

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 25, 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
- 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 January 12, 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

## 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 25, 2006

By: /s/ Charles E. Bradley, Jr.

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Charles E. Bradley, Jr.  
President and chief executive officer  
Signing on behalf of the registrant  
and as principal executive officer

## EXHIBIT INDEX

Exhibit Number

Description

99.1

Company Summary

# Consumer Portfolio Services, Inc.

Nasdaq: CPSS



# 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 in Item 1A 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 March 31, 2006, approximately \$6.3 billion in contract purchases from auto dealers



## Consumer Portfolio Services, Inc.

- ✓ As of March 31, 2006, managed portfolio of approximately \$1.2 billion
- ✓ Irvine, California headquarters and servicing branches in Virginia, Florida and Illinois
- ✓ Approximately 730 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

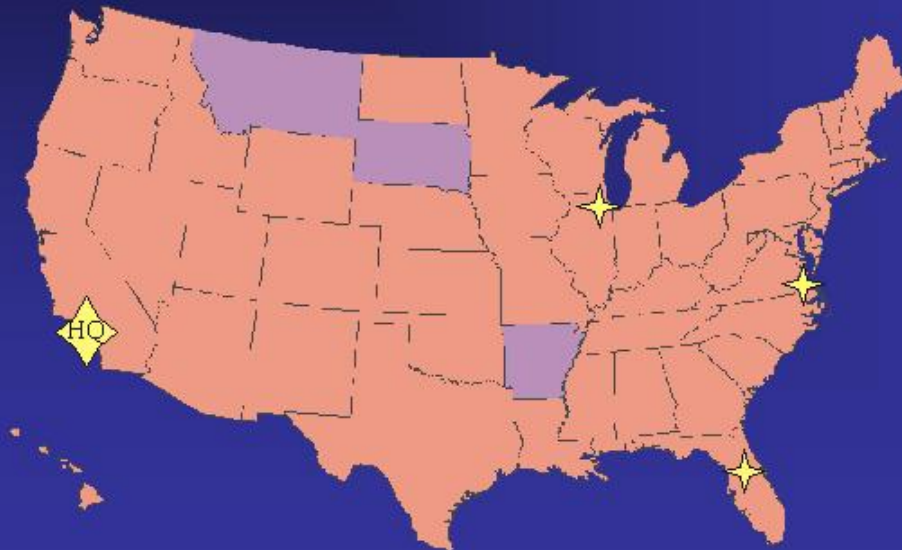
- ✓ AmeriCredit
- ✓ Capital One
- ✓ Triad
- ✓ HSBC/Household
- ✓ CitiFinancial
- ✓ Wells Fargo
- ✓ Manufacturers' Captives
- ✓ Regional Financial Inst.
- ✓ Regional Independents



# The CPS Landscape

*as of March 31, 2006*

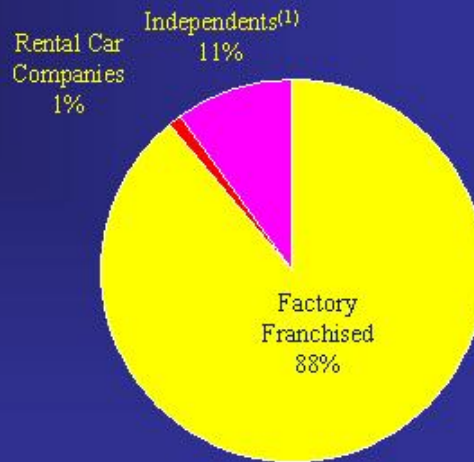
- ✓ Contracts with over 7,300 dealers in 47 states ■
- ✓ 83 employee marketing reps in field and four in-house
- ✓ West coast headquarters and three strategically located servicing branches ✦



# The CPS Landscape

Contract Purchases  
in 2005

✓ Primarily factory  
franchised dealers



(1) Includes contract purchases of TFC, a subsidiary that targets enlisted members of U.S. Armed Forces.

# The CPS Landscape

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

*New contract acquisitions in 2005*

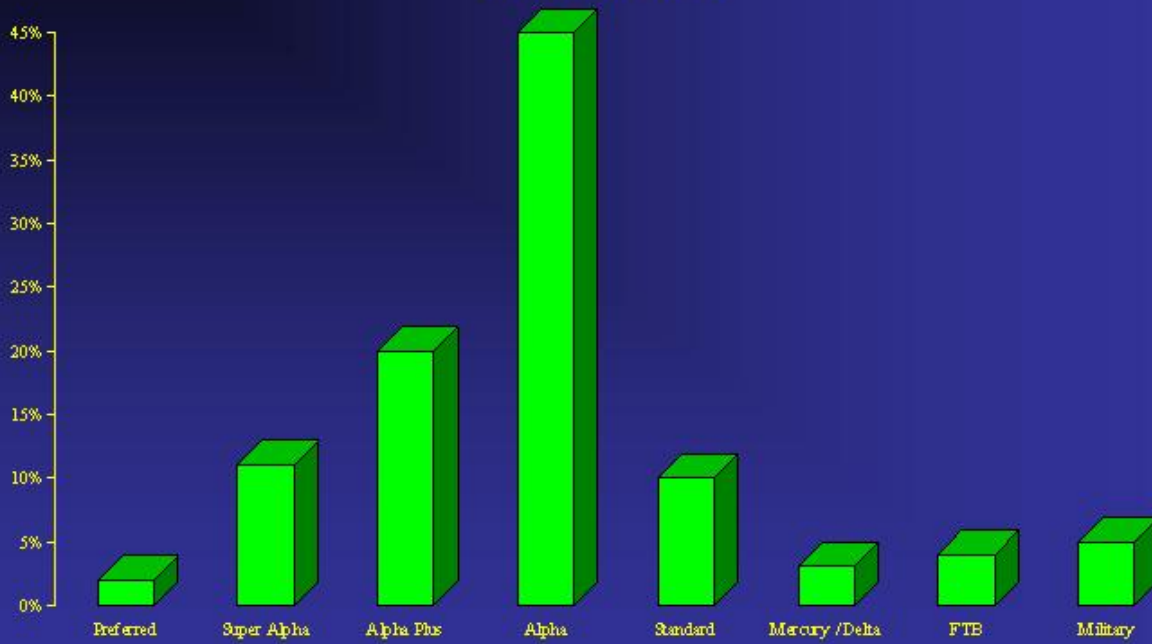
Program	Avg Yield % <sup>(1)</sup>	Avg Amount Financed \$	Avg FICO
Preferred	12.4	20,228	604
Super Alpha	15.3	18,981	517
Alpha Plus	16.9	17,070	524
Alpha	19.1	14,613	511
Standard	23.0	12,197	526
Mercury / Delta	26.5	11,567	515
First Time Buyer	27.9	10,721	n/a



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

# The CPS Landscape

## *Product Mix*

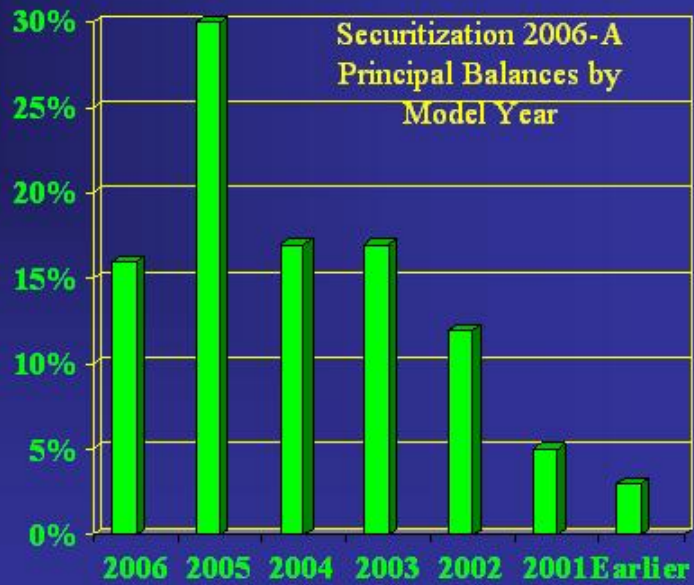


*New contract acquisitions in 2005*



# The CPS Landscape

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

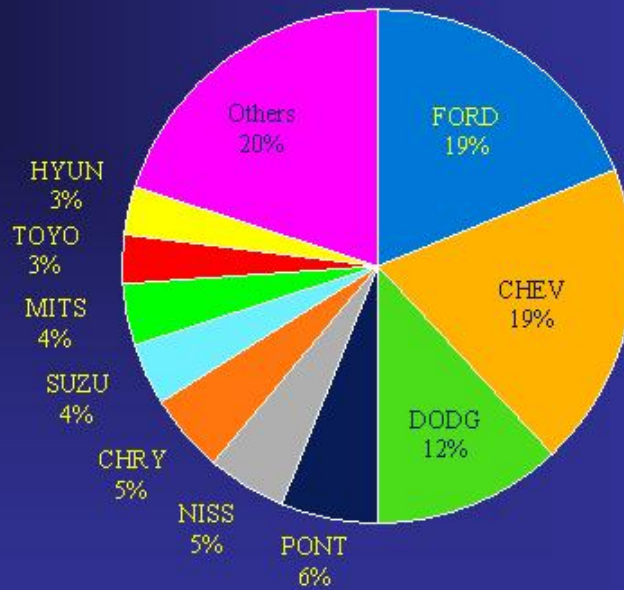


# The CPS Landscape

✓ Affordable,  
basic  
transportation  
vehicles

✓ Average  
vehicle sales  
price of  
\$15,150

✓ Average  
monthly  
payment of  
\$385 for 61  
months



*New contract acquisitions in 2005*





# The CPS Landscape

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

Average age	38 years
Average time in job	5 years
Average time in residence	5 years
Average household income	\$39,596 per year
Percentage of homeowners	17%



# 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 March 2006 the Company has originated over \$6.3 billion



# Contract Servicing

- ✓ Geographically dispersed servicing centers enhance coverage and staffing flexibility
- ✓ 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 sixth day after due date
- ✓ Workloads allocated based on specialization
- ✓ Front end 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 <i>0-29 days</i>	Front End <i>30-59 days</i>	Back End <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 \$123.2 million	✓ \$380 million portfolio ✓ \$17.4 million negative goodwill
The Finance Company	May 2003 \$23.7 million	✓ \$150 million portfolio ✓ CPS maintains presence in TFC military niche
SeaWest Financial Corp. (Purchase of certain assets only)	April 2004 \$63.2 million	✓ \$75 million portfolio acquired ✓ Servicing for additional \$100 million



# 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

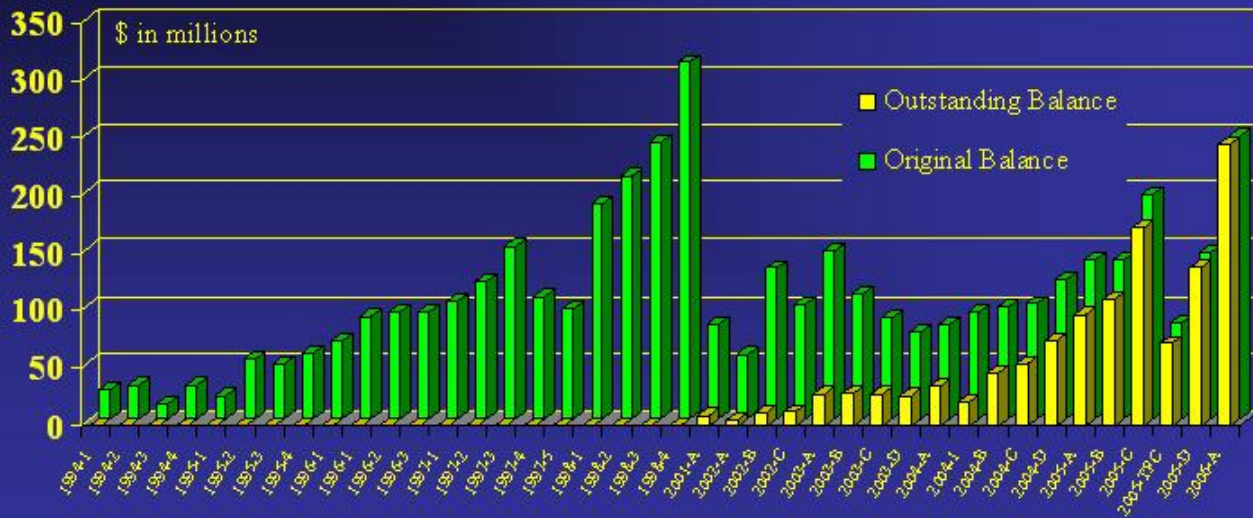




# Portfolio Financing

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

*Through Q1 2006: 40 deals aggregating over \$4.3 billion*



# Other Financing

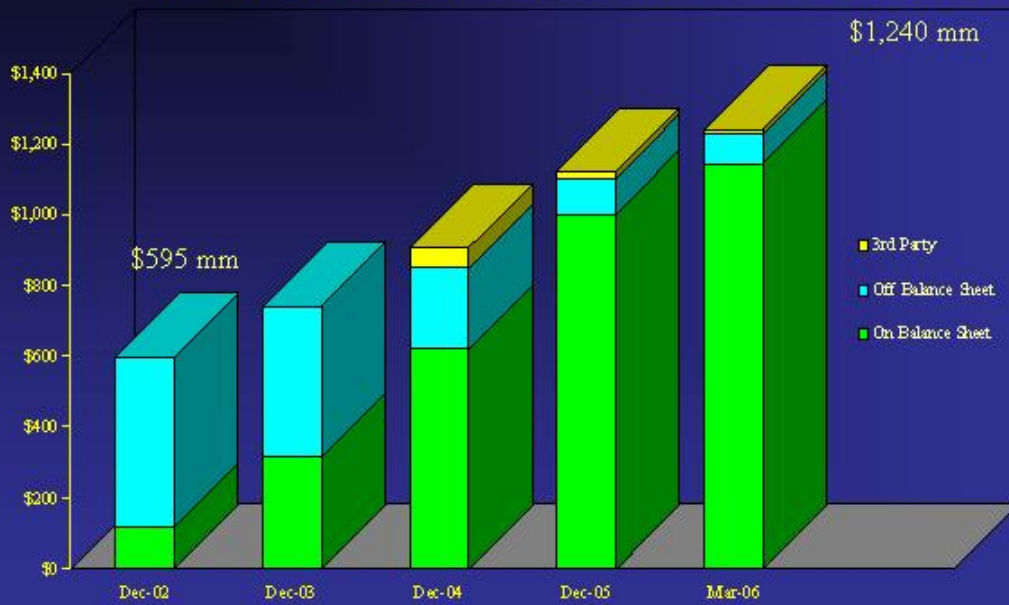
*(\$ in thousands)*

<u>Outstanding at March 31, 2006</u>	<u>Source</u>	<u>Terms</u>	<u>Comments</u>
\$37,728	Residual Interest Financing	8.36% Amortizing with related ABS	2 <sup>nd</sup> rated "NIM" transaction by CPS
\$40,000	Senior Debt – Affiliate of Levine Leichtman	11.75% 2006 maturities	A lender to CPS since 1998
\$6,314	Sub. Debt – Renewable Notes	Wtd rate 8.75% Wtd orig term 31 months	Shelf registration effective May 2005



# Total Managed Portfolio

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

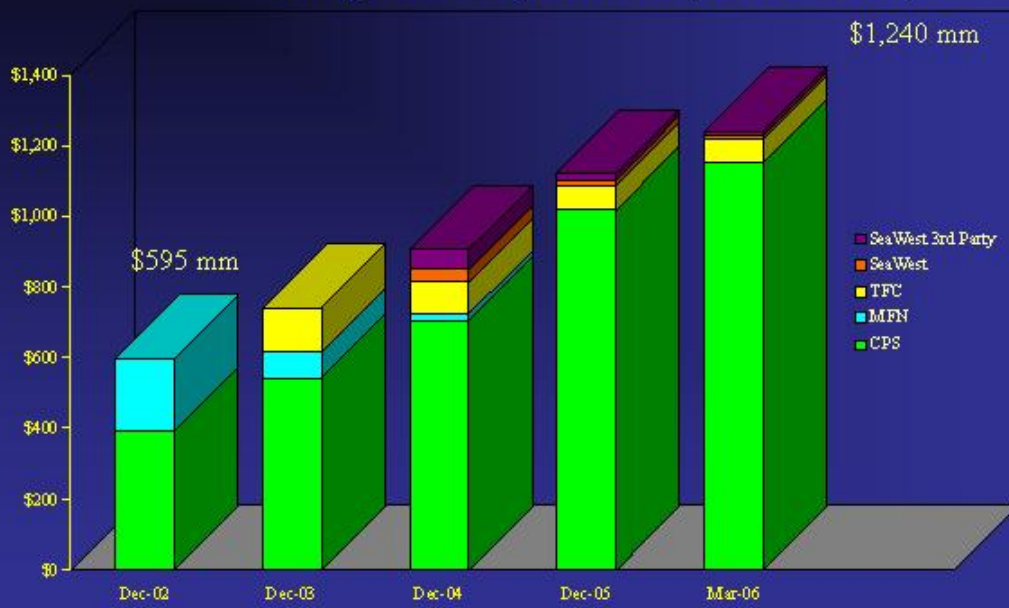


*Over 90% is Now On Balance Sheet*



# Total Managed Portfolio

*Composition by Source (\$ in millions)*



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



# Asset Performance

## Receivables and Repo Inventory 30 Plus Days Past Due

*Three quarter rolling averages*



*Consistent Performance and Positive Trends*



# Asset Performance

## Average Annual Net Credit Losses

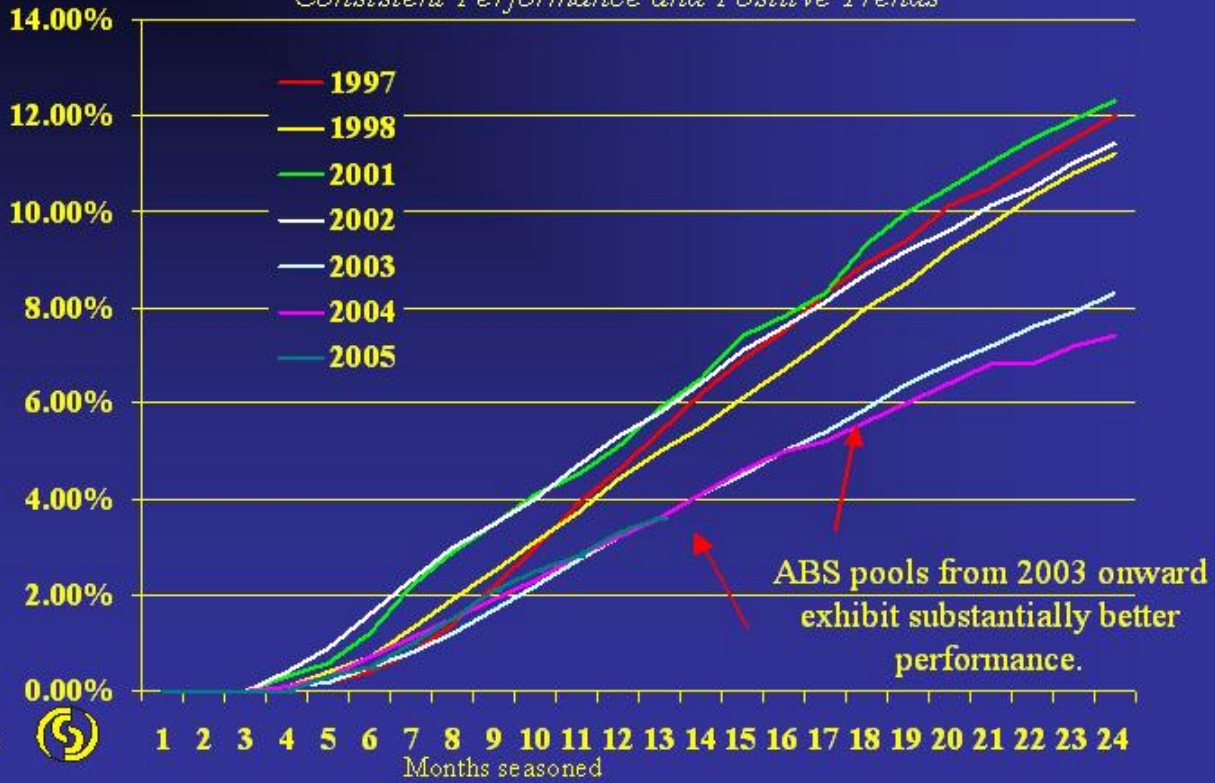
*Consistent Performance and Positive Trends*



# Asset Performance

Average ABS Pool Cumulative Net Credit Losses as of March 31, 2006

*Consistent Performance and Positive Trends*



# Asset Performance

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



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

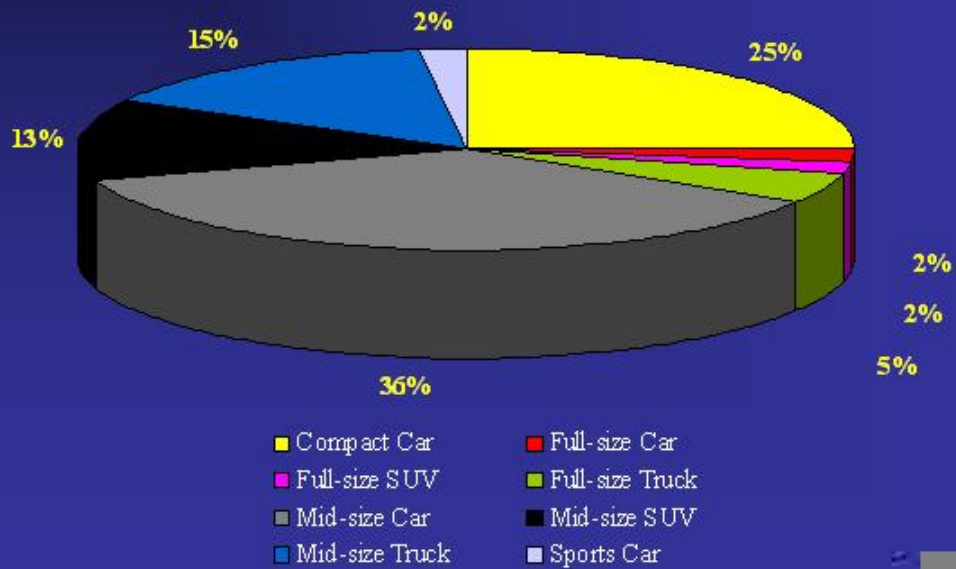


# Asset Performance

## Repossession Sales for CPS Portfolio in Q1 2006

✓ Least fuel efficient vehicles comprised less than 10% of all vehicles sold

✓ Full-size SUV's and trucks sold for 54% of contract balance vs. 47% for other vehicles



# Summary Balance Sheets

(\$ in thousands)

	<u>March 31,</u> 2006	<u>December 31,</u> 2005	<u>December 31,</u> 2004
<u>Assets</u>			
Cash	\$ 25,504	\$ 17,789	\$ 14,366
Restricted Cash	212,428	157,662	125,113
Finance receivables, net of allowance	1,050,825	913,576	550,191
Residual interest in securitizations	22,608	25,220	50,430
Other Assets	42,858	40,897	26,499
	<u>\$ 1,354,223</u>	<u>\$ 1,155,144</u>	<u>\$ 766,599</u>
<u>Liabilities</u>			
Accounts payable and other liabilities	\$ 18,893	\$ 19,779	\$ 22,552
Warehouse lines of credit	75,056	35,350	34,279
Residual interest financing	37,728	43,745	22,204
Securitization trust debt	1,100,606	924,026	542,815
Other debt	46,314	58,655	74,829
	<u>1,278,597</u>	<u>1,081,555</u>	<u>696,679</u>
Shareholders' equity	<u>75,626</u>	<u>73,589</u>	<u>69,920</u>
	<u>\$ 1,354,223</u>	<u>\$ 1,155,144</u>	<u>\$ 766,599</u>



# Summary Statements of Operations

(\$ in thousands)

	Three Months Ended		Year Ended	
	March 31, 2006	March 31, 2005	December 31, 2005	December 31, 2004
<u>Revenues</u>				
Interest income	\$ 54,527	\$ 36,172	\$ 171,834	\$ 105,818
Servicing fees	1,005	2,264	6,647	12,480
Other income	2,492	3,397	15,216	14,394
	<u>58,024</u>	<u>41,833</u>	<u>193,697</u>	<u>132,692</u>
<u>Expenses</u>				
Employee costs	9,357	10,450	40,384	38,173
General and administrative	9,743	8,926	39,285	33,936
Interest	18,035	10,384	51,669	32,147
Impairment on residual	0	0	0	11,750
Provision for credit losses	19,099	12,312	58,987	32,574
	<u>56,234</u>	<u>42,072</u>	<u>190,325</u>	<u>148,580</u>
Income (loss)	1,790	(239)	3,372	(15,888)
Tax benefit	0	0	0	0
Net income (loss)	<u>\$ 1,790</u>	<u>\$ (239)</u>	<u>\$ 3,372</u>	<u>\$ (15,888)</u>



# 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
- ✓ Diverse sources of funding



# Investment Merits

- ✓ Improving asset performance
- ✓ Recurring revenue model and sound quality of earnings
- ✓ Opportunistic, successful acquisitions
- ✓ Stable senior management – President, Senior Vice Presidents and Vice Presidents average 11 years of service with the Company



# Consumer Portfolio Services, Inc.

Nasdaq: CPSS

