

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) August 4, 2006

**CONSUMER PORTFOLIO SERVICES, INC.**

(Exact Name of Registrant as Specified in Charter)

CALIFORNIA

(State or Other Jurisdiction  
of Incorporation)

001-14116

(Commission  
File Number)

33-0459135

(IRS Employer  
Identification No.)

16355 Laguna Canyon Road, Irvine, CA 92618

(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
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**ITEM 7.01 REGULATION FD DISCLOSURE**

The registrant, Consumer Portfolio Services, Inc. ("CPS") is today making available one presentation. A copy thereof is attached hereto as an exhibit. Although the exhibit is an update of a similar document filed as an exhibit to a current report that CPS filed on May 25, 2006, CPS is not undertaking to update further any information contained in this presentation.

The information furnished in this report shall not be deemed "filed" for purposes of Section 18 of the Securities Act of 1933, as amended.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.**

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

One exhibit is filed herewith:

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|--------------------|
| 99.1                  | Company Summary    |

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**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.

**CONSUMER PORTFOLIO SERVICES, INC.**

Dated: August 4, 2006

By: /s/ Charles E. Bradley, Jr.  
Charles E. Bradley, Jr.  
President and Chief Executive Officer  
Signing on behalf of the registrant  
and as Principal Executive Officer

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## EXHIBIT INDEX

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|--------------------|
| 99.1                  | Company Summary    |

# Consumer Portfolio Services, Inc.

Nasdaq: CPSS

As of June 30, 2006



# Cautionary Statement

Information included in the following slides is believed to be accurate, but is not necessarily complete. Such information should be reviewed in its appropriate context. The implication that historical trends will continue in the future, or that past performance is indicative of future results, is disclaimed. To the extent that one reading the following material nevertheless makes such an inference, such inference would be a forward-looking statement, and would be subject to risks and uncertainties that could cause actual results to vary. Such risks include variable economic conditions, adverse portfolio performance (resulting, for example, from increased defaults by the underlying obligors), volatile wholesale values of collateral underlying CPS assets, reliance on warehouse financing and on the capital markets, fluctuating interest rates, increased competition, regulatory changes, the risk of obligor default inherent sub-prime financing, and exposure to litigation.



# 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 (<http://www.sec.gov/edgar/searchedgar/companysearch.html>) using CPS's ticker symbol, which is "CPSS." Risk factors that should be considered are described under the caption "Forward-looking Statements" in Item 7 of CPS's annual report on Form 10-K, which report is on file with the Commission and available for review at the Commission's website. Such description of risk factors is incorporated herein by reference.



## Consumer Portfolio Services, Inc.

- ✓ Specialty finance company focused on sub-prime auto market
- ✓ Established in 1991; IPO in 1992
- ✓ Through June 30, 2006, approximately \$6.6 billion in contract purchases from auto dealers





## Consumer Portfolio Services, Inc.

- ✓ As of June 30, 2006, managed portfolio of approximately \$1.375 billion
- ✓ Irvine, California headquarters and three servicing branches in Virginia, Florida and Illinois
- ✓ Approximately 710 employees



# U.S. Auto Finance Market

- ✓ 2004 U.S. auto financing = \$392 billion<sup>(1)</sup>
  - \$207 billion new; \$185 billion used
- ✓ Company estimates 20%, or \$78 billion is “sub-prime”
- ✓ Historically fragmented market with few long-term dominant players
- ✓ Significant barriers to entry



# Major Market Participants

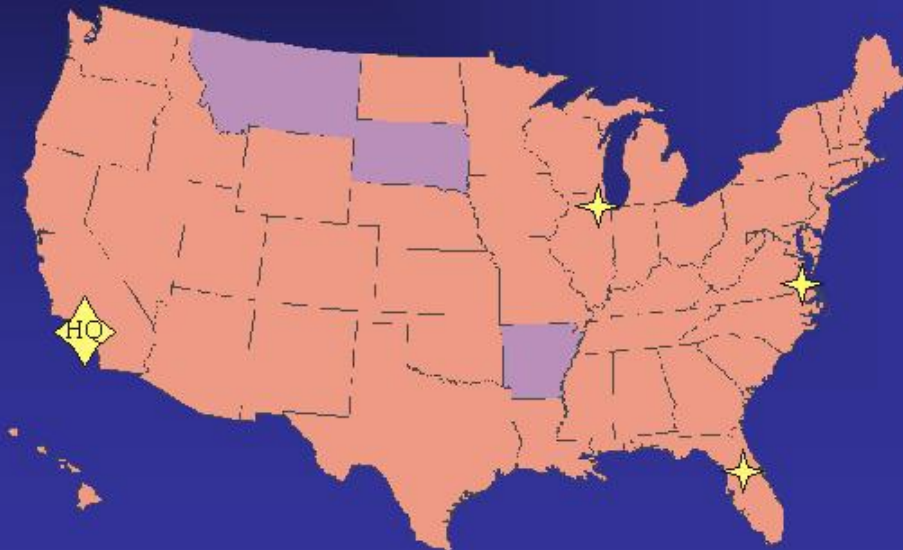
- ✓ AmeriCredit
- ✓ Wells Fargo
- ✓ Capital One
- ✓ CitiFinancial
- ✓ Triad
- ✓ Chase Custom
- ✓ HSBC/Household
- ✓ Manufacturers' Captives



# The CPS Landscape

*as of June 30, 2006*

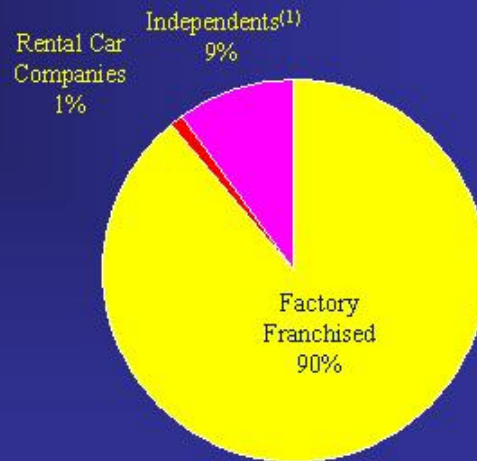
- ✓ Contracts with over 7,300 dealers in 47 states ■
- ✓ 76 employee marketing reps in the field and six in-house
- ✓ West coast headquarters and three strategically located servicing branches ✦



# The CPS Landscape

- ✓ Primarily factory franchised dealers

Contract Purchases for  
the six months ended  
June 30, 2006



# The CPS Landscape

CPS's risk-adjusted pricing results in program offerings covering a wide band of the credit spectrum

*New contract acquisitions for the six months ended June 30, 2006*

| Program          | Avg Yield % <sup>(1)</sup> | Avg Amount Financed \$ | Avg FICO |
|------------------|----------------------------|------------------------|----------|
| Preferred        | 12.3                       | 19,980                 | 603      |
| Super Alpha      | 15.3                       | 19,372                 | 517      |
| Alpha Plus       | 17.0                       | 17,545                 | 522      |
| Alpha            | 19.1                       | 15,197                 | 510      |
| Standard         | 22.8                       | 12,944                 | 518      |
| Mercury / Delta  | 26.5                       | 11,502                 | 517      |
| First Time Buyer | 27.3                       | 11,236                 | n/a      |

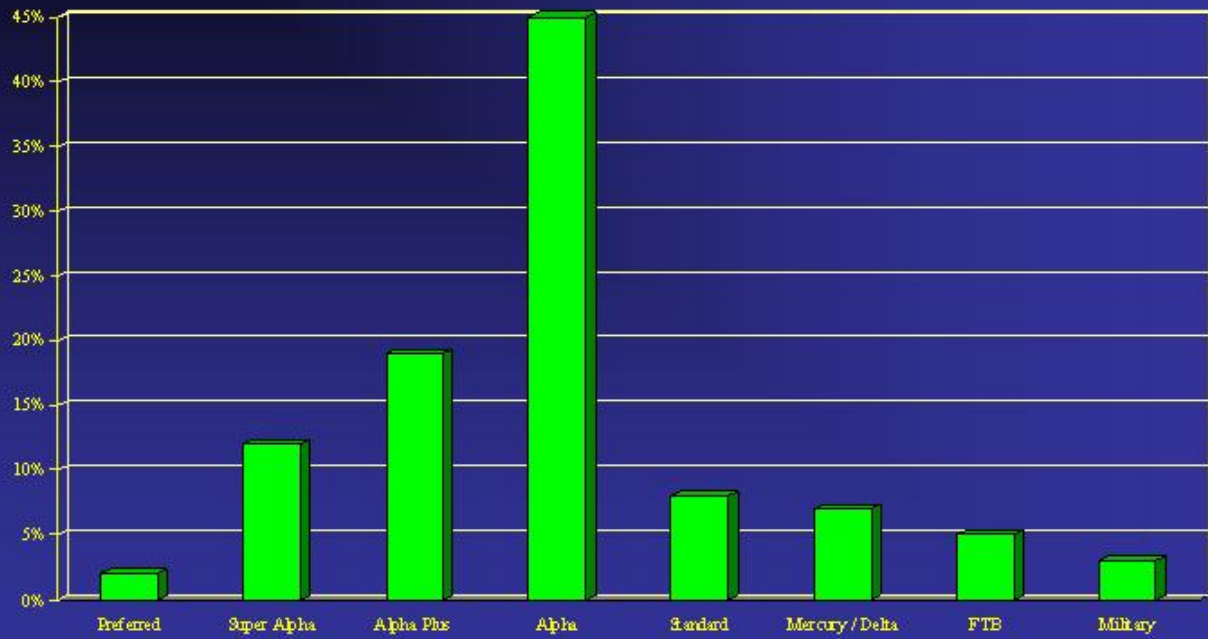
10



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

# The CPS Landscape

## *Product Mix*



# The CPS Landscape

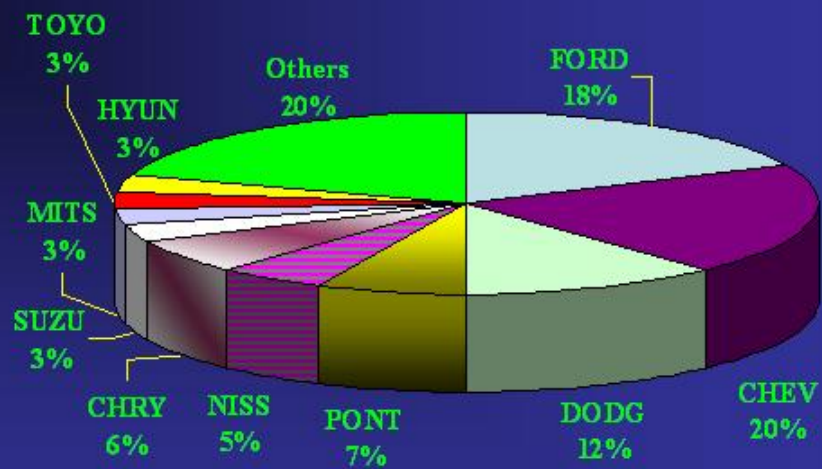
- ✓ Primarily late model pre-owned vehicles
  - 16% New
  - 84% Pre-owned





# The CPS Landscape

- ✓ Affordable, basic transportation vehicles
- ✓ Average vehicle sales price of \$15,680
- ✓ Average monthly payment of \$382 for 63 months



*New contract acquisitions for six months ended June 30, 2006*



# The CPS Landscape

An emphasis on *stable* obligors with the ability to rehabilitate their credit profile

|                           |                   |
|---------------------------|-------------------|
| Average age               | 37 years          |
| Average time in job       | 5 years           |
| Average time in residence | 5 years           |
| Average household income  | \$39,986 per year |
| Percentage of homeowners  | 18%               |



# Contract Originations

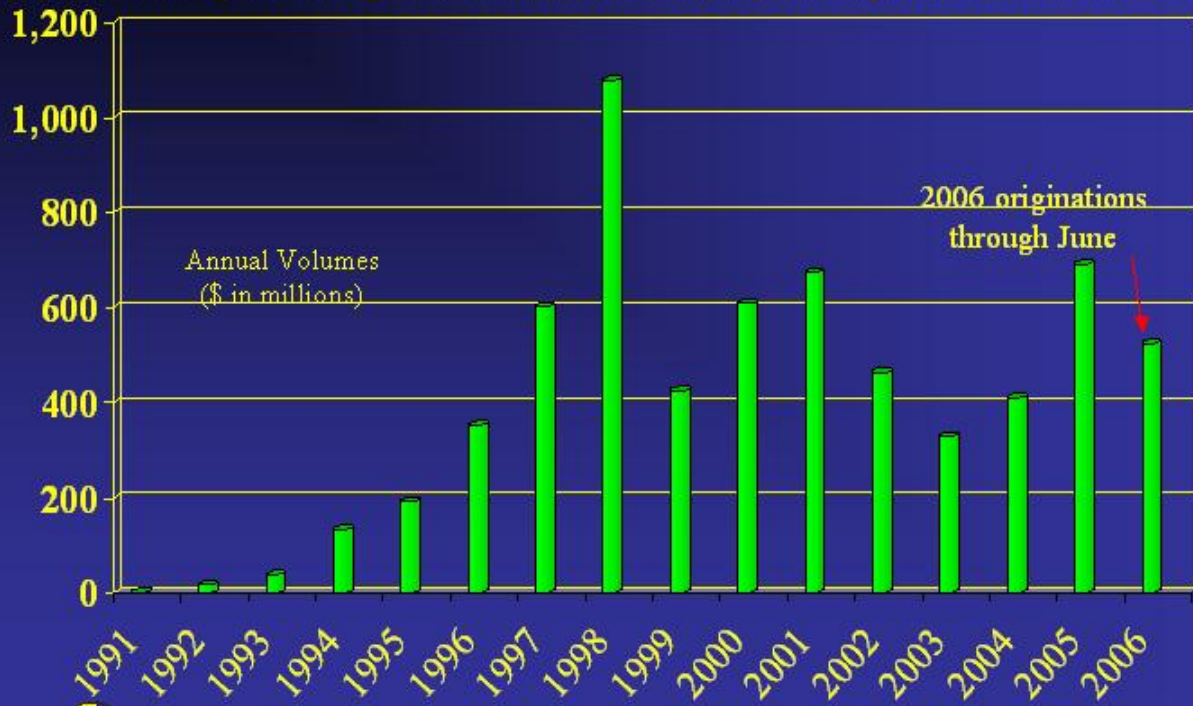
- ✓ Centralized contract originations at Irvine HQ
  - Maximizes control and efficiencies
  
- ✓ Proprietary auto-decisioning system
  - Makes initial credit decision on approximately 90% of incoming applications
  - Enhances dealer service by shortening response time
  
- ✓ Pre-funding verification of employment, income and residency
  - Protects against dealer and obligor fraud



# Contract Originations

## Infrastructure to Support Significant Originations Volumes

Since inception through June 30, 2006 the Company has originated over \$6.6 billion



# Contract Servicing

- ✓ Geographically dispersed servicing centers enhance coverage and staffing flexibility and drive portfolio performance
- ✓ Offices are tied into the central database and paperless collection system
- ✓ Dynamic work queue monitoring and balancing among offices



# Contract Servicing

- ✓ Early contact on past due accounts; commencing as early as first day after due date
- ✓ Workloads allocated based on specialization which enhances efficiencies
- ✓ Early stage workload supplemented by automated intelligent predictive dialer



# Contract Servicing

Automated paperless servicing system builds dynamic work queues based on the account's characteristics.

|                                       |                                |                                |             |                  |              |
|---------------------------------------|--------------------------------|--------------------------------|-------------|------------------|--------------|
| Supervision                           | Supervision                    | Supervision                    | Supervision | Supervision      | Supervision  |
| Predictive Dialer<br><i>0-29 days</i> | Front End<br><i>30-59 days</i> | Back End<br><i>60-119 days</i> | Military    | Insurance Claims | Skip Tracing |

|             |             |              |             |             |
|-------------|-------------|--------------|-------------|-------------|
| Supervision | Supervision | Supervision  | Supervision | Supervision |
| Legal       | Bankruptcy  | Repossession | Liquidation | Deficiency  |

Agents are assigned to work queues based on their specialization. Supervisors with appropriate expertise oversee specialized groups.



# Successful Acquisitions

| <u>Entity</u>  | <u>Date and Purchase Price</u> | <u>Comments</u>   |
|--|--------------------------------|---|
| MFN Financial Corp.  | March 2002<br>\$123.2 million  | <ul style="list-style-type: none"> <li>✓ \$380 million portfolio</li> <li>✓ \$17.4 million negative goodwill</li> </ul>               |
| The Finance Company  | May 2003<br>\$23.7 million     | <ul style="list-style-type: none"> <li>✓ \$150 million portfolio</li> <li>✓ CPS maintains presence in TFC military niche</li> </ul>   |
| SeaWest Financial Corp.<br>(Purchase of certain assets only) | April 2004<br>\$63.2 million   | <ul style="list-style-type: none"> <li>✓ \$75 million portfolio acquired</li> <li>✓ Servicing for additional \$100 million</li> </ul> |





# Portfolio Financing

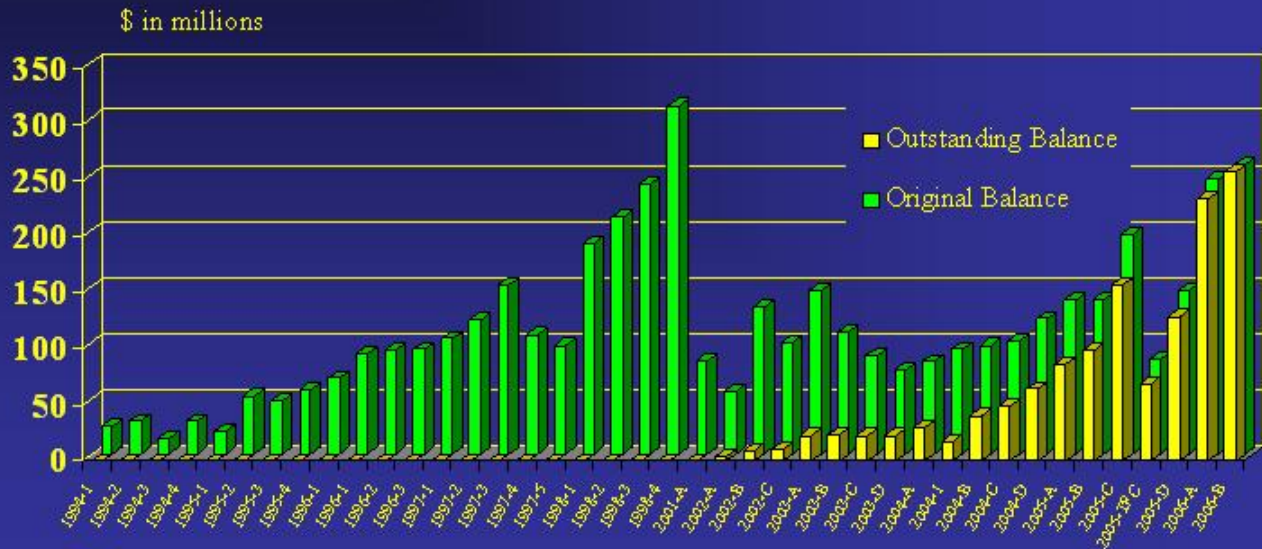
- ✓ Two short-term warehouse facilities aggregating \$350 million
- ✓ Quarterly “AAA” rated asset-backed securities provide long-term matched funding
- ✓ Use of multiple bond insurers enhances liquidity and structural flexibility
- ✓ Sale of subordinated tranches increases liquidity



# Portfolio Financing

*The Company has been a regular issuer of rated ABS since 1994*

*Through Q2 2006: 41 deals aggregating over \$4.6 billion*



## Other Financing

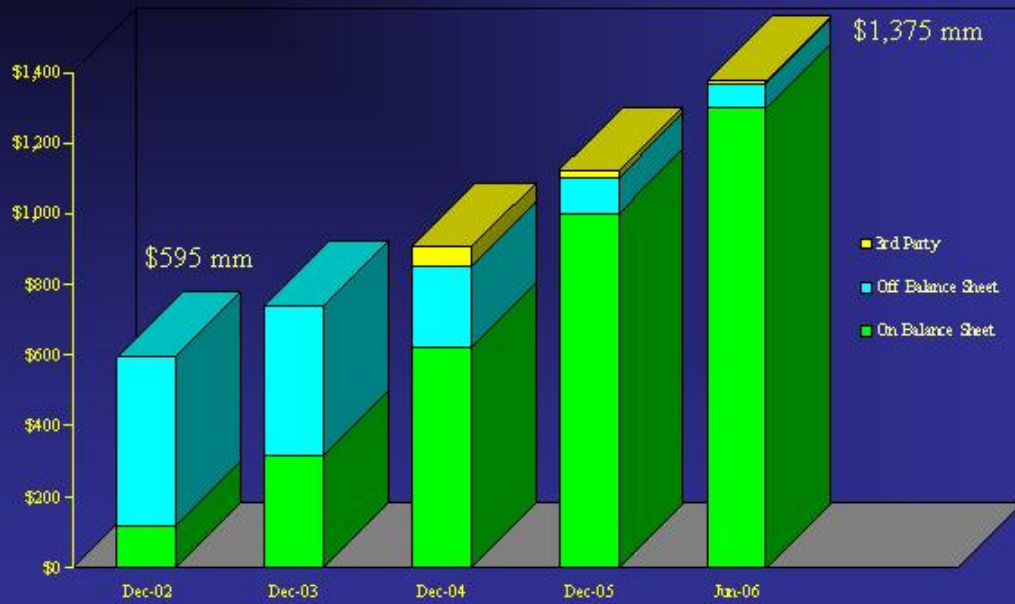
(\$ in thousands)

| <u>Outstanding at<br/>June 30, 2006</u> | <u>Source</u>                                     | <u>Terms</u>                                 | <u>Comments</u>                                   |
|---|---|--|---|
| \$30,715                                | Residual Interest<br>Financing                    | 8.36%<br>Amortizing with<br>related ABS      | 2 <sup>nd</sup> rated "NIM"<br>transaction by CPS |
| \$40,000                                | Senior Debt –<br>Affiliate of<br>Levine Leichtman | 11.75%<br>2006 and 2007<br>maturities        | A lender to CPS<br>since 1998                     |
| \$8,666                                 | Sub. Debt –<br>Renewable Notes                    | Wtd rate 9.15%<br>Wtd orig term 28<br>months | Shelf registration<br>effective May<br>2005       |



# Total Managed Portfolio

*Steady Growth over Last Five Years (\$ in millions)*

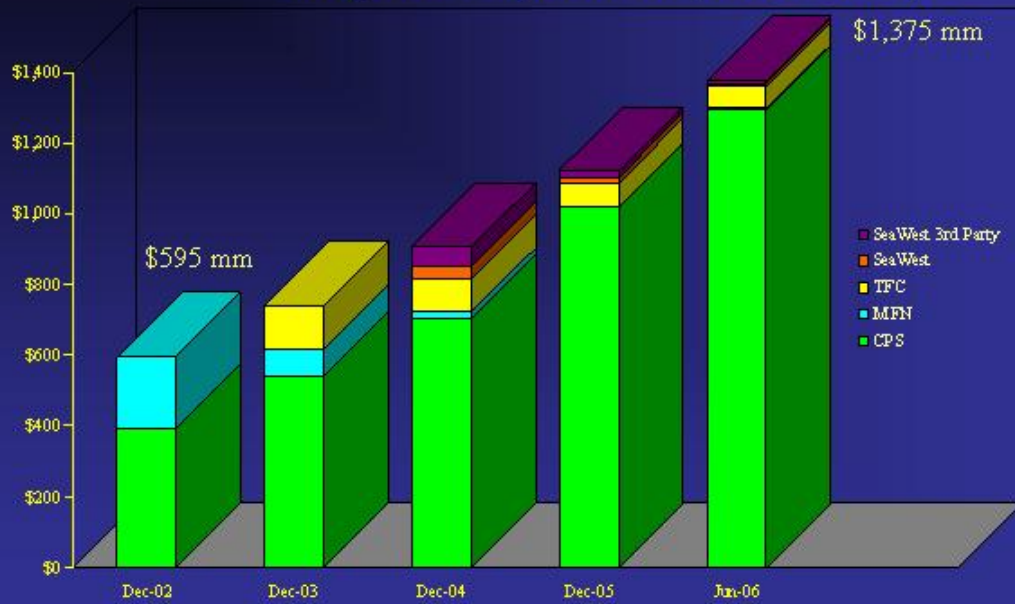


*Over 90% is Now On Balance Sheet*



# Total Managed Portfolio

*Composition by Source (\$ in millions)*



*Primary Driver of Growth is CPS "Organic" Contract Purchases*



# Asset Performance

## Average Annual Net Credit Losses

*Consistent Performance and Positive Trends*



# Asset Performance

## Receivables and Repo Inventory 30 Plus Days Past Due

Three quarter rolling averages

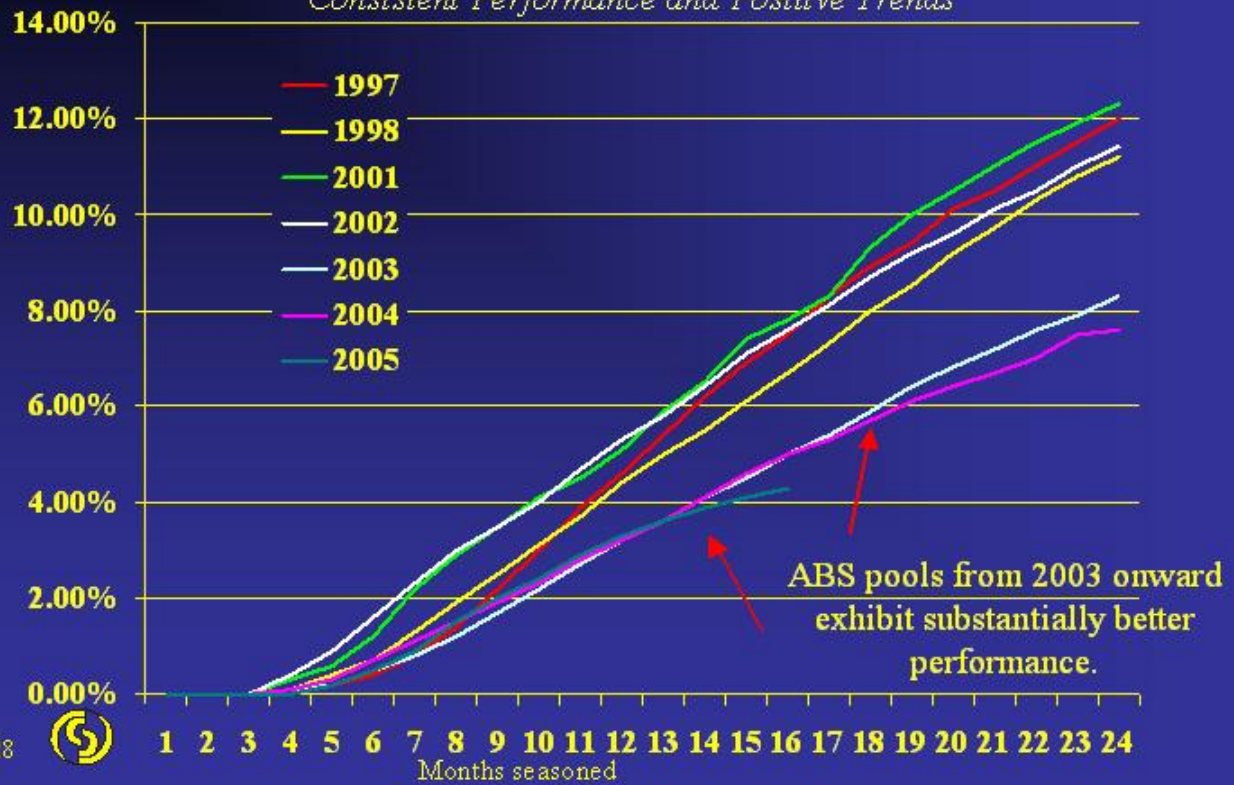


Consistent Performance and Positive Trends

\*MFN transactions called in August 2005.

# Asset Performance

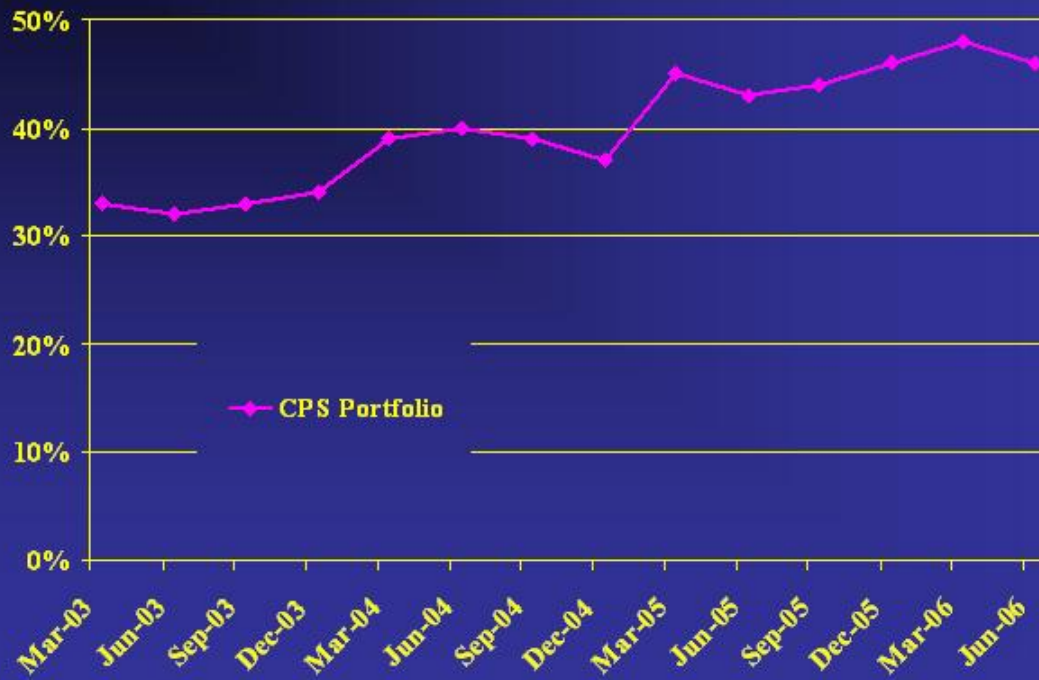
Average ABS Pool Cumulative Net Credit Losses as of June 30, 2006  
*Consistent Performance and Positive Trends*





# Asset Performance

*Auction Values for Repossession Sales Have Steadily Improved (1)*



29

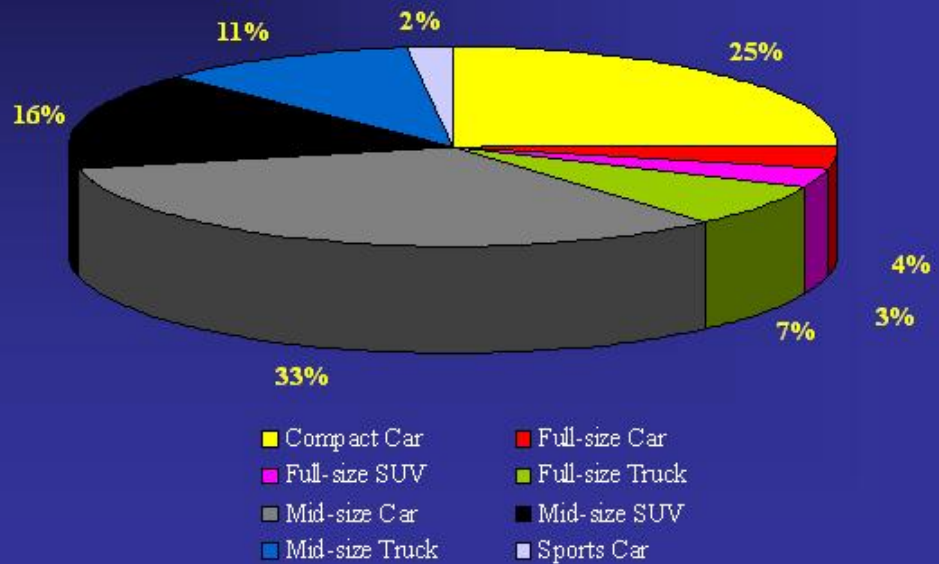


(1) Net liquidation proceeds a percentage of the net balance at the time of sale of the vehicle.

# Asset Performance

## Repossession Sales for CPS Portfolio in Q2 2006

- ✓ Least fuel efficient vehicles comprised less than 10% of all vehicles sold
- ✓ Full-size SUV's and trucks sold for 51% of contract balance vs. 46% for other vehicles



# Summary Balance Sheets

*(\$ in thousands)*

|  | <u>June 30,</u><br><u>2006</u> | <u>December 31,</u><br><u>2005</u> | <u>December 31,</u><br><u>2004</u> |
|--|--------------------------------|------------------------------------|------------------------------------|
| <u>Assets</u>                          |                                |                                    |                                    |
| Cash                                   | \$ 11,942                      | \$ 17,789                          | \$ 14,366                          |
| Restricted Cash                        | 207,881                        | 157,662                            | 125,113                            |
| Finance receivables, net of allowance  | 1,191,733                      | 913,576                            | 550,191                            |
| Residual interest in securitizations   | 20,656                         | 25,220                             | 50,430                             |
| Other Assets                           | 53,112                         | 40,897                             | 26,499                             |
|  | <u>\$ 1,485,324</u>            | <u>\$ 1,155,144</u>                | <u>\$ 766,599</u>                  |
| <u>Liabilities</u>                     |                                |                                    |                                    |
| Accounts payable and other liabilities | \$ 20,405                      | \$ 19,779                          | \$ 22,552                          |
| Warehouse lines of credit              | 59,346                         | 35,350                             | 34,279                             |
| Residual interest financing            | 30,715                         | 43,745                             | 22,204                             |
| Securitization trust debt              | 1,248,332                      | 924,026                            | 542,815                            |
| Other debt                             | 48,666                         | 58,655                             | 74,829                             |
|  | <u>1,407,464</u>               | <u>1,081,555</u>                   | <u>696,679</u>                     |
| Shareholders' equity                   | 77,860                         | 73,589                             | 69,920                             |
|  | <u>\$ 1,485,324</u>            | <u>\$ 1,155,144</u>                | <u>\$ 766,599</u>                  |



## Summary Statements of Operations

(\$ in thousands)

|                             | Six Months Ended |                  | Year Ended           |                      |
|-----------------------------|------------------|------------------|----------------------|----------------------|
|                             | June 30,<br>2006 | June 30,<br>2005 | December 31,<br>2005 | December 31,<br>2004 |
| <u>Revenues</u>             |                  |                  |                      |                      |
| Interest income             | \$ 63,039        | \$ 40,522        | \$ 171,834           | \$ 105,818           |
| Servicing fees              | 799              | 1,795            | 6,647                | 12,480               |
| Other income                | 3,395            | 5,459            | 15,216               | 14,394               |
|                             | <u>67,233</u>    | <u>47,776</u>    | <u>193,697</u>       | <u>132,692</u>       |
| <u>Expenses</u>             |                  |                  |                      |                      |
| Employee costs              | 9,720            | 9,701            | 40,384               | 38,173               |
| General and administrative  | 10,405           | 10,358           | 39,285               | 33,936               |
| Interest                    | 22,303           | 11,948           | 51,669               | 32,147               |
| Impairment on residual      | 0                | 0                | 0                    | 11,750               |
| Provision for credit losses | 22,178           | 15,224           | 58,987               | 32,574               |
|                             | <u>64,606</u>    | <u>47,231</u>    | <u>190,325</u>       | <u>148,580</u>       |
| Income (loss)               | 2,627            | 545              | 3,372                | (15,888)             |
| Income tax expense          | 0                | 0                | 0                    | 0                    |
| Net income (loss)           | <u>\$ 2,627</u>  | <u>\$ 545</u>    | <u>\$ 3,372</u>      | <u>\$ (15,888)</u>   |
| EPS (fully diluted)         | \$0.18           | \$0.01           | \$0.14               | \$(0.75)             |



# Investment Merits

- ✓ Market participant since 1991; CPS has weathered industry turbulence to remain one of the few independent public auto finance companies
- ✓ Attractive industry fundamentals
- ✓ Disciplined approach to credit quality and servicing
- ✓ Demonstrated growth in new contract acquisitions and total managed portfolio
- ✓ Improving asset performance



# Investment Merits

- ✓ Diverse sources of funding
- ✓ Recurring revenue model and sound quality of earnings
- ✓ Operating leverage through economies of scale
- ✓ Opportunistic, successful acquisitions
- ✓ Stable senior management team with significant equity ownership – senior management, including vice presidents, average 12 years of service with the Company



# Consumer Portfolio Services, Inc.

Nasdaq: CPSS

