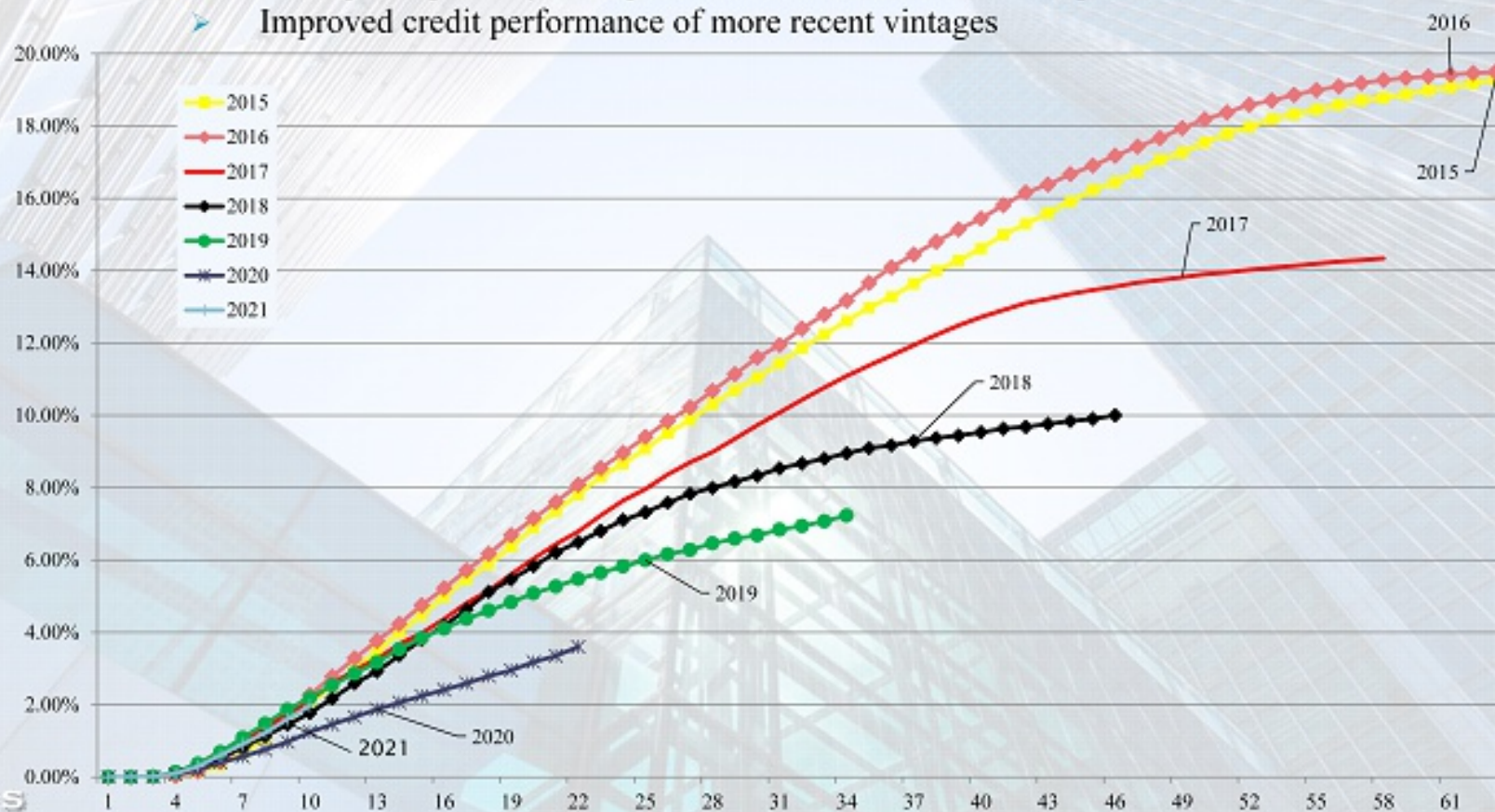
- Geographically dispersed servicing centers enhance coverage and staffing flexibility and drive portfolio performance
- Early contact on past due accounts; commencing as early as first day after due date; self-cure analytics leverages workforce
- Integrated customer contact system coordinates phone, text, chat, email and IVR activity.
- Workloads allocated based on specialization and behavioral scorecards, for efficiency and focus

Portfolio Financing

- \$400 million in interim funding capacity through two credit facilities
 - \$200 million with Citibank; revolves to July 2024, due in July 2025
 - \$200 million with Ares; revolves to January 24, due in January 2028
- Regular issuer of asset-backed securities, providing long-term matched funding
 - \$17.5 billion in 95 deals from 1994 through October 2022.
 - Completed 45 senior subordinated securitizations since the beginning of 2011.
 - In the August 2022 transaction, sold five tranches of rated bonds from triple “A” down to double “B” with a blended coupon of 6.02%.
 - In the October 2022 transaction, sold five tranches of rated bonds from triple “A” down to double “B” with a blended coupon of 8.48%.
- As of September 30, 2022, total corporate debt of \$27.2 million in subordinated unsecured retail notes.
- Completed \$50 million residual financing in June 2021.

Static Pool Performance

- Average of quarterly vintage cumulative net losses as of September 30, 2022
- Improved credit performance of more recent vintages



Summary Balance Sheets (1)

<i>(\$ in millions)</i>	<u>September</u> <u>30, 2022</u>	<u>December</u> <u>31, 2021</u>	<u>December</u> <u>31, 2020</u>	<u>December</u> <u>31, 2019</u>
Assets				
Cash	\$ 12.9	\$ 29.9	\$ 13.5	\$ 5.3
Restricted cash	159.8	146.6	130.7	135.5
Finance receivables, net of allowance	89.7	176.2	411.3	885.9
Finance receivables, measured at fair value	2,343.3	1,749.1	1,523.7	1,444.0
Deferred tax assets, net	14.6	19.6	28.5	15.5
Other assets	30.3	38.2	38.2	53.0
	<u>\$ 2,650.5</u>	<u>\$ 2,159.6</u>	<u>\$ 2,145.9</u>	<u>\$ 2,539.2</u>
Liabilities				
Accounts payable and accrued expenses	\$ 56.0	\$ 43.6	\$ 43.1	\$ 47.1
Warehouse lines of credit	242.4	105.6	119.0	134.8
Residual interest financing	49.6	53.7	25.4	39.5
Securitization trust debt	2,057.1	1,760.0	1,803.7	2,097.7
Subordinated renewable notes	27.2	26.5	21.3	17.5
	<u>2,432.3</u>	<u>1,989.4</u>	<u>2,012.5</u>	<u>2,336.6</u>
Shareholders' equity	218.2	170.2	133.4	202.6
	<u>\$ 2,650.5</u>	<u>\$ 2,159.6</u>	<u>\$ 2,145.9</u>	<u>\$ 2,539.2</u>



(1) Numbers may not add due to rounding.

Summary Statements of Operations (1)

(\$ in millions)	Three Months Ended		Years Ended		
	September 30, 2022	September 30, 2021	December 31, 2021	December 31, 2020	December 31, 2019
Revenues					
Interest income	\$ 79.8	\$ 67.0	\$ 266.3	\$ 295.0	\$ 337.1
Mark to finance receivables at fair value	8.2	-	(4.4)	(29.5)	-
Other income	2.3	1.5	6.0	5.7	8.7
	90.3	68.6	267.8	271.2	345.8
Expenses					
Employee costs	20.7	18.2	80.5	80.2	80.9
General and administrative	17.8	14.1	60.9	55.4	59.4
Interest	23.5	18.3	75.2	101.3	110.5
Provision for credit losses	(6.0)	(1.6)	(14.6)	14.1	85.8
	56.0	49.0	202.1	251.0	336.6
Pretax income	34.3	19.5	65.7	20.1	9.2
Income tax expense (benefit) (2)	8.9	5.9	18.2	(1.6)	3.8
Net income	\$ 25.4	\$ 13.7	\$ 47.5	\$ 21.7	\$ 5.4
EPS (fully diluted)	\$ 0.95	\$ 0.52	\$ 1.84	\$ 0.90	\$ 0.22

(1) Numbers may not add due to rounding.

(2) Includes \$8.8 million tax benefit in 2020.



Selected Financial Data

(\$ in millions)	Three Months Ended		Years Ended		
	<u>September</u> <u>30, 2022</u>	<u>September</u> <u>30, 2021</u>	<u>December</u> <u>31, 2021</u>	<u>December</u> <u>31, 2020</u>	<u>December</u> <u>31, 2019</u>
Auto contract purchases	\$ 468.2	\$ 326.9	\$ 1,146.3	\$ 742.6	\$ 1,002.8
Total managed portfolio	\$ 2,687.3	\$ 2,161.5	\$ 2,209.4	\$ 2,175.0	\$ 2,416.0
Risk-adjusted margin (1)	\$ 72.8	\$ 51.8	\$ 207.2	\$ 155.7	\$ 149.5
Core operating expenses (2)					
\$ amount	\$ 38.5	\$ 32.3	\$ 141.4	\$ 135.6	\$ 140.3
% of avg. managed portfolio	5.8%	6.0%	6.6%	5.9%	5.8%
Pretax return on managed assets (3)	5.2%	3.6%	3.1%	0.9%	0.4%
Total delinquencies and repo inventory (30+ days past due)					
As a % of total owned portfolio	10.9%	9.4%	10.5%	12.1%	15.5%
Annualized net charge-offs					
As a % of total owned portfolio	4.9%	2.8%	4.7%	6.5%	8.0%

(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.



Investment Considerations

- CPS has weathered multiple industry cycles to remain one of the few independent public auto finance companies
- Forty-four consecutive quarters of pre-tax profits
- Attractive industry fundamentals with fewer large competitors than last cycle
- Consistent credit performance
- Opportunistic, successful acquisitions
- Stable senior management team averaging 20 years of experience owns significant equity

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 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.

Safe Harbor Statement

- Forward-looking statements in this presentation include the Company's recorded figures representing allowances for remaining expected lifetime credit losses, its markdown of 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, 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 estimates may be adversely affected by various factors, which include (in addition to risks relating to the COVID-19 pandemic and 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. The accuracy of such estimates may also be affected by the effects of the COVID-19 pandemic and of governmental responses to said pandemic, which have included prohibitions on certain means of enforcement of receivables, and may include additional restrictions, as yet unknown, in the future. 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.