

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) May 22, 2007

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

CALIFORNIA  
(State or Other Jurisdiction  
of Incorporation)

0-51027  
(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**

CPS is today making available one presentation consisting of 29 slides. A copy is attached as an exhibit. Although the exhibit is an update of a similar presentation made available on February 20, 2007 (as an exhibit to a current report on Form 8-K). 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 attached:

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

---

**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: May 22, 2007

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

---

## EXHIBIT INDEX

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

# Consumer Portfolio Services, Inc.

Nasdaq: CPSS

As of March 31, 2007



# Safe Harbor 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 in Item 1A, "Risk Factors," 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.



# Company Overview

- ✓ Specialty finance company focused on sub-prime auto market
- ✓ Established in 1991; IPO in 1992
- ✓ Irvine, California headquarters and three servicing branches in Virginia, Florida and Illinois





# Company Overview

- ✓ Through March 31, 2007, approximately \$7.4 billion in contract purchases from auto dealers
- ✓ As of March 31, 2007, managed portfolio of approximately \$1.73 billion
- ✓ Approximately 846 employees



# U.S. Auto Finance Market

- ✓ 2005 U.S. auto financing = \$407 billion<sup>(1)</sup>
  - \$211 billion new; \$196 billion used
  
- ✓ Company estimates 20%, or \$81 billion is “sub-prime”
  
- ✓ Historically fragmented market with few long-term dominant players
  
- ✓ Significant barriers to entry



# Major Market Participants

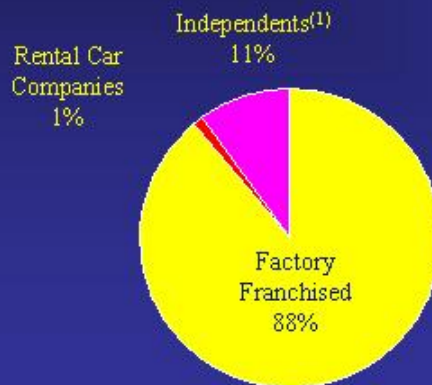
- ✓ AmeriCredit
- ✓ Wells Fargo
- ✓ Capital One
- ✓ CitiFinancial
- ✓ Triad
- ✓ Chase Custom
- ✓ HSBC/Household
- ✓ Manufacturers' Captives



# The CPS Landscape

*as of March 31, 2007*

- ✓ Contracts with over 7,700 dealers in 47 states
- ✓ 101 employee marketing reps in the field and 7 in-house
- ✓ West coast headquarters and three strategically located servicing branches
- ✓ Primarily factory franchise dealers



Contract Purchases for the three months ended March 31, 2007



# Collateral Description

- ✓ Primarily late model pre-owned vehicles
  - 16% New
  - 84% Pre-owned
  - 70% Domestic
  - 30% Foreign



# Program Overview

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

*New contract acquisitions for the three months ended March 31, 2007*

| Program          | Avg Yield <sup>(1)</sup> | Avg Amount Financed | Avg FICO | % of Purchases <sup>(2)</sup> |
|------------------|--------------------------|---------------------|----------|-------------------------------|
| Preferred        | 11.9%                    | \$19,218            | 557      | 6%                            |
| Super Alpha      | 14.8%                    | \$19,818            | 521      | 12%                           |
| Alpha Plus       | 16.6%                    | \$17,710            | 525      | 17%                           |
| Alpha            | 18.6%                    | \$15,637            | 517      | 41%                           |
| Standard         | 22.7%                    | \$13,268            | 519      | 10%                           |
| Mercury / Delta  | 26.1%                    | \$11,582            | 518      | 9%                            |
| First Time Buyer | 26.7%                    | \$11,410            | 538      | 7%                            |



(1) Contract APR as adjusted for fees charged (or paid) to dealer.  
(2) Under the CPS programs.

# Borrower and Contract Profile

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

## **Borrower:**

|                           |                   |
|---------------------------|-------------------|
| Average age               | 37 years          |
| Average time in job       | 5 years           |
| Average time in residence | 5 years           |
| Average credit history    | 9 years           |
| Average household income  | \$39,504 per year |
| Percentage of homeowners  | 17%               |

## **Contract:**

|                         |           |
|-------------------------|-----------|
| Average amount financed | \$15,383  |
| Average monthly payment | \$379     |
| Average term            | 63 months |
| Weighted average APR    | 18.1%     |

11



*New contract acquisitions under the CPS programs for the three months ended March 31, 2007*

# Contract Originations

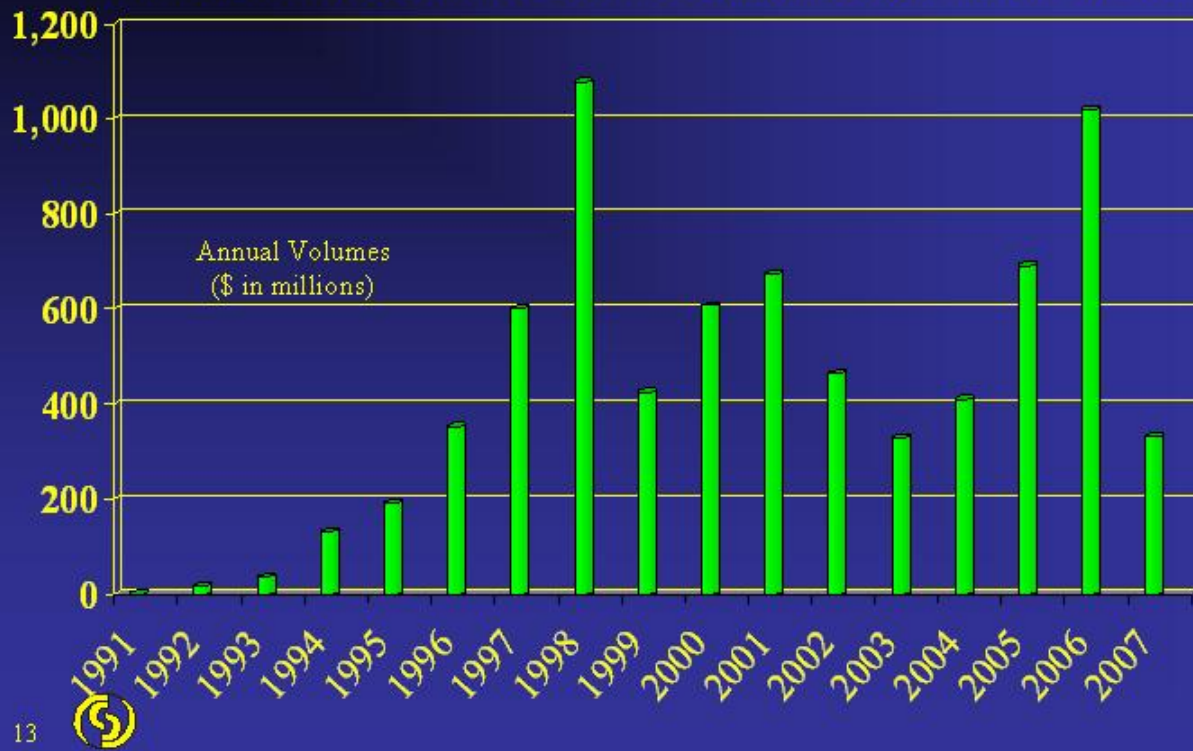
- ✓ Centralized contract originations at Irvine HQ
  - Maximizes control and efficiencies
  
- ✓ Proprietary auto-decisioning system
  - Makes initial credit decision on approximately 90% of incoming applications
  - Enhances dealer service by shortening response time
  
- ✓ Pre-funding verification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





# Historical Origination Volume

Since inception through March 31, 2007 the Company has originated over \$7.3 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
- ✓ Early contact on past due accounts; commencing as early as first day after due date
- ✓ Early stage workload supplemented by automated intelligent predictive dialer
- ✓ Workloads allocated based on specialization and behavioral scorecards, which enhances efficiencies



# Successful Acquisitions

| <u>Entity</u>  | <u>Date and<br/>Purchase Price</u> | <u>Comments</u>   |
|--|------------------------------------|---|
| MFN Financial Corp.  | March 2002<br>\$123.2 million      | ✓ \$380 million portfolio<br>✓ \$17.4 million negative goodwill               |
| The Finance Company  | May 2003<br>\$23.7 million         | ✓ \$150 million portfolio<br>✓ CPS maintains presence in TFC military niche   |
| SeaWest Financial Corp.<br>(Purchase of certain assets only) | April 2004<br>\$63.2 million       | ✓ \$75 million portfolio acquired<br>✓ Servicing for additional \$100 million |



# Strategies for Future Growth

- ✓ Increase dealer penetration and expand dealer network
  - Expansion of marketing rep network
  - Continue high level of dealer contact with improved service levels
  - Expansion of risk-based pricing model
  - Expansion of the independent dealer program
  - Retention of existing customers

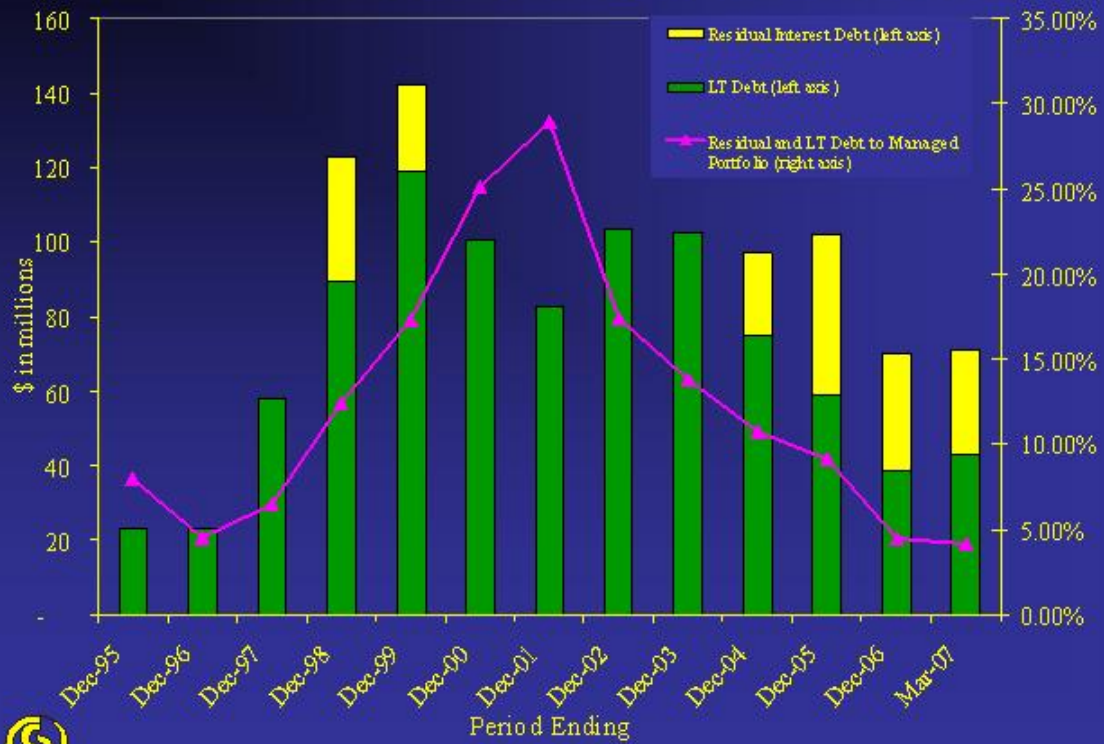


# Portfolio Financing

- ✓ Two senior warehouse facilities aggregating \$400 million
- ✓ \$25 million subordinated warehouse facility allows advance rates up to 93% across both senior lines
- ✓ Quarterly “AAA” rated asset-backed securities provide long-term matched funding - \$5.4 billion in 44 deals since 1994
- ✓ Use of multiple bond insurers enhances liquidity and structural flexibility
- ✓ Sale of subordinated tranches increases liquidity
- ✓ Revolving and term residual interest financings reduce cost of capital



# Historical Corporate Debt



# Total Managed Portfolio

*Composition by Source (\$ in millions)*

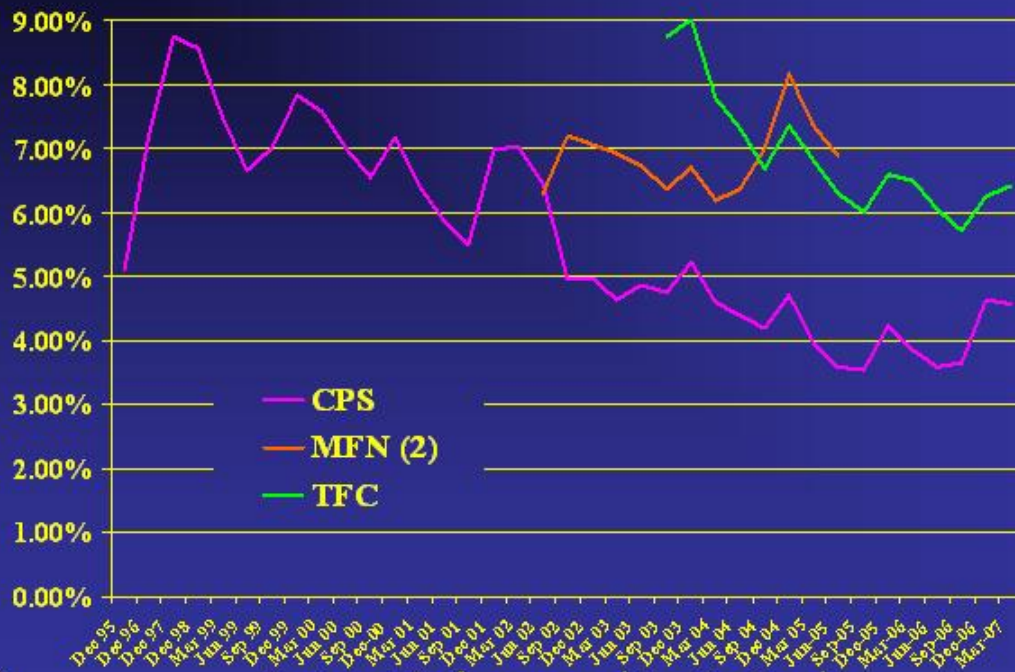


*Primary Driver of Growth is CPS "Organic" Contract Purchases  
with over 95% now On Balance Sheet*



# Delinquencies and Repo Inventory (1)

Three quarter rolling averages



20



Consistent Performance and Positive Trends

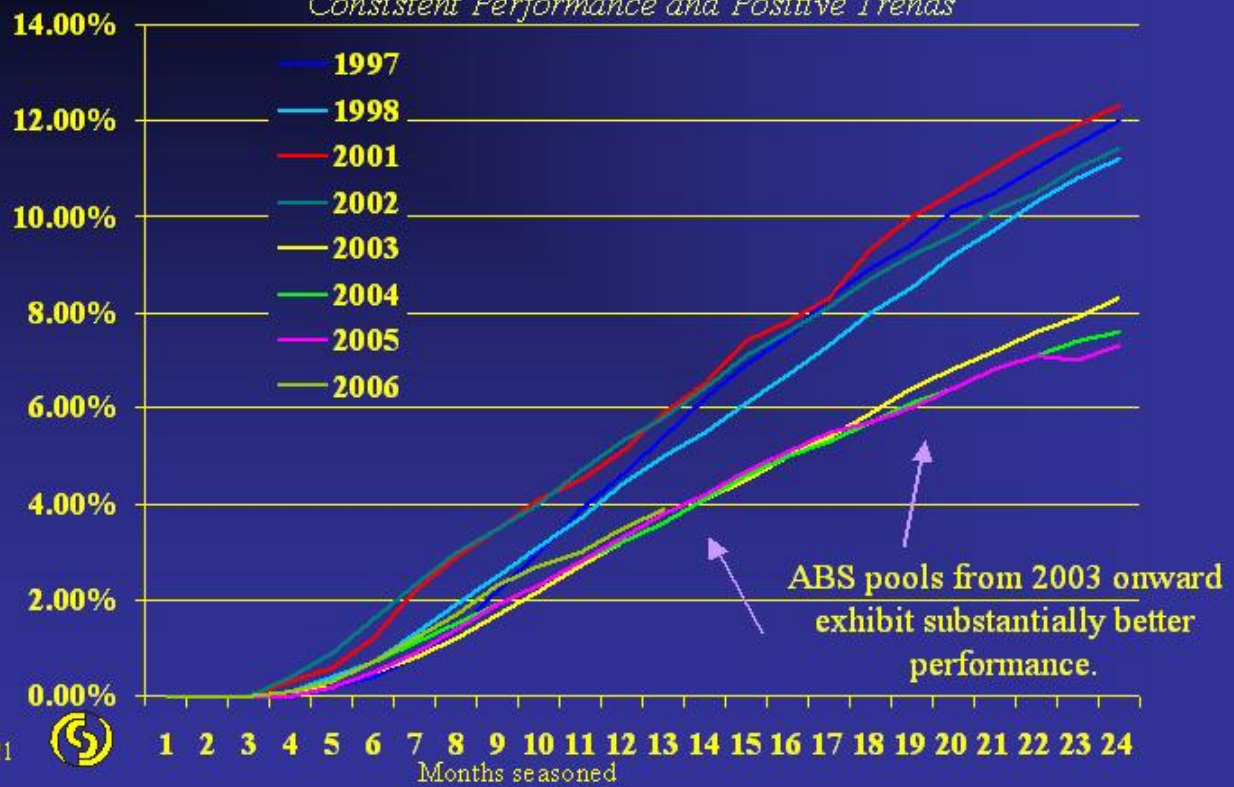
- (1) 30 or more days past due.
- (2) MFN transactions called in August 2005.



# Static Pool Performance

Average ABS Pool Cumulative Net Losses as of March 31, 2007

*Consistent Performance and Positive Trends*



# Auction Values

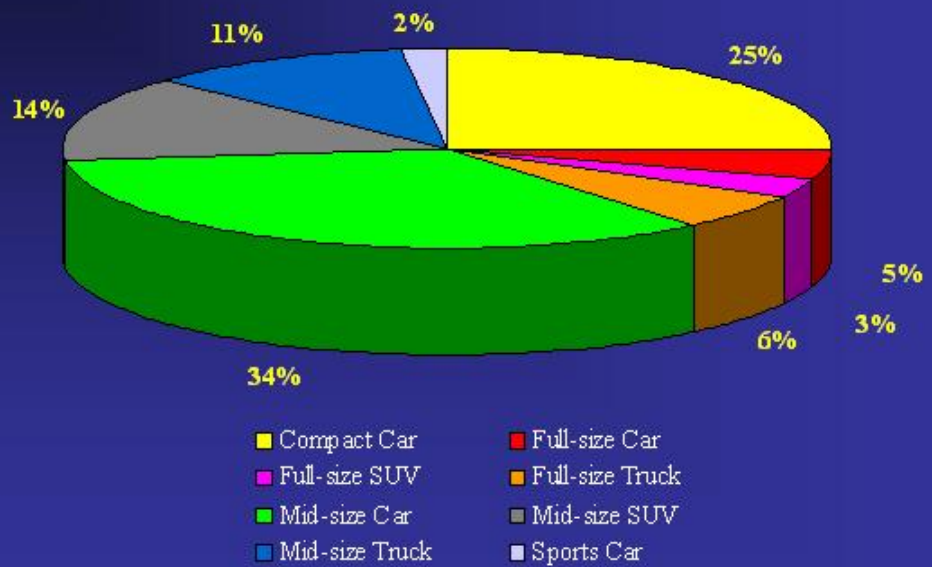
*Liquidation Values for Repo Sales Have Increased from 2003 (1)*



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

# Repossession Sales in Q1 2007 (1)

- ✓ Least fuel efficient vehicles comprised less than 10% of all vehicles sold
- ✓ Full-size SUV's and trucks sold for 52% of contract balance vs. 45% for other vehicles



# Summary Balance Sheets

(\$ in millions)

|  | <u>March 31,</u><br><u>2007</u> | <u>December 31,</u><br><u>2006</u> | <u>December 31,</u><br><u>2005</u> |
|--|---------------------------------|------------------------------------|------------------------------------|
| <u>Assets</u>                          |                                 |                                    |                                    |
| Cash                                   | \$ 10.4                         | \$ 14.2                            | \$ 17.8                            |
| Restricted Cash                        | 236.2                           | 193.0                              | 157.7                              |
| Finance receivables, net of allowance  | 1,569.5                         | 1,401.4                            | 913.6                              |
| Residual interest in securitizations   | 10.6                            | 13.8                               | 25.2                               |
| Deferred tax assets, net               | 55.9                            | 54.7                               | 7.5                                |
| Other Assets                           | 49.4                            | 51.2                               | 33.4                               |
|  | <u>\$1,932.0</u>                | <u>\$1,728.3</u>                   | <u>\$1,155.1</u>                   |
| <u>Liabilities</u>                     |                                 |                                    |                                    |
| Accounts payable and other liabilities | \$ 18.7                         | \$ 20.6                            | \$ 19.8                            |
| Warehouse lines of credit              | 128.2                           | 73.0                               | 35.4                               |
| Income taxes payable                   | 12.4                            | 10.3                               | ---                                |
| Residual interest financing            | 28.2                            | 31.4                               | 43.7                               |
| Securitization trust debt              | 1,587.7                         | 1,443.0                            | 924.0                              |
| Other debt                             | 42.7                            | 38.6                               | 58.7                               |
|  | <u>1,817.9</u>                  | <u>1,616.8</u>                     | <u>1,081.6</u>                     |
| Shareholders' equity                   | <u>114.1</u>                    | <u>111.5</u>                       | <u>73.6</u>                        |
|  | <u>\$1,932.0</u>                | <u>\$1,728.3</u>                   | <u>\$1,155.1</u>                   |



# Summary Statements of Operations

| (\$ in millions)                     | Three Months Ended |                   | Years Ended          |                      |
|--------------------------------------|--------------------|-------------------|----------------------|----------------------|
|                                      | March 31,<br>2007  | March 31,<br>2006 | December 31,<br>2006 | December 31,<br>2005 |
| <u>Revenues</u>                      |                    |                   |                      |                      |
| Interest income                      | \$ 80.5            | \$ 54.5           | \$ 263.6             | \$ 171.8             |
| Servicing fees                       | 0.3                | 1.0               | 2.9                  | 6.6                  |
| Other income                         | 5.7                | 2.5               | 12.4                 | 15.2                 |
|                                      | 86.5               | 58.0              | 278.9                | 193.7                |
| <u>Expenses</u>                      |                    |                   |                      |                      |
| Employee costs                       | 10.8               | 9.4               | 38.5                 | 40.4                 |
| General and administrative           | 11.3               | 9.7               | 42.0                 | 39.3                 |
| Interest                             | 29.5               | 18.0              | 93.1                 | 51.7                 |
| Provision for credit losses          | 29.5               | 19.1              | 92.1                 | 59.0                 |
|                                      | 81.1               | 56.2              | 265.7                | 190.3                |
| Pretax income (loss)                 | 5.4                | 1.8               | 13.2                 | 3.4                  |
| Income tax expense (gain)            | 2.2                | 0                 | (26.4)               | 0                    |
| Net income (loss)                    | \$ 3.2             | \$ 1.8            | \$ 39.6              | \$ 3.4               |
| EPS (fully diluted)                  | \$0.14             | \$0.07            | \$1.64               | \$0.14               |
| EPS (fully diluted) without tax gain | \$0.14             | \$0.07            | \$0.55               | \$0.14               |



# Selected Financial Data

(\$ in millions)

|   | Three Months Ended              |                                 |                                    | Years Ended                        |                                    |
|---|---------------------------------|---------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | <u>March 31,</u><br><u>2007</u> | <u>March 31,</u><br><u>2006</u> | <u>December 31,</u><br><u>2006</u> | <u>December 31,</u><br><u>2005</u> | <u>December 31,</u><br><u>2004</u> |
| Auto contract purchases                           | \$330.3                         | \$254.5                         | \$1,019.0                          | \$691.3                            | \$447.2                            |
| Total managed portfolio                           | \$1,727.7                       | \$1,240.0                       | \$1,565.9                          | \$1,121.7                          | \$906.9                            |
| Risk-adjusted margin (1)                          | \$21.5                          | \$17.4                          | \$78.4                             | \$61.2                             | \$41.1                             |
| Core operating expenses (2)                       |                                 |                                 |                                    |                                    |                                    |
| \$ amount   | \$22.1                          | \$19.1                          | \$80.5                             | \$79.7                             | \$72.1                             |
| % of average managed portfolio                    | 5.30%                           | 6.41%                           | 5.8%                               | 8.0%                               | 8.4%                               |
| Return on managed assets (3)                      | 1.30%                           | 0.60%                           | 0.96%                              | 0.34%                              | NMF                                |
| Total delinquencies and repo inventory (30+ days) |                                 |                                 |                                    |                                    |                                    |
| (% of total owned portfolio)                      | 3.55%                           | 2.73%                           | 5.5%                               | 5.0%                               | 5.6%                               |
| Annualized net charge-offs                        |                                 |                                 |                                    |                                    |                                    |
| (% of average owned portfolio)                    | 5.12%                           | 4.83%                           | 4.5%                               | 5.3%                               | 7.8%                               |



- (1) Interest income less interest expense and provision for credit losses.  
 (2) Total expenses less provision for credit losses less interest expense and impairment loss on residual asset.  
 (3) Pretax income divided by average managed portfolio.

# Investment Merits

- ✓ 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



# Investment Merits

- ✓ 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

