Serving the Evolving Needs of Our Customers

2015 ANNUAL REPORT

Fiscal Year 2015 Form 10-K

Proxy Statement for the 2016 Annual Meeting of Stockholders

Regional Management Corp.
509 W. Butler Road
Greenville, SC 29607

RM LISTED NYSE

509 West Butler Road, Greenville, South Carolina 29607
Phone (864) 422-8011, Fax (864) 422-8035

March 2016

Dear Valued Stockholders:

In 2015, we made significant progress in managing our company across a number of important operating and strategic dimensions. Following the direct mail solicitation and credit issues of 2014, we knew what was necessary to move the company forward in 2015: build the portfolio in our core product categories, carefully manage our credit quality, and control our expense base. We focused on each of those strategies throughout the year and were pleased with our 2015 results.

In 2015, our portfolio grew by $82.3 million, or 15.1%, after virtually no growth in 2014. The credit quality of our portfolios also improved considerably, as evidenced by our overall loss rates—which declined 160 bps, from 10.7% to 9.1% in 2015—and our improved delinquency profile. Revenues of $217 million were up over 6% from 2014, while expenses flattened out as the year went on, ending with a fourth quarter expense base of $28.6 million, an improvement from $32.6 million in the first quarter of 2015. As a result, net income for the year was $23.4 million, an increase of $8.6 million, or 57.9%, from 2014, and diluted EPS was $1.79, a 57% increase from 2014.

We also made substantial progress on a number of important strategic fronts throughout the year. We identified the large loan category as a growth opportunity for the company and expanded the portfolio from $46 million at the end of 2014 to $147 million—or more than threefold—by the end of 2015. The large loan category now represents 23% of our total portfolio. We also began restructuring our auto business in Q3 2015, and the restructuring remains ongoing today. We have significant auto loan tests in three states that are showing promising early results, and we expect the portfolio to finally end its liquidating phase in early- to mid-2016, with growth occurring thereafter. As we continued our de novo branch expansion strategy, we entered Virginia—our ninth state of operation—at the end of the year. Importantly, we launched our Virginia operations on a new loan origination and servicing platform that we intend to roll out to the rest of our states by the end of 2016. Finally, at the end of 2015, we began testing an online lending pilot in South Carolina—a new and promising initiative demonstrating our commitment to developing new channels for customer interaction and origination of loans.

We were also pleased to further stabilize and diversify our funding sources in 2015. In Q3 2015, we renewed and expanded our senior revolving credit facility, and in Q4 2015, we closed on new financing of our auto portfolio. Both transactions, we believe, validate our business model and our capability to effectively manage the company.

The regulatory landscape continues to be a challenge in our industry and will remain so until rules governing our business are issued and clarified. We continue to be proactive on this front and are engaged in a continuous review of our products, pricing, and sales and collection practices, as well as all other aspects of our business. We understand the importance and impact of the shifting regulatory environment on our business, and we will continue to monitor it closely and adjust our business practices where appropriate.

While we are pleased with our recovery and other points of progress last year, 2016 promises to be a pivotal year as we further evolve our company and modernize its operations. We will maintain the management focus that brought us success in 2015—namely, continue to drive the growth of our core products, manage our credit risk, and control our expenses. We will also concentrate our efforts on the execution of the strategic initiatives that we commenced in 2015, and we will add to those initiatives as opportunities arise to develop our products, expand our origination channels, and enhance our use of technology. These initiatives will be critical to the evolution and modernization of our company. While there is plenty of work to do in 2016 to continue to set up the company for long-term success, we are clearly moving in the right direction.

As always, we appreciate the support of our stockholders and remain dedicated to generating long-term value for you. We look forward to seeing you at our annual stockholder meeting.

Best regards,

Michael R. Dunn

Michael R. Dunn
Chief Executive Officer

This annual report to stockholders may contain forward-looking statements. Please refer to our Annual Report on Form 10-K, which accompanies this annual report to stockholders, for additional information regarding forward-looking statements.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission File Number: 001-35477

Regional Management Corp.
(Exact name of registrant as specified in its charter)

Delaware	**57-0847115**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
509 West Butler Road Greenville, South Carolina	**29607**
(Address of principal executive offices)	(Zip Code)

(864) 422-8011

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.10 par value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2015 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the common stock held by non-affiliates of the registrant was $207,885,471 based upon the closing sale price as reported on the New York Stock Exchange. See Part II, Item 5 of this Annual Report on Form 10-K for additional information.

As of February 18, 2016, there were 12,841,729 shares of the registrant's common stock outstanding.

Documents Incorporated by Reference

Certain information required by Part III of this Annual Report on Form 10-K is incorporated herein by reference to the Proxy Statement for the registrant's 2016 Annual Meeting of Stockholders, which is expected to be filed pursuant to Regulation 14A within 120 days after the end of the registrant's fiscal year ended December 31, 2015.

REGIONAL MANAGEMENT CORP.

ANNUAL REPORT ON FORM 10-K
Fiscal Year Ended December 31, 2015

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including, but not limited to, certain statements and disclosures contained in Item 1, "Business," Item 1A, "Risk Factors," and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." These forward-looking statements include, but are not limited to, statements about our strategies, future operations, future financial position, future revenues, projected costs, expectations regarding demand and acceptance for our financial products, growth opportunities and trends in the market in which we operate, prospects, plans and objectives of management, representations, and contentions, and are not historical facts. Forward-looking statements typically are identified by the use of terms such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue," and similar words, although some forward-looking statements are expressed differently. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Forward-looking statements included herein represent management's current judgment and expectations, but our actual results, events, and performance could differ materially from the plans, intentions, and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including without limitation, the risks set forth in Item 1A, "Risk Factors" in this Annual Report on Form 10-K. We do not intend to update any of these forward-looking statements or publicly announce the results of or any revisions to these forward-looking statements, other than as is required under the federal securities laws.

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements, including the notes thereto.

PART I

ITEM 1. *BUSINESS.*

Overview

Regional Management Corp. (together with its subsidiaries, "Regional," the "Company," "we," "us," and "our") was incorporated in South Carolina on March 25, 1987, and converted into a Delaware corporation on August 23, 2011. We are a diversified specialty consumer finance company providing a broad array of loan products primarily to customers with limited access to consumer credit from banks, thrifts, credit card companies, and other traditional lenders. We began operations in 1987 with four branches in South Carolina and have expanded our branch network to 331 locations with approximately 349,300 active accounts primarily across Alabama, Georgia, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia as of December 31, 2015. Most of our loan products are secured and each is structured on a fixed rate, fixed term basis with fully amortizing equal monthly installment payments, repayable at any time without penalty. Our loans are sourced through our multiple channel platform that includes our branches, direct mail campaigns, independent and franchise automobile dealerships, online credit application networks, retailers, and our consumer website. We operate an integrated branch model in which nearly all loans, regardless of origination channel, are serviced through our branch network, providing us with frequent in-person contact with our customers, which we believe improves our credit performance and customer loyalty. Our goal is to consistently and soundly grow our finance receivables and manage our portfolio risk while providing our customers with attractive and easy-to-understand loan products that serve their varied financial needs.

Our diversified product offerings include:

- *Small Loans* – We offer small installment loans ranging from $500 to $2,500, with terms of up to 36 months, which are typically secured by non-essential household goods. We originate these loans through our branches, via our consumer website, by customer referrals, and through direct mail campaigns. Our direct mail campaigns include convenience checks sent to pre-screened individuals who are able to enter into a loan by cashing or depositing these checks. As of December 31, 2015, we had approximately 274,700 small loans outstanding representing $338.2 million in finance receivables or an average of approximately $1,200 per loan. In 2015, 2014, and 2013, interest and fee income from small loans contributed $139.2 million, $134.7 million, and $98.0 million, respectively, to our total revenue.

- *Large Loans* – We offer large installment loans through our branches ranging from $2,501 to $20,000, with terms of between 18 and 60 months. Our large loans are secured by either a vehicle, which may be an automobile, motorcycle, boat, or all-terrain vehicle, and/or non-essential household goods. As of December 31, 2015, we had approximately 37,700 large loans outstanding representing $146.6 million in finance receivables or an average of approximately $3,900 per loan. In 2015, 2014, and 2013, interest and fee income from large loans contributed $25.7 million, $11.5 million, and $12.5 million, respectively, to our total revenue.
- *Automobile Loans* – We offer automobile loans of up to $27,500, generally with terms of between 36 and 72 months, that are secured by the purchased vehicle. Our automobile loans are offered through a network of dealers in our geographic footprint. Our automobile loans include both direct loans, which are sourced through a dealership and closed at one of our branches, and indirect loans, which are originated and closed at a dealership in our network without the need for the customer to visit one of our branches. As of December 31, 2015, we had approximately 13,700 automobile loans outstanding representing $116.1 million in finance receivables or an average of approximately $8,500 per loan. In 2015, 2014, and 2013, interest and fee income from automobile loans contributed $26.1 million, $33.4 million, and $36.2 million, respectively, to our total revenue.
- *Retail Loans* – We offer indirect retail loans of up to $7,500, with terms of between 6 and 48 months, which are secured by the purchased item. These loans are offered through a network of retailers within and, to a limited extent, outside of our geographic footprint. As of December 31, 2015, we had approximately 23,200 retail loans outstanding representing $27.6 million in finance receivables or an average of approximately $1,200 per loan. In 2015, 2014, and 2013, interest and fee income from retail loans contributed $4.8 million, $5.2 million, and $5.6 million, respectively, to our total revenue.
- *Optional Credit Insurance Products* – We offer our customers optional payment protection insurance relating to many of our loan products. In 2015, insurance income, net, was $11.7 million, or 5.4% of our total revenue.

We have one reportable segment, which is the consumer finance segment. Our other revenue generating activities, including insurance operations, are performed in the existing branch network in conjunction with or as a complement to the lending operations. For financial information regarding the results of our only reportable segment, the consumer finance segment, for each of the last three fiscal years, refer to Item 6, "Selected Financial Data" and Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Our Industry

We operate in the consumer finance industry serving the large population of non-prime and underbanked consumers who have limited access to credit from banks, thrifts, credit card companies, and other traditional lenders. According to the Federal Deposit Insurance Corporation ("FDIC"), there were approximately 51 million adults living in underbanked households in the United States in 2013, up from 43 million in 2009. While the number of non-prime consumers in the United States has grown, the supply of consumer credit to this demographic by traditional lenders has contracted. Following deregulation of the U.S. banking industry in the 1980s, many banks and finance companies that traditionally provided small denomination consumer credit refocused their businesses on larger loans with lower comparative origination costs and lower charge-off rates.

We believe the large number of potential customers in our target market, combined with the decline in available consumer credit, provides an attractive market opportunity for our diversified product offerings – installment lending, automobile lending, and retail lending.

Installment Lending. Installment lending to non-prime and underbanked consumers is one of the most highly fragmented sectors of the consumer finance industry. Providers of installment loans, such as Regional, generally offer loans with longer terms and lower interest rates than other alternatives available to underbanked consumers, such as title, payday, and pawn lenders.

Automobile Lending. Automobile finance comprises one of the largest consumer finance markets in the United States. The automobile loan sector is generally segmented by the credit characteristics of the borrower. Automobile loans are typically initiated or arranged through automobile dealers nationwide who rely on financing to drive their automobile sales.

Retail Lending. The retail industry represents a large consumer market in which retailers often do not provide their own financing, but instead partner with large banks and credit card companies that generally limit their lending activities to prime borrowers. As a result, non-prime customers often do not qualify for financing from these traditional lenders.

Our Business Model and Operations

Integrated Branch Model. Our branch network, with 331 locations across 9 states as of December 31, 2015, serves as the foundation of our multiple channel platform and the primary point of contact with our approximately 349,300 active accounts. By integrating underwriting and loan servicing at the branch level, our employees are able to maintain a relationship with our customers throughout the life of a loan. For loans originated at a branch, underwriting decisions are typically made by our local branch manager. Our branch managers combine our company-wide underwriting standards and flexibility within our guidelines to consider each customer's unique circumstances. This tailored branch-level underwriting approach allows us to both reject certain marginal loans that would otherwise be approved solely based on a credit report or automated loan approval system, as well as to selectively extend loans to customers with prior credit challenges who might otherwise be denied credit. In addition, nearly all loans, regardless of origination channel, are serviced through our branches, which allows us to maintain frequent, in-person contact with our customers. We believe this frequent-contact, relationship-driven lending model provides greater insight into potential payment difficulties and allows us to assess the borrowing needs of our customers and offer new loan products as their credit profiles evolve.

Multiple Channel Platform. We offer a diversified range of loan products through our multiple channel platform, which enables us to reach existing and new customers throughout our markets. We began building our strategically located branch network over 25 years ago and have expanded to 331 branches as of December 31, 2015. Our automobile loans are offered through a network of dealers in our geographic footprint. We offer direct automobile loans, which are sourced through a dealership and closed at one of our branches, and indirect automobile loans, which are closed at the dealership without the need for the customer to visit a branch. In addition, we have relationships with retailers that offer our retail loans in their stores at the point of sale. Our direct mail campaigns include pre-screened convenience check mailings and mailings of preapproved offers, prequalified offers, and invitations to apply, which enable us to market our products to hundreds of thousands of customers in a cost-effective manner. Finally, we have developed our consumer website to promote our products and facilitate loan applications and originations. We believe that our multiple channel platform provides us with a competitive advantage by giving us broad access to our existing customers and multiple avenues to attract new customers.

Attractive Products for Customers with Limited Access to Credit. Our flexible loan products, ranging from $500 to $27,500 with terms of up to 72 months, are competitively priced, easy to understand, and incorporate features designed to meet the varied financial needs and credit profiles of a broad array of consumers. This product diversity distinguishes us from monoline competitors and provides us with the ability to offer our customers new loan products as their credit profiles evolve, building customer loyalty and increasing the overall value of customer relationships.

We believe that the rates on our products are significantly more attractive than many other credit options available to our customers, such as payday, pawn, or title loans. We also differentiate ourselves from such alternative financial service providers by reporting our customers' payment performance to credit bureaus. This practice provides our customers with the opportunity to improve their credit score by establishing a responsible payment history with us and ultimately to gain access to a wider range of credit options, including our own. We believe this opportunity for our customers to improve their credit history, combined with our diversity of products with competitive pricing and terms, distinguishes us in the consumer finance market and provides us with a competitive advantage.

Demonstrated Organic Growth. We have grown our finance receivables by 104.5% from $307.4 million at December 31, 2011 to $628.4 million at December 31, 2015. Our growth has come from both expanding our branch network and developing new channels and products. From 2011 to 2015, we grew our year-end branch count from 170 branches to 331 branches, a compound annual growth rate ("CAGR") of 18.1%. We opened 31 new branches in 2015, and we have also grown our existing branch revenues. Historically, our branches have rapidly increased their outstanding finance receivables during the early years of operations and generally have quickly achieved profitability.

We have also grown by adding new channels and products, which are serviced at the local branch level. We introduced direct automobile purchase loans in 1998, and in late 2010, we expanded our product offerings to include indirect automobile purchase loans. Indirect automobile purchase loans allow customers to obtain a loan at a dealership without visiting one of our branches. Net loan originations from our convenience check program have grown from $55.3 million in 2011 to $179.5 million in 2015, a CAGR of 34.2%, as we have increased the volume of our convenience check marketing campaigns. We also introduced a consumer website enabling customers to complete a loan application online. Since the launch of our website in late 2008, we have received more than 164,000 web applications resulting in $40.9 million of gross loan originations.

Established Portfolio Performance. Despite the challenges posed by the sharp economic downturn beginning in 2008, our annual net charge-off rates between 2008 and 2013 remained consistent, ranging from 6.3% to 8.6% of our average finance receivables. In 2014, due to branch staffing issues in the first half of the year and convenience check credit quality deterioration in our mail campaigns between April and September, we experienced an uncharacteristically high annual net charge-off rate of 11.1% of our average finance receivables. In late 2014 and early 2015, we hired a Chief Risk Officer and other personnel focused on credit risk management, established a Credit Committee to oversee direct mail campaign underwriting and origination processes, implemented additional policies and internal control procedures related to the audit of direct mail campaign files, and improved upon early-stage delinquency reporting and communication. Through these initiatives and others, we reduced our annual net charge-off rate to 8.8% in 2015. We plan to carefully manage our credit exposure going forward as we grow our business, develop new products, and enter new markets.

We generally do not make loans to customers with limited stability as represented by length of time at their current employer and at their current residence, although we consider numerous other factors in evaluating a potential customer's creditworthiness, such as unencumbered income, debt-to-income ratios, and a credit report detailing the applicant's credit history. Our underwriting standards focus on our customers' ability to affordably make loan payments out of their discretionary income, with the value of pledged collateral serving as a credit enhancement rather than the primary underwriting criterion. Portfolio performance is improved by our regular in-person contact with customers at our branches, which helps us anticipate repayment problems before they occur and allows us to work with customers to develop solutions prior to default, using repossession only as a last option. In addition, our centralized management information system enables regular monitoring of branch portfolio metrics. Our state operations vice presidents and district supervisors monitor loan underwriting, delinquencies, and charge-offs of each branch in their respective regions. In addition, the compensation received by our branch managers and assistant managers has a significant performance component and is closely tied to credit quality, among other defined performance targets. We believe our frequent-contact, relationship-driven lending model, combined with regular monitoring and alignment of employee incentives, improves our overall credit performance.

Experienced Management Team. Our executive and senior operations management teams consist of individuals highly experienced in installment lending and other consumer finance services. In 2014, we appointed a new Chief Executive Officer and a new President and Chief Operating Officer with more than 30 years and 25 years, respectively, of consumer finance experience. Also in 2015, we appointed a Chief Risk Officer with nearly 20 years of financial and consumer lending experience, including significant expertise in credit risk management. As of December 31, 2015, our state operations vice presidents averaged more than 25 years of industry experience and more than six years of service at Regional, while our district supervisors averaged 23 years of industry experience and six years of service with Regional. Our executive and senior operations management team members intend to leverage their experience and expertise in consumer lending to grow our business, deliver high-quality service to our customers, and carefully manage our credit risk.

Our Strategies

Grow Our Branch Network. We intend to continue growing the loan volume, revenue, and profitability of our existing branches, opening new branches within our existing geographic footprint, and expanding our operations into new states. Establishing local contact with our customers through the expansion of our branch network is key to our frequent-contact, relationship-driven lending model and is embodied in our marketing tagline: "Your Hometown Credit Source."

- *Existing Branches* – We intend to continue increasing same-store revenues by further building relationships in the communities in which we operate and capitalizing on opportunities to offer our customers new loan products as their credit profiles evolve. From 2011 to 2015, we opened or acquired 161 new branches, and we expect revenues at these branches will grow faster than our overall same-store revenue growth rate as they mature.
- *New Branches* – We believe there is sufficient demand for consumer finance services to continue our pattern of new branch openings and branch acquisitions in the states where we currently operate, allowing us to capitalize on our existing infrastructure and experience in these markets. We also analyze detailed demographic and market data to identify favorable locations for new branches. Opening new branches allows us to generate direct lending in the branches, as well as to create new origination opportunities by establishing relationships with automobile dealerships and retailers in the community.
- *New States* – We intend to explore opportunities for growth in several states outside of our existing geographic footprint that enjoy favorable operating environments, such as Kentucky, Louisiana, Mississippi, and Missouri. We do not expect to expand into states with unfavorable operating environments even if those states are demographically attractive for our business. In 2011, we opened our first branch in Oklahoma; in 2012, we opened our first branch in New Mexico; in 2013, we opened our first branch in Georgia; and in 2015, we opened our first branch in Virginia.

We also believe that the highly fragmented nature of the consumer finance industry and the evolving competitive, regulatory, and economic environment provide attractive opportunities for growth through acquisition.

Expand and Capitalize on Our Diverse Channels and Products. We intend to continue to expand and capitalize on our multiple channel platform and broad array of offerings as follows:

- *Direct Mail Programs* – We plan to continue to improve our screening criteria and tracking for direct mail campaigns, which we believe will enable us to improve response rates and credit performance.

Since 2011, we have more than tripled the annual number of convenience checks that we have mailed, and we have diversified our direct mail campaign efforts. In 2015, we mailed over 4.5 million convenience checks, 3.6 million prequalified loan offers, and 2.0 million invitations to apply. We intend to continue increasing the size of our direct mail campaigns to grow our loan portfolio. This effort will add new customers, increase volume at our branches, and create opportunities to offer new loan products to our existing customers. In addition, we mail convenience checks in new markets as soon as new branches are open, which we believe helps our new branches more quickly develop a customer base and build finance receivables.

- *Automobile Loans* – We source our automobile loans through a network of dealers in our geographic footprint. We have hired dedicated marketing personnel to develop relationships with these dealers and to expand our automobile financing network. We will also seek to capture a larger percentage of the financing activity of dealers in our existing network by continuing to improve our relationships with dealers, maintaining the competitiveness of the products we offer, and reducing our response time to loan applications.
- *Retail Loans* – Our retail loans are offered through a network of retailers. We intend to continue to grow our network of retailers by having our dedicated marketing personnel continue to solicit new retailers, obtain referrals through relationships with our existing retail partners, and to a lesser extent, reach retailers through trade shows, mail programs, and industry associations.
- *Online Sourcing* – To serve customers who want to reach us over the Internet, we developed a new channel in late 2008 by making an online loan application available on our consumer website. We intend to continue to develop and expand our online marketing efforts and increase traffic to our consumer website through the use of tools such as search engine optimization and paid online advertising. At the end of 2015, we began testing an extension to our online functionality and will continue this effort in 2016.

We believe the expansion of our channels and products, supported by the growth of our branch network, will provide us with opportunities to reach new customers as well as to offer new loan products to our existing customers as their credit profiles evolve. We plan to continue to develop and introduce new products that are responsive to the needs of our customers in the future.

Focus on Sound Underwriting and Credit Control. In response to the credit quality deterioration in our convenience check mail campaigns in 2014, we have renewed our focus on sound underwriting and credit control. In late 2014 and early 2015, we hired a Chief Risk Officer and other personnel focused on credit risk management, established a Credit Committee to oversee direct mail campaign underwriting and origination processes, implemented additional policies and internal control procedures related to the audit of direct mail campaigns, and improved upon early-stage delinquency reporting and communication. These efforts are reflected in a sequential reduction of our net charge-off rate from 11.1% in 2014 to 8.8% in 2015.

Our philosophy is to emphasize sound underwriting standards focused on a customer's prior credit payment history and ability to affordably make loan payments, to work with customers experiencing payment difficulties, and to use repossession only as a last option, once other options have been exhausted. For example, we permit customers to defer payments or refinance delinquent loans under limited circumstances. Only on an exception basis do we offer customers experiencing payment difficulties the opportunity to change their loan terms to help them reduce the monthly payment that they owe. A deferral extends the due date of the loan by one month and allows the customer to maintain his or her credit rating in good standing. In addition to deferrals, we also allow customers to refinance loans. We limit the refinancing of delinquent loans to those customers who otherwise satisfy our credit standards (other than with respect to the delinquency). We believe that refinancing delinquent loans for certain deserving customers who have made periodic payments allows us to help customers resolve temporary financial setbacks and repair or sustain their credit. During 2015, we refinanced only $5.4 million of loans that were 60 days or more contractually past due, representing approximately 0.5% of our total loan volume for fiscal 2015. As of December 31, 2015, the outstanding gross balance of such refinancings was only $3.5 million, or 0.4% of gross finance receivables as of such date.

We carefully evaluate each potential customer's creditworthiness by examining the individual's unencumbered income or debt-to-income credit ratio, length of current employment, duration of residence, and a credit report detailing the applicant's credit history. Our loan approval process is based on the customer's creditworthiness rather than the value of collateral pledged. Loan amounts are established based on underwriting standards designed to allow customers to affordably make their loan payments out of their discretionary income. Each of our branches is equipped to perform immediate background, employment, and credit checks, and approve loan applications promptly while the customer waits. Our employees verify the applicant's employment and credit histories through telephone checks with employers, other employment references, supporting documentation such as paychecks and earnings summaries, and a variety of third-party credit reporting agencies.

Each individual we solicit for a convenience check loan has been pre-screened through a major credit bureau or data aggregator against our underwriting criteria. In addition to screening each potential convenience check recipient's credit score and bankruptcy history, we also use a proprietary model that assesses approximately 25 to 30 different attributes of potential recipients.

Our branch employees will perform an in-person appraisal of any vehicle collateral pledged for a direct loan using our multipoint checklist and will use one or more third-party valuation sources, such as the National Automobile Dealers Association Appraisal Guides, to determine an estimate of the collateral's value. Regardless of the value of the vehicle or other collateral, we will not lend in excess of our assessment of the borrower's ability to repay. We perfect all first-lien security interests in each pledged vehicle by retaining the title to the collateral in our files until the loan is fully repaid. In certain states, we offer loans secured by second-lien security interests on vehicles, in which case we instead seek to perfect our security interest by recording our lien on the title.

In the event we do elect to repossess a vehicle, we use third-party vendors in the vast majority of circumstances. We then sell our repossessed vehicle inventory through public sales conducted by independent automobile auction organizations or, to a lesser extent, private sales after the required post-repossession waiting period. Any excess proceeds from the sale of the collateral are returned to the customer. We work with customers experiencing payment difficulties to help them find a solution and view repossession of the collateral only as a last option.

In accordance with our philosophy, we intend to continue to refine our underwriting standards to assess an individual's creditworthiness and ability to repay a loan. In recent years, we have implemented several new programs to continue to improve our underwriting standards and loan collection rates, including those initiatives described above. Our management information system enables us to regularly review loan volumes, collections, and delinquencies. We believe this central oversight, combined with our branch-level servicing, improves credit performance. We plan to continue to develop strategies and custom credit models utilizing our historical loan performance data and credit bureau attributes to further improve our underwriting standards and loan collection rates as we expand.

Our Products

Small Loans. We originate small loans ranging from \$500 to \$2,500 through our branches, which we refer to as our branch small loans, and through our convenience check program, which we refer to as our convenience checks. Our small loans are standardized to reduce documentation and related processing costs and to comply with federal and state lending laws. They are payable in fixed rate, fully amortizing equal monthly installments with terms of up to 36 months, and are repayable at any time without penalty. In 2015, the average originated net loan size and term for our small installment loans were \$1,411 and 16 months, respectively. The weighted-average yield we earned on our portfolio of small loans was 43.9% in 2015. The interest rates, fees and other charges, maximum principal amounts, and maturities for our small loans vary from state to state, depending upon relevant laws and regulations.

Branch Small Loans. Our branch small loans are made to customers who visit one of our branches and complete a standardized credit application. Customers may also complete and submit a loan application by phone or on our consumer website before closing the loan in one of our branches. We require our customers to submit a list of non-essential household goods and pledge these goods as collateral. We do not perfect our security interests by filing UCC financing statements with respect to these goods and instead typically collect a non-recording insurance fee and obtain non-recording insurance.

Convenience Checks. Our convenience check loans are originated through direct mail campaigns to pre-screened individuals. These campaigns are often timed to coincide with seasonal demand for loans to finance vacations, back-to-school needs, and holiday spending. We also launch convenience check campaigns in conjunction with opening new branches to help build an initial customer base. Customers can cash or deposit convenience checks at their convenience, thereby agreeing to the terms of the loan as prominently set forth on the check and accompanying disclosures. When a customer enters into a loan by cashing or depositing the convenience check, our personnel gather additional information on the borrower to assist us in servicing the loan and offering other products to meet the customer's financing needs.

The following table sets forth the composition of our finance receivables for small loans by state at December 31st of each year from 2011 through 2015:

	At December 31,				
	2011	2012	2013	2014	2015
South Carolina	40%	31%	26%	25%	23%
Texas	29%	31%	29%	29%	31%
North Carolina	21%	21%	16%	15%	15%
Alabama	4%	9%	14%	13%	13%
Tennessee	6%	7%	8%	8%	7%
Oklahoma	—	1%	5%	7%	7%
New Mexico	—	—	2%	3%	3%
Georgia	—	—	—	—	1%
Virginia	—	—	—	—	—
Total	100%	100%	100%	100%	100%

The following table sets forth the total number of small loans, finance receivables, and average per loan for our small loans by state at December 31, 2015:

	Total Number of Loans	Finance Receivables	Average Per Loan
		(In thousands)	
South Carolina	59,509	$ 76,379	$1,283
Texas	91,246	104,673	1,147
North Carolina	40,800	51,520	1,263
Alabama	34,984	44,213	1,264
Tennessee	20,142	23,675	1,175
Oklahoma	17,800	24,492	1,376
New Mexico	8,322	11,471	1,378
Georgia	1,859	1,732	932
Virginia	1	2	2,000
Total	274,663	$338,157	$1,231

Large Loans. We also offer large loans through our branches in amounts ranging from $2,501 to $20,000. Our large loans are payable in fixed rate, fully amortizing equal monthly installments with terms of 18 to 60 months, and are repayable at any time without penalty. We require our large loans to be secured by a vehicle, which may be an automobile, motorcycle, boat, or all-terrain vehicle, or non-essential household goods. In 2015, our average originated net loan size and term for large loans were $4,303 and 36 months, respectively. The weighted-average yield we earned on our portfolio of large loans was 27.6% for 2015.

A potential customer applies for a large loan by visiting one of our branches, where he or she is interviewed by one of our employees who evaluates the customer's creditworthiness, including a review of a credit bureau report, before extending a loan.

The following table sets forth the composition of our finance receivables for large loans by state at December 31st of each year from 2011 through 2015:

	At December 31,				
	2011	2012	2013	2014	2015
South Carolina	49%	30%	28%	25%	22%
Texas	9%	6%	4%	10%	22%
North Carolina	27%	22%	28%	27%	18%
Alabama	7%	35%	30%	26%	17%
Tennessee	8%	7%	9%	8%	7%
Oklahoma	—	—	1%	2%	7%
New Mexico	—	—	—	2%	7%
Georgia	—	—	—	—	—
Virginia	—	—	—	—	—
Total	100%	100%	100%	100%	100%

The following table sets forth the total number of large loans, finance receivables, and average per loan for our large loans by state at December 31, 2015:

	Total Number of Loans	Finance Receivables	Average Per Loan
		(In thousands)	
South Carolina	7,362	$ 30,853	$4,191
Texas	8,588	32,065	3,734
North Carolina	7,600	26,034	3,426
Alabama	6,576	25,603	3,893
Tennessee	2,481	10,922	4,402
Oklahoma	2,523	10,808	4,284
New Mexico	2,602	10,212	3,925
Georgia	11	56	5,091
Virginia	—	—	—
Total	37,743	$146,553	$3,883

Automobile Loans. Our automobile loans are offered through a network of dealers in our geographic footprint. These loans are offered in amounts up to $27,500 and are secured by the purchased vehicle. They are payable in fixed rate, fully amortizing equal monthly installments with terms generally of 36 to 72 months, and are repayable at any time without penalty. In 2015, our average originated net loan size and term for automobile loans were $11,572 and 53 months, respectively. The weighted-average yield we earned on our portfolio of automobile loans was 19.0% for 2015.

Direct Automobile Loans. We have business relationships with dealerships throughout our geographic footprint that offer our loans to their customers in need of financing. These dealers will contact one of our local branches to initiate a loan application when they have identified a customer who meets our written underwriting standards. Applications for direct automobile loans may also be received through one of the online credit application networks in which we participate, such as DealerTrack and RouteOne. We will review the application and requested loan terms and propose modifications, if necessary, before providing initial approval and inviting the dealer and the customer to come to a local branch to close the loan. Our branch employees interview the customer to verify information in the dealer's credit application, obtain a credit bureau report on the customer, and inspect the vehicle to confirm that the customer's order accurately describes the vehicle before closing the loan.

Indirect Automobile Loans. Since late 2010, we have also offered indirect automobile loans, which allow customers and dealers to complete a loan at the dealership without the need to visit one of our branches. We typically offer indirect loans through larger franchise and independent dealers within our geographic footprint. These larger dealers collect credit applications from their customers and either forward the applications to us specifically or, more commonly, submit the applications to numerous potential lenders through online credit application networks, such as DealerTrack and RouteOne. After receiving an indirect automobile loan application, it is processed by our centralized underwriting department or, to a lesser extent, our branches and supervisors. Once the loan is approved, the dealer closes the loan on a standardized retail installment sales contract at the point of sale. Subsequently, we purchase the loan and then service it locally through our branch network.

The following table sets forth the composition of our finance receivables for automobile loans by state at December 31st of each year from 2011 through 2015:

	At December 31,				
	2011	2012	2013	2014	2015
South Carolina	55%	48%	42%	42%	45%
Texas	13%	19%	22%	23%	18%
North Carolina	26%	26%	26%	24%	23%
Alabama	2%	4%	5%	5%	7%
Tennessee	4%	3%	3%	2%	2%
Oklahoma	—	—	1%	2%	3%
New Mexico	—	—	—	—	—
Georgia	—	—	1%	2%	2%
Virginia	—	—	—	—	—
Total	100%	100%	100%	100%	100%

The following table sets forth the total number of automobile loans, finance receivables, and average per loan for our automobile loans by state at December 31, 2015:

	Total Number of Loans	Finance Receivables	Average Per Loan
		(In thousands)	
South Carolina	6,362	$ 52,071	$8,185
Texas	2,217	21,333	9,622
North Carolina	3,295	26,807	8,136
Alabama	863	7,925	9,183
Tennessee	313	2,240	7,157
Oklahoma	366	2,917	7,970
New Mexico	51	500	9,804
Georgia	245	2,316	9,453
Virginia	—	—	—
Total	13,712	$116,109	$8,468

Retail Loans. In late 2009, we began offering loans to finance the purchase of furniture, appliances, and other retail products. Our retail loans are indirect installment loans structured as retail installment sales contracts that are offered in amounts of up to $7,500. They are payable in fixed rate, fully amortizing equal monthly installments with terms of between six and 48 months, and are repayable at any time without penalty. In 2015, our average originated net loan size and term for retail loans were $1,626 and 23 months, respectively. The weighted-average yield we earned on our portfolio of retail loans was 18.8% for 2015.

Our retail loans provide financing to customers who may not qualify for prime financing from traditional lenders. As compared to other sources of non-prime financing, our retail loans often offer more attractive interest rates and terms to customers. Our retail loans are indirect loans made through a retailer at the point of sale without the need for the customer to visit one of our branches, similar to our indirect automobile loans. We partner with retailers that offer our retail loans directly to their customers. In recent years, in an effort to expand our relationship with existing retailer partners, we began offering retail loans in states outside of our nine-state brick-and-mortar footprint that are serviced centrally from our headquarters in Greenville, South Carolina. By providing a source of non-prime financing, we are often able to help our retail partners complete sales to customers who otherwise may not have been able to finance their purchase.

Our retail partners typically submit applications to us online while the customer waits. If a customer is not accepted by a retailer's prime financing provider, we will evaluate the customer's credit based on the same application data, without the need for the customer to complete an additional application. Underwriting for our retail loans is conducted through RMC Retail, a centralized underwriting team.

We individually evaluate the creditworthiness of potential retail loan customers using the same information and resources used for our other loan products, including a credit bureau report, before providing a credit decision to the retailer within ten minutes. If we approve the loan, the retailer completes our standardized retail installment sales contract, which includes a security interest in the purchased item. The servicing of nearly all such loans are performed within our branches, with only out-of-footprint retail loans being serviced centrally from our headquarters in Greenville, South Carolina.

The following table sets forth the composition of our finance receivables for retail loans by state at December 31st of each year from 2011 through 2015:

	At December 31,				
	2011	2012	2013	2014	2015
South Carolina	10%	8%	6%	6%	4%
Texas	59%	63%	61%	62%	69%
North Carolina	25%	15%	15%	14%	10%
Alabama	3%	5%	5%	3%	2%
Tennessee	1%	4%	4%	2%	1%
Oklahoma	—	—	3%	7%	8%
New Mexico	—	—	1%	1%	2%
Georgia	—	—	—	—	—
Virginia	—	—	—	—	—
Other	2%	5%	5%	5%	4%
Total	100%	100%	100%	100%	100%

The following table sets forth the total number of retail loans, the finance receivables, and average per loan for our retail loans by state at December 31, 2015:

	Total Number of Loans	Finance Receivables	Average Per Loan
		(In thousands)	
South Carolina	932	$ 1,099	$1,179
Texas	15,650	19,008	1,215
North Carolina	2,594	2,888	1,113
Alabama	467	465	996
Tennessee	452	414	916
Oklahoma	1,699	2,175	1,280
New Mexico	525	593	1,130
Georgia	9	21	2,333
Virginia	—	—	—
Other	831	962	1,158
Total	23,159	$27,625	$1,193

Optional Credit Insurance Products. We offer our customers a number of different optional insurance products in connection with our loans. We do not sell insurance to non-borrowers. The insurance products we offer customers are voluntary and not a condition of the loan. Our insurance products, including the types of products offered and their terms and conditions, vary from state to state in compliance with applicable laws and regulations. Premiums and other charges for credit insurance and similar payment protection products are set at, or below, authorized statutory rates and are stated separately in our disclosure to customers, as required by the federal Truth in Lending Act and by various applicable state laws. In 2015, insurance income, net, was $11.7 million, or 5.4% of our total revenue.

We market and sell insurance policies as an agent for an unaffiliated third-party insurance company. The policies are then ceded to our wholly-owned reinsurance subsidiary, RMC Reinsurance, Ltd., which then bears the full risk of the policy. For the sale of insurance policies, we, as agent, write policies only within the limitations established by our agency contracts with the unaffiliated third-party insurance company.

Credit Life Insurance, Credit Accident and Health Insurance, and Involuntary Unemployment Insurance. We market and sell optional credit life insurance, credit accident and health insurance, and involuntary unemployment insurance in connection with our loans in selected markets. Credit life insurance provides for the payment in full of the borrower's credit obligation to the lender in the event of the borrower's death. Credit accident and health insurance provides for the repayment of certain loan installments to the lender that come due during an insured's period of income interruption resulting from disability from illness or injury. Involuntary unemployment insurance provides for repayment of certain loan installments in the event the borrower is no longer employed as the result of a qualifying event, such as a layoff or reduction in workforce. All customers purchasing these types of insurance from us sign a statement affirming that they understand that their purchase of insurance is not a condition of our granting the loan. In addition, customers may cancel purchased insurance within 30 days of the date of purchase and receive a full refund of the insurance premium. Customers are paid a partial refund in the event of an early payoff or loan refinancing.

Property Insurance. We also require that our customers provide proof of acceptable insurance for any personal property securing a loan. Customers can provide proof of such insurance purchased from a third party (such as homeowners or renters insurance) or can purchase the property insurance that we offer. The Company also collects a state-allowed fee for collateral protection and purchases non-recording insurance in lieu of recording and perfecting the Company's security interest in the assets pledged on certain loans. In addition to offering property insurance on the household goods used as collateral for our loan products, we also offer, in select markets, vehicle single interest insurance that provides coverage on automobiles used as collateral on small and large loans. This affords the borrower flexibility with regards to the requirement to maintain full coverage on the vehicle while also protecting the collateral used to secure the loan.

Reinsurance. The optional credit insurance and property insurance risks are ceded by the non-affiliated insurance company that issued the policies to RMC Reinsurance, a wholly-owned subsidiary of Regional Management Corp.

Collateral Protection Collision Insurance. Before we originate an automobile loan, we require the borrower to provide proof of acceptable liability and collision insurance on the vehicle securing the loan. While we do not offer automobile insurance to our customers, we will obtain collateral protection collision insurance ("CPI") on behalf of customers who permit their other insurance coverage to lapse. If we obtain CPI for a vehicle, the customer has the opportunity to provide proof of insurance to cancel the CPI and receive a refund of all unearned premiums.

Insurance policy premiums, claims and expenses are included in the company's results of operations as insurance income, net in the income statement.

Our Branches

Our branches are generally conveniently located in visible, high traffic locations, such as shopping centers. We do not need to keep large amounts of cash at our branches because we disburse the vast majority of loan proceeds by check, rather than by cash payment. As a result, our branches have an open, welcoming, and hospitable layout.

The following table sets forth the number of branches as of the dates indicated:

	At December 31,				
	2011	2012	2013	2014	2015
South Carolina	69	69	70	70	72
Texas	44	56	67	83	98
North Carolina	24	26	29	34	36
Alabama	14	42	49	49	50
Tennessee	18	20	21	21	21
Oklahoma	1	6	21	27	28
New Mexico	—	2	4	13	18
Georgia	—	—	3	3	7
Virginia	—	—	—	—	1
Total	170	221	264	300	331

During the period presented in the table above, we grew by 161 net branches. In 2015, we opened 31 new branches. In evaluating whether to locate a branch in a particular community, we examine several factors, including the demographic profile of the community, demonstrated demand for consumer finance, the regulatory and political climate, and the availability of suitable employees to staff, manage, and supervise the new branch. We also look for a concentration of automobile dealers and retailers to build our sales finance business.

The following table sets forth the average finance receivables per branch based on maturity, excluding acquired branches:

Age of Branch (As of December 31, 2015)	Average Finance Receivables Per Branch as of December 31, 2015	Percentage Increase From Prior Age Category	Number of Branches
	(In thousands)		
Branches open less than one year	$ 597	—	31
Branches open one to three years	$1,500	151.2%	81
Branches open three to five years	$1,750	16.7%	80
Branches open five years or more	$2,393	36.8%	139

The average contribution to operating income from our branches has historically increased as our branches mature. The following table sets forth the average operating income contribution per branch for the year ended December 31, 2015, based on maturity of the branch, excluding acquired branches.

Age of Branch (As of December 31, 2015)	Average Branch Operating Income (Loss) Contribution	Percentage Increase From Prior Age Category	Number of Branches
	(In thousands)		
Branches open less than one year	$ (8)	—	31
Branches open one to three years	$170	2,115.4%	81
Branches open three to five years	$227	33.9%	80
Branches open five years or more	$415	82.3%	139

We calculate the average branch contribution as total revenues generated by the branch less the expenses directly attributable to the branch, including the provision for losses and operating expenses such as personnel, lease, and interest expenses. General corporate overhead, including management salaries, are not attributable to any individual branch. Accordingly, the sum of branch contributions from all of our branches is greater than our income before taxes.

Payment and Loan Servicing

We have implemented company-wide payment and loan servicing policies and practices, which are designed to maintain consistent portfolio performance and to facilitate regulatory compliance. Our district supervisors and state vice presidents oversee the training of each branch employee in these policies and practices, which include standard procedures for communicating with customers in our branches, over the telephone, and by mail. Our corporate procedures require the maintenance of a log of servicing activity for each account. Our state vice presidents, district supervisors, and internal audit teams regularly review these records to ensure compliance with our company procedures, which are designed to comply with applicable regulatory requirements.

Our corporate policies also include encouraging customers to visit our branches to make payments. Encouraging payment at the branch allows us to maintain regular contact with our customers and further develop our overall relationship with them. We believe that the development and continual reinforcement of personal relationships with customers improves our ability to monitor their creditworthiness, reduces credit risk, and generates opportunities to offer them new loan products as their credit profiles evolve. To reduce late payment risk, branch employees encourage customers to inform us in advance of expected payment problems.

Branch employees also promptly contact customers following the first missed payment and thereafter remain in close contact with such customers, including through phone calls and letters. We use third-party skip tracing services to locate delinquent customers in the event that our branch employees are unable to do so. In certain cases, we seek a legal judgment against delinquent customers.

We obtain security interests for most of our loans, and we perfect the security interests in vehicles securing our loans. Our district supervisors and internal audit teams regularly review collateral documentation to confirm compliance with our guidelines. We perfect all first-lien security interests in each pledged vehicle by retaining the title to the collateral in our files until the loan is fully repaid. In certain states, we offer loans secured by second-lien security interests on vehicles, in which case we instead seek to perfect our security interest by recording our lien on the title. We only initiate repossession efforts when an account is seriously delinquent, we have exhausted other means of collection, and in the opinion of management, the customer is unlikely to make further payments. We sell substantially all repossessed vehicles through public sales conducted by independent automobile auction organizations, after the required post-repossession waiting period. Losses on the sale of repossessed collateral are charged to the allowance for credit losses.

In certain cases, we permit our existing customers to refinance their loans. Our refinancings of existing loans are divided into three categories: refinancings of loans in an amount greater than the original loan amount, renewals of existing loans at or below the original loan amount, and renewals of existing loans that are 60 or more days contractually past due, which represented 31.5%, 26.8%, and 0.5%, respectively, of our loan originations in 2015. Any refinancing of a loan in an amount greater than the original amount generally requires an underwriting review to determine a customer's qualification for the increased loan amount. Furthermore, we obtain a new credit report and may complete a new application on renewals of existing loans if they have not completed one within the prior year. We allow customers to refinance delinquent loans on a limited basis if those customers otherwise satisfy our credit standards (other than with respect to the delinquency). We believe that refinancing delinquent loans for certain deserving customers who have made periodic payments allows us to help customers resolve temporary financial setbacks and repair or sustain their credit. During 2015, we refinanced only $5.4 million of loans that were 60 or more days contractually past due, and as of December 31, 2015, the outstanding balance of such refinancings was only $3.5 million, or 0.4% of gross finance receivables as of such date.

Accounts are charged off at 180 days contractually delinquent. We continue to service charged-off loans centrally, and until 2015, we had not sold any of our charged-off accounts to third-party debt purchasers, nor had we placed any debt with third-party collection agencies. In December 2015, we executed our first sale of existing charged-off accounts to a third party and, in connection with this transaction, we committed to selling the flow of loans charged-off between November 2015 and October 2016. For details of this transaction, see Part II, Item 8. "Financial Statements and Supplementary Data," Note 3. We updated our charge-off policy during the fourth quarter of 2014, and we will continue to review our practices relating to our handling of charged-off accounts.

Information Technology

Since 1999, we have used a loan servicing software package developed and owned by ParaData Financial Systems and have invested in customizing the ParaData software to improve the management of our specific processes and product types. The system provides management information and control capabilities, including monitoring of all loans made, collections, delinquencies, and other functions. ParaData does not have a robust loan origination functionality. While we believe that the ParaData loan management system is adequate for our current business needs, we are evaluating loan origination software to add this important automated functionality to our business.

In addition, we rely on DealerTrack, Route One, Teledata Communications Inc., and other third-party software vendors to provide access to loan applications and/or on-screen applications.

Competition

The consumer finance industry is highly fragmented, with numerous competitors. The competition we face for each of our loan products is distinct.

Small and Large Loans. The installment loan industry is highly fragmented in the nine states in which we operate. We compete with several large competitors operating greater than 800 branch locations each, as well as a handful of private competitors with between 100 and 250 branches in certain of the states in which we operate. We believe that the majority of our competitors are independent operators with generally less than 100 branches. We believe that competition between installment consumer loan companies occurs primarily on the basis of price, breadth of loan product offerings, flexibility of loan terms offered, and the quality of customer service provided. While underbanked customers may also use alternative financial services providers, such as title lenders, payday lenders, and pawn shops, their products offer different terms and typically carry substantially higher interest rates and fees than our installment loans. Accordingly, we believe alternative financial services providers are not an attractive alternative for customers who meet our underwriting standards, which are generally stricter than the underwriting standards of alternative financial services providers. Our small and large loans also compete with pure online lenders, peer-to-peer lenders, and issuers of non-prime credit cards.

Automobile Loans. In the automobile loan industry, we compete with numerous financial service companies, including non-prime auto lenders, dealers that provide financing, captive finance companies owned by automobile manufacturers, banks, and credit unions. Competition among automobile lenders is fierce and is largely on the basis of interest rates charged, the quality of credit accepted, the flexibility of loan terms offered, the speed of approval, and the quality of customer service provided. Much of the automobile loan marketplace has evolved to processing loan applications generated at dealers through online credit application networks such as DealerTrack or RouteOne where prompt service and response times to dealers and their customers are essential to compete in this market.

Retail Loans. In recent years, the retail loan industry has seen an increasing number of lenders dedicated to serving non-prime retail loans enter the market. We also face competition from rent-to-own financing providers and credit card companies. Our retail loans are typically made at competitive rates, and competition is largely on the same basis as automobile loans. Point-of-sale financing decisions must be made rapidly while the customer is on the sales floor. We endeavor to provide responses to customers in less than ten minutes, and we staff RMC Retail, our centralized retail loan underwriting team, with multiple shifts seven days per week during peak retail shopping hours to ensure rapid response times.

Seasonality

Our loan volume and the contractual delinquency of our finance receivable portfolio follow seasonal trends. Demand for our loans is typically highest during the third and fourth quarters, which we believe is largely due to customers borrowing money for back-to-school and holiday spending. With the exception of automobile loans, loan demand has generally been the lowest during the first quarter, which we believe is largely due to the timing of income tax refunds. During the remainder of the year, we typically experience loan growth from general operations. In addition, we typically generate higher loan volumes in the second half of the year from direct mail campaigns, which are timed to coincide with seasonal consumer demand. Also, delinquencies have generally been lower in the first half of the year than during the second half of the year. Consequently, we experience significant seasonal fluctuations in our operating results and cash needs.

Employees

As of December 31, 2015, we had 1,421 employees, none of whom were represented by labor unions. We consider our relations with our personnel to be good. We experience a high level of turnover among our entry-level employees, which we believe is typical of the consumer finance industry.

Staff and Training. Local branches are generally staffed with three to four employees. The branch manager oversees operations of the branch and is responsible for approving loan applications. Each branch has one or two assistant managers who contact delinquent customers, review loan applications, and prepare operational reports. Generally, each branch also has a customer service representative who takes loan applications, processes loan applications, processes payments, and assists in the preparation of operational reports, collection efforts, and marketing activities. Larger volume branches may employ additional assistant managers and customer service representatives. New employees train during the first year of employment on an operating manual that outlines our operating policies and procedures. In addition, each employee is required to complete a curriculum of compliance training modules within the first 180 days of employment. Effective July 2015, employees are also required to re-certify on certain compliance modules each year. Our training of assistant managers focuses on developing the skills necessary to allow for the future promotion of the assistant managers to branch managers.

Monitoring and Supervision. We have oversight structures and procedures in place to ensure compliance with our operational standards and policies and the applicable regulatory requirements in each state. All of our loans, other than indirect automobile and retail loans, are prepared using our loan management software, which is programmed to compute fees, interest rates, and other loan terms in compliance with our underwriting standards and applicable regulations. We work with our regulatory counsel to develop standardized forms and agreements for each state, ensuring consistency and compliance.

Our loan operations are organized by geography. We have two state vice presidents to oversee Texas; one state vice president to oversee North Carolina and Tennessee; one state vice president to oversee New Mexico and Oklahoma; one state vice president to oversee Alabama; one state vice president to oversee Georgia; one state vice president to oversee South Carolina; and one state vice president to oversee Virginia. Several levels of management monitor and supervise the operations of each of our branches. Branch managers are directly responsible for the performance of their respective branches. District supervisors are responsible for the performance of between six and 11 branches in their districts, communicating with the branch managers of each of their branches at least weekly, and visiting each branch at least monthly. Our state vice presidents monitor the performance of all of the branches in their respective states, primarily through communications with district supervisors. These state vice presidents communicate with the district supervisors of each of their districts at least weekly and visit each of their branches at least annually, or more often as necessary. Our information technology platform enables us to monitor our portfolio regularly, which we believe improves our credit performance.

The majority of our branches undergo an internal audit every year, and every branch undergoes an internal audit at least every two years. These audits, conducted by dedicated internal audit staff, include a review of compliance with state and federal laws and regulations, as well as a review of operations. The review of operations includes a review of adherence to policies and procedures concerning cash management, loan approval processes, and all other policies and procedures concerning branch operations, such as servicing procedures. Branches are rated at four different levels, and the timing of audits is impacted by the rating received. Other factors impacting the timing of branch audits include, but are not limited to, the date the branch opened, the timing of new managers commencing employment at the branch, and the results of branch examinations conducted by state regulators. Our branch employees' compensation is directly impacted by the internal audit rating assigned to the branch.

We have a "scorecard" program to systematically monitor a range of operating metrics at each branch on a monthly basis. Our scorecard system currently tracks different dimensions of operations, including the performance of each branch on a series of credit metrics. Senior management receives daily delinquency, loan volume, charge-off, and other statistical reports consolidated by state and has access to these daily reports. At least three times each year, district supervisors audit the operations of each branch in their district and submit standardized reports detailing their findings to senior management. State vice presidents meet with the executive management team once per quarter to review branch scorecard results as well as to discuss other operational and financial performance results against our targets. Remedial plans are put in place to correct any underperformance.

Government Regulation

Consumer finance companies are subject to extensive regulation, supervision, and licensing under various state and federal statutes, ordinances, and regulations. Many of these regulations impose detailed constraints on the terms of our loans and the retail installment sales contracts that we purchase, lending forms, and operations. The software that we use to originate loans is designed to ensure compliance with all applicable lending regulations.

State Lending Regulation. In general, state statutes establish maximum loan amounts and interest rates and the types and maximum amounts of fees and insurance premiums that may be charged for both direct and indirect lending. Specific allowable charges vary by state. For example, statutes in Texas allow for indexing the maximum small loan amounts to the Consumer Price Index and set maximum rates for automobile loans based on the age of the vehicle. Except in the states of North Carolina, New Mexico, and Virginia, our direct loan products are pre-computed loans in which the finance charge is determined at the time of the loan origination and is a combination of origination or acquisition fees, account maintenance fees, monthly account handling fees, and other charges permitted by the relevant state laws. Direct loans in North Carolina, New Mexico, and Virginia are structured as simple interest loans as prescribed by state law.

In addition, state laws regulate the keeping of books and records and other aspects of the operation of consumer finance companies, and state and federal laws regulate account collection practices. Generally, state regulations also establish minimum capital requirements for each local branch. State agency approval is required to open new branches, and each of our branches is separately licensed under the laws of the state in which the branch is located. Licenses granted by the regulatory agencies in these states are subject to renewal every year and may be revoked for failure to comply with applicable state and federal laws and regulations. In the states in which we currently operate, licenses may be revoked only after an administrative hearing. We believe we are in compliance with state law and regulations applicable to our lending operations in each state.

We and our operations are regulated by several state agencies, including the Consumer Finance Division of the South Carolina State Board of Financial Institutions, the South Carolina Department of Consumer Affairs, the North Carolina Office of the Commissioner of Banks, the Texas Office of the Consumer Credit Commissioner, the Tennessee Department of Financial Institutions, the Alabama State Banking Department, the Oklahoma Department of Consumer Credit, the New Mexico Regulation and Licensing Department, Financial Institutions Division, the Georgia Industrial Loan Division of the Office of Insurance and Safety Fire Commissioner, and the Virginia Bureau of Financial Institutions of the State Corporation Commission. These state regulatory agencies regularly audit our branches and operations.

Insurance Regulation. Premiums and charges for credit insurance and similar payment protection products are set at or below authorized statutory rates and are stated separately in our disclosure to customers, as required by the federal Truth in Lending Act and by various applicable state laws.

We are also subject to state regulations governing insurance agents in the states in which we sell insurance. State insurance regulations require that insurance agents be licensed and limit the premium amount charged for such insurance. Our captive insurance subsidiary is regulated by the insurance authorities of the Turks and Caicos Islands of the British West Indies, where the subsidiary is organized and domiciled.

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"). At the federal level, Congress enacted comprehensive financial regulatory reform legislation on July 21, 2010. A significant focus of the new law, known as the Dodd-Frank Act, is heightened consumer protection. The Dodd-Frank Act established a new body, called the Consumer Financial Protection Bureau (the "CFPB"), which has regulatory, supervisory, and enforcement powers over providers of consumer financial products and services, including explicit supervisory authority to examine and require registration of non-depository lenders and promulgate rules that can affect the practices and activities of lenders.

Although the Dodd-Frank Act expressly provides that the CFPB has no authority to establish usury limits, some consumer advocacy groups have suggested that various forms of alternative financial services or specific features of consumer loan products should be a regulatory priority, and it is possible that at some time in the future the CFPB could propose and adopt rules making such lending services materially less profitable or impractical, which may include installment finance loans or other products that we offer.

The Dodd-Frank Act also gives the CFPB the authority to examine and regulate large nondepository financial companies and gives the CFPB authority over anyone deemed by rule to be a "larger participant of a market for other consumer financial products or services." The CFPB contemplates regulating the installment lending industry as part of the "consumer credit and related activities" market. However, this so-called "larger participant rule" will not impose substantive consumer protection requirements, but rather will provide to the CFPB the authority to supervise larger participants in certain markets, including by requiring reports and conducting examinations to ensure, among other things, that they are complying with existing federal consumer financial law. While the CFPB has defined a "larger participant" standard for certain markets, such as the debt collection, automobile finance, and consumer reporting markets, it has not yet acted to define "larger participant" in the traditional installment lending market. The rule will likely cover only the largest installment lenders, and we do not yet know whether the definition of larger participant will cover us. We do not meet the definition of "larger participant" in the automobile finance market.

In addition to the grant of certain regulatory powers to the CFPB, the Dodd-Frank Act gives the CFPB authority to pursue administrative proceedings or litigation for violations of federal consumer financial laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties.

Other Federal Laws and Regulations. In addition to the Dodd-Frank Act and state and local laws and regulations, numerous other federal laws and regulations affect our lending operations. These laws include the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Gramm-Leach-Bliley Act, and in each case the regulations thereunder, and the Federal Trade Commission's Credit Practices Rule. These laws require us to provide complete disclosure of the principal terms of each loan to the borrower, prior to the consummation of the loan transaction, prohibit misleading advertising, protect against discriminatory lending practices, and proscribe unfair credit practices.

Under the Truth in Lending Act and Regulation Z promulgated thereunder, we must disclose certain material terms related to a credit transaction, including, but not limited to, the annual percentage rate, finance charge, amount financed, total of payments, the number and amount of payments, and payment due dates to repay the indebtedness. Under the Equal Credit Opportunity Act and Regulation B promulgated thereunder, we cannot discriminate against any credit applicant on the basis of any protected category, such as race, color, religion, national origin, sex, marital status, or age. We are also required to make certain disclosures regarding consumer rights and advise customers whose credit applications are not approved of the reasons for the rejection. Under the Fair Credit Reporting Act, we must provide certain information to customers whose credit applications are not approved on the basis of a report obtained from a consumer reporting agency, promptly update any credit information reported to a credit reporting agency about a customer, and have a process by which customers may inquire about credit information furnished by us to a consumer reporting agency. Under the Gramm-Leach-Bliley Act, we must protect the confidentiality of our customers' nonpublic personal information and disclose information on our privacy policy and practices, including with regard to the sharing of customers' nonpublic personal information with third parties. This disclosure must be made to customers at the time the customer relationship is established and, in some cases, at least annually thereafter. The Federal Trade Commission's Credit Practices Rule limits the types of property we may accept as collateral to secure a consumer loan. Violations of these statutes and regulations may result in actions for damages, claims for refund of payments made, certain fines and penalties, injunctions against certain practices, and the potential forfeiture of rights to repayment of loans.

Additional Information

The Company's principal internet address is *www.regionalmanagement.com*. The information contained on, or that can be accessed through, the Company's website is not incorporated by reference into this Annual Report on Form 10-K. The Company has included its website address as a factual reference and does not intend it as an active link to its website. The Company provides its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and all amendments to those reports, free of charge on *www.regionalmanagement.com*, as soon as reasonably practicable after they are electronically filed, or furnished to, the Securities and Exchange Commission.

ITEM 1A. *RISK FACTORS.*

We operate in a rapidly changing environment that involves a number of risks, some of which are beyond our control. The following discussion highlights some of the risks which may affect future operating results. These are the risks and uncertainties we believe are most important for you to consider, but the risks described below are not the only risks facing our company. Additional risks and uncertainties not presently known to us, which we currently deem immaterial, or which are similar to those faced by other companies in our industry or business in general, may also impair our business operations. If any of the following risks or uncertainties occurs, continues, or worsens, our business, financial condition, and operating results would likely suffer. You should carefully consider the risks described below together with the other information set forth in this Annual Report on Form 10-K.

Risks Related to Our Business

We have grown significantly in recent years, and our delinquency and charge-off rates and overall results of operations may be adversely affected if we do not manage our growth effectively.

We have experienced substantial growth in recent years, opening or acquiring 43 branches in 2013, 36 in 2014, and 31 in 2015, and we intend to continue our growth strategy in the future. As we increase the number of branches we operate, we will be required to find new, or relocate existing, employees to operate our branches and allocate resources to train and supervise those employees. The success of a branch depends significantly on the manager overseeing its operations and on our ability to enforce our underwriting standards and implement controls over branch operations. Recruiting suitable managers for new branches can be challenging, particularly in remote areas and in areas where we face significant competition. Furthermore, the annual turnover among our branch managers was approximately 26% in 2014 and 25% in 2015, and turnover rates of managers in our new branches may be similar or higher. Increasing the number of branches that we operate may divide the attention of our senior management or strain our ability to adapt our infrastructure and systems to accommodate our growth. If we are unable to promote, relocate, or recruit suitable managers, oversee their activities effectively, and otherwise appropriately and effectively staff our branches, our delinquency and charge-off rates may increase and our overall results of operations may be adversely impacted.

We face significant risks in implementing our growth strategy, some of which are outside of our control.

We intend to continue our growth strategy, which is based on opening and acquiring branches in existing and new markets and introducing new products and channels. Our ability to execute this growth strategy is subject to significant risks, some of which are beyond our control, including:

- the inherent uncertainty regarding general economic conditions;
- the prevailing laws and regulatory environment of each state in which we operate or seek to operate and, to the extent applicable, federal laws and regulations, which are subject to change at any time;
- the degree of competition in new markets and its effect on our ability to attract new customers;
- our ability to identify attractive locations for new branches;
- our ability to recruit qualified personnel, particularly in remote areas and in areas where we face a great deal of competition; and
- our ability to obtain adequate financing for our expansion plans.

For example, North Carolina requires a “needs and convenience” assessment of a new lending license and location prior to the granting of the license, which adds time and expense to opening new locations. In addition, certain states into which we may expand limit the number of lending licenses granted. There can be no assurance that if we apply for a license for a new branch, whether in one of the states where we currently operate or in a state into which we would like to expand, we would be granted a license to operate. We also cannot be certain that any such license, even if granted, would be obtained in a timely manner or without burdensome conditions or limitations. In addition, we may not be able to obtain and maintain the regulatory approvals, government permits, or licenses that may be required.

We face strong direct and indirect competition.

The consumer finance industry is highly competitive, and the barriers to entry for new competitors are relatively low in the markets in which we operate. We compete for customers, locations, employees, and other important aspects of our business with many other local, regional, national, and international financial institutions, many of which have greater financial resources than we do.

Our installment loan operations compete with other installment lenders as well as with alternative financial services providers (such as payday and title lenders, check advance companies, and pawnshops), online or peer-to-peer lenders, issuers of non-prime credit cards, and other competitors. We believe that future regulatory developments in the consumer finance industry may cause lenders that currently focus on alternative financial services to begin to offer installment loans. In addition, if companies in the installment loan business attempt to provide more attractive loan terms than is standard across the industry, we may lose customers to those competitors. In installment loans, we compete primarily on the basis of price, breadth of loan product offerings, flexibility of loan terms offered, and the quality of customer service provided.

Our automobile purchase loan operations compete with numerous financial services providers, including non-prime auto lenders, dealers that provide financing, captive finance companies owned by automobile manufacturers, banks, and credit unions. Our retail purchase loan operations compete with non-prime retail lenders, store and third-party credit cards, prime lending sources, rent-to-own finance providers, and other competitors. For automobile purchase loans and retail purchase loans, we compete primarily on the basis of interest rates charged, the quality of credit accepted, the flexibility of loan terms offered, the speed of approval, and the quality of customer service provided.

If we fail to compete successfully, we could face lower sales and may decide or be compelled to materially alter our lending terms to our customers, which could result in decreased profitability.

Our business could suffer if we are unsuccessful in making, continuing, and growing relationships with automobile dealers and retailers, or if the dealers and retailers with whom we have relationships experience a decline or disruption in their sales volumes.

Our automobile purchase loans and retail purchase loans are reliant on our relationships with automobile dealers and retailers. In particular, our automobile purchase loan operations depend in large part upon our ability to establish and maintain relationships with reputable dealers who direct customers to our branches or originate loans at the point of sale, which we subsequently purchase. Although we have relationships with certain automobile dealers, none of our relationships are exclusive, some of them are newly established, and they may be terminated at any time. If, due to economic reasons, competition, or otherwise, we are unable to establish and maintain relationships with reputable dealers, our business, results of operations, and financial condition may be adversely affected.

Our retail purchase loan business model is based on our ability to enter into agreements with individual retailers to provide financing to customers in their stores. If a competitor were to offer better service or more attractive loan products to our retailer partners, it is possible that our retail partners would terminate their relationships with us. If we are unable to continue to grow our existing relationships and develop new relationships, our results of operations, financial condition, and ability to continue to expand could be adversely affected.

Even with good relationships with automobile dealers and retailers, our ability to originate automobile purchase loans and retail purchase loans is dependent, in large part, on the underlying consumer demand for automobiles and retail goods. Automobile and retail sales are subject to fluctuation as a result of general economic trends and other factors. If sales volumes at the automobile dealerships and retailers with whom we have relationships decrease in the future as a result of general economic trends or due to any other factors, we may experience a corresponding decrease in the volume of such loans that we originate. In such circumstances, we may experience an adverse effect on our business, results of operations, and financial condition.

A substantial majority of our revenue is generated by our branches in South Carolina, Texas, and North Carolina.

Our branches in South Carolina, Texas, and North Carolina accounted for 27%, 30%, and 13%, respectively, of our revenue in 2015. Furthermore, all of our operations are in five Southeastern, one mid-Atlantic, and three Southwestern states. As a result, we are highly susceptible to adverse economic conditions in those areas. The unemployment rates in some states in our footprint are among the highest in the country. High unemployment rates may reduce the number of qualified borrowers to whom we will extend loans, which would result in reduced loan originations. Adverse economic conditions may increase delinquencies and charge-offs and decrease our overall loan portfolio quality. If any of the adverse regulatory or legislative events described in this "Risk Factors" section were to occur in South Carolina, Texas, or North Carolina, it could materially adversely affect our business, results of operations, and financial condition. For example, if interest rates in South Carolina, which currently are not capped, were to be capped, our business, results of operations, and financial condition would be materially and adversely affected.

Regular turnover among our managers and other employees at our branches makes it more difficult for us to operate our branches and increases our costs of operations, which could have an adverse effect on our business, results of operations, and financial condition.

Our workforce is comprised primarily of employees who work on an hourly basis. In certain areas where we operate, there is significant competition for employees. In the past, we have lost employees and candidates to competitors who have been willing to pay higher compensation than we pay. Our ability to continue to expand our operations depends on our ability to attract, train, and retain a large and growing number of qualified employees. The turnover among all of our branch employees was approximately 38% in 2013, 44% in 2014, and 44% in 2015. This turnover increases our cost of operations and makes it more difficult to operate our branches. Our customer service representative and assistant manager roles have historically experienced high turnover. We may not be able to retain and cultivate personnel at these ranks for future promotion to branch manager. If our employee turnover rates increase above historical levels or if unanticipated problems arise from our high employee turnover and we are unable to readily replace such employees, our business, results of operations, financial condition, and ability to continue to expand could be adversely affected.

The departure, transition, or replacement of key personnel could significantly impact the results of our operations. If we cannot continue to hire and retain high quality employees, our business and financial results may be negatively affected.

Our future success significantly depends on the continued service and performance of our key management personnel. Competition for these employees is intense. Our operating results could be adversely affected by higher employee turnover or increased salary and benefit costs. Like most businesses, our employees are important to our success and we are dependent in part on our ability to retain the services of our key management, operational, finance, and administrative personnel. We have built our business on a set of core values, and we attempt to hire employees who are committed to these values. We want to hire and retain employees who will fit our culture of providing exceptional service to our customers. In order to compete and to continue to grow, we must attract, retain, and motivate employees, including those in executive, senior management, and operational positions. As our employees gain experience and develop their knowledge and skills, they become highly desired by other businesses. Therefore, to retain our employees, we must provide a satisfying work environment and competitive compensation and benefits. If costs to retain our skilled employees increase, then our business and financial results may be negatively affected.

Our continued growth is also dependent, in part, on the skills, experience, and efforts of our senior management, including but not limited to, Michael R. Dunn, our Chief Executive Officer, and Jody L. Anderson, our President and Chief Operating Officer. Since late 2014, we have experienced departures of members of our senior management, including C. Glynn Quattlebaum, who was a co-founder, President, and Chief Operating Officer and served on our Board of Directors, Thomas F. Fortin, who was our Chief Executive Officer and served on our Board of Directors, and A. Michelle Masters, who was our Senior Vice President of Strategic Operations and Initiatives. We may not be successful in retaining the members of our senior management team or our other key employees. While we have entered into employment agreements with Mr. Dunn and Mr. Anderson, Mr. Dunn is 64 years old, is nearing the age of retirement, and his employment agreement expires at the end of 2016. The loss of the services of Mr. Dunn, Mr. Anderson, or any member of our senior management or key team members, including state vice presidents, or the inability to attract additional qualified personnel as needed, could have an adverse effect on our business, financial condition, and results of operations. We also depend on our district supervisors to supervise, train, and motivate our branch employees. These supervisors have significant experience with our company and within our industry, and would be difficult to replace. If we lose a district supervisor to a competitor, we could also be at risk of losing other employees and customers. In addition, the process of identifying management successors creates uncertainty and could become a distraction to our senior management and our Board of Directors, and we may not be successful in attracting qualified candidates to replace key positions when necessary. The identification and recruitment of candidates to fill senior management positions, when necessary, and the resulting transition process may be disruptive to our business and operations.

Our convenience check strategy exposes us to certain risks.

A significant portion of our growth in our small installment loans has been achieved through our direct mail campaigns, which involve mailing to pre-screened recipients “convenience checks,” which customers can sign and cash or deposit, thereby agreeing to the terms of the loan, which are disclosed on the front and back of the check and in the accompanying disclosures. We use convenience checks to seed new branch openings and attract new customers and those with better credit in our geographic footprint. In 2014 and 2015, loans initiated through convenience checks represented 18.8% and 16.8%, respectively, of the value of our originated loans. We expect that convenience checks will continue to represent a meaningful portion of our small installment loan originations in the future. There are several risks associated with the use of convenience checks, including the following:

- it is more difficult to maintain sound underwriting standards with convenience check customers, and these customers have historically presented a higher risk of default than customers that originate loans in our branches, as we do not meet convenience check customers prior to soliciting them and extending a loan to them, and we may not be able to verify certain elements of their financial condition, including their current employment status or life circumstances;
- we rely on credit information from a third-party credit bureau that is more limited than a full credit report to pre-screen potential convenience check recipients, which may not be as effective or may be inaccurate or outdated;
- we face limitations on the number of potential borrowers who meet our lending criteria within proximity to our branches;
- we may not be able to continue to access the demographic and credit file information that we use to generate our mailing lists due to expanded regulatory or privacy restrictions;
- convenience checks pose a risk of fraud;
- we depend on one bank to issue and clear our convenience checks, and any failure by that bank to properly process the convenience checks could limit the ability of a recipient to cash the check and enter into a loan with us;

- customers may opt out of direct mail solicitations and solicitations based on their credit file or may otherwise prohibit us from soliciting them; and
- postal rates and piece printing rates may continue to rise.

For example, in 2014 we experienced a convenience check credit quality deterioration in our direct mail campaigns. We responded to these issues by hiring a Chief Risk Officer and other personnel focused on credit risk management, establishing a Credit Committee to oversee direct mail campaign underwriting and origination processes, implementing additional policies and internal control procedures related to the audit of direct mail campaign files, and improving upon early-stage delinquency reporting and communication. Despite these efforts, we may experience future issues relating to our credit checks and other processes associated with our direct mail strategy. Our expected increase in the use of convenience checks will further increase our exposure to, and the magnitude of, these risks.

A reduction in demand for our products and failure by us to adapt to such reduction could adversely affect our business and results of operations.

The demand for the products we offer may be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences or financial conditions, regulatory restrictions that decrease customer access to particular products, or the availability of competing products. For example, we are highly dependent upon selecting and maintaining attractive branch locations. These locations are subject to local market conditions, including the employment available in the area, housing costs, traffic patterns, crime, and other demographic influences, any of which may quickly change. Should we fail to adapt to significant changes in our customers' demand for, or access to, our products, our revenues could decrease significantly and our operations could be harmed. Even if we do make changes to existing products or introduce new products to fulfill customer demand, customers may resist or may reject such products. Moreover, the effect of any product change on the results of our business may not be fully ascertainable until the change has been in effect for some time, and by that time it may be too late to make further modifications to such product without causing further harm to our business, results of operations, and financial condition.

We may attempt to pursue acquisitions or strategic alliances which may be unsuccessful.

We may attempt to achieve our business objectives through acquisitions and strategic alliances. We compete with other companies for these opportunities, including companies with greater financial resources, and we cannot be certain that we will be able to effect acquisitions or strategic alliances on commercially reasonable terms, or at all. Furthermore, most acquisition targets that we have pursued previously have been significantly smaller than us. We do not have extensive experience with integrating larger acquisitions. In pursuing these transactions, we may experience, among other things:

- overvaluing potential targets;
- difficulties in integrating any acquired companies, branches, or products into our existing business, including integration of account data into our information systems;
- inability to realize the benefits we anticipate in a timely fashion, or at all;
- attrition of key personnel from acquired businesses;
- unexpected losses due to the acquisition of loan portfolios with loans originated using less stringent underwriting criteria;
- significant costs, charges, or writedowns; or
- unforeseen operating difficulties that require significant financial and managerial resources that would otherwise be available for the ongoing development and expansion of our existing operations.

We are exposed to credit risk in our lending activities.

Our ability to collect on loans depends on the willingness and repayment ability of our borrowers. Any material adverse change in the ability or willingness of a significant portion of our borrowers to meet their obligations to us, whether due to changes in general economic conditions, the cost of consumer goods, interest rates, natural disasters, acts of war or terrorism, or other causes over which we have no control, or to changes or events affecting our borrowers such as unemployment, major medical expenses, divorce, or death, would have a material adverse impact on our earnings and financial condition. Further, a substantial majority of our borrowers are non-prime borrowers, who are more likely to be affected, and more severely affected, by adverse macroeconomic conditions. We cannot be certain that our credit administration personnel, policies, and procedures will adequately adapt to changes in economic or any other conditions affecting customers and the quality of the loan portfolio.

We may be limited in our ability to collect on our loan portfolio, and the security interests securing a significant portion of our loan portfolio are not perfected, which may increase our credit losses.

Legal and practical limitations may limit our ability to collect on our loan portfolio, resulting in increased credit losses, decreased revenues, and decreased earnings. State and federal laws and regulations restrict our collection efforts. Most of our loan portfolio is secured, but a significant portion of such security interests have not been and will not be perfected, which means that we cannot be certain that such security interests will be given first priority over other creditors. The amounts that we are able to recover from the repossession and sale of collateral typically do not cover the outstanding loan balance and costs of recovery. In cases where we repossess a vehicle securing a loan, we generally sell our repossessed automobile inventory through public sales conducted by independent automobile auction organizations after the required post-repossession waiting period. There is approximately a 30-day period between the time we repossess a vehicle or other property and the time it is sold at auction. In certain instances, we may sell repossessed collateral other than vehicles through our branches after the required post-repossession waiting period and appropriate receipt of valid bids. The proceeds we receive from such sales depend upon various factors, including the supply of, and demand for, used vehicles and other property at the time of sale. During periods of economic slowdown or recession, such as have existed in the United States for much of the past several years, there may be less demand for used vehicles and other property that we desire to resell.

Further, a significant portion of our loan portfolio is not secured by perfected security interests, including small installment loans and retail purchase loans. The lack of perfected security interests is one of several factors that may make it more difficult for us to collect on our loan portfolio. During 2015, net charge-offs as a percentage of average finance receivables on our small installment loans, which are typically secured by unperfected interests in personal property, were 11.8%, while net charge-offs as a percentage of average finance receivables for our large installment loans and automobile purchase loans, which are typically secured by perfected interests in an automobile or other vehicle, for the same periods were 2.7% and 6.6%, respectively. Additionally, for those of our loans which are unsecured, borrowers may choose to repay obligations under other indebtedness before repaying loans to us because such borrowers have no collateral at risk. Lastly, given the relatively small size of our loans, the costs of collecting loans may be high relative to the amount of the loan. As a result, many collection practices that are legally available, such as litigation, may be financially impracticable. These factors may increase our credit losses, which would have a material adverse effect on our results of operations and financial condition.

In addition, there is an inherent risk that a portion of the retail installment contracts that we hold will be in default or be subject to certain claims or defenses that the borrower may assert against the originator of the contract, or us as the holder of the contract. We face the risk that if high unemployment or adverse economic developments occur or continue in one or more of our markets, a large number of retail installment contracts will become defaulted. In addition, most of the borrowers under these contracts have some negative credit history. There can be no assurance that our allowance for credit losses will prove sufficient to cover actual losses in the future on these contracts.

Our policies and procedures for underwriting, processing, and servicing loans are subject to potential failure or circumvention, which may adversely affect our results of operations.

A substantial portion of our underwriting activities and our credit extension decisions are made at our local branches. We train our employees individually onsite in the branch to make loans that conform to our underwriting standards. Such training includes critical aspects of state and federal regulatory compliance, cash handling, account management, and customer relations. Although we have standardized employee manuals, we primarily rely on our district supervisors, with oversight by our state vice presidents, branch auditors, and headquarters personnel, to train and supervise our branch employees, rather than centralized training programs. Therefore, the quality of training and supervision may vary from district to district and branch to branch depending upon the amount of time apportioned to training and supervision and individual interpretations of our operations policies and procedures. In addition, we sometimes rely on third-party service providers in connection with loan underwriting and origination. Any error or failure by a third-party service provider in providing loan underwriting and origination services may cause us to originate loans to borrowers that do not meet our underwriting standards. We cannot be certain that every loan is made in accordance with our underwriting standards and rules. We have in the past experienced some instances of loans extended that varied from our underwriting standards. Variances in underwriting standards and lack of supervision could expose us to greater delinquencies and charge-offs than we have historically experienced.

In addition, underwriting decisions are based on information provided by customers, counterparties, and other third parties, including credit bureaus and data aggregators, the inaccuracy or incompleteness of which may adversely affect our results of operations. In deciding whether to extend credit or enter into other transactions with customers and counterparties, we rely on such information furnished to us by or on behalf of customers, counterparties, and other third parties, including financial information. We also rely on representations of customers and counterparties as to the accuracy and completeness of that information. Our earnings and our financial condition could be negatively impacted to the extent the information furnished to us by and on behalf of customers, counterparties, and other third parties is not correct or complete.

Employee misconduct could harm us by subjecting us to significant legal liability, regulatory scrutiny, and reputational harm.

Our reputation is critical to maintaining and developing relationships with our existing and potential customers and third parties with whom we do business. There is a risk that our employees could engage in misconduct that adversely affects our business. For example, if an employee were to engage – or be accused of engaging – in illegal or suspicious activities, we could be subject to regulatory sanctions and suffer serious harm to our reputation, financial condition, customer relationships, and ability to attract future customers. Employee misconduct could prompt regulators to allege or to determine, based upon such misconduct, that we have not established adequate supervisory systems and procedures to inform employees of applicable rules or to detect and deter violations of such rules. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent misconduct may not be effective in all cases. Misconduct by our employees, or even unsubstantiated allegations, could result in a material adverse effect on our reputation and our business.

Our risk management efforts may not be effective.

We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, and other market-related risks, as well as operational risks related to our business, assets, and liabilities. Our risk management policies, procedures, and techniques may not be sufficient to identify all of the risks we are exposed to, mitigate the risks we have identified, or identify additional risks to which we may become subject in the future.

We may be unsuccessful in maintaining effective internal controls over financial reporting.

Controls and procedures are particularly important for consumer finance companies. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud or material error. Any system of controls, however well-designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurance that the objectives of the system are met. Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") requires management of public companies to develop and implement internal controls over financial reporting and evaluate the effectiveness thereof. Under standards established by the Public Company Accounting Oversight Board, a material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting. Any failure to implement current internal controls or required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations.

In November 2014, we identified a material weakness in our internal control over financial reporting related to controls over the credit risk associated with the origination of direct mail loans. In addition, we have in the past identified significant deficiencies in our internal control over financial reporting. We remediated the material weakness identified in November 2014 effective as of December 31, 2015.

If additional material weaknesses or significant deficiencies in our internal control over financial reporting are discovered or occur in the future or if our controls and procedures fail or are circumvented, our consolidated financial statements may contain material misstatements, we could be required to restate our financial results, we may be unable to produce accurate and timely financial statements, and we may be unable to maintain compliance with applicable stock exchange listing requirements, any of which could have a material adverse effect on our business, results of operations, financial condition, and stock price. The discovery of a material weakness and the disclosure of that fact, even if quickly remediated, could reduce the market value of shares of our common stock. Additionally, the existence of any material weakness or significant deficiency requires management to devote significant time and incur significant expense to remediate any such material weaknesses or significant deficiency, and management may not be able to remediate any such material weaknesses or significant deficiency in a timely manner. Undetected material weaknesses in our internal controls could lead to financial statement restatements, which could have a material adverse effect on our business, financial condition, and results of operation.

If our estimates of reserves for credit losses are not adequate to absorb actual losses, our provision for credit losses would increase, which would adversely affect our results of operations.

We maintain an allowance for credit losses for all loans we make. To estimate the appropriate level of credit loss reserves, we consider known and relevant internal and external factors that affect loan collectability, including the total amount of loans outstanding, historical loan charge-offs, delinquency rates and trends, our current collection patterns, and economic trends. Our methodology for establishing our reserves for credit losses is based in large part on our historic loss experience. If customer behavior changes as a result of economic or other conditions and if we are unable to predict how the unemployment rate and general economic uncertainty may affect our credit loss reserves, our provision may be inadequate. During fiscal 2015, our provision for credit losses was $47.3 million, and we had net charge-offs of $50.4 million related to losses on our loans. As of December 31, 2015, our finance receivables were $628.4 million. Maintaining the adequacy of our allowance for credit losses may require that we make significant and unanticipated increases in our provisions for credit losses, which would materially affect our results of operations. Our credit loss reserves, however, are estimates, and if actual credit losses are materially greater than our credit loss reserves, our financial condition and results of operations could be adversely affected. Neither state regulators nor federal regulators regulate our allowance for credit losses.

If assumptions or estimates we use in preparing our financial statements are incorrect or are required to change, our reported results of operations and financial condition may be adversely affected.

We are required to use certain assumptions and estimates in preparing our financial statements under U.S. Generally Accepted Accounting Principles ("GAAP"), including in determining allowances for loan losses, fair value of financial instruments, asset impairment, reserves related to litigation and other legal matters, valuation of income and other taxes and regulatory exposures. In addition, significant assumptions and estimates are involved in determining certain disclosures required under GAAP, including those involving the fair value of our financial instruments. If the assumptions or estimates underlying our financial statements are incorrect, the actual amounts realized on transactions and balances subject to those estimates will be different, and this could have a material adverse effect on our results of operations and financial condition.

In addition, the Financial Accounting Standards Board ("FASB") is currently reviewing or proposing changes to several financial accounting and reporting standards that govern key aspects of our financial statements, including areas where assumptions or estimates are required. As a result of changes to financial accounting or reporting standards, whether promulgated or required by the FASB or other regulators, we could be required to change certain of the assumptions or estimates we previously used in preparing our financial statements, which could negatively impact how we record and report our results of operations and financial condition generally. For additional information on the key areas for which assumptions and estimates are used in preparing our financial statements, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" and Note 1 (Nature of Business and Significant Accounting Policies) of our audited Consolidated Financial Statements.

Our use of derivatives exposes us to credit and market risk.

From time to time, we enter into derivative transactions for economic hedging purposes, such as managing our exposure to interest rate risk. By using derivative instruments, we are exposed to credit and market risk, including the risk of loss associated with variations in the spread between the asset yield and the funding and/or hedge cost, default risk, and the risk of insolvency or other inability of the counterparty to a particular derivative transaction to perform its obligations. For additional information, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk."

Interest rates on automobile purchase and retail purchase loans are determined at competitive market interest rates, and we may fail to adequately set interest rates, which may adversely affect our business.

Over recent years, we have expanded our automobile purchase loan business and our retail purchase loan business, and we plan to continue to expand those businesses in the future. Unlike installment loans, which in certain states are typically made at or near the maximum interest rates permitted by law, automobile purchase loans and retail purchase loans are often made at competitive market interest rates, which are governed by laws for installment sales contracts. If we fail to set interest rates at a level that adequately reflects market rates or the credit risks of our customers, or if we set interest rates at a level too low to sustain our profitability, our business, results of operations, and financial condition could be adversely affected.

Failure of third-party service providers upon which we rely could adversely affect our business.

We rely on certain third-party service providers. In particular, we currently rely on one key vendor to print and mail our convenience checks for our direct mail marketing campaigns, and we rely on certain other third-party service providers in connection with loan underwriting and origination. Our reliance on these and other third parties can expose us to risks. For example, an error by our former convenience check vendor during 2010 and our current convenience check vendor during 2015 resulted in checks being misdirected, requiring us in some cases to notify state regulators and to refund certain interest and fee amounts, and exposing us to increased credit risk. If any of our third-party service providers, including our convenience check vendors and those third parties providing services in connection with loan underwriting and origination, are unable to provide their services timely, accurately, and effectively, or at all, it could have a material adverse effect on our business, financial condition, and results of operations and cash flows.

We depend to a substantial extent on borrowings under our senior revolving credit facility to fund our liquidity needs.

We have a senior revolving credit facility committed through September 2018 that allows us to borrow up to $538.0 million, assuming we are in compliance with a number of covenants and conditions. The credit facility also has an accordion provision that allows for the expansion of the facility to up to $600.0 million. The senior revolving credit facility is collateralized by certain of our assets, including substantially all of our finance receivables and equity interests of the majority of our subsidiaries. As of December 31, 2015, the amount outstanding under our senior revolving credit facility was $338.3 million and we had $199.7 million of unused capacity on the credit facility (subject to certain covenants and conditions). During fiscal 2015, the maximum amount of borrowings outstanding under the facility at one time was $403.1 million. We use our senior revolving credit facility as a source of liquidity, including for working capital and to fund the loans we make to our customers. If our existing sources of liquidity become insufficient to satisfy our financial needs or our access to these sources becomes unexpectedly restricted, we may need to try to raise additional debt or equity in the future. If such an event were to occur, we can give no assurance that such alternate sources of liquidity would be available to us on favorable terms or at all. In addition, we cannot be certain that we will be able to replace the amended and restated senior revolving credit facility when it matures on favorable terms or at all. If any of these events occur, our business, results of operations, and financial condition could be adversely affected.

Macroeconomic conditions could have a material adverse effect on our business, financial position, results of operations, and cash flows, and may increase loan defaults and affect the value and liquidity of your investment.

We are not insulated from the pressures and potentially negative consequences of financial crises and similar risks beyond our control that have in the past and may in the future affect the capital and credit markets, the broader economy, the financial services industry, or the segment of that industry in which we operate.

Beginning in 2007, the global economy experienced a significant recession, as well as a severe, ongoing disruption in the credit markets and a material and adverse effect on the jobs market and individual borrowers. While the United States economy may technically have come out of this recession, the recovery is fragile and may not be sustainable for any specific period of time, and could slip back into an even more significant recession. Our financial performance generally, and in particular the ability of our borrowers to make payments on outstanding loans, is highly dependent upon the business and economic environments in the markets where we operate and in the United States as a whole.

During an economic downturn or recession, credit losses in the financial services industry generally increase and demand for credit products often decreases. Declining asset values, defaults on consumer loans, and the lack of market and investor confidence, as well as other factors, all combine to decrease liquidity during an economic downturn. As a result of these factors, some banks and other lenders have suffered significant losses during economic downturns, and the strength and liquidity of many financial institutions worldwide has weakened due to the most recent economic crisis. Additionally, during an economic downturn, our loan servicing costs and collection costs may increase as we may have to expend greater time and resources on these activities. Our underwriting criteria, policies and procedures, and product offerings may not sufficiently protect our growth and profitability during a sustained period of economic downturn or recession. Any renewed economic downturn will adversely affect the financial resources of our customers and may result in the inability of our customers to make principal and interest payments on, or refinance, the outstanding debt when due.

In addition, periods of economic slowdown or recession are typically accompanied by decreased consumer demand for automobiles and other retail goods. Our ability to originate automobile purchase loans and retail purchase loans depends, in large part, on the underlying demand for such products. Further, our business is focused on customers who generally do not qualify for conventional automobile or retail financing, and customers in this demographic are more likely to be affected, and more severely affected, by an economic downturn. Accordingly, our business, financial position, results of operations and cash flows may be adversely impacted during any economic downturn or recession.

Should economic conditions worsen, they may adversely affect the credit quality of our loans. In the event of increased default by borrowers under the loans, and/or a decrease in the volume of the loans we originate, our business, results of operations, and financial condition could be adversely affected.

We are subject to interest rate risk resulting from general economic conditions and policies of various governmental and regulatory agencies.

Interest rate risk arises from the possibility that changes in interest rates will affect our results of operations and financial condition. Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies, in particular, the Federal Reserve Board. Furthermore, market conditions or regulatory restrictions on interest rates we charge may prevent us from passing any increases in interest rates along to our customers. We originate finance receivables at either prevailing market rates or at statutory limits. Subject to statutory limits, our ability to react to changes in prevailing market rates is dependent upon the speed at which our customers pay off or renew loans in our existing loan portfolio, which allows us to originate new loans at prevailing market rates. Our loan portfolio turns over approximately 1.5 times per year from cash payments, renewals, and charged-off loans. Because our automobile loans have longer maturities and typically are not refinanced prior to maturity, the rate of turnover of the loan portfolio may change as these loans change as a percentage of our portfolio.

In addition, rising interest rates will increase our cost of capital by influencing the amount of interest we pay on our senior revolving credit facility or any other floating interest rate obligations we may incur, which would increase our operating costs and decrease our operating margins. Interest payable on our senior revolving credit facility is variable, based on LIBOR with a LIBOR floor of 1.00%, and could increase in the future.

Our insurance operations are subject to a number of risks and uncertainties, including claims.

We market and sell optional credit life, credit accident and health, credit personal property, and credit involuntary unemployment insurance in connection with our loans in selected markets as an agent for an unaffiliated third-party insurance company. The policies are then ceded to our wholly-owned reinsurance subsidiary, RMC Reinsurance, Ltd., which then bears the full risk of the policies. Insurance claims and policyholder liabilities are difficult to predict and may exceed the related reserves set aside for claims and associated expenses for claims adjudication. In addition, in 2016, we plan to transition our insurance business to a new unaffiliated third-party insurance company. The transition is complex and will include, among other things, the retraining of our branch network and the reprogramming of our loan management system to appropriately calculate premium amounts and to generate required disclosures on a state-by-state basis. Any failure to timely transition our insurance operations to the new unaffiliated third-party insurance company will result in our inability to offer our insurance products in certain states, which will have a material and adverse effect on our business, results of operations, and financial condition.

Other risks relating to our insurance operations include changes to laws and regulations applicable to us, as well as changes to the regulatory environment. Examples include changes to laws or regulations affecting capital and reserve requirements; frequency and type of regulatory monitoring and reporting; consumer privacy, use of customer data, and data security; benefits or loss ratio requirements; insurance producer licensing or appointment requirements; required disclosures to consumers; and collateral protection insurance (i.e., insurance purchased at the borrower's expense on the borrower's loan collateral for the periods of time the borrower fails to adequately, as required by his or her loan, insure that collateral). Because our borrowers do not affirmatively consent to collateral protection insurance at the time it is purchased and, hence, do not directly agree to the amount charged for it, regulators may in the future prohibit us from providing this insurance. Moreover, our insurance operation is dependent on our lending operation for its sole source of business and product distribution. If our lending operations discontinue offering insurance products, our insurance operations would have no method of distribution, and our business, results of operations, and financial condition may be adversely affected.

Our revolving credit agreement contains restrictions and limitations that could affect our ability to operate our business.

The credit agreement governing our senior revolving credit facility contains a number of covenants that could adversely affect our business and the flexibility to respond to changing business and economic conditions or opportunities. Among other things, these covenants limit our ability to:

- incur or guarantee additional indebtedness;
- purchase large loan portfolios in bulk;
- pay dividends or make distributions on our capital stock or make certain other restricted payments;
- sell assets, including our loan portfolio or the capital stock of our subsidiaries;
- enter into transactions with our affiliates;
- offer certain loan products;
- create or incur liens; and
- consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets.

In addition, the credit agreement imposes certain obligations on us relating to our underwriting standards, recordkeeping and servicing of our loans, and our loss reserves and charge-off policies. It also requires us to maintain certain financial ratios, including an interest coverage ratio and a borrowing base ratio. If we were to breach any covenants or obligations under the credit agreement and such breaches were to result in an event of default, our lenders could cause all amounts outstanding to become due and payable, subject to applicable grace periods. This could trigger cross-defaults under existing and future debt instruments, and materially and adversely affect our financial condition and ability to continue operating our business as a going concern.

We rely on information technology products developed, owned, and supported by third parties, including our competitors. Our ability to manage our business and monitor results is highly dependent upon these information technology products. A failure of these products and systems or of the implementation of new information technology products and systems could disrupt our business.

In the operation of our business, we are highly dependent upon a variety of information technology products, including our loan management system, which allows us to record, document, and manage our loan portfolio. We currently use a loan management software package developed and owned by ParaData Financial Systems ("ParaData"), a wholly owned subsidiary of World Acceptance Corporation, one of our primary competitors. Over the years, we have tailored this software to meet our specific needs. We depend on the willingness and ability of ParaData to continue to provide customized solutions and support our evolving products and business model. In the future, ParaData may not be willing or able to modify the loan management software to meet our needs, or it could alter the program without notice to us or cease to adequately support it. ParaData could also decide in the future to refuse to provide support for its software to us on commercially reasonable terms, or at all. If any of these events were to occur, we would be forced to migrate to an alternative software package, which could materially affect our business, results of operations, and financial condition.

We rely on DealerTrack, Route One, Teledata Communications Inc., and other third-party software vendors to provide access to loan applications and/or screen applications. There can be no assurance that these third party providers will continue to provide us information in accordance with our lending guidelines or that they will continue to provide us lending leads at all. If this occurs, our credit losses, business, results of operations, and financial condition may be adversely affected.

Security breaches in our branches or acts of theft, fraud, or violence could adversely affect our financial condition and results of operations.

Nearly all of our account payments occur at our branches, either in person or by mail, and frequently consist of cash payments, which we deposit at local banks throughout the day. This business practice exposes us daily to the potential for employee theft of funds or, alternatively, to theft and burglary due to the cash we maintain in our branches. Despite controls and procedures to prevent such losses, we have in the past sustained losses due to employee fraud (including collusion) and theft. We are also susceptible to break-ins at our branches, where money and/or customer records could be taken. A breach in the security of our branches or in the safety of our employees could result in employee injury, loss of funds or records, and adverse publicity, and could result in a loss of customer business or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

Security breaches, cyber-attacks, failures in our information systems, or fraudulent activity could result in damage to our operations or lead to reputational damage.

We also rely heavily on communications and information systems to conduct our business. Each branch is part of an information network that is designed to permit us to maintain adequate cash inventory, reconcile cash balances on a daily basis, and report revenues and expenses to our headquarters. Any failure, interruption, or breach in security of these systems, including any failure of our back-up systems, hardware failures, or an inability to access data maintained offsite, could result in failures or disruptions in our customer relationship management, general ledger, loan, and other systems and could result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation, possible financial liability, and other adverse consequences, any of which could have a material adverse effect on our financial condition and results of operations. Furthermore, we may not be able to detect immediately any such breach, which may increase the losses that we would suffer. In addition, our existing insurance policies would not reimburse us for all of the damages that we might incur as a result of a breach.

A security breach or cyber-attack on our computer systems could interrupt or damage our operations or harm our reputation. Despite the implementation of security measures, our systems may still be vulnerable to data theft, computer viruses, programming errors, attacks by third parties, or similar disruptive problems. If we were to experience a security breach or cyber-attack, we could be required to incur substantial costs and liabilities, including, among other things, the following:

- expenses to rectify the consequences of the security breach or cyber-attack;
- liability for stolen assets or information;
- costs of repairing damage to our systems;
- lost revenue and income resulting from any system downtime caused by such breach or attack;
- increased costs of cyber security protection;
- costs of incentives we may be required to offer to our customers or business partners to retain their business; and
- damage to our reputation causing customers and investors to lose confidence in our company.

In addition, any compromise of security or a cyber-attack could deter consumers from entering into transactions that require them to provide confidential information to us. Further, if confidential customer information or information belonging to our business partners is misappropriated from our computer systems, we could be sued by those who assert that we did not take adequate precautions to safeguard our systems and confidential data belonging to our customers or business partners, which could subject us to liability and result in significant legal fees and expenses of defending these claims. As a result, any compromise of security of our computer systems or cyber-attack could have a material adverse effect on our business, prospects, results of operations, and financial condition.

We may not be able to make technological improvements as quickly as some of our competitors, which could harm our competitive ability and adversely affect our business, prospects, results of operations, and financial condition.

The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. We rely on our integrated branch network as the foundation of our multiple channel platform and the primary point of contact with our active accounts. However, to serve customers who want to reach us over the Internet, we developed a new channel in late 2008 by making an online loan application available on our consumer website, and in late 2015, we began testing end-to-end origination of unsecured consumer loans via our website. Our future success and, in particular, the success of our online sourcing, will depend, in part, on our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demand for convenience, as well as to create additional efficiencies in our operations. If we fail to effectively implement new technology-driven products and services as quickly as some of our competitors or if we fail to be successful in marketing these products to our customers, our business, prospects, results of operations, and financial condition may be harmed.

Our centralized headquarters' functions and branch operations are susceptible to disruption by catastrophic events, which could have a material adverse effect on our business, results of operations, and financial condition.

Our headquarters buildings are located in Greenville, South Carolina. Our information systems and administrative and management processes are primarily provided to our branches from this centralized location, and our separate data management facility is located in the same city. These processes could be disrupted if a catastrophic event, such as a tornado, power outage, or act of terror, affected Greenville. Any such catastrophic event or other unexpected disruption of our headquarters or data management facility could have a material adverse effect on our business, results of operations, and financial condition.

We may be required to repurchase certain finance receivables if these finance receivables fail to meet certain criteria or characteristics or under other circumstances, which could adversely affect our results of operations, financial condition, and liquidity.

On December 11, 2015, we and our wholly-owned subsidiary, Regional Management Receivables, LLC ("RMR"), entered into a credit agreement with Wells Fargo Bank, National Association, and Wells Fargo Securities, LLC as administrative agent. This credit agreement provides for a $75.7 million amortizing loan to RMR that is secured by certain retail installment contracts and promissory notes secured by new or used automobiles, light-duty trucks, minivans, sport utility vehicles, and other passenger vehicles (excluding motorcycles) which were originated (either directly or indirectly) by certain of our subsidiaries (the "Receivables"). On the closing date of the transactions contemplated by the credit agreement, RMR made certain representations and warranties about the quality and nature of the Receivables. The amortizing loan requires RMR to pay the administrative agent a release fee for the release of certain Receivables as collateral under certain circumstances, including circumstances in which the representations and warranties made by RMR concerning the quality and characteristics of the Receivables are inaccurate.

As a result of the current market environment, we believe that many purchasers of loans and other counterparties to transactions like those provided for in the amortizing loan and other similar securitization transactions are particularly aware of the conditions under which originators must indemnify for or repurchase finance receivables, and may benefit from enforcing any available repurchase remedies. If we are required to repurchase Receivables that we have sold or pledged, this could adversely affect our results of operations, financial condition, and liquidity.

Risks Related to Regulation and Legal Proceedings

Our business products and activities are strictly and comprehensively regulated at the local, state, and federal level.

Our business is subject to numerous local, state, and federal laws and regulations. These regulations impose significant costs and limitations on the way we conduct and expand our business, and these costs and limitations may increase in the future if such laws and regulations are changed. These laws and regulations govern or affect, among other things:

- the interest rates that we may charge customers;
- terms of loans, including fees, maximum amounts, and minimum durations;
- the number of simultaneous or consecutive loans and required waiting periods between loans;
- disclosure practices, including posting of fees;
- currency and suspicious activity reporting;
- recording and reporting of certain financial transactions;
- privacy of personal customer information;
- the types of products and services that we may offer;
- collection practices;
- approval of licenses; and
- locations of our branches.

Changes to statutes, regulations, or regulatory policies, including the interpretation, implementation, and enforcement of statutes, regulations, or policies, could affect us in substantial and unpredictable ways, including limiting the types of financial services and products that we may offer and increasing the ability of competitors to offer competing financial services and products. Compliance with laws and regulations requires us to invest increasingly significant portions of our resources in compliance planning and training, monitoring tools, and personnel, and requires the time and attention of management. These costs divert capital and focus away from efforts intended to grow our business. Because these laws and regulations are complex and often subject to interpretation, or because of a result of unintended errors, we may, from time to time, inadvertently violate these laws, regulations, and policies, as each is interpreted by our regulators. If we do not successfully comply with laws, regulations, or policies, our compliance costs could increase, our operations could be limited, and we may suffer damage to our reputation. If more restrictive laws, rules, and regulations are enacted or more restrictive judicial and administrative interpretations of those laws are issued, compliance with the laws could become more expensive or difficult. Furthermore, changes in these laws and regulations could require changes in the way we conduct our business, and we cannot predict the impact such changes would have on our profitability.

Our primary regulators are the state regulators for the states in which we operate: Alabama, Georgia, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia. We operate each of our branches under licenses granted to us by these state regulators. State regulators may enter our branches and conduct audits of our records and practices at any time, with or without notice. If we fail to observe, or are not able to comply with, applicable legal requirements, we may be forced to discontinue certain product offerings, which could adversely impact our business, results of operations, and financial condition. In addition, violation of these laws and regulations could result in fines and other civil and/or criminal penalties, including the suspension or revocation of our branch licenses, rendering us unable to operate in one or more locations. All of the states in which we operate have laws governing the interest rate and fees that we can charge and required disclosure statements, among other restrictions. Violation of these laws could involve penalties requiring the forfeiture of principal and/or interest and fees that we have charged. Depending on the nature and scope of a violation, fines and other penalties for noncompliance of applicable requirements could be significant and could have a material adverse effect on our business, results of operation, and financial condition.

Licenses to open new branches are granted in the discretion of state regulators. Accordingly, licenses may be denied unexpectedly or for reasons outside of our control. This could hinder our ability to implement our business plans in a timely manner or at all.

As we enter new markets and develop new products, we may become subject to additional state and federal regulations. For example, although we intend to expand into new states, we may encounter unexpected regulatory or other difficulties in these new states or markets, which may prevent us from growing in new states or markets. Similarly, while we intend to grow our retail purchase and indirect automobile purchase loan operations, we may encounter unexpected regulatory or other difficulties. As a result, we may not be able to successfully execute our strategies to grow our revenue and earnings.

Changes in laws and regulations or interpretations of laws and regulations could negatively impact our business, results of operations, and financial condition.

The laws and regulations directly affecting our lending activities are under review and are subject to change, especially as a result of current economic conditions, changes in the make-up of the current executive and legislative branches, and the political focus on issues of consumer and borrower protection. In addition, consumer advocacy groups and various other media sources continue to advocate for governmental and regulatory action to prohibit or severely restrict various financial products, including the loan products we offer.

Any changes in such laws and regulations, or the implementation, interpretation, or enforcement of such laws and regulations, could force us to modify, suspend, or cease part or, in the worst case, all of our existing operations. It is also possible that the scope of federal regulations could change or expand in such a way as to preempt what has traditionally been state law regulation of our business activities. The enactment of one or more of such regulatory changes could materially and adversely affect our business, results of operations, and prospects.

State and federal legislatures and regulators may also seek to impose new requirements or interpret or enforce existing requirements in new ways. Changes in current laws or regulations or the implementation of new laws or regulations in the future may restrict our ability to continue our current methods of operation or expand our operations. Additionally, these laws and regulations could subject us to liability for prior operating activities or lower or eliminate the profitability of operations going forward by, among other things, reducing the amount of interest and fees we charge in connection with our loans. If these or other factors lead us to close our branches in a state, in addition to the loss of net revenues attributable to that closing, we would incur closing costs such as lease cancellation payments and we would have to write off assets that we could no longer use. If we were to suspend rather than permanently cease our operations in a state, we would also have continuing costs associated with maintaining our branches and our employees in that state, with little or no revenues to offset those costs.

In addition to state and federal laws and regulations, our business is subject to various local rules and regulations, such as local zoning regulations. Local zoning boards and other local governing bodies have been increasingly restricting the permitted locations of consumer finance companies. Any future actions taken to require special use permits for, or impose other restrictions on, our ability to provide products could adversely affect our ability to expand our operations or force us to attempt to relocate existing branches. If we were forced to relocate any of our branches, in addition to the costs associated with the relocation, we may be required to hire new employees in the new areas, which may adversely impact the operations of those branches. Relocation of an existing branch may also hinder our collection abilities, as our business model relies in part on the location of our branches being close to where our customers live in order to successfully collect on outstanding loans.

Changes in laws or regulations may have a material adverse effect on all aspects of our business in a particular state and on our overall business, results of operations, and financial condition.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") authorizes the Consumer Financial Protection Bureau (the "CFPB") to adopt rules that could potentially have a serious impact on our ability to offer short-term consumer loans and have a material adverse effect on our operations and financial performance.

Title X of the Dodd-Frank Act establishes the CFPB, which became operational on July 21, 2011. Under the Dodd-Frank Act, the CFPB has regulatory, supervisory, and enforcement powers over providers of consumer financial products that we offer, including explicit supervisory authority to examine and require registration of installment lenders such as ourselves. Included in the powers afforded to the CFPB is the authority to adopt rules describing specified acts and practices as being "unfair," "deceptive," or "abusive," and hence unlawful. Specifically, the CFPB has the authority to declare an act or practice abusive if it, among other things, materially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service or takes unreasonable advantage of a lack of understanding on the part of the consumer of the product or service. Although the Dodd-Frank Act expressly provides that the CFPB has no authority to establish usury limits, some consumer advocacy groups have suggested that certain forms of alternative consumer finance products, such as installment loans, should be a regulatory priority, and it is possible that at some time in the future, the CFPB could propose and adopt rules making such lending or other products that we may offer materially less profitable or impractical. Further, the CFPB may target specific features of loans or loan practices, such as refinancings, by rulemaking that could cause us to cease offering certain products or engaging in certain practices. It is possible that the CFPB will adopt rules that specifically restrict refinancings of existing loans. Our refinancings of existing loans are divided into three categories: refinancings of loans in an amount greater than the original loan amount, renewals of existing loans at or below the original loan amount, and renewals of existing loans that are 60 or more days past due, which represented 31.5%, 26.8%, and 0.5%, respectively, of our loan originations in 2015. Any such rules could have a material adverse effect on our business, results of operation, and financial condition. The CFPB could also adopt rules imposing new and potentially burdensome requirements and limitations with respect to any of our current or future lines of business, which could have a material adverse effect on our operations and financial performance.

The Dodd-Frank Act also gives the CFPB the authority to examine and regulate entities it classifies as a "larger participant of a market for other consumer financial products or services." The rule will likely cover only the largest installment lenders. We do not yet know whether the definition of larger participant in the installment lending market will cover us. In June 2015, the CFPB adopted a rule defining larger participants of the automobile financing market as nonbank lenders that have at least 10,000 aggregate annual originations. In addition, this rule defined the term "financial product or service" to include refinancings and certain automobile leases but to exclude title loans. While our automobile purchase loan originations at this time do not qualify us as a larger participant in the automobile financing market, the continued expansion of our automobile lending operations may in the future cause us to qualify as a larger participant in the automobile financing market.

In March 2015, the CFPB announced that it was considering proposing rules under its unfair, deceptive, and abusive acts and practices rulemaking authority relating to payday, vehicle title, and similar loans. The proposal would cover short-term loans with a contractual term of 45 days or less, as well as "longer-term loans" with a term of longer than 45 days with an "all in" annualized percentage rate of interest in excess of 36% in which the lender has either a non-purchase money security interest in the consumer's vehicle or certain rights to collect repayment from the consumer's bank account or paycheck. While we do not originate loans with a contractual term of 45 days or less, we do originate longer-term loans with an "all in" annual percentage rate of interest in excess of 36% and take a non-purchase money security interest in a vehicle. The proposals would require a lender, as a condition of making a covered longer-term loan, to first make a good-faith reasonable determination that the consumer has the ability to repay the covered longer-term loan without reborrowing or defaulting. The proposals would require lenders to verify income, “major financial obligations,” and borrowing history. Lenders would also be required to determine that a consumer is able to make all projected payments under the covered longer-term loan as those payments are due, while still fulfilling other major financial obligations and meeting living expenses. This ability to repay assessment would apply to both the initial longer-term loan and to any subsequent refinancing. In addition, the proposals would include a rebuttable presumption that customers seeking to refinance a covered longer-term loan lack an “ability to repay” if certain conditions exist at the time of the proposed refinancing. The proposals are subject to several procedural requirements and to possible change before any final rules would be issued and implemented, and we cannot predict what the ultimate rulemaking will provide. These proposals, if and when implemented in final rulemaking, may require changes to our practices and procedures regarding such loans that could materially and adversely affect our ability to make such loans, the cost of making such loans, our ability to, or frequency with which we are able to, refinance any such covered loans, or the profitability of such loans.

The CFPB is also conducting supervisory audits of large vehicle lenders and has indicated it intends to study and take action with respect to possible Equal Credit Opportunity Act “disparate impact” credit discrimination in indirect vehicle finance. If the CFPB enters into a consent decree with one or more lenders on disparate impact claims, it could negatively impact the business of the affected lenders, and potentially the business of dealers and other lenders in the vehicle finance market. This impact on dealers and lenders could increase our regulatory compliance requirements and associated costs.

In October 2015, the CFPB announced that it is considering proposing rules to regulate the use of arbitration agreements in consumer financial products or services. The proposal would apply to installment loans, credit cards, checking and deposit accounts, prepaid cards, money transfer services, auto title loans, small dollar or payday loans, and several other types of financial products or services. The proposal would require any arbitration agreement subject to the rule to provide explicitly that the arbitration agreement is inapplicable to cases filed in court on behalf of a class unless and until class certification is denied or the class claims are dismissed. The proposal also would require persons subject to the rulemaking, and who continue to use arbitration agreements, to submit information on initial claim filings and awards to the CFPB. Such claims or awards information could ultimately be published by the CFPB. These proposals may have a direct material impact on our operations by increasing our litigation costs and requiring us to incur expenses related to the modification of our contracts to comply with the rule. In addition, any publication of claims or awards involving us could result in reputational damage.

In addition to the Dodd-Frank Act’s grant of regulatory powers to the CFPB, the Dodd-Frank Act gives the CFPB authority to pursue administrative proceedings or litigation for violations of federal consumer financial laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties ranging from a maximum of $5,000 per day for minor violations of federal consumer financial laws (including the CFPB’s own rules) to $25,000 per day for reckless violations and $1 million per day for knowing violations. If we are subject to such administrative proceedings, litigation, orders, or monetary penalties in the future, this could have a material adverse effect on our operations and financial performance. Also, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations under Title X, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions for the kind of cease and desist orders available to the CFPB (but not for civil penalties). If the CFPB or one or more state officials find that we have violated the foregoing laws, they could exercise their enforcement powers in ways that would have a material adverse effect on us.

In January 2012, the CFPB launched a federal supervision program for nonbanks that offer or provide consumer financial products or services. Under the CFPB’s nonbank supervision program, the CFPB conducts individual examinations and requires reports from businesses to determine what businesses require greater focus by the CFPB. The frequency and scope of any such examinations will depend on the CFPB's analysis of risks posed to consumers based on factors such as a particular nonbank's volume of business, types of products or services, and the extent of state oversight. In conducting an investigation, the CFPB may issue a civil investigative demand (a "CID") requiring a target company to prepare and submit, among other items, documents, written reports, answers to interrogatories, and deposition testimony. If the CFPB issues a CID to us or otherwise commences an investigation of our company, the required response could result in substantial costs and a diversion of our management's attention and resources. In addition, the market price of our common stock could decline as a result of the initiation of a CFPB investigation of our company or even the perception that such an investigation could occur, even in the absence of any finding by the CFPB that we have violated any state or federal law.

We sell certain of our loans, including, in some instances, charged-off loans and loans where the borrower is in default. This practice could subject us to heightened regulatory scrutiny, which may expose us to legal action, cause us to incur losses, and/or limit or impede our collection activity.

On December 23, 2015, we sold approximately $112 million of our existing charged-off loan portfolio and committed to the sale of the forward flow of accounts charged off between November 2015 and October 2016. As part of our business model, we may purchase and sell other finance receivables in the future, including loans that have been charged-off and loans where the borrower is in default. The CFPB and other regulators recently have significantly increased their scrutiny of debt sales, especially delinquent and charged-off debt. The CFPB has criticized sellers of debt for insufficient documentation to support and verify the validity or amount of the debt. It has also criticized debt collectors for, among other things, collection tactics, attempting to collect debts that are no longer valid, misrepresenting the amount of the debt, and not having sufficient documentation to verify the validity or amount of the debt. Accordingly, our sales of loans could expose us to lawsuits or fines by regulators if we do not have sufficient documentation to support and verify the validity and amount of the loans underlying the transactions, or if we or purchasers of our loans use collection methods that are viewed as unfair, deceptive, or abusive. In addition, our collections could suffer and we may incur additional expenses if we are required to change collection practices or stop collecting on certain debts as a result of a lawsuit or action on the part of regulators.

In addition, our $75.7 million amortizing asset-backed loan resembles a securitization of asset-backed securities transaction. The Dodd-Frank Act may adversely affect the securitization market because it requires, among other things, that a securitizer generally retain not less than 5% of the credit risk for certain types of securitized assets that are transferred, sold, or conveyed through issuance of asset-backed securities. These regulations and others may result in additional costs or limit our ability to securitize loans or engage in similar transactions in the future.

Our use of third-party vendors is subject to increasing regulatory attention.

Recently, the CFPB and other regulators have issued regulatory guidance that has focused on the need for financial institutions to perform increased due diligence and ongoing monitoring of third-party vendor relationships, thus increasing the scope of management involvement and decreasing the benefit that we receive from using third-party vendors. Moreover, if regulators conclude that we have not met the heightened standards for oversight of our third-party vendors, we could be subject to enforcement actions, civil monetary penalties, supervisory orders to cease and desist, or other remedial actions, which could have an adverse effect on our business, financial condition, and operating results

We are subject to government regulations concerning our hourly and our other employees, including minimum wage, overtime, and health care laws.

We are subject to applicable rules and regulations relating to our relationship with our employees, including minimum wage and break requirements, health benefits, unemployment and sales taxes, overtime, and working conditions and immigration status. Legislated increases in the federal minimum wage and increases in additional labor cost components, such as employee benefit costs, workers' compensation insurance rates, compliance costs and fines, as well as the cost of litigation in connection with these regulations, would increase our labor costs. Unionizing and collective bargaining efforts have received increased attention nationwide in recent periods. Should our employees become represented by unions, we would be obligated to bargain with those unions with respect to wages, hours, and other terms and conditions of employment, which is likely to increase our labor costs. Moreover, as part of the process of union organizing and collective bargaining, strikes and other work stoppages may occur, which would cause disruption to our business. Similarly, many employers nationally in similar retail environments have been subject to actions brought by governmental agencies and private individuals under wage-hour laws on a variety of claims, such as improper classification of workers as exempt from overtime pay requirements and failure to pay overtime wages properly, with such actions sometimes brought as class actions. These actions can result in material liabilities and expenses. Should we be subject to employment litigation, such as actions involving wage-hour, overtime, break, and working time, it may distract our management from business matters and result in increased labor costs. In addition, we currently sponsor employer-subsidized premiums for major medical programs for eligible personnel who elect health care coverage through our insurance programs. As a result of regulatory changes, we may not be able to continue to offer health care coverage to our employees on affordable terms or at all and subsequently may face increased difficulty in hiring and retaining employees. If we are unable to locate, attract, train, or retain qualified personnel, or if our costs of labor increase significantly, our business, results of operations, and financial condition may be adversely affected.

Rising health care costs and continuing uncertainties concerning the effect of implementation of the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010 and similar laws may have a material adverse effect on our business and financial performance.

Despite our efforts to control costs while still providing competitive health care benefits to our employees, significant increases in health care costs continue to occur, and we can provide no assurance that our cost containment efforts in this area will be effective. In March 2010, the federal Patient Protection and Affordable Care Act ("PPACA") and the Health Care and Education Affordability Reconciliation Act of 2010 became law. While we have performed an analysis regarding the anticipated impact of these laws on our cost structure, we may be unable to accurately predict the impact of this federal health care legislation on our health care benefit costs due to continued uncertainty with respect to implementation of such legislation. Significant increases in costs due either to the PPACA or general health care cost increases are likely and could adversely impact our operating results, as there is no assurance that we will be able to absorb, pass through, and/or offset the costs of such legislation.

Our stock price or results of operations could be adversely affected by media and public perception of installment and automobile loans and of legislative and regulatory developments affecting activities within the installment and automobile lending sector.

Consumer advocacy groups and various media sources continue to criticize alternative financial services providers (such as payday and title lenders, check advance companies, and pawnshops). These critics frequently characterize such alternative financial services providers as predatory or abusive toward consumers. If these persons were to criticize the products that we offer, it could result in further regulation of our business and could negatively impact our relationships with existing borrowers and efforts to attract new borrowers. Furthermore, our industry is highly regulated, and announcements regarding new or expected governmental and regulatory action in the alternative financial services sector may adversely impact our stock price and perceptions of our business even if such actions are not targeted at our operations and do not directly impact us.

Legal proceedings to which we are subject or may become subject may have a material adverse impact on our financial position and results of operations.

Like many companies in our industry, we are from time to time involved in various legal proceedings and subject to claims and other actions related to our business activities brought by borrowers and others, including, for example, the securities class action lawsuit described in Item 3, "Legal Proceedings" of this Annual Report on Form 10-K. All such legal proceedings are inherently unpredictable and, regardless of the merits of the claims, litigation is often expensive, time-consuming, disruptive to our operations and resources, and distracting to management. If resolved against us, such legal proceedings could result in excessive verdicts and judgments, injunctive relief, equitable relief, and other adverse consequences that may affect our financial condition and how we operate our business. Similarly, if we settle such legal proceedings, it may affect our financial condition and how we operate our business. Future court decisions, alternative dispute resolution awards, business expansion, or legislative activity may increase our exposure to litigation and regulatory investigations. In some cases, substantial non-economic remedies or punitive damages may be sought. Although we maintain liability insurance coverage, there can be no assurance that such coverage will cover any particular verdict, judgment, or settlement that may be entered against us, that such coverage will prove to be adequate, or that such coverage will continue to remain available on acceptable terms, if at all. For example, we and our primary insurance carrier may in the future be required to negotiate an allocation between denied and acknowledged claims in the securities class action lawsuit. If in the securities class action lawsuit or any other legal proceeding we incur liability that exceeds our insurance coverage or that is not within the scope of the coverage in legal proceedings brought against us, it could have a material adverse effect on our business, financial condition, and results of operations.

Current and proposed regulation related to consumer privacy, data protection, and information security could increase our costs.

We are subject to a number of federal and state consumer privacy, data protection, and information security laws and regulations. Moreover, various federal and state regulatory agencies require us to notify customers in the event of a security breach. Federal and state legislators and regulators are increasingly pursuing new guidance, laws, and regulations. Compliance with current or future customer privacy, data protection, and information security laws and regulations could result in higher compliance, technology, or other operating costs. Any violations of these laws and regulations may require us to change our business practices or operational structure, and could subject us to legal claims, monetary penalties, sanctions, and the obligation to indemnify and/or notify customers or take other remedial actions.

Risks Related to the Ownership of Our Common Stock

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our common stock, our stock price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us downgrades our common stock or publishes inaccurate or unfavorable research about our business, our common stock price may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our common stock price or trading volume to decline and our common stock to be less liquid.

The market price of shares of our common stock may continue to be volatile, which could cause the value of your investment to decline.

The market price of our common stock has been highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market, or political conditions, could reduce the market price of shares of our common stock in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly operating results, additions or departures of key management personnel, failure to meet analysts' earnings estimates, publication of research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures, or capital commitments, adverse publicity about the industries we participate in, or individual scandals, and in response the market price of shares of our common stock could decrease significantly.

In the past several years, stock markets have experienced extreme price and volume fluctuations. In the past, following periods of volatility in the overall market and the market price of a company's securities, Securities and Exchange Commission investigations and securities class action litigation have sometimes been instituted against these companies. We currently are subject to a securities class action lawsuit described in Item 3, "Legal Proceedings" of this Annual Report on Form 10-K. The securities class action lawsuit and any further legal proceedings of this nature that may be instituted against us could result in substantial costs and a diversion of our management's attention and resources.

We have no current plans to pay cash dividends on our common stock for the foreseeable future.

We do not expect to pay cash dividends for the foreseeable future. Instead, we intend to retain future earnings, if any, for future operation, expansion, for our share repurchase program, and debt repayment. The declaration, amount, and payment of any future cash dividends on shares of common stock will be at the sole discretion of our Board of Directors. Our Board of Directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions and implications on the payment of cash dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our Board of Directors may deem relevant. In addition, our ability to pay cash dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur, including our senior revolving credit facility. As a result, investors may need to rely on sales of their common stock after price appreciation, which may not occur, as the only way to realize future gains on their investment.

Your stock ownership may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions, or otherwise.

We have approximately 987 million shares of common stock authorized but unissued. Our amended and restated certificate of incorporation authorizes us to issue these shares of common stock and options, rights, warrants, and appreciation rights relating to common stock for the consideration and on the terms and conditions established by our Board of Directors in its sole discretion, whether in connection with acquisitions or otherwise. On April 22, 2015, our stockholders approved the Regional Management Corp. 2015 Long-Term Incentive Plan (the "2015 Plan"). Subject to adjustments as provided in the 2015 Plan, the maximum aggregate number of shares of our common stock that may be issued under the 2015 Plan may not exceed the sum of (a) 350,000 shares plus (b) any shares (i) remaining available for the grant of awards as of the effective date under the 2007 Management Incentive Plan (the "2007 Plan") or the 2011 Stock Incentive Plan (the "2011 Plan"), and/or (ii) subject to an award granted under the 2007 Plan or the 2011 Plan, which award is forfeited, cancelled, terminated, expires or lapses. We have 566,683 shares available for issuance under the 2015 Plan, as of February 18, 2016. In addition, our Board may recommend in the future that our stockholders approve new stock plans. Any common stock that we issue, including under our 2015 Plan or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by our stockholders. In addition, the market price of our common stock could decline as a result of sales of a large number of shares of common stock in the market or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to issue equity securities in the future at a time and at a price that we deem appropriate.

We are an "emerging growth company," and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result of these exemptions, our stockholders may not have access to certain information that they may deem important.

We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our common stock held by non-affiliates exceeds $700 million as of any June 30th before that time, in which case we would no longer be an emerging growth company as of the following December 31st. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

The requirements of being a public company may strain our resources and distract our management.

As a public company, we are subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and requirements of the Sarbanes-Oxley Act . These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly, and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures and internal controls over financial reporting, we will need to commit significant resources, hire additional staff, and provide additional management oversight. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. In addition, sustaining our growth also will require us to commit additional management, operational, and financial resources to identify new professionals to join our firm and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows. We expect to incur significant annual expenses related to these steps and, among other things, additional directors and officers liability insurance, director fees, reporting requirements, transfer agent fees, hiring additional accounting, legal, and administrative personnel, increased auditing and legal fees, and similar expenses.

Anti-takeover provisions in our charter documents and applicable state law might discourage or delay acquisition attempts for us that you might consider favorable.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult without the approval of our Board of Directors. Among other things, these provisions:

- authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;
- prohibit stockholder action by written consent, which will require all stockholder actions to be taken at a meeting of our stockholders;

- provide that the Board of Directors is expressly authorized to make, alter, or repeal our bylaws and that our stockholders may only amend our bylaws with the approval of 80% or more of all of the outstanding shares of our capital stock entitled to vote; and
- establish advance notice requirements for nominations for elections to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In addition, a Texas regulation requires, under certain circumstances, the approval of the Texas Consumer Credit Commissioner for the acquisition, directly or indirectly, of 10% or more of the voting or common stock of a consumer finance company. The overall effect of this law, and similar laws in other states, is to make it more difficult to acquire a consumer finance company than it might be to acquire control of a nonregulated corporation.

Furthermore, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay, or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

Our amended and restated certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities identified by our affiliates.

Certain of our stockholders, directors, and their affiliates are in the business of providing buyout capital and growth capital to developing companies and may acquire interests in businesses that directly or indirectly compete with certain portions of our business. Our amended and restated certificate of incorporation provides for the allocation of certain corporate opportunities between us, on the one hand, and certain of our stockholders, on the other hand. As set forth in our amended and restated certificate of incorporation, neither such stockholders, nor any director, officer, stockholder, member, manager, or employee of such stockholders, will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Therefore, a director or officer of our company who also serves as a director, officer, member, manager, or employee of such stockholders may pursue certain acquisition opportunities that may be complementary to our business and, as a result, such acquisition opportunities may not be available to us. These potential conflicts of interest could have a material adverse effect on our business, financial condition, results of operations, or prospects if attractive corporate opportunities are allocated by such stockholders to themselves or their other affiliates instead of to us.

ITEM 1B. *UNRESOLVED STAFF COMMENTS.*

None.

ITEM 2. *PROPERTIES.*

Our home office buildings are located in Greenville, South Carolina. Of the approximately 26,500 total square feet comprising our home office buildings, we own approximately 8,100 square feet and we lease approximately 18,400 square feet. Each of our 338 branches, as of February 1, 2016, is leased under fixed term lease agreements. As of February 1, 2016, our branches are located throughout South Carolina, Texas, North Carolina, Tennessee, Alabama, Oklahoma, New Mexico, Georgia, and Virginia, and the average branch size is approximately 1,500 square feet.

In the opinion of management, our properties have been well-maintained, are in sound operating condition, and contain all equipment and facilities necessary to operate at present levels. We believe all of our facilities are suitable and adequate for our present purposes. Our only reportable segment, which is our consumer finance segment, uses the properties described in this Item 2, "Properties." In order to accommodate the Company's growth, management is evaluating the relocation of the Company's home office operations to a larger facility in Greenville County, South Carolina in 2016.

ITEM 3. *LEGAL PROCEEDINGS.*

On May 30, 2014, a securities class action lawsuit was filed in the United States District Court for the Southern District of New York against the Company and certain of its current and former directors, executive officers, and shareholders (collectively, the "Defendants"). The complaint alleged violations of the Securities Act of 1933 ("1933 Act Claims") and sought unspecified compensatory damages and other relief on behalf of a purported class of purchasers of the Company's common stock in the September 2013 and December 2013 secondary public offerings. On August 25, 2014, Waterford Township Police & Fire Retirement System and City of Roseville Employees' Retirement System were appointed as lead plaintiffs (collectively, the "Plaintiffs"). An amended complaint was filed on November 24, 2014. In addition to the 1933 Act Claims, the amended complaint also added claims for violations of the Securities Exchange Act of 1934 ("1934 Act Claims") seeking unspecified compensatory damages on behalf of a purported class of purchasers of the Company's common stock between May 2, 2013 and October 30, 2014, inclusive. On January 26, 2015, the Defendants filed motions to dismiss the amended complaint in its entirety. In response, the Plaintiffs sought and were granted leave to file an amended complaint. On February 27, 2015, the Plaintiffs filed a second amended complaint. Like the prior amended complaint, the second amended complaint asserts 1933 Act Claims and 1934 Act Claims and seeks unspecified compensatory damages. The Defendants' motions to dismiss the second amended complaint were filed on April 28, 2015, the Plaintiffs' opposition was filed on June 12, 2015, and the Defendants' reply was filed on July 13, 2015. The motions remain under consideration by the Court. The Company believes that the claims against it are without merit and intends to defend against the litigation vigorously.

The Company's primary insurance carrier during the applicable time period has (i) denied coverage for the 1933 Act Claims and (ii) acknowledged coverage of the Company and other insureds for the 1934 Act Claims under a reservation of rights and subject to the terms and conditions of the applicable insurance policy. The parties plan to negotiate an allocation between denied and acknowledged claims.

We are also involved in various legal proceedings and related actions that have arisen in the ordinary course of our business that have not been fully adjudicated. Our management does not believe that these matters, when ultimately concluded and determined, will have a material adverse effect on our financial condition, liquidity, or results of operations.

ITEM 4. *MINE SAFETY DISCLOSURES.*

Not applicable.

PART II

ITEM 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.*

Market Information

Our common stock has been listed on the New York Stock Exchange (the "NYSE") under the symbol "RM" since March 28, 2012. Prior to that time, there was no public market for our common stock. The following table sets forth for the periods indicated the high and low intra-day sale prices of our common stock on the NYSE. The last reported sale price of our common stock on the NYSE on February 18, 2016, was $13.76 per share.

	High	Low
Fiscal Year Ended December 31, 2015		
First Quarter	$16.56	$13.79
Second Quarter	19.24	13.45
Third Quarter	20.27	14.25
Fourth Quarter	17.62	13.90
Fiscal Year Ended December 31, 2014		
First Quarter	$36.23	$23.77
Second Quarter	25.07	13.93
Third Quarter	19.60	14.75
Fourth Quarter	18.37	11.16

Holders

As of February 12, 2016, there were 11 registered holders of our common stock. As of February 12, 2016, there were approximately 1,578 beneficial holders of our common stock.

Non-Affiliate Ownership

For purposes of calculating the aggregate market value of shares of our common stock held by non-affiliates as set forth on the cover page of this Annual Report on Form 10-K, we have assumed that all outstanding shares are held by non-affiliates, except for shares held by each of our executive officers, directors, and 5% or greater stockholders as of June 30, 2015. In the case of 5% or greater stockholders, we have not deemed such stockholders to be affiliates unless there are facts and circumstances which would indicate that such stockholders exercise any control over our company or unless they hold 10% or more of our outstanding common stock. These assumptions should not be deemed to constitute an admission that all executive officers, directors, and 5% or greater stockholders are, in fact, affiliates of our company, or that there are no other persons who may be deemed to be affiliates of our company. Further information concerning shareholdings of our officers, directors, and principal stockholders is included or incorporated by reference in Part III, Item 12 of this Annual Report on Form 10-K.

Dividend Policy

We did not pay any cash dividends in fiscal 2015 or fiscal 2014. We have no current plans to pay any cash dividends on our common stock for the foreseeable future and instead currently intend to retain earnings, if any, for future operations, expansion, our share repurchase program, and debt repayment.

The declaration, amount, and payment of any future cash dividends on shares of common stock will be at the sole discretion of our Board of Directors. Our Board of Directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions and implications on the payment of cash dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our Board of Directors may deem relevant. In addition, our amended and restated senior revolving credit facility includes a provision restricting our ability to pay dividends on our common stock based upon, among other things, our net income and hypothetical availability under the credit facility. Likewise, our $75.7 million amortizing asset-backed loan restricts our wholly-owned subsidiary, Regional Management Receivables, LLC, from paying dividends to us, subject to certain exceptions.

Equity Compensation Plan Information

The following table gives information about the common stock that may be issued upon the exercise of options, warrants, and rights under all of our existing equity compensation plans as of December 31, 2015.

Plan Category	(a) Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights ($)	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity Compensation Plans Approved by Security Holders			
2007 Management Incentive Plan[(1)]	287,527	5.46	—
2011 Stock Incentive Plan[(2)]	590,416[(4)]	16.75[(5)]	—
2015 Long-Term Incentive Plan[(3)]	351,338[(6)]	15.33[(5)]	560,860
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total:	1,229,281	13.36	560,860

(1) Regional Management Corp. 2007 Management Incentive Plan, as amended (the "2007 Plan"). On April 22, 2015, the Company's stockholders approved the Regional Management Corp. 2015 Long-Term Incentive Plan (the "2015 Plan"), at which time all shares then available for issuance under the 2007 Plan rolled over to the 2015 Plan. Awards may no longer be granted under the 2007 Plan. However, awards that are outstanding under the 2007 Plan will continue in accordance with their respective terms.

(2) Regional Management Corp. 2011 Stock Incentive Plan, as amended (the "2011 Plan"). On April 22, 2015, the Company's stockholders approved the 2015 Plan, at which time all shares then available for issuance under the 2011 Plan rolled over to the 2015 Plan. Awards may no longer be granted under the 2011 Plan. However, awards that are outstanding under the 2011 Plan will continue in accordance with their respective terms.

(3) Regional Management Corp. 2015 Long-Term Incentive Plan. As of February 18, 2016, 566,683 shares remain available for issuance under the 2015 Plan, which allows for grants of incentive stock options, non-qualified stock options, stock appreciation rights, unrestricted shares, restricted shares, restricted stock units, phantom stock awards, and awards that are valued in whole or in part by reference to, or otherwise based on the fair market value of shares, including performance-based awards.

(4) Includes 42,547 restricted stock units outstanding under the 2011 Plan. There is no exercise price associated with these restricted stock units.

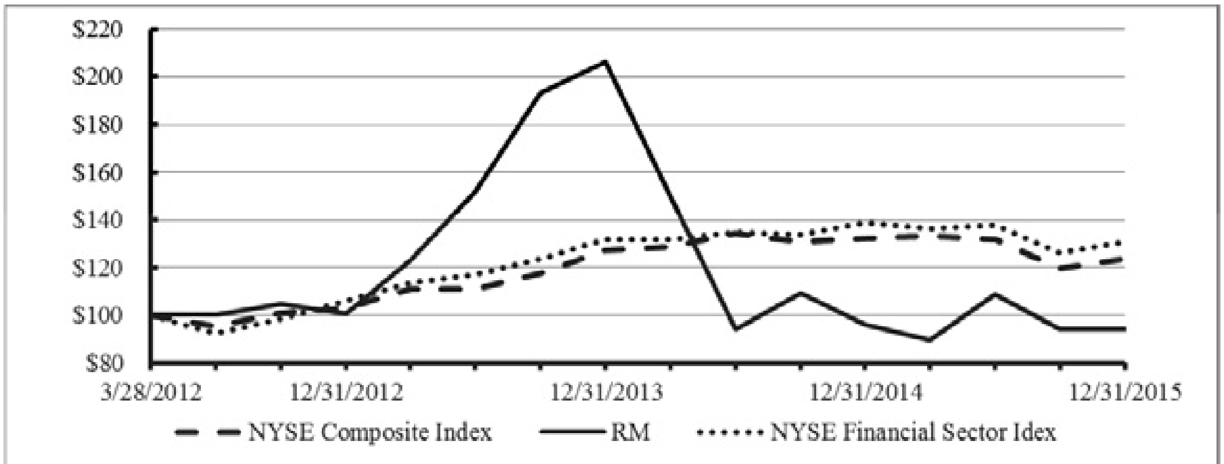
(5) Calculation excludes shares subject to restricted stock unit awards.

(6) Includes 142,997 restricted stock units outstanding under the 2015 Plan. There is no exercise price associated with these restricted stock units.

Stock Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended (the "Securities Act").

The following graph shows a comparison from March 28, 2012 (the date our common stock commenced trading on the NYSE) through December 31, 2015, of the cumulative total return for our common stock, the NYSE Composite Index, and the NYSE Financial Sector Index. The graph assumes that $100 was invested at the market close on March 28, 2012, in the common stock of the Company, the NYSE Composite Index, and the NYSE Financial Sector Index, and data for the NYSE Composite Index and the NYSE Financial Sector Index assumes reinvestments of dividends. The stock price performance of the following graph is not necessarily indicative of future stock price performance.



ITEM 6. *SELECTED FINANCIAL DATA.*

The selected consolidated historical financial data set forth below for the years ended December 31, 2011, 2012, 2013, 2014, and 2015 are derived from audited consolidated financial statements. We derived the selected historical consolidated statement of income data for each of the years ended December 31, 2013, 2014, and 2015 and the selected historical consolidated balance sheet data as of December 31, 2014 and 2015 from our audited consolidated financial statements, which appear in Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. We have derived the selected historical consolidated statement of income data for the years ended December 31, 2011 and 2012 and the selected historical consolidated balance sheet data as of December 31, 2011, 2012, and 2013 from our audited financial statements, which do not appear elsewhere in this Annual Report on Form 10-K.

The following selected consolidated financial data should be read in conjunction with our consolidated financial statements, the related notes, and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report on Form 10-K. The historical results are not necessarily indicative of the results to be expected for any future period.

	Year Ended December 31,				
In thousands, except per share data	2015	2014	2013	2012	2011
Consolidated Statements of Income Data:					
Revenue					
Interest and fee income	$195,794	$184,797	$152,343	$119,035	$ 91,513
Insurance income, net, and other income	21,512	19,922	18,286	16,662	13,824
Total revenue	217,306	204,719	170,629	135,697	105,337
Expenses					
Provision for credit losses	47,348	69,057	39,192	27,765	17,854
General and administrative expenses	115,598	96,776	71,039	55,558	40,835
Consulting and advisory fees[1]	—	—	—	1,451	975
Interest expense					
Senior and other debt	16,221	14,947	14,144	10,580	8,306
Mezzanine debt[1]	—	—	—	1,030	4,037
Total interest expense	16,221	14,947	14,144	11,610	12,343
Total expenses	179,167	180,780	124,375	96,384	72,007
Income before income taxes	38,139	23,939	46,254	39,313	33,330
Income taxes	14,774	9,137	17,460	14,561	12,290
Net income	$ 23,365	$ 14,802	$ 28,794	$ 24,752	$ 21,040
Earnings per Share Data:					
Basic earnings per share	$ 1.82	$ 1.17	$ 2.29	$ 2.12	$ 2.25
Diluted earnings per share	$ 1.79	$ 1.14	$ 2.23	$ 2.07	$ 2.19
Weighted-average shares used in computing basic earnings per share	12,849	12,701	12,572	11,695	9,337
Weighted-average shares used in computing diluted earnings per share	13,074	12,951	12,894	11,981	9,621
Consolidated Balance Sheet Data (at period end):					
Finance receivables[2]	$628,444	$546,192	$544,684	$439,474	$307,373
Allowance for credit losses	(37,452)	(40,511)	(30,089)	(23,616)	(19,300)
Net finance receivables[3]	$590,992	$505,681	$514,595	$415,858	$288,073
Total assets	629,065	530,270	533,888	434,517	303,988
Long-term debt	411,177	341,419	362,750	292,380	231,823
Total liabilities	423,838	351,947	372,715	305,313	239,859
Temporary equity[4]	—	—	—	—	12,000
Total stockholders' equity	$205,227	178,323	161,173	129,204	52,129

(1) On March 21, 2007, Palladium Equity Partners III, L.P. and Parallel 2005 Equity Fund, LP (which we sometimes refer to herein as our "sponsors") acquired the majority of our outstanding common stock. In connection with the acquisition transaction, we issued $25.0 million of mezzanine debt at an interest rate of 18.375%, plus related fees, which we refinanced in 2007 and again in 2010 with Palladium Equity Partners III, L.P. and certain of our individual owners. Additionally, we paid the sponsors annual advisory fees of $675,000 in the aggregate and paid certain individual owners annual consulting fees of $450,000 in the aggregate, in each case, plus certain expenses. Following the closing of our initial public offering on April 2, 2012, we repaid the mezzanine debt in full with proceeds from the initial public offering and we terminated the consulting and advisory agreements following the payment of certain termination fees.

(2) Finance receivables equal the total amount due from the customer, net of unearned finance charges and insurance commissions.

(3) Net finance receivables equal the total amount due from the customer, net of unearned finance charges, insurance commissions, and allowance for credit losses.

(4) That certain Shareholders Agreement, among us and certain of our stockholders, dated March 21, 2007, as amended and restated on March 12, 2012, provided that the individual owners had the right to put their stock back to us if an initial public offering did not occur by May 21, 2012. We valued the put option at the original purchase price of $12.0 million. The put option terminated upon the consummation of our initial public offering.

ITEM 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.*

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by reference to our audited consolidated financial statements and the related notes that appear elsewhere in this Annual Report on Form 10-K. These discussions contain forward-looking statements reflecting our current expectations that involve risks and uncertainties. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, expectations regarding demand and acceptance for our financial products, growth opportunities and trends in the market in which we operate, prospects, and plans and objectives of management. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions, and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including without limitation, the risks set forth elsewhere in this Annual Report on Form 10-K. The forward-looking information we have provided in this Annual Report on Form 10-K pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 should be evaluated in the context of these factors. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or revise such statements, except as required by the federal securities laws.

Overview

We are a diversified specialty consumer finance company providing a broad array of loan products primarily to customers with limited access to consumer credit from banks, thrifts, credit card companies, and other traditional lenders. We began operations in 1987 with four branches in South Carolina and have expanded our branch network to 331 locations in the states of Alabama, Georgia, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia as of December 31, 2015. Most of our loan products are secured, and each is structured on a fixed rate, fixed term basis with fully amortizing equal monthly installment payments, repayable at any time without penalty. Our loans are sourced through our multiple channel platform that includes our branches, direct mail campaigns, automobile dealerships, retailers, and our consumer website. We operate an integrated branch model in which nearly all loans, regardless of origination channel, are serviced through our branch network, providing us with frequent in-person contact with our customers, which we believe improves our credit performance and customer loyalty. Our goal is to consistently and soundly grow our finance receivables and manage our portfolio risk while providing our customers with attractive and easy-to-understand loan products that serve their varied financial needs.

Our diversified product offerings include:

- *Small Loans* – Our small loan portfolio is comprised of branch small loan and convenience check receivables. As of December 31, 2015, we had approximately 274.7 thousand small loans outstanding, representing $338.2 million in finance receivables. This includes 117.0 thousand branch small installment loans and 157.7 thousand convenience check loans, representing $157.8 million and $180.4 million in finance receivables, respectively.
- *Large Loans* – As of December 31, 2015, we had approximately 37.7 thousand large installment loans outstanding, representing $146.6 million in finance receivables.
- *Automobile Loans* – As of December 31, 2015, we had approximately 13.7 thousand automobile purchase loans outstanding, representing $116.1 million in finance receivables. This includes 7.0 thousand indirect automobile loans and 6.7 thousand direct automobile loans, representing $63.4 million and $52.8 million in finance receivables, respectively.

- *Retail Loans* – As of December 31, 2015, we had approximately 23.2 thousand retail purchase loans outstanding, representing $27.6 million in finance receivables.
- *Insurance Products* – We offer optional payment protection insurance to our direct loan customers.

Branch small loans, convenience checks, and large loans are our core products and will be the drivers of our future growth. Our primary sources of revenue are interest and fee income from our loan products, of which interest and fees relating to branch small loans, convenience checks, and automobile loans have historically been the largest component. In addition to interest and fee income from loans, we derive revenue from optional insurance products purchased by customers of our direct loan products.

Factors Affecting Our Results of Operations

Our business is driven by several factors affecting our revenues, costs, and results of operations, including the following:

Quarterly Information and Seasonality. Our loan volume and the contractual delinquency of our finance receivable portfolio follow seasonal trends. Demand for our loans is typically highest during the third and fourth quarters, which we believe is largely due to customers borrowing money for back-to-school and holiday spending. With the exception of automobile loans, loan demand has generally been the lowest during the first quarter, which we believe is largely due to the timing of income tax refunds. During the remainder of the year, we typically experience loan growth from general operations. In addition, we typically generate higher loan volumes in the second half of the year from direct mail campaigns, which are timed to coincide with seasonal consumer demand. Also, delinquencies have generally been lower in the first half of the year than during the second half of the year. Consequently, we experience significant seasonal fluctuations in our operating results and cash needs.

Growth in Loan Portfolio. The revenue that we derive from interest and fees is largely driven by the balance of loans that we originate and purchase. We originated or purchased approximately 127.9 thousand, 143.5 thousand, and 172.9 thousand new borrower loan accounts during 2015, 2014, and 2013, respectively. Average finance receivables grew 32.2% from $361.1 million in 2012 to $477.4 million in 2013, grew 10.9% to $529.5 million in 2014, and grew 8.2% to $572.8 million in 2015. We source our loans through our branches and our direct mail program, as well as through automobile dealerships, retail partners, and our website. Our loans are made almost exclusively in geographic markets served by our network of branches. Increasing the number of loans per branch, the average size of each loan, and the number of branches we operate allows us to increase the number of loans that we are able to service. We opened or acquired 31, 36, and 43 new branches in 2015, 2014, and 2013, respectively. We believe we have the opportunity to add as many as 700 additional branches in states where it is currently favorable for us to conduct business, and we have plans to continue to grow our branch network.

Product Mix. We charge different interest rates and fees and are exposed to different credit risks with respect to the various types of loans we offer. Our product mix also varies to some extent by state, and we may further diversify our product mix in the future.

Asset Quality and Allowance for Credit Losses. Our results of operations are highly dependent upon the quality of our loan portfolio. We recorded a $47.3 million provision for credit losses during 2015 (or 8.3% of average finance receivables), a $69.1 million provision for credit losses during 2014 (or 13.0% as a percentage of average finance receivables), and a $39.2 million provision for credit losses during 2013 (or 8.2% of average finance receivables). The quality of our loan portfolio is the result of our ability to enforce sound underwriting standards, maintain diligent servicing of the portfolio, and respond to changing economic conditions as we grow our loan portfolio. In 2014, due to branch staffing issues and convenience check credit quality deterioration in our mail campaigns, we experienced an unusually high net charge-off rate. In late 2014 and 2015, we created a new credit risk function and have been making changes to improve our credit underwriting guidelines. We believe that these changes have impacted, and will continue to impact, our business and results of operations, including through lower refinancing volumes, lower delinquency levels, and improved credit quality in our portfolio. We will continue to monitor how these changes impact our business and results of operations, and will make further revisions to our credit underwriting guidelines when appropriate.

We evaluate losses in each of our loan categories in establishing the allowance for credit losses. The following table sets forth our allowance for credit losses compared to the related finance receivables:

	As of December 31, 2015			As of December 31, 2014		
In thousands	Finance Receivables	Allowance for Credit Losses	Allowance as Percentage of Related Finance Receivables	Finance Receivables	Allowance for Credit Losses	Allowance as Percentage of Related Finance Receivables
Branch small loans	$157,755	$ 9,456	6.0%	$128,217	$ 6,960	5.4%
Convenience checks	180,402	12,079	6.7%	191,316	18,320	9.6%
Large loans	146,553	5,593	3.8%	46,147	1,980	4.3%
Automobile loans	116,109	8,828	7.6%	154,382	11,776	7.6%
Retail loans	27,625	1,496	5.4%	26,130	1,475	5.6%
Total	$628,444	$37,452	6.0%	$546,192	$40,511	7.4%

The allowance for credit losses calculation uses the net charge-off rate for the most recent six months (branch small loans and convenience checks), ten months (retail loans), and twelve months (large loans and automobile loans) as a percentage of the most recent month-end balance of loans as a key data point in estimating the allowance. In 2015, large loans were updated to use a twelve month effective life rather than ten. As we continue to grow our large loan portfolio, we are originating longer term loans, thus increasing the effective life of large loans. We believe that the primary underlying factors driving the provision for credit losses for each of these loan types are our underwriting standards, the general economic conditions in the areas in which we conduct business, portfolio growth, and the effectiveness of our collection efforts. In addition, the market for repossessed automobiles at auction is another underlying factor that we believe influences the provision for credit losses for automobile purchase loans and, to a lesser extent, large loans. We monitor these factors, the amount and past due status of delinquencies, and the slow file (which consists of all loans one or more days past due) to identify trends that might require us to modify the allowance for credit losses. Our provision was impacted in 2014 by a charge to augment our allowance for credit losses, necessitated by a higher-than-normal proportion of lower credit quality convenience check loans originated in our summer convenience check campaigns.

Interest Rates. Our costs of funds are affected by changes in interest rates, and the interest rate that we pay on our senior revolving credit facility is a variable rate. A previous interest rate cap matured unused in March 2014. In April 2015, we entered into new interest rate cap contracts to replace the matured interest rate cap. The interest rate cap contracts have an aggregate notional principal amount of $150.0 million with a 2.5% strike rate against one-month LIBOR and mature in April 2018.

Operating Costs. Our financial results are impacted by the costs of operating our branch offices and corporate functions. Those costs are included in general and administrative expenses on our consolidated statements of income. Two of our operating metrics are our efficiency ratios, which are calculated by dividing the sum of general and administrative expenses by total revenue (our revenue efficiency ratio) or average finance receivables (our receivable efficiency ratio). Our revenue efficiency ratio was 53.2% in 2015 compared to 47.3% in 2014, and our receivable efficiency ratio was 20.2% in 2015, compared to 18.3% in 2014. While these ratios are relatively in line with industry standards, we have a number of initiatives underway that we believe will improve our operating leverage over the next couple of years, including acceptance of electronic payments, reducing the amount of time it takes to originate a loan, and increasing our average loans outstanding per branch.

Components of Results of Operations

Interest and Fee Income. Our interest and fee income consists primarily of interest earned on outstanding loans. We cease accruing interest on a loan when the customer is contractually past due 90 days. Interest accrual resumes when the customer makes at least one full payment and the account is less than 90 days contractually past due. If the account is charged off, the interest accrual is reversed as a reduction of interest and fee income during the period the charge-off occurs.

Most states allow certain fees in connection with lending activities, such as loan origination fees, acquisition fees, and maintenance fees. Some states allow for higher fees while keeping interest rates lower. Loan fees are additional charges to the customer and are included in the Truth in Lending disclosure we make to our customers. The fees may or may not be refundable to the customer in the event of an early payoff, depending on state law. Fees are accrued to income over the life of the loan on the constant yield method.

Insurance Income. Our insurance income consists of revenue from the sale of various optional credit insurance products and other payment protection products offered to customers who obtain loans directly from us. We do not sell insurance to non-borrowers. We offer optional credit life insurance, credit accident and health insurance, and involuntary unemployment insurance. The type and terms of our optional credit insurance products vary from state to state based on applicable laws and regulations. In addition, we require property insurance on any personal property securing loans and offer customers the option of providing proof of such insurance purchased from a third party in lieu of purchasing property insurance from us. We also collect a fee for collateral protection and purchase non-recording insurance in lieu of recording and perfecting our security interest in the assets pledged on certain loans. We also require proof of insurance for any vehicles securing loans, and we have the option to obtain automobile collision insurance on behalf of customers who permit their insurance coverage to lapse. We also offer, in select markets, vehicle single interest insurance, which provides coverage on automobiles used as collateral on small and large loans. This affords the borrower flexibility with regards to the requirement of maintaining full coverage on the vehicle while also protecting the collateral used to secure the loan.

We issue insurance certificates as agents on behalf of an unaffiliated insurance company and then remit to the unaffiliated insurance company the premiums we collect (net of refunds on prepaid loans and net of commission on new business). The unaffiliated insurance company cedes life insurance premiums to our wholly-owned insurance subsidiary, RMC Reinsurance, Ltd. ("RMC Reinsurance"), as written and non-life premiums as earned. We maintain a cash reserve for life insurance claims in an amount determined by the unaffiliated insurance company. As of December 31, 2015, we had pledged a $2.9 million letter of credit to the unaffiliated insurance company to secure payment of life insurance claims and unearned premium refunds. The unaffiliated insurance company maintains the reserves for non-life claims. Insurance income includes all of the above-described insurance premiums, claims, and expenses.

Other Income. Our other income consists primarily of late charges assessed on customers who fail to make a payment within a specified number of days following the due date of the payment. In addition, fees for extending the due date of a loan and returned check charges are also included in other income.

Provision for Credit Losses. Provisions for credit losses are charged to income in amounts that we judge as sufficient to maintain an allowance for credit losses at an adequate level to provide for estimated losses on the related finance receivable portfolio. Credit loss experience, delinquency of finance receivables, portfolio growth, the value of underlying collateral, and management's judgment are factors used in assessing the overall adequacy of the allowance and the resulting provision for credit losses. Our provision for credit losses fluctuates so that we maintain an adequate credit loss allowance that reflects our estimate of losses over the effective life of our loan portfolios. Therefore, changes in our charge-off rates may result in changes to our provision for credit losses. Future adjustments to the allowance may be necessary if there are significant changes in economic conditions or portfolio performance.

General and Administrative Expenses. Our general and administrative expenses are comprised of four categories: personnel, occupancy, marketing, and other. We measure our general and administrative expenses as a percentage of total revenue, which we refer to as our revenue efficiency ratio, and as a percentage of average finance receivables, which we refer to as our receivable efficiency ratio.

Our personnel expenses are the largest component of our general and administrative expenses and consist primarily of the salaries, bonuses, benefits, and related payroll taxes associated with all of our branch, field, and home office employees.

Our occupancy expenses consist primarily of the cost of renting our branches, all of which are leased, as well as the utility, telecommunication, software, data processing, and other non-personnel costs associated with operating our branches.

Our marketing expenses consist primarily of costs associated with our direct mail campaigns (including postage and costs associated with selecting recipients) and maintaining our website, as well as telephone directory advertisements and some local marketing by branches. These costs are expensed as incurred.

Other expenses consist primarily of legal, audit, consulting, director compensation, bank service charges, office supplies, and credit bureau charges.

Our general and administrative expenses have increased as a result of the additional legal, accounting, insurance, occupancy, and other expenses associated with being a growing public company. Due to the increase in home office employees, we have been increasing and expect to continue to increase the amount of home office space that we lease, which will increase occupancy expense. Additionally, in connection with our efforts to expand and enhance internet lending and improve our loan management system, we expect technology costs to increase in 2016. We also expect compliance costs to continue to increase due to the regulatory environment in the consumer finance industry, and we expect legal costs to continue to remain elevated as a result of the securities class action lawsuit discussed in Part I, Item 3. "Legal Proceedings." For a discussion regarding how risks and uncertainties associated with legal proceedings and the current regulatory environment may impact our future expenses, net income, and overall financial condition, see Part I, Item 1A. "Risk Factors."

Interest Expense. Our interest expense consists primarily of interest payable, unused line fees, and amortization of debt issuance costs in respect of long-term debt. Interest expense also includes costs attributable to the interest rate caps that we use to manage our interest rate risk. Changes in the fair value of the interest rate caps are reflected in interest expense.

Income Taxes. Income taxes consist primarily of state and federal income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effects of future tax rate changes are recognized in the period when the enactment of new rates occurs.

Results of Operations

The following table summarizes our results of operations, both in dollars and as a percentage of total revenue:

In thousands	2015 Amount	2015 % of Revenue	2014 Amount	2014 % of Revenue	2013 Amount	2013 % of Revenue
Revenue						
Interest and fee income	$195,794	90.1%	$184,797	90.3%	$152,343	89.3%
Insurance income, net	11,654	5.4%	10,673	5.2%	11,470	6.7%
Other income	9,858	4.5%	9,249	4.5%	6,816	4.0%
Total revenue	217,306	100.0%	204,719	100.0%	170,629	100.0%
Expenses						
Provision for credit losses	47,348	21.8%	69,057	33.7%	39,192	23.0%
Personnel	69,247	31.9%	55,383	27.1%	39,868	23.4%
Occupancy	17,775	8.2%	15,575	7.6%	11,748	6.9%
Marketing	7,017	3.2%	6,330	3.1%	3,980	2.3%
Other	21,559	9.9%	19,488	9.5%	15,443	9.0%
Total general and administrative	115,598	53.2%	96,776	47.3%	71,039	41.6%
Interest expense	16,221	7.4%	14,947	7.3%	14,144	8.3%
Income before income taxes	38,139	17.6%	23,939	11.7%	46,254	27.1%
Income taxes	14,774	6.8%	9,137	4.5%	17,460	10.2%
Net income	$ 23,365	10.8%	$ 14,802	7.2%	$ 28,794	16.9%

The following table summarizes our results of operations, both in dollars and as a percentage of average receivables:

In thousands	2015 Amount	2015 % of Average Receivables	2014 Amount	2014 % of Average Receivables	2013 Amount	2013 % of Average Receivables
Revenue						
Interest and fee income	$195,794	34.2%	$184,797	34.9%	$152,343	31.9%
Insurance income, net	11,654	2.0%	10,673	2.0%	11,470	2.4%
Other income	9,858	1.7%	9,249	1.8%	6,816	1.4%
Total revenue	217,306	37.9%	204,719	38.7%	170,629	35.7%
Expenses						
Provision for credit losses	47,348	8.3%	69,057	13.0%	39,192	8.2%
Personnel	69,247	12.1%	55,383	10.5%	39,868	8.4%
Occupancy	17,775	3.1%	15,575	2.9%	11,748	2.5%
Marketing	7,017	1.2%	6,330	1.2%	3,980	0.8%
Other	21,559	3.8%	19,488	3.7%	15,443	3.2%
Total general and administrative	115,598	20.2%	96,776	18.3%	71,039	14.9%
Interest expense	16,221	2.7%	14,947	2.9%	14,144	2.9%
Income before income taxes	38,139	6.7%	23,939	4.5%	46,254	9.7%
Income taxes	14,774	2.6%	9,137	1.7%	17,460	3.7%
Net income	$ 23,365	4.1%	$ 14,802	2.8%	$ 28,794	6.0%

Comparison of December 31, 2015, Versus December 31, 2014

The following discussion and table describe the changes in finance receivables by product type:

- *Branch Small Loans* – Branch small loans outstanding increased by $29.5 million, or 23.0%, to $157.8 million at December 31, 2015, from $128.2 million at December 31, 2014. The growth in receivables in branches opened in 2014 and 2015 contributed to the growth in overall branch small loans outstanding.
- *Convenience Checks* – Convenience checks outstanding decreased by $10.9 million, or 5.7%, to $180.4 million at December 31, 2015, from $191.3 million at December 31, 2014, primarily due to the higher-than-normal proportion of lower credit quality loans originated during the 2014 summer direct mail campaigns and the conversion of convenience check loans to large loans.
- *Large Loans* – Large loans outstanding increased by $100.4 million, or 217.6%, to $146.6 million at December 31, 2015, from $46.1 million at December 31, 2014. The increase was primarily due to the addition of expertise in this product type, increased marketing, and the conversion of many convenience check loans to large loans.
- *Automobile Loans* – Automobile loans outstanding decreased by $38.3 million, or 24.8%, to $116.1 million at December 31, 2015, from $154.4 million at December 31, 2014. This decrease was due to our strategic decision to constrain capital in the highly competitive automobile category. In August 2014, our AutoCredit Source branches were re-branded as Regional Finance branches, and we began to offer all loan products in these branches with less focus on indirect automobile loans. We anticipate that the automobile loan portfolio will remain relatively flat in the short-term as we refine our business practices in this product category.
- *Retail Loans* – Retail loans outstanding increased $1.5 million, or 5.7%, to $27.6 million at December 31, 2015, from $26.1 million at December 31, 2014. The increase in retail loans outstanding resulted from the additional relationships we established with new retailers, as well as an expansion of volume through our existing relationships.

	Finance Receivables by Product			
In thousands	**2015**	**2014**	**YoY $ Inc (Dec)**	**YoY % Inc (Dec)**
Branch small loans	$157,755	$128,217	$ 29,538	23.0%
Convenience checks	180,402	191,316	(10,914)	(5.7)%
Large loans	146,553	46,147	100,406	217.6%
Total core loans	484,710	365,680	119,030	32.6%
Automobile loans	116,109	154,382	(38,273)	(24.8)%
Retail loans	27,625	26,130	1,495	5.7%
Total finance receivables	$628,444	$546,192	$ 82,252	15.1%
Number of branches at period end	331	300	31	10.3%
Average finance receivables per branch	$ 1,899	$ 1,821	$ 78	4.3%

Comparison of the Year Ended December 31, 2015, Versus the Year Ended December 31, 2014

Net Income. Net income increased $8.6 million, or 57.9%, to $23.4 million in 2015, from $14.8 million in 2014. The increase in net income in 2015 was primarily due to a decrease in provision for credit losses of $21.7 million and an increase in revenue of $12.6 million. These increases were partially offset by an increase in general and administrative expenses of $18.8 million, an increase of $5.6 million in income taxes, and an increase of $1.3 million in interest expense.

Revenue. Total revenue increased $12.6 million, or 6.1%, to $217.3 million in 2015, from $204.7 million in 2014. The components of revenue are explained in greater detail below.

Interest and Fee Income. Interest and fee income increased $11.0 million, or 6.0%, to $195.8 million in 2015, from $184.8 million in 2014. The increase in interest and fee income was primarily due to an 8.2% increase in average finance receivables offset by a 0.7% yield decrease since 2014.

The following table sets forth the average finance receivables balance and average yield for each of our loan product categories:

	Averages and Yields			
	2015		2014	
In thousands	Average Finance Receivables	Average Yield	Average Finance Receivables	Average Yield
Branch small loans	$138,253	44.3%	$110,531	48.0%
Convenience checks	178,692	43.6%	178,181	45.8%
Large loans	93,243	27.6%	42,887	26.9%
Automobile loans	137,249	19.0%	169,607	19.7%
Retail loans	25,392	18.8%	28,295	18.4%
Total interest and fee yield	$572,829	34.2%	$529,501	34.9%
Total revenue yield	$572,829	37.9%	$529,501	38.7%

Branch small loan and convenience check yields decreased 3.7% and 2.2%, respectively, compared to 2014 as more of our branch small loan and convenience check customers have originated loans with larger balances and longer maturities, which typically are priced at lower interest rates. The yield decline in 2015 was also due to the absence of the higher rate, lower credit quality convenience check loans originated in 2014. We anticipate that the branch small loan and convenience check loan yields will remain flat due to demand for larger loan amounts.

The following table represents the balance of loan originations and refinancing net of unearned finance charges.

	Net Loans Originated			
In thousands	2015	2014	YoY $ Inc (Dec)	YoY % Inc (Dec)
Branch small loans	$276,908	$248,872	$ 28,036	11.3%
Convenience checks	315,303	343,982	(28,679)	(8.3)%
Large loans	173,560	52,418	121,142	231.1%
Automobile loans	41,621	67,422	(25,801)	(38.3)%
Retail loans	31,710	31,236	474	1.5%
Total finance receivables	$839,102	$743,930	$ 95,172	12.8%

The following table summarizes the components of the increase in interest and fee income:

In thousands	Components of Increase in Interest and Fee Income Year Ended December 31, 2015 Compared to Year Ended December 31, 2014 Increase (Decrease)		
	Volume	Rate	Net
Branch small loans	$12,529	$(4,289)	$ 8,240
Convenience checks	233	(3,981)	(3,748)
Large loans	13,884	322	14,206
Automobile loans	(6,180)	(1,106)	(7,286)
Retail loans	(543)	128	(415)
Change in product mix	(4,974)	4,974	—
Total increase (decrease) in interest and fee income	$14,949	$(3,952)	$10,997

Insurance Income. Insurance income increased $1.0 million, or 9.2%, to $11.7 million in 2015 from $10.7 million in 2014. The increase in insurance income was due primarily to an 8.2% increase in average finance receivables. Insurance income as a percentage of average finance receivables remained constant at 2.0% in 2015 and 2014. During 2016, we will be transitioning our insurance business to a new unaffiliated third party provider, which will result in variances to the premiums we charge for the products we offer. Additionally, we continually assess the costs of our products for an equitable balance of costs and benefits. Due to the transition to a new vendor and our on-going assessment of costs, premiums may be changed during 2016, which may impact the revenue and/or costs of our insurance operation.

Other Income. Other income increased $0.6 million, or 6.6%, to $9.9 million in 2015 from $9.2 million in 2014. The largest component of other income is late charges, which increased $0.9 million in 2015. The increase in late charges was due primarily to the implementation of a late fee as part of the modernization of North Carolina's consumer finance law and an 8.2% increase in average finance receivables.

Provision for Credit Losses. Our provision for credit losses decreased $21.7 million, or 31.4%, to $47.3 million in 2015 from $69.1 million in 2014. The provision represented 8.3% of average receivables and 21.8% of total revenue in 2015 compared to 13.0% of average receivables and 33.7% of total revenue in 2014. Our provision was impacted in 2014 by a charge to augment our allowance for credit losses, necessitated by a higher-than-normal proportion of lower credit quality convenience check loans originated in our summer convenience check campaigns.

In late 2014 and 2015, we created a credit risk function, which has improved our underwriting and servicing processes. We continue to build out the full capabilities of the credit risk function as we move into 2016 and believe this investment will provide additional benefits in the future.

Net charge-offs decreased $8.2 million, or 14.0%, to $50.4 million in 2015 from $58.6 million in 2014. Net charge-offs represented 8.8% of average receivables in 2015 compared to 11.1% of average receivables in 2014. Total net charge-offs decreased in 2015 even though average receivables increased 8.2%. The decrease in net charge-offs was partially due to a $2.0 million increase in recoveries from the sale of previously charged-off loans in 2015 in addition to a $2.1 million one-time charge-off in 2014 resulting from the change in our charge-off policy.

We completed the bulk sale of our existing charged-off loan portfolio in December 2015, and this resulted in increased recoveries in the allowance for credit losses and a decrease in the provision for credit losses of $2.0 million during 2015. In addition, we have committed to the sale of the forward flow of accounts charged off between November 2015 and October 2016. These transactions will be executed January through December 2016 and should result in higher future recoveries compared to our run rate levels in the first three quarters of 2015.

Delinquencies one day and more past due as a percentage of total finance receivables decreased to 20.3% as of December 31, 2015, from 22.6% in 2014. Delinquencies 30 days and more past due as a percentage of total finance receivables decreased to 7.2% as of December 31, 2015, from 7.5% in 2014. The decrease in delinquency percentages was primarily due to the absence of lower credit quality convenience check loans originated in 2014, and the benefit of improved underwriting and servicing activity during 2015. The following tables include delinquency balances by aging and by product.

	Contractual Delinquency by Aging			
In thousands	2015		2014	
Allowance for credit losses	$ 37,452	6.0%	$ 40,511	7.4%
Current	500,591	79.7%	422,342	77.4%
1 to 29 days past due	82,589	13.1%	82,714	15.1%
Delinquent accounts:				
30 to 59 days	15,654	2.5%	15,951	2.9%
60 to 89 days	9,858	1.6%	9,624	1.8%
90 to 119 days	7,696	1.1%	6,899	1.2%
120 to 149 days	6,678	1.1%	4,988	0.9%
150 to 179 days	5,378	0.9%	3,674	0.7%
Total contractual delinquency	$ 45,264	7.2%	$ 41,136	7.5%
Total finance receivables	$628,444	100.0%	$546,192	100.0%
1 day and over past due	$127,853	20.3%	$123,850	22.6%

	Contractual Delinquency by Product			
In thousands	2015		2014	
Branch small loans	$ 14,765	9.4%	$ 10,247	8.0%
Convenience checks	15,420	8.5%	17,165	9.0%
Large loans	4,945	3.4%	2,106	4.6%
Automobile loans	8,713	7.5%	10,302	6.7%
Retail loans	1,421	5.1%	1,316	5.0%
Total contractual delinquency	$ 45,264	7.2%	$ 41,136	7.5%

General and Administrative Expenses. Our general and administrative expenses, comprising expenses for personnel, occupancy, marketing, and other expenses, increased $18.8 million, or 19.4%, to $115.6 million in 2015 from $96.8 million in 2014. Our receivable efficiency ratio (general and administrative expenses as a percentage of average finance receivables) increased to 20.2% during 2015 from 18.3% in 2014. Our revenue efficiency ratio (general and administrative expenses as a percentage of revenue) increased to 53.2% during 2015 from 47.3% in 2014. This increase was primarily the result of 67 additional branches opened during 2014 and 2015, additional corporate office employees, and an increase in consulting, legal, compliance, compensation, and other costs. The increase in general and administrative expenses is explained in greater detail below.

	General & Administrative Expenses		
In thousands	2015	2014	YoY $ B(W)
Legacy branch G&A expenses	$ 71,187	$61,759	$ (9,428)
New branches' expenses	3,015	3,139	124
Total branch G&A expenses	74,202	64,898	(9,304)
Marketing	7,017	6,330	(687)
Home office G&A expenses	34,379	25,548	(8,831)
Total G&A expenses	$115,598	$96,776	$(18,822)

Personnel. The largest component of general and administrative expenses is personnel expense, which increased $13.9 million, or 25.0%, to $69.2 million in 2015 from $55.4 million in 2014. This increase was primarily due to $5.0 million in additional costs related to the 67 branches opened in 2014 and 2015, $4.1 million due to additional home office employees since 2014, non-operating compensation-related costs incurred related to a Chief Executive Officer restricted stock grant and the retirement agreement with our former Vice Chairman, 2014 reversal of $1.4 million due to change in our paid time off ("PTO") policy, and a $1.2 million decrease in deferred loan origination costs (contra-expense) due to a lower count of loan originations compared to 2014. The additional home office employees strengthen our credit risk, internal audit, compliance, and other home office support functions.

	Headcount		
In thousands	2015	2014	YoY Inc (Dec)
Legacy branch headcount	1,208	1,223	(15)
New branches' headcount	72	112	(40)
Total branch headcount	1,280	1,335	(55)
Home office headcount	133	105	28
Total headcount	1,413	1,440	(27)
Number of branches	331	300	31

Occupancy. Occupancy expenses increased $2.2 million, or 14.1%, to $17.8 million in 2015 from $15.6 million in 2014. The increase in occupancy expenses was the result of new branches opened. Additionally, we frequently experience increases in rent as we renew existing leases. At December 31, 2014, we had 300 branches; whereas, at December 31, 2015, we had 331 branches.

Marketing. Marketing expenses increased $0.7 million, or 10.9%, to $7.0 million in 2015 from $6.3 million in 2014. The increase was due to the increases in the volume of our mail campaigns, including convenience checks, invitations to apply, and pre-qualified offers, and to support our 31 new branches and grow our large loan product category.

Other Expenses. Other expenses increased $2.1 million, or 10.6%, to $21.6 million in 2015 from $19.5 million in 2014. The increase was primarily due to higher compliance and consulting costs.

Interest Expense. Interest expense on long-term debt increased $1.3 million, or 8.5%, to $16.2 million in 2015 from $14.9 in 2014. This increase was due primarily to the increase in the average balance of our senior revolving credit facility and the purchase of interest rate caps in April 2015. The average cost of our long-term debt increased 0.05% to 4.53% for the year ended December 31, 2015 from 4.48% for the prior period. The increase was due primarily to an increase in interest rate cap expense of $0.5 million.

Income Taxes. Income taxes increased $5.6 million, or 61.7%, to $14.8 million in 2015 from $9.1 million in 2014. The increase was primarily due to an increase in our net income before taxes. Also, our effective tax rate increased 0.5% to 38.7% in 2015 from 38.2% in 2014. The increase was primarily due to non-deductible compensation.

Comparison of December 31, 2014, Versus December 31, 2013

The following discussion and table describe the changes in finance receivables by product type:

- *Branch Small Loans* – Branch small loans outstanding increased by $18.4 million, or 16.8%, to $128.2 million at December 31, 2014, from $109.8 million at December 31, 2013. The growth in receivables at the branches opened in 2014 contributed to the growth in overall branch small loans outstanding.

- *Convenience Checks* – Convenience checks outstanding increased by $12.1 million, or 6.8%, to $191.3 million at December 31, 2014, from $179.2 million at December 31, 2013. Our direct mail campaigns drove loan growth in existing and new branches.
- *Large Loans* – Large loans outstanding increased by $2.8 million, or 6.5%, to $46.1 million at December 31, 2014, from $43.3 million at December 31, 2013. The increase was primarily due to the addition of expertise in and increased marketing of this product type.
- *Automobile Loans* – Automobile loans outstanding decreased by $26.7 million, or 14.8%, to $154.4 million at December 31, 2014, from $181.1 million at December 31, 2013. This decrease was due to our strategic decision to constrain capital in the highly competitive automobile category. In August 2014, our AutoCredit Source branches were re-branded as Regional Finance branches, and we began to offer all loan products in these branches with less focus on indirect automobile loans.
- *Retail Loans* – Retail loans outstanding decreased $5.1 million, or 16.4%, to $26.1 million at December 31, 2014, from $31.3 million at December 31, 2013. The decrease in retail loans outstanding resulted from our inability to provide promotional financing products, such as 90 days same as cash, from our current loan management system.

	Finance Receivables by Product			
In thousands	**2014**	**2013**	**YoY $ Inc (Dec)**	**YoY % Inc (Dec)**
Branch small loans	$128,217	$109,776	$ 18,441	16.8%
Convenience checks	191,316	179,203	12,113	6.8%
Large loans	46,147	43,311	2,836	6.5%
Total core loans	365,680	332,290	33,390	10.0%
Automobile loans	154,382	181,126	(26,744)	(14.8)%
Retail loans	26,130	31,268	(5,138)	(16.4)%
Total finance receivables	$546,192	$544,684	$ 1,508	0.3%
Number of branches at period end	300	264	36	13.6%
Average finance receivables per branch	$ 1,821	$ 2,063	$ (242)	(11.7)%

Comparison of the Year Ended December 31, 2014, Versus the Year Ended December 31, 2013

Net Income. Net income decreased $14.0 million, or 48.6%, to $14.8 million in 2014, from $28.8 million in 2013. The decrease in net income in 2014 was primarily due to increased provision for credit losses. Total revenues increased $34.1 million during 2014, a 20.0% increase over 2013. The increase in 2014 revenues was attributable to the opening or acquisition of 36 additional branches and statutory increases in allowable interest and fees in North Carolina and Texas.

Revenue. Total revenue increased $34.1 million, or 20.0%, to $204.7 million in 2014, from $170.6 million in 2013. The components of revenue are explained in greater detail below.

Interest and Fee Income. Interest and fee income increased $32.5 million, or 21.3%, to $184.8 million in 2014, from $152.3 million in 2013. The increase in interest and fee income was due primarily to a 10.9% increase in average finance receivables during the year coupled with an increase in the average yield on loans from 31.9% to 34.9%. The yield increase was due to statutory increases in allowable interest and fees in North Carolina and Texas.

The following table sets forth the average finance receivables balance and average yield for each of our loan product categories:

	Averages and Yields			
	2014		2013	
In thousands	Average Finance Receivables	Average Yield (Annualized)	Average Finance Receivables	Average Yield (Annualized)
Branch small loans	$110,531	48.0%	$ 88,979	48.9%
Convenience checks	178,181	45.8%	133,723	40.7%
Large loans	42,887	26.9%	45,374	27.6%
Automobile loans	169,607	19.7%	178,247	20.3%
Retail loans	28,295	18.4%	31,031	18.1%
Total interest and fee yield	$529,501	34.9%	$477,354	31.9%
Total revenue yield	$529,501	38.7%	$477,354	35.7%

The following table represents the balance of loan originations and refinancing net of unearned finance charges.

	Net Loans Originated			
In thousands	2014	2013	YoY $ Inc (Dec)	YoY % Inc (Dec)
Branch small loans	$248,872	$216,677	$ 32,195	14.9%
Convenience checks	343,982	297,259	46,723	15.7%
Large loans	52,418	48,454	3,964	8.2%
Automobile loans	67,422	100,622	(33,200)	(33.0)%
Retail loans	31,236	34,228	(2,992)	(8.7)%
Total finance receivables	$743,930	$697,240	$ 46,690	6.7%

The following table summarizes the components of the increase in interest and fee income:

	Components of Increase in Interest and Fee Income Year Ended December 31, 2014 Compared to Year Ended December 31, 2013 Increase (Decrease)		
In thousands	Volume	Rate	Net
Branch small loans	$10,360	$ (830)	$ 9,530
Convenience checks	19,752	7,456	27,208
Large loans	(674)	(337)	(1,011)
Automobile loans	(1,721)	(1,132)	(2,853)
Retail loans	(501)	81	(420)
Change in product mix	(9,351)	9,351	—
Total increase in interest and fee income	$17,865	$14,589	$32,454

Insurance Income. Insurance income decreased $0.8 million, or 6.9%, to $10.7 million in 2014 from $11.5 million in 2013. Insurance income as a percentage of average finance receivables decreased from 2.4% in 2013 to 2.0% in 2014. The decline was primarily attributable to the increase in loans originated through our mail campaigns where we do not have the opportunity to discuss our insurance offerings with the customer and from increased claims expense.

Other Income. Other income increased $2.4 million, or 35.7%, to $9.2 million in 2014 from $6.8 million in 2013. The largest component of other income is late charges, which increased $2.5 million in 2014.

The increase in late charges was due primarily to the implementation of a late fee as part of the modernization of North Carolina's consumer finance law, a 10.9% increase in average finance receivables, and an increase in average delinquent accounts.

Provision for Credit Losses. Our provision for credit losses increased $29.9 million, or 76.2%, to $69.1 million in 2014 from $39.2 million in 2013. The provision represented 13.0% of average receivables and 33.7% of total revenue in 2014 compared to 8.2% of average receivables and 23.0% of total revenue in 2013. Our provision was impacted in 2014 by a charge to augment our allowance for credit losses, necessitated by a higher-than-normal proportion of lower credit quality convenience check loans originated in our summer convenience check campaigns.

Net charge-offs of $58.6 million were 11.1% of average finance receivables for 2014, an increase from $32.7 million or 6.9% in 2013. Net charge-offs represented 28.6% of total revenue in 2014 compared to 19.2% in 2013. The increase in net charge-offs included a $2.1 million one-time charge-off resulting from the change in our charge-off policy.

We experienced a higher delinquency level and resulting higher net charge-offs in the first half of 2014 as a result of elevated accounts per employee that caused challenges in servicing the growth in accounts. Additionally, our provision was impacted in the third quarter of 2014 by a charge to augment our allowance for credit losses, necessitated by a higher-than-normal proportion of lower credit quality loans originated in our summer convenience check mailing campaigns. These lower credit quality loans led to higher delinquencies, higher subsequent charge-offs, and increased provisions for credit losses. Delinquencies for all other loan categories were consistent with expectations and historic trends.

The convenience check mailing campaigns for the fourth quarter of 2014 were adjusted to prevent a similar issue from occurring in the future. We returned to what had worked in the past, and in late 2014 and 2015, we also hired a Chief Risk Officer and other personnel focused on credit risk management, established a Credit Committee to oversee direct mail campaign underwriting and origination processes, implemented additional policies and internal control procedures related to the audit of direct mail campaign files, and improved early-state delinquency reporting and communication. We believe these initiatives and others will substantially reduce the volatility of our convenience check delinquency rates. The following tables include delinquency balances by aging and by product.

	Contractual Delinquency by Aging			
In thousands	**2014**		**2013**	
Allowance for credit losses	$ 40,511	7.4%	$ 30,089	5.5%
Current	422,342	77.4%	407,571	74.9%
1 to 29 days past due	82,714	15.1%	93,303	17.1%
Delinquent accounts:				
30 to 59 days	15,951	2.9%	17,088	3.1%
60 to 89 days	9,624	1.8%	9,267	1.7%
90 to 119 days	6,899	1.2%	6,843	1.3%
120 to 149 days	4,988	0.9%	5,108	0.9%
150 to 179 days	3,674	0.7%	3,409	0.6%
180 days and over	—	0.0%	2,095	0.4%
Total contractual delinquency	$ 41,136	7.5%	$ 43,810	8.0%
Total finance receivables	$546,192	100.0%	$544,684	100.0%
1 day and over past due	$123,850	22.6%	$137,113	25.1%

In thousands	Contractual Delinquency by Product 2014		2013	
Branch small loans	$10,247	8.0%	$10,211	9.3%
Convenience checks	17,165	9.0%	15,427	8.6%
Large loans	2,106	4.6%	3,010	6.9%
Automobile loans	10,302	6.7%	12,972	7.2%
Retail loans	1,316	5.0%	2,190	7.0%
Total contractual delinquency	$41,136	7.5%	$43,810	8.0%

In September 2014, the Company changed the time-based element of the charge-off policy from 365 days contractually delinquent to 180 days. The updated policy improves consistency and creates better alignment with industry practice. The policy change generated a one-time charge-off of $2.1 million as of September 2014. The amount was charged against the allowance for credit losses which included a full specific valuation allowance for these delinquent accounts and, therefore, did not impact the provision for loan losses.

The charge-off policy change modified our historic loss rate and the resulting general reserve. In addition, we converted bankrupt accounts with confirmed plans from the bankruptcy court from delinquent to current status. The bankrupt accounts continue to be accounted for as troubled debt restructurings and considered impaired finance receivables. As a net result of these changes, the provision for credit losses increased by $0.3 million in September 2014.

In addition to the time-based element, we previously charged credit losses against the allowance when management believed the finance receivable was no longer collectible. The factors used to determine whether a finance receivable is uncollectible were the age of the account, supervisory review of collection efforts, and other factors such as customers relocating to an area where collection is not practical. This discretionary element was eliminated from the policy in December 2014, subject to certain exceptions.

General and Administrative Expenses. Our general and administrative expenses, comprising expenses for personnel, occupancy, marketing, and other expenses, increased $25.7 million, or 36.2%, to $96.8 million during 2014 from $71.0 million in 2013. Our revenue efficiency ratio (general and administrative expenses as a percentage of revenue) increased to 47.3% in 2014 from 41.6% in 2013. Our receivable efficiency ratio (general and administrative expenses as a percentage of average finance receivables) increased to 18.3% in 2014 from 14.9% in 2013. This increase was the result of 2013 and 2014 branch growth, additional corporate office headcount, $1.8 million of costs related to implementation of a new loan management system, $1.2 million of executive separation costs, $1.2 million in increased health care costs, and $3.1 million in consulting, legal, compliance, compensation, and other costs. On April 2, 2015, we terminated the system implementation and service agreement with DHI Computing Service, Inc. d/b/a GOLDPoint Systems, and we are currently reevaluating the various loan management system capabilities available in today's market.

In October 2014, we accepted the resignation of our Chief Executive Officer. The resignation was treated as a termination without cause pursuant to the executive's Employment Agreement, dated March 18, 2013. We entered into a Separation Agreement with the executive, dated December 11, 2014. The Employment Agreement and the Separation Agreement are attached as Exhibits 10.1 to the Current Reports on Form 8-K, filed with the SEC on March 21, 2013 and December 17, 2014, respectively. In the three months ended December 31, 2014, we recorded $1.2 million for the cost of the Separation Agreement, which is included in personnel expense on the consolidated income statement.

We modernized our PTO policy effective February 1, 2014. The new policy terms are more consistent with industry practices on the amount of PTO, eligible service requirements, cash out policy, and the use of partial PTO days. The policy change had accounting implications. Under the legacy policy, employees earned PTO in one year and then were able to use the PTO in the following year. This policy created a PTO liability under compensated absences accounting literature. Under the new policy, PTO is earned and used in the same calendar year, eliminating a PTO liability at the end of each year (with the exception of carryover PTO granted in extenuating circumstances). In the transition to the new policy, employees were given the opportunity to forfeit earned and unused PTO days under the legacy policy in exchange for additional PTO days and other benefits under the new policy or to remain on the old policy. As a result, effective January 31, 2014, based upon employee elections in January 2014, the PTO liability for certain employees was eliminated, and beginning February 1, 2014, such employees began accruing PTO under the new policy. The effect of the policy change was reflected in the period the change was implemented. Thus, in the first quarter of 2014, this change in policy resulted in a reversal of $1.4 million of personnel expense. The policy was amended in December 2014 to allow employees to carry-over up to 40 hours of PTO into the following calendar year. Any carried over time must be used during the first quarter of the following year or it will be forfeited.

	Efficiency Ratios	
In thousands	**2014**	**2013**
General and administrative expenses	$96,776	$71,039
Percentage of average finance receivables	18.3%	14.9%
Percentage of total revenue	47.3%	41.6%

	General & Administrative Expenses		
In thousands	**2014**	**2013**	**YoY $ B(W)**
Legacy branch G&A expenses	$61,759	$44,898	$(16,861)
New branches' expenses	3,139	3,265	126
Total branch G&A expenses	64,898	48,163	(16,735)
Marketing	6,330	3,980	(2,350)
Home office G&A expenses	25,548	18,895	(6,653)
Total G&A expenses	$96,776	$71,038	$(25,738)

Personnel. The largest component of general and administrative expenses is personnel expense, which increased $15.5 million, or 38.9%, to $55.4 million in 2014 from $39.9 million for 2013. This increase was primarily due to $4.0 million in additional costs related to the 79 branches opened in 2013 and 2014, $1.9 million to increase personnel and $1.2 million for overtime to improve collections, $0.8 million for increased operations car expense allowances, $1.2 million for increased insurance costs primarily due to the Affordable Care Act requirements, and $0.5 million for increased branch bonuses. In addition, we added approximately $2.0 million in corporate functions to handle growth and reduce outsourced providers in 2014 and recorded $1.2 million in executive separation costs. The Compensation Committee also revised our short-term incentive plan and implemented a long-term incentive plan. These changes added approximately $0.7 million in costs to 2014, and we expect about $0.5 million of incremental quarterly run rate going forward.

	Headcount		
In thousands	**2014**	**2013**	**YoY Inc (Dec)**
Legacy branch headcount	1,223	929	294
New branches' headcount	112	114	(2)
Total branch headcount	1,335	1,043	292
Home office headcount	105	72	33
Total headcount	1,440	1,115	325
Number of branches	300	264	36

Occupancy. Occupancy expenses increased $3.8 million, or 32.6%, to $15.6 million in 2014 from $11.7 million in 2013. The increase in occupancy expenses was the result of 36 branches opened in 2014, telecommunications upgrades, and increased data processing needs. Additionally, we frequently experience increases in rent as we renew existing leases.

Marketing. Marketing expenses increased $2.4 million, or 59.0%, to $6.3 million in 2014 from $4.0 million in 2013. The increase was due to the increases in the volume of our mail campaigns, invitations to apply, and pre-qualified offers to support our 36 new branches and grow our loan portfolio.

Other Expenses. Other expenses increased $4.0 million, or 26.2%, to $19.5 million in 2014 from $15.4 million in 2013. The increase was primarily due to $1.8 million of non-operating expenses related to the implementation of a new loan management system, the addition of 36 new branches, and other legal, compliance, and human resources consulting costs associated with being a growing public company. The increase was offset by prior year non-operating expenses of $2.0 million related to director compensation and secondary offerings of shares of our common stock in September 2013 and December 2013.

Interest Expense. Interest expense on the senior revolving credit facility and other debt increased $0.8 million, or 5.7%, to $14.9 million in 2014 from $14.1 million in 2013. This increase was due primarily to the increase in the average balance of our senior revolving credit facility. The average cost of our senior revolving credit facility decreased by 0.03% from 4.51% for the year ended December 31, 2013 to 4.48% for the year ended December 31, 2014. The difference was due primarily to the mix between our LIBOR-based portion and the prime interest rate portion of the loan.

Income Taxes. Income taxes decreased $8.3 million, or 47.7%, to $9.1 million in 2014 from $17.5 million in 2013. The decrease in income taxes was due to a decrease in our net income before taxes. The effective tax rate increased 0.4% to 38.2% in 2014 from 37.8% in 2013. The slight increase in the effective tax rate was primarily due to the state mix of taxable income.

Liquidity and Capital Resources

Our primary cash needs relate to the funding of our lending activities and, to a lesser extent, capital expenditures relating to expanding and maintaining our branch locations. In connection with our plans to expand our branch network and improve our technology infrastructure in future years, we will incur approximately $3.0 million to $6.0 million of capital expenditures annually. We have historically financed, and plan to continue to finance, our short-term and long-term operating liquidity and capital needs through a combination of cash flows from operations and borrowings under our senior revolving credit facility and the amortizing loan that we closed in December 2015. We continue to seek ways to diversify our long-term funding sources, including through securitization of certain loans and other similar transactions.

As part of the $75.7 million amortizing asset-backed loan to Regional Management Receivables, LLC ("RMR"), $3.7 million of the cash received by RMR was deposited into a restricted cash reserve account to satisfy provisions of the credit agreement. As of December 31, 2015, these reserve requirements totaled $3.7 million. Additionally, the amortizing loan is supported by the expected cash flows from the underlying collateralized finance receivables. Collections on these accounts are remitted to a restricted cash collection account, which totaled $3.9 million as of December 31, 2015. On the closing date of this loan, RMR made certain representations and warranties about the quality and nature of these receivables. The credit agreement requires RMR to pay the administrative agent a release fee for the release of receivables in certain circumstances, including circumstances in which the representations and warranties made by RMR concerning the quality and characteristics of the receivables are inaccurate.

In February 2016, the Company announced that the Board has authorized the repurchase of up to $25 million of the Company's outstanding shares of common stock. The authorization is effective immediately and extends through December 31, 2017. Stock repurchases under the program may be made in the open market at prevailing market prices, through privately negotiated transactions, or through other structures in accordance with applicable federal securities laws, at times and in amounts as management deems appropriate. The timing and the amount of any common stock repurchases will be determined by the Company's management based on its evaluation of market conditions, the Company's liquidity needs, legal and contractual requirements and restrictions (including covenants in the Company's credit agreements), share price, and other factors. Repurchases of common stock may be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. The repurchase program does not obligate the Company to purchase any particular number of shares and may be suspended, modified, or discontinued at any time without prior notice. The Company intends to fund the program with a combination of cash and debt.

As a holding company, almost all of the funds generated from our operations are earned by our operating subsidiaries. In addition, our wholly-owned subsidiary, RMC Reinsurance Ltd., is required to maintain cash reserves against life insurance policies ceded to it, as determined by the ceding company, and has also purchased a cash-collateralized letter of credit in favor of the ceding company. As of December 31, 2015, these reserve requirements totaled $2.9 million.

Cash Flow.

Operating Activities. Net cash provided by operating activities decreased by $3.2 million, or 3.7%, to $82.4 million in 2015 from $85.7 million in 2014. The decrease was primarily the result of 67 additional branches opened during 2014 and 2015, additional corporate office employees, and an increase in consulting, legal, compliance, compensation, and other costs.

Net cash provided by operating activities increased by $13.1 million, or 18.0%, to $85.7 million in 2014 from $72.6 million in 2013. The increase was primarily due to higher net income, before provision for credit losses, due to growth in the business.

Investing Activities. Investing activities consist of finance receivables originated and purchased, net change in restricted cash, and the purchase of property and equipment for new and existing branches. Net cash used in investing activities for 2015 was $146.0 million compared to $64.6 million in 2014, a net increase of $81.5 million. The increase was primarily due to higher growth in finance receivables during 2015 versus lower growth in finance receivables in 2014.

Net cash used in investing activities for 2014 was $64.6 million compared to $142.7 million in 2013, a net decrease of $78.1 million. The decrease was primarily due to lower growth in finance receivables during 2014 versus higher growth in finance receivables in the prior year. We issued lower yielding, higher acceptance rate direct mail offers during 2013, driving convenience check growth. In addition, we constrained capital in the highly competitive automobile category in the second half of 2013 and all of 2014 and deployed a greater proportion of capital to the higher yielding branch small loan and convenience check loan categories.

Financing Activities. Financing activities consist of borrowings and payments on our outstanding indebtedness and issuance of common stock. During 2015, net cash provided by financing activities was $67.2 million, a change of $88.4 million compared to the $21.2 million net cash used in financing activities in 2014. The increase in net cash provided by financing activities was primarily a result of an increase in net advances on the senior revolving credit facility to fund higher net originations of finance receivables.

Net cash used in financing activities during 2014 was $21.2 million, a change of $92.1 million compared to the $70.9 million net cash provided by financing activities in 2013. The increase in net cash used in financing activities was primarily a result of an increase in net payments on the senior revolving credit facility due to increased cash available from repayments of finance receivables.

Financing Arrangements.

Senior Revolving Credit Facility. We entered into the fifth amended and restated senior revolving credit facility with a syndicate of banks in September 2015. The senior revolving credit facility provides for up to $538.0 million in availability, with a borrowing base of 85% of eligible secured finance receivables and up to 70% of eligible unsecured finance receivables, in each case, subject to adjustment at certain credit quality levels (83% and 68% as of December 31, 2015, respectively), and matures in September 2018. The facility has an accordion provision that allows for the expansion of the facility to $600.0 million. Borrowings under the facility bear interest, payable monthly, at rates equal to LIBOR of a maturity we elect between one, two, three, four, and six months, with a LIBOR floor of 1.00%, plus a margin of 3.00%. Alternatively, we may pay interest at a rate based on the prime rate (which was 3.50% as of December 31, 2015) plus a margin of 2.00%. We also pay an unused line fee of 0.50% per annum, payable monthly. This fee decreases to 0.375% when the average outstanding balance exceeds $375.0 million. The senior revolving credit facility is collateralized by certain of our assets, including substantially all of our finance receivables and equity interests of the majority of our subsidiaries. The credit agreement contains certain restrictive covenants, including maintenance of specified interest coverage and debt ratios, restrictions on distributions, limitations on other indebtedness, maintenance of a minimum allowance for credit losses, and certain other restrictions.

Our outstanding debt under the senior revolving credit facility was $338.3 million at December 31, 2015, and the amount available for borrowing, but not yet advanced, was $69.4 million. At December 31, 2015, we were in compliance with our debt covenants. A year or more in advance of the September 2018 maturity date of our amended and restated senior revolving credit facility, we intend to extend its maturity date or take other appropriate action to address repayment upon maturity. See Part I, Item 1A. “Risk Factors” for a discussion of risks related to our amended and restated senior revolving credit facility, including refinancing risk.

Amortizing Loan. We entered into a credit agreement, by and among the Company, as servicer, RMR, as borrower, Wells Fargo Bank, National Association (“Wells Fargo”), as lender, account bank, collateral custodian, and backup servicer, and Wells Fargo Securities, LLC, as administrative agent for Wells Fargo and the other lenders from time to time a party thereto. The credit agreement provides for a $75.7 million amortizing loan to RMR that is secured by certain retail installment contracts and promissory notes secured by new or used automobiles, light-duty trucks, minivans, sport utility vehicles, and other passenger vehicles (excluding motorcycles) which either indirectly or directly were originated by certain of the Company’s subsidiaries.

We believe that cash flow from operations and borrowings under our senior revolving credit facility and amortizing loan will be adequate to fund the expected cost of opening or acquiring new branches, including funding initial operating losses of new branches and funding finance receivables originated by those branches and our other branches for the next twelve months and for the foreseeable future. From time to time, we have needed an increase in the borrowing limits under our senior revolving credit facility. We have successfully obtained such increases in the past; however, there can be no assurance that this additional funding will be available (or available on reasonable terms) if and when needed.

We entered into interest rate caps in April 2015 to manage interest rate risk associated with a notional $150.0 million of our LIBOR-based borrowings. The interest rate caps are based on the one-month LIBOR, reimburse us for the difference when the one-month LIBOR exceeds 2.50%, and have a maturity of April 2018.

Other Financing Arrangements. We had a $1.5 million line of credit with a commercial bank that provided end-of-day cash management flexibility and was secured by a mortgage on our headquarters. The interest rate was prime plus 0.25%, with a minimum of 5.00%, and interest was payable monthly. There were no significant restrictive covenants associated with this line of credit. The line of credit matured in January 2015 and was replaced by a $3.0 million commercial overdraft capability that assists with our cash management needs for intra-day temporary funding. We continue to seek ways to diversify our funding sources, including through securitization of certain finance receivables.

Off-Balance Sheet Arrangements

Our wholly-owned subsidiary, RMC Reinsurance, Ltd., is required to maintain cash reserves against life insurance policies ceded to it, as determined by the ceding company. We have also purchased a cash collateralized letter of credit in favor of the ceding company. As of December 31, 2015, the reserve and letter of credit totaled $2.9 million.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2015, and the effect such obligations are expected to have on our liquidity and cash flows in future periods.

	Payments Due by Period				
In thousands	**Total**	**Less than 1 Year**	**1 –3 Years**	**3 –5 Years**	**More than 5 Years**
Principal payments on long-term debt obligations	$411,177	$33,561	$369,903	$7,713	$—
Interest payments on long-term debt obligations	36,880	15,885	20,995	—	—
Operating lease obligations	14,172	5,642	6,512	2,011	7
	$462,229	$55,088	$397,410	$9,724	$ 7

Impact of Inflation

Our results of operations and financial condition are presented based on historical cost, except for interest rate caps, which are carried at fair value. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on our results of operations and financial condition have been immaterial.

Critical Accounting Policies

Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and conform to general practices within the consumer finance industry. The preparation of these financial statements requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities for the periods indicated in the financial statements. Management bases estimates on historical experience and other assumptions it believes to be reasonable under the circumstances and evaluates these estimates on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions.

We set forth below those material accounting policies that we believe are the most critical to an investor's understanding of our financial results and condition and that involve a higher degree of complexity and management judgment.

Credit Losses.

Finance receivables are equal to the total amount due from the customer, net of unearned finance charges and insurance premiums and commissions. Net finance receivables are equal to the total amount due from the customer, net of unearned finance charges, insurance premiums and commissions, and the allowance for credit losses.

Provisions for credit losses are charged to income in amounts sufficient to maintain an adequate allowance for credit losses on our related finance receivable portfolio. Credit loss experience, contractual delinquency of finance receivables, the value of underlying collateral, and management's judgment are factors used in assessing the overall adequacy of the allowance and the resulting provision for credit losses.

Our loans within each loan product are homogenous and it is not possible to evaluate individual loans. We evaluate losses in each of the categories of loans in establishing the allowance for credit losses.

In making an evaluation about the portfolio, we consider the trend of delinquencies and other factors. We evaluate delinquencies by each state and by supervision district within states to identify trends requiring investigation. Historically, loss rates have been affected by several factors, including the general economic condition in the areas in which we conduct business, the number of customers filing for bankruptcy protection, the prices paid for vehicles at automobile auctions, and the effectiveness of our collection efforts. Management considers each of these factors in establishing the allowance for credit losses.

We consider impaired finance receivables to include accounts for which a customer has initiated a bankruptcy filing and finance receivables that have been modified under our loss mitigation policies. Finance receivables that have been modified are accounted for as troubled debt restructurings. We have adopted the policy of aggregating loans with similar risk characteristics for purposes of computing the amount of impairment. In connection with the adoption of this practice, we compute the estimated loss on our impaired loans in the aggregate by discounting the projected cash flows at the original contract rates on the loan using the terms imposed by the bankruptcy court or restructured by us. We applied this method to each of our categories of loans.

For customers in a Chapter 13 bankruptcy plan, the bankruptcy court reduces the post-petition interest rate we can charge, as it does for most creditors. Once the customer is in a confirmed Chapter 13 bankruptcy plan, we receive payments with respect to the remaining amount of the loan at the reduced interest rate from the bankruptcy trustee. If a customer fails to comply with the terms of the bankruptcy order, we will petition the trustee to have the customer dismissed from bankruptcy. Upon dismissal, we restore the account to the original terms and pursue collection through our normal loan servicing activities.

We charge off loans during the month the loan is contractually delinquent 180 days. Non-titled accounts in a confirmed Chapter 7 or Chapter 13 bankruptcy are charged off at 60 days contractually delinquent, subject to certain exceptions. Deceased borrower accounts are charged off in the month following the proper notification of passing, with the exception of borrowers with credit life insurance. We initiate repossession proceedings on certain loans when we have exhausted other means of collection and, in the opinion of management, the customer is unlikely to make further payments. We sell substantially all repossessed vehicles through public sales conducted by independent automobile auction organizations, after the required post-repossession waiting period. Losses on the sale of repossessed collateral are charged to the allowance for credit losses.

Income Recognition.

Interest income is recognized using the interest method (constant yield method). Therefore, we recognize revenue from interest at an equal rate over the term of the loan. Unearned finance charges on pre-compute contracts are rebated to customers utilizing statutory methods, which in many cases is the sum-of-the-years' digits method. The difference between income recognized under the constant yield method and the statutory method is recognized as an adjustment to interest income at the time of rebate. Accrual of interest income on finance receivables is suspended when an account becomes 90 days delinquent on a contractual basis. The accrual of income is not resumed until one or more full contractual monthly payments are received and the account is less than 90 days contractually delinquent. Interest income is suspended on finance receivables for which collateral has been repossessed. If the account is charged off, the interest income is reversed as a reduction of interest and fee income.

We recognize income on credit life insurance using the sum-of-the-years' digits method over the terms of the policies. We recognize income on credit accident and health insurance using the average of the sum-of-the-years' digits and the straight-line methods over the terms of the policies. We recognize income on credit-related property and automobile insurance, and on credit involuntary unemployment insurance using the straight-line method over the terms of the policies. Rebates are computed using statutory methods, which in many cases match the GAAP method, and where it does not match, the difference between the GAAP method and the statutory method is recognized in income at the time of rebate.

We defer fees charged to automobile dealers and recognize income using the constant yield method for indirect loans and the straight-line method for direct loans over the lives of the respective loans.

Charges for late fees are recognized as income when collected.

Insurance Operations.

Insurance operations include revenue and expense from the sale of optional insurance products to our customers. These optional products include credit life insurance, credit accident and health insurance, property insurance, automobile insurance, and involuntary unemployment insurance.

Share-Based Compensation.

Our stock compensation plans are detailed in "Part I. Financial Statements, Note 15, Share-Based Compensation." We measure compensation cost for share-based awards at estimated fair value and recognize compensation expense over the service period for awards expected to vest. All grants are made at 100% of fair value at the date of the grant. We use the closing stock price on the date of grant as the fair value of restricted stock and common stock awards. The fair value of stock options is determined using the Black-Scholes valuation model. The Black-Scholes model requires the input of highly subjective assumptions, including expected volatility, risk-free interest rate, and expected life, changes to which can materially affect the fair value estimate. The expected volatility is based on our historical stock price volatility beginning in 2014. Prior to 2014, we used the performance of the common stock of a publicly traded company whose business is comparable to ours to estimate the volatility of our stock due to a lack of historical data of our own stock price. The risk-free rate is based on the zero coupon U.S. Treasury bond rate for the expected term of the award on the grant date. The expected term is calculated by using the simplified method (average of the vesting and original contractual terms) due to insufficient historical data. In addition, the estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised.

Income Taxes.

We file income tax returns in the U.S. federal jurisdiction and various states. We are generally no longer subject to federal, state, or local income tax examinations by taxing authorities before 2012, though we remain subject to examination in New Mexico, Tennessee, and Texas for the 2011 tax year.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. As of December 31, 2015, we had not taken any tax position that exceeds the amount described above.

Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the consolidated statements of income.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effects of future tax rate changes are recognized in the period when the enactment of new rates occurs.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting update on the recognition of revenue from contracts with customers. The update is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the update specifies the accounting for certain costs to obtain or fulfill a contract with a customer and expands disclosure requirements for revenue recognition. The update applies to all contracts with customers except leases, insurance contracts, financial instruments, guarantees, and certain nonmonetary exchanges. In August 2015, the FASB issued an additional update on revenue recognition, which defers the effective date of the update to annual and interim reporting periods beginning after December 15, 2017. The Company is currently evaluating the potential impact of this guidance on the consolidated financial statements.

In August 2014, the FASB issued an accounting update on management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The update is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The update is not expected to have a material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued an accounting update that amends the analysis a reporting entity must perform to determine whether it should consolidate certain legal entities. Reporting entities are required to re-evaluate limited partnerships or similar entities for consolidation and revise their documentation. The update is effective for annual and interim periods beginning after December 15, 2015. The update is not expected to have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued an accounting update to simplify the presentation of debt issuance costs. The update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with a debt discount. The recognition and measurement guidance for debt issuance costs are not affected by the update. The update is effective for annual and interim periods beginning after December 15, 2015. An entity should apply the new guidance on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. In August 2015, the FASB issued an additional accounting update on certain debt issue costs, which clarifies that debt issue costs associated with line-of-credit agreements may be classified as an asset or as a direct deduction to the carrying amount of the debt. The costs should continue to be deferred and amortized over the term of the line-of-credit. As a result of these accounting updates, debt issue costs will be reclassified from other assets to long-term debt.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.*

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect our results of operations and financial condition. We originate finance receivables at either prevailing market rates or at statutory limits. Our loan products are structured on a fixed rate, fixed term basis. Accordingly, subject to statutory limits, our ability to react to changes in prevailing market rates is dependent upon the speed at which our customers pay off or renew loans in our existing loan portfolio, which allows us to originate new loans at prevailing market rates. Our loan portfolio turns over approximately 1.5 times per year from cash payments, renewals, and charge-offs of loans. Because our automobile loans have longer maturities and typically are not refinanced prior to maturity, the rate of turnover of the loan portfolio may change as these loans change as a percentage of our portfolio.

We also are exposed to changes in interest rates as a result of our borrowing activities, which include a senior revolving credit facility with a group of banks used to maintain liquidity and fund the Company's business operations. The nature and amount of our debt may vary as a result of future business requirements, market conditions, and other factors. At December 31, 2015, our outstanding debt under our senior revolving credit facility was $338.3 million and interest on borrowings under this facility was approximately 4.42% for the year ended December 31, 2015, including amortization of debt issuance costs and an unused line fee. Because the LIBOR interest rates are currently below the 1.00% floor provided for in our senior revolving credit facility, an increase of 100 basis points in the LIBOR interest rate would result in an increase of less than 100 basis points to our borrowing costs. Based on a LIBOR rate of 50 basis points and the outstanding balance at December 31, 2015, an increase of 100 basis points in the LIBOR would result in an increase of 50 basis points to our borrowing costs and would result in $1.7 million of increased interest expense on an annual basis.

We entered into interest rate caps in April 2015 to manage interest rate risk associated with a notional $150.0 million of our LIBOR-based borrowings. The interest rate caps are based on the one-month LIBOR, reimburse us for the difference when the one-month LIBOR exceeds 2.50%, and have a maturity of April 2018.

ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.***

REGIONAL MANAGEMENT CORP.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Year Ended December 31, 2015

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
Regional Management Corp. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Regional Management Corp. and Subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Regional Management Corp. and Subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

/s/ RSM US LLP

Raleigh, North Carolina
February 23, 2016

Regional Management Corp. and Subsidiaries
Consolidated Balance Sheets
December 31, 2015 and 2014
(in thousands, except par value amounts)

	2015	2014
Assets		
Cash (includes VIE balances of $376 in 2015)	$ 7,654	$ 4,012
Gross finance receivables	785,042	663,432
Less unearned finance charges, insurance premiums, and commissions	(156,598)	(117,240)
Finance receivables (includes VIE balances of $80,309 in 2015)	628,444	546,192
Allowance for credit losses (includes VIE balances of $(2,588) in 2015)	(37,452)	(40,511)
Net finance receivables	590,992	505,681
Restricted cash (includes VIE balances of $7,605 in 2015)	10,506	1,901
Property and equipment, net of accumulated depreciation	10,441	8,905
Deferred tax asset, net	1,982	1,870
Goodwill	716	716
Intangible assets, net	473	847
Repossessed assets at net realizable value (includes VIE balances of $36 in 2015)	307	556
Other assets (includes VIE balances of $1,670 in 2015)	5,994	5,782
Total assets	$ 629,065	$ 530,270
Liabilities and Stockholders' Equity		
Liabilities:		
Long-term debt (includes VIE balances of $72,896 in 2015)	$ 411,177	$ 341,419
Accounts payable and accrued expenses (includes VIE balances of $50 in 2015)	12,661	10,528
Total liabilities	423,838	351,947
Commitments and Contingencies		
Stockholders' equity:		
Preferred stock, $0.10 par value, 100,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.10 par value, 1,000,000 shares authorized, 12,914 and 12,748 shares issued and outstanding at December 31, 2015 and 2014, respectively	1,291	1,275
Additional paid-in-capital	89,178	85,655
Retained earnings	114,758	91,393
Total stockholders' equity	205,227	178,323
Total liabilities and stockholders' equity	$ 629,065	$ 530,270

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Consolidated Statements of Income
Years Ended December 31, 2015, 2014, and 2013
(in thousands, except per share amounts)

	2015	2014	2013
Revenue			
Interest and fee income	$195,794	$184,797	$152,343
Insurance income, net	11,654	10,673	11,470
Other income	9,858	9,249	6,816
Total revenue	217,306	204,719	170,629
Expenses			
Provision for credit losses	47,348	69,057	39,192
Personnel	69,247	55,383	39,868
Occupancy	17,775	15,575	11,748
Marketing	7,017	6,330	3,980
Other	21,559	19,488	15,443
Total general and administrative expenses	115,598	96,776	71,039
Interest expense	16,221	14,947	14,144
Income before income taxes	38,139	23,939	46,254
Income taxes	14,774	9,137	17,460
Net income	$ 23,365	$ 14,802	$ 28,794
Net income per common share:			
Basic	$ 1.82	$ 1.17	$ 2.29
Diluted	$ 1.79	$ 1.14	$ 2.23
Weighted-average common shares outstanding:			
Basic	12,849	12,701	12,572
Diluted	13,074	12,951	12,894

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2015, 2014, and 2013
(in thousands)

	Common Stock		Additional Paid-in-Capital	Retained Earnings	Total
	Shares	Amount			
Balance, December 31, 2012	12,487	$1,249	$80,158	$ 47,797	$129,204
Issuance of stock awards	25	2	(2)	—	—
Proceeds from exercise of stock options	140	14	859	—	873
Excess tax benefit from exercise of stock options	—	—	731	—	731
Share-based compensation	—	—	1,571	—	1,571
Net income	—	—	—	28,794	28,794
Balance, December 31, 2013	12,652	1,265	83,317	76,591	161,173
Issuance of restricted stock awards	73	7	(7)	—	—
Exercise of stock options	46	5	118	—	123
Excess tax benefit from exercise of stock options	—	—	161	—	161
Shares withheld related to net share settlement	(23)	(2)	(194)	—	(196)
Share-based compensation	—	—	2,260	—	2,260
Net income	—	—	—	14,802	14,802
Balance, December 31, 2014	12,748	1,275	85,655	91,393	178,323
Issuance of restricted stock awards, net of forfeiture	108	11	(11)	—	—
Exercise of stock options	145	14	—	—	14
Excess tax benefit from exercise of stock options	—	—	378	—	378
Shares withheld related to net share settlement	(87)	(9)	(534)	—	(543)
Share-based compensation	—	—	3,690	—	3,690
Net income	—	—	—	23,365	23,365
Balance, December 31, 2015	12,914	$1,291	$89,178	$114,758	$205,227

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2015, 2014, and 2013
(in thousands)

	2015	2014	2013
Cash flows from operating activities:			
Net income	$ 23,365	$ 14,802	$ 28,794
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	47,348	69,057	39,192
Depreciation and amortization	3,774	3,790	3,459
Loss on disposal of property and equipment	343	21	11
Accretion of discounts on purchased receivables	(27)	(85)	(434)
Share-based compensation	3,638	2,312	1,571
Fair value adjustment on interest rate caps	457	—	1
Deferred income taxes, net	(122)	(4,523)	(3,294)
Changes in operating assets and liabilities:			
(Increase) decrease in other assets	1,338	(2,687)	2,977
Increase in other liabilities	2,329	2,966	324
Net cash provided by operating activities	82,443	85,653	72,601
Cash flows from investing activities:			
Net origination of finance receivables	(132,632)	(59,962)	(137,031)
Increase in restricted cash	(8,605)	—	(562)
Purchase of property and equipment	(4,790)	(4,463)	(4,163)
Payment for business combination, net of cash	—	(128)	(575)
Purchase of finance receivables	—	—	(357)
Net cash used in investing activities	(146,027)	(64,553)	(142,688)
Cash flows from financing activities:			
Net proceeds from amortizing loan	72,896	—	—
Net advances (payments) on senior revolving credit facility	(3,138)	(21,331)	70,371
Payments for debt issuance costs	(2,237)	(164)	(1,065)
Taxes paid related to net share settlement of equity awards	(721)	—	—
Excess tax benefits from exercise of stock options	426	167	731
Proceeds from exercise of stock options	—	119	873
Net cash provided by (used in) financing activities	67,226	(21,209)	70,910
Net change in cash	3,642	(109)	823
Cash at beginning of period	4,012	4,121	3,298
Cash at end of period	$ 7,654	$ 4,012	$ 4,121
Supplemental cash flow information			
Interest paid	$ 15,385	$ 14,367	$ 13,468
Income taxes paid	$ 12,449	$ 15,237	$ 16,205

See accompanying notes to consolidated financial statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: Regional Management Corp. (the "Company") was incorporated and began operations in 1987. The Company is engaged in the consumer finance business, offering small loans (branch small loans and convenience checks), large loans, automobile loans, retail loans, and related credit insurance. As of December 31, 2015, the Company operated offices in 331 locations in the states of Alabama (50 offices), Georgia (7 offices), New Mexico (18 offices), North Carolina (36 offices), Oklahoma (28 offices), South Carolina (72 offices), Tennessee (21 offices), Texas (98 offices), and Virginia (1 office) under the names Regional Finance, RMC Financial Services, Anchor Finance, and RMC Retail. The process of re-branding all branches to operate under the name of Regional Finance began in 2015 and will be completed in 2016. The Company opened or acquired 31, 36, and 43 new offices during the years ended December 31, 2015, 2014, and 2013, respectively.

The Company's loan volume and the contractual delinquency of the Company's finance receivable portfolio follow seasonal trends. Demand for the Company's loans is typically highest during the third and fourth quarters, which the Company believes is largely due to customers borrowing money for back-to-school and holiday spending. With the exception of automobile loans, loan demand has generally been the lowest during the first quarter, which the Company believes is largely due to the timing of income tax refunds. During the remainder of the year, the Company typically experiences loan growth from general operations. In addition, the Company typically generates higher loan volumes in the second half of the year from direct mail campaigns, which are timed to coincide with seasonal consumer demand. Also, delinquencies have generally been lower in the first half of the year than during the second half of the year. Consequently, the Company experiences significant seasonal fluctuations in its operating results and cash needs.

Significant accounting policies: The following is a description of significant accounting policies used in preparing the financial statements. The accounting and reporting policies of the Company are in accordance with GAAP and conform to general practices within the consumer finance industry.

Business segments: The Company has one reportable segment, which is the consumer finance segment. The other revenue generating activities of the Company, including insurance operations, are performed in the existing branch network in conjunction with or as a complement to the lending operations.

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company operates through a separate wholly-owned subsidiary in each state. The Company also consolidates variable interest entities ("VIE") when it is considered to be the primary beneficiary of the VIE because it has (i) power over the significant activities of the VIE and (ii) the obligation to absorb losses or the right to receive returns that could be significant to the VIE.

Variable interest entity: The Company has an asset-backed amortizing loan for general funding purposes, and this transaction involved selling a pool of the Company's automobile loans to its wholly-owned subsidiary, Regional Management Receivables, LLC ("RMR"), as collateral for the loan. RMR has the limited purpose of acquiring finance receivables and holding and making payments on the related debt. Assets transferred to RMR are legally isolated from the Company and the claims of the Company's other creditors. The Company continues to service the finance receivables transferred to RMR. The lender in the debt issued by RMR generally only has recourse to the assets of RMR and does not have recourse to the general credit of the Company.

The Company's asset-backed loan under this arrangement is structured to provide enhancements to the lender in the form of overcollateralization (principal balance of the collateral exceeds the balance of the debt) and reserve funds (restricted cash accounts held by RMR). These enhancements, along with the isolated finance receivables pool, increase the creditworthiness of RMR above that of the Company as a whole. This increases the marketability of the Company’s collateral for borrowing purposes, which leads to more favorable borrowing terms, improved rate risk management, and additional flexibility to grow the business.

RMR is considered a VIE under GAAP and is consolidated into the financial statements of RMR’s primary beneficiary. The Company is considered to be the primary beneficiary of RMR because it has (i) power over the significant activities of RMR through its role as servicer of the finance receivables under the credit agreement and (ii) the obligation to absorb losses or the right to receive returns that could be significant through the Company’s interest in the monthly residual cash flows of RMR after the debt is paid.

Consolidation of RMR results in the transaction being accounted for as a secured borrowing; therefore, the pooled receivables and the related debt remain on the consolidated balance sheet of the Company. The debt is secured solely by the assets of RMR and not by any other assets of the Company. The assets of RMR are the only source of funds for repayment on the debt. Restricted cash accounts held by RMR can only be used to support payments on the debt. The Company recognizes revenue and provision for credit losses on RMR’s finance receivables and interest expense on the related secured debt. See Note 9 of these Notes to Consolidated Financial Statements for further information regarding the accounting treatment of the VIE.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities for the periods indicated in the financial statements. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to change relate to the determination of the allowance for credit losses, fair value of share-based compensation, the valuation of deferred tax assets and liabilities, and the allocation of the purchase price to assets acquired in business combinations.

Reclassifications: Certain prior period amounts have been reclassified to conform to the current presentation. Such reclassifications had no impact on previously reported net income or stockholders’ equity.

Statement of cash flows: Cash flows from finance receivables and the Company’s long-term debt are reported on a net basis.

Finance receivables: The Company’s small loan portfolio is comprised of branch small loan receivables and convenience check receivables. Branch small loan receivables are direct loans to customers closed in the branch and are secured by non-essential household goods and, in some instances, an automobile. Convenience checks are direct loans originated by mailing checks to customers based on a pre-screening process that includes a review of the prospective customer’s credit profile provided by national credit reporting bureaus or data aggregators. A recipient of a convenience check is able to enter into a loan by endorsing and depositing the check. Large loan receivables are direct loans to customers and are typically secured by automobiles, other vehicles, and non-essential household goods. Automobile loan receivables consist of direct automobile purchase loans, which are originated at the dealership and closed in one of the Company’s branches, and indirect automobile purchase loans, which are originated and closed at a dealership in the Company’s network without the need for the customer to visit one of the Company’s branches. In each case, these automobile loans are collateralized primarily by used and new automobiles and, in the case of indirect loans, are initiated by and purchased from automobile dealerships, subject to the Company’s credit approval. Retail loan receivables consist principally of retail installment sales contracts collateralized by the purchase of furniture, appliances, and other retail items, and are initiated by and purchased from retailers, subject to the Company’s credit approval.

Credit losses: Provisions for credit losses are charged to income as losses are estimated to have occurred and in amounts sufficient to maintain an allowance for credit losses at an adequate level to provide for losses on the finance receivables. In the past, the Company charged credit losses against the allowance when management believed the finance receivable was no longer collectible (discretionary element) or when the account was 365 days contractually delinquent (time-based element). The factors used to determine whether a finance receivable is uncollectible were the age of the account, supervisory review of collection efforts, and other factors such as customers relocating to an area where collection is not practical. In September 2014, the Company changed the time-based element of the charge-off policy from 365 days contractually delinquent to 180 days. In December 2014, the Company eliminated the discretionary element of the charge-off policy, subject to certain exceptions. The Company's policy for non-titled accounts in a confirmed bankruptcy is to charge them off at 60 days contractually delinquent, subject to certain exceptions. Deceased borrower accounts are charged off in the month following the proper notification of passing, with the exception of borrowers with credit life insurance. The updated policy improves consistency and creates better alignment with industry practice. Subsequent recoveries, if any, are credited to the allowance. Loss experience, effective loan life, contractual delinquency of finance receivables by loan type, the value of underlying collateral, and management's judgment are factors used in assessing the overall adequacy of the allowance and the resulting provision for credit losses. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions or portfolio performance. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revisions as more information becomes available.

The Company initiates repossession proceedings when, in the opinion of management, the customer is unlikely to make further payments. The Company sells substantially all repossessed vehicle inventory through public sales conducted by independent automobile auction organizations after the required post-repossession waiting period. Losses on the sale of repossessed collateral are charged to the allowance for credit losses.

The allowance for credit losses consists of general and specific components. The general component of the allowance estimates credit losses for groups of finance receivables on a collective basis and is based on historic loss rates. The Company's general component of the allowance for credit losses relates to probable incurred losses of unimpaired finance receivables. The historical loss rate for the most recent six months (branch small loans and convenience checks), ten months (retail loans), and twelve months (large loans and automobile loans) as a percentage of average finance receivables is used to estimate the general allowance.

The Company adjusts the computed historical loss percentages as described above for qualitative factors based on an assessment of internal and external influences on credit quality that are not fully reflected in the historical loss data. Those qualitative factors include trends in growth in the loan portfolio, delinquency, unemployment, bankruptcy, and other economic trends.

Impaired finance receivables: The specific component of the allowance for credit losses relates to impaired finance receivables, which include accounts for which a customer has initiated a bankruptcy filing and finance receivables that have been modified under Company loss mitigation policies. Finance receivables that have been modified are accounted for as troubled debt restructurings. At the time of the bankruptcy filing or restructuring in the case of a loss mitigation policy, a specific valuation allowance is established for such finance receivables within the allowance for credit losses. The Company computes the estimated loss on its impaired loans by discounting the projected cash flows at the original contract rates on the loan using the terms imposed by the bankruptcy court or restructured by the Company. This method is applied in the aggregate to each of the Company's five classes of loans. In making the computations of the present value of cash payments to be received on impaired accounts in each product category, the Company uses the weighted-average interest rates and weighted-average remaining term based on data as of each balance sheet date.

For customers in a confirmed Chapter 13 bankruptcy plan, the Company reduces the interest rate to that specified in the bankruptcy order and the Company receives payments with respect to the remaining amount of the loan from the bankruptcy trustee. For customers who recently filed for Chapter 13 bankruptcy, the Company generally does not receive any payments until their bankruptcy plan is confirmed by the court. If the customers have made payments to the trustee in advance of plan confirmation, the Company may receive a lump sum payment from the trustee once the plan is confirmed. This lump sum payment represents the Company's pro-rata share of the amount paid by the customer. If a customer fails to comply with the terms of the bankruptcy order, the Company will petition the trustee to have the customer dismissed from bankruptcy. Upon dismissal, the Company restores the account to the original terms and pursues collection through its normal loan servicing activities.

If a customer files for bankruptcy under Chapter 7 of the bankruptcy code, the bankruptcy court has the authority to cancel the customer's debt. If a vehicle secures a Chapter 7 bankruptcy account, the customer has the option of buying the vehicle at fair value or reaffirming the loan and continuing to pay the loan.

Prior to the charge-off policy change in September 2014, the specific component of the allowance for credit losses included a full valuation allowance for finance receivables that were contractually delinquent 180 days and over. The charge-offs from the policy change were charged against this allowance as of September 2014.

Delinquency: The Company determines past due status using the contractual terms of the finance receivable. This is one of the primary credit quality indicators used to evaluate the allowance for credit losses for each class of finance receivables.

Repossessed assets: Repossessed collateral is valued at the lower of the receivable balance on the finance receivable prior to repossession or the estimated net realizable value. Management estimates net realizable value at the projected cash value upon liquidation, less costs to sell the related collateral.

Property and equipment: The Company owns certain of its headquarters buildings and leases certain of its headquarters buildings. Office buildings owned are depreciated on the straight-line method for financial reporting purposes over their estimated useful lives of thirty-nine years. Branch offices are leased under non-cancellable leases of one to five years with renewal options. Leasehold improvements are depreciated over the shorter of their useful lives or the remaining term of the lease. Furniture and equipment are depreciated on the straight-line method over their estimated useful lives, generally three to five years. Maintenance and repairs are charged to expense as incurred.

Restricted cash: Restricted cash includes cash and cash equivalents for which the Company's ability to withdrawal funds is contractually limited. The Company's restricted cash consists of cash reserves that are maintained as collateral for a letter of credit used to secure potential credit life insurance claims and cash restricted for debt servicing of our amortizing loan.

Derivative instruments: The Company holds derivative instruments in the form of interest rate caps for the purpose of hedging a portion of its exposure to interest rate risk. Derivative instruments are recorded at fair value and included in other assets with their resulting gains or losses recognized in interest expense. Changes in fair value are reported as an adjustment to net income in computing cash flows from operating activities.

Income recognition: Interest income is recognized using the interest method, also known as the constant yield method. Therefore, the Company recognizes revenue from interest at an equal rate over the term of the loan. Unearned finance charges on pre-compute contracts are rebated to customers utilizing statutory methods, which in many cases is the sum-of-the-years' digits method. The difference between income recognized under the constant yield method and the statutory method is recognized as an adjustment to interest income at the time of rebate. Accrual of interest income on finance receivables is suspended when no payment has been received for 90 days or more on a contractual basis. The accrual of income is not resumed until one or more full contractual monthly payments are received and the finance receivable is less than 90 days contractually delinquent. Interest income is suspended on finance receivables for which collateral has been repossessed. Payments received on loans in nonaccrual status are first applied to interest, then to any late charges or other fees, with any remaining amount applied to principal.

The Company recognizes income on credit life insurance using the sum-of-the-years' digits method over the terms of the policies. The Company recognizes income on credit accident and health insurance using the average of the sum-of-the-years' digits and the straight-line methods over the terms of the policies. The Company recognizes income on credit-related property and automobile insurance and on credit involuntary unemployment insurance using the straight-line method over the terms of the policies. Rebates are computed using statutory methods, which in many cases is the sum-of-the-years-digits method, and any difference between the GAAP method and the statutory method is recognized in income at the time of rebate.

The Company defers fees charged to automobile dealers and recognizes income using the constant yield method for indirect loans and the straight-line method for direct loans over the lives of the respective loans.

Charges for late fees are recognized as income when collected.

Finance receivable origination fees and costs: Non-refundable fees received and direct costs incurred for the origination of finance receivables are deferred and recognized to interest income over their contractual lives using the constant yield method. Unamortized amounts are recognized in income at the time that finance receivables are paid in full.

Share-based compensation: The Company has a share-based compensation plan and also has share-based awards outstanding under two predecessor share-based compensation plans. The stock option and other equity-based awards are recognized at the grant date fair value. Awards classified as liabilities are re-measured at fair value for each reporting period. The costs are recognized on the income statement over the service period for awards expected to vest. All awards are granted at 100% of the fair value on the date of the grant. The fair value of stock options is determined using the Black-Scholes valuation model. The Black-Scholes model requires the input of highly subjective assumptions, including expected volatility, risk-free interest rate, and expected life, changes to which can materially affect the fair value estimate. In addition, the estimation of share-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. Prior to the initial public offering, there was no published market value for the Company's stock; therefore, the performance of the common stock of a publicly traded company whose business is comparable to the Company was used to estimate the volatility of the Company's stock. In 2014, the Company began using the value of its own stock to estimate volatility for options granted.

Marketing costs: Marketing costs are expensed as incurred.

Income taxes: The Company files income tax returns in the U.S. federal jurisdiction and various states. The Company is generally no longer subject to federal, state, or local income tax examinations by taxing authorities before 2012, though the Company remains subject to examination in New Mexico, Tennessee, and Texas for the 2011 tax year.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the consolidated statements of income.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effects of future tax rate changes are recognized in the period when the enactment of new rates occurs.

Earnings per share: Earnings per share have been computed based on the weighted-average number of common shares outstanding during each reporting period presented. Common shares issuable upon the exercise of share-based compensation, which are computed using the treasury stock method, are included in the computation of diluted earnings per share.

Recent Accounting Pronouncements:

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting update on the recognition of revenue from contracts with customers. The update is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the update specifies the accounting for certain costs to obtain or fulfill a contract with a customer and expands disclosure requirements for revenue recognition. The update applies to all contracts with customers except leases, insurance contracts, financial instruments, guarantees, and certain nonmonetary exchanges. In August 2015, the FASB issued an additional update on revenue recognition, which defers the effective date of the update to annual and interim reporting periods beginning after December 15, 2017. The Company is currently evaluating the potential impact of this guidance on the consolidated financial statements.

In August 2014, the FASB issued an accounting update on management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The update is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The update is not expected to have a material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued an accounting update that amends the analysis a reporting entity must perform to determine whether it should consolidate certain legal entities. Reporting entities are required to re-evaluate limited partnerships or similar entities for consolidation and revise their documentation. The update is effective for annual and interim periods beginning after December 15, 2015. The update is not expected to have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued an accounting update to simplify the presentation of debt issuance costs. The update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with a debt discount. The recognition and measurement guidance for debt issuance costs are not affected by the update. The update is effective for annual and interim periods beginning after December 15, 2015. An entity should apply the new guidance on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. In August 2015, the FASB issued an additional accounting update on certain debt issue costs, which clarifies that debt issue costs associated with line-of-credit agreements may be classified as an asset or as a direct deduction to the carrying amount of the debt. The costs should continue to be deferred and amortized over the term of the line-of-credit. As a result of these accounting updates, debt issue costs will be reclassified from other assets to long-term debt.

Note 2. Concentrations of Credit Risk

The Company's portfolio of finance receivables is with customers living in five southeastern states (Alabama, Georgia, North Carolina, South Carolina, and Tennessee), three southwestern states (Oklahoma, New Mexico, and Texas), and one mid-Atlantic (Virginia); consequently, such customers' ability to honor their installment contracts may be affected by economic conditions in these areas. Additionally, the Company is exposed to a concentration of credit risk inherent in providing consumer finance products to borrowers who cannot obtain traditional bank financing.

The Company also has a risk that its customers will seek protection from creditors by filing under the bankruptcy laws. When a customer files for bankruptcy protection, the Company must cease collection efforts and petition the bankruptcy court to obtain its collateral or work out a court approved bankruptcy plan involving the Company and all other creditors of the customer. It is the Company's experience that such plans can take an extended period of time to conclude and usually involve a reduction in the interest rate from the rate in the contract to a court-approved rate.

The Company maintains amounts in bank accounts which, at times, may exceed federally insured limits. The Company has not experienced losses in such accounts, which are maintained with large domestic banks. Management believes the Company's exposure to credit risk is minimal for these accounts.

Note 3. Finance Receivables, Credit Quality Information, and Allowance for Credit Losses

Finance receivables for the periods indicated consisted of the following:

In thousands	2015	2014
Branch small loans	$157,755	$128,217
Convenience checks	180,402	191,316
Large loans	146,553	46,147
Automobile loans	116,109	154,382
Retail loans	27,625	26,130
Finance receivables	$628,444	$546,192

The contractual delinquency of the finance receivable portfolio by product and aging for the periods indicated are as follows:

	December 31, 2015											
	Branch Small		Convenience Check		Large		Automobile		Retail		Total	
In thousands	$	%	$	%	$	%	$	%	$	%	$	%
Current	$123,525	78.3%	$147,110	81.6%	$127,374	86.9%	$ 79,878	68.8%	$22,704	82.2%	$500,591	79.7%
1 to 29 days delinquent	19,465	12.3%	17,872	9.9%	14,234	9.7%	27,518	23.7%	3,500	12.7%	82,589	13.1%
Delinquent accounts												
30 to 59 days	4,493	2.9%	4,348	2.4%	2,157	1.5%	4,119	3.5%	537	1.9%	15,654	2.5%
60 to 89 days	3,197	2.0%	3,233	1.8%	1,153	0.8%	1,959	1.7%	316	1.1%	9,858	1.6%
90 to 119 days	2,654	1.7%	2,966	1.6%	682	0.4%	1,147	1.0%	247	1.0%	7,696	1.1%
120 to 149 days	2,347	1.5%	2,581	1.4%	574	0.4%	1,003	0.9%	173	0.6%	6,678	1.1%
150 to 179 days	2,074	1.3%	2,292	1.3%	379	0.3%	485	0.4%	148	0.5%	5,378	0.9%
Total delinquency	$ 14,765	9.4%	$ 15,420	8.5%	$ 4,945	3.4%	$ 8,713	7.5%	$ 1,421	5.1%	$ 45,264	7.2%
Total finance receivables	$157,755	100.0%	$180,402	100.0%	$146,553	100.0%	$116,109	100.0%	$27,625	100.0%	$628,444	100.0%
Finance receivables in nonaccrual status	$ 7,075	4.5%	$ 7,839	4.3%	$ 1,635	1.1%	$ 2,635	2.3%	$ 568	2.1%	$ 19,752	3.1%

	December 31, 2014											
	Branch Small		Convenience Check		Large		Automobile		Retail		Total	
In thousands	$	%	$	%	$	%	$	%	$	%	$	%
Current	$104,003	81.1%	$154,833	80.9%	$36,658	79.4%	$105,424	68.3%	$21,424	82.0%	$422,342	77.4%
1 to 29 days delinquent	13,967	10.9%	19,318	10.1%	7,383	16.0%	38,656	25.0%	3,390	13.0%	82,714	15.1%
Delinquent accounts												
30 to 59 days	3,647	2.8%	5,134	2.7%	1,036	2.3%	5,651	3.7%	483	1.8%	15,951	2.9%
60 to 89 days	2,275	1.8%	4,442	2.3%	483	1.0%	2,114	1.4%	310	1.2%	9,624	1.8%
90 to 119 days	1,857	1.4%	3,312	1.8%	263	0.6%	1,266	0.8%	201	0.8%	6,899	1.2%
120 to 149 days	1,478	1.2%	2,343	1.2%	204	0.4%	758	0.5%	205	0.8%	4,988	0.9%
150 to 179 days	990	0.8%	1,934	1.0%	120	0.3%	513	0.3%	117	0.4%	3,674	0.7%
Total delinquency	$ 10,247	8.0%	$ 17,165	9.0%	$ 2,106	4.6%	$ 10,302	6.7%	$ 1,316	5.0%	$ 41,136	7.5%
Total finance receivables	$128,217	100.0%	$191,316	100.0%	$46,147	100.0%	$154,382	100.0%	$26,130	100.0%	$546,192	100.0%
Finance receivables in nonaccrual status	$ 4,325	3.4%	$ 7,589	4.0%	$ 587	1.3%	$ 2,537	1.6%	$ 523	2.0%	$ 15,561	2.8%

The allowance for credit losses consists of general and specific components. Prior to the charge-off policy change in September 2014, the specific component included a full valuation allowance for finance receivables that were contractually delinquent 180 days or over. The $2.1 million in charge-offs from the policy change were charged against this allowance as of September 2014 and, therefore, did not impact the provision for loan losses.

The general component of the allowance estimates credit losses for groups of finance receivables on a collective basis and is based on historic loss rates (adjusted for qualitative factors). The charge-off policy change modified this historic loss rate and the resulting general reserve. In addition, the Company converted bankrupt accounts with confirmed plans from the bankruptcy court from delinquent to current status. The bankrupt accounts continue to be accounted for as troubled debt restructurings and considered impaired finance receivables. As a net result of these changes, the Company increased the provision for credit losses by $0.3 million during the three months ended September 30, 2014, which decreased net income for the year ended December 31, 2014 by $0.2 million, or $0.02 diluted earnings per share.

Changes in the allowance for credit losses for the periods indicated are as follows:

In thousands	2015	2014	2013
Balance at beginning of year	$ 40,511	$ 30,089	$ 23,616
Provision for credit losses	47,348	69,057	39,192
Charge-offs	(55,043)	(58,236)	(33,750)
Charge-offs (180+ policy change)	—	(2,106)	—
Recoveries	4,636	1,707	1,031
Balance at end of year	$ 37,452	$ 40,511	$ 30,089

In December 2015, the Company began selling previously charged-off loans for all products in the portfolio to a third-party debt collector. The proceeds from these sales are recognized as a recovery in the allowance for credit losses. Recoveries during the year ended December 31, 2015 included $2.0 million from the sale of charged-off loans. No sales of previously charged-off loans were made in 2013 or 2014. In January 2016, the Company began selling the flow of loans charged-off between November 2015 and October 2016. The flow sales will be recognized as recoveries in the allowance for credit losses and a reduction of the provision for loan losses.

During the three months ended December 31, 2013, the Company changed its estimate for the allowance for credit losses based on analysis of the effective lives for all finance receivable portfolios. The methodology for estimating the allowance for credit losses changed from the trailing eight to trailing six month losses on branch small loans and convenience checks, trailing twelve to trailing ten month losses on large loans, and trailing twelve to trailing eleven month losses on retail loans. As a result, the Company decreased the allowance for credit losses by $3.9 million, which increased net income for the year ended December 31, 2013 by $2.4 million, or $0.19 diluted earnings per share. The Company recorded an offsetting $3.7 million pre-tax increase to the allowance for credit losses for qualitative factors on finance receivable growth and delinquency and loss trends, which decreased net income for the year ended December 31, 2013 by $2.3 million, or $0.18 diluted earnings per share.

During 2015, the effective life of the large loan product category increased from ten months to twelve months as the Company originated longer term loans. As a result, the Company increased the allowance for credit losses by $0.5 million, which decreased net income for the year ended December 31, 2015 by $0.3 million, or $0.02 diluted earnings per share. The increase in the allowance for credit losses due to the change in effective life was offset by a decrease in the Company's normal allowance for credit losses on qualitative factors surrounding finance receivables growth and credit quality. The overall large loan allowance for credit losses as a percentage of loans declined from 4.3% to 3.8% as of December 31, 2014 and 2015, respectively.

In September 2014, the Company changed the time-based element of the charge-off policy from 365 days contractually delinquent to 180 days. The updated policy improves consistency and creates better alignment with industry practice. The policy change generated a one-time charge-off of $2.1 million as of September 2014.

The following is a reconciliation of the allowance for credit losses by product for the periods indicated:

In thousands	**Balance January 1, 2015**	**Provision**	**Charge-offs**	**Recoveries**	**Balance December 31, 2015**	**Finance Receivables December 31, 2015**	**Allowance as Percentage of Finance Receivable December 31, 2015**
Branch small loans	$ 6,960	$16,000	$(14,627)	$1,123	$ 9,456	$157,755	6.0%
Convenience checks	18,320	17,428	(25,432)	1,763	12,079	180,402	6.7%
Large loans	1,980	6,032	(2,762)	343	5,593	146,553	3.8%
Automobile loans	11,776	6,285	(10,466)	1,233	8,828	116,109	7.6%
Retail loans	1,475	1,603	(1,756)	174	1,496	27,625	5.4%
Total	$40,511	$47,348	$(55,043)	$4,636	$37,452	$628,444	6.0%

In thousands	**Balance January 1, 2014**	**Provision**	**Charge-offs**	**Charge-offs (180+ Policy Change)**	**Recoveries**	**Balance December 31, 2014**	**Finance Receivables December 31, 2014**	**Allowance as Percentage of Finance Receivable December 31, 2014**
Branch small loans	$ 5,166	$13,760	$(11,915)	$ (505)	$ 454	$ 6,960	$128,217	5.4%
Convenience checks	10,204	36,995	(28,782)	(627)	530	18,320	191,316	9.6%
Large loans	2,233	1,985	(2,334)	(203)	299	1,980	46,147	4.3%
Automobile loans	10,827	14,259	(12,939)	(688)	317	11,776	154,382	7.6%
Retail loans	1,659	2,058	(2,266)	(83)	107	1,475	26,130	5.6%
Total	$30,089	$69,057	$(58,236)	$(2,106)	$1,707	$40,511	$546,192	7.4%

The Company disaggregated "small loans" into "branch small loans" and "convenience checks" during the year ended December 31, 2014 due to a change in the risk characteristics of the convenience check portfolio in that period.

In thousands	Balance January 1, 2013	Provision	Charge-offs	Recoveries	Balance December 31, 2013	Finance Receivables December 31, 2013	Allowance as Percentage of Finance Receivable December 31, 2013
Small loans	$11,369	$22,620	$(19,108)	$ 489	$15,370	$288,979	5.3%
Large loans	2,753	1,788	(2,630)	322	2,233	43,311	5.2%
Automobile loans	8,424	12,094	(9,875)	184	10,827	181,126	6.0%
Retail loans	1,070	2,690	(2,137)	36	1,659	31,268	5.3%
Total	$23,616	$39,192	$(33,750)	$1,031	$30,089	$544,684	5.5%

Impaired finance receivables as a percentage of total finance receivables were 1.2% and 1.1% for the years ended December 31, 2015 and 2014, respectively. The following is a summary of impaired finance receivables as of the periods indicated:

In thousands	2015	2014
Branch small loans	$ 524	$ 582
Convenience checks	485	544
Large loans	2,760	1,260
Automobile loans	3,370	3,698
Retail loans	121	119
Total	$7,260	$6,203

Following is a summary of finance receivables evaluated for impairment for the periods indicated:

	December 31, 2015					
In thousands	Branch Small	Convenience Check	Large	Automobile	Retail	Total
Impaired receivables specifically evaluated	$ 524	$ 485	$ 2,760	$ 3,370	$ 121	$ 7,260
Finance receivables evaluated collectively	157,231	179,917	143,793	112,739	27,504	621,184
Finance receivables outstanding	$157,755	$180,402	$146,553	$116,109	$27,625	$628,444
Impaired receivables in nonaccrual status	$ 109	$ 95	$ 83	$ 415	$ 17	$ 719
Amount of the specific reserve for impaired accounts	$ 142	$ 124	$ 560	$ 862	$ 20	$ 1,708
Amount of the general component of the allowance	$ 9,314	$ 11,955	$ 5,033	$ 7,966	$ 1,476	$ 35,744

In thousands	December 31, 2014 Branch Small	Convenience Check	Large	Automobile	Retail	Total
Impaired receivables specifically evaluated	$ 582	$ 544	$ 1,260	$ 3,698	$ 119	$ 6,203
Finance receivables evaluated collectively	127,635	190,772	44,887	150,684	26,011	539,989
Finance receivables outstanding	$128,217	$191,316	$46,147	$154,382	$26,130	$546,192
Impaired receivables in nonaccrual status	$ 140	$ 159	$ 133	$ 559	$ 16	$ 1,007
Amount of the specific reserve for impaired accounts	$ 143	$ 165	$ 309	$ 981	$ 18	$ 1,616
Amount of the general component of the allowance	$ 6,817	$ 18,155	$ 1,671	$ 10,795	$ 1,457	$ 38,895

Average recorded investment in impaired finance receivables for the periods indicated are as follows:

In thousands	2015	2014
Branch small	$ 586	$1,097
Convenience check	514	1,265
Large	1,523	1,619
Automobile	3,571	4,150
Retail	128	238
Total average recorded investment	$6,322	$8,369

Prior to September 2014, impaired finance receivables included receivables that were delinquent 180 days and over. It has been the Company's practice since September 2014 to charge off finance receivables that reach 180 days delinquent.

It is not practical to compute the amount of interest earned on impaired loans.

Note 4. Property and Equipment

For the periods indicated, property and equipment consisted of the following:

In thousands	2015	2014
Land and building	$ 919	$ 922
Furniture, fixtures, and equipment	21,240	18,423
Leasehold improvements	4,548	3,212
Property and equipment cost	26,707	22,557
Less accumulated depreciation	16,266	13,652
Property and equipment, net of accumulated depreciation	$10,441	$ 8,905

Depreciation expense for the years ended December 31, 2015, 2014, and 2013 totaled $2.9 million, $2.6 million, and $2.2 million, respectively.

Note 5. Leases

Future minimum rent commitments under non-cancellable operating leases in effect as of December 31, 2015 are as follows:

In thousands	Amount
2016	$ 5,642
2017	4,001
2018	2,511
2019	1,359
2020	652
Thereafter	7
Total	$14,172

Leases generally contain options to extend for periods from 1 to 10 years and the cost of such extensions is not included above. Rent expense for the years ended December 31, 2015, 2014, and 2013 equaled $6.0 million, $5.2 million, and $4.3 million, respectively. In addition to rent, the Company typically pays for all operating expenses, property taxes, and repairs and maintenance on properties that it leases.

Note 6. Goodwill

The Company performs an annual impairment test during the fourth quarter of each fiscal year. There were no goodwill additions or impairment losses for the years ended 2015 and 2014.

Note 7. Intangibles

The following table provides the gross carrying amount and related accumulated amortization of definite-lived intangible assets:

	December 31, 2015		December 31, 2014	
In thousands	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer list	$2,516	$2,043	$2,516	$1,669

Intangible amortization expense for the years ended December 31, 2015, 2014, and 2013 totaled $0.4 million, $0.6 million, and $0.7 million, respectively. The following table sets forth the future amortization of intangible assets:

In thousands	Amount
2016	$264
2017	164
2018	45
Total	$473

Note 8. Other Assets

Other assets include the following as of the periods indicated:

In thousands	2015	2014
Debt issuance costs, net of accumulated amortization	$2,693	$ 869
Prepaid expenses	2,240	1,896
Credit insurance receivable	658	873
Income tax receivable	—	1,611
Other	403	533
Total	$5,994	$5,782

Note 9. Long-Term Debt

Following is a summary of the Company's debt as of the periods indicated:

In thousands	2015	2014
Senior revolving credit facility	$338,281	$341,419
Amortizing loan	72,896	—
Total long-term debt	$411,177	$341,419
Unused amount of senior revolving credit facility, subject to borrowing base	$199,719	$158,581

On September 18, 2015, the Company amended and restated its senior revolving credit facility, increased availability under the facility from $500 million to $538 million, and extended the maturity of the facility from May 2016 to September 2018. The facility has an accordion provision that allows for the expansion of the facility to $600 million. Excluding the receivables held by the Company's VIE, the senior revolving credit facility is secured by substantially all of the Company's finance receivables and equity interests of the majority of its subsidiaries. Borrowings under the facility bear interest, payable monthly, at rates equal to LIBOR of a maturity the Company elects between one and six months, with a LIBOR floor of 1.00%, plus a 3.00% margin. The one-month LIBOR was 0.50% and 0.25% at December 31, 2015 and 2014, respectively. Alternatively, the Company may pay interest at prime rate plus a 2.00% margin. The prime rate was 3.50% and 3.25% at December 31, 2015 and 2014, respectively.

The Company also pays an unused line fee, payable monthly, of 0.50% per annum, which declines to 0.375% at certain usage levels. Advances on the facility are capped at 85% of eligible secured finance receivables plus 70% of eligible unsecured finance receivables. These rates are subject to adjustment at certain credit quality levels (83% secured and 68% unsecured as of December 31, 2015). As of December 31, 2015, the Company had $69.4 million of eligible capacity under the facility. The facility also contains restrictive covenants and monthly and annual reporting requirements to the banks. At December 31, 2015, the Company was in compliance with all debt covenants.

The Company had a $1.5 million line of credit, which was secured by a mortgage on the Company's headquarters, with a commercial bank to facilitate its cash management program. The interest rate was prime plus 0.25% with a minimum of 5.00%, and interest was payable monthly. The line of credit matured on January 18, 2015 and was replaced by a $3.0 million overdraft provision.

In December 2015, the Company and its wholly-owned subsidiary, Regional Management Receivables, LLC ("RMR"), entered into a credit agreement providing for a $75.7 million amortizing asset-backed loan to RMR. RMR purchased $86.1 million in automobile finance receivables, net of a $2.6 million allowance for credit losses, from the Company's affiliates using the proceeds of the loan and an equity investment from the Company. RMR deposited $3.7 million of the cash received into a restricted cash reserve account to satisfy provisions of the credit agreement. The reserve amount may be reduced by $2.0 million if the Company modifies certain aspects of its primary bank account. RMR pays interest of 3.00% per annum on the loan balance from the closing date until the date the loan balance has been fully repaid. The amortizing loan terminates in December 2022. The credit agreement allows RMR to prepay the loan when the outstanding balance falls below 20% of the original loan amount.

The amortizing loan is supported by the expected cash flows from the underlying collateralized finance receivables. Collections on these accounts are remitted to a restricted cash collection account, which totaled $3.9 million as of December 31, 2015. Cash inflows from the finance receivables are distributed to the lender and service providers in accordance with a monthly contractual priority of payments ("waterfall") and, as such, the inflows are directed first to servicing fees. RMR pays a 4% servicing fee to the Company, which is eliminated in consolidation. Next, all cash inflows are directed to the interest, principal, and any adjustments to the reserve account of the amortizing loan and, thereafter, to the residual interest that the Company owns. Distributions from RMR to the Company are allowed under the credit agreement.

RMR is considered a VIE under GAAP and is consolidated into the financial statements of RMR's primary beneficiary. The Company is considered to be the primary beneficiary of RMR because it has (i) power over the significant activities of RMR through its role as servicer of the finance receivables under the credit agreement and (ii) the obligation to absorb losses or the right to receive returns that could be significant through the Company's interest in the monthly residual cash flows of RMR after the debt is paid. See Note 1 of these Notes to Consolidated Financial Statements for further information regarding VIE.

The carrying amount of VIE assets and liabilities are as follows:

In thousands	**2015**
Assets	
Cash	$ 376
Finance receivables	80,309
Allowance for credit losses	(2,588)
Restricted cash	7,605
Repossessed assets at net realizable value	36
Other assets	1,670
Total assets	$87,408
Liabilities	
Long-term debt	$72,896
Accounts payable and accrued expenses	50
Total liabilities	$72,946

Following is a summary of principal payments required on outstanding debt during each of the next five years:

In thousands	**Amount**
2016	$ 33,561
2017	20,092
2018	349,811
2019	7,713
2020	—
Total	$411,177

Note 10. Interest Rate Cap

In April 2015, the Company purchased interest rate caps. The interest rate cap contracts have an aggregate notional principal amount of $150.0 million, a 2.5% strike rate against one-month LIBOR, and mature in April 2018. When the one-month LIBOR exceeds 2.5%, the counterparty reimburses the Company for the excess over 2.5%. No payment is required by the Company or the counterparty when the one-month LIBOR is below 2.5%. The following is a summary of changes in the rate caps:

In thousands	**2015**
Balance at beginning of period	$ —
Purchases	577
Fair value adjustment included as an (increase) in interest expense	(457)
Balance at end of period, included in other assets	$ 120

Note 11. Disclosure About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and restricted cash: Cash and restricted cash is recorded at cost, which approximates fair value due to its generally short maturity and highly liquid nature.

Finance receivables: Finance receivables are originated at prevailing market rates. The Company's finance receivable portfolio turns approximately 1.5 times per year. The portfolio turnover is calculated by dividing cash payments and renewals by the average finance receivables. Management believes that the carrying value approximates the fair value of its finance receivable portfolio.

Interest rate caps: The fair value of the interest rate caps is the estimated amount the Company would receive to terminate the cap agreements at the reporting date, taking into account current interest rates and the creditworthiness of the counterparty for assets and creditworthiness of the Company for liabilities.

Repossessed assets: Repossessed assets are valued at the lower of the receivable balance on the finance receivable prior to repossession or the estimated net realizable value. The Company estimates net realizable value at the projected cash value upon liquidation, less costs to sell the related collateral.

Long-term debt: The Company's long-term debt is frequently renewed, amended, or recently originated. As a result, the Company believes that the fair value of the variable rate revolving credit facility and the recent fixed-rate amortizing loan approximates its carrying value at December 31, 2015. The Company also considered its creditworthiness in its determination of fair value.

The carrying amount and estimated fair values of the Company's financial instruments summarized by level are as follows:

In thousands	December 31, 2015 Carrying Amount	December 31, 2015 Estimated Fair Value	December 31, 2014 Carrying Amount	December 31, 2014 Estimated Fair Value
Assets				
Level 1 inputs				
Cash	$ 7,654	$ 7,654	$ 4,012	$ 4,012
Restricted cash	10,506	10,506	1,901	1,901
Level 2 inputs				
Interest rate caps	120	120	—	—
Level 3 inputs				
Net finance receivables	590,992	590,992	505,681	505,681
Repossessed assets	307	307	556	556
Liabilities				
Level 3 inputs				
Long-term debt	411,177	411,177	341,419	341,419

Certain of the Company's assets carried at fair value are classified and disclosed in one of the following three categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Company performs an analysis of the assets and liabilities that are carried at fair value. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy:

	Interest Rate Caps			
In thousands	Total	Level 1	Level 2	Level 3
2015	$120	$—	$120	$—
2014	$—	$—	$—	$—

Certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The following table presents the assets carried on the balance sheet by level within the hierarchy as of December 31, 2015 and 2014 for which a nonrecurring change in fair value has been recorded during the years ended December 31, 2015 and 2014:

	Repossessed Assets				
In thousands	Total	Level 1	Level 2	Level 3	Total Losses
2015	$307	$—	$—	$307	$338
2014	$556	$—	$—	$556	$566

Note 12. Income Taxes

The Company and its subsidiaries file a consolidated federal income tax return. The Company files consolidated or separate state income tax returns as permitted by individual states in which it operates.

Income tax expense was $14.8 million, $9.1 million, and $17.5 million for the years ended December 31, 2015, 2014, and 2013, respectively, which differed from the amount computed by applying the federal income tax rate of 35% to total income before income taxes as a result of the following:

In thousands	2015	2014	2013
Federal tax expense at statutory rate	$13,349	$8,379	$16,189
Increase (reduction) in income taxes resulting from:			
State tax, net of federal benefit	1,098	603	1,112
Non-deductible compensation	378	—	—
Other	(51)	155	159
	$14,774	$9,137	$17,460

Income tax expense attributable to total income before income taxes consists of the following for the periods indicated:

In thousands	2015	2014	2013
Current:			
Federal	$13,037	$11,827	$18,297
State and local	1,859	1,859	2,457
	14,896	13,686	20,754
Deferred:			
Federal	(104)	(3,958)	(2,549)
State and local	(18)	(591)	(745)
	(122)	(4,549)	(3,294)
Total	$14,774	$ 9,137	$17,460

Net deferred tax assets and liabilities consist of the following as of the periods indicated:

In thousands	2015	2014
Deferred tax assets:		
Allowance for credit losses	$14,463	$15,620
Share-based compensation	2,241	1,694
Unearned insurance commissions	2,152	1,490
Amortization of intangible assets	661	609
Accrued expenses	475	828
Deferred loan fees	76	134
State net operating loss carryforward	17	69
Other	35	189
Gross deferred tax assets	20,120	20,633
Deferred tax liabilities:		
Fair market value adjustment of finance receivables	13,469	14,403
Deferred loan costs	2,302	2,283
Tax over book depreciation	1,585	1,403
Prepaid expenses	616	518
Other	166	156
Gross deferred tax liabilities	18,138	18,763
Net deferred tax asset	$ 1,982	$ 1,870

The Company's determination of the realization of deferred tax assets is based on its assessment of all available positive and negative evidence. At December 31, 2015, positive evidence supporting the realization of the deferred tax assets includes generation of taxable income for the two prior tax years and reversal of taxable temporary differences. At December 31, 2015, the Company has not identified significant negative evidence related to the realization of its deferred tax assets. At both December 31, 2015 and December 31, 2014, the Company was in a three-year cumulative pre-tax book income position. As noted below, the Company had certain state net operating loss carryforwards at December 31, 2015, and the Company expects to fully utilize these deferred tax assets within the state carryforward periods based on available evidence existing as of the balance sheet date.

Subsequent to the earnings release furnished as Exhibit 99.1 to the Company's Current Report on Form 8-K filed on January 28, 2016, the Company recorded an adjustment to reclassify $2.6 million between current and deferred taxes on the Company's balance sheet as the result of additional work performed on estimating the Company's taxable fair market value of finance receivables. Such reclassification had no impact on previously reported net income or stockholders' equity.

As of December 31, 2015 and 2014, the Company had state net operating loss carryforwards of approximately $0.6 million and $2.5 million, respectively, which will be available to offset future taxable income. If not used, these carryforwards will expire between 2029 and 2034.

At December 31, 2015, the Company did not have any material uncertain tax positions.

Note 13. Earnings Per Share

The following schedule reconciles the computation of basic and diluted earnings per share for the periods indicated:

In thousands, except per share amounts	2015	2014	2013
Numerator:			
Net income	$23,365	$14,802	$28,794
Denominator:			
Weighted average shares outstanding for basic earnings per share	12,849	12,701	12,572
Effect of dilutive securities	225	250	322
Weighted average shares adjusted for dilutive securities	13,074	12,951	12,894
Earnings per share:			
Basic	$ 1.82	$ 1.17	$ 2.29
Diluted	$ 1.79	$ 1.14	$ 2.23

Options to purchase 489 thousand, 478 thousand, and 27 thousand shares of common stock were outstanding during the years ended December 31, 2015, 2014, and 2013, respectively, but were not included in the computation of diluted earnings per share because they were anti-dilutive.

Note 14. Employee Benefit Plans

Retirement savings plan: The Company has a defined contribution employee benefit plan (401(k) plan) covering full-time employees who have at least one year of service. The Company made a matching contribution equal to 100 percent of the first three percent of an employee's gross income and 50 percent of the next two percent of gross income in 2015, 2014, and 2013. For the years ended December 31, 2015, 2014, and 2013, the Company recorded expense for the Company's match of $0.6 million, $0.5 million, and $0.4 million, respectively.

Health insurance plan: The Company has a fully insured health insurance plan where the per-employee cost is fixed for the plan year. Employees pay a portion of the cost and the Company pays the balance. The Company's expense for the years ended December 31, 2015, 2014, and 2013 was $4.6 million, $3.9 million, and $2.7 million, respectively.

Annual incentive plan: The Company maintains an annual incentive plan for executive officers and management team members. The plan establishes five performance metrics with specific weighting factors. Amounts charged to operating expense under the annual incentive plan were $2.3 million, $0.8 million, and $0.6 million for the years ended December 31, 2015, 2014, and 2013, respectively. These annual incentive plan payments are subject to approval by the compensation committee of the Board of Directors (the "Board").

Employment agreements: The Company has employment contracts or letter agreements with certain members of senior management. These contracts and agreements stipulate the payment of salary, bonus, perquisites, and share-based compensation to the affected individuals.

In October 2014, the Company accepted the resignation of the Company's Chief Executive Officer. The resignation was treated as a termination without cause pursuant to the executive's Employment Agreement, dated March 18, 2013. The Company entered into a Separation Agreement with the executive, dated December 11, 2014. The Employment Agreement and the Separation Agreement are attached as Exhibits 10.1 to the Current Reports on Form 8-K, filed with the SEC on March 21, 2013 and December 17, 2014, respectively. The expense related to the Separation Agreement was $1.2 million for the year ended December 31, 2014, which is included in personnel expense on the consolidated income statement.

Note 15. Share-Based Compensation

The Company previously adopted the 2007 Management Incentive Plan (the "2007 Plan") and the 2011 Stock Incentive Plan (the "2011 Plan"). On April 22, 2015, the stockholders of the Company approved the 2015 Long-Term Incentive Plan (the "2015 Plan"). Subject to adjustments as provided in the 2015 Plan, the maximum aggregate number of shares of the Company's common stock that may be issued under the 2015 Plan may not exceed the sum of (i) 350 thousand shares plus (ii) any shares (A) remaining available for the grant of awards as of the effective date under the 2007 Plan or the 2011 Plan, and/or (B) subject to an award granted under the 2007 Plan or the 2011 Plan, which award is forfeited, cancelled, terminated, expires, or lapses. As of the effectiveness of the 2015 Plan, there were 922 thousand shares available for grant under the 2015 Plan, inclusive of shares previously available for grant under the 2007 Plan and the 2011 Plan that were rolled over to the 2015 Plan. No further grants will be made under the 2007 Plan or the 2011 Plan. However, awards that are outstanding under the 2007 Plan and the 2011 Plan will continue in accordance with their respective terms. As of December 31, 2015, there were 561 thousand shares available for grant under the 2015 Plan.

For the years ended December 31, 2015, 2014, and 2013, the Company recorded share-based compensation expense of $3.6 million, $2.3 million, and $1.6 million, respectively. As of December 31, 2015, unrecognized share-based compensation expense to be recognized over future periods approximated $2.5 million. This amount will be recognized as expense over a weighted-average period of 1.8 years. Share-based compensation expenses are recognized on a straight-line basis over the requisite service period of the agreement. All share-based compensation is classified as equity except where otherwise noted.

The Company allows for the settlement of share-based awards on a net share basis. With net share settlement, the employee does not surrender any cash or shares upon the exercise of stock options or the vesting of stock awards or stock units. Rather, the Company withholds the number of shares with a value equivalent to the option exercise price, for stock options, and the minimum statutory tax withholding for all share-based awards. Net share settlements have the effect of reducing the number of shares that would have otherwise been issued as a result of exercise or vesting.

Long-term incentive program: The Company issues nonqualified stock options, performance-contingent restricted stock units ("RSU"), and cash-settled performance units ("CSPU") under a long-term incentive program. Recurring annual grants are at the discretion of the Board and were granted in October 2014 (for the 2014 calendar year) and in April 2015 (for the 2015 calendar year). The grants cliff vest at the end of the third calendar year, subject to continued employment or as otherwise provided in the agreements. The actual value of the RSU and CSPU that may be earned can range from 0% to 150% of target based on the achievement of EBITDA and net income per share performance targets over a three-year period.

Inducement and retention program: From time to time, the Company issues share-based awards in conjunction with employment offers to select new executives and retention grants to select existing employees. The Company issues these awards to attract and retain talent and to provide market competitive compensation. The grants have various vesting terms which include fully-vested awards at the grant date and graded vesting over two- to five-year periods (subject to continued employment or as otherwise provided in the agreements).

Non-employee director compensation program: In October 2013, the Board revised its standard compensation arrangement for its non-employee directors. Effective for annual service years beginning in 2014, the Company awards its non-employee directors a cash retainer and shares of restricted common stock. The restricted stock awards are granted on the fifth business day following the Company's annual meeting of stockholders and fully vest upon the earlier of the first anniversary of the grant date or the completion of the directors' annual service to the Company. The Board revised the compensation arrangement in April 2015 to provide that the equity portion of the compensation program be split evenly between restricted stock awards and nonqualified stock options, with the stock options immediately vested on the grant date.

The following are the terms and amounts of the awards issued under the Company's share-based incentive programs:

Stock options: The exercise price of all stock options is equal to the Company's closing stock price on the date of grant. Stock options granted are subject to various vesting terms which include graded and cliff vesting over two- to five-year vesting periods. In addition, all stock options vest and become exercisable in full under certain circumstances following the occurrence of a change of control (as defined in the option award agreements). Participants who are awarded options must exercise their options within a maximum of ten years of the grant date.

The fair value of option grants are estimated on the grant date using the Black-Scholes option-pricing model with the following weighted-average assumptions for option grants during the periods indicated below.

	2015	2014	2013
Expected volatility	47.15%	42.68%	47.74%
Expected dividends	0.00%	0.00%	0.00%
Expected term (in years)	6.15	6.21	10.00
Risk-free rate	1.62%	1.94%	2.03%

Expected volatility is based on the Company's historical stock price volatility beginning in 2014. Prior years were based on the historic volatility of a publicly traded company in the same industry. The expected term is calculated by using the simplified method (average of the vesting and original contractual terms) due to insufficient historical data. The risk-free rate is based on the zero coupon U.S. Treasury bond rate over the expected term of the awards.

The following table summarizes the stock option activity for the year ended December 31, 2015:

In thousands, except per share amounts	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Options outstanding at January 1, 2015	896	$11.63		
Granted	310	15.25		
Exercised	(145)	6.45		
Forfeited	(17)	15.96		
Expired	—	—		
Options outstanding at December 31, 2015	1,044	$13.36	5.2	$3,129
Options exercisable at December 31, 2015	618	$11.14	3.0	$2,983
Available for grant at December 31, 2015	561			

The following table provides additional stock option information for the periods indicated:

	Year Ended December 31,		
In thousands, except per share amounts	2015	2014	2013
Weighted-average grant date fair value per share	$ 7.13	$ 7.83	$12.09
Intrinsic value of options exercised	$1,524	$ 584	$2,448
Fair value of stock options that vested	$1,207	$1,484	$ 517

Restricted stock units: Compensation expense for restricted stock units is based on the Company's closing stock price on the date of grant and the probability that certain financial goals are achieved over the performance period. Compensation cost is estimated based on expected performance and is adjusted at each reporting period.

The following table summarizes restricted stock unit activity during the year ended December 31, 2015:

In thousands, except per unit amounts	Units	Weighted-Average Grant Date Fair Value Per Unit
Non-vested units, beginning of the year	35	$17.76
Granted	96	14.89
Vested	—	—
Forfeited	(7)	17.76
Non-vested units, at December 31, 2015	124	$15.55

The following table provides additional restricted stock unit information for the periods indicated:

	Year Ended December 31,		
	2015	2014	2013
Weighted-average grant date fair value per unit	$14.89	$17.76	$—

Cash-settled performance units: Cash-settled performance units will be settled in cash at the end of the performance measurement period and are classified as a liability. Compensation cost is estimated based on expected performance and is adjusted at each reporting period.

The following table summarizes cash-settled performance unit activity during the year ended December 31, 2015:

In thousands, except per share amounts	Units	Weighted-Average Grant Date Fair Value Per Unit
Non-vested units, beginning of the year	629	$1.00
Granted	1,419	1.00
Vested	—	—
Forfeited	(125)	1.00
Non-vested units, at December 31, 2015	1,923	$1.00

Restricted stock awards: The fair value and compensation cost of restricted stock is calculated using the Company's closing stock price on the date of grant.

In January 2015, the Company entered into an Employment Agreement with its Chief Executive Officer. Pursuant to the Employment Agreement, the Company granted the executive 99 thousand fully-vested shares of common stock, subject to a holding period requirement, and recognized $1.5 million of expense during the year ended December 31, 2015.

The following table summarizes restricted stock activity during the year ended December 31, 2015:

In thousands, except per share amounts	Shares	Weighted-Average Grant Date Fair Value Per Share
Non-vested shares, beginning of the year	60	$15.91
Granted	120	15.36
Vested	(145)	15.17
Forfeited	(12)	17.76
Non-vested shares, at December 31, 2015	23	$16.74

The following table provides additional restricted stock information.

	Year Ended December 31,		
In thousands, except per share amounts	2015	2014	2013
Weighted-average grant date fair value per share	$15.36	$16.23	$—
Fair value of restricted stock awards that vested	$2,198	$ 224	$—

Note 16. Commitments and Contingencies

On May 30, 2014, a securities class action lawsuit was filed in the United States District Court for the Southern District of New York against the Company and certain of its current and former directors, executive officers, and shareholders (collectively, the "Defendants"). The complaint alleged violations of the Securities Act of 1933 ("1933 Act Claims") and sought unspecified compensatory damages and other relief on behalf of a purported class of purchasers of the Company's common stock in the September 2013 and December 2013 secondary public offerings. On August 25, 2014, Waterford Township Police & Fire Retirement System and City of Roseville Employees' Retirement System were appointed as lead plaintiffs (collectively, the "Plaintiffs"). An amended complaint was filed on November 24, 2014. In addition to the 1933 Act Claims, the amended complaint also added claims for violations of the Securities Exchange Act of 1934 ("1934 Act Claims") seeking unspecified compensatory damages on behalf of a purported class of purchasers of the Company's common stock between May 2, 2013 and October 30, 2014, inclusive. On January 26, 2015, the Defendants filed motions to dismiss the amended complaint in its entirety. In response, the Plaintiffs sought and were granted leave to file an amended complaint. On February 27, 2015, the Plaintiffs filed a second amended complaint. Like the prior amended complaint, the second amended complaint asserts 1933 Act Claims and 1934 Act Claims and seeks unspecified compensatory damages. The Defendants' motions to dismiss the second amended complaint were filed on April 28, 2015, the Plaintiffs' opposition was filed on June 12, 2015, and the Defendants' reply was filed on July 13, 2015. The motions remain under consideration by the Court. The Company believes that the claims against it are without merit and intends to defend against the litigation vigorously.

The Company's primary insurance carrier during the applicable time period has (i) denied coverage for the 1933 Act Claims and (ii) acknowledged coverage of the Company and other insureds for the 1934 Act Claims under a reservation of rights and subject to the terms and conditions of the applicable insurance policy. The parties plan to negotiate an allocation between denied and acknowledged claims.

In the normal course of business, the Company has been named as a defendant in legal actions, including arbitrations, class actions, and other litigation arising in connection with its activities. Some of the actual or threatened legal actions include claims for compensatory and punitive damages or claims for indeterminate amounts of damages. While the Company will continue to identify legal actions where the Company believes a material loss to be reasonably possible and reasonably estimable, there can be no assurance that material losses will not be incurred from claims that the Company has not yet been notified of or are not yet determined to be probable, or reasonably possible and reasonable to estimate.

The Company contests liability and the amount of damages, as appropriate, in each pending matter. Where available information indicates that it is probable that a liability has been incurred and the Company can reasonably estimate the amount of that loss, the Company accrues the estimated loss by a charge to net income. As of December 31, 2015, the Company has accrued $0.5 million for these matters. In many actions, however, it is inherently difficult to determine whether any loss is probable or even reasonably possible or to estimate the amount of loss. In addition, even where a loss is reasonably possible or an exposure to loss exists in excess of the liability already accrued, it is not always possible to reasonably estimate the size of the possible loss or range of loss.

For certain legal actions, the Company cannot reasonably estimate such losses, particularly for actions that are in their early stages of development or where plaintiffs seek indeterminate damages. Numerous issues may need to be resolved, including through lengthy discovery and determination of important factual matters, and by addressing novel or unsettled legal questions relevant to the actions in question, before a loss, additional loss, range of loss, or range of additional loss can be reasonably estimated for any given action.

For certain other legal actions, the Company can estimate reasonably possible losses, additional losses, ranges of loss, or ranges of additional loss in excess of amounts accrued, but the Company does not believe, based on current knowledge and after consultation with counsel, that such losses will have a material adverse effect on the consolidated financial statements.

The Company expenses legal costs as they are incurred.

Note 17. Credit Insurance Products and Reinsurance of Certain Risks

RMC Reinsurance, Ltd. is a wholly-owned insurance subsidiary of the Company. The Company sells optional insurance products to its customers in connection with its lending operations. These optional products include credit life, credit accident and health, credit property insurance, and credit involuntary unemployment insurance. The Company also collects a fee for collateral protection and purchases non-recording insurance in lieu of recording and perfecting the Company's security interest in the assets pledged on certain loans. Insurance premiums are remitted to an unaffiliated company that issues the policy to the customer. This unaffiliated company cedes the premiums to RMC Reinsurance, Ltd. Life insurance premiums are ceded to the Company as written and non-life products are ceded as earned.

The Company maintains a cash reserve for life insurance claims in an amount determined by the ceding company. The cash reserve secures a letter of credit issued by a commercial bank in favor of the ceding company. The ceding company maintains the reserves for non-life claims.

Reinsurance income is accounted for over the period of the underlying reinsured policies using assumptions consistent with the policy terms. Following are total net premiums written and reinsured and total earned premiums for the periods indicated:

In thousands	Net Written Premiums	Earned Premiums
2015	$30,812	$20,257
2014	17,831	17,385
2013	17,260	16,057

RMC Reinsurance, Ltd. is required to maintain cash reserves for a letter of credit against life insurance policies ceded to it, as determined by the ceding company. In September 2015, the letter of credit was increased to $2.9 million in favor of the ceding company. The letter of credit is secured by a cash deposit of $2.9 million. The cash securing the letter of credit is presented in the restricted cash category in the accompanying balance sheets, which totaled $2.9 million and $1.9 million at December 31, 2015 and 2014, respectively.

The Company has a collateral protection collision insurance ("CPI") program. CPI is added to a loan when a customer fails to provide the Company with proof of collision insurance on an automobile securing a loan. The CPI program is administered by an independent third party, which tracks insurance lapses and cancellations and issues a policy when the customer does not provide proof of insurance. The insurance is added to the loan and increases the customers' monthly loan payment. The third party and its insurance partner retain a percentage of the premium and pay all claims. The Company earns a commission for policies issued prior to July 1, 2014. Income is recognized on the constant yield method over the life of the insurance policy, which is generally one year. The Company does not earn a commission on policies issued on and after July 1, 2014.

The Company offers a self-insured Guaranteed Auto Protection ("GAP") coverage to customers in North Carolina and Alabama. A GAP program is a contractual arrangement whereby the Company forgives the remaining balance of the insured customer's automobile purchase loan if the automobile is determined to be a total loss by the primary insurance carrier and insurance proceeds are not sufficient to pay off the customer's loan. The Company recognized $0.1 million, $0.2 million, and $0.2 million of net GAP income for the years ended December 31, 2015, 2014, and 2013, respectively. This revenue is recognized over the life of the loan. Losses are recognized in the period in which they occur.

Note 18. Quarterly Information (unaudited)

The following tables summarize the Company's quarterly financial information for each of the four quarters of 2015 and 2014:

	2015			
In thousands	First	Second	Third	Fourth
Total revenue	$52,524	$53,001	$55,096	$56,685
Provision for credit losses	9,712	12,102	14,085	11,449
General and administrative expenses	32,623	28,243	26,182	28,550
Interest expense	3,604	3,932	4,335	4,350
Income tax	2,502	3,316	3,987	4,969
Net income	$ 4,083	$ 5,408	$ 6,507	$ 7,367
Net income per common share:				
Basic	$ 0.32	$ 0.42	$ 0.51	$ 0.57
Diluted	$ 0.31	$ 0.41	$ 0.50	$ 0.56

In thousands	2014 First	Second	Third	Fourth
Total revenue	$49,581	$47,437	$53,909	$53,792
Provision for credit losses	16,945	13,620	22,542	15,950
General and administrative expenses	19,898	23,198	25,284	28,396
Interest expense	3,763	3,556	3,848	3,780
Income tax	3,365	2,649	838	2,285
Net income	$ 5,610	$ 4,414	$ 1,397	$ 3,381
Net income per common share:				
Basic	$ 0.44	$ 0.35	$ 0.11	$ 0.27
Diluted	$ 0.43	$ 0.34	$ 0.11	$ 0.26

Note 19. Subsequent Events

In February 2016, the Company announced that the Board has authorized the repurchase of up to $25 million of the Company's outstanding shares of common stock. The authorization is effective immediately and extends through December 31, 2017. Stock repurchases under the program may be made in the open market at prevailing market prices, through privately negotiated transactions, or through other structures in accordance with applicable federal securities laws, at times and in amounts as management deems appropriate. The timing and the amount of any common stock repurchases will be determined by the Company's management based on its evaluation of market conditions, the Company's liquidity needs, legal and contractual requirements and restrictions (including covenants in the Company's credit agreements), share price, and other factors. Repurchases of common stock may be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. The repurchase program does not obligate the Company to purchase any particular number of shares and may be suspended, modified, or discontinued at any time without prior notice. The Company intends to fund the program with a combination of cash and debt.

ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.***

Not applicable.

ITEM 9A. ***CONTROLS AND PROCEDURES.***

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2015. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based on the evaluation of our disclosure controls and procedures as of December 31, 2015, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for the preparation, integrity, accuracy, and fair presentation of the Consolidated Financial Statements appearing in this Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The financial statements were prepared in conformity with generally accepted accounting principles in the United States ("GAAP") and include amounts based on judgments and estimates by management.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Consolidated Financial Statements in accordance with GAAP. Our internal control over financial reporting is supported by internal audits, appropriate reviews by management, policies and guidelines, careful selection and training of qualified personnel, and codes of ethics adopted by our company's Board of Directors that are applicable to all directors, officers, and employees of our company.

Because of its inherent limitations, no matter how well designed, internal control over financial reporting may not prevent or detect all misstatements. Internal controls can only provide reasonable assurance with respect to financial statement preparation and presentation. Further, the evaluation of the effectiveness of internal control over financial reporting was made as of a specific date, and continued effectiveness in future periods is subject to the risks that the controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may decline.

Management assessed the effectiveness of the Company's internal control over financial reporting, with the participation of the Company's chief executive officer and chief financial officer, as of December 31, 2015. In conducting this assessment, management used the criteria set forth by the Committee of Sponsoring

Organizations of the Treadway Commission in *Internal Control—Integrated Framework* (2013). Based on our assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2015.

As an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, we are exempt from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002. As a result, RSM US LLP f/k/a McGladrey LLP, our independent registered public accounting firm, has not audited or issued an attestation report with respect to the effectiveness of our internal control over financial reporting as of December 31, 2015.

Changes in Internal Control

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act that occurred during the quarterly period ended December 31, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. *OTHER INFORMATION.*

Not applicable.

PART III

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.*

The information required under this item is incorporated herein by reference to the information presented under the headings "Proposal One: Election of Directors," "Corporate Governance Matters," "Section 16(a) Beneficial Ownership Reporting Compliance," and "Compensation and Other Information Concerning Our Executive Officers and Directors" in the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2015.

Our Board has adopted a Code of Business Conduct and Ethics (the "Code of Ethics") and reviews it at least annually. The Code of Ethics applies to all of our directors, officers, and employees and is posted on the Company's Investor Relations website under the "Corporate Governance" tab at *www.regionalmanagement.com*. A stockholder may request a copy of the Code of Ethics by contacting our Corporate Secretary at 509 West Butler Road, Greenville, South Carolina 29607. To the extent permissible under applicable law, the rules of the SEC, and NYSE listing standards, we intend to disclose on our website any amendment to our Code of Ethics, or any grant of a waiver from a provision of our Code of Ethics, that requires disclosure under applicable law, the rules of the SEC, or NYSE listing standards.

ITEM 11. *EXECUTIVE COMPENSATION.*

The information required under this item is incorporated herein by reference to the information presented under the headings "Corporate Governance Matters" and "Compensation and Other Information Concerning Our Executive Officers and Directors" in the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2015.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.*

The information required under this item is incorporated herein by reference to the information presented under the headings "Security Ownership of Certain Beneficial Owners and Management" and "Compensation and Other Information Concerning Our Executive Officers and Directors" in the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2015.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.*

The information required under this item is incorporated herein by reference to the information presented under the headings "Certain Relationships and Related Person Transactions" and "Corporate Governance Matters" in the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2015.

ITEM 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES.*

The information required under this item is incorporated herein by reference to the information presented under the heading "Proposal Two: Ratification of the Appointment of Our Independent Registered Public Accounting Firm" in the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2015.

PART IV

ITEM 15. ***EXHIBITS, FINANCIAL STATEMENT SCHEDULES.***

(a) The following documents are filed as part of this report:

(1) Financial Statements:

(i) Report of Independent Registered Public Accounting Firm

(ii) Consolidated Balance Sheets at December 31, 2015 and December 31, 2014

(iii) Consolidated Statements of Income for the Years Ended December 31, 2015, December 31, 2014, and December 31, 2013

(iv) Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2015, December 31, 2014, and December 31, 2013

(v) Consolidated Statements of Cash Flows for the Years Ended December 31, 2015, December 31, 2014, and December 31, 2013

(vi) Notes to Consolidated Financial Statements

(2) Financial Statement Schedules: None. Financial statement schedules have been omitted since the required information is included in our consolidated financial statements contained elsewhere in this Annual Report on Form 10-K.

(3) Exhibits: The exhibits listed in the accompanying Exhibit Index are filed as a part of this Annual Report on Form 10-K.

(b) Exhibits: The exhibits listed in the accompanying Exhibit Index are filed as a part of this Annual Report on Form 10-K.

(c) Separate Financial Statements and Schedules: None. Financial statement schedules have been omitted since the required information is included in our consolidated financial statements contained elsewhere in this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Regional Management Corp.
Date: February 23, 2016	/s/ Michael R. Dunn
	By: Michael R. Dunn Its: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael R. Dunn and Donald E. Thomas, and each of them, jointly and severally, as true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution for him and in his name, place, and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all which said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 23, 2016.

/s/ Michael R. Dunn	Name:	Michael R. Dunn
	Title:	Chief Executive Officer and Director (principal executive officer)
/s/ Donald E. Thomas	Name:	Donald E. Thomas
	Title:	Executive Vice President and Chief Financial Officer (principal financial officer and principal accounting officer)
/s/ Alvaro G. de Molina	Name:	Alvaro G. de Molina
	Title:	Chairman of the Board of Directors
/s/ Roel C. Campos	Name:	Roel C. Campos
	Title:	Director
/s/ Steven J. Freiberg	Name:	Steven J. Freiberg
	Title:	Director
/s/ Richard A. Godley	Name:	Richard A. Godley
	Title:	Director
/s/ Peter R. Knitzer	Name:	Peter R. Knitzer
	Title:	Director
/s/ Carlos Palomares	Name:	Carlos Palomares
	Title:	Director

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form	File Number	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of Regional Management Corp.		8-K	001-35477	3.1	4/2/2012
3.2	Amended and Restated Bylaws of Regional Management Corp.		8-K	001-35477	3.2	4/2/2012
10.1	Amended and Restated Shareholders Agreement, dated as of March 27, 2012, among Regional Management Corp., Parallel 2005 Equity Fund, LP, Palladium Equity Partners III, L.P., and the other stockholders party thereto		8-K	001-35477	10.1	4/2/2012
10.2	Fifth Amended and Restated Loan and Security Agreement, dated as of September 18, 2015, by and among Regional Management Corp., Regional Finance Corporation of South Carolina, Regional Finance Corporation of Georgia, Regional Finance Corporation of Texas, Regional Finance Corporation of North Carolina, Regional Finance Corporation of Alabama, Regional Finance Corporation of Tennessee, Regional Finance Company of New Mexico, LLC, Regional Finance Company of Oklahoma, LLC, Regional Finance Company of Missouri, LLC, Regional Finance Company of Georgia, LLC, RMC Financial Services of Florida, LLC, Regional Finance Company of Louisiana, LLC, Regional Finance Company of Mississippi, LLC, Regional Finance Company of Kentucky, LLC, Regional Finance Company of Virginia, LLC, Bank of America, N.A., BMO Harris Financing, First Tennessee Bank National Association, Capital One, N.A., Texas Capital Bank, N.A., Wells Fargo Bank, National Association, Capital Bank, N.A., and Bank of America, N.A., as Agent		8-K	001-35477	10.1	9/21/2015
10.3	Credit Agreement, dated as of December 11, 2015, by and among Regional Management Receivables, LLC, as borrower, Regional Management Corp., as servicer, the lenders from time to time parties thereto, Wells Fargo Securities, LLC, as administrative agent for the lenders, and Wells Fargo Bank, National Association, as account bank, collateral custodian, and backup servicer		8-K	001-35477	10.1	12/14/2015

10.4†	Regional Management Corp. 2007 Management Incentive Plan		S-1/A	333-174245	10.4	6/23/2011
10.5.1†	Regional Management Corp. 2011 Stock Incentive Plan and Forms of Nonqualified Stock Option Agreement		S-1/A	333-174245	10.5	8/4/2011
10.5.2†	Form of Stock Award Agreement under the 2011 Stock Incentive Plan		10-K	001-35477	10.4.2	3/17/2014
10.5.3†	Form of Restricted Stock Award Agreement under the 2011 Stock Incentive Plan (form for director grants)		10-K	001-35477	10.4.3	3/17/2014
10.5.4†	Form of Nonqualified Stock Option Agreement under the 2011 Stock Incentive Plan (form for grants on or after October 1, 2014)		8-K	001-35477	10.1	10/7/2014
10.5.5†	Form of Performance-Contingent Restricted Stock Unit Award Agreement under the 2011 Stock Incentive Plan		8-K	001-35477	10.2	10/7/2014
10.5.6†	Form of Cash-Settled Performance Share Award Agreement under the 2011 Stock Incentive Plan		8-K	001-35477	10.3	10/7/2014
10.5.7†	Form of Restricted Stock Award Agreement under the 2011 Stock Incentive Plan (form for employee grants)		8-K	001-35477	10.4	10/7/2014
10.6.1†	Regional Management Corp. 2015 Long-Term Incentive Plan		8-K	001-35477	10.1	4/28/2015
10.6.2†	Form of Nonqualified Stock Option Agreement under the 2015 Long-Term Incentive Plan		8-K	001-35477	10.3	4/28/2015
10.6.3†	Form of Performance-Contingent Restricted Stock Unit Award Agreement under the 2015 Long-Term Incentive Plan		8-K	001-35477	10.4	4/28/2015
10.6.4†	Form of Cash-Settled Performance Unit Award Agreement under the 2015 Long-Term Incentive Plan		8-K	001-35477	10.5	4/28/2015
10.6.5†	Form of Restricted Stock Award Agreement under the 2015 Long-Term Incentive Plan		8-K	001-35477	10.6	4/28/2015
10.6.6†	Form of Stock Award Agreement under the 2015 Long-Term Incentive Plan		8-K	001-35477	10.7	4/28/2015
10.7†	Regional Management Corp. Annual Incentive Plan (as amended and restated effective March 23, 2015)		8-K	001-35477	10.2	4/28/2015
10.8†	Description of Non-Employee Director Compensation Program	X				

10.9†	Separation Agreement, dated as of December 11, 2014, between Thomas F. Fortin and Regional Management Corp.	8-K	001-35477	10.1	12/17/2014
10.10†	Employment Agreement, dated as of January 12, 2015, between Michael R. Dunn and Regional Management Corp.	8-K	001-35477	10.1	1/14/2015
10.11†	Employment Agreement, dated as of September 19, 2014, between Jody L. Anderson and Regional Management Corp.	8-K	001-35477	10.1	9/25/2014
10.12.1†	Letter Agreement, dated as of December 12, 2012, between Regional Management Corp. and Donald E. Thomas	8-K	001-35477	10.1	12/18/2012
10.12.2†	Amendment to Employment Offer Letter, dated as of October 1, 2014, between Regional Management Corp. and Donald E. Thomas	8-K	001-35477	10.5	10/7/2014
10.13†	Letter Agreement, dated as of January 5, 2015, between Regional Management Corp. and Daniel J. Taggart	10-K	001-35477	10.12	3/16/2015
10.14†	Letter Agreement, dated as of December 12, 2012, between Regional Management Corp. and Brian J. Fisher	10-K	001-35477	10.11	3/18/2013
10.15†	Option Award Agreement, dated as of October 11, 2007, between Regional Management Corp. and C. Glynn Quattlebaum	S-1/A	333-174245	10.10	6/23/2011
10.16†	Option Award Agreement, dated as of February 26, 2008, between Regional Management Corp. and Thomas F. Fortin	S-1/A	333-174245	10.8	6/23/2011
10.17†	Form of Retention Award Agreement	8-K	001-35477	10.1	3/13/2015
10.18†	Separation Agreement between A. Michelle Masters and Regional Management Corp., dated May 27, 2015	8-K	001-35477	10.1	6/2/2015
10.19.1#	On-Line Computer Service Agreement, dated October 25, 2013, by and between DHI Computing Service, Inc. d/b/a GOLDPoint Systems and Regional Management Corp.	8-K	001-35477	10.1	10/30/2013
10.19.2	Termination Agreement and Mutual Release, dated April 2, 2015, by and between DHI Computing Service, Inc. d/b/a GOLDPoint Systems and Regional Management Corp.	8-K	001-35477	10.1	4/6/2015

21.1	Subsidiaries of Regional Management Corp.	X
23.1	Consent of RSM US LLP	X
31.1	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Executive Officer	X
31.2	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Financial Officer	X
32	Section 1350 Certifications	X
101	The following materials from our Annual Report on Form 10-K for the year ended December 31, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets as of December 31, 2015 and December 31, 2014, (ii) the Consolidated Statements of Income for the years ended December 31, 2015, December 31, 2014, and December 31, 2013, (iii) the Consolidated Statements of Stockholders' Equity for the years ended December 31, 2015, December 31, 2014, and December 31, 2013, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2015, December 31, 2014, and December 31, 2013, and (v) the Notes to the Consolidated Financial Statements, tagged as blocks of text	X

† Indicates a management contract or a compensatory plan, contract, or arrangement.

Confidential treatment has been granted with respect to certain portions of this Exhibit, which portions have been omitted and filed separately with the Securities and Exchange Commission as part of an application for confidential treatment.

Notice of 2016 Annual Meeting
and Proxy Statement

Regional Management Corp.

March 30, 2016

Dear Stockholders:

You are cordially invited to attend the 2016 Annual Meeting of Stockholders (the "Annual Meeting") of Regional Management Corp. ("Regional" or the "Company"), which will be held on Wednesday, April 27, 2016, at 11:00 a.m. local time, at The Westin Poinsett, 120 South Main Street, Greenville, SC 29601.

During the Annual Meeting, we will discuss each item of business described in the Notice of Annual Meeting of Stockholders and Proxy Statement, which we will begin mailing to stockholders on or about March 31, 2016. At the Annual Meeting, stockholders will be asked to:

(i) Elect seven nominees for director to serve until the next annual meeting of stockholders or until their successors are elected and qualified; and

(ii) Ratify the appointment of RSM US LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016.

The Company's Board of Directors unanimously recommends that you vote "FOR" the election of the director nominees and "FOR" the appointment of RSM US LLP as the Company's independent registered public accounting firm.

Your vote is important to us. If you do not intend to be present at the Annual Meeting, we ask that you vote your shares by signing, dating, and returning the accompanying proxy card promptly so that your shares of common stock may be represented and voted at the Annual Meeting. Additional instructions regarding the different voting options that we provide are contained on the accompanying proxy card and on page 5 of the accompanying proxy statement. It is important that your shares of common stock be represented at the Annual Meeting so that a quorum may be established. Even if you plan to attend the Annual Meeting in person, please read the proxy materials carefully and then vote your shares by signing, dating, and returning the accompanying proxy card. If you attend the Annual Meeting, you may revoke your proxy and vote your shares in person.

We make available free of charge at our Investor Relations website, *www.regionalmanagement.com*, a variety of information for investors. Our goal is to maintain the Investor Relations website as a portal through which investors can easily find or navigate to pertinent information about us.

On behalf of the Board of Directors of the Company, thank you for your continued support and ownership of Regional Management Corp. common stock.

Sincerely,

Michael R Dunn

Michael R. Dunn
Chief Executive Officer, Director

REGIONAL MANAGEMENT CORP.
509 West Butler Road
Greenville, South Carolina 29607
(864) 422-8011

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on April 27, 2016

To the Stockholders of Regional Management Corp.:

We hereby give notice that the Annual Meeting of Stockholders (the "Annual Meeting") of Regional Management Corp. ("Regional" or the "Company") will be held on Wednesday, April 27, 2016, at 11:00 a.m. local time, at The Westin Poinsett, 120 South Main Street, Greenville, SC 29601, for the following purposes:

(1) To elect the seven nominees named in the accompanying Proxy Statement to serve as members of our Board of Directors until the next annual meeting of stockholders or until their successors are elected and qualified;

(2) To ratify the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016; and

(3) To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Only stockholders whose names appear of record on our books at the close of business on March 4, 2016, will be entitled to notice of and to vote at the Annual Meeting or at any adjournments thereof.

You are cordially invited to attend the Annual Meeting. Your vote is important. Whether or not you plan to attend the Annual Meeting in person, you are urged to cast your vote promptly. If you attend the Annual Meeting, you may revoke your proxy and vote your shares in person. For specific instructions regarding how to vote, please see the accompanying proxy materials.

By Order of the Board of Directors

Brian J. Fisher
Vice President, General Counsel, and Secretary

Greenville, South Carolina
March 30, 2016

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON APRIL 27, 2016: THE PROXY STATEMENT AND THE COMPANY'S ANNUAL REPORT ON FORM 10-K ARE AVAILABLE AT *https://materials.proxyvote.com/75902K*.

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE, AND SIGN THE ENCLOSED PROXY CARD, AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE IN ORDER TO ASSURE REPRESENTATION OF YOUR SHARES. NO POSTAGE NEED BE AFFIXED IF THE PROXY CARD IS MAILED IN THE UNITED STATES.

IN ACCORDANCE WITH OUR SECURITY PROCEDURES, ALL PERSONS ATTENDING THE ANNUAL MEETING WILL BE REQUIRED TO PRESENT PICTURE IDENTIFICATION.

REGIONAL MANAGEMENT CORP.

PROXY STATEMENT ON SCHEDULE 14A
2016 Annual Meeting of Stockholders

TABLE OF CONTENTS

REGIONAL MANAGEMENT CORP.
509 West Butler Road
Greenville, South Carolina 29607
(864) 422-8011

PROXY STATEMENT

For the Annual Meeting of Stockholders to Be Held on April 27, 2016

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on April 27, 2016:

The Notice of Annual Meeting of Stockholders, Proxy Statement, and Annual Report on Form 10-K are available at *https://materials.proxyvote.com/75902K* and on the Investor Relations website of Regional Management Corp. at *www.regionalmanagement.com*.

March 30, 2016

2016 PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider. You should read the entire Proxy Statement carefully before voting.

Annual Meeting of Stockholders

Date:	Wednesday, April 27, 2016
Time:	11:00 a.m. local time
Place:	The Westin Poinsett, 120 South Main Street, Greenville, SC 29601
Record Date:	March 4, 2016
Voting:	Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for the auditor ratification proposal. Stockholders may vote in person or by proxy. Instructions as to how you may cast your vote by proxy are found on the accompanying proxy card and are set forth in the Proxy Statement under "General Information – How do I vote?".
Proxy Materials:	The Proxy Statement and the accompanying proxy card are first being sent on or about March 31, 2016, to the stockholders of Regional Management Corp.

Meeting Agenda

Proposal	Board Vote Recommendation	Page Reference (for more detail)
Election of seven directors	FOR ALL	6
Ratification of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016	FOR	9
Transact other business as may properly come before the meeting		

Election of Director Nominees

The following table provides summary information about each director nominee. The nominees receiving a plurality of the votes cast at the meeting will be elected as directors.

Name	Age	Director Since	Experience/Qualification	Independent	Committees AC	Committees CC	Committees CGN
Alvaro G. de Molina	58	2012	Leadership, Corporate Finance, Accounting Expertise, Credit Risk	X	X		X
Roel C. Campos	67	2012	Leadership, Corporate Governance, Securities Compliance, Regulatory	X	X		C
Michael R. Dunn	64	2014	Leadership, Industry, Corporate Finance, Accounting Expertise, Credit Risk				
Steven J. Freiberg	59	2014	Leadership, Industry, Corporate Finance, Accounting Expertise, Credit Risk	X	X	C	
Richard A. Godley	67	1987	Leadership, Industry				
Peter R. Knitzer	57	2015	Leadership, Industry, Corporate Finance, Marketing Expertise, Credit Risk	X		X	X
Carlos Palomares	71	2012	Leadership, Industry, Corporate Finance, Accounting Expertise, Credit Risk	X	C	X	

AC = Audit Committee | CC = Compensation Committee | CGN = Corporate Governance and Nominating Committee | C = Committee Chairman

Ratification of Independent Registered Public Accounting Firm

As a matter of good corporate governance, we are asking our stockholders to ratify the selection of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.

2015 Compensation-Related Highlights

- ✓ **Continued to align executive pay with company performance**:
  - o **2015 incentives are largely performance-contingent**, with long-term incentive awards roughly two-thirds performance-contingent and short-term incentive awards entirely performance-contingent.
  - o **Performance goals are rigorous** and are based on objective, quantitative criteria.
- ✓ **Maintained competitive compensation and incentive program target opportunities** for executives to continue to align their overall compensation with the market for executive talent.
- ✓ **Set our short-term incentive payout opportunities** to provide higher upside if performance goals are achieved, while maintaining low downside if goals are not achieved.
- ✓ **Granted long-term incentives** to named executive officers and other key contributors, which include a significant portion that is contingent upon the achievement of rigorous and clearly-defined performance measures.
- ✓ **Deployed a key employee retention program** designed to incentivize and retain key members of senior management.

Compensation Program "Best Practices" Summary

- ✓ Compensation program designed to closely align pay with performance
- ✓ Significant share ownership guidelines for executives (5x base salary for CEO, 2x for other executive officers)
- ✓ Significant share ownership guidelines for directors (3x annual cash retainer)
- ✓ Significant portion of compensation is variable and/or performance-based
- ✓ No excessive perquisites
- ✓ Formalized clawback policy
- ✓ Double-trigger change-in-control provisions
- ✓ Prohibition against hedging and pledging
- ✓ No re-pricing of equity incentive awards
- ✓ Independent Compensation Committee
- ✓ Independent compensation consultant

Fiscal 2015 Compensation Summary

The following table sets forth the cash and other compensation that we paid to our executive officers or that was otherwise earned by our executive officers for their services in all employment capacities during 2015. See the Summary Compensation Table of the Proxy Statement for additional information.

Name and Principal Position	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
Michael R. Dunn, Chief Executive Officer	500,000	—	1,999,985	572,951	448,669	44,165	3,565,770
Jody L. Anderson, President and Chief Operating Officer	325,000	—	199,995	63,473	291,635	76,017	956,120
Donald E. Thomas, Executive Vice President and Chief Financial Officer	321,391	—	160,687	397,810	288,396	24,400	1,192,684
Daniel J. Taggart, Senior Vice President and Chief Risk Officer	296,712	—	99,990	99,993	266,251	—	762,946
Brian J. Fisher, Vice President, General Counsel, and Secretary	220,000	6,250	91,657	175,563	118,449	9,999	621,918

2017 Annual Meeting of Stockholders

- Stockholder proposals submitted pursuant to SEC Rule 14a-8 must be received by us no later than December 1, 2016.
- Notice of stockholder proposals outside of SEC Rule 14a-8 must be delivered to us not earlier than December 28, 2016 and not later than January 27, 2017.

GENERAL INFORMATION

This proxy statement (the "Proxy Statement") and the accompanying proxy card are first being sent on or about March 31, 2016, to the stockholders of Regional Management Corp., a Delaware corporation ("Regional," the "Company," "we," "us," and "our"), in connection with the solicitation of proxies by our Board of Directors (the "Board") for use at the Annual Meeting of Stockholders (the "Annual Meeting") to be held on April 27, 2016, at The Westin Poinsett, 120 South Main Street, Greenville, SC 29601, at 11:00 a.m. local time and any postponement or adjournment thereof. Our Annual Report on Form 10-K, containing financial statements for the fiscal year ended December 31, 2015, is being mailed together with this Proxy Statement to all stockholders entitled to vote at the Annual Meeting.

Why did I receive a proxy card?

As a stockholder of record on March 4, 2016, you are entitled to vote at our Annual Meeting. The accompanying proxy card is for use at the Annual Meeting if a stockholder either will be unable to attend in person or will attend but wishes to vote by proxy in advance of the Annual Meeting. Instructions as to how you may cast your vote by proxy are found on the proxy card.

The proxy card is solicited by mail by and on behalf of the Company's Board, and the cost of soliciting proxies will be borne by the Company. In addition to use of the mails, proxies may be solicited in person, by telephone, or via the Internet by the Company's directors and officers who will not receive additional compensation for such services. The Company will request banks, brokerage houses, and other institutions, nominees, and fiduciaries to forward the soliciting material to beneficial owners and to obtain authorization for the execution of proxies. The Company will, upon request, reimburse these parties for their reasonable expenses in forwarding proxy materials to our beneficial owners.

What is the purpose of the Annual Meeting?

The purposes of the Annual Meeting are:

(i) to elect the seven nominees named in the Proxy Statement to serve as members of the Board until the next annual meeting of stockholders or until their successors are elected and qualified;

(ii) to ratify the appointment of RSM US LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016; and

(iii) to transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Who is entitled to vote?

Only stockholders of record at the close of business on March 4, 2016 (the "Record Date"), will be entitled to receive notice of and to vote at the Annual Meeting. As of the Record Date, 12,666,492 shares of common stock, $0.10 par value per share, of the Company were issued and outstanding. The holders of common stock are entitled to one vote per share on any proposal presented at the Annual Meeting.

Brokers that are members of certain securities exchanges and that hold shares of the Company's common stock in "street name" on behalf of beneficial owners have authority to vote on certain items when they have not received instructions from beneficial owners. Under the NYSE rules and regulations governing such brokers, the proposal to ratify the appointment of RSM US LLP as the Company's independent registered public accounting firm is considered a "discretionary" item. This means that brokers may vote in their discretion on this proposal on behalf of beneficial owners who have not furnished voting instructions. In contrast, certain items are considered "non-discretionary," and a "broker non-vote" occurs when a broker or other nominee holding shares for a beneficial owner votes on one proposal but does not vote on another proposal because, with respect to such other proposal, the nominee does not have discretionary voting power and has not received instructions from the beneficial owner. The proposal regarding the election of directors is considered "non-discretionary," and therefore, for such proposal, brokers cannot vote your shares when they do not receive voting instructions from you.

What constitutes a quorum?

As of the Record Date, there were 12,666,492 shares of common stock, $0.10 par value per share, of the Company issued and outstanding, with each share entitled to one vote. The representation in person or by proxy of at least a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of business. Votes withheld from any nominee, abstentions, and "broker non-votes" are counted as present or represented for purposes of determining the presence or absence of a quorum for the Annual Meeting.

How do I vote?

Stockholders may vote in person or by proxy. Instructions as to how you may cast your vote by proxy are set forth below and are found on the accompanying proxy card.

- ✓ **Vote in Person:** If you attend the Annual Meeting, you may vote in person even if you have previously returned your proxy card.
- ✓ **Vote by Internet (www.proxyvote.com):** Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the website, and follow the instructions to obtain your records and to create an electronic voting instruction form.
- ✓ **Vote by Mail:** Mark, sign, and date your proxy card and promptly return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

Will other matters be voted on at the Annual Meeting?

Aside from the election of directors and the ratification of the appointment of the independent registered public accounting firm, the Board knows of no other matters to be presented at the Annual Meeting. If any other matter should be presented at the Annual Meeting upon which a vote properly may be taken, shares represented by all proxies received by the Board will be voted with respect thereto in accordance with the best judgment of the persons named as proxy holders and attorneys-in-fact in the proxies.

May I revoke my proxy instructions?

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing with the Corporate Secretary of the Company, before the taking of the vote at the Annual Meeting, a written notice of revocation bearing a later date than the proxy; (ii) duly completing a later-dated proxy card relating to the same shares and delivering it to the Corporate Secretary of the Company before the taking of the vote at the Annual Meeting; or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). Any written notice of revocation or subsequent proxy should be sent so as to be delivered to Regional Management Corp., 509 West Butler Road, Greenville, SC 29607, Attention: Corporate Secretary, before the taking of the vote at the Annual Meeting.

How many votes are required to approve each proposal?

With respect to the election of the seven nominees named in the Proxy Statement to serve as members of the Board until the next annual meeting of stockholders or until their successors are elected and qualified, the seven nominees receiving the highest number of affirmative votes of the shares present or represented and entitled to vote at the Annual Meeting shall be elected as directors. With respect to the ratification of the appointment of RSM US LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016, an affirmative vote of a majority of the shares present, in person or represented by proxy, and voting on such matter is required for approval. Abstentions are included in the number of shares present or represented and voting on each matter. "Broker non-votes" are not considered voted for the particular matter and have the effect of reducing the number of affirmative votes required to achieve a majority for such matter by reducing the total number of shares from which the majority is calculated.

The persons named as proxy holders and attorneys-in-fact in the proxy card, Michael R. Dunn and Brian J. Fisher, were selected by the Board and are officers of the Company. All properly executed proxies returned in time to be counted at the Annual Meeting will be voted by such persons at the Annual Meeting. Where a choice has been specified on the proxy with respect to the foregoing matters, the shares represented by the proxy will be voted in accordance with the specifications. If no such specifications are indicated, such proxies will be voted "FOR" the election of the director nominees and "FOR" the ratification of the appointment of our independent registered public accounting firm.

How can I correspond directly with Regional Management Corp.?

The address of our principal executive office is 509 West Butler Road, Greenville, South Carolina 29607, and our telephone number is (864) 422-8011.

PROPOSAL ONE
—
ELECTION OF DIRECTORS

Our Amended and Restated Bylaws (the "Bylaws") currently provide that the number of directors of the Company shall be fixed from time to time by resolution adopted by the Board. There are presently seven directors.

The Corporate Governance and Nominating Committee (the "Nominating Committee") of our Board evaluates the size and composition of the Board on at least an annual basis. In connection therewith, the Nominating Committee has nominated and recommends for election as directors the seven nominees set forth below. Each nominee presently serves as a director. Directors shall be elected to serve until the next annual meeting of stockholders or until their successors are elected and qualified or until their earlier resignation, removal, or death.

A candidate for election as a director is nominated to stand for election based on his or her professional experience, recognized achievements in his or her respective fields, an ability to contribute to some aspect of our business, and the willingness to make the commitment of time and effort required of a director. Each of the below-listed nominees has been identified as possessing an appropriate diversity of background and experience, good judgment, deep knowledge of our industry, strength of character, and an independent mind, as well as a reputation for integrity and high personal and professional ethics. Each nominee also brings a strong and unique background and set of skills to the Board, giving the Board, as a whole, competence and experience in a wide variety of areas.

In selecting this slate of nominees for 2016, the Nominating Committee specifically considered the background, business experience, and certain other information with respect to each of the nominees as set forth below, along with the familiarity of the nominees with our business and prospects, which has been developed as a result of their service on our Board. The Nominating Committee believes that such familiarity will be helpful in addressing the opportunities and challenges that we face in the current business environment.

Each of the seven nominees has consented to being named in this Proxy Statement and to serve as a director, if elected. In the event that any nominee withdraws, or for any reason is unable to serve as a director, the proxies will be voted for such other person as may be designated by the Nominating Committee as a substitute nominee, but in no event will proxies be voted for more than seven nominees. The Nominating Committee has no reason to believe that any nominee will not continue to be a candidate or will not serve if elected.

The following is a brief description of the background, business experience, skills, qualifications, attributes, and certain other information with respect to each of the nominees for election to the Board:

Alvaro G. de Molina

Mr. de Molina (age 58) has been a director of Regional since March 2012. Until 2009, Mr. de Molina was the Chief Executive Officer of GMAC LLC, which he originally joined as Chief Operating Officer in 2007. Since departing GMAC LLC, Mr. de Molina has been a private investor. He joined Cerberus Capital Management for a period during 2007 where he worked with the operations group, following a 17-year career at Bank of America, where he most recently served as its Chief Financial Officer from 2005 until 2007. During his tenure at Bank of America, Mr. de Molina also served as Chief Executive Officer of Banc of America Securities, President of Global Capital Markets and Investment Banking, head of Market Risk Management, and Corporate Treasurer. Previously, he also served in key roles at JPMorgan Chase Bank, N.A., Becton, Dickinson and Company, and PriceWaterhouse LLP (now PricewaterhouseCoopers LLP). In September 2012, Mr. de Molina was appointed to the board of directors of Walter Investment Management Corp., a publicly-held entity which is an asset manager, mortgage servicer, and mortgage portfolio owner specializing in less-than-prime, non-conforming, and other credit-challenged mortgage assets. He holds a B.S. degree in Accounting from Fairleigh Dickinson University and an M.B.A. degree from Rutgers Business School and is a graduate of the Duke University Advanced Management Program.

Mr. de Molina brings to the Board his extensive financial background and accounting expertise, and his significant experience with public and private financial services companies.

Roel C. Campos

Mr. Campos (age 67) has served as a director of Regional since March 2012. He has been a partner with the law firm of Hughes Hubbard & Reed LLP since February 2016, where he practices in the areas of securities regulation, corporate governance, and securities enforcement and serves as Chair of the firm's Securities Enforcement Practice. Prior to joining Hughes Hubbard & Reed LLP, Mr. Campos was a partner with Locke Lord LLP (April 2011 to February 2016) and Cooley LLP (September 2007 to April 2011). Prior to that, he received a presidential appointment and served as a Commissioner of the Securities and Exchange Commission ("SEC") from 2002 to 2007. Prior to serving with the SEC, Mr. Campos was a founding partner of a Houston-based radio broadcaster. Earlier in his career, he practiced corporate law and served as a federal prosecutor in Los Angeles, California. In January 2013, Mr. Campos was appointed to the board of directors of WellCare Health Plans, Inc., a publicly-held entity which provides managed care services targeted to government-sponsored health care programs. Mr. Campos also is a trustee for Managed Portfolio Series, an open-end mutual fund registered with the SEC under the Investment Company Act. He is also a director of Paulson International Ltd., a privately-held, Cayman-based hedge fund; a director of a private registered broker-dealer, Liquidnet Holdings, Inc.; and a member of the Advisory Board of Balyasny Asset Management L.P., a registered investment advisory fund. Mr. Campos also serves on the Advisory Board for the Public Company Accounting Oversight Board and serves on various non-profit boards. From 2008 to 2013, Mr. Campos served by selection of President Barack Obama on the President's citizen Presidential Intelligence Advisory Board. Mr. Campos earned a B.S. degree from the United States Air Force Academy, an M.B.A. degree from the University of California, Los Angeles, and a J.D. degree from Harvard Law School.

Mr. Campos brings to the Board his extensive financial background and experience in working with financial services companies, his experience with the SEC, his expertise in corporate governance and securities regulation, and his significant experience with public companies across a variety of industries.

Michael R. Dunn

Mr. Dunn (age 64) was appointed Chief Executive Officer of Regional in October 2014 and has been a director of Regional since July 2014. Prior to joining Regional, Mr. Dunn was a partner at the private equity firm of Brysam Global Partners, a specialized firm focusing on investment in international banking and consumer lending companies, from 2007 through 2013. Mr. Dunn served as a board or alternate board member for all of Brysam's portfolio companies. Prior to that, Mr. Dunn was with Citigroup for over 30 years, where he was the Chief Financial Officer of the Global Consumer Group from 1996 through 2007, adding the title of Chief Operating Officer of the Group in 2005. He was also a member of the Citigroup Management and Operating Committees. Mr. Dunn previously served on the boards of Banamex, a wholly-owned Mexican bank subsidiary of Citigroup, and on the U.S.-based Student Loan Corporation, of which Citigroup owned a majority interest. He holds a Bachelor of Science degree from New York University and attended the University of Michigan Executive Program. He is a Certified Public Accountant in New York State.

Mr. Dunn brings to the Board his extensive financial background and his significant experience in leadership roles with public and private financial services companies.

Steven J. Freiberg

Mr. Freiberg (age 59) has been a director of Regional since July 2014, and has been a Senior Advisor to The Boston Consulting Group since December 2012. Previously, Mr. Freiberg served as a director and the Chief Executive Officer of E*TRADE Financial Corporation from April 2010 until August 2012. Prior to joining E*TRADE, Mr. Freiberg spent 30 years at Citigroup and its predecessor companies and affiliates. Among his notable roles at Citigroup, Mr. Freiberg served as Co-Chairman/Chief Executive Officer of Citigroup's Global Consumer Group, Chairman and Chief Executive Officer of Citi Cards—Citigroup's leading global credit card business—and Chairman and Chief Executive Officer of Citigroup's North American Investment Products Division. Additionally, he was a member of Citigroup's Executive, Management, and Operating

Committees, and he served on the board of directors of several of Citigroup's affiliates, including Citibank N.A., Citicorp Credit Services Inc., Citicorp Investment Services, Citicorp Insurance Group, Citibank Trust N.A., Citibank FSB, and the Citigroup Foundation. Mr. Freiberg has served on the board of directors of MasterCard Incorporated, a publicly-traded multinational financial services corporation, since September 2006 and currently chairs its audit committee. He also served on the former U.S. region board of MasterCard from January 2001 until May 2006 and served as Chairman of MasterCard's United States region board from 2004 until May 2006.

Mr. Freiberg brings to the Board his extensive financial background and his significant experience in leadership roles with public financial services companies.

Richard A. Godley

Mr. Godley (age 67) has been a director of Regional since its inception in 1987 and is its founder. He previously served as President and Chief Executive Officer of Regional from 1987 until January 2006 and served as Chairman of the Board from January 2006 until March 2007. Prior to founding Regional, Mr. Godley served as Senior Vice President of World Acceptance Corporation. Mr. Godley is a veteran of the U.S. Army and served in Vietnam from 1968 to 1969.

Mr. Godley brings to the Board his long standing experience with the Company as its founder.

Peter R. Knitzer

Mr. Knitzer (age 57) has been a director of Regional since July 2015 and has been an advisor to financial services companies since 2013. Previously, Mr. Knitzer served as Executive Vice President and head of the Payments group at CIBC and President and Director at E*TRADE Bank. Prior to joining E*TRADE, Mr. Knitzer spent 14 years at Citigroup in various senior roles, including Chairman & Chief Executive Officer of Citibank North America—a top 10 retail and commercial bank—Business Head, Cross-Sell Customer Management for all Citigroup businesses, and EVP/Managing Director of Citi Cards, Citigroup's leading global credit card business. Mr. Knitzer has also previously held senior marketing positions at Chase Manhattan Bank, American Express, and Nabisco Brands. He received his M.B.A. in marketing and finance from Columbia University Graduate School of Business and his B.A. in political science from Brown University. Mr. Knitzer has also served as a Director for Habitat for Humanity from 2008 to 2014, including Board Chair from 2011 to 2013. He currently serves on the Advisory Board of Columbia University Business School's Lang Center for Entrepreneurship.

Mr. Knitzer brings to the Board his extensive financial background, marketing expertise, and experience in leadership roles with public and private financial services companies.

Carlos Palomares

Mr. Palomares (age 71) has been a director of Regional since March 2012. Since 2007, Mr. Palomares has been President and Chief Executive Officer of SMC Resources, a consulting practice that advises senior executives on business and marketing strategy. From 2001 to 2007, Mr. Palomares was Senior Vice President at Capital One Financial Corp., and he was Chief Operating Officer of Capital One Federal Savings Bank banking unit from 2004 to 2007. Prior to joining Capital One, Mr. Palomares held a number of senior positions with Citigroup Inc. and its affiliates, including Chief Operating Officer of Citibank Latin America Consumer Bank from 1998 to 2001, Chief Financial Officer of Citibank North America Consumer Bank from 1997 to 1998, Chairman and CEO of Citibank Italia from 1990 to 1992, and President and CEO of Citibank FSB Florida from 1992 to 1997. Mr. Palomares serves on the Boards of Directors of Pan American Life Insurance Group, Inc. and the Coral Gables Trust Company. Mr. Palomares earned a B.S. degree in Quantitative Analysis from New York University.

Mr. Palomares brings to the Board his extensive financial background and his significant experience in leadership roles with public financial services companies.

There are no family relationships among any of our directors or executive officers.

The Board of Directors unanimously recommends a vote "FOR" the election of each of the nominees listed above.

PROPOSAL TWO

—

RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

RSM US LLP (formerly known as McGladrey LLP) has served as our independent registered public accounting firm since 2007. Upon the recommendation of the Audit Committee of the Board, the Board has selected RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016. The Audit Committee and the Board recommend that the stockholders ratify the appointment of RSM US LLP as our independent registered public accounting firm for fiscal 2016.

A representative of RSM US LLP plans to be present at the Annual Meeting, will have the opportunity to make a statement, and will be available to respond to appropriate questions. Although ratification is not required, the Board is submitting the appointment of RSM US LLP to the stockholders for ratification as a matter of good corporate governance. In the event the stockholders fail to ratify the appointment, the Audit Committee will consider whether to appoint another independent registered public accounting firm.

The following table sets forth the aggregate fees billed to us by our independent registered public accounting firm, RSM US LLP, during the fiscal years ended December 31, 2015 and 2014.

	Year Ended December 31, 2015	Year Ended December 31, 2014
Audit Fees	$ 468,993	$ 423,322
Audit-Related Fees	$ 78,383	$ 38,249
Tax Fees	$ 190,790	$ 169,300
All Other Fees	$ —	$ 8,620
Total	$ 738,166	$ 639,491

In the above table, in accordance with applicable SEC rules:

- "Audit Fees" are fees billed for professional services rendered by the independent registered public accounting firm for the audit of our annual consolidated financial statements, review of consolidated financial statements included in our Forms 10-Q, and services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements. The amount of Audit Fees for 2014 disclosed in the table above differs from that reported in our previous proxy statement due to an invoice received after the filing of our previous proxy statement and the reclassification of certain expenses from "All Other Fees" to "Audit Fees".
- "Audit-Related Fees" are fees billed for assurance and related services performed by the independent registered public accounting firm that are reasonably related to the performance of the audit or review of our financial statements that are not reported above under "Audit Fees." The Audit-Related Fees incurred in 2015 include fees billed for services performed by the independent registered public accounting firm in relation to our sale of charged-off receivables and the accounting treatment and annual procedures relating to the securitization of receivables.
- "Tax Fees" are fees billed for professional services rendered by the independent registered public accounting firm for tax compliance, tax advice, and tax planning. In 2014, these fees were for services performed for the filing of our 2013 tax returns and estimated payments for 2014. In 2015, these fees were for services performed for the filing of our 2014 tax returns and estimated payments for 2015.
- "All Other Fees" represent fees billed for ancillary professional services that are not reported above under "Audit Fees" or "Audit Related Fees," such as information technology vendor internal control evaluation, review of earnings per share calculations, and other professional advice.

It is the policy of the Audit Committee to pre-approve all audit and permitted non-audit services proposed to be performed by our independent registered public accounting firm. The Audit Committee reviewed and pre-approved all the services performed by RSM US LLP. The process for such pre-approval is typically as follows: Audit Committee pre-approval is sought at one of the Audit Committee's regularly scheduled meetings following the presentation of information at such meeting detailing the particular services proposed to be performed. The authority to pre-approve non-audit services may be delegated by the Audit Committee to the Chairman of the Audit Committee, who shall present any decision to pre-approve an activity to the full Audit Committee at the first regular meeting following such decision. None of the services described above were approved by the Audit Committee pursuant to the exception provided by Rule 2-01(c)(7)(i)(C) under Regulation S-X.

The Audit Committee has reviewed the non-audit services provided by RSM US LLP and has determined that the provision of such services is compatible with maintaining RSM US LLP's independence.

The Board of Directors unanimously recommends a vote "FOR" the ratification of the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.

BOARD OF DIRECTORS AND
CORPORATE GOVERNANCE MATTERS

The Company's Board is responsible for directing and overseeing the management of the business and affairs of the Company in a manner consistent with the best interests of the Company and its stockholders. The Board has implemented written Corporate Governance Guidelines designed to assist the Board in fulfilling its duties and responsibilities. The Corporate Governance Guidelines address a number of matters applicable to directors, including Board composition, structure, and policies; director qualification standards; Board meetings; committees of the Board; roles and expectations of the Board and its directors; director compensation; management succession planning; and other matters. These Corporate Governance Guidelines are available on the Company's Investor Relations website under the "Corporate Governance" tab at *www.regionalmanagement.com*. A stockholder may request a copy of the Corporate Governance Guidelines by contacting our Corporate Secretary at 509 West Butler Road, Greenville, South Carolina 29607.

Composition of the Board

The Company's Board has the discretion to determine the size of the Board, the members of which are elected at each year's annual meeting of stockholders. Our Board currently consists of seven directors: Alvaro G. de Molina, Roel C. Campos, Michael R. Dunn, Steven J. Freiberg, Richard A. Godley, Peter R. Knitzer, and Carlos Palomares, with Mr. de Molina serving as Chairman of the Board.

The biographical information of Messrs. de Molina, Campos, Dunn, Freiberg, Godley, Knitzer, and Palomares is set forth above under "Proposal One: Election of Directors."

Board Independence

Messrs. Campos, Freiberg, Knitzer, de Molina, and Palomares are each independent in accordance with the criteria established by the NYSE for independent board members. The Board performed a review to determine the independence of its members and made a subjective determination as to each of these independent directors that no transactions, relationships, or arrangements exist that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director of the Company. In making these determinations, the Board reviewed the information provided by the directors and the Company with regard to each director's business and personal activities as they may relate to the Company and its management.

Leadership Structure

As described in the Corporate Governance Guidelines, the Board may select its Chairman and the Company's Chief Executive Officer in any way that it considers to be in the best interests of the Company. Therefore, the Board does not have a policy on whether the role of Chairman and Chief Executive Officer should be separate or combined and, if it is to be separate, whether the Chairman should be selected from the independent directors.

Mr. de Molina currently serves as Chairman of our Board. At this time, the Board believes the separation of the roles of Chairman and Chief Executive Officer promotes communication between the Board, the Chief Executive Officer, and other senior management, and enhances the Board's oversight of management. We believe our leadership structure provides increased accountability of our Chief Executive Officer to the Board and encourages balanced decision-making. We also separate the roles in recognition of the differences in the roles. While the Chief Executive Officer is responsible for day-to-day leadership of the Company and the setting of strategic direction, the Chairman of the Board provides guidance to the Chief Executive Officer and coordinates and manages the operation of the Board and its committees.

At this time, the Board believes our current leadership structure, with a non-employee Chairman of the Board, is appropriate for the Company and provides many advantages to the effective operation of the Board. The Board will periodically evaluate and reassess the effectiveness of this leadership structure.

Director Qualifications

The Company's Nominating Committee is responsible for reviewing the qualifications of potential director candidates and recommending to the Board those candidates to be nominated for election to the Board. The Nominating Committee considers minimum individual qualifications, including relevant career experience, strength of character, mature judgment, familiarity with the Company's business and industry, independence of thought, and an ability to work collegially with the other members of the Board, and all other factors it considers appropriate, which may include age, diversity of background, existing commitments to other businesses, potential conflicts of interest with other pursuits, legal considerations (such as antitrust issues), corporate governance background, financial and accounting background, executive compensation background, and the size, composition, and combined expertise of the existing Board. The Board and the Nominating Committee monitor the mix of specific experience, qualifications, and skills of its directors in order to assure that the Board, as a whole, has the necessary tools to perform its oversight function effectively in light of the Company's business and structure. Stockholders may also nominate directors for election at the Company's annual stockholders' meeting by following the provisions set forth in the Company's Bylaws, and in such a case, the Nominating Committee will consider the qualifications of directors proposed by stockholders.

Mr. Godley, a member of our Board, is designated by certain of our stockholders in accordance with the Amended and Restated Shareholders Agreement, dated March 27, 2012, by and among the Company and certain other stockholders party thereto. Such stockholders with director designation rights have sought to ensure that the Board is composed of members whose particular experience, qualifications, attributes, and professional and functional skills, when taken together, will allow the Board to effectively satisfy its oversight responsibilities, and in identifying Mr. Godley for designation to the Board, have considered those factors described in the foregoing paragraph.

When determining whether the Company's director nominees have the experience, qualifications, attributes, and professional and functional skills, taken as a whole, to enable our Board to satisfy its oversight responsibilities effectively in light of our business and structure, the Company's Nominating Committee focused primarily on their valuable contributions to our success in recent years and on the information discussed in the biographical descriptions set forth above.

Meetings

The Board held 14 meetings during the fiscal year ended December 31, 2015. During fiscal 2015, each incumbent director attended more than 75% of the total number of meetings of the Board and committees on which he served. In addition to formal Board meetings, our Board communicates regularly via telephone, electronic mail, and informal meetings, and our Board and its committees from time to time act by written consent in lieu of a formal meeting. Our non-employee directors met in executive session following each of our regular, quarterly Board meetings in 2015, and the independent members of our Board also periodically met in executive session in 2015. Mr. de Molina presides over each executive session of our non-employee directors and independent directors.

Other than an expectation set forth in our Corporate Governance Guidelines that each director will make every effort to attend the annual meeting of stockholders, we do not have a formal policy regarding the directors' attendance at annual meetings. All of our then-current directors attended our last annual meeting of stockholders held on April 22, 2015, except for C. Glynn Quattlebaum, who did not stand for re-election as a director at that annual meeting.

Committees of the Board

Our Board has three standing committees: the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee. The composition and responsibilities of each committee are described below. Members serve on these committees until their resignation or until otherwise determined by our Board.

	Audit	Compensation	Corporate Governance and Nominating
Roel C. Campos	✓		Chair
Steven J. Freiberg	✓	Chair	
Peter R. Knitzer		✓	✓
Alvaro G. de Molina	✓		✓
Carlos Palomares	Chair	✓	
Number of Meetings Held in 2015:	**8**	**10**	**5**

Audit Committee

The Audit Committee is a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Audit Committee consists of Messrs. Palomares, Campos, Freiberg, and de Molina, with Mr. Palomares serving as Chairman. In accordance with SEC rules and NYSE rules, each of the members of our Audit Committee is an independent director in accordance with the criteria established by the NYSE for the purpose of audit committee membership independence. In addition, the Board has examined the SEC's definition of "audit committee financial expert" and has determined that Messrs. Palomares, Freiberg, and de Molina satisfy this definition.

Pursuant to the Audit Committee's written charter, our Audit Committee is responsible for, among other things:

- selecting and hiring our independent registered public accounting firm, and pre-approving the audit and non-audit services to be performed by our independent auditors;
- assisting the Board in evaluating the qualifications, performance, and independence of our independent auditors;
- assisting the Board in monitoring the quality and integrity of our financial statements and our accounting and financial reporting processes;

- assisting the Board in monitoring our compliance with legal and regulatory requirements;
- assisting the Board in reviewing the adequacy and effectiveness of our internal control over financial reporting processes;
- assisting the Board in monitoring the performance of our internal audit function;
- discussing the scope and results of the audit with the independent registered public accounting firm;
- reviewing with management and our independent auditors our annual and quarterly financial statements;
- establishing procedures for the receipt, retention, and treatment of complaints received by us regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters; and
- preparing the audit committee report that the SEC requires in our annual proxy statement.

The Audit Committee Charter, which contains a more complete explanation of the roles and responsibilities of the Audit Committee, is posted on the Company's Investor Relations website under the "Corporate Governance" tab at *www.regionalmanagement.com*. A stockholder may request a copy of the Audit Committee Charter by contacting our Corporate Secretary at 509 West Butler Road, Greenville, South Carolina 29607. The Audit Committee held eight meetings during the fiscal year ended December 31, 2015. In addition to formal Audit Committee meetings, our Audit Committee communicates regularly via telephone, electronic mail, and informal meetings.

Compensation Committee

Our Compensation Committee consists of Messrs. Freiberg, Knitzer, and Palomares, with Mr. Freiberg serving as Chairman. In accordance with NYSE rules, each of the members of our Compensation Committee is an independent director in accordance with the criteria established by the NYSE for the purpose of compensation committee membership independence. Pursuant to the Compensation Committee's written charter, our Compensation Committee is responsible for, among other things:

- reviewing and approving, or making recommendations to the Board with respect to, corporate goals and objectives relevant to the compensation of our Chief Executive Officer, evaluating our Chief Executive Officer's performance in light of those goals and objectives, and either as a committee or together with the other independent directors (as directed by the Board), determining and approving our Chief Executive Officer's compensation level based on such evaluation;
- reviewing and approving the compensation of our executive officers, including annual base salary, annual incentive bonuses, specific goals, equity compensation, employment agreements, severance and change in control arrangements, and any other benefits, compensation, or arrangements;
- reviewing and recommending the compensation of our directors;
- reviewing and discussing annually with management our "Compensation Discussion and Analysis";
- preparing the Report of the Compensation Committee; and
- reviewing and making recommendations with respect to our equity compensation plans.

The Compensation Committee Charter, which contains a more complete explanation of the roles and responsibilities of the Compensation Committee, is posted on the Company's Investor Relations website under the "Corporate Governance" tab at *www.regionalmanagement.com*. A stockholder may request a copy of the Compensation Committee Charter by contacting our Corporate Secretary at 509 West Butler Road, Greenville, South Carolina 29607. The Compensation Committee held 10 meetings during the fiscal year ended December 31, 2015. In addition to formal Compensation Committee meetings, our Compensation Committee communicates regularly via telephone, electronic mail, and informal meetings.

Corporate Governance and Nominating Committee

Our Nominating Committee consists of Messrs. Campos, Knitzer, and de Molina, with Mr. Campos serving as Chairman. In accordance with NYSE rules, each of the members of our Nominating Committee is an independent director in accordance with the criteria established by the NYSE for the purpose of corporate governance and nominating committee membership independence. Pursuant to the Nominating Committee's written charter, the Nominating Committee is responsible for, among other things:

- assisting our Board in identifying prospective director nominees and recommending nominees to the Board;
- overseeing the evaluation of the Board and management;
- reviewing developments in corporate governance practices and developing, recommending, and maintaining a set of corporate governance guidelines; and
- recommending members for each committee of our Board.

The Nominating Committee will consider a candidate for director proposed by a stockholder. A candidate must be highly qualified and be both willing to serve and expressly interested in serving on the Board. A stockholder wishing to propose a candidate for the Nominating Committee's consideration should forward the candidate's name and information about the candidate's qualifications to Regional Management Corp., 509 West Butler Road, Greenville, South Carolina 29607, Attn: Corporate Secretary, no later than December 1, 2016, if the stockholder chooses to use the process described in Rule 14a-8 of the Exchange Act, and if the stockholder submits such nomination outside the process described in Rule 14a-8 of the Exchange Act, not earlier than December 28, 2016 nor later than January 27, 2017. If, following the filing and delivery of these proxy materials, the date of the 2017 annual meeting of stockholders is advanced or delayed by more than 30 calendar days from the one-year anniversary date of the 2016 annual meeting of stockholders, the Company will, in a timely manner, provide notice to the Company's stockholders of the new date of the 2017 annual meeting of stockholders and the new dates by which stockholder proposals submitted both pursuant to and outside of SEC Rule 14a-8 must be received by the Company. Such notice will be included in the earliest possible Quarterly Report on Form 10-Q under Part II, Item 5.

The Nominating Committee shall select individuals, including candidates proposed by stockholders, as director nominees who shall have the highest personal and professional integrity, who shall have demonstrated exceptional ability and judgment, and who shall be most effective, in conjunction with the other nominees to the Board, in collectively serving the long-term interests of the stockholders. In evaluating nominees, the Nominating Committee will consider the director qualifications described above. We do not have a formal policy with regard to the consideration of diversity in identifying director nominees, but the Nominating Committee strives to nominate directors with a variety of complementary skills so that the Board, as a whole, will possess the appropriate talent, skills, and expertise to oversee our business.

The Nominating Committee Charter, which contains a more complete explanation of the roles and responsibilities of the Nominating Committee, is posted on the Company's Investor Relations website under the "Corporate Governance" tab at *www.regionalmanagement.com*. A stockholder may request a copy of the Nominating Committee Charter by contacting our Corporate Secretary at 509 West Butler Road, Greenville, South Carolina 29607. The Nominating Committee held five meetings during the fiscal year ended December 31, 2015. In addition to formal Nominating Committee meetings, our Nominating Committee communicates regularly via telephone, electronic mail, and informal meetings.

Role in Risk Oversight

As part of its role in risk oversight for the Company, our Audit Committee is responsible for reviewing the Company's risk assessment and risk management policies, and for discussing its findings with both management and the Company's independent registered public accounting firm. On a quarterly basis, the Board reviews the risks that may potentially affect us, as identified and presented by management, including risks reflected in our periodic filings. The Board may also request supplemental information and disclosure about any other specific area of interest and concern relevant to risks it believes are faced by us and our business. The Board believes our current leadership structure enhances its oversight of risk management because our Chief Executive Officer, who is ultimately responsible for our risk management process, is in the best position to discuss with the Board these key risks and management's response to them by also serving as a director of the Company.

Code of Business Conduct and Ethics

Our Board has adopted a Code of Business Conduct and Ethics (the "Code of Ethics") and reviews it at least annually. The Code of Ethics applies to all of our directors, officers, and employees and must be acknowledged in writing by our Chief Executive Officer and Chief Financial Officer. The Code of Ethics is posted on the Company's Investor Relations website under the "Corporate Governance" tab at *www.regionalmanagement.com*. A stockholder may request a copy of the Code of Ethics by contacting our Corporate Secretary at 509 West Butler Road, Greenville, South Carolina 29607. To the extent permissible under applicable law, the rules of the SEC, and NYSE listing standards, we intend to disclose on our website any amendment to our Code of Ethics, or any grant of a waiver from a provision of our Code of Ethics, that requires disclosure under applicable laws, the rules of the SEC, or NYSE listing standards.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2015, Messrs. Campos, Freiberg, Knitzer, de Molina, and Palomares served on our Compensation Committee. No member of the Compensation Committee was an officer or employee of the Company or any of its subsidiaries during the fiscal year ended December 31, 2015. In addition, during the fiscal year ended December 31, 2015, no executive officers of the Company served on the compensation committee (or equivalent) or the board of directors of another entity whose executive officer(s) served on our Board or Compensation Committee.

Director Compensation

Quality non-employee directors are critical to our success. We believe that the two primary duties of non-employee directors are to effectively represent the long-term interests of our stockholders and to provide guidance to management. As such, our compensation program for non-employee directors is designed to meet several key objectives:

- **Adequately compensate directors** for their responsibilities and time commitments and for the personal liabilities and risks that they face as directors of a public company;
- **Attract the highest caliber non-employee directors** by offering a compensation program consistent with those at companies of similar size, complexity, and business character;
- **Align the interests of directors with our stockholders** by providing a significant portion of compensation in equity and requiring directors to own our stock;
- **Provide compensation that is simple and transparent** to stockholders and reflects corporate governance best practices; and
- **Where possible, provide flexibility in the form and timing of payments.**

The Compensation Committee, with the assistance of the Compensation Committee's executive compensation consultant, reviews the compensation of our non-employee directors. In benchmarking director compensation, we use the same compensation peer group that is used to benchmark compensation for our named executive officers (see "Compensation Discussion and Analysis – Executive Compensation Objectives and Approaches – Compensation Determination Process" for information about the peer group).

In 2014, the Company awarded its non-employee directors a cash retainer, committee meeting fees, and shares of restricted common stock. In April 2015, the Board revised the non-employee director compensation program to provide that the equity-based portion of the compensation program be split evenly between restricted stock awards and nonqualified stock options, with the stock options fully vested on the grant date.

Our employees who serve as directors receive no separate compensation for service on the Board or on committees of the Board. The Company maintains a non-employee director compensation program structured as follows:

- **Board Cash Retainer:** Each non-employee director receives an annual cash retainer of $30,000 payable in quarterly installments ($50,000 in the case of the chairman of the Board of Directors);
- **Committee Member Cash Retainer:** Each member of the Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee receives an additional annual cash retainer of $10,000 payable in quarterly installments ($20,000 in the case of the chairman of each committee);
- **Committee Meeting Fees:** Each member of the Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee receives a $1,500 meeting fee for each committee meeting attended;
- **Board Equity-Based Award:** Each non-employee director receives an annual equity-based award with a value equal to $90,000 ($110,000 in the case of the chairman of the Board of Directors); and
- **Committee Member Equity-Based Award:** Each member of the Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee receives an additional annual equity-based award with a value equal to $10,000 ($20,000 in the case of the chairman of each committee).

The equity-based awards are granted on the fifth business day following the date of the annual stockholders' meeting at which directors are elected. The value of each director's equity-based award is split evenly between nonqualified stock options and restricted stock. The number of shares subject to the nonqualified stock option award is determined by dividing the value of the award by the fair value per share of common stock on the grant date calculated using the Black-Scholes valuation model. The number of shares subject to the restricted stock award is determined by dividing the value of the award by the closing price per share of common stock on the grant date.

The nonqualified stock options are fully vested on the grant date and expire ten years following the grant date. The restricted stock award vests and becomes non-forfeitable as to 100% of the underlying shares on the earlier of the first anniversary of the grant date or the date of the next annual stockholders' meeting, subject to the director's continued service from the grant date until the vesting date, or upon the earlier occurrence of the director's termination of service as a director by reason of death or disability or upon a change in control of the Company. In the event of the director's termination of service for any other reason, the director forfeits the restricted stock award immediately. Each equity-based award is subject to the terms and conditions of the Regional Management Corp. 2015 Long-Term Incentive Plan, a nonqualified stock option agreement, and a restricted stock award agreement, the forms of which were previously approved by the Compensation Committee and the Board and filed with the SEC.

In the event that the service of a director as a director, committee member, or Board or committee chair commences or terminates during his annual service to the Company, his cash compensation will be adjusted on a pro-rata basis. Annual service relates to the approximately 12-month period between annual meetings of the Company's stockholders. Each director is also reimbursed for reasonable out-of-pocket expenses incurred in connection with his service on our Board.

The following table provides information regarding the compensation paid to each of our non-employee directors for the fiscal year ended December 31, 2015.

Name(1)	Fees Earned or Paid in Cash ($)	Stock Awards ($)(2)	Option Awards ($)(3)	Total ($)
Current Directors:				
Roel C. Campos	95,571	64,988	64,993	225,552
Steven J. Freiberg	83,923	59,984	59,997	203,904
Richard A. Godley	30,000	44,988	44,999	119,987
Peter R. Knitzer	28,283	41,734	41,735	111,752
Alvaro G. de Molina	101,071	69,992	69,997	241,060
Carlos Palomares	101,675	64,988	64,993	231,656
Former Directors:				
C. Glynn Quattlebaum	—	—	—	—

(1) Mr. Knitzer joined the Board in July 2015. Mr. Quattlebaum did not stand for re-election to the Board in April 2015. Each other listed director served on the Board during all of 2015.

(2) On April 29, 2015, in accordance with the non-employee director compensation program outlined above, the Company awarded Messrs. Campos, Freiberg, Godley, de Molina, and Palomares shares of restricted common stock in the following amounts: Mr. Campos, 3,987 shares; Mr. Freiberg, 3,680 shares; Mr. Godley, 2,760 shares; Mr. de Molina, 4,294 shares; and Mr. Palomares, 3,987 shares. On July 21, 2015, following his appointment to the Board and in accordance with the non-employee director compensation program outlined above, the Company awarded Mr. Knitzer 2,149 shares of restricted common stock. The annual restricted common stock awards vest on the earlier of the first anniversary of the grant date or the date of the next annual stockholders' meeting, subject to continued service of the director until the vesting date. Amounts shown are the aggregate grant date fair value of stock awards computed in accordance with FASB ASC Topic 718. The total number of shares subject to restricted stock awards held by each of the non-employee directors as of December 31, 2015 was: Mr. Campos, 3,987 shares; Mr. Freiberg, 3,680 shares; Mr. Godley, 2,760 shares; Mr. de Molina, 4,294 shares; Mr. Palomares, 3,987 shares; and Mr. Knitzer, 2,149 shares.

(3) On April 29, 2015, in accordance with the non-employee director compensation program outlined above, the Company awarded Messrs. Campos, Freiberg, Godley, de Molina, and Palomares nonqualified stock options to purchase shares of our common stock in the following amounts: Mr. Campos, 9,482 shares; Mr. Freiberg, 8,753 shares; Mr. Godley, 6,565 shares; Mr. de Molina, 10,212 shares; and Mr. Palomares, 9,482 shares. On July 21, 2015, following his appointment to the Board and in accordance with the non-employee director compensation program outlined above, the Company awarded Mr. Knitzer nonqualified stock options to purchase 5,111 shares of our common stock. Amounts shown are the aggregate grant date fair value of stock options computed in accordance with FASB ASC Topic 718. The total number of shares subject to nonqualified stock options held by each of the non-employee directors as of December 31, 2015 was: Mr. Campos, 19,482 shares; Mr. Freiberg, 8,753 shares; Mr. Godley, 12,565 shares; Mr. de Molina, 20,212 shares; Mr. Palomares, 19,482 shares; and Mr. Knitzer, 5,111 shares.

AUDIT COMMITTEE REPORT

The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. The Audit Committee operates under a written charter, a copy of which is available on our website, *www.regionalmanagement.com*, under the "Corporate Governance" tab. This report reviews the actions taken by the Audit Committee with regard to our financial reporting process during the fiscal year ended December 31, 2015, and particularly with regard to the audited consolidated financial statements as of December 31, 2015 and December 31, 2014 and for the three years ended December 31, 2015.

The Audit Committee is composed solely of independent directors under existing New York Stock Exchange listing standards and Securities and Exchange Commission requirements. None of the committee members is or has been an officer or employee of the Company or any of our subsidiaries or has engaged in any business transaction or has any business or family relationship with the Company or any of our subsidiaries or affiliates. In addition, the Board of Directors has determined that Messrs. Alvaro G. de Molina, Carlos Palomares, and Steven J. Freiberg are "audit committee financial experts," as defined by Securities and Exchange Commission rules.

Our management has the primary responsibility for our financial statements and reporting process, including the systems of internal controls. The independent auditors are responsible for performing an independent audit of our consolidated financial statements in accordance with auditing standards generally accepted in the United States and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes and to select annually the accountants to serve as our independent auditors for the coming year.

The Audit Committee has implemented procedures to ensure that during the course of each fiscal year it devotes the attention that it deems necessary or appropriate to fulfill its oversight responsibilities under the Audit Committee's charter. To carry out its responsibilities, the Audit Committee met eight times during the fiscal year ended December 31, 2015, communicated regularly via telephone, electronic mail, and informal meetings, and from time to time acted by written consent.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management the audited consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including a discussion of the quality, rather than just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee also discussed our audited consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited consolidated financial statements with accounting principles generally accepted in the United States, their judgments as to the quality, rather than just the acceptability, of our accounting principles, and such other matters as are required to be discussed with the Audit Committee under the applicable Public Company Accounting Oversight Board ("PCAOB") Standards and SEC Rule 2-07 of Regulation S-X. In addition, the Audit Committee discussed with the auditors their independence from management and the Company, including the matters in the written disclosures and the letter required by the PCAOB regarding the independent auditors' communications with the Audit Committee regarding independence. The Audit Committee also considered whether the provision of services during the fiscal year ended December 31, 2015, by the auditors that were unrelated to their audit of the consolidated financial statements referred to above and to their reviews of our interim consolidated financial statements during the fiscal year is compatible with maintaining their independence.

Additionally, the Audit Committee discussed with the independent auditors the overall scope and plan for their audit. The Audit Committee met with the independent auditors, with and without management present, to discuss the results of their examination, their evaluation of our internal controls, and the overall quality of our financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, for filing with the SEC. This report of the Audit Committee has been prepared by members of the Audit Committee. Current members of the Audit Committee are:

Members of the Audit Committee:

Carlos Palomares (Chairman)
Roel C. Campos
Steven J. Freiberg
Alvaro G. de Molina

EXECUTIVE OFFICERS

The following is a brief description of the background, business experience, and certain other information with respect to each of our executive officers:

Michael R. Dunn (age 64) was appointed Chief Executive Officer of Regional in October 2014 and has been a director of Regional since July 2014. Mr. Dunn's full biographical information is set forth above under "Proposal One: Election of Directors."

Jody L. Anderson (age 50) was appointed President and Chief Operating Officer of Regional effective October 1, 2014. Prior to joining Regional, Mr. Anderson served since 2007 as Director of North America Operations at OneMain Financial (formerly CitiFinancial). He also previously served as CitiFinancial's Vice President of North America Compliance from 2001 through 2007, Managing Director at Chesapeake Appraisal & Settlement Services (a division of CitiFinancial) from 1999 to 2001, and as a District and Branch Manager at CitiFinancial from 1987 through 1999. Mr. Anderson received his M.B.A. from the University of Indianapolis and his B.B.A. from Roanoke College.

Donald E. Thomas (age 57) was appointed Executive Vice President and Chief Financial Officer of Regional in January 2013. Mr. Thomas has over 30 years of finance and accounting experience in public and private companies, having previously served since April 2010 as Chief Financial Officer of TMX Finance LLC, a title lending company. Prior to joining TMX Finance LLC, Mr. Thomas spent 17 years with 7-Eleven, an operator of convenience stores, where he served in various capacities, including Chief Accounting Officer and Controller, acting Chief Financial Officer, Vice President of Operations, and Vice President of Human Resources. Prior to 7-Eleven, Mr. Thomas spent 11 years in the audit function of Deloitte & Touche LLP and one year with the Trane Company as a financial manager. Mr. Thomas earned accounting and finance degrees from Tarleton State University and is a certified public accountant, certified global management accountant, and certified treasury professional.

Daniel J. Taggart (age 43) was appointed Senior Vice President and Chief Risk Officer of Regional in January 2015. Prior to joining Regional, Mr. Taggart was Executive Vice President of Agility 360, a financial services consultancy. Prior to that, he was Senior Vice President at Wingspan Portfolio Advisors, a specialty mortgage service provider, and also served as Executive Vice President of REDC Default Solutions LLC, a startup division of Auction.com, LLC, a mortgage loss mitigation subservicing company. Before joining REDC Default Solutions LLC, Mr. Taggart spent 11 years at Citigroup, where he held a variety of positions, including Senior Vice President and Senior Credit Officer of CitiMortgage Default Risk Management, Senior Vice President and Senior Credit Officer of Retail Distribution Risk Management, and Senior Vice President and Chief Credit Officer of CitiFinancial (now known as OneMain Financial). Mr. Taggart has also worked for The Associates (prior to its acquisition by Citigroup), FirstPlus Financial, and Fleet Bank in risk management and loan servicing functions. Mr. Taggart received his Bachelor of Science in Finance from Canisius College.

Brian J. Fisher (age 32) was appointed as Vice President, General Counsel, and Secretary in January 2013. Prior to joining Regional, Mr. Fisher was an attorney in the Corporate and Securities practice group of Womble Carlyle Sandridge and Rice, LLP from 2009 to 2013. Mr. Fisher holds a B.A. degree in Economics from Furman University and a J.D. degree from the University of South Carolina School of Law.

There are no family relationships among any of our directors or executive officers.

COMPENSATION DISCUSSION AND ANALYSIS

As an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, we are not required to include a Compensation Discussion and Analysis section in our proxy statement. However, for the benefit of our stockholders, we have elected to provide an explanation of our compensation program and decisions through the following discussion, going beyond the scaled disclosure requirements applicable to emerging growth companies. The following discussion of the compensation arrangements of our executive officers should be read together with the compensation tables and related disclosures regarding our current plans, considerations, and expectations with respect to future executive compensation programs. Actual compensation programs that we adopt following the date of this Proxy Statement may differ materially from the existing and currently planned programs summarized in this discussion.

Compensation-Related Highlights

In 2014, our Compensation Committee, with the assistance of Veritas Executive Compensation Consultants ("Veritas"), an independent compensation consultant, significantly enhanced our executive compensation program. In 2015, following a review of our enhanced executive compensation program with the assistance of Veritas, we opted not to make any significant changes to our compensation practices, other than to introduce a key employee retention program. Our 2015 executive compensation program included the following features:

- ✓ **Alignment of executive pay with company performance:**
  - **2015 incentives were largely performance-contingent**, with annual long-term incentive awards (excluding awards under the key employee retention program) roughly two-thirds performance-contingent and short-term incentive awards entirely performance-contingent.
  - **Performance goals were rigorous** and based on objective, quantitative criteria.
- ✓ **Short-term incentive payout opportunities** providing higher upside if performance goals are achieved, while maintaining low downside if goals are not achieved.
- ✓ **Competitive target opportunities** for long- and short-term incentive compensation to maintain executive compensation in line with the competitive market.
- ✓ **Long-term incentives** for NEOs and other key contributors, which include a significant portion that is contingent upon the achievement of rigorous and clearly-defined performance measures.
- ✓ **Stock Ownership and Retention Policy** for NEOs and other key executives, as well as directors.
- ✓ **Compensation Recoupment Policy, or "clawback policy,"** for NEOs and other key employees.
- ✓ **Key employee retention program** designed to incentivize and retain key members of senior management.

Executive Summary

Fiscal 2015 Company Performance

At the end of 2014 and in 2015, under new executive leadership, we set out specific near-term objectives in an effort to reposition Regional for stability and growth. Among our objectives, we were determined to regain control of the credit quality of our portfolio, focus our top-line efforts on our small and large installment loans—our most important categories—and further add to our management depth. We also sought to constructively reposition our expense structure to better align with the profit model for our company. Through these efforts, we believe we have repositioned our company for long-term sustainable and profitable growth.

Overall, fiscal 2015 was a year of solid financial and operating results, with growth on both our top and bottom lines, improved credit quality, and a 15% increase in our total finance receivables, including a tripling of the size of our large loan portfolio. Our total revenue increased $12.6 million, or 6.1%, to $217.3 million in 2015, from $204.7 million in 2014. Our net income increased $8.6 million, or 57.9%, from $14.8 million in 2014 to $23.4 million in 2015, and our diluted earnings per share rose from $1.14 in 2014 to $1.79 in 2015. Charge-off rates also showed improvement versus the prior year in the aggregate, as well as on a portfolio basis.

Our Annual Incentive Plan ties our executive officers' compensation directly to our financial and operational performance based upon clearly-defined, objective performance measures. In contrast to fiscal 2014, when our performance fell well short of expectations and our executive officers were paid only 22.39% of their target annual bonuses under our Annual Incentive Plan (as amended, the "Annual Incentive Plan"), our executive officers were paid 89.73% of their target annual bonuses under our Annual Incentive Plan for fiscal 2015 as a result of our strong financial and operating results.

Changes in Executive Officers

In January 2015, we announced the appointment of Daniel J. Taggart as our Senior Vice President and Chief Risk Officer, and in April 2015, we announced that A. Michelle Masters was no longer an executive officer, with her resignation effective as of May 2015.

Aligning Pay with Performance

In 2014, we made several significant changes to our executive compensation program that were designed to more closely tie the interests of our key executives with those of our stockholders. We believe that with these changes, our executive compensation program now embodies our pay-for-performance philosophy more strongly than before. The following table describes the program design for each element of our incentive-based pay in 2015.

Pay Elements	Program Design
Short-Term Incentive Plan	• **Consists entirely of performance-based awards:** ○ Metrics include net operating income, total debt/adjusted EBITDA, net finance receivables, net loans charged off as a percentage of average monthly net finance receivables, and total general and administrative expense percentage. • **Provides motivational impact of awards and brings total cash opportunities to competitive levels.** • **Significant upside opportunity for high performance, but with challenging threshold.**
Long-Term Incentive Plan	• **Consists of performance-contingent restricted stock units (“RSUs”), cash-settled performance units, and stock options:** ○ Performance-contingent RSUs and cash-settled performance units are based on three-year EBITDA and net income per share goals, respectively. ○ For most NEOs, over 50% of grant date fair value typically is in the form of performance-contingent awards. • **Provides strong incentive to meet or exceed pre-established long-term financial goals that align with long-term stockholder interests, and is utilized to attract, retain, and motivate executive talent.**

Compensation Program “Best Practices” Summary

- ✓ Compensation program designed to closely align pay with performance
- ✓ Significant share ownership guidelines for executives (5x base salary for CEO, 2x for other NEOs)
- ✓ Significant share ownership guidelines for directors (3x annual cash retainer)
- ✓ Significant portion of compensation is variable and/or performance-based
- ✓ No excessive perquisites
- ✓ Formalized clawback policy
- ✓ Double-trigger change-in-control provisions
- ✓ Prohibition against hedging and pledging
- ✓ No re-pricing of equity incentive awards
- ✓ Independent Compensation Committee
- ✓ Independent compensation consultant

Executive Compensation Objectives and Approaches

Compensation Program Objectives

The primary objectives of our executive compensation program are to attract and retain talented executives to effectively manage and lead the Company and create value for our stockholders. The compensation packages for our executive officers for 2015 generally include a base salary, performance-based annual cash awards, time- and performance-based equity awards, retention awards, and other benefits. Our current compensation program for our executive officers has been designed based on our view that each component of executive compensation should be set at levels that are necessary, within reasonable parameters, to successfully attract and retain skilled executives and that are fair and equitable in light of market practices.

Base salaries are intended to provide a minimum, fixed level of cash compensation sufficient to attract and retain an effective management team when considered in combination with other components of our executive compensation program. The base salary element is meant to provide our executive officers with a stable income stream that is commensurate with their responsibilities and to compensate them for services rendered during the fiscal year.

Consistent with our pay-for-performance strategy, our performance-based annual cash incentive program is customized to achieve specific objectives, reward increased levels of operational success, and place emphasis on appropriate levels of performance measurement. The key goals addressed by our short-term incentive program include (1) achievement of short-term financial and operational objectives, (2) increased stakeholder/stockholder value, (3) motivation and attraction of key management talent, (4) rewarding key contributors for performance against established criteria, and (5) focus on our pay-for-performance compensation strategy. Benefits earned under our short-term incentive program are paid under our Annual Incentive Plan, which was re-approved by our stockholders at our 2015 annual meeting of stockholders.

Our long-term incentive program operates in tandem with our short-term incentive program and is consistent with our pay-for-performance strategy. Prior to 2014, we granted only service-based stock options, but our current long-term incentive program, approved in 2014, includes, in addition to stock options, performance-contingent restricted stock units ("RSUs") and cash-settled performance units. Performance-based long-term incentives and time-based option awards can provide significant benefits to both our employees and stockholders. These long-term incentives generally are intended to create (1) a strong sense of ownership, (2) focus on achievement of long-term, strategic business objectives, (3) an enhanced linkage between the interests of our executives and stockholders, (4) an enhanced relationship between pay and performance, and (5) an incentive to attract and retain superior employees. Long-term incentive program benefits will be issued under our 2015 Long-Term Incentive Plan (the "2015 Plan"), which was approved by our stockholders at our 2015 annual meeting of stockholders. No further awards may be granted under our 2007 Management Incentive Plan (the "2007 Plan") or our 2011 Stock Incentive Plan (the "2011 Plan" and, together with the 2007 Plan, the "Prior Plans") after April 22, 2015. However, awards that are outstanding under the Prior Plans will continue in accordance with their respective terms.

The discussion below includes a review of our compensation decisions with respect to fiscal 2015. Our named executive officers for fiscal 2015 were:

Michael R. Dunn	Chief Executive Officer
Jody L. Anderson	President and Chief Operating Officer
Donald E. Thomas	Executive Vice President and Chief Financial Officer
Daniel J. Taggart	Senior Vice President and Chief Risk Officer
Brian J. Fisher	Vice President, General Counsel, and Secretary

Compensation Determination Process

The Compensation Committee reviews and approves the compensation determinations for all of our executive officers. In setting an executive officer's compensation package and the relative allocation among different types of compensation, we consider the nature of the position, the scope of associated responsibilities, the individual's prior experience and skills, and the individual's compensation expectations, as well as the compensation of existing executive officers at the Company and our general impressions of prevailing conditions in the market for executive talent.

We generally monitor compensation practices in the market where we compete for executive talent to obtain an overview of market practices and to ensure that we make informed decisions on executive pay packages. For 2015 compensation decisions, to obtain a sense of the market and a general understanding of current compensation practices, we reviewed the compensation awarded by a peer group of publicly-traded companies. The following companies were selected, with assistance from Veritas, using a scorecard-based approach that involved applying several filters (e.g., strong financial health, positive shareholder standing, similar in size, similar in industry classification, presence of overlapping peers, etc.), and selecting the most qualified peer companies from a broader list of candidates:

- Aaron's, Inc.
- Actua Corporation
- America's Car-Mart, Inc.
- Cash America International, Inc.
- Consumer Portfolio Services, Inc.
- Credit Acceptance Corp.
- Dollar Financial Corp.
- Encore Capital Group, Inc.
- EZCORP, Inc.
- First Cash Financial Services, Inc.
- Green Dot Corporation
- JMP Group LLC
- Marlin Business Services Corp.
- NewStar Financial, Inc.
- Nicholas Financial, Inc.
- OneMain Holdings, Inc.
- PRA Group, Inc.
- Rent-A-Center, Inc.
- World Acceptance Corporation

These companies are largely within the consumer finance industry, are similar in size and/or scope to Regional, and/or are companies that Regional competes against for products, services, and human capital. In March 2016, the Compensation Committee reviewed the above peer group and determined to remove Actua Corporation f/k/a ICG Group, Inc. and Dollar Financial Corp. (which no longer is a publicly-traded company) from the peer group and to add Asta Funding, Inc., Atlanticus Holdings Corp., FBR & Co., and The J.G. Wentworth Company to the peer group. As a result of such actions, as of March 2016, our peer group consists of the following companies:

- Aaron's, Inc.
- America's Car-Mart, Inc.
- Asta Funding, Inc.
- Atlanticus Holdings Corp.
- Cash America International, Inc.
- Consumer Portfolio Services, Inc.
- Credit Acceptance Corp.
- Encore Capital Group, Inc.
- EZCORP, Inc.
- FBR & Co.
- First Cash Financial Services, Inc.
- Green Dot Corporation
- JMP Group LLC
- Marlin Business Services Corp.
- NewStar Financial, Inc.
- Nicholas Financial, Inc.
- OneMain Holdings, Inc.
- PRA Group, Inc.
- Rent-A-Center, Inc.
- The J.G. Wentworth Company
- World Acceptance Corporation

Consistent with our compensation objectives of attracting and retaining top executive talent, we believe that the base salaries and performance-based short- and long-term incentive compensation of our executive officers should be set at levels which are competitive with our peer group companies of comparable size, although we do not target any specific pay percentile for our executive officers. The peer group is used more as a general guide, being mindful of the following:

- Appropriate base salaries for our executive officers should generally be in line with those paid by peer group companies of comparable size.
- Performance-based short- and long-term incentive awards should reward exceptional performance, which can result in overall compensation that can exceed those of peer group companies of comparable size.
- Total compensation for executive officers may approach the higher end of the compensation at such peer group companies of comparable size, but only if high levels of short- and long-term performance are reached.

The Compensation Committee has the authority to hire outside advisors and experts, including compensation consultants, to assist it with director and executive officer compensation determinations. The Compensation Committee retained the services of Veritas Executive Compensation Consultants, an independent compensation consultant, in fiscal 2014 and fiscal 2015 to help ensure that our compensation practices were appropriate for our industry, review and make recommendations with respect to executive officer and director cash and equity compensation, and update our peer group, in each case for the Compensation Committee's use in setting fiscal 2015 compensation.

Veritas' recommendations to the Compensation Committee were generally in the form of suggested ranges for compensation or descriptions of policies that Veritas currently considers "best practice" in our industry. The Compensation Committee used Veritas' reports to further its understanding of executive officer cash and equity compensation practices in the market.

During fiscal 2015, Veritas worked only for the Compensation Committee and performed no additional services for the Company or any of its executive officers. The Compensation Committee Chairman approved all work performed by Veritas. During fiscal 2015, the Compensation Committee and the Company did not use the services of any other compensation consultant. The Compensation Committee has also engaged Veritas in 2016 to provide similar services.

Our Compensation Committee has assessed the independence of Veritas, taking into account, among other things, the factors set forth in Exchange Act Rule 10C-1 and NYSE listing standards, and has concluded that no conflict of interest exists with respect to the work Veritas performed or performs for our Compensation Committee and that Veritas is independent under Exchange Act Rule 10C-1 and NYSE listing standards.

Elements of Compensation

Each executive officer is eligible to receive a balance of variable and fixed compensation. The following table describes the various forms of compensation:

Pay Elements	Components	Rationale for Form of Compensation
Base Salary	• Cash	• To attract and retain executive talent. • To provide a fixed base of compensation generally aligned to peer group levels.
Short-Term Incentive	• Performance-based annual cash bonus	• To drive the achievement of key business results on an annual basis. • To recognize individual executives based on their specific and measurable contributions. • To structure a meaningful amount of annual compensation as performance-based and not guaranteed.
Long-Term Incentive	• Performance-based long-term incentives: ○ Performance-contingent RSUs. ○ Cash-settled performance units. • Time-based long-term incentives: ○ Non-qualified stock options.	• To drive the sustainable achievement of key long-term business results. • To align the interests of executives with stockholders. • To structure a meaningful amount of long-term compensation as performance-based and not guaranteed. • To attract, retain, and motivate executive talent.

Base Salaries

Annual base salaries are established on the basis of market conditions at the time we hire an executive, as well as by taking into account the particular executive's level of qualifications and experience. The Compensation Committee reviews the base salaries of our executive officers annually, and any subsequent modifications to annual base salaries are made in consideration of the appropriateness of each executive officer's compensation, both individually and relative to the other executive officers, the individual performance of each executive officer, and any significant changes in market conditions. We do not apply specific formulas to determine increases.

The Compensation Committee approved executive officer base salaries for 2015 and 2016 as follows:

Name	2014 Salary	2015 Salary	2016 Salary
Michael R. Dunn	$500,000	$500,000	$520,000
Jody L. Anderson	$325,000	$325,000	$335,000
Donald E. Thomas	$309,000	$321,391	$332,000
Daniel J. Taggart	N/A	$300,000	$308,000
Brian J. Fisher	$180,000	$220,000	$230,000

Note: Mr. Taggart began serving as Senior Vice President and Chief Risk Officer on January 5, 2015. The Company paid Mr. Taggart $296,712 in base salary on account of service in 2015.

Performance-Based Annual Cash Awards

Our annual incentive program is designed to drive achievement of annual corporate goals, including key financial and operating results and strategic goals that create value for stockholders. Our executive officers are eligible for performance-based annual cash awards linked to our performance in relation to performance targets set by our Compensation Committee.

The awards for fiscal 2015 were based on our performance with respect to the metrics in the following table. These metrics drive the overall performance of our business from year to year and are elements of our historical financial success. Our annual incentive program in fiscal 2016 also will utilize the metrics in the following table. In addition, new for fiscal 2016, our Compensation Committee, upon the advice of Veritas, has elected to base a portion (15%) of the annual cash award opportunity on our Compensation Committee's qualitative assessment of our executive team's achievement of its short-term strategic objectives.

Performance Metric	What it Measures	Rationale for Metric
Net Income from Operations	• Profitability	• Measures the effectiveness of our management team's execution of our strategic and operational plans. • Reflects business variables and factors that are within management's control or influenced by decisions made by executives.
Total Debt / Adjusted EBITDA	• Leverage ratio	• Measures reliance on our credit facilities to produce cash flow. • We intend to attempt, over time, to reduce our reliance upon borrowings and to fund proportionately more of our loan originations from operating cash flow as we grow. • Holds management accountable for de-leveraging our balance sheet over time.
Average Monthly Net Finance Receivables	• Loan growth	• We seek to continually grow our business on a consistent and sound basis. • We establish annual growth objectives for our management team for loans that we originate and service.
Net Loans Charged Off as a Percentage of Average Monthly Net Finance Receivables	• Charge-off control	• Measures the control our management team exerts on loans. • It is ultimately a measure of the quality of underwriting policies and decisions. • We guide our management team to specific aggregate net charge-off goals each year that, combined with our average finance receivables measure, attempt to balance attractive growth with effective portfolio control.
Total General and Administrative Expense Percentage	• Expense control	• Measures the effectiveness with which our management team utilizes our corporate resources and minimizes our corporate expenses.

Target annual incentive levels and actual performance-based annual cash awards for each of our executive officers for fiscal 2015 are detailed below. Based on fiscal 2015 financial performance, actual short-term incentive payouts were 89.73% of target. In calculating the payout amount, the Compensation Committee elected to adjust fiscal 2015 actual results in an equitable manner to account for certain unbudgeted Board-approved one-time expenses and deviations from the fiscal 2015 plan.

Name	2015 Eligible Base Salary	2015 Target Incentive as Percentage of Salary	Target Award	Actual Award
Michael R. Dunn	$500,000	100%	$500,000	$448,669
Jody L. Anderson	$325,000	100%	$325,000	$291,635
Donald E. Thomas	$321,391	100%	$321,391	$288,396
Daniel J. Taggart	$296,712	100%	$296,712	$266,251
Brian J. Fisher	$220,000	60%	$132,000	$118,449

Note: Mr. Taggart began serving as Senior Vice President and Chief Risk Officer on January 5, 2015.

The percentages described in the table were determined by the Compensation Committee, and are not reflected in the employment offer letter agreement of Mr. Fisher. They are calibrated so that the total compensation opportunity for each executive officer is commensurate with that executive's role and responsibilities with us. An executive must be employed by us on the last day of the performance year in order to be eligible to receive payment in respect of a performance-based annual cash award.

Target fiscal 2016 incentive levels for each of our executive officers, as established by our Compensation Committee, are described in the table below. A threshold level of performance must be exceeded in order to earn any award, and each executive is eligible to earn up to 150% of his target award based upon the achievement of the performance goals established by the Compensation Committee.

Name	2016 Base Salary	2016 Target Incentive as Percentage of Salary	Target Award
Michael R. Dunn	$520,000	100%	$520,000
Jody L. Anderson	$335,000	100%	$335,000
Donald E. Thomas	$332,000	100%	$332,000
Daniel J. Taggart	$308,000	100%	$308,000
Brian J. Fisher	$230,000	60%	$138,000

Discretionary Cash Bonuses

Our Compensation Committee has the discretion to make periodic cash payments to executive officers in recognition of various specific projects and exceptional achievements. There is no formula or schedule for such discretionary payments. No discretionary payments were made to our executive officers for performance in fiscal 2014 or 2015.

As noted in our previous proxy statement, and included under fiscal 2013 compensation, in March 2014, the Compensation Committee elected to pay our executive officers discretionary bonuses for services performed in 2013. Messrs. Thomas and Fisher were awarded discretionary cash bonuses in the amount of $35,677 and $11,425, respectively. The Compensation Committee awarded the discretionary bonuses based on the Compensation Committee's qualitative assessment of each executive officer's performance during 2013 and the executive officers' leadership during 2013 with respect to the creation of stockholder value, the opening of 41 de novo branches, the increase in the average loans per branch, the increase in portfolio yield, support with respect to the exit of the Company's prior private equity sponsors through two secondary public offerings, implementation of compliance with the Sarbanes-Oxley Act of 2002, and expansion of the Company's credit facility.

Long-Term Incentive Awards

In recent years, Regional has not consistently granted long-term incentives:

- In 2007 and 2008, our Board granted options to certain executive officers pursuant to our 2007 Plan.
- Our Board did not grant any equity awards during 2009, 2010, or 2011.
- On March 27, 2012, pursuant to our 2011 Plan and in connection with our initial public offering, the Compensation Committee granted nonqualified stock options to certain executive officers.
- On January 2, 2013 and December 31, 2013, pursuant to our 2011 Plan and consistent with his employment offer letter agreement, the Compensation Committee granted nonqualified stock options to Mr. Thomas for 100,000 shares and 26,500 shares, respectively.

These grants were intended to directly align the interests of such executive officers with those of our stockholders, to give such executive officers a strong incentive to maximize stockholder returns on a long-term basis, and to aid in our recruitment and retention of key executive talent necessary to ensure our continued success.

Following the "refresh" of our long-term incentive program, developed and implemented in 2014 with assistance from Veritas, our long-term incentive awards are delivered through a combination of three equity vehicles: (i) non-qualified stock options, (ii) performance-contingent restricted stock units, and (iii) cash-settled performance units.

In 2015, as part of the long-term incentive program and with assistance from Veritas, the Company granted the following awards to executives and other key employees:

LTI Vehicle	Performance Metric	Performance Period	Weighting	Recipients
Non-Qualified Stock Options	• Built-in metric of stock price growth	• N/A – 100% of options vest on December 31, 2017, subject to continued employment.	• One-third of total target award.	• All NEOs, several key non-NEO employees.
Performance-Contingent Restricted Stock Units	• Cumulative EBITDA	• Three years, from January 1, 2015 through December 31, 2017.	• One-third of total target award.	• All NEOs, several key non-NEO employees.
Cash-Settled Performance Units	• Cumulative net income per share	• Three years, from January 1, 2015 through December 31, 2017.	• One-third of total target award.	• All NEOs, several key non-NEO employees.

In March 2016, the Compensation Committee determined to change the performance metrics for the performance-contingent RSUs and cash-settled performance units from cumulative EBITDA and cumulative net income per share, respectively, to the compound annual growth rates of net income and earnings per share, respectively, compared to the Company's peer group. In addition, new for performance-contingent RSUs and cash-settled performance units granted in fiscal 2016, our Compensation Committee elected to base a portion (10%) of the award opportunities on our Compensation Committee's qualitative assessment of our executive team's achievement of its long-term strategic objectives. We made each of these changes to the performance metrics of our long-term incentive program following consultation with Veritas.

For 2015 and 2016, the grant date target values are detailed in the following tables. For the performance-contingent RSUs and performance units, a threshold level of performance must be exceeded for the awards to have any value, and participants are eligible to earn up to 150% of their target award based upon the achievement of the performance goals established by the Compensation Committee. For the non-qualified stock options, the Company stock price must exceed the grant price for the options to have any value.

	2015 Target Grant Date Fair Value			
Name	Total	Performance-Contingent RSUs	Performance Units	Non-Qualified Stock Options
Michael R. Dunn	**$1,500,000**	$500,000	$500,000	$500,000
Jody L. Anderson	**$400,000**	$200,000	$200,000	N/A
Donald E. Thomas	**$482,100**	$160,700	$160,700	$160,700
Daniel J. Taggart	**$300,000**	$100,000	$100,000	$100,000
Brian J. Fisher	**$275,000**	$91,667	$91,666	$91,667

Note: Pursuant to Mr. Anderson's employment agreement, executed September 19, 2014, Mr. Anderson received a nonqualified stock option award on October 1, 2014, timed to coincide with his first day of employment. The nonqualified stock option award had a grant date fair value of approximately $200,000.

Additionally, upon signing his new employment agreement on January 12, 2015, Mr. Dunn was granted a stock award for 99,337 restricted shares with a fair value of approximately $1,500,000. These shares vested on the grant date but are subject to a holding period until December 31, 2016, regardless of whether Mr. Dunn remains employed with the Company until such date.

	2016 Target Grant Date Fair Value			
Name	**Total**	**Performance-Contingent RSUs**	**Performance Units**	**Non-Qualified Stock Options**
Michael R. Dunn	**$1,560,000**	$520,000	$520,000	$520,000
Jody L. Anderson	**$502,500**	$167,500	$167,500	$167,500
Donald E. Thomas	**$498,000**	$166,000	$166,000	$166,000
Daniel J. Taggart	**$308,000**	$102,666	$102,667	$102,667
Brian J. Fisher	**$287,500**	$95,834	$95,833	$95,833

Key Employee Retention Program

In 2014, even when including the increased target value of the short- and long-term incentive awards, total compensation levels for our executive officers were below the median of our peer group. Further, because the 2014 short-term incentive awards paid out substantially below target and the 2014 three-year long-term incentive performance goals are unlikely to be achieved due to poor company performance in 2014, there may be a significant deficit in terms of realized compensation. As a result, in 2015, our Compensation Committee, in consultation with Veritas, determined to implement a key employee retention program as an incentive and retention vehicle for certain Company executives.

Pursuant to the key employee retention program, the Compensation Committee granted the following awards to executive officers in 2015: (i) nonqualified stock options, which are subject to the terms of the 2011 Plan, and (ii) a cash retention award. The Compensation Committee granted Messrs. Dunn, Anderson, Thomas, and Fisher nonqualified stock options to purchase 10,000 shares; 8,700 shares; 32,500 shares; and 11,500 shares, respectively, of the Company's common stock. The options vest in three equal installments or as otherwise provided in the applicable award agreement on each of December 31, 2015, December 31, 2016, and December 31, 2017, subject to the executive's continued employment. In addition, the Compensation Committee granted Mr. Fisher a cash retention award of $25,000, which is payable as follows: 25% on or about 180 days following the date of the retention award; 25% on or about 360 days following the date of the retention award; and 50% on or about 540 days following the date of the retention award, subject to Mr. Fisher's continued employment.

In March 2016, the Compensation Committee elected to continue the key employee retention program with grants of the following awards to certain executive officers: (i) restricted stock awards, which are subject to the terms of the 2015 Plan, and (ii) cash retention awards. The Compensation Committee granted Messrs. Thomas and Fisher 5,854 shares and 4,391 shares, respectively, of restricted common stock. The restricted stock vests on September 29, 2017 or as otherwise provided in the applicable award agreement, subject to the executive's continued employment. In addition, the Compensation Committee granted Messrs. Thomas and Fisher cash retention awards of $100,000 and $75,000, respectively, one-third of which is payable on each of the six-month, 12-month, and 18-month anniversaries of the grant date, subject to the executive's continued employment.

Perquisites

We also provide various other limited perquisites and other personal benefits to our executive officers that are intended to be part of a competitive compensation program. For 2015, these benefits included:

- 401(k) plan matching contributions for certain of our executive officers.
- Monthly automobile allowances of $1,150 for Messrs. Anderson and Thomas.
- Reimbursement of relocation expenses for Mr. Anderson.
- Payment of Mr. Dunn's commuting expenses to and from his home in New York or Florida.

The Board believes that these benefits are comparable to those offered by other companies that compete with us for executive talent and are consistent with our overall compensation program. Perquisites are not a material part of our compensation program. We also provide our executive officers with benefits that are generally available to all of our employees, including health insurance, disability insurance, dental insurance, vision insurance, life insurance, paid time off, and the reimbursement of qualified business expenses.

Deductibility of Executive Compensation

Code Section 162(m) limits the ability of the Company to deduct for tax purposes compensation over $1,000,000 to our principal executive officer or any one of our three highest paid executive officers, other than our principal executive officer or principal financial officer, who are employed by us on the last day of our taxable year, unless, in general, the compensation is paid pursuant to a plan that is performance related, non-discretionary, and has been approved by our stockholders. The Compensation Committee will review and consider the deductibility of executive compensation under Code Section 162(m) and may authorize certain payments that will be in excess of the $1,000,000 limitation. The Compensation Committee believes that it needs to balance the benefits of designing awards that are tax-deductible with the need to design awards that attract, retain, and reward executives responsible for the success of the Company. While mindful of the benefit to us of the full deductibility of compensation, the Compensation Committee believes that it should not be constrained by the requirements of Code Section 162(m) where those requirements would impair flexibility in compensating our executive officers in a manner that can best promote our corporate objectives, which the Compensation Committee believes aligns our executive officers' interests with our stockholders' interests, and thus is in the best interests of our stockholders.

Payments Upon Termination and Change in Control

Pursuant to the terms of each of their employment agreements, Messrs. Dunn and Anderson are entitled to certain benefits upon the termination of their employment with us, the terms of which are described below under "Agreements with Current Executive Officers." In addition, pursuant to the terms of nonqualified stock option agreements associated with option awards to Mr. Thomas in 2012 and 2013, and pursuant to the terms of nonqualified stock option agreements associated with option awards to our executive officers in 2014 and March 2015, in the event of a termination of their employment by the Company without cause or by them with good reason during the six month period following a change in control, the option awards shall become fully vested and exercisable effective as of the termination date. Pursuant to the terms of performance-contingent restricted stock unit award agreements, cash-settled performance unit award agreements, and restricted stock award agreements associated with long-term incentive awards to our executive officers in 2014, in the event of a termination of their employment by the Company without cause or by them with good reason during the six month period following a change in control, the awards shall be deemed earned at target and/or fully vested, effective as of the termination date. The award agreements associated with long-term incentive awards to our executive officers in 2014 provide for continued or pro-rata vesting in the event of certain qualifying terminations of employment.

In addition, pursuant to the terms of nonqualified stock option agreements associated with option awards to our executive officers in 2015, in the event of a termination of their employment by the Company without cause or by them with good reason during the six month period prior to or the one year period following a change in control, the option awards shall become fully vested and exercisable effective as of the termination date. Pursuant to the terms of performance-contingent restricted stock unit award agreements and cash-settled performance unit award agreements associated with long-term incentive awards to our executive officers in 2015, in the event of a termination of their employment by the Company without cause or by them with good reason during the six month period prior to or the one year period following a change in control, the awards shall be deemed earned at target and/or fully vested, effective as of the termination date. The award agreements associated with long-term incentive awards to our executive officers in 2015 provide for continued or pro-rata vesting in the event of certain qualifying terminations of employment. See "2015 Long-Term Incentive Plan" below.

These benefits are intended to alleviate concerns that may arise in the event of an executive's separation from service with us and enable executives to focus fully on their duties to us while employed by us.

Stock Ownership and Retention Policy

In 2014, Regional adopted a Stock Ownership and Retention Policy. The Compensation Committee believes that significant ownership of common stock by our executives and directors directly aligns their interests with those of our stockholders and also helps balance the incentives for risk-taking inherent in equity-based awards made to executives. Under the policy, executives and directors are subject to the following ownership guidelines:

Covered Person	Ownership Guideline
Chief Executive Officer	5x annual salary
Other covered employees (including NEOs)	2x annual salary
Directors	3x annual cash retainer

Persons covered by the policy are expected to utilize grants under equity compensation plans to reach the levels of ownership expected by the policy. The policy also incorporates a retention element requiring such persons to retain 50% of the net shares resulting from the vesting or exercise of equity awards to obtain the required ownership under the policy.

Clawback Policy

In 2014, Regional also adopted a Compensation Recoupment Policy, or "clawback policy." Under the clawback policy, the Chief Executive Officer, the Chief Financial Officer, any other person who is an executive officer, the Corporate Controller, and such other persons (each, a "Covered Person") as may be determined by the Board of Directors or the Compensation Committee (the "Administrator") may be required to return to the Company and/or forfeit all or a portion of any cash-based incentive compensation and/or equity-based incentive compensation received by such Covered Person.

Such a return or forfeit is required, unless the Administrator determines otherwise, if (i) compensation is received based on financial statements that are subsequently restated in a way that would decrease the amount of the award to which such person was entitled and the restatement is based in whole or in part on the misconduct of the Covered Person, (ii) such compensation was received by the Covered Person and the Administrator determines that such person has violated a non-competition, non-solicitation, confidentiality, or other restrictive covenant applicable to such person, or (iii) recoupment is otherwise required under applicable law.

Prohibition Against Hedging and Pledging

As stated in our Code of Conduct, directors, officers, and employees may not engage in activities that are designed to profit from trading activity or hedge against decreases in the value of our securities. This includes purchasing any financial instrument or contract, including prepaid variable forward contracts, equity swaps, collars, and exchange traded funds, which is designed to hedge or offset any risk of decrease in the market value of our common stock. These prohibitions apply regardless of whether the equity securities have been granted to the directors, executive officers, or other employees by the Company as part of their compensation or are held, directly or indirectly, by such persons.

No Excise Tax Gross-Ups

We did not provide any of our executive officers with a "gross-up" or other reimbursement payment for any tax liability that he or she might owe as a result of the application of Code Sections 280G, 4999, or 409A during 2015, and we have not agreed and are not otherwise obligated to provide any named executive officer with such a "gross-up" or other reimbursement.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the foregoing "Compensation Discussion and Analysis" with management. Based on this review and discussion, the Compensation Committee has recommended to the Board of Directors that the "Compensation Discussion and Analysis" be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and this Proxy Statement for filing with the Securities and Exchange Commission.

Members of the Compensation Committee:

Steven J. Freiberg (Chairman)
Carlos Palomares
Peter R. Knitzer

This report shall not be deemed to be incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under such acts.

SELECTED EXECUTIVE COMPENSATION TABLES

2015 Summary Compensation Table

The following table sets forth the cash and other compensation that we paid to our named executive officers or that was otherwise earned by our named executive officers for their services in all employment capacities during the fiscal years ended December 31, 2015, December 31, 2014, and December 31, 2013.

Name and Principal Position[1]	Year	Salary ($)[2]	Bonus ($)[3]	Stock Awards ($)[4]	Option Awards ($)[5]	Non-Equity Incentive Plan Compensation ($)[6]	All Other Compensation ($)	Total ($)
Michael R. Dunn,	2015	500,000	—	1,999,985	572,951	448,669	44,165[7]	3,565,770
Chief Executive Officer	2014	86,301	—	—	—	19,323	—	105,624
	2013	—	—	—	—	—	—	—
Jody L. Anderson,	2015	325,000	—	199,995	63,473	291,635	76,017[7]	956,120
President and Chief Operating Officer	2014	81,918	—	—	199,994	18,341	11,287[8]	311,540
	2013	—	—	—	—	—	—	—
Donald E. Thomas,	2015	321,391	—	160,687	397,810	288,396	24,400[7]	1,192,684
Executive Vice President and	2014	309,000	—	154,494	154,494	69,185	24,200[8]	711,373
Chief Financial Officer	2013	299,178	110,677	—	1,528,902	83,995	13,800[9]	2,036,552
Daniel J. Taggart,	2015	296,712	—	99,990	99,993	266,251	—	762,946
Senior Vice President and	2014	—	—	—	—	—	—	—
Chief Risk Officer	2013	—	—	—	—	—	—	—
Brian J. Fisher,	2015	220,000	6,250	91,657	175,563	118,449	9,999[7]	621,918
Vice President, General Counsel, and	2014	180,000	—	119,685	74,996	24,181	—	398,862
Secretary	2013	135,014	11,425	—	—	18,953	—	165,392

(1) Messrs. Dunn, Anderson, Thomas, Taggart, and Fisher were appointed to their positions on November 20, 2014, October 1, 2014, January 2, 2013, January 5, 2015, and January 14, 2013, respectively.

(2) The amounts represent annual base salaries, prorated for any partial year. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Base Salaries."

(3) For 2013, the amounts represent a sign-on bonus paid to Mr. Thomas and discretionary bonuses awarded in 2013. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Discretionary Cash Bonuses." For 2015, the amount represents a one-third installment payment of a cash retention award granted to Mr. Fisher in 2015 pursuant to our key employee retention program. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Key Employee Retention Program."

(4) Amounts shown are the aggregate grant date fair value of awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. For a discussion of the assumptions made in such valuation, see note 15 to our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. In 2014, Mr. Fisher was granted performance-contingent restricted stock units ("RSUs") with a grant date fair value of $74,983 (and a maximum potential value of $112,474) and a time-vesting restricted stock award ("RSA") with a grant date fair value of $44,702. In 2014, Mr. Thomas was granted RSUs having a grant date fair value of $154,494 (and a maximum potential value of $231,732). The actual number of RSUs, if any, that may be earned may range from 0% to 150% of the target number of units, based on achievement of cumulative EBITDA over the performance period, January 1, 2014 through December 31, 2016. Mr. Fisher's RSA vests on February 15, 2017, or as otherwise provided in the applicable award agreement. In 2015, Messrs. Dunn, Anderson, Thomas, Taggart, and Fisher were granted RSUs having the following grant date fair values: Mr. Dunn, $499,996, Mr. Anderson, $199,995, Mr. Thomas, $160,687, Mr. Taggart, $99,990, and Mr. Fisher, $91,657 (and a maximum potential value of $749,993, $299,986, $241,030, $149,978, and $137,485, respectively). The actual number of RSUs, if any, that may be earned may range from 0% to 150% of the target number of units, based on achievement of cumulative EBITDA over the performance period, January 1, 2015 through December 31, 2017. In addition, in 2015, upon signing his new employment agreement on January 12, 2015, Mr. Dunn was granted a stock award for 99,337 restricted shares of common stock, having a grant date fair value of $1,499,989.

(5) Amounts shown are the aggregate grant date fair value of awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. For a discussion of the assumptions made in such valuation, see note 15 to our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The option awards granted pursuant to our long-term incentive program in 2015 on January 5, 2015 to Mr. Taggart and on April 22, 2015 to Messrs. Dunn, Thomas, and Fisher vest on December 31, 2017. The option awards granted pursuant to our key employee retention program in 2015 on March 11, 2015 to Messrs. Dunn, Anderson, Thomas, and Fisher vest in three equal installments on each of December 31, 2015, 2016, and 2017. The option awards granted in 2014 to Messrs. Thomas and Fisher vest on December 31, 2016. The option award granted in 2014 to Mr. Anderson vests on December 31, 2017. The option awards granted in 2013 to Mr. Thomas vest in five equal annual installments beginning on the first anniversary of the grant date.

(6) Represents performance-based annual cash awards earned in 2013, 2014, and 2015 and paid in 2014, 2015, and 2016, respectively. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Performance-Based Annual Cash Awards."
(7) Represents aggregate automobile allowance payments of $13,800 to Messrs. Anderson and Thomas; 401(k) plan matching contributions of $3,638 to Mr. Anderson, $10,600 to Mr. Thomas, and $9,999 to Mr. Fisher; relocation expense benefits of $58,579 to Mr. Anderson in accordance with the Company's standard relocation policy; and payment of $44,165 of Mr. Dunn's commuting expenses to and from his home in New York or Florida.
(8) Represents aggregate automobile allowance payments of $3,450 to Mr. Anderson and $13,800 to Mr. Thomas; a 401(k) plan matching contribution of $10,400 to Mr. Thomas; relocation expense benefits of $6,007 to Mr. Anderson in accordance with the Company's standard relocation policy; and reimbursement of attorney fees to Mr. Anderson in the amount of $1,830 in connection with the negotiation of his employment agreement.
(9) Represents aggregate automobile allowance payments of $13,800 to Mr. Thomas.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information concerning equity awards that were outstanding as of December 31, 2015, for each of our named executive officers.

	Option Awards				Stock Awards			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock that Have Not Vested (#)**	**Market Value of Shares or Units of Stock that Have Not Vested ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested ($)**
Michael R. Dunn, Chief Executive Officer	3,333 —	6,667(9) 71,692(1)	15.06 14.75	03/11/25 04/22/25	—	—	33,898(2)	524,402(5)
Jody L. Anderson, President and Chief Operating Officer	— 2,900	24,566(1) 5,800(9)	17.76 15.06	10/01/24 03/11/25	—	—	13,559(2)	209,758(5)
Donald E. Thomas, Executive Vice President and Chief Financial Officer	40,000 10,600 — 10,833 —	60,000(7) 15,900(8) 19,867(3) 21,667(9) 23,042(1)	16.73 33.93 17.76 15.06 14.75	01/02/23 12/31/23 10/01/24 03/11/25 04/22/25	—	—	8,699(6) 10,894(2)	134,574(5) 168,530(5)
Daniel J. Taggart, Senior Vice President and Chief Risk Officer	—	13,194(1)	15.24	01/05/25	—	—	6,779(2)	104,871(5)
Brian J. Fisher, Vice President, General Counsel, and Secretary	— 3,833 —	9,644(3) 7,667(9) 13,143(1)	17.76 15.06 14.75	10/01/24 03/11/25 04/22/25	2,517(4)	38,938(5)	4,222(6) 6,214(2)	65,314(5) 96,131(5)

(1) This option vests December 31, 2017.

(2) This amount represents a performance-contingent restricted stock unit award (an "RSU"). The actual number of RSUs, if any, that may be earned may range from 0% to 150% of the target number of units set forth in the table above, based on achievement of cumulative EBITDA over the performance period, January 1, 2015 through December 31, 2017, and the continued employment of the executive through December 31, 2017, or as otherwise provided in the applicable award agreement.

(3) This option vests on December 31, 2016.

(4) This award of restricted stock vests on February 15, 2017.

(5) Calculated based on the closing price of our common stock of $15.47 on December 31, 2015.

(6) This amount represents an RSU. The actual number of RSUs, if any, that may be earned may range from 0% to 150% of the target number of units set forth in the table above, based on achievement of cumulative EBITDA over the performance period, January 1, 2014 through December 31, 2016, and the continued employment of the executive through December 31, 2016, or as otherwise provided in the applicable award agreement.

(7) This option vests in five equal annual installments beginning on the first anniversary of the grant date of January 2, 2013.

(8) This option vests in five equal annual installments beginning on the first anniversary of the grant date of December 31, 2013.

(9) This option vests in three equal annual installments on each of December 31, 2015, 2016, and 2017.

Equity Compensation Plan Information

The following table gives information about the common stock that may be issued upon the exercise of options, warrants, and rights under all of our existing equity compensation plans as of December 31, 2015.

Plan Category	(a) Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights ($)	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity Compensation Plans Approved by Security Holders			
2007 Management Incentive Plan(1)	287,527	5.46	—
2011 Stock Incentive Plan(2)	590,416(4)	16.75(5)	—
2015 Long-Term Incentive Plan(3)	351,338(6)	15.33(5)	560,860
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total:	1,229,281	13.36	560,860

(1) Regional Management Corp. 2007 Management Incentive Plan, as amended (the "2007 Plan"). On April 22, 2015, the Company's stockholders approved the Regional Management Corp. 2015 Long-Term Incentive Plan (the "2015 Plan"), at which time all shares then available for issuance under the 2007 Plan rolled over to the 2015 Plan. Awards may no longer be granted under the 2007 Plan. However, awards that are outstanding under the 2007 Plan will continue in accordance with their respective terms.

(2) Regional Management Corp. 2011 Stock Incentive Plan, as amended (the "2011 Plan"). On April 22, 2015, the Company's stockholders approved the 2015 Plan, at which time all shares then available for issuance under the 2011 Plan rolled over to the 2015 Plan. Awards may no longer be granted under the 2011 Plan. However, awards that are outstanding under the 2011 Plan will continue in accordance with their respective terms.

(3) Regional Management Corp. 2015 Long-Term Incentive Plan. As of March 28, 2016, 566,683 shares remain available for issuance under the 2015 Plan, which allows for grants of incentive stock options, non-qualified stock options, stock appreciation rights, unrestricted shares, restricted shares, restricted stock units, phantom stock awards, and awards that are valued in whole or in part by reference to, or otherwise based on the fair market value of shares, including performance-based awards.

(4) Includes 42,547 restricted stock units outstanding under the 2011 Plan. There is no exercise price associated with these restricted stock units.

(5) Calculation excludes shares subject to restricted stock unit awards.

(6) Includes 142,997 restricted stock units outstanding under the 2015 Plan. There is no exercise price associated with these restricted stock units.

SUMMARY OF EMPLOYMENT ARRANGEMENTS WITH EXECUTIVE OFFICERS

Employment Agreement with Mr. Dunn

We entered into an employment agreement with Mr. Dunn, our Chief Executive Officer, on January 12, 2015 (the "Dunn Agreement"), pursuant to which Mr. Dunn will continue to serve as our Chief Executive Officer following his appointment as the Company's Interim Chief Executive Officer on October 30, 2014. The Dunn Agreement provides for an approximate two-year term that began on January 12, 2015, and will end on December 31, 2016.

Mr. Dunn is currently entitled to receive an annual base salary of $520,000, subject to annual review. For each calendar year during the employment term, Mr. Dunn is also eligible to earn an annual bonus award under the Annual Incentive Plan based upon the achievement of performance targets established by the Compensation Committee, with a target bonus equal to no less than 100% of his base salary. The Dunn Agreement provides that Mr. Dunn will be eligible for a prorated annual bonus award during calendar year 2014, in addition to any other partial year. In addition, Mr. Dunn will be eligible to earn a cash bonus in the amount of up to $500,000, subject to his continued employment with the Company as its Chief Executive Officer through December 31, 2016 (the "Completion Bonus"). The Completion Bonus is payable solely at the discretion of the Compensation Committee based upon a review of Mr. Dunn's performance, taking into account such factors as the Compensation Committee may establish or otherwise deem relevant, including but not limited to Mr. Dunn's contributions to the Company's financial performance and the accomplishment of the Company's short-term and long-term strategic objectives.

Mr. Dunn will also receive equity compensation opportunities in the following forms: an initial stock award, a nonqualified stock option award, a performance-contingent restricted stock unit award, and a cash-settled performance unit award.

Pursuant to the Dunn Agreement, Mr. Dunn received an initial stock award for 99,337 fully vested shares of Company common stock on January 12, 2015. The net shares (as defined below) subject to the stock award are subject to a holding period ending December 31, 2016, regardless of whether Mr. Dunn remains employed with the Company until such date. During the holding period, Mr. Dunn may not transfer the net shares subject to the stock award. The "net shares" means the total number of shares of the Company's common stock subject to the stock award less such number of shares as may be withheld to satisfy applicable withholding taxes as determined at minimum statutory withholding rates.

Pursuant to the Dunn Agreement, Mr. Dunn received a nonqualified stock option to purchase 71,692 shares of Company common stock on April 22, 2015 at an exercise price per share equal to $14.75. The option will vest on December 31, 2017, subject to Mr. Dunn's continued employment with the Company through the vesting date or as otherwise provided in the applicable award agreement. The option has a ten-year term.

Pursuant to the Dunn Agreement, on April 22, 2015 Mr. Dunn received performance-contingent restricted stock units ("RSUs") with a grant date fair value of $500,000 and cash-settled performance units ("performance units") with a target cash settlement value at vesting equal to $500,000. The RSUs and performance units will be eligible for vesting on December 31, 2017, based on the achievement, if at all, of performance criteria established by the Compensation Committee and Mr. Dunn's continued employment from the grant date until the vesting date or as otherwise provided in the applicable award agreement.

Each of the stock award, the option, the performance-contingent restricted stock unit award, and the cash-settled performance unit award will be subject to the terms of the 2011 Plan, or any successor plan, and each applicable award agreement. For fiscal 2016, and subject to his continued employment from the effective date of the Dunn Agreement until the applicable grant date, Mr. Dunn is eligible to receive one or more long-term incentive awards valued in the aggregate at $1,500,000, subject to the terms of the 2011 Plan, or any successor plan, and applicable equity award agreements, at the discretion of the Board or Compensation Committee.

The Company will also provide Mr. Dunn with benefits generally available to its other employees, including medical and retirement plans, in addition to the use of a cell phone and reasonable attorneys' fees and expenses not to exceed $7,500 in connection with the negotiation of the Dunn Agreement.

If Mr. Dunn's employment is terminated by the Company without "cause" or by Mr. Dunn as a result of "involuntary termination," Mr. Dunn will be entitled to receive: (1) accrued but unpaid salary through his termination date; (2) continued payment of his annual base salary for a period of 12 months following his termination date (unless Mr. Dunn is eligible to receive the Completion Bonus and/or his employment terminates after December 31, 2016); (3) the pro-rata portion of any annual bonus for the year in which termination occurs, to the extent earned, plus, if his termination occurs after year-end but before the annual bonus for the preceding year is paid, the annual bonus for the preceding year; (4) reimbursement of COBRA premiums for continuation coverage under the Company's group medical plan for 12 months following his termination date, so long as he is not entitled to obtain insurance from a subsequent employer; and (5) reimbursement of expenses incurred prior to termination.

If Mr. Dunn's employment terminates due to his death or "disability" (as defined by the Dunn Agreement), Mr. Dunn will be entitled to receive: (1) accrued but unpaid salary prior to his death or disability; (2) reimbursement of expenses incurred prior to his death or disability; and (3) the pro-rata portion of any annual bonus for the year in which his death or termination due to disability occurs, to the extent earned, plus, if his death or termination due to disability occurs after year-end but before the annual bonus for the preceding year is paid, the annual bonus for the preceding year. In addition, in the event Mr. Dunn's employment is terminated due to disability, he is entitled to continued payment of his annual base salary until 12 months after his termination date, reduced by the amounts payable under any disability insurance, plan or policy maintained by the Company. However, Mr. Dunn is not entitled to the severance payment in the preceding sentence if he is eligible to be paid the Completion Bonus and/or his employment terminates after December 31, 2016.

If the Company terminates Mr. Dunn's employment with "cause" or if Mr. Dunn voluntarily terminates his employment, he is entitled to accrued but unpaid salary and expense reimbursements through his termination date. In the case of voluntary termination of employment, if termination occurs after year-end but before the annual bonus for the preceding year is paid, Mr. Dunn is also entitled to payment of the annual bonus for the preceding year.

For purposes of the Dunn Agreement, "cause" includes: (1) the willful or grossly negligent material failure to perform duties; (2) conviction or entering into a plea bargain or plea of nolo contendere of any felony or certain other crimes; (3) certain acts of fraud, embezzlement or misappropriation; (4) certain failures to comply with any Company written policy or certain other actions that materially interfere with Mr. Dunn's ability to discharge his duties, responsibilities or obligations; (5) the knowing misstatement of Company financial records; (6) the material breach by Mr. Dunn of any of the terms of the Agreement; (7) habitual drunkenness or substance abuse; (8) the failure to disclose material financial or other information to the Board; or (9) engagement in conduct that results in Mr. Dunn's obligation to reimburse the Company for the amount of any bonus or other compensation under the Sarbanes-Oxley Act of 2002 or the Dodd-Frank Wall Street Reform and Consumer Protection Act.

For purposes of the Dunn Agreement, "involuntary termination" means termination of Mr. Dunn's employment which is due to a material diminution of his responsibilities, position, authority or duties or a material adverse change in the terms or status of the Dunn Agreement or a material reduction in Mr. Dunn's compensation package, in each case without Mr. Dunn's written consent.

Mr. Dunn is also subject to a covenant not to disclose the Company's confidential information during his employment term and at all times thereafter, a covenant not to compete during his employment and for a period of two years following his termination of employment, a covenant not to solicit competitive consumer finance loans through "loan sources" (as defined in the Dunn Agreement) during his employment and for a period of two years following his termination of employment, a covenant not to solicit or hire Company employees during his employment and for a period of two years following his termination of employment, and a non-disparagement covenant effective during the employment term and at all times thereafter. Mr. Dunn's non-compete is limited to an area within twenty-five miles of any Company office.

Employment Agreement with Mr. Anderson

We entered into an employment agreement with Mr. Anderson, our President and Chief Operating Officer, on September 19, 2014 (the "Anderson Agreement"), pursuant to which Mr. Anderson will serve as our President and Chief Operating Officer. The Anderson Agreement provides for a three-year term.

Mr. Anderson is currently entitled to receive an annual base salary of $335,000, subject to annual review. For each calendar year during the employment term, Mr. Anderson is also eligible to earn an annual bonus award under the Annual Incentive Plan based upon the achievement of performance targets established by the Compensation Committee, with a target bonus equal to no less than 100% of his base salary. The Anderson Agreement provides that Mr. Anderson will be eligible for a prorated annual bonus award during calendar year 2014, in addition to any other partial year.

Mr. Anderson will also receive equity compensation opportunities in the following forms: a nonqualified stock option award, a performance-contingent restricted stock unit award, and a cash-settled performance unit award.

Pursuant to the Anderson Agreement, Mr. Anderson received a nonqualified stock option to purchase 24,566 shares of Company common stock on October 1, 2014 at an exercise price per share equal to $17.76. The option will vest on December 31, 2017, subject to Mr. Anderson's continued employment with the Company through the vesting date or as otherwise provided in the applicable award agreement. The option has a ten-year term.

Pursuant to the Anderson Agreement, on April 22, 2015 Mr. Anderson received RSUs with a grant date fair value of $200,000 and performance units with a target cash settlement value at vesting equal to $200,000. The RSUs and performance units will be eligible for vesting on December 31, 2017, based on the achievement, if at all, of performance criteria established by the Compensation Committee and Mr. Anderson's continued employment from the grant date until the vesting date or as otherwise provided in the applicable award agreement.

Each of the option, the performance-contingent restricted stock unit award and the performance unit award will be subject to the terms of the 2011 Plan, or any successor plan, and each applicable award agreement. For fiscal 2016, and subject to his continued employment from the effective date of the Anderson Agreement until the applicable grant date, Mr. Anderson is eligible to receive one or more long-term incentive awards, subject to the terms of the 2011 Plan or any successor plan and applicable equity award agreements at the discretion of the Board or Compensation Committee.

The Company will also provide Mr. Anderson with benefits generally available to its other employees, including medical and retirement plans, in addition to a car allowance of $1,150 per month, the use of a cell phone, reasonable relocation expenses, and reasonable attorneys' fees and expenses not to exceed $7,500 in connection with the negotiation of the Anderson Agreement.

If Mr. Anderson's employment is terminated by the Company without "cause" or by Mr. Anderson as a result of "involuntary termination," Mr. Anderson will be entitled to receive: (1) accrued but unpaid salary through his termination date; (2) continued payment of his annual base salary for a period of 12 months following his termination date; (3) the pro-rata portion of any annual bonus for the year in which termination occurs, to the extent earned, plus, if his termination occurs after year-end but before the annual bonus for the preceding year is paid, the annual bonus for the preceding year; (4) reimbursement of COBRA premiums for continuation coverage under the Company's group medical plan for 12 months following his termination date, so long as he is not entitled to obtain insurance from a subsequent employer; and (5) reimbursement of expenses incurred prior to termination.

If Mr. Anderson's employment terminates due to his death or "disability" (as defined by the Anderson Agreement), Mr. Anderson will be entitled to receive: (1) accrued but unpaid salary prior to his death or disability; (2) reimbursement of expenses incurred prior to his death or disability; and (3) the pro-rata portion of any annual bonus for the year in which his death or termination due to disability occurs, to the extent earned, plus, if his death or termination due to disability occurs after year-end but before the annual bonus for the preceding year is paid, the annual bonus for the preceding year. In addition, in the event Mr. Anderson's employment is terminated due to disability, he is entitled to continued payment of his annual base salary until 12 months after his termination date, reduced by the amounts payable under any disability insurance, plan or policy maintained by the Company.

If the Company terminates Mr. Anderson's employment with "cause" or if Mr. Anderson voluntarily terminates his employment, he is entitled to accrued but unpaid salary and expense reimbursements through his termination date. In the case of voluntary termination of employment, if termination occurs after year-end but before the annual bonus for the preceding year is paid, Mr. Anderson is also entitled to payment of the annual bonus for the preceding year.

For purposes of the Anderson Agreement, "cause" includes: (1) the willful or grossly negligent material failure to perform duties; (2) conviction or entering into a plea bargain or plea of nolo contendere of any felony or certain other crimes; (3) certain acts of fraud, embezzlement or misappropriation; (4) certain failures to comply with any Company written policy or certain other actions that materially interfere with Mr. Anderson's ability to discharge his duties, responsibilities or obligations; (5) the knowing misstatement of Company financial records; (6) the material breach by Mr. Anderson of any of the terms of the Agreement; (7) habitual drunkenness or substance abuse; (8) the failure to disclose material financial or other information to the Board; or (9) engagement in conduct that results in Mr. Anderson's obligation to reimburse the Company for the amount of any bonus or other compensation under the Sarbanes-Oxley Act of 2002 or the Dodd-Frank Wall Street Reform and Consumer Protection Act.

For purposes of the Anderson Agreement, "involuntary termination" means termination of Mr. Anderson's employment which is due to a material diminution of his responsibilities, position, authority, duties or in the terms or status of the Anderson Agreement or a reduction in Mr. Anderson's compensation package, in each case without Mr. Anderson's written consent.

Mr. Anderson is also subject to a covenant not to disclose the Company's confidential information during his employment term and at all times thereafter, a covenant not to compete during his employment and for a period of two years following his termination of employment, a covenant not to solicit competitive consumer finance loans through "loan sources" (as defined in the Anderson Agreement) during his employment and for a period of two years following his termination of employment, a covenant not to solicit or hire Company employees during his employment and for a period of two years following his termination of employment and a non-disparagement covenant effective during the employment term and at all times thereafter. Mr. Anderson's non-compete is limited to an area within twenty-five miles of any Company office.

Employment Letter Agreement with Mr. Thomas

Effective January 2, 2013, Mr. Thomas was appointed as our Executive Vice President and Chief Financial Officer. We entered into a letter agreement with Mr. Thomas, effective as of December 12, 2012, as amended on October 1, 2014. Mr. Thomas is currently entitled to receive an annual base salary of $332,000, subject to annual review. With respect to each calendar year during the employment term, the letter agreement provides that Mr. Thomas is also eligible for a performance-based annual cash award pursuant to our Annual Incentive Plan, with a target bonus equal to 100% of his base salary, based upon the achievement of our performance targets for Mr. Thomas, as established by our Compensation Committee.

Mr. Thomas was paid a sign-on bonus of $75,000 in one lump sum within three days of the commencement of his employment, and we granted Mr. Thomas a stock option award (the "Initial Equity Grant") for the purchase of 100,000 shares of our common stock, with the grant occurring on January 2, 2013, the date that Mr. Thomas began his employment. The exercise price of the Initial Equity Grant is $16.73, which is equal to the closing price of our common stock on the grant date. The Initial Equity Grant is subject to the terms and conditions described in the applicable award agreement and will vest in five tranches, one-fifth on each of the anniversaries of the grant date, as long as Mr. Thomas has been continuously employed by us through the vesting dates.

On October 1, 2014, the letter agreement was amended in an effort to more effectively link Mr. Thomas's compensation to the successful achievement of our strategic business objectives. The amendment provided that Mr. Thomas would forego certain rights to annual stock option grants under the letter agreement and would instead, consistent with the incentive compensation structure applicable to certain other executives, in 2014 be granted a combination of stock options, performance-contingent restricted stock units, and performance units with an aggregate target value of 1.5 times his base salary, and that in 2015, Mr. Thomas will be eligible to participate in the Company's long-term incentive program in the sole discretion of the Compensation Committee or the Board.

We will also provide Mr. Thomas with health insurance, short- and long-term disability insurance, life insurance, access to our 401(k) plan, 25 days of paid time off, and a car allowance of $1,150 per month. Mr. Thomas's employment is at-will.

Employment Letter Agreement with Mr. Taggart

Effective January 5, 2015, Mr. Taggart was appointed as our Senior Vice President and Chief Risk Officer. We entered into a letter agreement with Mr. Taggart, effective as of January 5, 2015. Mr. Taggart is currently entitled to receive an annual base salary of $308,000, subject to annual review, and will be eligible to earn an annual cash incentive award with a target opportunity equal to 100% of his base salary, based upon achievement of certain performance targets. Mr. Taggart will also receive compensation in the following forms: a nonqualified stock option award; a performance-contingent restricted stock unit award; and a cash-settled performance unit award.

Pursuant to his letter agreement, Mr. Taggart received a nonqualified stock option to purchase 13,194 shares of Company common stock on January 5, 2015 at an exercise price per share equal to $15.24. The option will vest on December 31, 2017, subject to Mr. Taggart's continued employment with the Company through the vesting date or as otherwise provided in the award agreement. The option has a ten-year term.

Pursuant to his letter agreement, on April 22, 2015 Mr. Taggart received RSUs with a grant date fair value of $100,000 and performance units with a target cash settlement value at vesting equal to $100,000. The RSUs and performance units will be eligible for vesting on December 31, 2017, based on the achievement, if at all, of performance criteria established by the Compensation Committee and Mr. Taggart's continued employment from the grant date until the vesting date or as otherwise provided in the applicable award agreement.

Each of the option award, the performance-contingent restricted stock unit award, and the cash-settled performance unit award will be subject to the terms of the 2011 Plan, or any successor plan, and each applicable award agreement. Commencing in 2016, Mr. Taggart will be eligible to participate in long-term incentive awards under the 2011 Plan or any successor plan as determined by the Compensation Committee. The Company will also provide Mr. Taggart with benefits generally available to its other employees, including medical and retirement plans, in addition to the use of a cell phone.

Employment Letter Agreement with Mr. Fisher

Effective January 14, 2013, Mr. Fisher was appointed as our Vice President, General Counsel, and Secretary. We entered into a letter agreement with Mr. Fisher, effective as of December 12, 2012.

Mr. Fisher is currently entitled to receive an annual base salary of $230,000, subject to annual review. With respect to each calendar year during the employment term, the letter agreement provides that Mr. Fisher is also eligible for a performance-based annual cash award pursuant to our Annual Incentive Plan, with a target bonus equal to a minimum of 25% of his base salary, based upon the achievement of our performance targets for Mr. Fisher, as established by our Compensation Committee. We will also provide Mr. Fisher with health insurance, short- and long-term disability insurance, life insurance, and access to our 401(k) plan. Mr. Fisher's employment is at-will.

SUMMARY OF COMPANY INCENTIVE PLANS

The discussion that follows describes the material terms of our principal equity plans and our principal cash incentive plan in which our executive officers participate.

2015 Long-Term Incentive Plan

Purposes and Eligibility; Term. The purposes of the 2015 Plan are to encourage and enable selected employees, directors and consultants of Regional and its affiliates to acquire or increase their holdings of our common stock and other equity-based interests in Regional and/or to provide other incentive awards in order to promote a closer identification of their interests with those of Regional and our stockholders, and to provide flexibility to Regional in its ability to motivate, attract and retain the services of participants upon whose judgment, interest and special effort the successful conduct of its operation largely depends. The effective date of the 2015 Plan is April 22, 2015, and awards can be granted under the 2015 Plan until April 21, 2025 or the Plan's earlier termination by the Board.

Share Limitations. The maximum aggregate number of shares of common stock that we may issue pursuant to awards granted under the 2015 Plan may not exceed the sum of (i) 350,000 shares, plus (ii) any shares (A) remaining available for grant as of the effective date of the 2015 Plan under any prior plan and/or (B) subject to an award granted under a prior plan, which award is forfeited, canceled, terminated, expires or lapses for any reason. The maximum aggregate number of shares of common stock that may be issued under the 2015 Plan pursuant to the grant of incentive options may not exceed 350,000 shares.

Under the 2015 Plan, in any 12-month period, (i) no participant may be granted options and SARs that are not related to an option for more than 450,000 shares of common stock (or the equivalent value thereof based on the fair market value per share of the common stock on the date of grant of an award); (ii) no participant may be granted awards other than options or SARs that are settled in shares of common stock for more than 450,000 shares of common stock; and (iii) the maximum amount of awards that are settled in cash that can be granted to any one participant will be $2,500,000.

The number of shares reserved for issuance under the 2015 Plan, the participant award limitations and the terms of awards may be adjusted in the event of an adjustment in the capital structure of Regional (due to a merger, recapitalization, stock split, stock dividend or similar event).

Administration; Amendment and Termination. The 2015 Plan provides that the plan will be administered by the Board or, upon its delegation, by the Compensation Committee. As a matter of practice, the Compensation Committee will administer the 2015 Plan, following Board delegation, subject to Board oversight. Each member of the Compensation Committee is intended to be independent under applicable Code Section 162(m), SEC Rule 16b-3 and NYSE listing standards. The Board and the Compensation Committee are referred to in this discussion collectively as the "Administrator."

Subject to the terms of the 2015 Plan, the Administrator's authority includes but is not limited to the authority to: (i) determine all matters relating to awards; (ii) prescribe the form or forms of agreements evidencing awards granted under the 2015 Plan; (iii) establish, amend and rescind rules and regulations for the administration of the 2015 Plan; (iv) correct any defect, supply any omission or reconcile any inconsistency in the 2015 Plan or in any award or award agreement; and (v) construe and interpret the 2015 Plan, awards and award agreements made under the 2015 Plan, interpret rules and regulations for administering the 2015 Plan and make all other determinations deemed necessary or advisable for administering the 2015 Plan.

The 2015 Plan and awards may be amended or terminated at any time by the Board, subject to the following: (i) stockholder approval is required of any 2015 Plan amendment if stockholder approval is required by applicable laws, rules or regulations and (ii) an amendment or termination of an award may not materially adversely affect the rights of a participant without the participant's consent. In addition, stockholder approval is required take any action with respect to options or SARs that would be treated as a repricing under the rules of the principal stock exchange on which shares of our common stock are listed. The Administrator has unilateral authority to amend the 2015 Plan and any award to the extent necessary to comply with applicable laws, rules or regulations, or changes thereto. The Administrator may also adjust awards upon the occurrence of certain unusual or nonrecurring events, if the Administrator determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the 2015 Plan or necessary or appropriate to comply with applicable laws, rules or regulations.

Options. The Administrator may grant incentive options and nonqualified options, both of which are exercisable for shares of our common stock, although incentive options may only be granted to our employees. The option price must be no less than 100% of the fair market value per share of our common stock on the date of grant, (except for certain options assumed or substituted in a merger or other transaction). Unless an individual award agreement provides otherwise, the option price may be paid in the form of cash or cash equivalent; in addition, except where prohibited by the Administrator or applicable laws, rules and regulations, payment may also be made by: (i) delivery of shares of common stock owned by the participant; (ii) shares of common stock withheld upon exercise; (iii) delivery to a broker of irrevocable instructions to promptly deliver to Regional the amount of sale or loan proceeds to pay the option price; (iv) such other payment methods as may be approved by the Administrator; or (v) any combination of these methods. The option term may not exceed 10 years.

Stock Appreciation Rights. The Administrator may grant SARs independent of or in connection with an option. The exercise price per share of SAR will be an amount determined by the Administrator, but in no event will such amount be less than 100% of the fair market value of a share on the date the SAR is granted (other than in the case of SARs granted in substitution of previously granted awards). Generally, each SAR will entitle the holder upon exercise to an amount equal to the product of (1) the excess of (A) the fair market value on the exercise date of one share of common stock, over (B) the exercise price per share, times (2) the numbers of shares of common stock covered by the SAR.

Other Stock-Based Awards (Including Performance-Based Awards). In addition to stock options and SARs, the Administrator may grant or sell awards of shares, restricted shares, restricted stock units, and awards that are valued in whole or in part by reference to, or otherwise based on, the fair market value of shares, including performance-based awards. The Administrator, in its sole discretion, may grant awards which are denominated in shares or cash (such awards, "Performance-Based Awards"), which awards may, but are not required to, be granted in a manner which is intended to be deductible by us under Code Section 162(m). Such Performance-Based Awards will be in such form, and dependent on such conditions, as the Administrator will determine, including, without limitation, the right to receive, or vest with respect to, one or more shares or the cash value of the award upon the completion of a specified period of service, the occurrence of an event, and/or the attainment of performance objectives.

Change of Control. If there is a change of control (as defined in the 2015 Plan), to the extent that the successor or surviving company in the change of control event does not assume, substitute for or continue an award on substantially similar terms or with substantially equivalent economic benefits as awards outstanding under the 2015 Plan (as determined by the Administrator), all outstanding options and SARs will become fully vested and exercisable, and any restrictions applicable to any award other than options or SARs will be deemed to have been met, and such awards will become fully vested, earned and payable to the fullest extent of the original award (or, in the case of performance-based awards, the earning of which is based on attaining a target level of performance, such awards will be deemed earned at target). In addition, in the event that an award is assumed, substituted or continued, the award will become vested (and, in the case of options and SARs, exercisable) in full and any restrictions applicable to any outstanding award other than options or SARs will be deemed to have been met and such awards will become fully vested, earned and payable to the fullest extent of the original award (or, in the case of performance-based awards, the earning of which is based on attaining a target level of performance, such awards will be deemed earned at target), if the employment or service of the participant is terminated within six months before or one year (or such other period after a change of control as may be stated in a participant's employment agreement or similar agreement) after the effective date of a change of control if such termination of employment or service is by Regional not for cause or by the participant for good reason.

Transferability. Incentive options are not transferable other than by will or the laws of intestate succession or, in the Administrator's discretion, as may otherwise be permitted in accordance with Code Section 422 and related regulations. Nonqualified options and SARs generally are not transferable other than by will or the laws of intestate succession, except for transfers if and to the extent permitted by the Administrator in a manner consistent with the registration provisions of the Securities Act. Restricted awards, performance awards, phantom stock awards and other stock-based awards that have not vested and/or been earned generally are not transferable other than transfers by will or the laws of intestate succession, and participants may not sell, transfer, assign, pledge or otherwise encumber shares subject to an award until the award has vested and/or been earned and all other conditions established by the Administrator have been met.

Forfeiture, Recoupment and Stock Retention. The 2015 Plan authorizes the Administrator to require forfeiture and/or recoupment of plan benefits if a participant engages in certain types of detrimental conduct and to require that a participant comply with Regional's Compensation Recovery Policy and Stock Ownership and Retention Policy and/or other similar policies that may apply to the participant or be imposed under applicable laws.

Code Section 409A. Awards granted under the 2015 Plan may be subject to Code Section 409A and related regulations and other guidance. If Code Section 409A applies to the 2015 Plan or any award, and the 2015 Plan and award do not, when considered together, satisfy the requirements of Code Section 409A during a taxable year, the participant will have ordinary income in the year of non-compliance in the amount of all deferrals subject to Code Section 409A to the extent that the award is not subject to a substantial risk of forfeiture. The participant will be subject to an additional tax of 20% on all amounts includable in income and may also be subject to interest charges under Code Section 409A. We do not have any responsibility to take, or to refrain from taking, any actions in order to achieve a certain tax result for any participant.

Performance-Based Compensation – Section 162(m) Requirements. The 2015 Plan is structured with the intent of allowing the Compensation Committee to pay compensation to "covered employees" (as described above, the chief executive officer and the three next highest compensated named executive officers other than the chief financial officer) that may be exempt from Code Section 162(m). The Compensation Committee has the discretion to grant performance awards that are not intended to satisfy the requirements for “performance-based” compensation under Code Section 162(m). Code Section 162(m) generally denies a public corporation a deduction for compensation in excess of $1,000,000 paid to any covered employee unless the compensation is exempt from the $1,000,000 limitation because it qualifies as performance-based compensation. In order to qualify as performance-based compensation, the compensation paid under a plan to covered employees must be paid under pre-established objective performance goals determined and certified by a committee comprised of outside directors. All of the members of our Compensation Committee are intended to qualify as outside directors under Code Section 162(m) standards.

With respect to awards granted to covered employees that are intended to qualify for the performance-based compensation exception under Code Section 162(m), the performance goals must be objective and must be based upon one or more of the following criteria, as determined by the Compensation Committee: (i) the employees eligible to receive compensation; (ii) a description of the business criteria on which the performance goal is based; and (iii) either the maximum amount of the compensation to be paid if the performance goal is met or the formula used to calculate the amount of compensation if the performance goal is met. The eligibility and participant award limitations are described above under “Purposes and Eligibility; Term” and “Share Limitations.” With respect to awards payable to covered employees that are intended to qualify for the compensation deduction limitation exception under Code Section 162(m), to the extent required under Code Section 162(m), the performance measures are limited to one or more of the following: (i) consolidated income before or after taxes (including income before interest, taxes, depreciation and amortization); (ii) EBITDA; (iii) adjusted EBITDA; (iv) operating income; (v) net income; (vi) adjusted cash net income; (vii) adjusted cash net income per share; (viii) net income per share and/or earnings per share (in each case, on a basic and/or diluted basis); (ix) book value per share; (x) return on members’ or stockholders’ equity; (xi) expense management (including, without limitation, total general and administrative expense percentages); (xii) return on investment; (xiii) improvements in capital structure; (xiv) profitability of an identifiable business unit or product; (xv) maintenance or improvement of profit margins; (xvi) stock price; (xvii) market share; (xviii) revenue or sales (including, without limitation, net loans charged off, average finance receivables, net loans charged off as percent of average net finance receivables, and net finance receivables); (xix) costs (including, without limitation, total general and administrative expense percentage); (xx) cash flow; (xxi) working capital; (xxii) multiple of invested capital; (xxiii) total debt (including, without limitation, total debt as a multiple of EBITDA); and (xxiv) total return.

2011 Stock Incentive Plan

The 2011 Stock Incentive Plan provides for the issuance of a maximum of 950,000 shares of common stock pursuant to awards granted under the plan. Awards may include non-qualified stock options, incentive stock options, stock appreciation rights, shares, restricted shares, restricted stock units and other stock-based awards to our and our subsidiaries’ key employees, executive officers, non-employee directors, consultants, or other service providers. The number of shares reserved for issuance under the plan and the terms of awards may be adjusted upon certain events affecting our capitalization. The 2011 Plan is also administered by the Compensation Committee and was replaced by the 2015 Plan. Awards may no longer be granted under the 2011 Plan, and any shares that remained available for grant have been rolled over to the 2015 Plan.

2007 Management Incentive Plan

The 2007 Management Incentive Plan provides for the issuance of a maximum of 1,037,412 shares of common stock (as adjusted to reflect stock splits) pursuant to awards granted under the plan. Awards may include non-qualified stock options and incentive stock options to our and our subsidiaries’ key employees, executive officers, non-employee directors, consultants, or other independent advisors. The number of shares reserved for issuance under the plan and the terms of awards may be adjusted upon certain events affecting our capitalization. The 2007 Plan is also administered by the Compensation Committee and was replaced by the 2011 Plan. Awards may no longer be granted under the 2007 Plan, and any shares that remained available for grant have been rolled over to the 2015 Plan.

Annual Incentive Plan

Purpose. Our Board has adopted, and our stockholders have approved, the Annual Incentive Plan. The purpose of the Annual Incentive Plan is to enable Regional to attract, retain, motivate and reward selected officers and other employees of Regional and its affiliates by providing them with the opportunity to earn annual incentive compensation awards based on attainment of performance objectives.

Administration. The Annual Incentive Plan is administered by the Compensation Committee.

Eligibility; Awards. Awards may be granted to our officers and employees in the sole discretion of the Compensation Committee. The Annual Incentive Plan provides for the payment of incentive bonuses in the form of cash, or, at the discretion of the Compensation Committee, in awards of shares under the 2015 Plan. For performance-based bonuses intended to comply with the performance-based compensation exception under Code Section 162(m), the Compensation Committee will establish such target incentive bonuses for each individual participant in the Annual Incentive Plan. However, the Compensation Committee may in its sole discretion grant such bonuses, if any, to such participants as the Compensation Committee may choose, in respect of any given performance period, that are not intended to comply with the performance-based compensation exception under Code Section 162(m). No participant may receive a bonus under the Annual Incentive Plan, with respect of any fiscal year, in excess of $2,500,000.

Performance Objectives. The Compensation Committee will establish the performance periods over which performance objectives will be measured. A performance period may be for a fiscal year or a shorter period, as determined by the Compensation Committee, and performance periods may overlap. For a given performance period, the Compensation Committee will establish (i) the performance objective or objectives that must be achieved for a participant to receive a bonus for such performance period, and (ii) the target incentive bonus for each participant. The performance objectives may be based on individual, business unit/function and/or corporate performance measures. With respect to awards granted to covered employees that are intended to qualify for the performance-based compensation exception under Code Section 162(m), the performance goals must be objective and must be based upon one or more of the following criteria, as determined by the Compensation Committee: (i) consolidated income before or after taxes (including income before interest, taxes, depreciation and amortization); (ii) EBITDA; (iii) adjusted EBITDA; (iv) operating income; (v) net income; (vi) adjusted cash net income; (vii) adjusted cash net income per share; (viii) net income per share and/or earnings per share (in each case, on a basic and/or diluted basis); (ix) book value per share; (x) return on members' or stockholders' equity; (xi) expense management (including, without limitation, total general and administrative expense percentages); (xii) return on investment; (xiii) improvements in capital structure; (xiv) profitability of an identifiable business unit or product; (xv) maintenance or improvement of profit margins; (xvi) stock price; (xvii) market share; (xviii) revenue or sales (including, without limitation, net loans charged off, average finance receivables, net loans charged off as percent of average net finance receivables, and net finance receivables); (xix) costs (including, without limitation, total general and administrative expense percentage); (xx) cash flow; (xxi) working capital; (xxii) multiple of invested capital (xxiii) total debt (including, without limitation, total debt as a multiple of EBITDA), and (xxiv) total return. The foregoing criteria may relate to us, one or more of our subsidiaries or other affiliates or one or more of our divisions, departments or units, or any combination of the foregoing, and may be applied on an absolute basis, in relation to performance in a prior period and/or in relation to one or more peer group companies or indices, or any combination thereof, all as the Compensation Committee will determine. The Compensation Committee may adjust awards as appropriate for partial achievement of goals or other factors, and may interpret and make necessary and appropriate adjustments to performance goals and the manner in which goals are evaluated, although generally no such adjustment may be made with respect to an award granted to a covered employee if the award would not comply with Code Section 162(m) except in the event of a change of control or as otherwise permitted under Code Section 162(m).

Earning and Payment of Awards. As soon as practicable after the applicable performance period ends, the Compensation Committee will (i) determine (A) whether and to what extent any of the performance objective(s) established for such performance period have been satisfied and certify to such determination, and (B) for each participant employed as of the last day of the applicable performance period, unless otherwise determined by the Compensation Committee, the actual bonus to which such participant will be entitled, taking into consideration the extent to which the performance objective(s) have been met and such other factors as the Compensation Committee may deem appropriate and (ii) cause such bonus to be paid to such participant. All payments thus made will be structured in a manner intended to be in accordance with or exempt from the requirements of Code Section 409A. The Compensation Committee has absolute discretion to reduce or eliminate the amount of an award granted to a participant, including an award otherwise earned and payable under the Annual Incentive Plan, and to establish rules or procedures that have the effect of limiting the amount payable to each participant to an amount that is less than the maximum amount otherwise authorized as that participant's target incentive bonus.

Forfeiture and Recoupment. The Compensation Committee may in its discretion at any time provide that an award or benefits related to an award shall be forfeited and/or recouped if the participant, during employment or service or following termination of employment or service for any reason, engages in certain specified conduct, including but not limited to violation of our policies, breach of non-solicitation, noncompetition, confidentiality or other restrictive covenants, or other conduct by the participant that is determined by the Compensation Committee to be detrimental to the business or reputation of Regional. In addition, the Compensation Committee may at any time require that a participant agree to abide by any equity retention policy, stock ownership guidelines, compensation recovery policy, recoupment, forfeiture and/or other policies adopted by Regional.

Change in Control. If there is a change in control (as defined in the Annual Incentive Plan), the Compensation Committee, as constituted immediately prior to the change in control, will determine in its sole discretion whether and to what extent the performance criteria have been met or will be deemed to have been met for the year in which the change in control occurs and for any completed performance period for which a determination under the Annual Incentive Plan has not been made.

Termination of Employment. If a participant dies or becomes disabled prior to the date on which bonuses under the Annual Incentive Plan for the applicable performance period are payable, the participant may receive an annual bonus equal to the bonus otherwise payable to the participant based on actual company performance for the applicable performance period or, if determined by the Compensation Committee, based upon achieving targeted performance objectives, pro-rated for the days of employment during the performance period. Unless otherwise determined by the Compensation Committee, if a participant's employment terminates for any other reason, such participant will not receive a bonus.

Amendment and Termination. The Board or the Compensation Committee may at any time amend, suspend, discontinue or terminate the Annual Incentive Plan and any awards granted under the Annual Incentive Plan, subject to stockholder approval of any amendments if required by applicable laws, rules or regulations. The Compensation Committee has unilateral authority to amend the Annual Incentive Plan and any award (without participant consent) to the extent necessary to comply with applicable laws, rules or regulations or changes to applicable laws, rules and regulations and to reduce or eliminate an award. The Compensation Committee also has the authority to make adjustments to awards and performance objectives upon the occurrence of certain unusual or infrequent events, changes in applicable law or other similar circumstances, as described in the Annual Incentive Plan. In addition, the Compensation Committee's authority to grant awards and authorize payments under the Annual Incentive Plan does not restrict its authority to grant compensation to employees under other Regional compensation plans or programs.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock as of the close of trading on March 4, 2016, of: (i) each person known by us to beneficially own more than five percent of our common stock; (ii) each of our directors; (iii) each of our named executive officers (who are all of our executive officers); and (iv) all of our directors and executive officers, as a group.

Name	Shares Beneficially Owned[1] Number	Percentage
Shareholders Agreement Group[2]	1,049,032	8.1%
Glen Capital Partners LLC and affiliates[3]	1,280,734	10.1%
Wellington Management Group LLP and affiliates[4]	1,229,312	9.7%
Second Curve Capital, LLC[5]	1,245,557	9.8%
Basswood Capital Management, L.L.C.[6]	1,085,352	8.6%
Cannell Capital LLC[7]	669,431	5.3%
Roel C. Campos[8]	36,806	*
Michael R. Dunn[9]	183,546	1.4%
Steven J. Freiberg[10]	137,386	1.1%
Richard A. Godley[11]	147,832	1.2%
Alvaro G. de Molina[12]	44,323	*
Carlos Palomares[13]	36,079	*
Peter R. Knitzer[14]	19,260	*
Jody L. Anderson[15]	2,900	*
Donald E. Thomas[16]	89,433	*
Daniel J. Taggart	6,551	*
Brian J. Fisher[17]	8,350	*
All directors and executive officers, as a group (11 persons)	712,466	5.6%

* Amount represents less than 1.0%

(1) Applicable percentage of ownership is based upon 12,666,492 shares of our common stock outstanding on March 4, 2016. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to shares shown as beneficially owned. Shares of common stock subject to options currently exercisable or exercisable within 60 days are deemed outstanding for computing the shares and percentage ownership of the person holding such options, but are not deemed outstanding for computing the percentage ownership of any other person or entity. Except as otherwise indicated, the persons or entities listed in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them. The address for all directors and officers listed in the table above is c/o Regional Management Corp., 509 West Butler Road, Greenville, South Carolina 29607.

(2) The "Shareholders Agreement Group" is comprised of those parties to the Amended and Restated Shareholders Agreement described under "Certain Relationships and Related Person Transactions" below. Parallel 2005 Equity Fund, LP (with its affiliates, "Parallel"); Palladium Equity Partners III, L.P. (with its affiliates, "Palladium"); the Richard A. Godley, Sr. Revocable Trust dated August 29, 2005; Vanessa Bailey Godley; William T. "Tyler" Godley; the Tyler Godley 2011 Irrevocable Trust dated March 28, 2011; the Pamela Denise Godley Revocable Trust dated November 3, 2011; the Haylei D. Tucker Family 2012 Irrevocable Trust dated December 17, 2012; the Tyler Godley Children 2012 Irrevocable Trust dated December 17, 2012; Jerry L. Shirley; Brenda F. Kinlaw; C. Glynn Quattlebaum; Sherri Quattlebaum; and Jesse W. Geddings are parties to the Shareholders Agreement. The information reported is based in part on a Schedule 13G/A filed with the SEC on February 10, 2016. The address of Parallel is 2525 McKinnon Street, Suite 330, Dallas, Texas 75201. The address of Palladium is Rockefeller Center, 1270 Avenue of the Americas, Suite 2200, New York, New York 10020. The address of all other members of the Shareholders Agreement Group is c/o Regional Management Corp., 509 West Butler Road, Greenville, South Carolina 29607. The amount stated includes (i) 10,565 shares subject to options beneficially owned by Mr. Godley (see footnote 11 below); (ii) 284,844 shares subject to options beneficially owned by Mr. Quattlebaum; and (iii) 7,347 shares subject to options beneficially owned by Mr. Geddings. All such options are either currently exercisable or exercisable within 60 days of March 4, 2016, and no party beneficially owning such options will have voting or investment power until the options are exercised. Such shares are considered outstanding for the purpose of computing the percentage of outstanding stock owned by the Shareholders Agreement Group, but not for the purpose of computing the percentage ownership of any other person, except as stated elsewhere in these footnotes.

(3) The information reported is based on a Schedule 13G/A filed with the SEC on April 24, 2015 (as confirmed by information provided by such stockholder on March 30, 2016), reporting: (i) shared power of Glen Capital Partners LLC, Glen Capital

Partners Focus Fund, L.P., and Glen Capital Partners GP LLC (collectively, "Glen Capital") to vote or direct the vote and to dispose or direct the disposition of 1,265,861 shares, and (ii) shared power of Gregory L. Summe to vote or direct the vote and to dispose or direct the disposition of 1,280,734 shares. Mr. Summe is the sole member of Glen Capital Partners LLC and Glen Capital Partners GP LLC. Glen Capital Partners GP LLC is the general partner of Glen Capital Partners Focus Fund, L.P. The business address of Glen Capital and Mr. Summe is 800 South Street, Suite 160, Waltham, MA 02453.

(4) The information reported is based on a Schedule 13G/A filed with the SEC on February 11, 2016, reporting: (i) shared power of Wellington Management Group LLP ("WMG") to vote or direct the vote of 939,948 shares and shared power of WMG to dispose or direct the disposition of 1,229,312 shares; (ii) shared power of Wellington Group Holdings LLP ("WGH") to vote or direct the vote of 939,948 shares and shared power of WGH to dispose or direct the disposition of 1,229,312 shares; (iii) shared power of Wellington Investment Advisors Holdings LLP ("WIAH") to vote or direct the vote of 939,948 shares and shared power of WIAH to dispose or direct the disposition of 1,229,312 shares; and (iv) shared power of Wellington Management Company LLP ("WMC") to vote or direct the vote of 840,930 shares and shared power of WMC to dispose or direct the disposition of 1,054,799 shares. The business address of WMG, WGH, WIAH and WMC is 280 Congress Street, Boston, MA 02210.

(5) The information reported is based on a Schedule 13G/A filed with the SEC on January 27, 2016, reporting shared power of Second Curve Capital, LLC ("Second Curve") and Thomas K. Brown, its Managing Member, to vote or direct the vote and to dispose or direct the disposition of 1,245,557 shares. The business address of Second Curve and Mr. Brown is 350 5th Avenue, Suite 4730, New York, New York 10018.

(6) The information reported is based on a Schedule 13G/A filed with the SEC on February 11, 2016, reporting shared power of Basswood Capital Management, L.L.C., Matthew Lindenbaum, and Bennett Lindenbaum (collectively, "Basswood") to vote or direct the vote and to dispose or direct the disposition of 1,085,352 shares. Matthew Lindenbaum is the Managing Member of Basswood Capital Management, L.L.C. The business address of Basswood is 645 Madison Avenue, 10th Floor, New York NY 10022.

(7) The information reported is based on a Schedule 13G filed with the SEC on February 16, 2016, reporting shared power of Cannell Capital LLC ("Cannell Capital") and J. Carlo Cannell, its Managing Member, to vote or direct the vote and to dispose or direct the disposition of 669,431 shares. The business address of Cannell Capital and Mr. Cannell is 245 Meriwether Circle, Alta, WY 83414.

(8) The amount stated consists of 17,482 shares subject to options either currently exercisable or exercisable within 60 days of March 4, 2016, over which Mr. Campos will not have voting or investment power until the options are exercised. The shares described in this footnote are considered outstanding for the purpose of computing the percentage of outstanding stock owned by Mr. Campos and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person.

(9) The amount stated consists of 3,333 shares subject to options either currently exercisable or exercisable within 60 days of March 4, 2016, over which Mr. Dunn will not have voting or investment power until the options are exercised. The shares described in this footnote are considered outstanding for the purpose of computing the percentage of outstanding stock owned by Mr. Dunn and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person.

(10) Mr. Freiberg holds 73,779 shares directly. Additional shares stated are owned by (i) Neena Freiberg (Mr. Freiberg's wife) (30,000 shares), and (ii) the Neena Freiberg Irrevocable Trust, of which Mr. Freiberg is trustee (24,854 shares). The amount stated also consists of 8,753 shares subject to options either currently exercisable or exercisable within 60 days of March 4, 2016, over which Mr. Freiberg will not have voting or investment power until the options are exercised. The shares described in this footnote are considered outstanding for the purpose of computing the percentage of outstanding stock owned by Mr. Freiberg and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person.

(11) Mr. Godley holds 15,762 shares directly. Additional shares stated are owned by (i) the Pamela Denise Godley Revocable Trust dated November 3, 2011, of which Pamela Denise Godley is trustee (Mrs. Godley is Mr. Godley's wife) (61,505 shares), and (ii) the Haylei D. Tucker Family 2012 Irrevocable Trust dated December 17, 2012, of which Mrs. Godley is trustee (60,000 shares). Mr. Godley disclaims beneficial ownership of the shares held by trusts for which his wife is trustee. The amount stated also consists of 10,565 shares subject to options either currently exercisable or exercisable within 60 days of March 4, 2016, over which Mr. Godley will not have voting or investment power until the options are exercised. Such shares are considered outstanding for the purpose of computing the percentage of outstanding stock owned by Mr. Godley and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person, except as stated elsewhere in these footnotes. Mr. Godley is a director of the Company and is a party to the Amended and Restated Shareholders Agreement described under "Certain Relationships and Related Person Transactions" below.

(12) The amount stated consists of 18,212 shares subject to options either currently exercisable or exercisable within 60 days of March 4, 2016, over which Mr. de Molina will not have voting or investment power until the options are exercised. Such shares are considered outstanding for the purpose of computing the percentage of outstanding stock owned by Mr. de Molina and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person.

(13) The amount stated consists of 17,482 shares subject to options either currently exercisable or exercisable within 60 days of March 4, 2016, over which Mr. Palomares will not have voting or investment power until the options are exercised. Such shares

are considered outstanding for the purpose of computing the percentage of outstanding stock owned by Mr. Palomares and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person.

(14) The amount stated consists of 5,111 shares subject to options either currently exercisable or exercisable within 60 days of March 4, 2016, over which Mr. Knitzer will not have voting or investment power until the options are exercised. Such shares are considered outstanding for the purpose of computing the percentage of outstanding stock owned by Mr. Knitzer and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person.

(15) The amount stated consists of 2,900 shares subject to options either currently exercisable or exercisable within 60 days of March 4, 2016, over which Mr. Anderson will not have voting or investment power until the options are exercised. Such shares are considered outstanding for the purpose of computing the percentage of outstanding stock owned by Mr. Anderson and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person.

(16) The amount stated consists of 81,433 shares subject to options either currently exercisable or exercisable within 60 days of March 4, 2016, over which Mr. Thomas will not have voting or investment power until the options are exercised. Such shares are considered outstanding for the purpose of computing the percentage of outstanding stock owned by Mr. Thomas and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person. The remaining shares of common stock are held by The Donald Eugene Thomas and Jeanine Leigh Thomas Joint Revocable Living Trust. Mr. Thomas and his wife, Jeanine Leigh Thomas, are the trustees of The Donald Eugene Thomas and Jeanine Leigh Thomas Joint Revocable Living Trust.

(17) The amount stated consists of 3,833 shares subject to options either currently exercisable or exercisable within 60 days of March 4, 2016, over which Mr. Fisher will not have voting or investment power until the options are exercised. Such shares are considered outstanding for the purpose of computing the percentage of outstanding stock owned by Mr. Fisher and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who own more than ten percent of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and our other equity securities. Our directors, executive officers, and greater than ten percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file. To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended December 31, 2015, all Section 16(a) filing requirements applicable to directors, executive officers, and greater than ten percent beneficial owners were timely complied with by such persons.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Shareholders Agreement

In March 2007, we entered into a shareholders agreement, which was amended and restated on March 27, 2012, by that certain Amended and Restated Shareholders Agreement (the "Shareholders Agreement"), by and among the Company, Parallel 2005 Equity Fund, LP (collectively with its affiliates, "Parallel"), Palladium Equity Partners III, L.P. (collectively with its affiliates, "Palladium"), and certain other stockholders party thereto (such stockholders referred to in this "Certain Relationships and Related Person Transactions" section as the "individual owners"). In fiscal 2015, the stockholders party to the Shareholders Agreement were related persons due to their greater than five percent equity ownership in the Company, in the aggregate, and their participation in the Shareholders Agreement, which qualifies them as a "group" under Section 13(d) of the Exchange Act. The Shareholders Agreement includes the following voting agreement:

- if the parties to the Shareholders Agreement hold more than 50% of our outstanding stock entitled to vote for the election of directors, then such parties will collectively have the right to designate the smallest whole number of directors that constitutes a majority of the Board;
- if the parties to the Shareholders Agreement hold 50% or less, but more than 25%, of our outstanding stock entitled to vote for the election of directors, then such parties will collectively have the right to designate the number of directors that is one fewer than the smallest whole number of directors that constitutes a majority of the Board; and
- if the parties to the Shareholders Agreement hold 25% or less of our outstanding stock entitled to vote for the election of directors, such parties will have no right to designate directors except that each of (1) Palladium, (2) Parallel, and (3) a representative of the individual owners party to the Shareholders Agreement will have the right to designate one director if such stockholder or group of stockholders holds at least 5% of the outstanding stock entitled to vote for the election of directors.

Mr. Godley has served on the Board as a director designee of the individual owners and is a director nominee standing for reelection at the Annual Meeting. As of March 4, 2016, the individual owners retain the right to designate one director for election to the Company's Board pursuant to the terms of the Shareholders Agreement. In September 2013 and December 2013, Palladium and Parallel closed secondary public offerings pursuant to which each sold its equity ownership in the Company, and as a result, neither Palladium nor Parallel retains any right to designate directors of the Company in the future pursuant to the terms of the Shareholders Agreement.

The Shareholders Agreement further provides that, in certain circumstances, parties to the Shareholders Agreement that have designated a director who is then serving on our Board may not make a significant investment in one of our competitors unless such party has first presented the investment opportunity to us. The Shareholders Agreement is filed as an exhibit to our Annual Report on Form 10-K, and the foregoing description is qualified by reference thereto.

Statement of Policy Regarding Transactions with Related Persons

Our Board has adopted a written statement of policy regarding transactions with related persons, which we refer to as our "related person policy." Our related person policy requires that a "related person" (as defined in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to our general counsel, or other person designated by our Board, any "related person transaction" (defined as any transaction that is anticipated and would be reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds $120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. The general counsel, or such other person, will then promptly communicate that information to our Board. No related person transaction will be executed without the approval or ratification of our Board or a committee of the Board. It is our policy that directors interested in a related person transaction will recuse themselves from any vote of a related person transaction in which they have an interest and provide all material information he or she has concerning the related person transaction to the Board. Our policy does not specify the standards to be applied by directors in determining whether or not to approve or ratify a related person transaction, and we accordingly anticipate that these determinations will be made in accordance with principles of Delaware law generally applicable to directors of a Delaware corporation. In determining whether to approve or ratify a related person transaction, the Board may consider such facts and circumstances as it deems appropriate, including (i) the benefits to us; (2) the availability of other sources for comparable products or services; (3) the terms of the proposed related person transaction; and (4) the terms available to unrelated third parties or to employees generally in an arms-length negotiation.

Indemnification of Directors, Officers, and Certain Current and Former Stockholders

Our Bylaws provide that we will indemnify our directors and officers to the fullest extent permitted by the Delaware General Corporation Law (the "DGCL"). In addition, our Amended and Restated Certificate of Incorporation provides that our directors will not be liable for monetary damages for breach of fiduciary duty to the fullest extent permitted by the DGCL. Further, in connection with the September 2013 and December 2013 secondary public offerings described above, we agreed to indemnify Palladium, Parallel, and certain other selling stockholders for certain losses, claims, damages, liabilities, and expenses arising out of such secondary public offerings.

On May 30, 2014, a securities class action lawsuit was filed in the United States District Court for the Southern District of New York against the Company and certain of its current and former directors, executive officers, and stockholders (collectively, the "Defendants"). The complaint alleged violations of the Securities Act of 1933 ("1933 Act Claims") and sought unspecified compensatory damages and other relief on behalf of a purported class of purchasers of the Company's common stock in the September 2013 and December 2013 secondary public offerings. On August 25, 2014, Waterford Township Police & Fire Retirement System and City of Roseville Employees' Retirement System were appointed as lead plaintiffs (collectively, the "Plaintiffs"). An amended complaint was filed on November 24, 2014. In addition to the 1933 Act Claims, the amended complaint also added claims for violations of the Securities Exchange Act of 1934 ("1934 Act Claims") seeking unspecified compensatory damages on behalf of a purported class of purchasers of the Company's common stock between May 2, 2013 and October 30, 2014, inclusive. On January 26, 2015, Defendants filed motions to dismiss the amended complaint in its entirety. In response, Plaintiffs sought and were granted leave to file an amended complaint. On February 27, 2015, Plaintiffs filed a second amended complaint. Like the prior amended complaint, the second amended complaint asserts 1933 Act Claims and 1934 Act Claims and seeks unspecified compensatory damages. The Defendants' motions to dismiss the second amended complaint were filed on April 28, 2015, the Plaintiffs' opposition was filed on June 12, 2015, and the Defendants' reply was filed on July 13, 2015. The motions remain under consideration by the court. The Company believes that the claims against it are without merit and intends to defend against the litigation vigorously.

Pursuant to the Company's indemnification obligations, the Company is bearing, and expects to continue to bear, the costs associated with defending the following current and former directors, executive officers, and stockholders against the claims asserted in the securities class action lawsuit: Palladium, Parallel, Thomas F. Fortin, C. Glynn Quattlebaum, Donald E. Thomas, David Perez, Roel C. Campos, Richard T. Dell'Aquila, Richard A. Godley, Jared L. Johnson, Alvaro G. de Molina, Carlos Palomares, and Erik Scott. As of the date of this Proxy Statement, defense counsel for the Company also represents such current and former directors, executive officers, and stockholders, and as a result, the Company believes that any incremental cost that it has incurred in providing a defense to them has been immaterial.

STOCKHOLDER COMMUNICATIONS WITH THE BOARD

Each member of the Board is receptive to and welcomes communications from our stockholders. Stockholders and other interested parties may contact any member (or all members) of the Board, including, without limitation, the Chairman of the Board or the independent directors as a group, by addressing such communications or concerns to the Corporate Secretary of the Company, 509 West Butler Road, Greenville, SC 29607, who will forward such communications to the appropriate party.

If a complaint or concern involves accounting, internal accounting controls, or auditing matters, the correspondence will be forwarded to the chair of the Audit Committee. If no particular director is named, such communication will be forwarded, depending on the subject matter, to the chair of the Audit Committee, Compensation Committee, or Nominating Committee, as appropriate.

Anyone who has concerns regarding (i) questionable accounting, internal accounting controls, and auditing matters, including those regarding the circumvention or attempted circumvention of internal accounting controls or that would otherwise constitute a violation of the Company's accounting policies, (ii) compliance with legal and regulatory requirements, or (iii) retaliation against employees who voice such concerns, may communicate these concerns by writing to the attention of the Audit Committee as set forth above, or by calling (800) 224-2330 at any time.

PROPOSALS BY STOCKHOLDERS

Under certain conditions, stockholders may request that we include a proposal at a forthcoming meeting of the stockholders of the Company in the proxy materials of the Company for such meeting. Under SEC Rule 14a-8, any stockholders desiring to present such a proposal to be acted upon at the 2017 annual meeting of stockholders and included in the proxy materials must ensure that we receive the proposal at our principal executive office in Greenville, South Carolina by December 1, 2016 in order for the proposal to be eligible for inclusion in our proxy statement and proxy card relating to such meeting.

If a stockholder desires to propose any business at an annual meeting of stockholders, even if the proposal or proposed director candidate is not to be included in our proxy statement, our Bylaws provide that the stockholder must deliver or mail timely advance written notice of such business to our principal executive office. Under our Bylaws, to be timely, a stockholder's notice generally must be delivered to our Corporate Secretary at the principal executive offices of the Company not later than the 90th day before the first anniversary of the date of the preceding year's annual meeting and no earlier than the 120th day prior to such date. However, in the event that the date of the annual meeting is advanced by more than twenty (20) days, or delayed by more than seventy (70) days, from such anniversary date, notice by the stockholder to be timely must be delivered not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. Each item of business must be made in accordance with, and must include the information required by, our Bylaws, our Corporate Governance Guidelines, and any other applicable law, rule, or regulation. Assuming that the date of the 2017 annual meeting of stockholders is not advanced or delayed in the manner described above, the required notice for the 2017 annual meeting of stockholders would need to be provided to us not earlier than December 28, 2016 and not later than January 27, 2017.

If, following the filing and delivery of these proxy materials, the date of the 2017 annual meeting of stockholders is advanced or delayed by more than 30 calendar days from the one-year anniversary date of the 2016 annual meeting of stockholders, the Company will, in a timely manner, provide notice to the Company's stockholders of the new date of the 2017 annual meeting of stockholders and the new dates by which stockholder proposals submitted both pursuant to and outside of SEC Rule 14a-8 must be received by the Company. Such notice will be included in the earliest possible Quarterly Report on Form 10-Q under Part II, Item 5.

HOUSEHOLDING OF ANNUAL MEETING MATERIALS

Some banks, brokers, and other nominee record holders may be participating in the practice of "householding" annual reports and proxy statements. This means that only one copy of our Annual Report on Form 10-K and Proxy Statement, as applicable, may have been sent to multiple stockholders in the same household. We will promptly deliver a separate copy of our Annual Report on Form 10-K and Proxy Statement, as applicable, to any stockholder upon request submitted in writing to the Company at the following address: Regional Management Corp., 509 West Butler Road, Greenville, South Carolina 29607, Attention: Corporate Secretary, or by calling (864) 422-8011. Any stockholder who wants to receive separate copies of our Annual Report on Form 10-K and Proxy Statement in the future, or who is currently receiving multiple copies and would like to receive only one copy for his or her household, should contact his or her bank, broker, or other nominee record holder, or contact the Company at the above address and telephone number.

OTHER BUSINESS

The Board is not aware of any matters, other than those specified above, to come before the Annual Meeting for action by the stockholders. However, if any matter requiring a vote of the stockholders should be duly presented for a vote at the Annual Meeting, then the persons named in the form of proxy intend to vote such proxy in accordance with their best judgment.

Regional Management Corp.

NYSE: RM

"Your Hometown Credit Source"

QUICK FACTS
(as of December 31, 2015)

Branches: **331**

Geography: **9 states**
- South Carolina
- Texas
- North Carolina
- Tennessee
- Alabama
- Oklahoma
- New Mexico
- Georgia
- Virginia

Year founded: **1987**

MANAGEMENT TEAM:

Michael R. Dunn
Chief Executive Officer

Jody L. Anderson
President and Chief Operating Officer

Donald E. Thomas
Executive Vice President and Chief Financial Officer

Daniel J. Taggart
Senior Vice President and Chief Risk Officer

Brian J. Fisher
Vice President, General Counsel, and Secretary

CONTACT INFORMATION:

Regional Management Corp.
509 West Butler Road
Greenville, SC 29607
Telephone: (864) 422-8011
www.regionalmanagement.com

Investor Inquiries:
Garrett Edson, ICR
(203) 682-8331
Garrett.Edson@icrinc.com

COMPANY OVERVIEW

Regional Management Corp. is a diversified, specialty consumer finance company focused on high-touch, relationship-based lending offering flexible and affordable loan products to customers with limited access to traditional credit. Regional's integrated branch model is the foundation of its multi-channel origination strategy, with nearly all loans serviced at branches, fostering solid relationships from frequent in-person contact, thus forming strong customer loyalty and improving its credit performance. The Company had over 349,000 accounts and $628.4 million in finance receivables as of December 31, 2015.

BRANCH NETWORK & ORIGINATION CHANNELS

Regional operated 331 branches in nine states as of December 31, 2015, and has developed additional origination channels, including franchise and independent auto dealerships, a network of retailers, a robust direct mail channel, and its consumer website to promote its products and to facilitate loan applications and originations.

LOAN PRODUCTS & FEATURES

Regional loans provide a more affordable, flexible solution than alternative financial service products and offer monthly credit reporting to help customers establish or potentially repair credit history. The Company takes pride in underwriting the story behind each customer, not just the customer's credit score. Regional loans are sized to allow customers to affordably make payments from disposable income. The Company relies on a sound underwriting methodology developed over 28 years to achieve strong, stable portfolio quality and credit performance.

Loan Features

- Fixed Rate
- Fixed Term
- Equal Monthly Payments
- Fully-Amortizing
- Flexible Loan Sizes & Maturities
- No Pre-Payment Penalties

Loan Products	Size	Term
Small installment loans	Range: $500 – $2,500 Average: $1,200	Up to 36 months
Large installment loans	Range: $2,501 – $20,000 Average: $3,900	18 to 60 months
Automobile purchase loans	Range: Up to $27,500 Average: $8,500	36 to 72 months
Retail purchase loans	Range: Up to $7,500 Average: $1,200	6 to 48 months

OPPORTUNITY FOR GROWTH

Regional serves a large and growing addressable market of underbanked and non-prime consumers. The Company plans to continue expanding its reach in current and nearby states via its branch network, focus on growing its core branch small, convenience check, and large installment loan categories, and eventually further expand its relationships with automobile dealerships and retailers. The Company believes the expansion of its channels and products will provide the opportunity to reach new customers, as well as offering new loan products to its existing customers as credit profiles evolve. The Company also plans to continue to develop and introduce new products that are responsive to the needs of its customers in the future.

KEY BUSINESS & FINANCIAL HIGHLIGHTS

- Revenue growth at a CAGR of 19.8%, from $105.3 million in 2011 to $217.3 million in 2015
- 2015 net income of $23.4 million
- 2015 diluted earnings per share of $1.79
- Aggregate receivables have grown at a CAGR of 19.6%, from $307.4 million in 2011 to $628.4 million in 2015
- Fourth quarter 2015 same-store finance receivables growth of 11.7%

REGIONAL MANAGEMENT CORP.
2015 ANNUAL REPORT