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2016 Annual Report

Fiscal Year 2016 Form 10-K

Proxy Statement for the 2017 Annual Meeting of Stockholders

REGIONAL™ MANAGEMENT | REGIONAL FINANCE™

Celebrating 30 years serving the evolving financial needs of our customers

REGIONAL MANAGEMENT
www.RegionalManagement.com

Regional Management Corp.
979 Batesville Road, Suite B
Greer, South Carolina 29651

March 2017

Dear Valued Stockholders:

We were pleased with our strong 2016 financial and operating results, including the double-digit growth of our loan portfolio, our overall revenue, and our diluted earnings per share. Our loan portfolio grew by $89 million to $718 million, or 14% from the prior year—our second consecutive year of double-digit portfolio growth. Our core portfolio of small and large installment loans grew by 23%, led once again by a significant expansion in our large loan category. Revenues of $241 million in 2016 were up 11% from 2015, and at the same time, we kept operating expenses relatively stable despite the expenditures associated with our transition to a new loan origination and servicing platform. On the bottom line, our net income for 2016 was $24 million and our diluted EPS was $1.99, an increase of 3% and 11%, respectively, from our 2015 results.

We continued to execute successfully against our large loan strategy in 2016. When we implemented the strategy during the fourth quarter of 2014, large loans comprised only 8% of our overall portfolio. In just over two years, we have more than quintupled the size of our large loan portfolio. Our large loan strategy has been critical to our transformation, with the large loan portfolio comprising 33% of our total receivables at year-end. We expect the growth to continue in 2017 as a result of substantially better targeting and segmentation in our direct mail programs, increased marketing support, and a hybrid growth plan that combines de novo branch expansion with a concerted effort to grow the average branch receivables in our existing branches.

In addition, in 2016, we improved our liquidity position and deployed capital, in part, to fund a share repurchase program. In the third quarter of 2016, we renewed and expanded our senior revolving credit facility committed line from $538 million to $585 million, with a maturity date of August 2019. This renewed commitment from our bank group, combined with our other ongoing funding efforts, should allow us to continue our growth well into the future. In light of our healthy balance sheet, we also sought to return value to our stockholders by commencing a $25 million share repurchase program in the first quarter of 2016. We announced the successful completion of the program in the second quarter of 2016, having repurchased nearly 12% of our outstanding common stock at a weighted-average share price well below our more recent trading levels.

Our transition to a new loan origination and servicing platform was a top operational initiative in 2016. Early in the year, we launched our Virginia branches on our new system, and after this successful pilot, we committed to converting all of our 300+ branches to the new platform. In the fourth quarter of 2016, following the conversion of our New Mexico and North Carolina operations to the new system, we shifted our focus to the build-out of additional functionality in the platform. This functionality—which includes document imaging, text messaging capabilities, and an online customer portal—will allow us to provide optimal customer service and limit future change management in the system. We look forward to re-commencing our state-by-state system conversion in the second quarter of 2017. It is our expectation that all of our branches will be utilizing the new platform by the end of 2017.

In 2017, we also plan to continue to build out our digital capabilities. We now have the tools to fully originate a loan online—from application through to funding. We successfully tested this functionality throughout 2016 in a single state, and we expect to make the functionality available to the remaining states in our footprint in 2017. In addition, in 2016, our LendingTree referral program delivered impressive results in account generation and credit performance, and we intend to build on that success throughout 2017. We remain optimistic about the opportunities in the digital space and will continue our "test and learn" approach as we seek out new partners and origination channels.

We look forward to a successful 2017. We remain sharply focused on managing our credit and operating expenses while growing our portfolio and customer base. It is our goal to increase our operating leverage and to drive margin expansion, which we believe will ultimately generate long-term value for you, our stockholders.

Thank you for your continued support and ownership of Regional Management Corp. stock. We look forward to seeing you at our Annual Meeting.

Best regards,

Peter R. Knitzer
Chief Executive Officer

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

Annual Report on Form 10-K
for the Year Ended December 31, 2016

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, 2016

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.)**
979 Batesville Road, Suite B Greer, South Carolina	**29651**
(Address of principal executive offices)	**(Zip Code)**

(864) 448-7000

(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, 2016 (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 $131,510,242 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 9, 2017, there were 11,579,472 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 2017 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, 2016.

REGIONAL MANAGEMENT CORP.

ANNUAL REPORT ON FORM 10-K
Fiscal Year Ended December 31, 2016

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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. The forward-looking statements included herein reflect and contain management's current judgment, and involve risks and uncertainties that could cause actual results, events, and performance to differ materially from the plans, intentions, and expectations disclosed in the forward-looking statements. Such risks and uncertainties include, 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 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 339 locations with approximately 357,800 active accounts primarily across Alabama, Georgia, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia as of December 31, 2016. 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, which 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* – We offer small installment loans with cash proceeds to the customer ranging from $500 to $2,500, with terms of up to 48 months. Our small loans are typically secured by non-essential household goods and/or, to a lesser extent, a lien on a vehicle, which may be an automobile,

motorcycle, boat, or all-terrain vehicle. We originate these loans through our branches, via our consumer website, 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, 2016, we had approximately 267,800 small loans outstanding representing $358.5 million in finance receivables or an average of approximately $1,300 per loan. In 2016, 2015, and 2014, interest and fee income from small loans contributed $142.1 million, $139.2 million, and $134.7 million, respectively, to our total revenue.

- *Large Loans* – We offer large installment loans with cash proceeds to the customer ranging from $2,501 to $20,000, with terms of between 18 and 60 months. We originate our large installment loans primarily in our branch network, though we recently have begun to test the origination of these loans through our convenience check direct mail program. Our large loans typically are secured by a vehicle and/or non-essential household goods. As of December 31, 2016, we had approximately 56,600 large loans outstanding representing $235.3 million in finance receivables or an average of approximately $4,200 per loan. In 2016, 2015, and 2014, interest and fee income from large loans contributed $55.0 million, $25.7 million, and $11.5 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, 2016, we had approximately 10,600 automobile loans outstanding representing $90.4 million in finance receivables or an average of approximately $8,600 per loan. In 2016, 2015, and 2014, interest and fee income from automobile loans contributed $18.1 million, $26.1 million, and $33.4 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, 2016, we had approximately 22,800 retail loans outstanding representing $33.5 million in finance receivables or an average of approximately $1,500 per loan. In 2016, 2015, and 2014, interest and fee income from retail loans contributed $5.8 million, $4.8 million, and $5.2 million, respectively, to our total revenue.
- *Optional Payment and Collateral Protection Insurance Products* – We offer our customers optional payment and collateral protection insurance relating to many of our loan products. In 2016, 2015, and 2014, insurance income, net contributed $9.5 million, $11.7 million, and $10.7 million, respectively, to 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, which generally serves 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 2015, up from 43 million in 2009. While the number of non-prime consumers in the United States has grown, we believe that 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 credit loss rates. We believe that 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 that 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 339 locations across 9 states as of December 31, 2016, serves as the foundation of our multiple channel platform and the primary point of contact with our approximately 357,800 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, subject to our established underwriting guidelines. Our branch managers combine our company-wide underwriting standards and flexibility within our guidelines to consider each customer’s unique circumstances, with policies allowing for underwriting exceptions following review by a district supervisor, state vice president, or centralized underwriting team member. 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 branch network nearly 30 years ago and have expanded to 339 branches as of December 31, 2016. Our automobile loans are offered through a network of dealers in our geographic footprint. We offer indirect automobile loans, which are closed at the dealership without the need for the customer to visit a branch, as well as direct automobile loans, which are sourced through a dealership and closed at one of our branches. 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 profile 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 63.3%, from $439.5 million at December 31, 2012 to $717.8 million at December 31, 2016, a compound annual growth rate ("CAGR") of 13.0%. Our growth has come from expanding our branch network, growing the finance receivable portfolios within existing branches, and developing new channels and products. From 2012 to 2016, we grew our year-end branch count from 221 branches to 339 branches, a CAGR of 11.3%. We opened a net 8 new branches in 2016, 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. Net loan originations from our convenience check program have grown from $113.9 million in 2012 to $194.2 million in 2016, a CAGR of 14.3%, as we have increased the volume of our convenience check marketing campaigns. Customers also are able to submit loan applications via our consumer website, and in some markets, we offer end-to-end online loan originations, enabling customers to apply and be approved for loans online without the need to visit a branch, with loan funds disbursed directly to our customers' bank accounts.

Established Portfolio Performance. Despite the challenges posed by the sharp economic downturn beginning in 2008, our annual net credit loss 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 credit loss 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 credit loss rate to 8.8% and 9.0% in 2015 and 2016, respectively. 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 credit losses 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 experienced in installment lending and other consumer finance services. Our Chief Executive Officer has over 28 years of experience in consumer financial services, our President and Chief Operating Officer has more than 25 years of consumer finance experience, and our Chief Risk Officer has nearly 20 years of financial and consumer lending experience, including expertise in credit risk management. As of December 31, 2016, our state operations vice presidents averaged more than 25 years of industry experience and more than 7 years of service at Regional, while our district supervisors averaged nearly 23 years of industry experience and 6 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 to grow the loan volume, revenue, and profitability of our existing branches, to open new branches within our existing geographic footprint, and to expand 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 2012 to 2016, we opened or acquired a net 118 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 certain of 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, solicit additional consumers via our direct mail campaigns, and 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, to name a few. One of our competitors operates in more than 40 states. 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 2016, we mailed 5.0 million convenience checks, 2.2 million prequalified loan offers, and 1.4 million invitations to apply. We intend to continue increasing the frequency 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 helps our new branches 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 dedicated marketing personnel to develop relationships with these dealers and to maintain 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 make an online loan application available on our consumer website. At the end of 2015, we began testing end-to-end online loan originations, enabling customers to apply and be approved for loans online without the need to visit a branch. We plan to continue to test and expand this new functionality in 2017 and beyond. We also intend to continue to develop and expand our online marketing efforts and increase traffic to our consumer website through the use of partnerships and tools, such as search engine optimization.

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 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 reduction of our net credit loss rate from 11.1% in 2014 to 8.8% and 9.0% in 2015 and 2016, respectively.

Our philosophy is to emphasize sound underwriting standards focused on a customer's prior credit 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 to two months 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

have made recent payments and for whom we have verified current employment. 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 2016, we refinanced only $7.8 million of loans that were 60 days or more contractually past due, representing approximately 0.9% of our total loan volume for fiscal 2016. As of December 31, 2016, the outstanding gross balance of such refinancings was only $6.9 million, or 0.8% 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 and ability to repay the loan, 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 employment and credit checks, and approve loan applications promptly while the customer waits. Our employees verify the applicant's employment and credit history through telephone checks with employers, other employment references, supporting documentation such as paychecks and earnings summaries, or 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, our policies are designed not to lend in excess of our assessment of the borrower's ability to repay. We perfect all security interests in each pledged vehicle by retaining the title to the collateral in our files until the loan is fully repaid or by recording our lien on the title, in each case as required by state law.

In the event we do elect to repossess a vehicle, we use a national, third-party vendor in the vast majority of circumstances. We then sell our repossessed vehicle inventory through 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. Additionally, 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 48 months, and are repayable at any time without penalty. In 2016, the average originated net loan size and term for our small loans were $1,536 and 17 months, respectively. The average yield we earned on our portfolio of small loans was 42.5% in 2016. The interest rates, fees and other charges, maximum principal amounts, and maturities for our small loans vary from state to state, depending upon the competitive environment and 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. We also accept, but do not require, vehicles as collateral on small loans.

Convenience Checks. Our convenience check loans are originated through direct mail campaigns to pre-screened individuals. These campaigns are launched throughout the year, but are weighted 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 2012 through 2016:

	At December 31,				
	2012	2013	2014	2015	2016
South Carolina	31%	26%	25%	23%	20%
Texas	31%	29%	29%	31%	32%
North Carolina	21%	16%	15%	15%	15%
Alabama	9%	14%	13%	13%	14%
Tennessee	7%	8%	8%	7%	6%
Oklahoma	1%	5%	7%	7%	7%
New Mexico	—	2%	3%	3%	3%
Georgia	—	—	—	1%	1%
Virginia	—	—	—	—	2%
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, 2016:

	Total Number of Loans	Finance Receivables	Average Per Loan
		(In thousands)	
South Carolina	51,159	$ 71,859	$1,405
Texas	90,335	114,461	1,267
North Carolina	40,259	52,362	1,301
Alabama	34,619	50,246	1,451
Tennessee	17,561	22,352	1,273
Oklahoma	16,775	23,981	1,430
New Mexico	7,735	11,595	1,499
Georgia	4,691	4,704	1,003
Virginia	4,687	6,911	1,475
Total	267,821	$358,471	$1,338

Large Loans. We also offer large loans through our branches in amounts ranging from $2,501 to $20,000. A consumer 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 applicant's creditworthiness, including a review of a credit bureau report, before extending a loan. 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 2016, our average originated net loan size and term for large loans were $4,776 and 38 months, respectively. The average yield we earned on our portfolio of large loans was 28.8% for 2016.

The following table sets forth the composition of our finance receivables for large loans by state at December 31st of each year from 2012 through 2016:

	At December 31,				
	2012	2013	2014	2015	2016
South Carolina	30%	28%	25%	22%	20%
Texas	6%	4%	10%	22%	22%
North Carolina	22%	28%	27%	18%	21%
Alabama	35%	30%	26%	17%	14%
Tennessee	7%	9%	8%	7%	7%
Oklahoma	—	1%	2%	7%	7%
New Mexico	—	—	2%	7%	6%
Georgia	—	—	—	—	2%
Virginia	—	—	—	—	1%
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, 2016:

	Total Number of Loans	Finance Receivables	Average Per Loan
		(In thousands)	
South Carolina	10,356	$ 45,569	$4,400
Texas	13,035	52,379	4,018
North Carolina	12,443	47,758	3,838
Alabama	7,617	31,925	4,191
Tennessee	3,582	17,235	4,812
Oklahoma	3,809	17,144	4,501
New Mexico	3,691	15,183	4,114
Georgia	1,422	4,971	3,496
Virginia	691	3,185	4,609
Total	56,646	$235,349	$4,155

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 2016, our average originated net loan size and term for automobile loans were $13,531 and 57 months, respectively. The average yield we earned on our portfolio of automobile loans was 17.7% for 2016.

Indirect Automobile Loans. Our indirect automobile loans 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 service it locally through our branch network.

Direct Automobile Loans. We also offer direct automobile loans to our customers through our relationships with dealerships throughout our geographic footprint. 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.

The following table sets forth the composition of our finance receivables for automobile loans by state at December 31st of each year from 2012 through 2016:

	At December 31,				
	2012	2013	2014	2015	2016
South Carolina	48%	42%	42%	45%	48%
Texas	19%	22%	23%	18%	14%
North Carolina	26%	26%	24%	23%	23%
Alabama	4%	5%	5%	7%	10%
Tennessee	3%	3%	2%	2%	1%
Oklahoma	—	1%	2%	3%	2%
New Mexico	—	—	—	—	1%
Georgia	—	1%	2%	2%	1%
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, 2016:

	Total Number of Loans	Finance Receivables	Average Per Loan
		(In thousands)	
South Carolina	5,012	$42,931	$ 8,566
Texas	1,455	12,571	8,640
North Carolina	2,524	20,733	8,214
Alabama	896	9,281	10,358
Tennessee	187	1,327	7,096
Oklahoma	241	1,543	6,402
New Mexico	48	473	9,854
Georgia	175	1,351	7,720
Virginia	19	222	11,684
Total	10,557	$90,432	$ 8,566

Retail Loans. 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. Our customers use our retail loans to finance the purchase of furniture, appliances, and other retail products. These 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 2016, our average originated net loan size and term for retail loans were $2,012 and 26 months, respectively. The average yield we earned on our portfolio of retail loans was 19.2% for 2016.

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, including rent-to-own and leasing, our retail loans often offer more attractive interest rates and terms to 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 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, generally 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 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 2012 through 2016:

	At December 31,				
	2012	**2013**	**2014**	**2015**	**2016**
South Carolina	8%	6%	6%	4%	3%
Texas	63%	61%	62%	69%	73%
North Carolina	15%	15%	14%	10%	8%
Alabama	5%	5%	3%	2%	1%
Tennessee	4%	4%	2%	1%	2%
Oklahoma	—	3%	7%	8%	6%
New Mexico	—	1%	1%	2%	2%
Georgia	—	—	—	—	1%
Virginia	—	—	—	—	1%
Other	5%	5%	5%	4%	3%
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, 2016:

	Total Number of Loans	**Finance Receivables**	**Average Per Loan**
		(In thousands)	
South Carolina	682	$ 952	$1,396
Texas	16,415	24,550	1,496
North Carolina	1,973	2,608	1,322
Alabama	311	406	1,305
Tennessee	408	512	1,255
Oklahoma	1,505	2,105	1,399
New Mexico	593	771	1,300
Georgia	146	304	2,082
Virginia	107	238	2,224
Other	684	1,077	1,575
Total	22,824	$33,523	$1,469

Optional Payment and Collateral Protection Insurance Products. We offer our customers a number of optional payment and collateral protection 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 insurance 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 2016, insurance income, net, was $9.5 million, or 3.9% 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 optional and not a condition of our granting the loan. In addition, customers may cancel purchased insurance at any time during the life of the loan, including in connection with an early payoff or loan refinancing. Customers who cancel within 30 days of the date of purchase receive a full refund of the insurance premium, and customers who cancel thereafter receive a refund of the unearned portion of the insurance premium.

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. We also collect a state-allowed 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. 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 payment and collateral protection insurance risks are ceded by the non-affiliated insurance company that issues the policies to RMC Reinsurance, a wholly-owned subsidiary of Regional Management Corp.

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 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. 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,				
	2012	2013	2014	2015	2016
South Carolina	69	70	70	72	72
Texas	56	67	83	98	98
North Carolina	26	29	34	36	36
Alabama	42	49	49	50	49
Tennessee	20	21	21	21	21
Oklahoma	6	21	27	28	28
New Mexico	2	4	13	18	19
Georgia	—	3	3	7	8
Virginia	—	—	—	1	8
Total	221	264	300	331	339

During the period presented in the table above, we grew by a net 118 branches. In 2016, we opened a net 8 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, 2016)	Average Finance Receivables Per Branch as of December 31, 2016	Percentage Increase From Prior Age Category	Number of Branches
	(In thousands)		
Branches open less than one year	$1,163	—	16
Branches open one to three years	$1,595	37.1%	61
Branches open three to five years	$1,988	24.6%	95
Branches open five years or more	$2,473	24.4%	167

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, 2016, based on maturity of the branch, excluding acquired branches.

Age of Branch (As of December 31, 2016)	Average Branch Operating Income (Loss) Contribution	Percentage Increase From Prior Age Category	Number of Branches
	(In thousands)		
Branches open less than one year	$ (37)	—	16
Branches open one to three years	$170	559.5%	61
Branches open three to five years	$255	50.0%	95
Branches open five years or more	$403	58.0%	167

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, with assistance from centralized training personnel, 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 practices 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 legal judgments 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 security interests in each pledged vehicle by retaining the title to the collateral in our files until the loan is fully repaid or 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 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 42.2%, 20.0%, and 0.9%, respectively, of our loan originations in 2016. 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 limit the refinancing of delinquent loans to those customers who have made recent payments and for whom we have verified current employment. 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 2016, we refinanced only $7.8 million of loans that were 60 or more days contractually past due, and as of December 31, 2016, the outstanding balance of such refinancings was only $6.9 million, or 0.8% of gross finance receivables as of such date.

Generally, we charge off loans during the month the loan becomes 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. In December 2015, we executed our first bulk sale of existing charged-off accounts to a third party and, in connection with this transaction, we committed to sell the flow of loans charged-off between November 2015 and January 2017. We anticipate that we will continue to sell our flow of charged-off loans in the future.

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.

While we believe that the ParaData loan management system is adequate for our current business needs, in April 2016, we entered into an agreement with Nortridge Software, LLC to transition to the Nortridge loan origination and servicing platform. We currently use the Nortridge platform in three of the nine states in which we operate. We expect the remaining states to transition from the ParaData software to the Nortridge platform throughout the remainder of 2017, following which we expect that we will no longer use ParaData software.

In addition, we rely on DealerTrack, Route One, Teledata Communications Inc., and other third-party software vendors to provide access to loan 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 national competitors operating greater than 800 branch locations each, as well as a handful of smaller, regionally-focused 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 enter the market that are dedicated to originating non-prime retail loans. 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 second, third, and fourth quarters, which we believe is largely due to customers borrowing money for vacations, back-to-school, and holiday spending. With the exception of automobile loans and retail 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. Delinquencies generally reach their lowest point in the first quarter of the year and rise throughout the remainder of the fiscal year. Consequently, we experience seasonal fluctuations in our operating results and cash needs.

Employees

As of December 31, 2016, we had 1,363 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 branch employees, which we believe is typical of the consumer finance industry.

Staff and Training. Local branches are generally staffed with two 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 must complete a comprehensive training curriculum that focuses on the company- and position-specific competencies needed to be successful. The training includes a blended approach utilizing eLearning modules, hands-on exercises, webinars, and assessments. Training content is focused on our operating policies and procedures, as well as several key compliance areas. Incentive compensation for new employees is contingent upon the successful and timely completion of the required new hire training curriculum. All current employees also are required to complete annual compliance training and re-certification. Additional management and developmental training is provided for those employees looking to advance within our company.

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. Each branch manager is directly responsible for the performance of his or her branch. Our district supervisors are responsible for the performance of between six and eleven branches in their districts. Each state vice president is responsible for the performance of all of the branches in his or her state or region. Our information technology platform enables each layer of management to monitor our portfolio in real time, 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 and frequency 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. Management receives daily statistical reports to monitor key metrics at the branch, district, state, and enterprise levels. 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 to review branch scorecard results as well as to discuss other operational and financial performance results against our targets.

Government Regulation

Consumer finance companies are subject to extensive regulation, supervision, and licensing under various federal, state, and local statutes, regulations, and ordinances. Many of these laws impose detailed constraints on the terms of our loans and the retail installment sales contracts that we purchase, the lending forms that we utilize, and our operations. The software that we use to originate loans is designed in part to aid in 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 we may charge 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, pre-computed interest, and/or 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 laws 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 optional payment and collateral protection insurance products are set at or below authorized statutory rates and are stated separately in our disclosures 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 in 2010. A significant focus of the 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 loans or other products that we offer.

The Dodd-Frank Act also gives the CFPB the authority to examine and regulate large non-depository 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.

Although many of the regulations implementing portions of the Dodd-Frank Act have been promulgated, we are still unable to predict how this significant legislation may be interpreted and enforced or the full extent to which implementing regulations and supervisory policies may affect us. Finally, President Donald Trump and the Congressional majority have indicated that the Dodd-Frank Act will be under further scrutiny and some of the provisions of the Dodd-Frank Act and rules promulgated thereunder, including those provisions establishing the CFPB and the rules and regulations proposed and enacted by the CFPB, may be revised, repealed, or amended.

Other Federal Laws and Regulations. In addition to the Dodd-Frank Act and state and local laws, regulations, and ordinances, 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, govern the manner in which we report customer information to consumer reporting agencies, and proscribe unfair credit practices.

- *Truth in Lending Act*. 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.
- *Equal Credit Opportunity Act*. 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.
- *Fair Credit Reporting Act*. 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.
- *Gramm-Leach-Bliley Act*. Under the Gramm-Leach-Bliley Act, we must protect the confidentiality of our customers' non-public personal information and disclose information on our privacy policy and practices, including with regard to the sharing of customers' non-public 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.
- *Credit Practices Rule*. 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. For a discussion regarding how risks and uncertainties associated with the current regulatory environment may impact our future expenses, net income, and overall financial condition, see Item 1A, "Risk Factors".

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 our 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 in 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 credit loss 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 36 branches in 2014, 31 branches in 2015, and a net 8 branches in 2016, and increasing the size of our finance receivables portfolio from $544.7 million at the beginning of 2014 to $717.8 million at the end of 2016, a compound annual growth rate of 9.6%. 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 rate among our branch managers was approximately 25% in 2015 and 24% in 2016, 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 credit loss 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, introducing new products and channels, and increasing the finance receivables portfolios of our existing branches. 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 federal laws and regulations, all of 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, certain states into which we may expand limit the number of lending licenses granted. For instance, Georgia requires a “convenience and advantage” assessment of a new lending license and location prior

to the granting of the license. This assessment adds time and expense to opening new locations and creates risk that our state regulator will deny an application for a new lending license due to a perceived oversaturation of existing licensed lenders in the area in which we seek to expand and operate. 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 will 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 to operate.

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, political, or social 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.

Our convenience check strategy exposes us to certain risks.

A significant portion of the growth in our installment loans has been achieved through direct mail campaigns. One aspect of our direct mail campaigns involves 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 to attract new customers to existing branches in our geographic footprint. In 2015 and 2016, loans initiated through convenience checks represented 16.8% and 16.4%, 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, income, 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 inquiries 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.

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 and through online training modules 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 and online training modules, 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 experienced 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 credit losses 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.

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 sales conducted by

independent automobile auction organizations after the required post-repossession waiting period. 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. 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 2016, net credit losses as a percentage of average finance receivables on our small installment loans, which are typically secured by unperfected interests in personal property, were 12.3%, while net credit losses as a percentage of average finance receivables for our large installment loans, which are often secured by perfected interests in an automobile or other vehicle, for the same period were 4.3%. 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 may feel that they 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 and, by extension, 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 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 2016, we transitioned our insurance business to a new unaffiliated third-party insurance company. The transition was complex and included, 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 perform these functions in a legally compliant manner may result in refunds being sent to our customers or our inability to offer our insurance products in certain states, each of 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 our ability to offer one or more of our insurance products or the way in which such products are offered; 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 automobile collateral for the periods of time the borrower fails to adequately, as required by his or her loan, insure that collateral). 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.

A reduction in demand for our products and a 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 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. With respect to 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. With respect to 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.

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.

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 23%, 29%, and 12%, respectively, of our revenue in 2016. 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 and bankruptcy 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 and elevated bankruptcy filings may increase delinquencies and credit losses 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.

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 check and other offers for our direct mail marketing campaigns, and on certain other third-party service providers in connection with loan underwriting, origination, and servicing. Our reliance on these and other third parties can expose us to risks. For example, an error by our current convenience check vendor during 2015 resulted in check offers 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 direct mail vendor and those third parties providing services in connection with loan underwriting, origination, and servicing, 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 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. In six of the nine states in which we operate, 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. In April 2016, we entered into an agreement with Nortridge Software, LLC ("Nortridge") pursuant to which Nortridge provides us with loan management software and related services. We currently use the Nortridge loan management software in three of the nine states in which we operate. We expect the remaining states to transition from the ParaData software to the Nortridge platform throughout the remainder of 2017, following which we expect that we will no longer use the ParaData software.

Over the years, we have tailored the ParaData 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.

Our transition to the Nortridge platform has proven to be a lengthy and expensive process, resulting in a diversion of resources from other operations. Continued execution of a transition project plan, or a divergence from it, may result in cost overruns, project delays, or business interruptions. In addition, divergence from our project plan could impact the timing and/or extent of benefits we expect to achieve from the Nortridge platform and process efficiencies. Any disruptions, delays, or deficiencies in the design and/or implementation of the Nortridge platform, or in the performance of our legacy ParaData software, particularly any disruptions, delays, or deficiencies that impact our operations, could adversely affect our ability to effectively run and manage our business.

Further, following the complete transition, the Nortridge platform may not perform in a manner consistent with our current expectations and may be inadequate for our needs. As we are dependent upon our ability to gather and promptly transmit accurate information to key decision makers, our business, results of operations, and financial condition may be adversely affected if our loan management systems do not allow us to transmit accurate information, even for a short period of time. Failure to properly or adequately address these issues could impact our ability to perform necessary business operations, which could adversely affect our competitive position, business, results of operations, and financial condition.

In addition, we have capitalized certain costs associated with our licensing of and transition to the Nortridge platform. If we are unable to accomplish a full transition to the Nortridge platform, we will be required immediately to expense some or all of those capitalized costs, which could adversely affect our results of operations and financial conditions.

We also 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.

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.

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.

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.

In October 2016, we relocated our headquarters to a new office building located in Greer, South Carolina, a town located outside of 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 Greenville, South Carolina. These processes could be disrupted if a catastrophic event, such as a tornado, power outage, or act of terror, affected Greenville, Greer, or the nearby areas. Any such catastrophic event(s) 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.

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.

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.

Unlike installment loans, particularly small 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.

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 44% in 2014, 44% in 2015, and 42% in 2016. 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 compliance and 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 executive officers and senior management, including but not limited to, Peter R. Knitzer, who succeeded Michael R. Dunn as our Chief Executive Officer on August 1, 2016, and Jody L. Anderson, our President and Chief Operating Officer. We may not be successful in retaining the members of our executive or senior management team or our other key employees. The loss of the services of any of our executive officers, 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.

Employee misconduct or misconduct by third-parties acting on our behalf 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 or third-party contractors could engage in misconduct that adversely affects our business. For example, if an employee or third-party contractor 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 or third-party 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 or third-party misconduct, and the precautions we take to detect and

prevent misconduct may not be effective in all cases. Misconduct by our employees or third-party contractors, or even unsubstantiated allegations, could result in a material adverse effect on our reputation and our business.

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

A substantial majority 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 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.

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 regulatory and 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 and disclosure controls and procedures.

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.

If 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; delinquency levels, roll rates, and trends; historical credit losses; our current collection patterns; and economic trends. Our methodology for establishing our reserves for credit losses is based in large part on our delinquency roll rates and our historic loss experience. If customer behavior changes as a result of economic, political, social, 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 2016, our provision for credit losses was $63.0 million, and we had net credit losses of $59.2 million related to losses on our loans. As of December 31, 2016, our finance receivables were $717.8 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 credit 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 2 (Significant Accounting Policies) of our audited consolidated financial statements.

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 August 2019 that allows us to borrow up to $585.0 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 up to $650.0 million. The senior

revolving credit facility is collateralized by certain of our assets, including substantially all of our finance receivables (other than those held by Regional Management Receivables, LLC, as described below) and equity interests of the majority of our subsidiaries. As of December 31, 2016, the amount outstanding under our senior revolving credit facility was $452.8 million and we had $132.2 million of unused capacity on the credit facility (subject to certain covenants and conditions). During fiscal 2016, the maximum amount of borrowings outstanding under the facility at any one time was $455.9 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 capital 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.

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 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 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.

In addition, the $75.7 million amortizing asset-backed loan resembles a securitization of asset-backed securities transaction. The Dodd-Frank Act (defined below) 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.

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 1.4 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 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.”

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. 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.

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 affect 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 rates 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. 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 or limiting the types of insurance and other ancillary products that we may offer to our customers. 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 and undertake supervisory and enforcement activity that could potentially have a serious impact on our ability to offer installment loans or otherwise materially and adversely affect 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 traditional installment loans, should be a regulatory priority, and it is possible that the CFPB could propose and adopt rules making the products that we 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 cease engaging in certain practices. It is possible that the CFPB will adopt and finalize 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 42.2%, 20.0%, and 0.9%, respectively, of our loan originations in 2016. The CFPB could also adopt rules imposing new and potentially burdensome requirements and limitations with respect to any of our current or future products or lines of business or on our methods of servicing our loans. For example, the CFPB has indicated that it is considering issuing proposed rules covering debt collection activities by first-party lenders. Any such rules could have a material adverse effect on our business, results of operation, and financial condition.

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 CFPB has indicated that it anticipates acting in 2017 to issue a proposed rule defining larger participants in the installment lending market. The rule will likely cover only the largest installment lenders, and we do not yet know whether the definition will cover us. If we are covered by the final larger participant rule for the installment lending market, we will be subject to CFPB supervisory examinations. 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, an expansion of our automobile lending operations may in the future cause us to qualify as a larger participant in the automobile financing market.

In June 2016, the CFPB announced a proposed rule under its unfair, deceptive, and abusive acts and practices rulemaking authority relating to payday, vehicle title, and certain other loans, including certain types of installment loans. The proposal covers short-term loans with a contractual term of 45 days or less, as well as certain "longer-term loans" with a term of longer than 45 days with a total cost of credit 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 proposal requires 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 re-borrowing or defaulting. The proposal also requires lenders to verify income, "major financial obligations," basic living expenses, 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 basic living expenses. This ability to repay assessment would apply to both the initial longer-term loan and to any subsequent refinancing. In addition, the proposal includes 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 proposed rule is subject to several procedural requirements and to possible change before any final rule is 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 the frequency with which we are able to, refinance any such covered loans, or the profitability of such loans.

In May 2016, the CFPB announced a proposed rule to regulate the use of arbitration agreements in consumer financial products and services. The proposal applies 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 requires 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 requires 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 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.

Although many of the regulations implementing portions of the Dodd-Frank Act have been promulgated, we are still unable to predict how this significant legislation may be interpreted and enforced or the full extent to which implementing regulations and supervisory policies may affect us. Finally, President Donald Trump and the Congressional majority have indicated that the Dodd-Frank Act will be under further scrutiny and some of the provisions of the Dodd-Frank Act and rules promulgated thereunder, including those provisions establishing the CFPB and the rules and regulations proposed and enacted by the CFPB, may be revised, repealed, or amended. There can be no assurance that these or future reforms will not significantly impact our business, financial condition and results of operations.

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. In January 2017, we elected to extend the forward-flow arrangement for a term of an additional three months, and we expect to continue to sell our forward flow of charged-off accounts to one or more buyers indefinitely into the future. 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.

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 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 as a result of the changing political environment, including the potential full or partial repeal of the PPACA and the effects of any replacement federal health care 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, 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 ("SEC") 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, 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, as of February 9, 2017. 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 314,164 shares available for issuance under the 2015 Plan, as of February 9, 2017. 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 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 non-employee directors and their affiliates.

Certain of our non-employee 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 non-employee directors and their affiliates, on the other hand. As set forth in our amended and restated certificate of incorporation, such non-employee directors and their affiliates shall not 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 non-employee director of our company 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 non-employee directors to themselves or their other affiliates instead of to us.

ITEM 1B. *UNRESOLVED STAFF COMMENTS.*

None.

ITEM 2. *PROPERTIES.*

In October 2016, in order to accommodate our growth, we relocated our headquarters operations to an approximately 51,700 square foot leased facility in Greer, South Carolina, a town located outside of Greenville, South Carolina. Our headquarters operations previously were located in five office buildings in Greenville, South Carolina. Of the five office buildings that we previously occupied, we owned two buildings and leased three buildings. As of January 31, 2017, we are under contract to sell the two buildings that we own and the leases on each of the three other buildings have expired.

As of February 9, 2017, each of our 339 branches is leased under fixed term lease agreements. 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."

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 (the "Court") 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 (the "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 (the "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 a motion 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' motion to dismiss the second amended complaint was filed on April 28, 2015, the Plaintiffs' opposition was filed on June 12, 2015, and the Defendants' reply was filed on July 13, 2015.

On March 30, 2016, the Court granted the Defendants' motion to dismiss the second amended complaint in its entirety. On May 23, 2016, the Plaintiffs moved for leave to file a third amended complaint. The Defendants' opposition brief was filed on June 9, 2016, and the Plaintiffs' reply was filed on June 20, 2016. On January 27, 2017, the Court denied the Plaintiffs' motion for leave to file a third amended complaint and directed entry of final judgment in favor of the Defendants. On January 30, 2017, the Court entered final judgment in favor of the Defendants. The Plaintiffs have until March 1, 2017 to appeal the Court's decision. The Company believes that the claims against it are without merit and will continue 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, as appropriate.

In addition, as of December 31, 2016, the Company was involved in a purchase price dispute stemming from the Company's acquisition of certain consumer loan receivables in 2012. The dispute was submitted to a large public accounting firm for resolution and determination of the final purchase price for such receivables pursuant to the terms of the purchase agreement. The accounting firm had the discretion to calculate a final purchase price between $27.9 million and $29.9 million, based upon the arguments, purchase price calculations, and support submitted by the parties. As of December 31, 2016, the Company had paid $28.1 million toward the purchase price and had accrued a reserve of an additional $0.5 million for the matter. On February 2, 2017, the accounting firm issued its determination that the final purchase price for the consumer loan receivables was $28.67 million. The accounting firm's decision as to the final purchase price resolves the material aspects of this litigation matter.

The Company is also involved in various legal proceedings and related actions that have arisen in the ordinary course of its business that have not been fully adjudicated. The Company's management does not believe that these matters, when ultimately concluded and determined, will have a material adverse effect on its 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 9, 2017, was $22.14 per share.

	High	Low
Fiscal Year Ended December 31, 2016		
First Quarter	$17.17	$11.94
Second Quarter	18.71	13.40
Third Quarter	22.21	14.15
Fourth Quarter	26.89	21.00
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

Holders

As of February 9, 2017, there were 15 registered holders of our common stock. Because many of the shares of our common stock are held by brokers and other institutions on behalf of stockholders, we are unable to determine the exact number of beneficial stockholders represented by those record holders, but we believe that there were approximately 2,952 beneficial owners of our common stock as of January 30, 2017.

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, 2016. 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 Item 12, "Security Ownership of Certain Beneficial and Management and Related Stockholder Matters" of this Annual Report on Form 10-K.

Dividend Policy

We did not pay any cash dividends in fiscal 2016 or fiscal 2015. 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, 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, 2016.

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]	234,844	5.46	—
2011 Stock Incentive Plan[2]	438,246[4]	17.41[5]	—
2015 Long-Term Incentive Plan[3]	834,947[6]	16.66[5]	161,277
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total:	1,508,037	14.66	161,277

(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 9, 2017, there were 314,164 shares that remained 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 42,000 restricted stock units outstanding under the 2011 Plan. There is no exercise price associated with these restricted stock units.

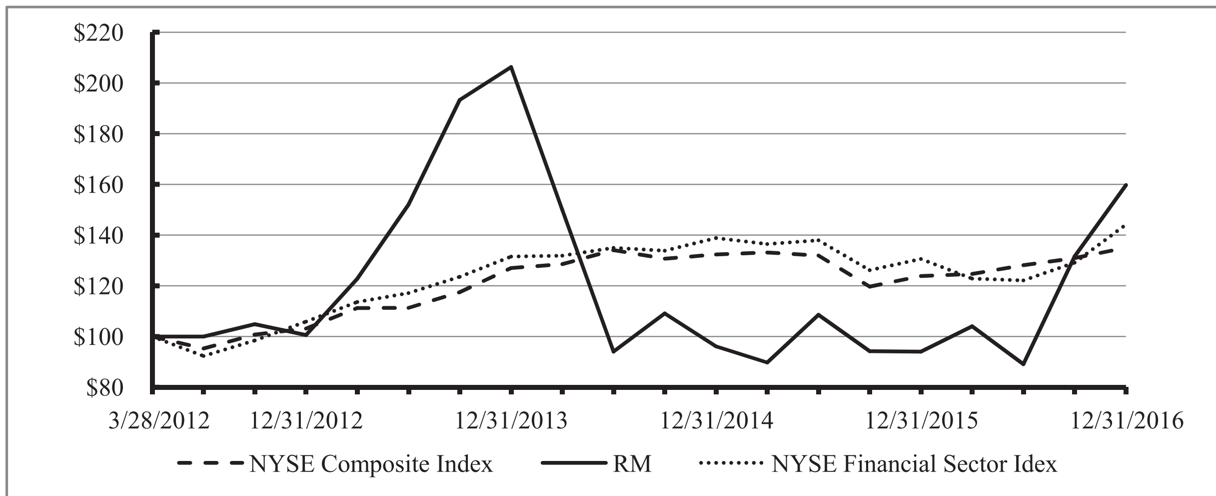
(5) Calculation excludes shares subject to restricted stock unit awards.

(6) Includes 204,531 restricted stock units outstanding under the 2015 Plan and 95,449 restricted shares issuable pursuant to the key team member incentive program under the 2015 Plan. There is no exercise price associated with these restricted stock units or restricted shares.

Stock Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the Securities and Exchange Commission 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, 2016, 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, 2012, 2013, 2014, 2015, and 2016 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, 2014, 2015, and 2016 and the selected historical consolidated balance sheet data as of December 31, 2015 and 2016 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, 2012 and 2013 and the selected historical consolidated balance sheet data as of December 31, 2012, 2013, and 2014 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	2016	2015	2014	2013	2012
Consolidated Statements of Income Data:					
Revenue					
Interest and fee income	$220,963	$195,794	$184,797	$152,343	$119,035
Insurance income, net, and other income	19,555	21,512	19,922	18,286	16,662
Total revenue	240,518	217,306	204,719	170,629	135,697
Expenses					
Provision for credit losses	63,014	47,348	69,057	39,192	27,765
General and administrative expenses	118,632	115,598	96,776	71,039	55,558
Consulting and advisory fees[1]	—	—	—	—	1,451
Interest expense					
Senior and other debt	19,924	16,221	14,947	14,144	10,580
Mezzanine debt[1]	—	—	—	—	1,030
Total interest expense	19,924	16,221	14,947	14,144	11,610
Total expenses	201,570	179,167	180,780	124,375	96,384
Income before income taxes	38,948	38,139	23,939	46,254	39,313
Income taxes	14,917	14,774	9,137	17,460	14,561
Net income	$ 24,031	$ 23,365	$ 14,802	$ 28,794	$ 24,752
Earnings per Share Data:					
Basic earnings per share	$ 2.03	$ 1.82	$ 1.17	$ 2.29	$ 2.12
Diluted earnings per share	$ 1.99	$ 1.79	$ 1.14	$ 2.23	$ 2.07
Basic weighted-average shares	11,824	12,849	12,701	12,572	11,695
Diluted weighted-average shares	12,085	13,074	12,951	12,894	11,981
Consolidated Balance Sheet Data (at period end):					
Finance receivables[2]	$717,775	$628,444	$546,192	$544,684	$439,474
Allowance for credit losses	(41,250)	(37,452)	(40,511)	(30,089)	(23,616)
Net finance receivables[3]	$676,525	$590,992	$505,681	$514,595	$415,858
Total assets	712,224	626,373	529,401	532,606	433,846
Long-term debt	491,678	411,177	341,419	362,750	292,379
Total liabilities	504,749	421,146	351,078	371,468	304,642
Total stockholders' equity	$207,475	$205,227	178,323	161,173	129,204

(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 premiums.

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

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 that reflect our current expectations and that 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. Our forward-looking statements involve risks and uncertainties that could cause actual results or events to differ materially from the plans, intentions, and expectations disclosed in the forward-looking statements. Such risks and uncertainties include, 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 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 339 locations in the states of Alabama, Georgia, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia as of December 31, 2016. 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, which 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 (≤$2,500)* – As of December 31, 2016, we had approximately 267.8 thousand small installment loans outstanding, representing $358.5 million in finance receivables. This included 84.9 thousand small loan convenience checks, representing $96.9 million in finance receivables as of December 31, 2016.
- *Large Loans (>$2,500)* – As of December 31, 2016, we had approximately 56.6 thousand large installment loans outstanding, representing $235.3 million in finance receivables. This included 1.6 thousand large loan convenience checks, representing $4.5 million in finance receivables as of December 31, 2016.
- *Automobile Loans* – As of December 31, 2016, we had approximately 10.6 thousand automobile purchase loans outstanding, representing $90.4 million in finance receivables. This included 5.2 thousand indirect automobile loans and 5.4 thousand direct automobile loans, representing $46.1 million and $44.3 million in finance receivables, respectively.

- *Retail Loans* – As of December 31, 2016, we had approximately 22.8 thousand retail purchase loans outstanding, representing $33.5 million in finance receivables.
- *Insurance Products* – We offer optional payment and collateral protection insurance to our direct loan customers.

Small and large installment 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 small and large installment loans are 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 contractual delinquency follow seasonal trends. Demand for our small and large loans is typically highest during the second, third, and fourth quarters, which we believe is largely due to customers borrowing money for vacations, back-to-school, and holiday spending. With the exception of automobile and retail 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. Delinquencies generally reach their lowest point in the first quarter of the year and rise throughout the remainder of the fiscal year. Consequently, we experience 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. Average finance receivables grew 10.9% from $477.4 million in 2013 to $529.5 million in 2014, grew 8.2% to $572.8 million in 2015, and grew 14.8% to $657.4 million in 2016. We source our loans through our branches and our direct mail program, as well as through automobile dealerships, retail partners, and our consumer website. Our loans are made almost exclusively in geographic markets served by our network of branches. Increasing the number of loans per branch and the number of branches we operate allows us to increase the number of loans that we are able to service. We opened 8, 31, and 36 net new branches in 2016, 2015, and 2014, 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 $63.0 million provision for credit losses during 2016 (or 9.6% of average finance receivables) and a $47.3 million provision for credit losses during 2015 (or 8.3% 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 late 2014, we created a credit risk function and have been making changes to continue to improve our credit underwriting guidelines. We believe that these changes have impacted, and will continue to impact, our business and results of operations, and improved credit quality in our portfolio. We will continue to monitor how these changes impact our business and results of operations, and we will make further revisions to our credit underwriting guidelines when appropriate.

The allowance for credit losses calculation uses the current delinquency profile and historical delinquency roll rates as key data points in estimating the allowance. We believe that the primary underlying factors driving the provision for credit losses for each loan type 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, and the amount and past due status of delinquencies for all loans one or more days past due, to identify trends that might require us to modify the allowance for credit losses.

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. We have purchased interest rate cap contracts with an aggregate notional principal amount of $200.0 million and 2.50% strike rates against the one-month LIBOR. $150.0 million of these contracts expire in April 2018, with the remaining $50.0 million expiring in March 2019. When the one-month LIBOR exceeds 2.50%, the counterparty reimburses us for the excess over 2.50%. No payment is required by us or the counterparty when the one-month LIBOR is below 2.50%.

Operating Costs. Our financial results are impacted by the costs of operations and home office functions. Those costs are included in general and administrative expenses on our consolidated statements of income. Our receivable efficiency ratio (sum of general and administrative expenses divided by average finance receivables) was 18.0% in 2016, compared to 20.2% in 2015. The decrease was primarily due to non-operating compensation-related costs of $1.5 million incurred in 2015, retirement agreement costs of $0.5 million associated with our former Vice Chairman incurred in 2015, the discontinuation of our automobile allowance program around the end of 2015, and lower marketing expenses. While this ratio is 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 the continued implementation of the Nortridge loan management system, which will allow us to accept electronic payments and reduce the amount of time it takes to originate a loan.

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 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 credit loss 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 annual percentage rate shown 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, Net. Our insurance income, net consists of revenue, net of expenses, from the sale of various optional payment and collateral protection insurance 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, involuntary unemployment insurance, and personal property insurance. The type and terms of our optional 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-filing insurance in lieu of recording and perfecting our security interest in the assets pledged on certain loans. We require proof of insurance for any vehicles securing loans. In addition, in select markets, we offer vehicle single interest insurance and a Guaranteed Asset Protection ("GAP") waiver product. Vehicle single interest insurance provides coverage on automobiles used as collateral on small and large loans. This insurance affords the borrower flexibility regarding the requirement to maintain full coverage on the vehicle while also protecting the collateral used to secure the loan. The GAP waiver product reduces or eliminates any loan balance remaining following payment by a primary insurance carrier.

During 2016, we transitioned our insurance administration to a new unaffiliated third party provider, which resulted in variances in 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 ongoing assessment of costs, premiums may change, which may impact the revenue and/or costs of our insurance operations.

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 cash reserves for life insurance claims in an amount determined by the unaffiliated insurance companies. As of December 31, 2016, the restricted cash balance for these cash reserves was $3.9 million. The unaffiliated insurance companies maintain the reserves for non-life claims. Insurance income, net 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 included in other income.

Provision for Credit Losses. Provisions for credit losses are charged to income in amounts that we estimate as sufficient to maintain an allowance for credit losses at an adequate level to provide for estimated losses on the related finance receivables 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. Changes in our delinquency and credit loss 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 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 and wages, 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, depreciation of leasehold improvements and furniture and fixtures, telecommunication, 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 consumer 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, compliance, audit, consulting, director compensation, amortization of software licenses and implementation costs, bank service charges, office supplies, and credit bureau charges. We expect legal and compliance costs to remain elevated due to the regulatory environment in the consumer finance industry and as a result of certain litigation matters, including those discussed in 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 Item 1A, "Risk Factors".

Interest Expense. Our interest expense consists primarily of paid and accrued interest for long-term debt, unused line fees, and amortization of debt issuance costs on 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 change in deferred tax assets and liabilities is recognized in the period the change occurs and 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 average receivables:

	Year Ended December 31,					
	2016		2015		2014	
In thousands	Amount	% of Average Receivables	Amount	% of Average Receivables	Amount	% of Average Receivables
Revenue						
Interest and fee income	$220,963	33.6%	$195,794	34.2%	$184,797	34.9%
Insurance income, net	9,456	1.4%	11,654	2.0%	10,673	2.0%
Other income	10,099	1.6%	9,858	1.7%	9,249	1.8%
Total revenue	240,518	36.6%	217,306	37.9%	204,719	38.7%
Expenses						
Provision for credit losses	63,014	9.6%	47,348	8.3%	69,057	13.0%
Personnel	68,979	10.5%	69,247	12.1%	55,383	10.5%
Occupancy	20,059	3.1%	17,313	3.0%	14,760	2.8%
Marketing	6,837	1.0%	7,017	1.2%	6,330	1.2%
Other	22,757	3.4%	22,021	3.9%	20,303	3.8%
Total general and administrative	118,632	18.0%	115,598	20.2%	96,776	18.3%
Interest expense	19,924	3.1%	16,221	2.7%	14,947	2.9%
Income before income taxes	38,948	5.9%	38,139	6.7%	23,939	4.5%
Income taxes	14,917	2.2%	14,774	2.6%	9,137	1.7%
Net income	$ 24,031	3.7%	$ 23,365	4.1%	$ 14,802	2.8%

Comparison of December 31, 2016, Versus December 31, 2015

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

- *Small Loans (≤$2,500)* – Small loans outstanding increased by $20.3 million, or 6.0%, to $358.5 million at December 31, 2016, from $338.2 million at December 31, 2015, despite the cross-sell of many small loan customers to large loans. The growth in receivables in branches opened in 2015 and 2016 contributed to the growth in overall small loans outstanding.
- *Large Loans (>$2,500)* – Large loans outstanding increased by $88.8 million, or 60.6%, to $235.3 million at December 31, 2016 from $146.6 million at December 31, 2015. The increase was primarily

due to the addition of expertise in this product type, increased marketing, and the cross-sell of many small loan customers to large loans.

- *Automobile Loans* – Automobile loans outstanding decreased by $25.7 million, or 22.1%, to $90.4 million at December 31, 2016, from $116.1 million at December 31, 2015, as we began restructuring our automobile loan business to a centralized model in the fourth quarter of 2015. We expect that the automobile loan portfolio will liquidate at a slower rate in 2017 compared to 2016 and that a majority of the restructuring will be complete by the second quarter of 2017.
- *Retail Loans* – Retail loans outstanding increased $5.9 million, or 21.4%, to $33.5 million at December 31, 2016, from $27.6 million at December 31, 2015. The increase in retail loans outstanding resulted from the additional relationships we established with new retailers, an increase in average loan amount, and an expansion of volume through our existing relationships.

	Finance Receivables by Product			
In thousands	**December 31, 2016**	**December 31, 2015**	**YoY $ Inc (Dec)**	**YoY % Inc (Dec)**
Small loans	$358,471	$338,157	$ 20,314	6.0%
Large loans	235,349	146,553	88,796	60.6%
Total core loans	593,820	484,710	109,110	22.5%
Automobile loans	90,432	116,109	(25,677)	(22.1)%
Retail loans	33,523	27,625	5,898	21.4%
Total finance receivables	$717,775	$628,444	$ 89,331	14.2%
Number of branches at period end	339	331	8	2.4%
Average finance receivables per branch	$ 2,117	$ 1,899	$ 218	11.5%

Comparison of the Year Ended December 31, 2016, Versus the Year Ended December 31, 2015

Net Income. Net income increased $0.7 million, or 2.9%, to $24.0 million in 2016, from $23.4 million in 2015. The increase was primarily due to an increase in revenue of $23.2 million, offset by an increase in provision for credit losses of $15.7 million, an increase in general and administrative expenses of $3.0 million, and an increase of $3.7 million in interest expense.

Revenue. Total revenue increased $23.2 million, or 10.7%, to $240.5 million in 2016, from $217.3 million in 2015. The components of revenue are explained in greater detail below.

Interest and Fee Income. Interest and fee income increased $25.2 million, or 12.9%, to $221.0 million in 2016, from $195.8 million in 2015. The increase in interest and fee income was primarily due to a 14.8% increase in average finance receivables offset by a 0.6% yield decrease.

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

In thousands	Average Finance Receivables for the Year Ended			Average Yields for the Year Ended		
	December 31, 2016	December 31, 2015	YoY % Inc (Dec)	December 31, 2016	December 31, 2015	YoY Inc (Dec)
Small loans	$334,152	$316,945	5.4%	42.5%	43.9%	(1.4)%
Large loans	190,855	93,243	104.7%	28.8%	27.6%	1.2%
Automobile loans	102,023	137,249	(25.7)%	17.7%	19.0%	(1.3)%
Retail loans	30,321	25,392	19.4%	19.2%	18.8%	0.4%
Total interest and fee yield	$657,351	$572,829	14.8%	33.6%	34.2%	(0.6)%
Total revenue yield	$657,351	$572,829	14.8%	36.6%	37.9%	(1.3)%

Small loan yields decreased 1.4% compared to 2015 primarily due to a change in state mix of average finance receivables. Large loan yields increased 1.2% compared to 2015 as a result of adjusted pricing that reflects current market conditions. Automobile loan yields decreased 1.3% compared to 2015 due to our revised pricing model for our automobile loan program.

The following table represents the amount of loan originations and refinancing net of unearned finance charges:

In thousands	Net Loans Originated for the Year Ended			
	December 31, 2016	December 31, 2015	YoY $ Inc (Dec)	YoY % Inc (Dec)
Small loans	$580,936	$592,211	$(11,275)	(1.9)%
Large loans	250,862	173,560	77,302	44.5%
Automobile loans	37,038	41,621	(4,583)	(11.0)%
Retail loans	34,629	31,710	2,919	9.2%
Total finance receivables	$903,465	$839,102	$ 64,363	7.7%

Average finance receivables and net loans originated increased 14.8% and 7.7%, respectively, compared to 2015. Average finance receivables grew more than net loans originated primarily due to an increase in large loans average finance receivables of $97.6 million, or 104.7%, since December 31, 2015. Average finance receivables for large loans were 29.0% of total average finance receivables in 2016 compared to 16.3% in 2015. Our higher balance large loans amortize at a slower rate than our other core products due to longer contractual terms.

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, 2016 Compared to Year Ended December 31, 2015 Increase (Decrease)		
	Volume	Rate	Net
Small loans	$ 7,406	$(4,546)	$ 2,860
Large loans	28,073	1,186	29,259
Automobile loans	(6,339)	(1,641)	(7,980)
Retail loans	943	87	1,030
Total increase (decrease) in interest and fee income	$30,083	$(4,914)	$25,169

Insurance Income, Net. Insurance income, net decreased $2.2 million, or 18.9%, to $9.5 million in 2016 from $11.7 million in 2015. Insurance income, net as a percentage of average finance receivables decreased to 1.4% in 2016 from 2.0% in 2015. The decrease was primarily due to increased non-filing insurance claims expense in 2016 compared to 2015. Our average non-filing claim amount has increased during 2016 due to the growth of our large loan portfolio.

Other Income. Other income, which consists primarily of late charges, increased $0.2 million, or 2.4%, to $10.1 million in 2016 from $9.9 million in 2015. Other income represented 1.6% of average receivables in 2016 compared to 1.7% of average receivables in 2015.

Provision for Credit Losses. Our provision for credit losses increased $15.7 million, or 33.1%, to $63.0 million in 2016 from $47.3 million in 2015. The provision for credit losses represented 9.6% of average receivables in 2016 compared to 8.3% of average receivables in 2015. The increase in the provision for credit losses was due to the $2.0 million bulk sale of charged-off loans ("bulk sale") in 2015, an increase in net credit losses of $6.8 million, and an increase in the estimated allowance of $6.9 million, primarily due to portfolio growth.

Net credit losses increased $8.8 million, or 17.5%, to $59.2 million in 2016 from $50.4 million in 2015. Net credit losses as a percentage of average receivables were 9.0% in 2016, compared to 8.8% in 2015. This increase was due to $2.0 million in proceeds from the bulk sale, representing 0.3% as a percentage of average receivables in 2015. In order to improve future net credit losses, we are utilizing more advanced analytical techniques we have recently developed to reduce lending to specific underperforming segments of our customer base. However, as a result of the higher late stage delinquencies at the end of 2016, we expect net credit losses in the first quarter of 2017 to be slightly higher sequentially compared to the fourth quarter of 2016.

We evaluate delinquency and 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:

	December 31, 2016			December 31, 2015		
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
Small loans	$358,471	$21,770	6.1%	$338,157	$21,535	6.4%
Large loans	235,349	11,460	4.9%	146,553	5,593	3.8%
Automobile loans	90,432	5,910	6.5%	116,109	8,828	7.6%
Retail loans	33,523	2,110	6.3%	27,625	1,496	5.4%
Total	$717,775	$41,250	5.7%	$628,444	$37,452	6.0%

The allowance as a percentage of related finance receivables decreased to 5.7% as of December 31, 2016, from 6.0% as of December 31, 2015, due to lower 1 day and over past due rates and an improved net credit loss rate during the year ended December 31, 2016. The net credit loss rate and 1 day and over past due rates have improved due to the growth of large loans, which have lower net credit loss rates and delinquency compared to our other products.

Delinquencies 1 day and over past due as a percentage of total finance receivables decreased to 18.1% as of December 31, 2016, from 20.3% as of December 31, 2015. Delinquencies 30 days and over past due as a percentage of total finance receivables increased to 7.4% as of December 31, 2016, from 7.2% as of

December 31, 2015. The increase was primarily due to an increase in late stage delinquencies. The following tables include delinquency balances by aging category and by product:

In thousands	Contractual Delinquency by Aging			
	December 31, 2016		December 31, 2015	
Allowance for credit losses	$ 41,250	5.7%	$ 37,452	6.0%
Current	587,202	81.9%	500,591	79.7%
1 to 29 days past due	77,106	10.7%	82,589	13.1%
Delinquent accounts:				
30 to 59 days	16,727	2.3%	15,654	2.5%
60 to 89 days	11,641	1.6%	9,858	1.6%
90 to 119 days	10,021	1.4%	7,696	1.1%
120 to 149 days	8,205	1.1%	6,678	1.1%
150 to 179 days	6,873	1.0%	5,378	0.9%
Total contractual delinquency	$ 53,467	7.4%	$ 45,264	7.2%
Total finance receivables	$717,775	100.0%	$628,444	100.0%
1 day and over past due	$130,573	18.1%	$127,853	20.3%

In thousands	Contractual Delinquency by Product			
	December 31, 2016		December 31, 2015	
Small loans	$ 32,955	9.2%	$ 30,185	8.9%
Large loans	12,114	5.1%	4,945	3.4%
Automobile loans	6,300	7.0%	8,713	7.5%
Retail loans	2,098	6.3%	1,421	5.1%
Total contractual delinquency	$ 53,467	7.4%	$ 45,264	7.2%

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

General and Administrative Expenses. Our general and administrative expenses, comprising expenses for personnel, occupancy, marketing, and other expenses, increased $3.0 million, or 2.6%, to $118.6 million in 2016 from $115.6 million in 2015. Our receivable efficiency ratio (general and administrative expenses as a percentage of average finance receivables) decreased to 18.0% during 2016 from 20.2% in 2015.

Despite adding 8 net branches and increasing finance receivables by $89.3 million, or 14.2%, since December 31, 2015, our operations general and administrative expenses decreased $0.2 million in 2016 compared to 2015. This decrease in expense is primarily due to improved efficiencies, which has allowed operations headcount to decrease to 1,239 from 1,350 at December 31, 2015. Home office general and administrative expenses increased $3.5 million in 2016 compared to 2015 primarily due to an increase in incentive plan expenses, new loan management system implementation costs, increased headcount, and the costs related to the transition to a new CEO. Marketing expenses decreased $0.2 million in 2016 compared to 2015. The increase in general and administrative expenses is explained in greater detail below.

Personnel. The largest component of general and administrative expenses is personnel expense, which decreased $0.3 million, or 0.4%, to $69.0 million in 2016 from $69.2 million in 2015. We experienced several offsetting changes in personnel expense during 2016 compared to 2015. We incurred non-operating compensation-related costs during 2015 of $1.5 million related to a CEO restricted stock grant and $0.5 million related to the retirement agreement costs of our former Vice Chairman. Operations personnel expense decreased

$2.8 million in 2016 primarily due to lower branch incentive plan payouts achieved, more cost effective collection activities and the related reduction in automobile allowance expense, and the reduction in branch overtime expense. Home office salary expense increased $2.1 million in 2016 from added headcount during 2015 and 2016 primarily in our information technology and credit risk departments. Incentive compensation expense increased $3.0 million primarily due to the 2016 annual grant of awards under our long-term incentive plan, which have three-year performance targets. We expect incentive plan expense to increase in future years due to annual grants under our long-term incentive plan.

Occupancy. Occupancy expenses increased $2.7 million, or 15.9%, to $20.1 million in 2016 from $17.3 million in 2015. The increase in occupancy expenses was the result of new branches opened in late 2015 and early 2016, as well as expenses associated with a larger home office building. To accommodate our company's growth, we signed an 11-year lease in May 2016 for a larger home office building that we began occupying in October 2016. The new lease will increase annual occupancy expense by approximately $0.6 million. Additionally, we frequently experience increases in rent as we renew existing branch leases.

Marketing. Marketing expenses decreased $0.2 million, or 2.6%, to $6.8 million in 2016 from $7.0 million in 2015. The decrease was primarily due to an 11.0% decrease in total direct mail marketing compared to 2015. The reduction in total mail quantity was the result of our efforts to fine-tune our processes to more efficiently target potential customers.

Other Expenses. Other expenses increased $0.7 million, or 3.3%, to $22.8 million in 2016 from $22.0 million in 2015. The increase was primarily due to a $0.8 million increase in non-operating expenses related to the implementation of the Nortridge loan management system and a $0.5 million increase in bank charges due to a higher branch count and increased fees for accepting debit card payments, partially offset by a decrease of $0.6 million in legal costs. In 2016, we began using the Nortridge loan management system in our North Carolina, Virginia, and New Mexico branches, and we expect to convert to the Nortridge loan management system in our remaining six states by the end of 2017. We expect technology costs to remain elevated in 2017 in connection with our efforts to transition to the Nortridge loan management system.

Interest Expense. Interest expense on long-term debt increased $3.7 million, or 22.8%, to $19.9 million in 2016 from $16.2 million in 2015. The increase was primarily due to stock repurchases of $25.0 million and loan growth, each of which contributed to an increase in the average balance of our senior revolving credit facility. The average cost of our long-term debt decreased 0.03% to 4.52% in 2016 from 4.55% in 2015.

Income Taxes. Income taxes increased $0.1 million, or 1.0%, to $14.9 million in 2016 from $14.8 million in 2015. The increase was primarily due to an increase in our net income before taxes. Also, our effective tax rate decreased 0.4% to 38.3% in 2016 from 38.7% in 2015. The decrease was primarily due to a lower amount of non-deductible compensation.

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

- *Small Loans (≤$2,500)* – Small loans outstanding increased by $18.6 million, or 5.8%, to $338.2 million at December 31, 2015, from $319.5 million at December 31, 2014. The growth in receivables in branches opened in 2014 and 2015 contributed to the growth in overall small loans outstanding.

- *Large Loans (>$2,500)* – 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 cross-sell of many small loan customers 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. 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 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	December 31, 2015	December 31, 2014	YoY $ Inc (Dec)	YoY % Inc (Dec)
Small loans	$338,157	$319,533	$ 18,624	5.8%
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 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 was primarily due to an 8.2% increase in average finance receivables offset by a 0.7% yield decrease.

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

	Average Finance Receivables for the Year Ended			Average Yields for the Year Ended		
In thousands	December 31, 2015	December 31, 2014	YoY % Inc (Dec)	December 31, 2015	December 31, 2014	YoY Inc (Dec)
Small loans	$316,945	$288,712	9.8%	43.9%	46.7%	(2.8)%
Large loans	93,243	42,887	117.4%	27.6%	26.9%	0.7%
Automobile loans	137,249	169,607	(19.1)%	19.0%	19.7%	(0.7)%
Retail loans	25,392	28,295	(10.3)%	18.8%	18.4%	0.4%
Total interest and fee yield	$572,829	$529,501	8.2%	34.2%	34.9%	(0.7)%
Total revenue yield	$572,829	$529,501	8.2%	37.9%	38.7%	(0.8)%

Small loan yields decreased 2.8% compared to 2014 as more of our small loan customers originated loans with larger balances and longer maturities, which typically were 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.

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

	Net Loans Originated for the Year Ended			
In thousands	**December 31, 2015**	**December 31, 2014**	**YoY $ Inc (Dec)**	**YoY % Inc (Dec)**
Small loans	$592,211	$592,854	$ (643)	(0.1)%
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:

	Components of Increase in Interest and Fee Income Year Ended December 31, 2015 Compared to Year Ended December 31, 2014 Increase (Decrease)		
In thousands	**Volume**	**Rate**	**Net**
Small loans	$12,691	$(8,199)	$ 4,492
Large loans	13,884	322	14,206
Automobile loans	(6,180)	(1,106)	(7,286)
Retail loans	(543)	128	(415)
Total increase (decrease) in interest and fee income	$19,852	$(8,855)	$10,997

Insurance Income, Net. Insurance income, net increased $1.0 million, or 9.2%, to $11.7 million in 2015, from $10.7 million in 2014. Insurance income, net as a percentage of average finance receivables remained constant at 2.0% in 2015 and 2014.

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 primarily due 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. Other income represented 1.7% of average finance receivables in 2015 compared to 1.8% of average finance receivables in 2014.

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 for credit losses represented 8.3% of average receivables in 2015 compared to 13.0% of average receivables in 2014. Our provision for credit losses 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 credit losses decreased $8.2 million, or 14.0%, to $50.4 million in 2015 from $58.6 million in 2014. Net credit losses represented 8.8% of average receivables in 2015 compared to 11.1% of average receivables in 2014. Total net credit losses decreased in 2015 even though average receivables increased 8.2%. The decrease in

net credit losses was partially due to the $2.0 million bulk sale 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 evaluate delinquency and 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:

	December 31, 2015			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
Small loans	$338,157	$21,535	6.4%	$319,533	$25,280	7.9%
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 as a percentage of related finance receivables decreased to 6.0% as of December 31, 2015, from 7.4% as of December 31, 2014, due to lower delinquency and an improved net credit loss rate during 2015. The net credit loss rate and delinquency improved due to the growth of large loans, which have lower net credit loss rates and delinquency compared to our other products, and due to our overall improving credit profile.

We completed the bulk sale of our existing charged-off loan portfolio in December 2015, resulting in an increase in 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 committed to the sale of the forward flow of accounts charged off between November 2015 and October 2016. These transactions were executed from January through December 2016 and resulted in higher future recoveries compared to our run rate levels in the first three quarters of 2015.

Delinquencies 1 day and over past due as a percentage of total finance receivables decreased to 20.3% as of December 31, 2015, from 22.6% as of December 31, 2014. Delinquencies 30 days and over past due as a percentage of total finance receivables decreased to 7.2% at December 31, 2015, from 7.5% as of December 31, 2014. The decrease 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	December 31, 2015		December 31, 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%

In thousands	Contractual Delinquency by Product			
	December 31, 2015		December 31, 2014	
Small loans	$30,185	8.9%	$27,412	8.6%
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 receivables) increased to 20.2% in 2015 from 18.3% 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.

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 of additional home office employees hired since 2014, non-operating compensation-related costs associated with a CEO restricted stock grant and the retirement agreement costs for our former Vice Chairman, the 2014 reversal of $1.4 million due to a 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.

Occupancy. Occupancy expenses increased $2.6 million, or 17.3%, to $17.3 million in 2015 from $14.8 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 $1.7 million, or 8.5%, to $22.0 million in 2015 from $20.3 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 primarily due 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 4.55% for the year ended December 31, 2015 from 4.50% for the prior period. The increase was primarily due 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.

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 $4.0 million to $10.0 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 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. 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 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 in December 2015 was deposited into a restricted cash reserve account to satisfy provisions of the credit agreement. These reserve requirements decreased to $1.7 million in June 2016 following our satisfaction of certain provisions of the credit agreement. This restricted cash reserve account requirement will remain at $1.7 million until the termination of the credit agreement. 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 $2.7 million as of December 31, 2016. 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, we announced that our Board of Directors had authorized the repurchase of up to $25.0 million of our common stock. The authorization was effective immediately and extended through December 31, 2017. On June 10, 2016, we announced that we had completed the stock repurchase program.

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, 2016, these reserve requirements totaled $3.9 million.

Cash Flow.

Operating Activities. Net cash provided by operating activities increased by $16.9 million, or 20.3%, to $99.9 million in 2016 from $83.0 million in 2015. The increase was primarily due to higher net income, before provision for credit losses, resulting from growth in the business.

Investing Activities. Investing activities consist of finance receivables originated and purchased, net change in restricted cash, the purchase of intangible assets, and the purchase of property and equipment for new and existing branches. Net cash used in investing activities for 2016 was $157.4 million compared to $146.5 million in 2015, a net increase of $10.8 million. The increase was primarily due to higher net originations of finance receivables, higher purchases of intangible assets and property and equipment, offset by the net change in restricted cash.

Financing Activities. Financing activities consist of borrowings and payments on our outstanding indebtedness, issuance of common stock, and repurchases of common stock. During 2016, net cash provided by financing activities was $54.2 million, a change of $12.9 million compared to the $67.2 million net cash provided by financing activities in 2015. The decrease in net cash provided by financing activities was primarily a result of an increase in net advances on long-term debt of $10.9 million offset by stock repurchases of $25.0 million.

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, which we subsequently amended in May 2016 and August 2016. The senior revolving credit facility provides for up to $585.0 million in availability, with a borrowing base of up to a maximum of 85% of eligible secured finance receivables and up to a maximum of 70% of eligible unsecured finance receivables, in each case, subject to adjustment at certain credit quality levels (83% and 68% as of December 31, 2016, respectively). The facility matures in August 2019 and has an accordion provision that allows for the expansion of the facility to $650.0 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 3.75% as of December 31, 2016) 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 $400.0 million. Excluding the receivables held by RMR, the senior revolving credit facility is secured by 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 $452.8 million at December 31, 2016, and the amount available for borrowing, but not yet advanced, was $58.2 million. At December 31, 2016, we were in compliance with our debt covenants. A year or more in advance of its August 2019 maturity date, we intend to extend the maturity date of the amended and restated senior revolving credit facility or take other appropriate action to address repayment upon maturity. See 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 in December 2015 which provides for a $75.7 million amortizing loan to RMR that is secured by certain retail installment contracts and promissory notes secured by automobiles, light-duty trucks, minivans, sport utility vehicles, and other passenger vehicles (excluding motorcycles) which either indirectly or directly were originated by certain of our subsidiaries. Our outstanding debt under the credit agreement was $38.8 million at December 31, 2016.

Interest Rate Caps. We have purchased interest rate cap contracts with an aggregate notional principal amount of $200.0 million and 2.50% strike rates against the one-month LIBOR. $150.0 million of these contracts expire in April 2018, with the remaining $50.0 million expiring in March 2019. When the one-month LIBOR exceeds 2.50%, the counterparty reimburses us for the excess over 2.50%. No payment is required by us or the counterparty when the one-month LIBOR is below 2.50%.

Other Financing Arrangements. We have $3.0 million in commercial overdraft capability that assists with our cash management needs for intra-day temporary funding.

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. As of December 31, 2016, the cash reserves were $3.9 million. We have also purchased a cash collateralized letter of credit in favor of the ceding company. As of December 31, 2016, the letter of credit was $2.0 million.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2016, 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	$491,678	$21,585	$468,556	$1,537	$ —
Interest payments on long-term debt obligations	51,046	19,420	31,603	23	—
Operating lease obligations	24,432	5,967	7,414	4,481	6,570
Total	$567,156	$46,972	$507,573	$6,041	$6,570

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.

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 future losses on our finance receivables. In the past, we 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, we changed the time-based element of the charge-off policy from 365 days contractually delinquent to 180 days contractually delinquent. In December 2014, we eliminated the discretionary element of the charge-off policy, subject to certain exceptions. Our 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.

We initiate repossession proceedings when, in the opinion of management, the customer is unlikely to make further payments. We sell 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 relates to probable incurred losses of unimpaired finance receivables. Prior to September 30, 2016, the general component of the allowance was primarily based on historical loss rates. Effective September 30, 2016, it is based on delinquency roll rates. Our finance receivable types are stratified by delinquency stages, and the future monthly delinquency profiles and credit losses are projected forward using historical delinquency roll rates. We record a general allowance for credit losses that includes forecasted future credit losses over the estimated loss emergence period (the interval of time between the event which caused a borrower to default and our recording of the credit loss) for each finance receivable type.

We adjust the computed roll rate forecast 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 roll rate forecast. Those qualitative factors include trends in growth in the loan portfolio, delinquency, unemployment, bankruptcy, operational risks, and other economic trends.

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 our 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 pursuant to a loss mitigation policy, a specific valuation allowance is established for such finance receivables within the allowance for credit losses. We compute the estimated loss on our 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 us. This method is applied in the aggregate to each of our four classes of loans. In making the computations of the present value of cash payments to be received on impaired accounts in each product category, we use 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, we reduce the interest rate to that specified in the bankruptcy order and we receive payments with respect to the remaining amount of the loan from the bankruptcy trustee. For customers who recently filed for Chapter 13 bankruptcy, we 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, we may receive a lump sum payment from the trustee once the plan is confirmed. This lump sum payment represents our pro-rata share of the amount paid by the customer. 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.

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 credit losses from the policy change were charged against this allowance as of September 2014.

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 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 or actuarial methods 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 using the straight-line or sum-of-the-years' digits methods over the terms of the policies. We recognize income on credit-related 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, credit personal property insurance, vehicle single interest insurance, and involuntary unemployment insurance.

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. We use the closing stock price on the date of grant as the fair value of restricted 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. We estimate volatility using our historical stock prices. 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 to estimate the expected term. 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.

Income Taxes.

We file income tax returns in the U.S. federal jurisdiction and in various states. We are generally no longer subject to federal, state, or local income tax examinations by taxing authorities before 2013, though we remain subject to examination in New Mexico and Texas for the 2011 and 2012 tax years.

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, 2016, 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

See Note 2, “Significant Accounting Policies,” of the Notes to Consolidated Financial Statements in Item 8, “Financial Statements and Supplementary Data” for a discussion of recently issued accounting pronouncements, including information on new accounting standards and the future adoption of such standards.

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 finance receivables 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 1.4 times per year from payments, renewals, and credit losses. 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 our 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, 2016, our outstanding long-term debt under our senior revolving credit facility was $452.8 million and interest on borrowings under this facility was approximately 4.28% for the year ended December 31, 2016, including 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 87.5 basis points and the outstanding balance at December 31, 2016, an increase of 100 basis points in the LIBOR would result in an increase of 87.5 basis points to our borrowing costs and would result in approximately $2.5 million of increased interest expense on an annual basis.

We purchased interest rate caps in April 2015 to manage interest rate risk associated with a notional $150.0 million of our LIBOR-based borrowings. These 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. In March 2016, we purchased an additional interest rate cap having a notional principal amount of $50.0 million with a 2.50% strike rate against one-month LIBOR and maturing in March 2019.

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

REGIONAL MANAGEMENT CORP.

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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, 2016 and 2015, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2016. 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, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

/s/ RSM US LLP

Raleigh, North Carolina
February 10, 2017

Regional Management Corp. and Subsidiaries
Consolidated Balance Sheets
December 31, 2016 and 2015
(in thousands, except par value amounts)

	2016	2015
Assets		
Cash	$ 4,446	$ 7,654
Gross finance receivables	916,954	785,042
Unearned finance charges and insurance premiums	(199,179)	(156,598)
Finance receivables	717,775	628,444
Allowance for credit losses	(41,250)	(37,452)
Net finance receivables	676,525	590,992
Property and equipment	11,693	9,049
Restricted cash	8,297	10,506
Intangible assets	6,448	3,023
Deferred tax asset	33	1,982
Other assets	4,782	3,167
Total assets	$ 712,224	$ 626,373
Liabilities and Stockholders' Equity		
Liabilities:		
Long-term debt	$ 491,678	$ 411,177
Unamortized debt issuance costs	(2,152)	(2,692)
Net long-term debt	489,526	408,485
Accounts payable and accrued expenses	15,223	12,661
Total liabilities	504,749	421,146
Commitments and Contingencies (Notes 6, 16, and 17)		
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, 12,996 shares issued and 11,450 shares outstanding at December 31, 2016 and 12,914 shares issued and outstanding at December 31, 2015	1,300	1,291
Additional paid-in-capital	92,432	89,178
Retained earnings	138,789	114,758
Treasury stock, 1,546 shares at December 31, 2016	(25,046)	—
Total stockholders' equity	207,475	205,227
Total liabilities and stockholders' equity	$ 712,224	$ 626,373

The following table presents the assets and liabilities of our consolidated variable interest entity:

	2016	2015
Assets		
Cash	$ 36	$ 376
Finance receivables	41,244	80,309
Allowance for credit losses	(2,337)	(2,588)
Restricted cash	4,426	7,605
Other assets	201	36
Total assets	$ 43,570	$ 85,738
Liabilities		
Net long-term debt	$ 37,898	$ 71,226
Accounts payable and accrued expenses	5	50
Total liabilities	$ 37,903	$ 71,276

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Consolidated Statements of Income
Years Ended December 31, 2016, 2015, and 2014
(in thousands, except per share amounts)

	2016	2015	2014
Revenue			
Interest and fee income	$220,963	$195,794	$184,797
Insurance income, net	9,456	11,654	10,673
Other income	10,099	9,858	9,249
Total revenue	240,518	217,306	204,719
Expenses			
Provision for credit losses	63,014	47,348	69,057
Personnel	68,979	69,247	55,383
Occupancy	20,059	17,313	14,760
Marketing	6,837	7,017	6,330
Other	22,757	22,021	20,303
Total general and administrative expenses	118,632	115,598	96,776
Interest expense	19,924	16,221	14,947
Income before income taxes	38,948	38,139	23,939
Income taxes	14,917	14,774	9,137
Net income	$ 24,031	$ 23,365	$ 14,802
Net income per common share:			
Basic	$ 2.03	$ 1.82	$ 1.17
Diluted	$ 1.99	$ 1.79	$ 1.14
Weighted-average common shares outstanding:			
Basic	11,824	12,849	12,701
Diluted	12,085	13,074	12,951

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2016, 2015, and 2014
(in thousands)

	Common Stock					
	Shares	Amount	Additional Paid-in-Capital	Retained Earnings	Treasury Stock	Total
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 stock option exercises, net	—	—	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	108	11	(11)	—	—	—
Exercise of stock options	145	14	—	—	—	14
Excess tax benefit from stock option exercises, net	—	—	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
Issuance of restricted stock awards	37	4	(4)	—	—	—
Exercise of stock options	203	20	—	—	—	20
Excess tax deficiency from stock option exercises, net	—	—	(35)	—	—	(35)
Repurchase of common stock	—	—	—	—	(25,046)	(25,046)
Shares withheld related to net share settlement	(158)	(15)	(493)	—	—	(508)
Share-based compensation	—	—	3,786	—	—	3,786
Net income	—	—	—	24,031	—	24,031
Balance, December 31, 2016	12,996	$1,300	$92,432	$138,789	$(25,046)	$207,475

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2016, 2015, and 2014
(in thousands)

	2016	2015	2014
Cash flows from operating activities:			
Net income	$ 24,031	$ 23,365	$ 14,802
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	63,014	47,348	69,057
Depreciation and amortization	6,444	3,920	3,882
Loss on disposal of property and equipment	3	343	21
Accretion of discounts on purchased receivables	—	(27)	(85)
Share-based compensation	4,158	3,638	2,312
Fair value adjustment on interest rate caps	170	457	—
Deferred income taxes, net	1,902	(122)	(4,523)
Changes in operating assets and liabilities:			
(Increase) decrease in other assets	(1,739)	1,788	(2,585)
Increase in other liabilities	1,925	2,329	2,966
Net cash provided by operating activities	99,908	83,039	85,847
Cash flows from investing activities:			
Net origination of finance receivables	(148,548)	(132,632)	(59,962)
Purchase of intangible assets	(5,302)	(1,946)	(1,334)
(Increase) decrease in restricted cash	2,209	(8,605)	—
Purchase of property and equipment	(6,433)	(3,366)	(3,319)
Payment for business combination, net of cash	—	—	(128)
Proceeds from disposal of property and equipment	721	—	—
Net cash used in investing activities	(157,353)	(146,549)	(64,743)
Cash flows from financing activities:			
Net proceeds from (payments on) amortizing loan	(33,968)	72,798	—
Net advances (payments) on senior revolving credit facility	114,567	(3,114)	(21,334)
Payments for debt issuance costs	(1,060)	(2,237)	(165)
Taxes paid related to net share settlement of equity awards	(487)	(721)	—
Excess tax benefits from exercise of stock options	231	426	167
Proceeds from exercise of stock options	—	—	119
Repurchase of common stock	(25,046)	—	—
Net cash provided by (used in) financing activities	54,237	67,152	(21,213)
Net change in cash	(3,208)	3,642	(109)
Cash at beginning of period	7,654	4,012	4,121
Cash at end of period	$ 4,446	$ 7,654	$ 4,012
Supplemental cash flow information			
Interest paid	$ 17,590	$ 15,385	$ 14,367
Income taxes paid	$ 12,585	$ 12,449	$ 15,237

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1. 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, large loans, automobile loans, retail loans, and related payment and collateral protection insurance products. As of December 31, 2016, the Company operated branches in 339 locations in the states of Alabama (49 branches), Georgia (8 branches), New Mexico (19 branches), North Carolina (36 branches), Oklahoma (28 branches), South Carolina (72 branches), Tennessee (21 branches), Texas (98 branches), and Virginia (8 branches) under the name Regional Finance. The Company opened or acquired a net 8, 31, and 36 new branches during the years ended December 31, 2016, 2015, and 2014, respectively.

The Company's loan volume and contractual delinquency follow seasonal trends. Demand for the Company's small and large loans is typically highest during the second, third, and fourth quarters, which the Company believes is largely due to customers borrowing money for vacation, back-to-school, and holiday spending. With the exception of automobile and retail 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. Delinquencies generally reach their lowest point in the first quarter of the year and rise throughout the remainder of the fiscal year. Consequently, the Company experiences seasonal fluctuations in its operating results and cash needs.

Note 2. 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.

Treasury stock: The Company records the repurchase of shares of its common stock at cost on the settlement date of the transaction. These shares are considered treasury stock, which is a reduction to stockholders' equity. Treasury stock is included in authorized and issued shares but excluded from outstanding shares.

Variable interest entity: The Company has an asset-backed amortizing loan for general funding purposes. The 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 interest 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.

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, contingent liabilities on litigation matters, 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 or cashing the check. Large loan receivables are direct loans to customers and are typically secured by automobiles, other vehicles, and/or 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 the purchased 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 purchased 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 future losses on

the Company's 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 contractually delinquent. 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 relates to probable incurred losses of unimpaired finance receivables. Prior to September 30, 2016, the general component of the allowance was primarily based on historical loss rates. Effective September 30, 2016, it is based on delinquency roll rates. The Company's finance receivable types are stratified by delinquency stages, and the future monthly delinquency profiles and credit losses are projected forward using historical delinquency roll rates. The Company records a general allowance for credit losses that includes forecasted future credit losses over the estimated loss emergence period (the interval of time between the event which caused a borrower to default and the Company's recording of the credit loss) for each finance receivable type.

The Company adjusts the computed roll rate forecast 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 roll rate forecast. Those qualitative factors include trends in growth in the loan portfolio, delinquency, unemployment, bankruptcy, operational risks, 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 pursuant to 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 four 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 credit losses 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. Delinquency 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 leases its current headquarters building and owns certain of its prior headquarters buildings. Office buildings owned are depreciated using 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 seven 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 withdraw 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 the Company's 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 (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 an account becomes 90 days delinquent on a contractual basis. The accrual of income is not resumed until 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.

The Company recognizes income on credit life insurance using the sum-of-the-years' digits or actuarial methods 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 using the straight-line or sum-of-the-years' digits methods over the terms of the policies. The Company recognizes income on credit-related 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.

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 measures compensation cost for share-based awards at estimated fair value and recognizes compensation expense over the service period for awards expected to vest. The Company uses the closing stock price on the date of grant as the fair value of restricted 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 Company estimates volatility using its historical stock prices. 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 to estimate the expected term. 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.

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 2013, though the Company remains subject to examination in New Mexico and Texas for the 2011 and 2012 tax years.

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, 2016, the Company 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.

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 April 2015, the Financial Accounting Standards Board ("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 issuance costs, which clarifies that debt issuance 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 debt issuance costs should continue to be deferred and amortized over the term of the line-of-credit. As a result of these accounting updates, debt issuance costs were reclassified from other assets to long-term debt.

In February 2016, the FASB issued an accounting update to increase transparency and comparability of accounting for lease transactions. The update requires all leases to be recognized on the balance sheet as lease assets and lease liabilities and requires both quantitative and qualitative disclosures regarding key information about leasing arrangements. All of the Company's leases are currently classified as operating leases with no lease assets or lease liabilities recorded. The update is effective for annual and interim periods beginning after December 15, 2018, and early adoption is permitted. The Company is currently evaluating the potential impact of this update on its consolidated financial statements.

In March 2016, the FASB issued an accounting update to simplify the accounting for share-based compensation, including the accounting for forfeitures, the statutory tax withholding requirements, the accounting for income taxes, and the classification of share-based compensation transactions in the statement of cash flows. The key provision of the update is the requirement for the excess tax benefits or tax deficiencies from the exercise or vesting of share-based awards to flow through the statement of income rather than through additional paid-in-capital on the balance sheet. The standard is effective for interim and annual reporting periods beginning after December 15, 2016, and early adoption is permitted. Beginning in 2017, the Company will recognize the excess tax benefits or deficiencies as income tax benefit or expense on the consolidated statements of income. Additionally, excess tax benefits or deficiencies will be classified within operating activities on the consolidated statements of cash flows.

In May 2016, the FASB issued an accounting update providing narrow scope improvements and practical expedients related to the previous update for Revenue from Contracts with Customers. The amendments in this update do not change the core revenue recognition principles. The update addresses certain issues identified in the guidance on assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications at transition. This update is effective for annual and interim periods beginning after December 15, 2017. The Company is currently evaluating the potential impact of the new revenue recognition standard on its consolidated financial statements.

In June 2016, the FASB issued an accounting update to change the impairment model for estimating credit losses on financial assets. The current incurred loss impairment model requires the recognition of credit losses when it is probable that a loss has been incurred. The incurred loss model will be replaced by an expected loss model, which requires entities to estimate the lifetime expected credit loss on such instruments and to record an allowance to offset the amortized cost basis of the financial asset. This update is effective for annual and interim periods beginning after December 15, 2019, and early adoption is permitted. The Company is currently evaluating the potential impact of this guidance on its consolidated financial statements.

In August 2016, the FASB issued an accounting update to provide specific guidance on certain cash flow classification issues to reduce diversity in practice. These issues include debt prepayment or extinguishment costs, contingent consideration payments after business combinations, beneficial interest in securitization transactions, and proceeds from insurance claims. This update is effective for annual and interim periods beginning after December 15, 2017 and early adoption is permitted. The Company is currently evaluating the potential impact of the new standards on its consolidated financial statements.

In November 2016, the FASB issued an accounting update to address diversity in the classification of restricted cash transfers on the statement of cash flows. The amendment requires that the statements of cash flows explain the change during the period in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents. This update is effective for annual and interim periods beginning after December 15, 2017, and early adoption is permitted. At adoption, the Company will no longer report the changes in restricted cash as an investing activity. Instead, restricted cash will be included in the beginning and ending cash balances on the consolidated statements of cash flows. Additionally, the Company will present a reconciliation from the balance sheet cash and restricted cash with the beginning and ending cash used on the consolidated statements of cash flows.

In January 2017, the FASB issued an accounting update to simplify the subsequent measurement of goodwill. The amendment reduces the cost and complexity of evaluating goodwill for impairment by eliminating the second step in the goodwill impairment test. This update is effective for annual and interim periods beginning after December 15, 2019, and early adoption is permitted. The adoption of this accounting pronouncement will not impact the Company's consolidated financial statements.

Note 3. 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 state (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 4. Finance Receivables, Credit Quality Information, and Allowance for Credit Losses

Finance receivables for the periods indicated consisted of the following:

In thousands	December 31, 2016	December 31, 2015
Small loans	$358,471	$338,157
Large loans	235,349	146,553
Automobile loans	90,432	116,109
Retail loans	33,523	27,625
Finance receivables	$717,775	$628,444

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

	December 31, 2016									
	Small		Large		Automobile		Retail		Total	
In thousands	$	%	$	%	$	%	$	%	$	%
Current	$288,983	80.6%	$204,063	86.8%	$66,936	74.0%	$27,220	81.2%	$587,202	81.9%
1 to 29 days past due	36,533	10.2%	19,172	8.1%	17,196	19.0%	4,205	12.5%	77,106	10.7%
Delinquent accounts										
30 to 59 days	9,408	2.6%	3,948	1.7%	2,654	3.0%	717	2.2%	16,727	2.3%
60 to 89 days	7,110	2.0%	2,920	1.2%	1,171	1.3%	440	1.3%	11,641	1.6%
90 to 119 days	6,264	1.8%	2,271	1.0%	1,110	1.2%	376	1.1%	10,021	1.4%
120 to 149 days	5,424	1.5%	1,710	0.7%	743	0.8%	328	1.0%	8,205	1.1%
150 to 179 days	4,749	1.3%	1,265	0.5%	622	0.7%	237	0.7%	6,873	1.0%
Total delinquency	$ 32,955	9.2%	$ 12,114	5.1%	$ 6,300	7.0%	$ 2,098	6.3%	$ 53,467	7.4%
Total finance receivables	$358,471	100.0%	$235,349	100.0%	$90,432	100.0%	$33,523	100.0%	$717,775	100.0%
Finance receivables in nonaccrual status	$ 16,437	4.6%	$ 5,246	2.2%	$ 2,475	2.7%	$ 941	2.8%	$ 25,099	3.5%

	December 31, 2015									
	Small		Large		Automobile		Retail		Total	
In thousands	$	%	$	%	$	%	$	%	$	%
Current	$270,635	80.1%	$127,374	86.9%	$ 79,878	68.8%	$22,704	82.2%	$500,591	79.7%
1 to 29 days past due	37,337	11.0%	14,234	9.7%	27,518	23.7%	3,500	12.7%	82,589	13.1%
Delinquent accounts										
30 to 59 days	8,841	2.6%	2,157	1.5%	4,119	3.5%	537	1.9%	15,654	2.5%
60 to 89 days	6,430	1.9%	1,153	0.8%	1,959	1.7%	316	1.1%	9,858	1.6%
90 to 119 days	5,620	1.6%	682	0.4%	1,147	1.0%	247	1.0%	7,696	1.1%
120 to 149 days	4,928	1.5%	574	0.4%	1,003	0.9%	173	0.6%	6,678	1.1%
150 to 179 days	4,366	1.3%	379	0.3%	485	0.4%	148	0.5%	5,378	0.9%
Total delinquency	$ 30,185	8.9%	$ 4,945	3.4%	$ 8,713	7.5%	$ 1,421	5.1%	$ 45,264	7.2%
Total finance receivables	$338,157	100.0%	$146,553	100.0%	$116,109	100.0%	$27,625	100.0%	$628,444	100.0%
Finance receivables in nonaccrual status	$ 14,914	4.4%	$ 1,635	1.1%	$ 2,635	2.3%	$ 568	2.1%	$ 19,752	3.1%

The allowance for credit losses consists of general and specific components. Prior to September 30, 2016, the general component estimated credit losses for groups of finance receivables on a collective basis and was

primarily based on historical loss rates (adjusted for qualitative factors). Effective September 30, 2016 and forward, it is primarily based on delinquency roll rates. Delinquency roll rate modeling is forward-looking and common practice in the consumer finance industry. As a result of this change, the Company decreased the provision for credit losses for the year ended December 31, 2016 by $0.5 million, which increased net income by $0.3 million, or $0.03 diluted earnings per share.

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

Prior to September 30, 2016, the general component of the allowance estimated credit losses for groups of finance receivables on a collective basis and was primarily based on historical loss rates. The September 2014 charge-off policy change modified this historical 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.

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.

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

	December 31,		
In thousands	**2016**	**2015**	**2014**
Balance at beginning of year	$ 37,452	$ 40,511	$ 30,089
Provision for credit losses	63,014	47,348	69,057
Credit losses	(64,064)	(55,043)	(58,236)
Credit losses (180+ policy change)	—	—	(2,106)
Recoveries	4,848	4,636	1,707
Balance at end of year	$ 41,250	$ 37,452	$ 40,511

In December 2015, the Company began selling previously charged-off loans for all products in the portfolio to a third-party debt buyer. The proceeds from these sales were 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 2014. In January 2016, the Company began selling the flow of charged-off loans. The flow sales were recognized as recoveries in the allowance for credit losses and a reduction of the provision for credit losses.

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

In thousands	Balance January 1, 2016	Provision	Credit Losses	Recoveries	Balance December 31, 2016	Finance Receivables December 31, 2016	Allowance as Percentage of Finance Receivable December 31, 2016
Small loans	$21,535	$41,119	$(43,797)	$2,913	$21,770	$358,471	6.1%
Large loans	5,593	14,261	(8,946)	552	11,460	235,349	4.9%
Automobile loans	8,828	4,785	(8,886)	1,183	5,910	90,432	6.5%
Retail loans	1,496	2,849	(2,435)	200	2,110	33,523	6.3%
Total	$37,452	$63,014	$(64,064)	$4,848	$41,250	$717,775	5.7%

In thousands	Balance January 1, 2015	Provision	Credit Losses	Recoveries	Balance December 31, 2015	Finance Receivables December 31, 2015	Allowance as Percentage of Finance Receivable December 31, 2015
Small loans	$25,280	$33,428	$(40,059)	$2,886	$21,535	$338,157	6.4%
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	Credit Losses	Credit Losses (180+ Policy Change)	Recoveries	Balance December 31, 2014	Finance Receivables December 31, 2014	Allowance as Percentage of Finance Receivable December 31, 2014
Small loans	$15,370	$50,755	$(40,697)	$(1,132)	$ 984	$25,280	$319,533	7.9%
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%

Impaired finance receivables as a percentage of total finance receivables were 1.6% and 1.2% for the years ended December 31, 2016 and 2015, respectively. The following is a summary of finance receivables evaluated for impairment for the periods indicated:

	December 31, 2016				
In thousands	Small	Large	Automobile	Retail	Total
Impaired receivables specifically evaluated	$ 2,409	$ 6,441	$ 2,460	$ 101	$ 11,411
Finance receivables evaluated collectively	356,062	228,908	87,972	33,422	706,364
Finance receivables outstanding	$358,471	$235,349	$90,432	$33,523	$717,775
Impaired receivables in nonaccrual status	$ 288	$ 610	$ 175	$ 7	$ 1,080
Amount of the specific reserve for impaired accounts	$ 563	$ 1,216	$ 576	$ 19	$ 2,374
Amount of the general component of the allowance	$ 21,207	$ 10,244	$ 5,334	$ 2,091	$ 38,876

In thousands	December 31, 2015				
	Small	Large	Automobile	Retail	Total
Impaired receivables specifically evaluated	$ 1,009	$ 2,760	$ 3,370	$ 121	$ 7,260
Finance receivables evaluated collectively	337,148	143,793	112,739	27,504	621,184
Finance receivables outstanding	$338,157	$146,553	$116,109	$27,625	$628,444
Impaired receivables in nonaccrual status	$ 204	$ 83	$ 415	$ 17	$ 719
Amount of the specific reserve for impaired accounts	$ 266	$ 560	$ 862	$ 20	$ 1,708
Amount of the general component of the allowance	$ 21,269	$ 5,033	$ 7,966	$ 1,476	$ 35,744

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

In thousands	December 31,	
	2016	2015
Small loans	$1,686	$1,100
Large loans	4,478	1,523
Automobile loans	2,801	3,571
Retail loans	114	128
Total average recorded investment	$9,079	$6,322

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

Note 5. Property and Equipment

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

In thousands	December 31,	
	2016	2015
Land and building	$ 919	$ 919
Furniture, fixtures, and equipment	19,925	17,746
Leasehold improvements	7,476	4,548
Property and equipment cost	28,320	23,213
Less accumulated depreciation	16,627	14,164
Property and equipment, net of accumulated depreciation	$11,693	$ 9,049

Depreciation expense for the years ended December 31, 2016, 2015, and 2014 totaled $3.1 million, $2.6 million, and $1.9 million, respectively.

Note 6. Leases

Future minimum rent commitments under non-cancellable operating leases in effect as of December 31, 2016 are as follows:

In thousands	Amount
2017	$ 5,967
2018	4,440
2019	2,974
2020	2,716
2021	1,765
Thereafter	6,570
Total	$24,432

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, 2016, 2015, and 2014 equaled $7.0 million, $6.0 million, and $5.2 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 7. Intangible Assets

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

	December 31, 2016			December 31, 2015		
In thousands	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Software	$ 8,743	$(3,220)	$5,523	$4,173	$(2,338)	$1,835
Customer list	2,485	(2,276)	209	2,516	(2,044)	472
Goodwill	950	(234)	716	950	(234)	716
Total intangible assets	$12,178	$(5,730)	$6,448	$7,639	$(4,616)	$3,023

Intangible amortization expense for the years ended December 31, 2016, 2015, and 2014 totaled $1.9 million, $0.8 million, and $1.4 million, respectively. The following table sets forth the future amortization of intangible assets:

In thousands	Amount
2017	$1,909
2018	902
2019	692
2020	601
2021	601
Thereafter	1,027
Total	$5,732

The Company performs an annual impairment test on goodwill during the fourth quarter of each fiscal year. There were no goodwill additions or impairment losses for the years ended 2016 and 2015.

Note 8. Other Assets

Other assets include the following as of the periods indicated:

In thousands	December 31, 2016	2015
Prepaid expenses	$2,561	$1,798
Card payments receivable	725	163
Repossessed assets	502	307
Credit insurance receivable	436	658
Other	558	241
Total	$4,782	$3,167

Note 9. Interest Rate Caps

The Company has purchased interest rate cap contracts with an aggregate notional principal amount of $200.0 million and 2.50% strike rates against the one-month LIBOR. $150.0 million of these contracts expire in April 2018, with the remaining $50.0 million expiring in March 2019. When the one-month LIBOR exceeds 2.50%, the counterparty reimburses the Company for the excess over 2.50%. No payment is required by the Company or the counterparty when the one-month LIBOR is below 2.50%. The following is a summary of changes in the rate caps:

In thousands	December 31, 2016	2015
Balance at beginning of period	$ 120	$ —
Purchases	112	577
Fair value adjustment included as an (increase) in interest expense	(170)	(457)
Balance at end of period, included in other assets	$ 62	$ 120

Note 10. Long-Term Debt

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

	December 31, 2016			December 31, 2015		
In thousands	Long-term Debt	Unamortized Debt Issuance Costs	Net Long-term Debt	Long-term Debt	Unamortized Debt Issuance Costs	Net Long-term Debt
Senior revolving credit facility	$452,849	$(1,221)	$451,628	$338,281	$(1,022)	$337,259
Amortizing loan	38,829	(931)	37,898	72,896	(1,670)	71,226
Total	$491,678	$(2,152)	$489,526	$411,177	$(2,692)	$408,485
Unused amount of senior revolving credit facility (subject to borrowing base)	$132,151			$199,719		

In August 2016, the Company amended its senior revolving credit facility by increasing availability under the facility from $538 million to $585 million, and extended the maturity of the facility from September 2018 to August 2019. The facility has an accordion provision that allows for the expansion of the facility to $650 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 0.88% and 0.50% at December 31, 2016 and 2015, respectively. Alternatively, the Company may pay interest at the prime rate plus a 2.00% margin. The prime rate was 3.75% and 3.50% at December 31, 2016 and 2015, respectively.

Advances on the senior revolving credit 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, 2016). As of December 31, 2016, the Company had $58.2 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, 2016, the Company was in compliance with all debt covenants.

In December 2015, the Company and its wholly-owned subsidiary, 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 to fund such purchase. RMR holds $1.7 million in a restricted cash reserve account to satisfy provisions of the credit agreement. 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 $2.7 million and $3.9 million as of December 31, 2016 and 2015, respectively. 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 permitted 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.

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

In thousands	December 31, 2016	December 31, 2015
Assets		
Cash	$ 36	$ 376
Finance receivables	41,244	80,309
Allowance for credit losses	(2,337)	(2,588)
Restricted cash	4,426	7,605
Other assets	201	36
Total assets	$43,570	$85,738
Liabilities		
Net long-term debt	$37,898	$71,226
Accounts payable and accrued expenses	5	50
Total liabilities	$37,903	$71,276

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

In thousands	Amount
2017	$ 21,585
2018	11,185
2019	457,371
2020	1,537
2021	—
Total	$491,678

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 1.4 times per year. The portfolio turnover is calculated by dividing cash payments, renewals, and net credit losses by the average finance receivables. Management believes that the carrying amount 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.

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 each of the variable rate revolving credit facility and the fixed-rate amortizing loan approximates their respective carrying amounts. 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, 2016 Carrying Amount	December 31, 2016 Estimated Fair Value	December 31, 2015 Carrying Amount	December 31, 2015 Estimated Fair Value
Assets				
Level 1 inputs				
Cash	$ 4,446	$ 4,446	$ 7,654	$ 7,654
Restricted cash	8,297	8,297	10,506	10,506
Level 2 inputs				
Interest rate caps	62	62	120	120
Level 3 inputs				
Net finance receivables	676,525	676,525	590,992	590,992
Repossessed assets	502	502	307	307
Liabilities				
Level 3 inputs				
Long-term debt	491,678	491,678	411,177	411,177

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 as of December 31, 2016 and 2015:

In thousands	Interest Rate Caps Total	Level 1	Level 2	Level 3
2016	$ 62	$—	$ 62	$—
2015	$120	$—	$120	$—

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, 2016 and 2015 for which a nonrecurring change in fair value has been recorded during the years ended December 31, 2016 and 2015:

In thousands	Repossessed Assets Total	Level 1	Level 2	Level 3	Total Losses
2016	$502	$—	$—	$502	$452
2015	$307	$—	$—	$307	$338

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 $14.9 million, $14.8 million, and $9.1 million for the years ended December 31, 2016, 2015, and 2014, 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	Year Ended December 31, 2016	2015	2014
Federal tax expense at statutory rate	$13,632	$13,349	$8,379
Increase (reduction) in income taxes resulting from:			
State tax, net of federal benefit	1,275	1,098	603
Non-deductible compensation	—	378	—
Other	10	(51)	155
	$14,917	$14,774	$9,137

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

In thousands	Year Ended December 31, 2016	2015	2014
Current:			
Federal	$11,431	$13,037	$11,827
State and local	1,584	1,859	1,859
	13,015	14,896	13,686
Deferred:			
Federal	1,694	(104)	(3,958)
State and local	208	(18)	(591)
	1,902	(122)	(4,549)
Total	$14,917	$14,774	$ 9,137

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

In thousands	December 31, 2016	December 31, 2015
Deferred tax assets:		
Allowance for credit losses	$15,823	$14,463
Share-based compensation	2,888	2,241
Unearned insurance premiums	2,612	2,152
Amortization of intangible assets	675	661
Accrued expenses	565	475
Deferred contract incentive	307	—
State net operating loss carryforward	32	17
Other	50	111
Gross deferred tax assets	22,952	20,120
Deferred tax liabilities:		
Fair market value adjustment of finance receivables	17,448	13,469
Deferred loan costs	2,283	2,302
Tax over book depreciation	2,266	1,585
Prepaid expenses	724	616
Other	198	166
Gross deferred tax liabilities	22,919	18,138
Net deferred tax asset	$ 33	$ 1,982

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, 2016, positive evidence supporting the realization of the deferred tax assets includes the generation of taxable income for the two prior tax years and the reversal of taxable temporary differences. At December 31, 2016, the Company has not identified significant negative evidence related to the realization of its deferred tax assets. At both December 31, 2016 and December 31, 2015, 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, 2016, 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.

The Company had state net operating loss carryforwards of approximately $1.2 million and $0.6 million as of December 31, 2016 and 2015, respectively. These carryforwards are available to offset future taxable income. If not used, the current carryforwards will expire between 2030 and 2035.

At December 31, 2016, 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	Year Ended December 31, 2016	2015	2014
Numerator:			
Net income	$24,031	$23,365	$14,802
Denominator:			
Weighted average shares outstanding for basic earnings per share	11,824	12,849	12,701
Effect of dilutive securities	261	225	250
Weighted average shares adjusted for dilutive securities	12,085	13,074	12,951
Earnings per share:			
Basic	$ 2.03	$ 1.82	$ 1.17
Diluted	$ 1.99	$ 1.79	$ 1.14

Options to purchase 140 thousand, 489 thousand, and 478 thousand shares of common stock were outstanding during the years ended December 31, 2016, 2015, and 2014, 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 2016, 2015, and 2014. For the years ended December 31, 2016, 2015, and 2014, the Company recorded expense for the Company's match of $0.8 million, $0.6 million, and $0.5 million, respectively.

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"). In April 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, 2016, there were 161 thousand shares available for grant under the 2015 Plan.

For the years ended December 31, 2016, 2015, and 2014, the Company recorded share-based compensation expense of $4.2 million, $3.6 million, and $2.3 million, respectively. As of December 31, 2016, unrecognized share-based compensation expense to be recognized over future periods approximated $4.0 million. This amount will be recognized as expense over a weighted-average period of 1.7 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 awards except for cash-settled performance units, which are classified as liabilities.

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 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") to executive management and certain other members of senior management under a long-term incentive program. Recurring annual grants are at the discretion of the Board and were made in October 2014 (for the 2014 calendar year), in April 2015 (for the 2015 calendar year), and in March 2016 (for the 2016 calendar year). The grants include cliff and graded vesting completing at the end of the third calendar year, subject to continued employment or as otherwise provided in the underlying award 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 (2014 and 2015 grants) or the compound annual growth rate of net income and net income per share compared to a public company peer group (2016 grant) over a three-year period.

In 2016, the Company introduced a key team member incentive program for certain members of senior management. Recurring annual participation in the program is at the discretion of the Board and executive management. Each participant in the program is eligible to earn a restricted stock award, subject to performance over a one-year period. Payout under the program can range from 0% to 150% of target based on the achievement of five Company performance metrics and individual performance goals (subject to continued employment and certain other terms and conditions of the program). If earned, the restricted stock award is issued following the one-year performance period and vests ratably over a subsequent two-year period (subject to continued employment or as otherwise provided in the underlying award agreement).

Inducement and retention program: From time to time, the Company issues share-based awards in conjunction with employment offers to select new employees 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, including fully-vested awards at the grant date, cliff vesting, and graded vesting over periods of 18 months to 5 years (subject to continued employment or as otherwise provided in the underlying award agreements).

Non-employee director compensation program: The Company awards its non-employee directors a cash retainer, committee meeting fees, shares of restricted common stock, and nonqualified stock options. 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. 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 nonqualified stock option awards are granted on the fifth business day following the Company's annual meeting of stockholders and are 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, including graded and cliff vesting over 18-month to 5-year vesting periods. In addition, stock options vest and become exercisable in full or in part under certain circumstances, including 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.

	Year Ended December 31,		
	2016	2015	2014
Expected volatility	46.04%	47.15%	42.68%
Expected dividends	0.00%	0.00%	0.00%
Expected term (in years)	5.80	6.15	6.21
Risk-free rate	1.32%	1.62%	1.94%

Expected volatility is based on the Company's historical stock price volatility. The expected term is calculated by using the simplified method (average of the vesting and original contractual terms) due to insufficient historical data to estimate the expected term. 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, 2016:

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, 2016	1,044	$13.36		
Granted	329	17.49		
Exercised	(203)	12.52		
Forfeited	(4)	15.66		
Expired	—	—		
Options outstanding at December 31, 2016	1,166	$14.66	6.3	$13,754
Options exercisable at December 31, 2016	683	$13.09	4.9	$ 9,127
Available for grant at December 31, 2016	161			

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

In thousands, except per share amounts	Year Ended December 31,		
	2016	2015	2014
Weighted-average grant date fair value per share	$ 7.74	$ 7.13	$ 7.83
Intrinsic value of options exercised	$1,397	$1,524	$ 584
Fair value of stock options that vested	$2,131	$1,207	$1,484

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, 2016:

In thousands, except per unit amounts	Units	Weighted-Average Grant Date Fair Value Per Unit
Non-vested units, beginning of the year	124	$15.55
Granted	73	17.02
Vested	—	—
Forfeited	(33)	16.22
Non-vested units, at December 31, 2016	164	$16.07

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

	Year Ended December 31,		
	2016	2015	2014
Weighted-average grant date fair value per unit	$17.02	$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, 2016:

In thousands, except per unit amounts	Units	Weighted-Average Grant Date Fair Value Per Unit
Non-vested units, beginning of the year	1,923	$1.00
Granted	1,252	1.00
Vested	—	—
Forfeited	(534)	1.00
Non-vested units, at December 31, 2016	2,641	$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.

The following table summarizes restricted stock activity during the year ended December 31, 2016:

In thousands, except per share amounts	Shares	Weighted-Average Grant Date Fair Value Per Share
Non-vested shares, beginning of the year	23	$16.74
Granted	37	16.37
Vested	(21)	16.62
Forfeited	—	—
Non-vested shares, at December 31, 2016	39	$16.46

The following table provides additional restricted stock information.

In thousands, except per share amounts	Year Ended December 31,		
	2016	2015	2014
Weighted-average grant date fair value per share	$16.37	$15.36	$16.23
Fair value of restricted stock awards that vested	$ 347	$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 (the "Court") 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 (the "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 (the "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 a motion 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' motion to dismiss the second amended complaint was filed on April 28, 2015, the Plaintiffs' opposition was filed on June 12, 2015, and the Defendants' reply was filed on July 13, 2015.

On March 30, 2016, the Court granted the Defendants' motion to dismiss the second amended complaint in its entirety. On May 23, 2016, the Plaintiffs moved for leave to file a third amended complaint. The Defendants' opposition brief was filed on June 9, 2016, and the Plaintiffs' reply was filed on June 20, 2016. On January 27, 2017, the Court denied the Plaintiffs' motion for leave to file a third amended complaint and directed entry of final judgment in favor of the Defendants. On January 30, 2017, the Court entered final judgment in favor of the Defendants. The Plaintiffs have until March 1, 2017 to appeal the Court's decision. The Company believes that the claims against it are without merit and will continue 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, as appropriate.

In addition, as of December 31, 2016, the Company was involved in a purchase price dispute stemming from the Company's acquisition of certain consumer loan receivables in 2012. The dispute was submitted to a large public accounting firm for resolution and determination of the final purchase price for such receivables pursuant to the terms of the purchase agreement. The accounting firm had the discretion to calculate a final purchase price between $27.9 million and $29.9 million, based upon the arguments, purchase price calculations, and support submitted by the parties. As of December 31, 2016, the Company had paid $28.1 million toward the purchase price and had accrued a reserve of an additional $0.5 million for the matter. On February 2, 2017, the accounting firm issued its determination that the final purchase price for the consumer loan receivables was $28.7 million. The accounting firm's decision as to the final purchase price resolves the material aspects of this litigation matter.

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, 2016, the Company had 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. 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. As of December 31, 2016 and 2015, the cash reserves were $3.9 million and $2.9 million, respectively. The Company also purchased a cash collateralized letter of credit in favor of the ceding company. The letter of credit was $2.0 million and $2.9 million as of December 31, 2016 and 2015, respectively.

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 years ended December 31, 2016, 2015, and 2014:

In thousands	Net Written Premiums	Earned Premiums
2016	$31,576	$22,498
2015	30,812	20,257
2014	17,831	17,385

Prior to May 2016, the Company had a collateral protection insurance ("CPI") program. CPI was added to a loan when a customer failed to provide the Company with proof of collision insurance on an automobile securing a loan. The CPI program was administered by an independent third party, which tracked insurance lapses and cancellations and issued a policy when the customer did not provide proof of insurance. The insurance was added to the loan, which increased the customer's monthly loan payment. The third party and its insurance partner retained a percentage of the premium and paid all claims. The Company earned a commission for policies issued prior to July 1, 2014. Income was recognized on the constant yield method over the life of the insurance policy, which was generally one year. The Company did not earn a commission on policies issued on and after July 1, 2014. For automobile purchase loans originated beginning in May 2016, the Company is covered under a blanket vendor single interest insurance policy. The policy protects the Company's interest when the customer fails to maintain the required insurance coverage on an automobile securing an automobile purchase loan. The customer's loan and monthly payment are not impacted by this insurance policy.

The Company offers a self-insured Guaranteed Asset 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. 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 2016 and 2015:

	2016			
In thousands, except per share amounts	**First**	**Second**	**Third**	**Fourth**
Total revenue	$56,697	$57,325	$62,475	$64,021
Provision for credit losses	13,791	13,386	16,410	19,427
General and administrative expenses	29,805	29,548	30,453	28,826
Interest expense	4,710	4,811	5,116	5,287
Income tax	3,215	3,668	4,020	4,014
Net income	$ 5,176	$ 5,912	$ 6,476	$ 6,467
Net income per common share:				
Basic	$ 0.41	$ 0.50	$ 0.57	$ 0.57
Diluted	$ 0.40	$ 0.49	$ 0.56	$ 0.55

	2015			
In thousands, except per share amounts	**First**	**Second**	**Third**	**Fourth**
Total revenue	$52,524	$53,001	$55,096	$56,685
Provision for credit losses(1)	9,712	12,102	14,085	11,449
General and administrative expenses(2)	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

(1) Fourth quarter of 2015 includes a $2.0 million gain from the bulk sale of charged-off loans.
(2) First quarter of 2015 includes a CEO stock grant of $1.5 million.

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, 2016. 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, 2016, 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, 2016. 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, 2016. 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, 2016.

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, 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, 2016.

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, 2016, 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," "Board of Directors and Corporate Governance Matters," "Executive Officers," "Compensation Discussion and Analysis," and "Section 16(a) Beneficial Ownership Reporting Compliance" 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 end of the Company's fiscal year ended December 31, 2016.

Our Board has adopted a Code of Business Conduct and Ethics (the "Code of Ethics"). 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 979 Batesville Road, Suite B, Greer, SC 29651. 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 "Board of Directors and Corporate Governance Matters," "Executive Officers," "Compensation Discussion and Analysis," "Compensation Committee Report," "Selected Executive Compensation Tables," "Summary of Employment Arrangements with Executive Officers," and "Summary of Company Incentive Plans" 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 end of the Company's fiscal year ended December 31, 2016.

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 in Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" in this Annual Report on Form 10-K, and by reference to the information presented under the headings "Security Ownership of Certain Beneficial Owners and Management" and "Selected Executive Compensation Tables" 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 end of the Company's fiscal year ended December 31, 2016.

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 "Board of Directors 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 end of the Company's fiscal year ended December 31, 2016.

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 end of the Company's fiscal year ended December 31, 2016.

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, 2016 and December 31, 2015

(iii) Consolidated Statements of Income for the Years Ended December 31, 2016, December 31, 2015, and December 31, 2014

(iv) Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2016, December 31, 2015, and December 31, 2014

(v) Consolidated Statements of Cash Flows for the Years Ended December 31, 2016, December 31, 2015, and December 31, 2014

(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.

ITEM 16. *FORM 10-K SUMMARY.*

None.

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 10, 2017	/s/ Peter R. Knitzer
	By: Peter R. Knitzer Its: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Peter R. Knitzer 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 10, 2017.

/s/ Peter R. Knitzer	Name:	Peter R. Knitzer
	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)
/s/ Michael S. Dymski	Name:	Michael S. Dymski
	Title:	Vice President and Chief Accounting Officer (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/ Michael R. Dunn	Name:	Michael R. Dunn
	Title:	Director
/s/ Steven J. Freiberg	Name:	Steven J. Freiberg
	Title:	Director
/s/ Richard A. Godley	Name:	Richard A. Godley
	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, by and 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
10.2.1	Fifth Amended and Restated Loan and Security Agreement, dated as of September 18, 2015, by and among Regional Management Corp. and its subsidiaries named as Borrowers therein, the financial institutions named as Lenders therein, and Bank of America, N.A., as Agent		8-K	001-35477	10.1	9/21/2015
10.2.2	First Amendment to Fifth Amended and Restated Loan and Security Agreement, dated as of May 23, 2016, by and among Regional Management Corp. and its subsidiaries named as Borrowers therein, the financial institutions named as Lenders therein, and Bank of America, N.A., as Agent		8-K	001-35477	10.1	5/26/2016
10.2.3	Second Amendment to Fifth Amended and Restated Loan and Security Agreement, dated as of August 26, 2016, by and among Regional Management Corp. and its subsidiaries named as Borrowers therein, the financial institutions named as Lenders therein, and Bank of America, N.A., as Agent		8-K	001-35477	10.1	8/29/2016
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 (forms for grants prior to October 1, 2014)		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 (form for grants prior to March 29, 2016)		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 (form for grants prior to March 29, 2016)		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
10.6.7†	Form of Performance-Contingent Restricted Stock Unit Award Agreement under the 2015 Long-Term Incentive Plan (form for grants on or after March 29, 2016)		8-K	001-35477	10.1	4/1/2016
10.6.8†	Form of Cash-Settled Performance Unit Award Agreement under the 2015 Long-Term Incentive Plan (form for grants on or after March 29, 2016)		8-K	001-35477	10.2	4/1/2016
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†	Employment Agreement, dated as of June 14, 2016, by and between Peter R. Knitzer and Regional Management Corp.		8-K	001-35477	10.1	6/14/2016
10.10.1†	Employment Agreement, dated as of January 12, 2015, by and between Michael R. Dunn and Regional Management Corp.		8-K	001-35477	10.1	1/14/2015
10.10.2†	Letter Agreement, dated as of June 14, 2016, by and between Michael R. Dunn and Regional Management Corp.		8-K	001-35477	10.2	6/14/2016
10.11†	Employment Agreement, dated as of September 19, 2014, by and 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, by and 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, by and 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, by and 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, by and between Regional Management Corp. and Brian J. Fisher		10-K	001-35477	10.11	3/18/2013
10.15†	Form of Retention Award Agreement		8-K	001-35477	10.1	3/13/2015
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				
32.1	Section 1350 Certifications	X				
101	The following materials from our Annual Report on Form 10-K for the year ended December 31, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets as of December 31, 2016 and December 31, 2015, (ii) the Consolidated Statements of Income for the years ended December 31, 2016, December 31, 2015, and December 31, 2014, (iii) the Consolidated Statements of Stockholders' Equity for the years ended December 31, 2016, December 31, 2015, and December 31, 2014, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2016, December 31, 2015, and December 31, 2014, 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.

Notice of 2017 Annual Meeting of Stockholders and Proxy Statement

P.O. Box 776, Mauldin, SC 29662
979 Batesville Road, Suite B, Greer, SC 29651
www.regionalmanagement.com
(864) 448-7000

March 24, 2017

Dear Stockholders:

You are cordially invited to attend the 2017 Annual Meeting of Stockholders (the "Annual Meeting") of Regional Management Corp. ("Regional" or the "Company"), which will be held on Thursday, April 27, 2017, at 8:00 a.m. local time, at Regional's headquarters located at 979 Batesville Road, Suite B, Greer, SC 29651.

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 27, 2017. 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;

(ii) Ratify the appointment of RSM US LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017; and

(iii) Re-approve the Regional Management Corp. 2015 Long-Term Incentive Plan (as amended and restated effective April 27, 2017).

The Company's Board of Directors unanimously recommends that you vote "FOR" the election of the director nominees, "FOR" the ratification of the appointment of RSM US LLP as the Company's independent registered public accounting firm, and "FOR" the re-approval of the Regional Management Corp. 2015 Long-Term Incentive Plan (as amended and restated effective April 27, 2017).

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 promptly so that your shares may be represented at the Annual Meeting. 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 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 in advance. 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. stock.

Sincerely,

Peter R. Knitzer
Chief Executive Officer, Director

REGIONAL MANAGEMENT CORP.
979 Batesville Road, Suite B
Greer, South Carolina 29651
(864) 448-7000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on April 27, 2017

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 Thursday, April 27, 2017, at 8:00 a.m. local time, at the Company's headquarters located at 979 Batesville Road, Suite B, Greer, SC 29651, 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, 2017;

(3) To re-approve the Regional Management Corp. 2015 Long-Term Incentive Plan (as amended and restated effective April 27, 2017); and

(4) 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 February 27, 2017 will be entitled to notice of and to vote at the Annual Meeting or at any adjournments thereof.

Your vote is important. Whether or not you plan to attend the Annual Meeting in person, you are urged to cast your vote promptly in order to assure representation of your shares at the meeting. In advance of the Annual Meeting, you may vote by Internet or by mail. If you attend the Annual Meeting, you may revoke your proxy and vote your shares in person.

To vote by Internet, please visit *www.proxyvote.com*. Have the enclosed proxy card in hand when you access the website, and follow the instructions to obtain your records and to create an electronic voting instructions form.

To vote by mail, please complete, date, and sign the enclosed proxy card, and mail it in the enclosed envelope. No postage need be affixed if the proxy card is mailed in the United States.

On behalf of our Board of Directors and our management team, we thank you for your interest in Regional and for your participation in the Annual Meeting.

By Order of the Board of Directors

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

Greer, South Carolina
March 24, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON APRIL 27, 2017: The Company's Notice of Annual Meeting of Stockholders, Proxy Statement, and Annual Report on Form 10-K are available free of charge at *https://materials.proxyvote.com/75902K* and on the Company's Investor Relations website at *www.regionalmanagement.com* under the "Annual Reports" tab.

REGIONAL MANAGEMENT CORP.

PROXY STATEMENT
2017 Annual Meeting of Stockholders

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REGIONAL MANAGEMENT CORP.
979 Batesville Road, Suite B
Greer, South Carolina 29651

PROXY STATEMENT

For the Annual Meeting of Stockholders to Be Held on April 27, 2017

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on April 27, 2017:

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* under the "Annual Reports" tab.

March 24, 2017

2017 PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. It 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:	Thursday, April 27, 2017
Time:	8:00 a.m. local time
Place:	Regional Management Corp. Headquarters at 979 Batesville Road, Suite B, Greer, SC 29651
Record Date:	February 27, 2017
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 each other 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 mailed on or about March 27, 2017 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 the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017	FOR	10
Re-approval of the Regional Management Corp. 2015 Long-Term Incentive Plan (as amended and restated effective April 27, 2017)	FOR	52
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, Chairman of the Board	59	2012	Leadership, Corporate Finance, Accounting Expertise, Credit Risk	X	X		X
Roel C. Campos	68	2012	Leadership, Corporate Governance, Securities Compliance, Regulatory	X		X	C
Michael R. Dunn	65	2014	Leadership, Industry, Corporate Finance, Accounting Expertise, Credit Risk				
Steven J. Freiberg	60	2014	Leadership, Industry, Corporate Finance, Accounting Expertise, Credit Risk	X	X	C	
Richard A. Godley	68	1987	Leadership, Industry				
Peter R. Knitzer	58	2015	Leadership, Industry, Marketing Expertise, Credit Risk				
Carlos Palomares	72	2012	Leadership, Industry, Corporate Finance, Accounting Expertise, Credit Risk	X	C	X	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, 2017.

Re-Approval of the Regional Management Corp. 2015 Long-Term Incentive Plan

We are proposing that our stockholders re-approve the Regional Management Corp. 2015 Long-Term Incentive Plan (as amended and restated effective April 27, 2017) (the "2015 Plan") to, among other things, increase the number of shares of stock that may be issued under the 2015 Plan. We believe that our long-term incentive compensation program, currently implemented under the 2015 Plan, allows us to compete with comparable companies in our industry in order to attract and retain talented individuals who contribute to our long-term success. We also believe that the 2015 Plan effectively provides substantial incentive to achieve our business objectives and build stockholder value, thereby aligning the interests of plan participants with the interests of our stockholders. Approval of the amended and restated 2015 Plan should provide us with the continued flexibility needed to use equity compensation and other incentive awards to attract, retain, and motivate talented employees, directors, and consultants who are important to our long-term growth and success.

The following "best practices" are integrated into the 2015 Plan, as amended and restated:

- ✓ Limitation on Shares Issued
- ✓ No "Evergreen" Provision or Liberal Share Recycling
- ✓ Robust Minimum Vesting and Award Practices
- ✓ No Dividends or Dividend Equivalents on Unvested Awards
- ✓ Reasonable Plan Duration
- ✓ No Discounted Stock Options or Stock Appreciation Rights ("SARs") and Limit on Option and SAR Terms
- ✓ No Stock Option or SAR Re-Pricings Without Stockholder Approval
- ✓ Prudent Change of Control Provisions
- ✓ Administered by Independent Committee
- ✓ Efficient Use of Equity

2016 Compensation-Related Highlights

- ✓ **Continued alignment of executive pay with company performance**:
  - o **2016 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 almost exclusively on objective, quantitative criteria
    - ▪ **2014 long-term incentive program three-year performance thresholds were not achieved as of December 31, 2016**, resulting in the forfeiture of the associated performance-contingent awards
    - ▪ **2016 short-term incentive program performance goals were partially achieved**, resulting in annual bonus payments at 75.4% of the target bonuses for full-year named executive officers
- ✓ **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 high upside if performance goals are exceeded, while paying low or no bonus if goals are not achieved
- ✓ **Granted long-term incentives**, which include a significant portion that is contingent upon the achievement of rigorous and clearly-defined performance measures, to named executive officers and other key contributors
- ✓ **Maintained 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 without stockholder approval
- ✓ Independent Compensation Committee
- ✓ Independent compensation consultant

Fiscal 2016 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 2016. 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 ($)
Peter F. Knitzer, Chief Executive Officer	221,557	—	—	949,997	221,557	19,739	1,412,850
Michael R. Dunn, Former Chief Executive Officer and Executive Chairman of the Board	802,623	—	519,984	519,994	804,784	26,321	2,673,706
Jody L. Anderson, President and Chief Operating Officer	335,000	—	167,486	167,500	252,528	24,400	946,914
Donald E. Thomas, Executive Vice President and Chief Financial Officer	332,000	33,333	265,970	165,998	250,267	24,400	1,071,968
Daniel J. Taggart, Senior Vice President and Chief Risk Officer	308,000	—	102,651	102,661	232,175	—	745,487
Brian J. Fisher, Vice President, General Counsel, and Secretary	230,000	43,750	170,817	95,826	104,026	10,600	655,019

2018 Annual Meeting of Stockholders

- ▪ Stockholder proposals submitted pursuant to SEC Rule 14a-8 must be received by us no later than November 27, 2017.
- ▪ Notice of stockholder proposals outside of SEC Rule 14a-8 must be delivered to us not earlier than December 28, 2017 and not later than January 27, 2018.

GENERAL INFORMATION AND FREQUENTLY ASKED QUESTIONS

This proxy statement (the "Proxy Statement") and the accompanying proxy card are first being sent on or about March 27, 2017, 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, 2017, at Regional's headquarters located at 979 Batesville Road, Suite B, Greer, SC 29651, at 8:00 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, 2016, 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 and Proxy Statement?

As a stockholder of record on February 27, 2017, you are entitled to vote at the 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 Board, and the cost of soliciting proxies will be borne by us. In addition to use of the mails, proxies may be solicited in person, by telephone, or via the Internet by our directors and officers who will not receive additional compensation for such services. We 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. We 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, 2017;

(iii) to re-approve the Regional Management Corp. 2015 Long-Term Incentive Plan (as amended and restated effective April 27, 2017); and

(iv) 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 February 27, 2017 (the "Record Date"), will be entitled to receive notice of and to vote at the Annual Meeting. As of the Record Date, 11,617,764 shares of common stock, $0.10 par value per share, of the Company were 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 proposals to elect directors and to re-approve the Regional Management Corp. 2015 Long-Term Incentive Plan are considered "non-discretionary," and therefore, for such proposals, brokers cannot vote your shares when they do not receive voting instructions from you.

What constitutes a quorum?

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 on April 26, 2017. 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 three proposals described above, 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., 979 Batesville Road, Suite B, Greer, South Carolina 29651, 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 proposal to elect directors, 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 proposals to ratify the appointment of RSM US LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017, and to re-approve the Regional Management Corp. 2015 Long-Term Incentive Plan (as amended and restated effective April 27, 2017), an affirmative vote of a majority of the shares present, in person or represented by proxy, and voting on such matters 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, Peter R. Knitzer 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, "FOR" the ratification of the appointment of our independent registered public accounting firm, and "FOR" the re-approval of the Regional Management Corp. 2015 Long-Term Incentive Plan (as amended and restated effective April 27, 2017).

How can I correspond directly with Regional Management Corp.?

The address of our principal executive office is 979 Batesville Road, Suite B, Greer, South Carolina 29651, and our telephone number is (864) 448-7000.

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 2017, 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

Age: 59

Director Since: 2012

Chairman of the Board

Member of the Audit Committee and Corporate Governance and Nominating Committee

Mr. de Molina has been a director of Regional since March 2012 and currently serves as Chairman of the Board. 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, including in capacities as an executive and as a director.

ROEL C. CAMPOS

Age: 68

Director Since: 2012

Chairman of the Corporate Governance and Nominating Committee

Member of the Compensation Committee

Mr. Campos 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. 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, the Board of Visitors to the United States Air Force Academy, and 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, including through his service as a public company director.

MICHAEL R. DUNN

Age: 65

Director Since: 2014

Mr. Dunn has been a director of Regional since July 2014. He previously served as Chief Executive Officer of Regional from October 2014 through July 2016 and as Executive Chairman of the Board from August 2016 through December 2016. 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 B.S. 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

Age: 60

Director Since: 2014

Chairman of the Compensation Committee

Member of the Audit Committee

Mr. Freiberg 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. In addition, Mr. Freiberg serves on the board of directors or equivalent governing body of OANDA Corporation (a private company providing Internet-based forex trading and currency information services), Social Finance, Inc. (a private online personal finance company that provides student loan refinancing, mortgages, and personal loans), Fair Square Financial, LLC (a private credit card issuer that provides credit cards to "near-prime" customers), and Purchasing Power, LLC (a private specialty e-retailer offering consumer products, vacations, and online education services through payment plans).

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

RICHARD A. GODLEY

Age: 68

Director Since: 1987

Mr. Godley 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

Age: 58

Chief Executive Officer

Director Since: 2015

Mr. Knitzer has served as Chief Executive Officer of Regional since August 2016 and has been a director of Regional since July 2015. Before joining Regional, Mr. Knitzer acted as an advisor to financial services companies since 2013. Prior to 2013, he 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; 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 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

Age: 72

Director Since: 2012

Chairman of the Audit Committee

Member of the Compensation Committee and the Corporate Governance and Nominating Committee

Mr. Palomares 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

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RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

RSM US LLP has served as our independent registered public accounting firm since 2007. The Audit Committee of the Board has selected RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017. 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 2017.

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, 2016 and 2015.

	Year Ended December 31, 2016	Year Ended December 31, 2015
Audit Fees	$ 457,416	$ 468,994
Audit-Related Fees	82,850	78,383
Tax Fees	147,920	190,790
All Other Fees	—	—
Total	$ 688,186	$ 738,167

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.
- "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 2016 include fees billed for services performed by the independent registered public accounting firm in relation to our loan system conversion and the review and assessment of our internal control environment. In 2015, these fees 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 2016, these fees were for services performed for the filing of our 2015 tax returns and estimated payments for 2016. 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". There were no such fees incurred in 2016 or 2015.

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, 2017.

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 979 Batesville Road, Suite B, Greer, South Carolina 29651.

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, 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 roles 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 10 meetings during the fiscal year ended December 31, 2016. During 2016, other than Mr. Knitzer, each director attended more than 75% of the total number of meetings of the Board and committees on which he served. Mr. Knitzer attended 66.7% of the total number of meetings of the Board and committees on which he served during 2016. Mr. Knitzer recused himself from two Board meetings and five committee meetings during which his candidacy and/or compensation as the Company's Chief Executive Officer was to be discussed. Other than those meetings where he recused himself for the foregoing reasons, Mr. Knitzer attended every meeting of the Board and each committee on which he served.

In addition to formal Board meetings, our Board communicates from time to time via telephone, electronic mail, and informal meetings, and our Board and its committees may 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 2016, and the independent members of our Board also periodically met in executive session in 2016. 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 27, 2016.

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	
Alvaro G. de Molina	✓		✓
Carlos Palomares	Chair	✓	✓
Number of Meetings Held in 2016:	**5**	**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, 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;
- discussing the scope and results of the audit with the independent registered public accounting firm;

- 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;
- 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 and others 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 979 Batesville Road, Suite B, Greer, South Carolina 29651. The Audit Committee held five meetings during the fiscal year ended December 31, 2016. In addition to formal Audit Committee meetings, our Audit Committee communicates from time to time via telephone, electronic mail, and informal meetings.

Compensation Committee

Our Compensation Committee consists of Messrs. Freiberg, Campos, 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 979 Batesville Road, Suite B, Greer, South Carolina 29651. The Compensation Committee held 10 meetings during the fiscal year ended December 31, 2016. In addition to formal Compensation Committee meetings, our Compensation Committee communicates from time to time via telephone, electronic mail, and informal meetings.

Corporate Governance and Nominating Committee

Our Nominating Committee consists of Messrs. Campos, de Molina, and Palomares, 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., 979 Batesville Road, Suite B, Greer, South Carolina 29651, Attn: Corporate Secretary, no later than November 27, 2017, 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, 2017 nor later than January 27, 2018. If, following the filing and delivery of these proxy materials, the date of the 2018 annual meeting of stockholders is advanced or delayed by more than 30 calendar days from the one-year anniversary date of the 2017 annual meeting of stockholders, the Company will, in a timely manner, provide notice to the Company's stockholders of the new date of the 2018 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 979 Batesville Road, Suite B, Greer, South Carolina 29651. The Nominating Committee held five meetings during the fiscal year ended December 31, 2016. In addition to formal Nominating Committee meetings, our Nominating Committee communicates from time to time 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. The Audit Committee and the Board periodically review 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"). 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 979 Batesville Road, Suite B, Greer, South Carolina 29651. 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, 2016, Messrs. Campos, Freiberg, Knitzer, and Palomares served on our Compensation Committee at various times throughout the year. Mr. Knitzer joined our Board in July 2015 and was, at that time, an independent director in accordance with the criteria established by the NYSE for the purpose of compensation committee membership independence. Mr. Knitzer served as an independent member of our Compensation Committee until the Board appointed him as the Company's Chief Executive Officer effective August 2016, at which time Mr. Knitzer resigned as a member of the Compensation Committee. While a member of the Compensation Committee, Mr. Knitzer recused himself from any Compensation Committee meeting where his candidacy for or compensation as Chief Executive Officer of the Company was to be discussed. Other than Mr. Knitzer, 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, 2016, and Mr. Knitzer was not an officer of the Company or any of its subsidiaries while serving on the Compensation Committee. In addition, during the fiscal year ended December 31, 2016, 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; and
- **Provide compensation that is simple and transparent** to stockholders and reflects corporate governance best practices.

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 – Compensation Objectives and Approaches – Compensation Determination Process" for information about the peer group).

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 or lead independent director of the Board);
- **Committee Member Cash Retainer:** Each member of the Audit Committee, Compensation Committee, 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 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 or lead independent director of the Board); and
- **Committee Member Equity-Based Award:** Each member of the Audit Committee, Compensation Committee, 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 non-qualified stock options and restricted stock. The number of shares subject to the non-qualified 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 (rounded down to the nearest whole share). 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 (rounded down to the nearest whole share).

The non-qualified 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 non-qualified 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.

For 2017, the Board intends to modify the director compensation program by awarding the full value of each director's equity-based award in shares of restricted stock. The restricted stock that will be awarded in 2017 will have the same vesting and other terms as set forth above for restricted stock awarded in 2016. This modification to the director compensation program will not increase the overall cost of the program to the Company.

The following table provides information regarding the compensation paid to each of our non-employee directors for their service as non-employee directors during the fiscal year ended December 31, 2016.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[(2)]	Option Awards ($)[(3)]	Total ($)
Roel C. Campos	73,500	59,985	59,998	193,483
Steven J. Freiberg	82,500	59,985	59,998	202,483
Richard A. Godley	30,000	44,985	44,998	119,983
Peter R. Knitzer[(1)]	35,593	54,995	54,996	145,584
Alvaro G. de Molina	85,000	64,990	65,000	214,990
Carlos Palomares	87,967	59,985	59,998	207,950

(1) Mr. Knitzer joined our Board in July 2015 and was, at that time, a non-employee, independent director in accordance with the criteria established by the NYSE for board independence. The Board appointed Mr. Knitzer as the Company's Chief Executive Officer effective August 2016, after which Mr. Knitzer was no longer entitled to receive separate compensation for his service on the Board. The compensation reflected in this Director Compensation table is for Mr. Knitzer's service as a non-employee, independent director of the Board prior to the effective date of his appointment as our Chief Executive Officer. The above compensation is not also reflected in the 2016 Summary Compensation Table that is presented elsewhere in this Proxy Statement.

Mr. Dunn, our previous Chief Executive Officer, transitioned to the role of Executive Chairman of the Board (an employee position) as of the effectiveness of Mr. Knitzer's appointment as our new Chief Executive Officer in August 2016. Mr. Dunn served in the Executive Chairman role through December 2016. Effective as of January 1, 2017, Mr. Dunn returned to his previous status as a non-employee director on our Board, a role in which he served prior to his appointment as our Chief Executive Officer in October 2014. Mr. Dunn became eligible to receive compensation for his service as a non-employee director as of January 1, 2017.

(2) On May 4, 2016, in accordance with the non-employee director compensation program outlined above, the Company awarded Messrs. Campos, Freiberg, Godley, Knitzer, de Molina, and Palomares shares of restricted common stock in the following amounts: Mr. Campos, 3,775 shares; Mr. Freiberg, 3,775 shares; Mr. Godley, 2,831 shares; Mr. Knitzer, 3,461 shares; Mr. de Molina, 4,090 shares; and Mr. Palomares, 3,775 shares. 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, 2016 was: Mr. Campos, 3,775 shares; Mr. Freiberg, 3,775 shares; Mr. Godley, 2,831 shares; Mr. de Molina, 4,090 shares; and Mr. Palomares, 3,775 shares. The outstanding equity awards held by Mr. Knitzer and Mr. Dunn as of December 31, 2016 are set forth in the Outstanding Equity Awards at Fiscal Year-End table that is presented elsewhere in this Proxy Statement.

(3) On May 4, 2016, in accordance with the non-employee director compensation program outlined above, the Company awarded Messrs. Campos, Freiberg, Godley, Knitzer, de Molina, and Palomares non-qualified stock options to purchase shares of our common stock in the following amounts: Mr. Campos, 9,188 shares; Mr. Freiberg, 9,188 shares; Mr. Godley, 6,891 shares; Mr. Knitzer, 8,422 shares; Mr. de Molina, 9,954 shares; and Mr. Palomares, 9,188 shares. Amounts shown are the aggregate grant date fair value of stock options computed in accordance with FASB ASC Topic 718. The exercise price for the options is $15.89, which was the closing price of our common stock on the grant date. The total number of shares subject to non-qualified stock options held by each of the non-employee directors as of December 31, 2016 was: Mr. Campos, 28,670 shares; Mr. Freiberg, 17,941 shares; Mr. Godley, 19,456 shares; Mr. de Molina, 30,166 shares; and Mr. Palomares, 28,670 shares. The outstanding equity awards held by Mr. Knitzer and Mr. Dunn as of December 31, 2016 are set forth in the Outstanding Equity Awards at Fiscal Year-End table that is presented elsewhere in this Proxy Statement.

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, 2016, and particularly with regard to the audited consolidated financial statements as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015, and 2014.

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. Steven J. Freiberg, Alvaro G. de Molina, and Carlos Palomares 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 five times during the fiscal year ended December 31, 2016.

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, 2016, 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, 2016, 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, 2016, 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, 2016, 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)
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:

Peter R. Knitzer (age 58) has served as Chief Executive Officer of Regional since August 2016 and has been a director of Regional since July 2015. Mr. Knitzer's full biographical information is set forth above under "Proposal One: Election of Directors."

Jody L. Anderson (age 51) has served as President and Chief Operating Officer of Regional since October 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 58) has served as Executive Vice President and Chief Financial Officer of Regional since 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 and certified global management accountant.

Daniel J. Taggart (age 44) has served as Senior Vice President and Chief Risk Officer of Regional since 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 33) has served as Vice President, General Counsel, and Secretary of Regional since 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

The following discussion of the compensation arrangements of our executive officers should be read together with the compensation tables and related disclosures contained elsewhere in this Proxy Statement. 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.

Executive Summary of Compensation Programs

Company Performance and Business Highlights

We were pleased with our 2016 financial and operating results, including the double-digit growth of our loan portfolio, our overall revenue, and our diluted earnings per share. Our loan portfolio grew by $89 million to $718 million, or 14% from the prior year—our second consecutive year of double-digit portfolio growth. Our core portfolio of small and large installment loans grew by 23%, led once again by a significant expansion in our large loan category. Revenues of $241 million in 2016 were up 11% from 2015, and at the same time, we kept operating expenses relatively stable despite the expenditures associated with our transition to a new loan origination and servicing platform. On the bottom line, our net income for 2016 was $24 million and our diluted EPS was $1.99, an increase of 3% and 11%, respectively, from our 2015 results. Finally, our stock price increased from $15.47 at the end of 2015 to $26.28 at the end of 2016, a total stockholder return of 70% for 2016.

We continued to execute successfully against our large loan strategy in 2016. When we implemented the strategy during the fourth quarter of 2014, large loans comprised only 8% of our overall portfolio. In just over two years, we have more than quintupled the size of our large loan portfolio. Our large loan strategy has been critical to our transformation, with the large loan portfolio comprising 33% of our total receivables at year-end. We expect the growth to continue in 2017 as a result of substantially better targeting and segmentation in our direct mail programs, increased marketing support, and a hybrid growth plan that combines de novo branch expansion with a concerted effort to grow the average branch receivables in our existing branches.

In addition, in 2016, we improved our liquidity position and deployed capital, in part, to fund a share repurchase program. In the third quarter of 2016, we renewed and expanded our senior revolving credit facility committed line from $538 million to $585 million, with a maturity date of August 2019. This renewed commitment from our bank group, combined with our other ongoing funding efforts, should allow us to continue our growth well into the future. In light of our healthy balance sheet, we also sought to return value to our stockholders by commencing a $25 million share repurchase program in the first quarter of 2016. We announced the successful completion of the program in the second quarter of 2016, having repurchased nearly 12% of our outstanding common stock at a weighted-average share price well below our more recent trading levels.

Our transition to a new loan origination and servicing platform was a top operational initiative in 2016. Early in the year, we launched our Virginia branches on our new system, and after this successful pilot, we committed to converting all of our 300+ branches to the new platform. In the fourth quarter of 2016, following the conversion of our New Mexico and North Carolina operations to the new system, we shifted our focus to the build-out of additional functionality in the platform. This functionality—which includes document imaging, text messaging capabilities, and an online customer portal—will allow us to provide optimal customer service and limit future change management in the system. We look forward to re-commencing our state-by-state system conversion in the second quarter of 2017. It is our expectation that all of our branches will be utilizing the new platform by the end of 2017.

In 2017, we also plan to continue to build out our digital capabilities. We now have the tools to fully originate a loan online—from application through to funding. We successfully tested this functionality throughout 2016 in a single state, and we expect to make the functionality available to the remaining states in our footprint in 2017. In addition, in 2016, our LendingTree referral program delivered impressive results in account generation and credit performance, and we intend to build on that success throughout 2017. We remain optimistic about the opportunities in the digital space and will continue our "test and learn" approach as we seek out new partners and origination channels.

We look forward to a successful 2017. We remain sharply focused on managing our credit and operating expenses while growing our portfolio and customer base. It is our goal to increase our operating leverage and to drive margin expansion, which we believe will ultimately generate long-term value for our stockholders.

Compensation Highlights and Best Practices

In 2016, our Compensation Committee, with assistance from an independent compensation consultant, Veritas Executive Compensation Consultants ("Veritas"), carefully reviewed our executive compensation program to ensure that it is designed to achieve its intended objectives and continues to reflect executive compensation "best practices." 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. We compensate our executive officers primarily through a mix of base salaries, performance-based annual cash awards, and time- and performance-based long-term incentive awards. Consistent with our pay-for-performance philosophy, a substantial portion of our executives' compensation is at risk and linked to the successful performance and management of the Company against rigorous performance measures established by our Compensation Committee.

Our 2016 executive compensation program included the following features:

- ✓ **Continued alignment of executive pay with company performance**:
  - **2016 incentives are largely performance-contingent**, with long-term incentive awards roughly two-thirds performance-contingent and short-term incentive awards entirely performance-contingent
  - **Performance goals are rigorous** and are based almost exclusively on objective, quantitative criteria
    - **2014 long-term incentive program three-year performance thresholds were not achieved as of December 31, 2016**, resulting in the forfeiture of the associated performance-contingent awards
    - **2016 short-term incentive program performance goals were partially achieved**, resulting in annual bonus payments at 75.4% of the target bonuses for full-year named executive officers
- ✓ **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 high upside if performance goals are exceeded, while paying low or no bonus 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
- ✓ **No payment of excessive perquisites** to any named executive officer ("NEO") or other key employee
- ✓ **Double-trigger change-in-control provisions** included in all employment agreements and long-term incentive award agreements
- ✓ **Prohibition against re-pricing of equity incentive awards without stockholder approval** under our 2015 Long-Term Incentive Plan
- ✓ **Stock Ownership and Retention Policy** for NEOs and other key employees, as well as directors (5x base salary for CEO, 2x base salary for other NEOs, and 3x annual cash retainer for directors)
- ✓ **Compensation Recoupment Policy, or "clawback policy,"** for NEOs and other key employees
- ✓ **Prohibition against hedging and pledging**, as set forth in our Code of Business Conduct and Ethics
- ✓ **Maintained a key employee retention program** designed to incentivize and retain key members of senior management
- ✓ Compensation program governed by an **independent Compensation Committee** with input from an **independent compensation consultant**

Stockholder Outreach and Engagement

Stockholder outreach is a central feature of our investor relations philosophy. We provide numerous opportunities for current and prospective stockholders to gain access to our management team through attendance at investor conferences, one-on-one in-person meetings, and telephone calls. Through these interactions, we are able to educate current and prospective investors about our company, learn about concerns of stockholders, and provide investors with a better understanding of our business model and philosophy. We also receive valuable feedback from investors on topics including strategy, corporate governance, and compensation, which the Board and management take into consideration in making future business and compensation decisions.

In the second quarter of 2016, we reached out to institutional investors owning a total of approximately 60% of our outstanding common stock at the time, specifically for the purpose of receiving their feedback regarding executive compensation practices and corporate governance matters. Based on the feedback received, we have made and will be making certain changes to our compensation practices and disclosures.

For example, certain investors objected to the immediately-vested stock award that we made to Mr. Dunn, our former Chief Executive Officer, in January 2015. As a result, the compensation package of Mr. Knitzer, our new Chief Executive Officer, does not include any immediately-vested cash or equity awards. Instead, vesting of Mr. Knitzer's long-term incentive award opportunities occurs over time and, for two-thirds of the awards, is contingent upon our performance over a three-year period. In addition, certain investors requested that we provide enhanced disclosure regarding the performance targets under our prior-year short-term incentive program. In response, we have included the requested information in this year's proxy statement, along with the performance targets of our long-term incentive programs. Finally, we heard that certain of our investors believed that our peer group contained companies that were too large compared to the size of our company. We reviewed and made certain modifications to our peer group in March 2016, and we plan to review our peer group again in 2017.

In 2017 and beyond, we expect to continue our stockholder outreach, including by making ourselves available to hear stockholder feedback regarding executive compensation and corporate governance matters.

Aligning Pay with Performance

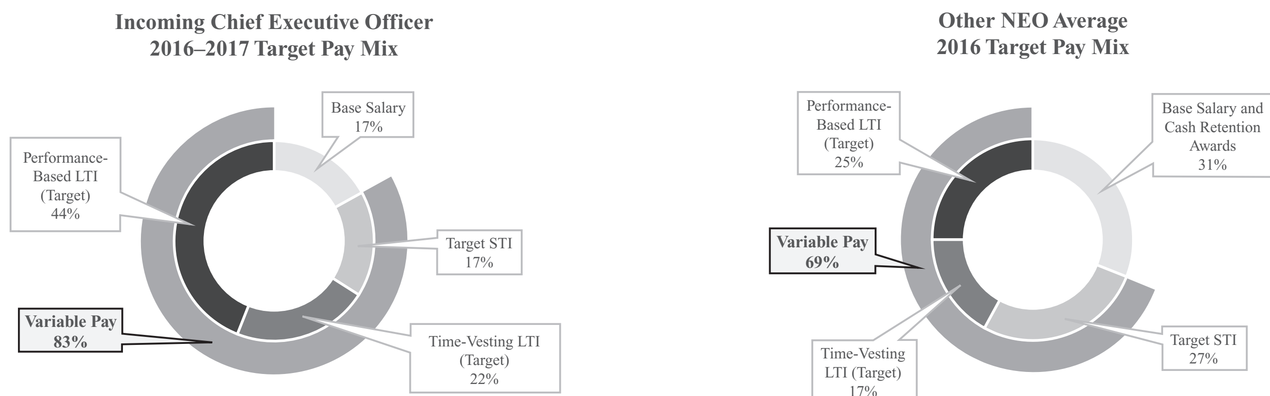
We believe that a substantial portion of our executive officers' compensation should be tied to their performance and the short- and long-term financial and operating results of the Company.

We developed our long-term incentive program in 2014 in consultation with Veritas. In 2013, our Chief Executive Officer and the majority of our NEOs did not receive any long-term incentive awards. In addition, when we appointed a new Chief Executive Officer in late October 2014, he did not receive any long-term incentive awards until we finalized his employment agreement in 2015. As a result, the annualized total direct compensation of our Chief Executive Officers who were serving at the end of 2013 and 2014 was substantially below both the median of our peer group and our current Chief Executive Officer's total direct compensation. We believe that the creation and evolution of our long-term incentive program since 2014 has been critical to our ability to link our executives' pay with the performance of our company, to align our executives' interests with those of our stockholders, and to remain competitive in the marketplace for executive talent.

Our executive compensation program now embodies our pay-for-performance philosophy and closely ties the interests of our key executives to those of our stockholders. We heavily weight our executive officers' compensation in performance-based short- and long-term incentive awards that are designed to reward exceptional performance. The following table describes the program design for each element of our incentive-based pay in 2016.

Pay Elements	Program Design
Short-Term Incentive Program	• **Consists entirely of performance-based awards:** ○ Metrics include net income from operations, total debt/EBITDA, average net finance receivables, net credit losses as a percentage of average net finance receivables, total general and administrative expense percentage, and a qualitative analysis by our Compensation Committee of our executives' execution against short-term strategic objectives • **Motivates our executives and brings total cash opportunities to competitive levels** • **Significant upside opportunity for high performance, but with a challenging threshold**
Long-Term Incentive Program	• **Consists of performance-contingent restricted stock units ("RSUs"), cash-settled performance units, and non-qualified stock options:** ○ Vesting of performance-contingent RSUs and cash-settled performance units is based primarily on the compound annual growth rates of net income and earnings per share, respectively, compared to the Company's peer group over a three-year performance period ○ Two-thirds of grant date fair value 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**

The compensation packages of our CEO and our other NEOs are closely aligned with performance. The majority of compensation is variable and performance-based:



Note: The Chief Executive Officer target pay mix above is that of Mr. Knitzer, reflecting his aggregate target pay mix for 2016 and 2017, as set forth in his employment agreement and more fully described below. The NEO target pay mix set forth above is for Messrs. Anderson, Thomas, Taggart, and Fisher. The presentation excludes perquisites, which are an immaterial aspect of our executives' compensation.

Changes in Executive Officers in 2016

Michael R. Dunn began 2016 as our Chief Executive Officer, having originally been appointed to the position in October 2014. Effective August 1, 2016, as part of the Board's Chief Executive Officer succession plan, Mr. Dunn resigned as our Chief Executive Officer. At that time, the Board appointed Peter R. Knitzer as our new Chief Executive Officer. Prior to his appointment, Mr. Knitzer had served since July 2015 as a non-employee director on our Board.

Mr. Dunn accepted the role of Chief Executive Officer in 2014 during a very difficult time for our company. He went on to serve our company and its stockholders well throughout his tenure, and we thank him for his dedication to our company and for the results he produced. During his time as our Chief Executive Officer, our stock price improved from a closing price of $11.66 on the day following his appointment to a closing price of $18.80 on his last day in the role, a 61% total shareholder return.

Due to his success as our Chief Executive Officer, his expertise in consumer finance and our company's operations, and the Board's desire to ensure a smooth transition of the role and responsibilities from Mr. Dunn to Mr. Knitzer, we elected to retain Mr. Dunn as our Executive Chairman of the Board (an employee position) through December 31, 2016. Effective as of January 1, 2017, Mr. Dunn returned to his status as a non-employee director on our Board, a role in which he had previously served from July 2014 to October 2014 (prior to his appointment as our Chief Executive Officer in October 2014).

Results of Short- and Long-Term Incentive Programs

Our short-term incentive program provides our executives with the opportunity to earn performance-based annual cash awards pursuant to our Annual Incentive Plan (as amended, the "Annual Incentive Plan"). The achievement and payment of annual cash awards in 2016 was tied directly to our financial and operational performance, based primarily (85%) on clearly-defined, objective performance measures and, to a lesser extent (15%), on our Compensation Committee's qualitative assessment of our executive team's achievement of its short-term strategic objectives. For 2016, our executive officers were paid 75.4% of their target annual bonuses under our Annual Incentive Plan as a result of our strong financial and operating results, offset in part by our Compensation Committee's determination not to pay any portion of the qualitative award opportunity, primarily due to the Company's failure to meet its goal of completing the implementation of and transition to a new loan origination and servicing platform by the end of 2016.

Our long-term incentive program provides for the delivery of long-term incentive awards through a combination of three award vehicles: (i) non-qualified stock options, (ii) performance-contingent RSUs, and (iii) cash-settled performance units. Vesting of each of the performance-contingent awards is subject to, among other things, the achievement of performance objectives over a three-year performance period that begins on January 1st of the grant year. The three-year performance period established under the 2014 long-term incentive program ended on December 31, 2016. The performance metrics for the performance-contingent RSUs and cash-settled performance units under the 2014 long-term incentive program were, respectively, cumulative EBITDA and cumulative net income per share over the performance period. In January 2017, as described in greater detail below, our Compensation Committee determined that the Company failed to meet the threshold performance goals set under the 2014 long-term incentive program, and as a result, no compensation was earned or paid pursuant to the 2014 performance-contingent RSUs or cash-settled performance units, and all shares associated with the performance-contingent RSUs were forfeited. Mr. Thomas and Mr. Fisher are the only two current executive officers who were employed by us in 2014 and who participated in the 2014 long-term incentive program.

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 2016 generally include a base salary, performance-based annual cash awards, time- and performance-based long-term incentive 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 stockholder value, (3) motivation and attraction of key management talent, (4) rewarding key contributors for performance against established criteria, and (5) focusing 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. Our current long-term incentive program, approved in 2014, includes non-qualified stock options, performance-contingent 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 are issued under our 2015 Long-Term Incentive Plan (the "2015 Plan"), which was approved by our stockholders at our 2015 annual meeting of stockholders and which we are asking our stockholders to re-approve, as amended and restated, at the Annual Meeting. 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 programs for 2016 and a preview of certain aspects of our compensation programs for 2017. Our named executive officers for 2016 were:

Peter R. Knitzer	Chief Executive Officer
Michael R. Dunn	Former Chief Executive Officer and Executive Chairman of the Board
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

Note: See "Compensation Discussion and Analysis – Executive Summary of Compensation Programs – Changes in Executive Officers in 2016" above for information regarding our Chief Executive Officer transition in 2016.

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.

Establishment and Use of a Peer Group

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 2016 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. In addition, as described in greater detail below, the vesting of certain of our executives' long-term incentive awards is determined based upon our financial performance compared to the financial performance of our peer group over a three-year performance period.

In March 2016, with assistance from Veritas, we reviewed our peer group 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. Based on the evaluation, our Compensation Committee determined to remove Actua Corporation f/k/a ICG Group, Inc. and Dollar Financial Corp. (which no longer is a publicly-traded company) from our peer group and to add Asta Funding, Inc., Atlanticus Holdings Corp., FBR & Co., and The J.G. Wentworth Company to our peer group. As a result, our peer group in 2016 consisted of the following companies. As of December 31, 2016, we were in the 43rd percentile of our peer group based on market capitalization.

- 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

Note: In 2016, First Cash Financial Services, Inc. merged with Cash America International, Inc. to become FirstCash, Inc.

These companies are largely within the consumer finance or specialty finance industries, are similar in size and/or scope to Regional, and/or are companies that Regional competes against for products, services, and human capital. Some companies included in our peer group will meet some, but not all, of these criteria. For example, OneMain Holdings, Inc. (doing business as OneMain Financial) is larger than us, as measured by assets, but it competes directly with us in the consumer finance industry both for customers and for human capital talent. In fact, two of our executive officers were previously employed by OneMain. As a result, despite being a larger company, we believe it is important to include OneMain in our peer group to ensure that we maintain awareness of our direct competition, which will assist in our efforts to retain talented executives and other employees. However, in setting compensation levels for our executive officers, as noted below, our Compensation Committee remains cognizant that OneMain and certain other of our peer companies are larger than us in terms of size.

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.

Engagement and Use of an Independent Compensation Consultant

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 has retained the services of

Veritas Executive Compensation Consultants, an independent compensation consultant, since 2014 to help ensure that our compensation practices are appropriate for our industry, to review and to make recommendations with respect to executive officer and director cash and equity compensation, and to update our peer group, in each case for the Compensation Committee's use in setting 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 and for publicly-traded companies. The Compensation Committee used Veritas' reports to further its understanding of executive officer cash and equity compensation practices in the market.

During 2016, 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 2016, the Compensation Committee and the Company did not use the services of any other compensation consultant. The Compensation Committee has also engaged Veritas in 2017 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 annual base salaries for 2016 and 2017 as described in the following table. The base salary disclosed below for Mr. Dunn for 2016 represents an annual base salary of $520,000 paid to Mr. Dunn his capacity as our Chief Executive Officer, pro-rated for the period commencing January 1, 2016 and ending July 31, 2016 (his last day of service as our Chief Executive Officer), and a monthly salary of $100,000 paid to Mr. Dunn in his capacity as our Executive Chairman for the months of August 2016 through December 2016.

Name	2016 Base Salary	2017 Base Salary
Peter R. Knitzer, Chief Executive Officer	$530,000	$530,000
Michael R. Dunn, Former Chief Executive Officer and Executive Chairman	$802,623	N/A
Jody L. Anderson, President and Chief Operating Officer	$335,000	$345,000
Donald E. Thomas, Executive Vice President and Chief Financial Officer	$332,000	$342,000
Daniel J. Taggart, Senior Vice President and Chief Risk Officer	$308,000	$318,000
Brian J. Fisher, Vice President, General Counsel, and Secretary	$230,000	$240,000

Annual base salaries are pro-rated for any partial year. Mr. Knitzer began serving as our Chief Executive Officer on August 1, 2016. The Company paid Mr. Knitzer $221,557 in base salary on account of service in 2016. Mr. Dunn's 2016 base salary represents his annual base salary of $520,000 paid in his capacity as our Chief Executive Officer, pro-rated for the period commencing January 1, 2016 and ending July 31, 2016, and his monthly salary of $100,000 paid in his capacity as our Executive Chairman for the months of August 2016 through December 2016. Mr. Dunn's tenure as Executive Chairman ended on December 31, 2016, and as a result, he will not receive any employee compensation in 2017.

Our Compensation Committee believes that it has set base salaries at appropriate levels to attract and retain effective executives and that base salaries, when combined with short- and long-term incentives, are an important component of a holistic compensation approach.

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 performance targets set by our Compensation Committee.

Components of Annual Incentive Program

The awards for 2016 were based primarily (85%) on our performance with respect to the metrics in the following table. The metrics in the table below drive the overall performance of our business from year to year and are elements of our historical financial success.

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 / EBITDA	Leverage ratio	• Measures reliance on our credit facilities to produce cash flow • Holds management accountable for the responsible use of credit to fund our business
Average 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 Credit Losses as a Percentage of Average Net Finance Receivables	Loan portfolio control	• Measures the control our management team exerts on our loan portfolio • It is ultimately a measure of the quality of underwriting policies and decisions and the effectiveness of collection efforts • We guide our management team to specific aggregate net credit loss 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

Note: We calculate EBITDA as consolidated net income from operations before interest expense, income taxes, depreciation, and amortization, each as calculated in accordance with GAAP and as set forth in our audited financial statements.

Our 2016 annual incentive awards were based to a lesser extent (15%) on our Compensation Committee's qualitative assessment of our executive team's achievement of its short-term strategic objectives. In light of ongoing, significant strategic projects and initiatives, including the transition to a new loan origination and servicing platform and the growth of our digital presence, our

Compensation Committee believes it is important to appropriately incentivize the achievement of strategic objectives (which often cannot be measured quantitatively) by linking their achievement (and the quality thereof) to our executives' compensation. For 2016, the Compensation Committee identified the successful implementation of and transition to a new loan origination and servicing platform as our executive team's primary short-term strategic objective.

Annual Incentive Program Performance Targets, Results, and Payouts

The following table provides detail regarding the threshold and target levels of performance set by the Compensation Committee for each performance metric, the weighting applied to each metric, the Company's actual annual performance pursuant to each metric, and the percentage payout for each metric and in total. 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.

Performance Metric	Threshold Performance	Target Performance	Actual Performance	Percentage Weight	Percentage Payout
Net Income from Operations	$18,255,091	$26,078,702	$24,030,716	30.0%	26.1%
Total Debt / EBITDA	7.45x	6.21x	6.88x	10.0%	7.3%
Average Net Finance Receivables	$592,434,547	$658,260,608	$657,350,987	20.0%	19.9%
Net Credit Losses Percentage	9.27%	8.06%	9.01%	15.0%	9.1%
Total G&A Expense Percentage	55.56%	51.68%	49.32%	10.0%	13.0%
Qualitative Assessment of Performance	N/A	N/A	N/A	15.0%	0.0%
				100.0%	**75.4%**

As described above, 15% of the total annual incentive program award opportunity is linked to our Compensation Committee's qualitative assessment of our executive team's achievement of its short-term strategic objectives. For 2016, our Compensation Committee elected not to pay any portion of this award opportunity to our executive officers primarily due to the Company's failure to meet its goal of completing the implementation of and transition to a new loan origination and servicing platform by the end of 2016.

Target annual incentive levels and actual performance-based annual cash awards for each of our executive officers, other than Mr. Knitzer, for fiscal 2016 are detailed below, based upon the 75.4% performance achievement detailed above.

Name	2016 Eligible Base Salary	2016 Target Incentive as Percentage of Salary	Target Award	Actual Award
Michael R. Dunn	$520,000	100%	$520,000	$391,984
Jody L. Anderson	$335,000	100%	$335,000	$252,528
Donald E. Thomas	$332,000	100%	$332,000	$250,267
Daniel J. Taggart	$308,000	100%	$308,000	$232,175
Brian J. Fisher	$230,000	60%	$138,000	$104,026

Because Mr. Knitzer joined the Company in August 2016, and based upon his outstanding performance in connection with the Chief Executive Officer transition, the Compensation Committee elected to pay Mr. Knitzer his annual incentive award at target ($221,557). Mr. Knitzer's target annual incentive award was set by the Compensation Committee at 100% of his pro-rated 2016 base salary. Beginning in 2017, the Compensation Committee intends to base Mr. Knitzer's earned annual incentive award on the achieved levels of annual performance, as outlined above.

The target award percentages described above were determined by the Compensation Committee and 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.

Annual Incentive Program Opportunities in 2017

Our annual incentive program in 2017 will be structured in a manner similar to the 2016 program. Target 2017 incentive levels for each of our executive officers, as established by our Compensation Committee, are described in the table below.

Name	2017 Base Salary	2017 Target Incentive as Percentage of Salary	Target Award
Peter R. Knitzer	$530,000	100%	$530,000
Jody L. Anderson	$345,000	100%	$345,000
Donald E. Thomas	$342,000	100%	$342,000
Daniel J. Taggart	$318,000	100%	$318,000
Brian J. Fisher	$240,000	100%	$240,000

Our Compensation Committee believes that our short-term incentive program is effective in motivating our executives to achieve short-term financial and operational objectives, in furtherance of our pay-for-performance compensation strategy.

Long-Term Incentive Awards

Our long-term incentive award grants are intended to directly align the interests of our executive officers with those of our stockholders, to give our 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.

Components of Long-Term Incentive Program; Participation by NEOs

In 2014, we developed and implemented a "refreshed" long-term incentive program with assistance from Veritas. Our current long-term incentive program provides for the delivery of long-term incentive awards through a combination of three award vehicles: (i) non-qualified stock options, (ii) performance-contingent RSUs, and (iii) cash-settled performance units. Vesting of each of the performance-contingent awards is subject to, among other things, the achievement of performance objectives over a three-year performance period that begins on January 1st of the grant year. Long-term incentive awards are scheduled to occur in the first quarter of each year.

In 2016, as part of the long-term incentive program, the Company granted the following awards in the first quarter of 2016 to Messrs. Dunn, Anderson, Thomas, Taggart, Fisher, and other key employees:

LTI Vehicle	Principal Performance Metric	Performance Period	Weighting	Recipients
Non-Qualified Stock Options	Built-in metric of stock price growth	N/A – Options vest in equal installments on December 31, 2016, 2017, and 2018, subject to continued employment	One-third of total target award	Executive officers and several key C-suite employees
Performance-Contingent Restricted Stock Units	Compound annual growth rate of net income compared to a peer group	Three years, from January 1, 2016 through December 31, 2018	One-third of total target award	Executive officers and several key C-suite employees
Cash-Settled Performance Units	Compound annual growth rate of earnings per share compared to a peer group	Three years, from January 1, 2016 through December 31, 2018	One-third of total target award	Executive officers and several key C-suite employees

Vesting of the performance-contingent RSUs and cash-settled performance units is based primarily (90%) upon our performance over the three-year performance period compared to our peer group, as described in the table below. Failure to meet the threshold level of performance results in the forfeiture of the associated award.

LTI Vehicle	Principal Performance Metric	Performance Level	Required Performance	Percentage of Target Award Earned and Vested
Performance-Contingent Restricted Stock Units	Compound annual growth rate of net income compared to our peer group for the period from January 1, 2016 through December 31, 2018	Threshold Performance	Meets or Exceeds Peer Group Performance at the 50th Percentile	50%
		Target Performance	Meets or Exceeds Peer Group Performance at the 60th Percentile	100%
		Maximum Performance	Meets or Exceeds Peer Group Performance at the 75th Percentile	150%
Cash-Settled Performance Units	Compound annual growth rate of earnings per share compared to our peer group for the period from January 1, 2016 through December 31, 2018	Threshold Performance	Meets or Exceeds Peer Group Performance at the 50th Percentile	50%
		Target Performance	Meets or Exceeds Peer Group Performance at the 60th Percentile	100%
		Maximum Performance	Meets or Exceeds Peer Group Performance at the 75th Percentile	150%

To a lesser extent (10%), vesting of the performance-contingent RSUs and cash-settled performance units is based on our Compensation Committee's qualitative assessment of our executive team's achievement of its long-term strategic objectives over the same performance period. In light of ongoing, significant strategic projects and initiatives, including the transition to a new loan origination and servicing platform and the growth of our digital presence, our Compensation Committee believes it is important to appropriately incentivize the achievement of strategic objectives (which often cannot be measured quantitatively) by linking their achievement (and the quality thereof) to our executives' compensation. Our long-term incentive program in 2017 is structured in a manner similar to the 2016 program described above.

Mr. Knitzer became our Chief Executive Officer effective as of August 1, 2016. Mr. Knitzer's employment agreement establishes his aggregate long-term incentive compensation opportunity level for 2016 and 2017, and provides that he will be granted long-term incentive award opportunities through a combination of the three award vehicles described above—non-qualified stock options, performance-contingent RSUs, and cash-settled performance units. The aggregate grant date target value of Mr. Knitzer's 2016 and 2017 long-term incentive compensation opportunities is $2,850,000 (calculated as approximately $2,000,000 per year on an annualized basis for the period commencing on Mr. Knitzer's first day of employment, August 1, 2016, through the end of 2017).

Mr. Knitzer's long-term incentive compensation for 2016 and 2017 is split evenly among non-qualified stock options, performance-contingent RSUs, and cash-settled performance units, with each having a grant date target value of $950,000. Because Mr. Knitzer's employment commenced more than 90 days after the beginning of the performance period associated with the performance-contingent RSUs and cash-settled performance units that we granted under our 2016 long-term incentive program, Mr. Knitzer's participation in the 2016 program would have resulted in the payment of compensation that would not have qualified for the performance-based compensation exemption available pursuant to Code Section 162(m). Therefore, in an effort to preserve, to the extent practicable, the future tax deductibility of Mr. Knitzer's compensation, the Compensation Committee approved Mr. Knitzer's non-qualified stock option award with a grant date of August 1, 2016, the date he commenced employment, and determined that the award of Mr. Knitzer's performance-contingent RSUs and cash-settled performance units should occur as part of the 2017 long-term incentive program.

Long-Term Incentive Award Levels in 2016 and 2017

For 2016 and 2017, the grant date target values for awards granted to our named executive officers are detailed in the following tables. For the performance-contingent RSUs and cash-settled 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.

	2016 Target Grant Date Value			
Name	**Total**	**Performance-Contingent RSUs**	**Cash-Settled Performance Units**	**Non-Qualified Stock Options**
Peter R. Knitzer	**$950,000**	N/A	N/A	$950,000
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

	2017 Target Grant Date Value			
Name	**Total**	**Performance-Contingent RSUs**	**Cash-Settled Performance Units**	**Non-Qualified Stock Options**
Peter R. Knitzer	**$1,900,000**	$950,000	$950,000	N/A
Jody L. Anderson	**$517,500**	$172,500	$172,500	$172,500
Donald E. Thomas	**$513,000**	$171,000	$171,000	$171,000
Daniel J. Taggart	**$318,000**	$106,000	$106,000	$106,000
Brian J. Fisher	**$240,000**	$80,000	$80,000	$80,000

Note: The number of shares subject to the restricted stock awards is determined by dividing the value of the award by the closing price per share of common stock on the grant date (rounded down to the nearest whole share). The number of shares subject to the non-qualified stock option awards 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 (rounded down to the nearest whole share).

Our Compensation Committee believes that our long-term incentive program furthers our pay-for-performance objectives, creates a compelling recruitment and retention tool, appropriately focuses our executives on the achievement of long-term financial and business goals, and strengthens the alignment of our executives' interests with those of our stockholders.

2014 Long-Term Incentive Program Performance Targets, Results, and Payouts

As described above, we "refreshed" our long-term incentive program in 2014. In that year, we made awards to our then-current executive officers of non-qualified stock options, performance-contingent RSUs, and cash-settled performance units. Mr. Thomas and Mr. Fisher are the only two current executive officers who were employed by us in 2014 and who participated in the 2014 long-term incentive program.

The three-year performance period established under the 2014 long-term incentive program ended on December 31, 2016. The performance metrics for the performance-contingent RSUs and cash-settled performance units under the 2014 long-term incentive program were cumulative EBITDA and cumulative basic net income per share over the performance period, respectively, with threshold and target performance goals established at the following levels:

	EBITDA *(in thousands)*	Basic Net Income Per Share
Threshold Performance Goal	$188,838	$ 6.57
Target Performance Goal	$236,047	$ 8.21
2014 Actual Results	$ 42,096	$ 1.17
2015 Actual Results	$ 57,791	$ 1.82
2016 Actual Results	$ 63,814	$ 2.03
Cumulative Results	**$163,701**	**$ 5.02**
Amount Short of Threshold Goal	$ 25,137	$ 1.55
Payout	**0.00%**	**0.00%**

Note: We calculate cumulative EBITDA as consolidated net income from operations before interest expense, income taxes, depreciation, and amortization during the three-year performance period, each as calculated in accordance with GAAP and as set forth in our audited financial statements.

In January 2017, as noted in the table above, the Compensation Committee determined that the Company failed to meet the threshold performance goals set under the 2014 long-term incentive plan, and as a result, no compensation was earned or paid pursuant to the 2014 performance-contingent RSUs or cash-settled performance units, and all shares associated with the performance-contingent RSUs were forfeited.

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, the difficulties faced by the Company in 2014 resulted in 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 critical Company executives.

Pursuant to the key employee retention program, the Compensation Committee granted the following awards to executive officers in 2015: (i) non-qualified 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 non-qualified 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, 2016, and 2017, subject to the executive's continued employment. In addition, the Compensation Committee granted Mr. Fisher a cash retention award of $25,000, which was 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 2016, these benefits included:

- Monthly automobile allowances of $1,150 for Messrs. Anderson and Thomas; and
- Payment of Mr. Dunn's and Mr. Knitzer's travel expenses to and from their personal residences in New York.

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.

Other Compensation Policies, Practices, and Matters

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 Chief Accounting Officer, and such other persons (each, a "Covered Person") as may be determined by the Board 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 2016, and we have not agreed and are not otherwise obligated to provide any named executive officer with such a "gross-up" or other reimbursement.

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. Knitzer and Anderson are entitled to certain benefits upon the termination of their employment with us, the terms of which are described below under “Summary of Employment Arrangements with Executive Officers.” In addition, pursuant to the terms of a non-qualified stock option agreement associated with an option award to Mr. Thomas in 2013 and pursuant to the terms of non-qualified 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 following a change in control, the option awards shall become fully vested and exercisable effective as of the termination date. These award agreements also provide for continued or pro-rata vesting in the event of certain qualifying terminations of employment.

In addition, pursuant to the terms of non-qualified stock option agreements associated with option awards to our executive officers in 2015 and 2016, 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 RSU award agreements and cash-settled performance unit award agreements associated with long-term incentive awards to our executive officers in 2015 and 2016, 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 and 2016 provide for continued or pro-rata vesting in the event of certain qualifying terminations of employment. See “Summary of Company Incentive Plans” and “Proposal Three: Re-Approval of the Regional Management Corp. 2015 Long-Term Incentive Plan (as amended and restated effective April 27, 2017)” 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.

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, 2016 and this Proxy Statement for filing with the Securities and Exchange Commission.

Members of the Compensation Committee:

Steven J. Freiberg (Chairman)
Roel C. Campos
Carlos Palomares

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

2016 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, 2016, 2015, and 2014.

Name and Principal Position[1]	Year	Salary ($)[4]	Bonus ($)[5]	Stock Awards ($)[6]	Option Awards ($)[7]	Non-Equity Incentive Plan Compensation ($)[8]	All Other Compensation ($)[9]	Total ($)
Peter R. Knitzer,[2]	2016	221,557	—	—	949,997	221,557	19,739	1,412,850
Chief Executive Officer	2015	—	—	—	—	—	—	—
	2014	—	—	—	—	—	—	—
Michael R. Dunn,[3]	2016	802,623	—	519,984	519,994	804,784	26,321	2,673,706
Former Chief Executive Officer and Executive	2015	500,000	—	1,999,985	572,951	448,669	44,165	3,565,770
Chairman of the Board	2014	86,301	—	—	—	19,323	—	105,624
Jody L. Anderson,	2016	335,000	—	167,486	167,500	252,528	24,400	946,914
President and Chief Operating Officer	2015	325,000	—	199,995	63,473	291,635	76,017	956,120
	2014	81,918	—	—	199,994	18,341	11,287	311,540
Donald E. Thomas,	2016	332,000	33,333	265,970	165,998	250,267	24,400	1,071,968
Executive Vice President and	2015	321,391	—	160,687	397,810	288,396	24,400	1,192,684
Chief Financial Officer	2014	309,000	—	154,494	154,494	69,185	24,200	711,373
Daniel J. Taggart,	2016	308,000	—	102,651	102,661	232,175	—	745,487
Senior Vice President and Chief Risk Officer	2015	296,712	—	99,990	99,993	266,251	—	762,946
	2014	—	—	—	—	—	—	—
Brian J. Fisher,	2016	230,000	43,750	170,817	95,826	104,026	10,600	655,019
Vice President, General Counsel, and	2015	220,000	6,250	91,657	175,563	118,449	9,999	621,918
Secretary	2014	180,000	—	119,685	74,996	24,181	—	398,862

(1) Messrs. Knitzer, Anderson, Thomas, Taggart, and Fisher were appointed to their positions effective as of August 1, 2016, October 1, 2014, January 2, 2013, January 5, 2015, and January 14, 2013, respectively.

(2) Immediately prior to his appointment as our Chief Executive Officer, Mr. Knitzer served as a non-employee director on our Board, a role in which he had served since his initial appointment in July 2015. The table above reflects the compensation paid to Mr. Knitzer in his capacity as our Chief Executive Officer from August 1, 2016 through year-end. The compensation that we paid to Mr. Knitzer in his capacity as a non-employee director from January 1, 2016 through July 31, 2016 is set forth in the Director Compensation table presented elsewhere in this Proxy Statement. Following the effectiveness of his appointment as our Chief Executive Officer, Mr. Knitzer was no longer entitled to receive separate compensation for his service on the Board.

(3) Mr. Dunn began 2016 as our Chief Executive Officer and transitioned from that position to the role of Executive Chairman of the Board (an employee position) as of the effectiveness of Mr. Knitzer's appointment as our new Chief Executive Officer. Mr. Dunn served in the Executive Chairman role through December 31, 2016. Effective as of January 1, 2017, Mr. Dunn returned to his previous status as a non-employee director on our Board, a role in which he had served prior to his appointment as our Chief Executive Officer in October 2014. Mr. Dunn did not receive separate compensation for his service on our Board in 2016.

(4) The amounts represent annual base salaries, pro-rated for any partial year. Mr. Dunn's 2016 amount represents Mr. Dunn's annual base salary of $520,000 paid in his capacity as our Chief Executive Officer, pro-rated for the period commencing January 1, 2016 and ending July 31, 2016, and his monthly salary of $100,000 paid in his capacity as our Executive Chairman for the months of August 2016 through December 2016. Mr. Dunn's tenure as Executive Chairman ended on December 31, 2016, and as a result, he will not receive any employee compensation in 2017. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Base Salaries."

(5) For 2016, the amounts represent one-third installment payments of cash retention awards granted to Mr. Thomas and Mr. Fisher in 2016 pursuant to our key employee retention program, and installment payments totaling three-quarters of a cash retention award granted to Mr. Fisher in 2015 pursuant to our key employee retention program.

For 2015, the amount represents a one-quarter 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."

(6) 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, 2016.

In 2016, Messrs. Dunn, Anderson, Thomas, Taggart, and Fisher were granted performance-contingent restricted stock units ("RSUs") having the following grant date fair values: Mr. Dunn, $519,984, Mr. Anderson, $167,486, Mr. Thomas, $165,983, Mr. Taggart, $102,651, and Mr. Fisher, $95,819 (and a maximum potential value of $779,975, $251,230, $248,975, $153,976, and $143,728, 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 primarily (90%) on the Company's compound annual growth rate of net income compared to the Company's peer group over the performance period, January 1, 2016 through December 31, 2018, and to a lesser extent (10%) on our Compensation Committee's qualitative assessment of our executive team's achievement of its long-term strategic objectives over the same time period. In addition, Mr. Thomas and Mr. Fisher each were granted a time-vesting restricted stock award ("RSA") with a grant date fair value of $99,986 and $74,998, respectively. The RSAs vest on September 29, 2017, or as otherwise provided in the applicable award agreement.

In 2015, Messrs. Dunn, Anderson, Thomas, Taggart, and Fisher were granted performance-contingent 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.

In 2014, Mr. Thomas was granted performance-contingent RSUs having a grant date fair value of $154,494 (and a maximum potential value of $231,732). Mr. Fisher was granted performance-contingent RSUs having a grant date fair value of $74,983 (and a maximum potential value of $112,474) and a time-vesting RSA with a grant date fair value of $44,702. The actual number of RSUs that may have been earned under such awards was based on achievement of cumulative EBITDA over the performance period, January 1, 2014 through December 31, 2016. In January 2017, our Compensation Committee determined that the Company did not achieve the three-year cumulative EBITDA performance thresholds, resulting in the forfeiture of the associated 2014 performance-contingent RSUs. Mr. Fisher's RSA vested on February 15, 2017.

For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Awards" and "Compensation Discussion and Analysis – Elements of Compensation – Key Employee Retention Program."

(7) 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, 2016.

For 2016, the option award granted pursuant to our long-term incentive program on August 1, 2016 to Mr. Knitzer vests on December 31, 2016 (20%), December 31, 2017 (40%), and December 31, 2018 (40%). The option awards granted pursuant to our long-term incentive program on March 29, 2016 to Messrs. Dunn, Anderson, Thomas, Taggart, and Fisher vest in three equal installments on each of December 31, 2016, 2017, and 2018.

For 2015, the option awards granted pursuant to our long-term incentive program 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 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.

For 2014, the option awards granted to Messrs. Thomas and Fisher on October 1, 2014 vested on December 31, 2016. The option award granted to Mr. Anderson on October 1, 2014 vests on December 31, 2017.

In each case, the option awards are subject to further terms and conditions, including as to vesting, as set forth in an award agreement. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Awards" and "Compensation Discussion and Analysis – Elements of Compensation – Key Employee Retention Program."

(8) Represents performance-based annual cash awards earned in 2014, 2015, and 2016 and paid in 2015, 2016, and 2017, respectively. In addition, for Mr. Dunn in 2016, the amount includes the earned portion of Mr. Dunn's completion bonus ($412,800), which was calculated based upon the blended earned percentage under the performance-based annual cash award programs in 2015 and 2016. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Performance-Based Annual Cash Awards."

(9) For 2016, the amounts represent aggregate automobile allowance payments of $13,800 to Messrs. Anderson and Thomas; 401(k) plan matching contributions of $10,600 to Messrs. Anderson, Thomas, and Fisher; relocation expense benefits of $1,173 to Mr. Knitzer in accordance with the Company's standard relocation policy; and payment of $18,566 and $26,321, respectively, of Mr. Knitzer's and Mr. Dunn's travel expenses to and from their personal residences in New York.

For 2015, the amounts represent 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 travel expenses to and from his personal residence in New York.

For 2014, the amounts represent 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.

For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Perquisites."

Grants of Plan-Based Awards

The following table provides information concerning annual and long-term incentive awards granted in 2016 to each of our named executive officers pursuant to our Annual Incentive Plan and our 2015 Long-Term Incentive Plan.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	Award Type[1]	Grant Date	Threshold ($)[2]	Target ($)	Maximum ($)	Threshold (#)[2]	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)[3]
Peter R. Knitzer[4]	Annual	08/01/16	—	221,557	332,336							
	NQSO	08/01/16								113,636	18.90	949,997
Michael R. Dunn	Annual	03/29/16	—	520,000	780,000							
	NQSO	03/29/16								67,174	17.08	519,994
	PCRSU	03/29/16				13,699	30,444	45,666				591,984
	CSPU	03/29/16	234,000	520,000	780,000							
Jody L. Anderson	Annual	03/29/16	—	335,000	502,500							
	NQSO	03/29/16								21,638	17.08	167,500
	PCRSU	03/29/16				4,412	9,806	14,709				167,486
	CSPU	03/29/16	75,375	167,500	521,250							
Donald E. Thomas	Annual	03/29/16	—	332,000	498,000							
	NQSO	03/29/16								21,444	17.08	165,998
	PCRSU	03/29/16				4,373	9,718	14,577				165,983
	CSPU	03/29/16	74,700	166,000	249,000							
	RSA	03/29/16							5,854			99,986
Daniel J. Taggart	Annual	03/29/16	—	308,000	462,000							
	NQSO	03/29/16								13,262	17.08	102,661
	PCRSU	03/29/16				2,704	6,010	9,015				102,651
	CSPU	03/29/16	46,200	102,667	154,000							
Brian J. Fisher	Annual	03/29/16	—	138,000	207,000							
	NQSO	03/29/16								12,379	17.08	95,826
	PCRSU	03/29/16				2,524	5,610	8,415				95,819
	CSPU	03/29/16	43,125	95,833	143,749							
	RSA	03/29/16							4,391			74,998

(1) "Annual" refers to performance-based annual cash incentive award opportunities granted under our Annual Incentive Plan. "NQSO" refers to non-qualified stock options, "PCRSU" refers to performance-contingent restricted stock units, "CSPU" refers to cash-settled performance units (with each unit denominated as $1.00), and "RSA" refers to restricted stock awards, each granted under our 2015 Long-Term Incentive Plan. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Performance-Based Annual Cash Awards," "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Awards," and "Compensation Discussion and Analysis – Elements of Compensation – Key Employee Retention Program."

(2) The threshold amount of cash or number of shares indicated will be earned only if a threshold level of performance is achieved. If the threshold level of performance is not achieved, no cash or shares will be earned or paid.

(3) 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, 2016. For performance-contingent restricted stock units, the grant date fair value is calculated using the target number of shares.

(4) The table above reflects awards granted to Mr. Knitzer while serving as our Chief Executive Officer from August 1, 2016 through year-end. The awards granted to Mr. Knitzer during his service as a non-employee director from January 1, 2016 through July 31, 2016 are set forth in the Director Compensation table presented elsewhere in this Proxy Statement. Our Compensation Committee approved Mr. Knitzer's awards on June 13, 2016.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information concerning equity awards that were outstanding as of December 31, 2016, 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 ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested ($)(1)	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 ($)(1)
Peter R. Knitzer,	5,111	—	19.42	07/28/25	3,461(8)	90,955	—	—
Chief Executive Officer	8,422	—	15.89	05/04/26				
	22,727	90,909(2)	18.90	08/01/26				
Michael R. Dunn,	6,666	3,334(3)	15.06	03/11/25	—	—	22,608(11)	594,138
Former Chief Executive Officer and	—	71,692(4)	14.75	04/22/25			10,166(12)	267,162
Executive Chairman of the Board	22,391	44,783(5)	17.08	03/29/26				
Jody L. Anderson,	—	24,566(4)	17.76	10/01/24	—	—	13,559(11)	356,331
President and Chief	5,800	2,900(3)	15.06	03/11/25			9,806(12)	257,702
Operating Officer	7,212	14,426(5)	17.08	03/29/26				
Donald E. Thomas,	60,000	40,000(6)	16.73	01/02/23	5,854(9)	153,843	8,699(13)	228,610
Executive Vice President and	15,900	10,600(7)	33.93	12/31/23			10,894(11)	286,294
Chief Financial Officer	19,867	—	17.76	10/01/24			9,718(12)	255,389
	21,666	10,834(3)	15.06	03/11/25				
	—	23,042(4)	14.75	04/22/25				
	7,148	14,296(5)	17.08	03/29/26				
Daniel J. Taggart,	—	13,194(4)	15.24	01/05/25	—	—	6,779(11)	178,152
Senior Vice President and	4,420	8,842(5)	17.08	03/29/26			6,010(12)	157,943
Chief Risk Officer								
Brian J. Fisher,	9,644	—	17.76	10/01/24	2,517(10)	66,147	4,222(13)	110,954
Vice President, General Counsel,	7,666	3,834(3)	15.06	03/11/25	4,391(9)	115,395	6,214(11)	163,304
and Secretary	—	13,143(4)	14.75	04/22/25			5,610(12)	147,431
	4,126	8,253(5)	17.08	03/29/26				

(1) Calculated based on the closing price of our common stock of $26.28 on December 30, 2016, the last trading day of 2016.

(2) This option vests on December 31, 2016 (20%), December 31, 2017 (40%), and December 31, 2018 (40%).

(3) This option vests in three equal annual installments on each of December 31, 2015, 2016, and 2017.

(4) This option vests on December 31, 2017.

(5) This option vests in three equal annual installments on each of December 31, 2016, 2017, and 2018.

(6) This option vests in five equal annual installments on each of January 2, 2014, 2015, 2016, 2017, and 2018.

(7) This option vests in five equal annual installments on each of December 31, 2014, 2015, 2016, 2017, and 2018.

(8) This award of restricted stock vests on the earlier of May 4, 2017 or the date of the Company's next annual stockholders meeting, subject to the continued employment of the executive through such date or as otherwise provided in the applicable award agreement.

(9) This award of restricted stock vests on September 29, 2017, subject to the continued employment of the executive through such date or as otherwise provided in the applicable award agreement.

(10) This award of restricted stock vested on February 15, 2017.

(11) 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.

(12) This amount represents a performance-contingent 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 primarily (90%) on the Company's compound annual growth rate of net income compared to the Company's peer group over the performance period, January 1, 2016 through December 31, 2018, and to a lesser extent (10%) on our Compensation Committee's qualitative assessment of our executive team's achievement of its long-term strategic objectives over the same time period. Vesting is also contingent upon the continued employment of the executive through December 31, 2018, or as otherwise provided in the applicable award agreement.

(13) This amount represents a performance-contingent RSU. The actual number of RSUs that may have been earned was based on achievement of cumulative EBITDA over the performance period, January 1, 2014 through December 31, 2016. In January 2017, our Compensation Committee determined that the Company did not achieve the three-year cumulative EBITDA performance thresholds, resulting in the forfeiture of the associated performance-contingent RSUs set forth in the table above.

Equity Compensation Plan Information

The following table provides 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, 2016. For information regarding outstanding equity awards and shares available for future awards as of March 21, 2017, see "Proposal Three: Re-Approval of the Regional Management Corp. 2015 Long-Term Incentive Plan (as amended and restated effective April 27, 2017)" below. As of December 31, 2016, there were a total of 11,450,343 shares of our common stock outstanding.

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]	234,844[4]	5.46	—
2011 Stock Incentive Plan[2]	438,246[5]	17.41[7]	—
2015 Long-Term Incentive Plan[3]	834,947[6]	16.66[7]	161,277
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total:	1,508,037	14.66	161,277

(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. The 2015 Plan 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) This amount represents 234,844 shares of common stock underlying outstanding non-qualified stock option awards.

(5) This amount represents 396,246 shares of common stock underlying outstanding non-qualified stock option awards and 42,000 shares of common stock underlying performance-contingent restricted stock unit awards. Share amounts are determined based upon the maximum number of shares that may be delivered pursuant to the performance-based awards. There is no exercise price associated with the restricted stock unit awards.

(6) This amount represents 534,967 shares of common stock underlying outstanding non-qualified stock option awards, 204,531 shares of common stock underlying performance-contingent restricted stock unit awards, and 95,449 restricted shares of common stock underlying and issuable pursuant to key team member incentive program award agreements. Share amounts are determined based upon the maximum number of shares that may be delivered pursuant to the performance-based awards. Under the key team member incentive program, each participant is eligible to earn a restricted stock award, subject to the achievement of performance goals over a one-year period. If earned, the restricted stock award is issued following the one-year performance period and vests ratably over a subsequent two-year period (subject to continued employment or as otherwise provided in the underlying award agreement). No executive officer participates in our key team member incentive program. There is no exercise price associated with the restricted stock unit awards or restricted shares.

(7) Calculation excludes shares subject to restricted stock unit awards and shares underlying and issuable pursuant to key team member incentive program award agreements.

SUMMARY OF EMPLOYMENT ARRANGEMENTS WITH EXECUTIVE OFFICERS

In 2016, the following individuals served the Company as its executive officers:

- Peter R. Knitzer, our current Chief Executive Officer;
- Michael R. Dunn, our former Chief Executive Officer and Executive Chairman of the Board;
- Jody L. Anderson, our President and Chief Operating Officer;
- Donald E. Thomas, our Executive Vice President and Chief Financial Officer;
- Daniel J. Taggart, our Senior Vice President and Chief Risk Officer; and
- Brian J. Fisher, our Vice President, General Counsel, and Secretary.

Mr. Dunn began 2016 as our Chief Executive Officer. Effective August 1, 2016, as part of the Board's Chief Executive Officer succession plan, Mr. Dunn resigned as Chief Executive Officer and transitioned into the role of Executive Chairman of the Board (an employee position). At that time, the Board appointed Mr. Knitzer as our new Chief Executive Officer. Prior to his appointment, Mr. Knitzer had served since July 2015 as a non-employee director on our Board. Both Mr. Dunn and Mr. Knitzer maintained their positions as directors on the Board following the Chief Executive Officer transition. In their roles as our Chief Executive Officer, each of Mr. Dunn and Mr. Knitzer entered into employment agreements with the Company. In addition, effective August 1, 2016, Mr. Dunn entered into a letter agreement with the Company governing his service as our Executive Chairman. Mr. Dunn served in the Executive Chairman role through December 31, 2016. Effective as of January 1, 2017, Mr. Dunn returned to his status as a non-employee director on our Board, a role in which he had previously served from July 2014 to October 2014 (prior to his appointment as our Chief Executive Officer in October 2014).

Mr. Dunn's and Mr. Knitzer's employment agreements and Mr. Dunn's letter agreement are described below, along with the employment arrangements of our other executive officers. Additional information regarding the compensation that our executive officers are eligible for, earned, and were paid is set forth elsewhere in this Proxy Statement, including in the Compensation Discussion and Analysis and the Selected Executive Compensation Tables set forth above.

Agreements with Current Executive Officers

Employment Agreement with Mr. Knitzer

We entered into an employment agreement with Mr. Knitzer, our Chief Executive Officer, on June 14, 2016 (the "Knitzer Agreement"). The term of the Knitzer Agreement commenced on August 1, 2016 and terminates three years thereafter.

Pursuant to the Knitzer Agreement, Mr. Knitzer will be paid an annual base salary of $530,000, which is subject to increase as may be determined by the Board or Compensation Committee from time to time. For each calendar year during the employment term, Mr. Knitzer is also eligible to earn an annual bonus award under our Annual Incentive Plan based upon the achievement of performance targets established by our Compensation Committee, with a target bonus equal to no less than 100% of his base salary (pro-rated for 2016). The Knitzer Agreement also provides that Mr. Knitzer is entitled to receive compensation in the following forms: a non-qualified stock option award; a performance-contingent restricted stock unit award; and a cash-settled performance unit award.

Pursuant to the Knitzer Agreement, Mr. Knitzer received a non-qualified stock option to purchase 113,636 shares of Company common stock on August 1, 2016 at an exercise price per share equal to $18.90. Twenty percent (20%) of the shares subject to the option vested and became exercisable on December 31, 2016, and forty percent (40%) of the shares subject to the option vest and become exercisable on each of December 31, 2017 and December 31, 2018, in each case subject to Mr. Knitzer's continued employment with the Company through the applicable vesting date or as otherwise provided in the applicable award agreement. The option has a ten-year term.

Subject to Mr. Knitzer's continued employment through the grant date and, with respect to the performance-contingent restricted stock unit award, the availability of sufficient shares of the Company's common stock under the 2015 Plan, as it may be amended, the Company will grant Mr. Knitzer a performance-contingent restricted stock unit award and a cash-settled performance unit award at the time the Company makes its long-term incentive awards in 2017 to other members of senior management.

The number of shares subject to the performance-contingent restricted stock unit award will be determined by dividing $950,000 by the closing price of the Company's common stock on or as close in time as practicable to the grant date. The performance-contingent restricted stock unit award will be eligible for vesting on December 31, 2019, based on the achievement, if at all, of performance criteria established by the Compensation Committee and Mr. Knitzer's continued employment from the grant date until the vesting date or as otherwise provided in the applicable award agreement.

The cash-settled performance unit award will be eligible for vesting on December 31, 2019, if and to the extent the performance criteria established by the Compensation Committee have been achieved and subject to Mr. Knitzer's continued employment from the grant date until the vesting date or as otherwise provided in the applicable award agreement. The target cash settlement value of the performance unit award at vesting will be equal to $950,000.

Each of the non-qualified stock option award, the performance-contingent restricted stock unit award, and the cash-settled performance unit award will be subject to the terms of the 2015 Plan and related award agreement. Commencing in 2018, Mr. Knitzer will be eligible to participate in the Company's long-term incentive program at the sole discretion of the Compensation Committee and the Board.

Commencing in 2018, and for the remainder of the term of the Knitzer Agreement, Mr. Knitzer will be eligible to receive an annual base salary and cash and equity-based incentive compensation opportunities totaling in the aggregate at least $3,000,000, subject to the Compensation Committee's discretion to adjust base salaries, determine allocations between cash and equity compensation opportunities, establish performance and/or multi-year service criteria, and determine if and to the extent any incentive compensation is earned and payable based on the attainment of performance criteria and other terms and conditions established by the Compensation Committee, and further subject to the terms and conditions of the applicable Company incentive plan and related award agreements (including, if applicable under any such plan or award agreement, multi-year vesting).

The Company also provides Mr. Knitzer with benefits generally available to its other employees, including medical and retirement plans, in addition to the use of a cell phone and reasonable travel expenses, including reasonable expenses associated with Mr. Knitzer's travel to and from his residence to the Company's headquarters.

If Mr. Knitzer's employment is terminated by the Company without "cause" or by Mr. Knitzer as a result of "good reason" (each as defined in the Knitzer Agreement), Mr. Knitzer will be entitled to receive: (1) accrued but unpaid salary through his termination date; (2) two times his salary in effect on the termination date, payable over a period of 24 months following his termination date; (3) two times his "average bonus" (as defined in the Knitzer Agreement) determined as of the termination date, payable over a period of 24 months following his termination date; (4) the pro-rata portion of any bonus for the year in which termination occurs, to the extent earned, plus, if his termination occurs after year end but before the bonus for the preceding year is paid, the bonus for the preceding year; (5) reimbursement of COBRA premiums for continuation coverage under the Company's group medical plan for 24 months following his termination date, so long as he is not entitled to obtain insurance from a subsequent employer; (6) reasonable outplacement service expenses for 24 months following his termination date, which shall not exceed $25,000 per year; and (7) reimbursement of expenses incurred prior to termination.

If Mr. Knitzer's employment terminates due to his death or "disability" (as defined by the Knitzer Agreement), Mr. Knitzer, his designated beneficiary, or his estate, as applicable, 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 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 bonus for the preceding year is paid, the bonus for the preceding year. In addition, in the event Mr. Knitzer's employment is terminated due to disability, he is entitled to continued payment of (1) two times his salary in effect on the termination date, payable over a period of 24 months following his termination date, (2) two times his average bonus, payable over a period of 24 months following his termination date, and (3) reasonable outplacement service expenses for 24 months following his termination date, which shall not exceed $25,000 per year, with the amounts specified in (1)–(2) reduced by the amounts payable under any disability insurance, plan, or policy maintained by the Company.

If the Company terminates Mr. Knitzer's employment with "cause" or if Mr. Knitzer voluntarily terminates his employment, he is entitled only 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 bonus for the preceding year is paid, Mr. Knitzer is also entitled to payment of the bonus for the preceding year.

Mr. Knitzer is also subject to various restrictive covenants, and his entitlement to certain benefits is contingent upon his compliance with such covenants. Specifically, Mr. Knitzer is subject to a covenant not to disclose the Company's confidential information during his employment 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 "business services" through or from "loan sources" (each as defined in the Knitzer 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. Knitzer's covenant not to compete is limited to an area within twenty-five miles of any Company branch or other office.

In addition, Mr. Knitzer shall abide by any equity retention policy, compensation recovery policy, stock ownership guidelines, or other similar policies maintained by the Company.

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"). The Anderson Agreement provides for a three-year term.

Mr. Anderson is currently entitled to receive an annual base salary of $345,000, subject to annual review. For each calendar year during the employment term, Mr. Anderson is also eligible to earn an annual bonus award under our Annual Incentive Plan based upon the achievement of performance targets established by our Compensation Committee, with a target bonus equal to no less than

100% of his base salary. The Anderson Agreement entitled Mr. Anderson to receive certain equity compensation opportunities in the form of a non-qualified stock option award (awarded in 2014), a performance-contingent restricted stock unit award (awarded in 2015), and a cash-settled performance unit award (awarded in 2015). Commencing in 2016, Mr. Anderson has been eligible to participate in the Company's long-term incentive program at the sole discretion of the Compensation Committee and the Board. The Company also provides 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 and the use of a cell phone.

If Mr. Anderson's employment is terminated by the Company without "cause" or by Mr. Anderson as a result of "involuntary termination" (each as defined by the Anderson Agreement), 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.

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 dated as of December 12, 2012, as amended on October 1, 2014. Mr. Thomas is currently entitled to receive an annual base salary of $342,000, subject to annual review. In addition, Mr. Thomas is eligible to earn an annual bonus award under our Annual Incentive Plan based upon the achievement of performance targets established by our Compensation Committee, with a target bonus equal to no less than 100% of his base salary.

The letter agreement entitled Mr. Thomas to receive certain non-qualified stock option awards in 2013. 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 provides that Mr. Thomas will forego certain rights to additional annual stock option grants provided under the original letter agreement and will instead, consistent with the incentive compensation structure applicable to other executives, in 2014 be granted a combination of stock options, performance-contingent restricted stock units, and cash-settled performance units with an aggregate target value of 1.5 times his base salary. Commencing in 2015, Mr. Thomas has been eligible to participate in the Company's long-term incentive program at the sole discretion of the Compensation Committee and the Board.

The Company also provides Mr. Thomas with benefits generally available to its other employees, including medical and retirement plans, in addition to the use of a cell phone 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, also effective as of January 5, 2015. Mr. Taggart is currently entitled to receive an annual base salary of $318,000, subject to annual review. In addition, Mr. Taggart is eligible to earn an annual bonus award under our Annual Incentive Plan based upon the achievement of performance targets established by our Compensation Committee, with a target bonus equal to no less than 100% of his base salary.

Mr. Taggart's letter agreement entitled him to receive certain equity compensation opportunities in the form of a non-qualified stock option award, a performance-contingent restricted stock unit award, and a cash-settled performance unit award, all of which were awarded in 2015. Commencing in 2016, Mr. Taggart has been eligible to participate in the Company's long-term incentive program at the sole discretion of the Compensation Committee and the Board.

The Company also provides Mr. Taggart with benefits generally available to its other employees, including medical and retirement plans, in addition to the use of a cell phone. Mr. Taggart's employment is at-will.

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, dated as of December 12, 2012. Mr. Fisher is currently entitled to receive an annual base salary of $240,000, subject to annual review. In addition, Mr. Fisher is eligible to earn an annual bonus award under our Annual Incentive Plan based upon the achievement of performance targets established by our Compensation Committee, with a target bonus equal to no less than 25% of his base salary. Mr. Fisher is also eligible to participate in the Company's long-term incentive program at the sole discretion of the Compensation Committee and the Board. The Company also provides Mr. Fisher with benefits generally available to its other employees, including medical and retirement plans, in addition to the use of a cell phone. Mr. Fisher's employment is at-will.

Agreements with Former Executive Officer

Employment Agreement and Letter Agreement with Mr. Dunn

We entered into an employment agreement with Mr. Dunn, our former Chief Executive Officer, on January 12, 2015 (the "Dunn Employment Agreement"), pursuant to which Mr. Dunn served as our Chief Executive Officer. As described above, Mr. Dunn resigned as our Chief Executive Officer, effective as of August 1, 2016, and transitioned to the role of Executive Chairman of our Board (an employee position) as of the same date. Mr. Dunn's employment as Executive Chairman was governed by a letter agreement, dated June 14, 2016 and effective August 1, 2016 (the "Dunn Letter Agreement"). Mr. Dunn served in the Executive Chairman role through December 31, 2016, following which Mr. Dunn was no longer an employee of the Company (but remained a non-employee director on our Board).

Pursuant to the Dunn Employment Agreement, Mr. Dunn was entitled to receive an annual base salary of $520,000 in 2016. He was also eligible to earn an annual bonus award under our Annual Incentive Plan based upon the achievement of performance targets established by our Compensation Committee, with a target bonus equal to 100% of his base salary. For fiscal 2016, Mr. Dunn was eligible to receive one or more long-term incentive awards valued in the aggregate at $1,500,000, subject to the terms of our long-term incentive plan and applicable equity award agreements, at the discretion of the Board or Compensation Committee.

In addition, pursuant to the Dunn Employment Agreement, Mr. Dunn was 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 was to be 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 have established or otherwise deemed 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. The Company also provided Mr. Dunn with benefits generally available to its other employees, including medical and retirement plans, in addition to the use of a cell phone.

Under the Dunn Employment Agreement, Mr. Dunn is subject to a continuing covenant not to disclose the Company's confidential information, a continuing covenant not to compete for a period of two years following his termination of employment, a continuing covenant not to solicit competitive consumer finance loans through "loan sources" (as defined in the Dunn Employment Agreement) for a period of two years following his termination of employment, a continuing covenant not to solicit or hire Company employees for a period of two years following his termination of employment, and a non-disparagement covenant. Mr. Dunn's non-compete is limited to an area within twenty-five miles of any Company office.

Under the Dunn Letter Agreement, Mr. Dunn provided transition services to the Company, including by working with Mr. Knitzer on executive transition matters, and carried out other duties and responsibilities established by the Board and consistent with the position of Executive Chairman. Pursuant to the Dunn Letter Agreement, the Dunn Employment Agreement terminated, the rights and obligations under the Dunn Employment Agreement terminated, and Mr. Dunn agreed to waive and release any rights or claims related to the Dunn Employment Agreement, except as otherwise set forth in the Dunn Letter Agreement. While serving as Executive Chairman, the Company continued to provide Mr. Dunn with benefits generally available to its other employees. Mr. Dunn was paid a monthly salary of $100,000, remained eligible to earn an annual bonus award under our Annual Incentive Plan, and remained eligible to earn the Completion Bonus provided for under the Dunn Employment Agreement, subject to the discretion of the Compensation Committee and Mr. Dunn's continued employment with the Company through December 31, 2016.

In addition, pursuant to the Dunn Letter Agreement, the Company and Mr. Dunn agreed that for purposes of the Company's long-term incentive plans and the related non-qualified stock option agreements, Mr. Dunn's employment or service would be deemed to continue in effect as long as he was an employee of or in service to the Company, and any transition from employee to non-

employee director would not be deemed a termination under such long-term incentive plans or option agreements. However, for purposes of any performance-contingent restricted stock unit and cash-settled performance share/unit awards held by Mr. Dunn, such awards were eligible to continue to vest only while Mr. Dunn remained an employee of the Company.

Finally, the Dunn Letter Agreement provides that Mr. Dunn remains subject to the restrictive covenants contained in the Dunn Employment Agreement, except as otherwise set forth in the Dunn Letter Agreement. In addition, Mr. Dunn remains subject to any equity retention policy, compensation recovery policy, stock ownership guidelines, or other similar policies maintained by the Company.

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

The 2015 Plan is intended to encourage and enable selected employees, directors, and consultants of the Company and its affiliates to acquire or increase their holdings of our common stock and to provide other incentive awards in order to promote a closer identification of their interests with those of the Company and its stockholders. The plan provides flexibility to the Company 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 2015 Plan provides for the issuance of a maximum number of shares of common stock equal to 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 the 2015 Plan or a prior plan, which award is forfeited, canceled, terminated, expires, or lapses for any reason. The number of shares reserved for issuance under the 2015 Plan and the terms of awards may be adjusted in the event of an adjustment in the capital structure of the Company (due to, for example, a merger, recapitalization, stock split, stock dividend, or similar event). Awards may include 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.

We are proposing that our stockholders re-approve the 2015 Plan (as amended and restated effective April 27, 2017) to, among other things, increase the number of shares of stock that may be issued under the 2015 Plan. We believe that our long-term incentive compensation program, currently implemented under the 2015 Plan, allows us to compete with comparable companies in our industry in order to attract and retain talented individuals who contribute to our long-term success. We also believe that the 2015 Plan effectively provides substantial incentive to achieve our business objectives and build stockholder value, thereby aligning the interests of plan participants with the interests of our stockholders. Approval of the amended and restated 2015 Plan should provide us with the continued flexibility needed to use equity compensation and other incentive awards to attract, retain, and motivate talented employees, directors, and consultants who are important to our long-term growth and success.

Additional information regarding our 2015 Plan, including proposed amendments to the 2015 Plan, can be found below under the caption "Proposal Three: Re-Approval of the Regional Management Corp. 2015 Long-Term Incentive Plan (as amended and restated effective April 27, 2017)."

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 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 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 the Company to attract, retain, motivate, and reward selected officers and other employees of the Company 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 to 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 the Company. 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 the Company.

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 company compensation plans or programs.

PROPOSAL THREE

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RE-APPROVAL OF THE REGIONAL MANAGEMENT CORP. 2015 LONG-TERM INCENTIVE PLAN (AS AMENDED AND RESTATED EFFECTIVE APRIL 27, 2017)

General Information; Proposed Amendments

The Compensation Committee and the Board have approved the amendment and restatement of the Regional Management Corp. 2015 Long-Term Incentive Plan, subject to stockholder approval at the Annual Meeting. References in this proposal to the "2015 Plan" also refer to the 2015 Long-Term Incentive Plan, as proposed to be amended and restated effective April 27, 2017, unless the context indicates otherwise.

Stockholder approval of the amended and restated 2015 Plan is required, among other things, in order to comply with NYSE rules requiring stockholder approval of certain material amendments to equity compensation plans and certain tax regulations related to incentive stock options. Further, in connection with approval of the amended and restated 2015 Plan, we are seeking re-approval of certain plan terms for Code Section 162(m) purposes. Code Section 162(m) provides the Compensation Committee the ability to grant awards intended to qualify as "performance-based" compensation, thereby potentially preserving our corporate tax deduction for certain compensation under Code Section 162(m).

The material changes to the 2015 Plan, as proposed to be amended and restated, include:

- an increase in the number of shares of Common Stock that may be issued under the 2015 Plan from 350,000 shares to 1,550,000 shares (i.e. a proposal for the authorization of 1,200,000 additional or "new" shares), which will be in addition to those shares that were available for the grant of awards as of the 2015 Plan effective date (April 22, 2015) under any prior plan and any shares subject to an award granted under the 2015 Plan or a prior plan, which award is forfeited, cancelled, terminated, expires, or lapses without the issuance of shares or pursuant to which such shares are forfeited, and further subject to adjustment as described in the 2015 Plan;
- an increase in the maximum number of shares of Common Stock that may be issued under the 2015 Plan pursuant to the grant of incentive stock options from 350,000 to 1,550,000, subject to adjustment as described in the 2015 Plan;
- expanded coverage of the 2015 Plan minimum vesting requirements to apply to all participants (and not just employees) and to all types of awards (subject to certain exceptions as described herein);
- a new limitation on the size of awards that may be granted and the total amount of compensation that may be paid in any 12-month period to a non-employee director;
- a new requirement that dividends or dividend equivalent rights, if any, on unearned or unvested awards may not be paid (even if accrued) unless and until the underlying award (or portion of an award) has vested (currently this restriction applies only to performance-based awards); and
- modification of the 2015 Plan tax withholding provisions to permit withholding above the minimum statutory withholding levels so long as such withholding complies with applicable laws and accounting principles.

Approval of the amended and restated 2015 Plan will also include approval of the plan's performance factors, eligibility terms, and participant award limitations for purposes of Code Section 162(m), as discussed in this proposal under "Performance-Based Compensation – Code Section 162(m) Requirements" below. If the amended and restated 2015 Plan is not approved by our stockholders, the 2015 Plan in its current form will remain in effect, subject to Board authority to approve plan amendments in the future that do not require stockholder approval.

The discussion that follows is qualified in all respects by reference to the terms of the 2015 Plan, which is attached as Appendix A to this Proxy Statement. We will promptly provide, upon request and without charge, a copy of the full text of the 2015 Plan to each person to whom a copy of this Proxy Statement is delivered. Requests should be directed to our Corporate Secretary at 979 Batesville Road, Suite B, Greer, South Carolina 29651. An electronic copy of the 2015 Plan is also available free of charge as Appendix A to the electronic version of this Proxy Statement on the SEC's website at www.sec.gov, and a copy of the 2015 Plan, prior to its amendment and restatement, is accessible via the SEC's website at www.sec.gov as an exhibit to our Current Report on Form 8-K filed with the SEC on April 28, 2015. Stockholders should refer to the 2015 Plan for more complete and detailed information about the 2015 Plan.

The Board believes that our long-term incentive compensation program, currently implemented under the 2015 Plan, allows us to compete with comparable companies in our industry in order to attract and retain talented individuals who contribute to our long-term success. The Board also believes that the 2015 Plan effectively provides substantial incentive to achieve our business objectives and build stockholder value, thereby aligning the interests of plan participants with the interests of our stockholders. Approval of the amended and restated 2015 Plan should provide us with the continued flexibility we need to use equity compensation and other incentive awards to attract, retain, and motivate talented employees, directors, and consultants who are important to our long-term growth and success.

"Best Practices" Integrated Into Regional's Equity Compensation Program and the 2015 Plan

Our compensation practices include a number of features that the Board believes reflect responsible compensation and governance practices and promote the interests of stockholders, including the following:

- ✓ ***Limitation on Shares Issued.*** Assuming the approval of the 2015 Plan, as amended and restated, no more than 1,550,000 shares will be authorized for issuance under the 2015 Plan, plus any shares (i) remaining available for the grant of awards as of April 22, 2015 under the 2011 Stock Incentive Plan and the 2007 Management Incentive Plan (each a "Prior Plan") and/or (ii) subject to an award granted under the 2015 Plan or a Prior Plan that is forfeited (and further subject to adjustment for anti-dilution purposes). The 2015 Plan also imposes limitations on the amount of participant awards, which are not proposed to be increased. See "Description of 2015 Plan – Share Limitations" in this proposal below.

- ✓ ***No Discounted Stock Options or SARs and Limit on Option and SAR Terms.*** Under the 2015 Plan, stock options and stock appreciation rights, or SARs, must have an exercise price or base price, as applicable, equal to or greater than the fair market value of our common stock on the date of grant. In addition, the term of an option or SAR is limited to 10 years.

- ✓ ***No "Evergreen" Provision.*** The 2015 Plan requires stockholder approval of any additional authorization of shares (other than adjustments for anti-dilution purposes), rather than permitting an annual "replenishment" of shares under a plan "evergreen" provision.

- ✓ ***Conservative Share Counting Provisions.*** The 2015 Plan imposes conservative counting and share recycling provisions discussed in more detail in this proposal under "Description of 2015 Plan – Share Limitations." For instance, shares tendered or withheld to satisfy tax withholding requirements, in payment of an award's exercise price, or in connection with net settlement will not be added back for reuse under the 2015 Plan, nor will any shares repurchased on the open market with the proceeds of an option price.

- ✓ ***No Stock Option or SAR Re-Pricings.*** The 2015 Plan prohibits the re-pricing of stock options or SARs without the approval of stockholders. This 2015 Plan provision applies to (i) direct re-pricings (lowering the exercise price of an option or the base price of a SAR), (ii) indirect re-pricings (exchanging an outstanding option or SAR that is underwater in exchange for cash, for options or SARs with an option price or base price less than that applicable to the original option or SAR, or for another equity award), and (iii) any other action that would be treated as a re-pricing under applicable stock exchange rules (subject to anti-dilution adjustments).

- ✓ ***Robust Minimum Vesting and Award Practices.*** The 2015 Plan generally imposes minimum vesting periods of one year. As proposed to be amended, the 2015 Plan generally would impose such minimum vesting requirements on all types of awards granted to all participants (rather than just employees, as is the case under the current 2015 Plan), subject to certain exceptions. Beginning in 2014, Regional has granted employees performance-contingent restricted stock units, cash-settled performance units, service-based restricted stock awards, and service-based stock options, each with vesting periods generally ranging from eighteen months to three years.

- ✓ ***Prudent Change of Control Provisions.*** The 2015 Plan includes prudent change of control triggers, such as requiring a change in beneficial ownership of more than 50% of our voting stock, consummation (rather than stockholder approval) of a significant merger or other transaction, or a change in a majority of our Board within a 12-month period in order for a change of control to be deemed to have occurred. In addition, the 2015 Plan generally provides that awards will vest upon a change of control only if (i) awards are not assumed, substituted, or continued, or (ii) even if such awards are assumed, substituted, or continued, a participant's employment is terminated by Regional without cause or by the participant for good reason within specified time periods prior to or following the change of control.

- ✓ ***Forfeiture and Recoupment Policies.*** The 2015 Plan authorizes the Compensation Committee or the Board 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 be subject to any compensation recovery policy or similar policies that may apply to the participant or be imposed under applicable laws. Regional maintains a compensation recoupment policy administered by the Compensation Committee that generally applies to our executive officers, the corporate controller, and such other officers or employees as may be determined from time to time by the Compensation Committee. The recoupment policy provides for recovery of certain incentive compensation paid to a covered person in the event that he or she was awarded incentive compensation based on financial results that are subsequently re-stated due to the misconduct of such person, such person breaches certain restrictive covenants applicable to him or her, or such recovery is otherwise required by applicable laws, rules, or regulations.

- ✓ ***Stock Ownership Guidelines/Equity Retention Policy.*** Regional's executive officers, other selected officers and employees, and members of the Board are subject to minimum stock ownership and stock retention requirements pursuant to Regional's Stock Ownership and Retention Policy.

- ✓ ***Administered by Independent Committee*****.** The 2015 Plan is administered by the Compensation Committee. All members of the Compensation Committee qualify as "independent directors" under NYSE listing standards, "non-employee directors" under Rule 16b-3 adopted under the Exchange Act, and "outside directors" under Code Section 162(m).
- ✓ ***No Dividends or Dividend Equivalents on Unvested Awards*****.** Under the amended and restated 2015 Plan, dividends and dividend equivalents, if any, on awards issued under the 2015 Plan may only be paid if and to the extent the award (or portion thereof) has vested or been earned. This requirement applies only to performance-based awards under the current 2015 Plan.
- ✓ ***Efficient Use of Equity*****.** We are committed to the efficient use of equity awards and are mindful of ensuring that our equity compensation program does not overly dilute our existing stockholders.
- ✓ ***Prohibition Against Hedging and Pledging*****.** Our Code of Business Conduct and Ethics prohibits directors, officers, and employees from engaging in activities designed to (i) profit from trading (versus investing) activity or (ii) profit from or hedge against decreases in the value of Regional securities. As noted above, we also maintain a stock ownership and retention policy, which prohibits the pledging of any shares subject to the retention requirements thereunder.
- ✓ ***Reasonable Plan Duration.*** If stockholders approve the 2015 Plan, as amended and restated, we currently anticipate that the shares available under the 2015 Plan will meet our expected needs for the next three to four years. This assumption is based upon our historical grant practices. However, future circumstances and business needs may dictate a different result, and the Compensation Committee retains the discretion to change its grant practices subject to the limits set forth in the 2015 Plan. By its terms, no awards may be granted under the 2015 Plan after April 21, 2025.

Key Data Regarding Share Usage Under Regional's Long-Term Incentive Plans

Outstanding Awards and Share Reserve

The following table includes information regarding outstanding equity awards and shares available for future awards under Regional's long-term incentive plans as of March 21, 2017 (determined based upon the maximum number of shares that may be delivered pursuant to outstanding performance-contingent equity awards). The Company granted long-term incentive awards to its executive officers and certain other key contributors in March 2017, and those awards are included in the data below. The Company anticipates making further grants of long-term incentive awards to directors and certain other employees in April 2017. As of March 21, 2017, there were a total of 11,623,711 shares of our common stock outstanding. The closing price per share of our common stock on the New York Stock Exchange as of March 21, 2017, was $19.02.

Name of Equity Plan	Total Shares Underlying Outstanding Stock Options (#)	Weighted Average Exercise Price of Outstanding Stock Options ($)	Weighted Average Remaining Contractual Life of Outstanding Stock Options (Years)	Total Shares Underlying Outstanding Unvested, Performance-Contingent Restricted Stock Units (#)[3]	Total Shares Underlying Outstanding Unvested, Time-Based Restricted Stock Awards (#)[4]	Total Shares Currently Available for Grant (#)
2007 Management Incentive Plan[1]	—	—	—	—	—	—
2011 Stock Incentive Plan[2]	376,246	17.54	6.53	—	—	—
2015 Long Term Incentive Plan	611,056	17.11	8.93	326,076	85,624	166,898
Totals:	**987,302**	**17.28**	**8.02**	**326,076**	**85,624**	**166,898**

(1) Regional Management Corp. 2007 Management Incentive Plan, as amended. On April 22, 2015, the Company's stockholders approved 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. The last remaining options outstanding under the 2007 Plan were exercised in January 2017.

(2) Regional Management Corp. 2011 Stock Incentive Plan, as amended. 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) Share amounts are determined based upon the maximum number of shares that may be delivered pursuant to these performance-based awards.

(4) These shares are included in the Company's outstanding share count. Of the 85,624 shares set forth in the table above, 45,081 shares were granted following the achievement of performance objectives set forth in an underlying performance-based award.

Historical Annual Share Usage

The following table provides, for each of the past three fiscal years, detail regarding (i) full-value, performance-based equity awards granted, vested, and forfeited; (ii) full-value, time-based equity awards granted, vested, and forfeited; and (iii) appreciation awards (non-qualified stock options) granted, vested, and forfeited. The table provides aggregate share totals for all such awards from all plans to all plan participants (including, but not limited to, our executive officers). For performance awards that include a time-vesting period following the performance period, the shares will be counted as vested at the end of the time-vesting period. Although this disclosure is not required under applicable disclosure rules, we are providing the disclosure to assist our stockholders and other interested parties in accurately calculating our equity compensation plan burn rate and overhang.

	Shares Underlying Full-Value, Performance-Based Equity Awards (#)[1]	Shares Underlying Full-Value, Time-Based Equity Awards (#)[2]	Shares Underlying Option Awards (#)[3]
Non-Vested as of December 31, 2013[4]	—	—	865,938
Granted in 2014	85,789	72,912	155,201
Vested in 2014	—	12,589	155,299
Forfeited in 2014	32,656	—	79,601
Non-Vested as of December 31, 2014	53,133	60,323	786,239
Granted in 2015	142,997	120,194	309,635
Vested in 2015	—	144,924	141,980
Forfeited in 2015	10,856	12,219	16,608
Non-Vested as of December 31, 2015	185,544	23,374	937,286
Granted in 2016	205,757	36,488	328,857
Vested in 2016	—	20,857	267,155
Forfeited in 2016	49,321	—	3,854
Non-Vested as of December 31, 2016	341,980	39,005	995,134

(1) The shares reflected in this column are subject to (i) performance-contingent restricted stock units, or (ii) awards granted pursuant to our key team member incentive program (which may be settled in shares pursuant to the 2015 Plan). The number of shares represents the maximum number of shares that the participants may earn under the associated performance-based award agreements.

For information regarding the terms, conditions, and vesting requirements of the performance-contingent restricted stock units, see "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Awards" above. Under our key team member incentive program, each participant is eligible to earn restricted stock, subject to the achievement of performance goals over a one-year period. If earned, the restricted stock is issued following the one-year performance period and vests ratably over a subsequent two-year period (subject to continued employment or as otherwise provided in the underlying award agreement). Restricted shares earned under the key team member incentive program will be reflected as vested in the table above following the end of the time-vesting period. No executive officer participates in the key team member incentive program.

(2) The shares reflected in this column were made in the form of restricted stock. At the time of the restricted stock award, the associated shares were added to and included in the Company's total number of outstanding shares. Time-based restricted stock awards granted following the achievement of performance objectives under our key team member incentive program will be included in the "Shares Underlying Full-Value, Performance-Based Equity Awards" column.

(3) The shares reflected in this column were made in the form of non-qualified stock options.

(4) Prior to 2014, we had not made any grants of performance-based equity awards to plan participants. As a result, as of that date, no performance-based equity awards were outstanding. In addition, as of December 31, 2013, there were no unvested full-value, time-based equity awards outstanding.

Burn Rate. Burn rate provides a measure of the potential dilutive impact of our annual equity award program. Our burn rate for fiscal 2016 was 3.40%. Following the ISS methodology, our three-year average burn rate is 3.35%, which is well below our applicable ISS burn rate cap of 8.35%.

Overhang. Our overhang (a measure of shares subject to stock-based awards outstanding or reserved for future grants as a percentage of shares outstanding) as of March 21, 2017, was 11.30%. This percentage is in the 54th percentile of our 2016 peer group. If the additional 1,200,000 shares proposed to be authorized for grant under the 2015 Plan are included in the calculation, our overhang would be 18.74%, which is in the 85th percentile of our 2016 peer group.

Description of 2015 Plan

Share Limitations

As proposed to be amended, 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) 1,550,000 shares (currently 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 the 2015 Plan or a Prior Plan, which award is forfeited, canceled, terminated, expires, or lapses for any reason without the issuance of shares or pursuant to which such shares are forfeited. The maximum aggregate number of shares of common stock that may be issued under the 2015 Plan pursuant to the grant of incentive options is proposed to be increased by the proposed plan amendments from 350,000 shares to 1,550,000 shares.

As of the 2015 Plan effective date (April 22, 2015), the maximum aggregate number of shares available under the Prior Plans was 572,061 shares (124,271 shares under the 2011 Plan and 447,790 shares under the 2007 Plan). For information regarding the aggregate number of shares subject to unvested outstanding full-value awards and options, the weighted average exercise price of options, and the weighted average remaining term of options, each as of March 21, 2017, see "Key Data Regarding Share Usage Under Regional's Long-Term Incentive Plans – Outstanding Awards and Share Reserve," above.

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 common stock on the grant date 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. These limitations are not proposed to be increased. In addition, under the amended and restated 2015 Plan, the maximum number of shares of common stock subject to awards granted during any 12-month period to a non-employee director, taken together with any cash fees paid during such 12-month period to such non-employee director in respect of Board service, may not exceed $600,000 in total value (calculating the value of any such awards based on the fair market value per share of common stock on the grant date of the award).

The following are not included in calculating the 2015 Plan share limitations described above: (i) shares subject to an award, or any portion thereof, that is canceled, terminates, expires, is forfeited, or lapses for any reason; (ii) awards settled in cash; (iii) dividends, including dividends paid in shares; and (iv) any shares subject to an award other than an option or SAR that are not issued for any reason, including by reason of failure to achieve maximum performance factors or criteria. The following shares of common stock may not again be made available for issuance as awards under the 2015 Plan: (i) shares withheld from an award or delivered by a participant to satisfy tax withholding requirements for awards; (ii) shares not issued or delivered as a result of the net settlement of an outstanding award; (iii) shares withheld or delivered to pay the exercise price related to an outstanding award; and (iv) shares repurchased on the open market with the proceeds of an option price. In addition, (i) shares issued under the 2015 Plan through the settlement, assumption, or substitution of outstanding awards granted by another entity or obligations to grant future awards as a condition of or in connection with a merger, acquisition, or similar transaction involving Regional acquiring another entity will not reduce the maximum number of shares available for delivery under the 2015 Plan, and (ii) available shares under a stockholder approved plan of an acquired company (as appropriately adjusted to reflect the transaction) may be used for awards under the 2015 Plan and will not reduce the maximum number of shares available under the 2015 Plan, subject to applicable stock exchange listing requirements.

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 dividend, stock split, or similar event). On March 21, 2017, the closing sales price of the common stock as reported on NYSE was $19.02 per share.

Purpose 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 to provide other incentive awards in order to promote a closer identification of their interests with those of Regional and our stockholders. The 2015 Plan provides 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. If the amendment and restatement of the 2015 Plan is approved by the stockholders, such amendment and restatement will be effective April 27, 2017. Awards can be granted under the 2015 Plan until April 21, 2025 or the 2015 Plan's earlier termination by the Board. Awards may be granted to selected employees, directors, and consultants of Regional or our affiliates in the discretion of the Administrator (as defined in this proposal below under "Description of 2015 Plan – Administration; Amendment and Termination"). As of March 20, 2017, approximately 1,380 employees, six non-employee directors, and certain of the Company's consultants (who have not yet been identified) were eligible to be selected to participate in the 2015 Plan. However, we expect that awards will be made to up to approximately 50 employees annually, including approximately five executive officers of the Company, and the non-employee directors of the Company.

The 2015 Plan's purpose will be carried out by the granting of awards to selected participants. The types of awards authorized under the 2015 Plan include: options in the form of incentive options and/or non-qualified options; SARs in the form of freestanding SARs and/or related SARs; restricted awards in the form of restricted stock awards and/or restricted stock units; performance awards

in the form of performance shares and/or performance units; phantom stock awards; other stock-based awards; and/or dividend equivalent awards. We discuss the material terms of each type of award below.

Administration; Amendment and Termination

The Compensation Committee administers the 2015 Plan pursuant to Board delegation and subject to Board oversight. Each member of the Compensation Committee is 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, including selection of individuals to be granted awards, the types of awards, the number of shares of common stock, if any, subject to an award, and all terms, conditions, restrictions, and limitations of an award; (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. In certain circumstances, the Board may expressly delegate to one or more officers of Regional or a special committee consisting of one or more directors who are also officers of Regional the authority, within specified parameters, to grant awards, and to make other determinations under the 2015 Plan with respect to such awards, to persons who are not directors or officers subject to Section 16 under the Exchange Act or covered employees under Code Section 162(m).

Under the amended and restated 2015 Plan, if approved by our stockholders, all awards granted to participants (as opposed to only employees) will be subject to a minimum vesting (or earning) period of one year (which may include installment vesting within such one year period as determined by the Administrator). Notwithstanding the foregoing, the Administrator may provide for (i) acceleration of vesting of all or a portion of an award in the event of the participant's death, disability, retirement, or qualifying termination or, in certain circumstances, upon a change of control of Regional; (ii) the grant of an award without a minimum vesting period or acceleration of the vesting of all or a portion of an award for any reason, but only with respect to awards for no more than an aggregate of 5% of the total number of authorized shares under the 2015 Plan; and (iii) the grant of (A) awards to participants that have different vesting terms in the case of awards that are substituted for other equity awards in connection with mergers or similar transactions, (B) awards as an inducement to be employed by Regional or its affiliates or to replace forfeited awards from a former employer, or (C) awards in exchange for foregone cash compensation. In addition, under the amended and restated 2015 Plan, non-employee directors would also be subject to a minimum vesting period commencing with the date on which such non-employee director is elected or appointed to the Board and ending on the earlier of the one year anniversary of the grant date of the award or the date of the next annual meeting following such non-employee director's election or appointment to the Board.

The Administrator has discretion to reduce or eliminate the amount of an award granted to any participant, including an award otherwise earned and payable pursuant to the terms of 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 written consent. In addition, stockholder approval is required to (i) amend the terms of outstanding options or SARs to reduce the option price or base price of such outstanding options or SARs; (ii) exchange outstanding options or SARs for cash, for options or SARs with an option price or base price that is less than the option price or base price of the original option or SAR, or for other equity awards at a time when the original option or SAR has an option price or base price, as the case may be, above the fair market value of the common stock; or (iii) take other action with respect to options or SARs that would be treated as a re-pricing 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 are necessary or appropriate to comply with applicable laws, rules, or regulations.

Types of Awards

Other than (i) minor technical amendments, including amendments to reflect proposed changes to tax withholding and minimum vesting terms, and (ii) the proposed changes to dividends and dividend equivalents highlighted below, no amendments are proposed to the types of awards under the 2015 Plan. A summary of the material terms of the types of awards authorized under the 2015 Plan is provided below.

Options. The 2015 Plan authorizes the grant of both incentive options and non-qualified options, both of which are exercisable for shares of our common stock, although incentive options may only be granted to our employees. The Administrator will determine the option price at which a participant may exercise an option. The option price must be no less than 100% of the fair market value per share of our common stock on the grant date, or 110% of the fair market value with respect to incentive options granted to an employee who

owns stock representing more than 10% of the total combined voting power of all classes of our stock or stock of our parent or subsidiary corporation, if any (except for certain options assumed or substituted in a merger or other transaction where the option price is adjusted in accordance with applicable tax regulations). 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 of written notice of exercise to Regional and delivery to a broker of written notice of exercise and 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 and which are acceptable under applicable law; or (v) any combination of these methods. The Administrator will determine the term and conditions of an option and the period or periods during which, and conditions pursuant to which, a participant may exercise an option. The option term generally may not exceed 10 years, or five years with respect to incentive options granted to an employee who possesses more than 10% of the total combined voting power of all classes of our stock or stock of our parent or subsidiary corporation, if any. Options are generally subject to certain restrictions on exercise if the participant terminates employment or service unless an award agreement provides otherwise.

Stock Appreciation Rights. Under the terms of the 2015 Plan, SARs may be granted to the holder of an option (a "related option") with respect to all or a portion of the shares of common stock subject to the related option (a "related SAR") or may be granted separately (a "freestanding SAR"). The consideration to be received by the holder of a SAR may be paid in cash, shares of common stock (valued at fair market value on the date of the SAR exercise), or a combination of cash and shares of common stock, as determined by the Administrator. The holder of a SAR is entitled to receive from us, for each share of common stock with respect to which the SAR is being exercised, consideration equal in value to the excess, if any, of the fair market value of a share of common stock on the date of exercise over the base price per share of such SAR. The base price may be no less than 100% of the fair market value per share of our common stock on the date the SAR is granted (except for certain SARs assumed or substituted in a merger or other transaction where the base price is adjusted in accordance with applicable tax regulations).

SARs are exercisable according to the terms established by the Administrator and stated in the applicable award agreement. Upon the exercise of a related SAR, the related option is deemed to be canceled to the extent of the number of shares of common stock for which the related SAR is exercised. Likewise, a related SAR will be canceled to the extent of the number of shares as to which a related option is exercised or surrendered. A SAR may not be exercised more than 10 years after it was granted, or such shorter period as may apply to related options in the case of related SARs. The Administrator will determine the extent, if any, to which a participant may exercise a SAR following termination of employment or service, which rights, if any, will be stated in an award agreement.

Restricted Awards. Under the terms of the 2015 Plan, the Administrator may grant restricted awards to participants for such numbers, upon such terms, and at such times as the Administrator determines. Restricted awards may be in the form of restricted stock awards and/or restricted stock units that are subject to certain conditions, which conditions must be met in order for such award to vest and be earned, in whole or in part, and to no longer be subject to forfeiture. Restricted stock awards are payable in shares of common stock. Restricted stock units may be payable in cash or shares of common stock, or partly in cash and partly in shares of common stock, in accordance with the terms of the 2015 Plan and the discretion of the Administrator.

The Administrator will determine the restriction period for each restricted award and will determine the conditions that must be met in order for a restricted award to be granted or to vest or be earned (in whole or in part). These conditions may include (but are not limited to) payment of a stipulated purchase price, attainment of performance objectives, continued service or employment for a certain period of time (or a combination of attainment of performance objectives and continued service), retirement, disability, death, or any combination of conditions. In the case of restricted awards based upon performance factors or criteria, or a combination of performance factors or criteria and continued service, the Administrator will determine the performance factors or criteria to be used in valuing restricted awards, and these performance measures may vary from participant to participant and between groups of participants and will be based upon such corporate, business unit or division, and/or individual performance factors or criteria as the Administrator determines. However, with respect to restricted awards payable to "covered employees" (generally the chief executive officer or one of the three other highest compensated executive officers other than the chief financial officer) that are intended to qualify as performance-based compensation under Code Section 162(m), to the extent required under Code Section 162(m), the performance measures must be objective and are limited to one or more of the performance factors or criteria described in this proposal below under "Performance-Based Compensation – Code Section 162(m) Requirements". In addition, with respect to compensation that is not intended to qualify for the performance-based compensation exception under Code Section 162(m), the Administrator may apply other performance factors and criteria, which may or may not be objective. The Administrator has authority to determine whether and to what degree restricted awards have vested and been earned and are payable, as well as to establish and interpret the terms and conditions of restricted awards. If a participant's employment or service is terminated for any reason and all or any part of a restricted award has not vested or been earned pursuant to the terms of the 2015 Plan and the individual award agreement, the award will be forfeited, unless an award agreement or the Administrator provides otherwise.

Performance Awards. Under the terms of the 2015 Plan, the Administrator may grant performance awards to participants upon such terms and conditions and at such times as the Administrator determines. Performance awards may be in the form of performance

shares and/or performance units. An award of a performance share is a grant of a right to receive shares of common stock or the cash value thereof (or a combination of both) that is contingent upon the achievement of performance or other objectives during a specified period and that has a value on the date of grant equal to the fair market value (as determined in accordance with the 2015 Plan) of a share of common stock. An award of a performance unit is a grant in an amount determined by the Administrator that gives the holder the opportunity to receive shares of common stock, a cash payment, or a combination of common stock and cash (as determined by the Administrator), which is contingent upon the achievement of performance or other objectives during a specified period and which has an initial value determined in a dollar amount established by the Administrator at the time of grant.

The Administrator will determine the performance period for each performance award and will determine the conditions that must be met in order for a performance award to be granted or to vest or be earned (in whole or in part). These conditions may include (but are not limited to) payment of a stipulated purchase price, attainment of performance objectives, continued service or employment for a certain period of time, or a combination of such conditions. In the case of performance awards based upon specified performance objectives, the Administrator will determine the performance factors or criteria to be used in valuing performance awards, and these performance factors or criteria may vary from participant to participant and between groups of participants and will be based upon such corporate, business unit or division, and/or individual performance factors or criteria as the Administrator determines. However, with respect to performance awards payable to covered employees that are intended to qualify as performance-based compensation under Code Section 162(m), to the extent required under Code Section 162(m), the performance factors or criteria are limited to one or more of the performance factors or criteria described in this proposal below under "Performance-Based Compensation – Code Section 162(m) Requirements". In addition, with respect to compensation that is not intended to qualify for the performance-based compensation exception under Code Section 162(m), the Administrator may apply other performance factors and criteria, which may or may not be objective. The Administrator has authority to determine whether and to what degree performance awards have been earned and are payable, as well as to interpret the terms and conditions of performance awards. If a participant's employment or service is terminated for any reason and all or any part of a performance award has not been earned pursuant to the terms of the 2015 Plan and the individual award agreement, the award will be forfeited, unless an award agreement or the Administrator provides otherwise.

Phantom Stock Awards. Under the terms of the 2015 Plan, the Administrator may grant phantom stock awards to participants in such numbers, upon such terms and conditions, and at such times as the Administrator may determine. An award of phantom stock is an award of a number of hypothetical share units with respect to shares of our common stock, with a value based on the fair market value of a share of common stock.

Subject to the terms of the 2015 Plan, the Administrator has authority to determine whether and to what degree phantom stock awards have vested and are payable and to interpret the terms and conditions of phantom stock awards. Upon vesting of all or part of a phantom stock award and satisfaction of other terms and conditions that the Administrator establishes, the holder of a phantom stock award will be entitled to a payment of an amount equal to the fair market value of one share of our common stock with respect to each such phantom stock unit that has vested and is payable. We may make payment in cash, shares of common stock, or a combination of cash and stock, as determined by the Administrator. If a participant's employment or service is terminated for any reason and all or any part of a phantom stock award has not vested and become payable pursuant to the terms of the 2015 Plan and the individual award agreement, the participant will forfeit the award unless an award agreement or the Administrator provides otherwise.

Other Stock-Based Awards. The Administrator may grant other stock-based awards, which may be valued in whole or in part by reference to, or otherwise based on or related to, shares of common stock or awards for shares of common stock. Such other stock-based awards include, but are not limited to, awards granted in lieu of bonus, salary, or other compensation, awards granted with vesting or performance conditions, and/or, subject to the terms of the 2015 Plan (as amended and restated), awards granted without being subject to vesting or performance conditions. Subject to the provisions of the 2015 Plan, the Administrator will determine the number of shares of common stock to be awarded to a participant under (or otherwise related to) such other stock-based awards, whether such awards may be settled in cash or shares of common stock (or a combination of both), and the other terms and conditions of such awards.

Dividends and Dividend Equivalents. The Administrator may provide that awards (other than options and SARs) earn dividends or dividend equivalent rights. Under the amended and restated 2015 Plan, dividends and dividend equivalent rights (whether paid in cash or shares of common stock), if any, on unearned or unvested awards may not be paid (even if accrued) unless and until the underlying award (or portion thereof) has vested and/or been earned. Under the current 2015 Plan, this restriction applies only to performance-based awards. Any dividends or dividend equivalent rights related to an award will be structured with the intent so as to avoid causing the award and related dividends or dividend equivalent rights to be subject to Code Section 409A or will otherwise be structured with the intent that the award and dividends and dividend equivalent rights are in compliance with Code Section 409A.

Change of Control

Under the terms of the 2015 Plan, the following provisions will apply in the event of a change of control (except to the extent otherwise required under Code Section 409A):

- To the extent that the successor or surviving company in the change of control event does not assume or substitute for an award (or in which Regional is the ultimate parent corporation and does not continue the award) on substantially similar terms or with substantially equivalent economic benefits as awards outstanding under the 2015 Plan (as determined by the

Administrator), (i) all outstanding options and SARs will become fully vested and exercisable, whether or not then otherwise vested and exercisable; and (ii) any restrictions, including but not limited to the restriction period, performance period, and/or performance factors or criteria, 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 grant of the applicable 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, pursuant to the proposed terms of the amended and restated 2015 Plan, in the event that an award is substituted, assumed, or continued, the award will become vested (and, in the case of options and SARs, exercisable) in full and any restrictions, including but not limited to the restriction period, performance period, and/or performance factors or criteria, 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 (in which case vesting will not occur until the effective date of the change of control) or one year after the effective date of a change of control if such termination of employment or service (i) is by Regional not for cause or (ii) is by the participant for good reason. Currently under the 2015 Plan, a participant's employment, change in control, consulting, or other similar agreement, if applicable, may vary the time period following termination of employment or service in which termination by Regional not for cause or by the participant for good reason will result in vesting of the award, although this provision is proposed to be removed under the amended and restated 2015 Plan.

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. Non-qualified 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

As noted above, 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 Recoupment Policy and Stock Ownership and Retention Policy and/or other similar policies that may apply to the participant or be imposed under applicable laws.

Performance-Based Compensation – Code Section 162(m) Requirements

The 2015 Plan is intended to comply with the requirements imposed by Code Section 162(m) and related regulations in order to position us to preserve, to the extent practicable, Regional's federal income tax deduction for awards made under the 2015 Plan to "covered employees" (generally, the chief executive officer and the three other highest compensated executive officers other than the chief financial officer). 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.

In addition to other requirements for the performance-based compensation exception under Code Section 162(m) to apply, stockholders must be advised of, and must approve, the material terms (or changes in material terms) of the performance goals under which compensation is to be paid. Stockholder re-approval is required every five years or sooner under certain circumstances. Although the 2015 Plan is intended to comply with the Code Section 162(m) performance-based compensation exception to the extent practicable, Regional cannot guarantee the tax treatment under Code Section 162(m).

In an attempt to preserve, to the extent practicable, Regional's potential ability to deduct compensation payable under the 2015 Plan to covered employees that is intended to satisfy the performance-based compensation exception, we are proposing that stockholders approve the 2015 Plan, as amended and restated. The material terms subject to stockholder approval include the following, which are not proposed to be modified: (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 that may be paid to an employee during a specified period or the formula used to calculate the amount of compensation to be paid if the performance goal is met. The eligibility and participant award limitations are described in this proposal above under "Description of 2015 Plan – Purpose and Eligibility; Term" and "Description of 2015 Plan – Share Limitations."

With respect to awards payable to covered employees that are intended to qualify for the performance-based compensation exception under Code Section 162(m), to the extent required under Code Section 162(m), the performance criteria will be 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.

The Administrator may modify performance criteria or terms of awards due to extraordinary item or developments, or in recognition of any other unusual or infrequent events affecting Regional or the financial statements of Regional, or in response to changes in applicable law, accounting principles or business conditions. These include adjustments to reflect the following, subject to plan terms: (i) asset write-downs or impairment charges; (ii) significant litigation or claim judgments or settlements; (iii) the effect of changes in tax laws, accounting standards or principles or other laws or regulatory rules; (iv) any reorganization and restructuring programs; (v) extraordinary nonrecurring items as described in then-current accounting principles; (vi) extraordinary nonrecurring items as described in management's discussion and analysis of financial condition and results of operations appearing in the Regional's annual report to stockholders; (vii) acquisitions or divestitures; (viii) a change in the Regional's fiscal year; (ix) any other specific unusual or infrequent events or objectively determinable category thereof; and/or (x) foreign exchange gains and losses.

Certain U.S. Federal Income Tax Consequences

The following summary generally describes the principal U.S. federal (and not foreign, state, or local) income tax consequences of awards granted under the 2015 Plan as of the date of this Proxy Statement. The summary is general in nature and is not intended to cover all tax consequences that may apply to a particular employee or to Regional. The provisions of the Code and related regulations concerning these matters are complicated and their impact in any one case may depend upon the particular circumstances.

Incentive Options. Incentive options granted under the 2015 Plan are intended to qualify as incentive stock options under Code Section 422. Pursuant to Code Section 422, the grant and exercise of an incentive option generally will not result in taxable income to the participant (with the possible exception of alternative minimum tax liability) if the participant does not dispose of shares received upon exercise of such option less than one year after the date of exercise and two years after the date of grant, and if the participant has continuously been our employee from the date of grant to three months before the date of exercise (or 12 months in the event of death or disability). However, the excess of the fair market value of the shares received upon exercise of the incentive option over the option price for such shares generally will constitute an item of adjustment in computing the participant's alternative minimum taxable income for the year of exercise. Thus, certain participants may increase their federal income tax liability as a result of the exercise of an incentive option under the alternative minimum tax rules of the Code.

We generally will not be entitled to a deduction for income tax purposes in connection with the exercise of an incentive option. Upon the disposition of shares acquired upon exercise of an incentive option, the participant will be taxed on the amount by which the amount realized upon such disposition exceeds the option price, and such amount will be treated as capital gain or loss.

If the holding period requirements for incentive option treatment described above are not met, the participant will be taxed as if he or she received compensation in the year of the disposition. The participant must treat gain realized in the premature disposition as ordinary income to the extent of the lesser of: (i) the fair market value of the stock on the date of exercise minus the option price or (ii) the amount realized on disposition of the stock minus the option price. Any gain in excess of these amounts may be treated as capital gain. We generally will be entitled to a corresponding income tax deduction to the extent that the amount represents reasonable compensation and an ordinary and necessary business expense, subject to any required income tax reporting.

Pursuant to the Code and the terms of the 2015 Plan, in no event can there first become exercisable by a participant in any one calendar year incentive options granted by Regional with respect to shares having an aggregate fair market value (determined at the time an option is granted) greater than $100,000. To the extent an incentive option granted under the 2015 Plan exceeds this limitation, it will be treated as a non-qualified option. In addition, no incentive option may be granted to an individual who owns, immediately before the time that the option is granted, stock possessing more than 10% of the total combined voting power of all classes of stock of Regional, unless the option price is equal to or exceeds 110% of the fair market value of the stock and the option period does not exceed five years.

Non-Qualified Options. The grant of a non-qualified option should not result in taxable income to a participant or a tax deduction to Regional. The difference between the fair market value of the stock on the date of exercise and the option price will constitute taxable ordinary income to the participant on the date of exercise. We generally will be entitled to a corresponding income tax

deduction to the extent that the amount represents reasonable compensation and an ordinary and necessary business expense, subject to any required income tax reporting. The participant's basis in shares of common stock acquired upon exercise of an option will equal the option price plus the amount of income taxable at the time of exercise. Any subsequent disposition of the stock by the participant will be taxed as a capital gain or loss to the participant, and will be long-term capital gain or loss if the participant has held the stock for more than one year at the time of sale.

Stock Appreciation Rights. For federal income tax purposes, the grant of a SAR should not result in taxable income to a participant or a tax deduction to Regional. Upon exercise, the amount of cash and fair market value of shares received by the participant, less cash or other consideration paid (if any), is taxed to the participant as ordinary income, and Regional will generally be entitled to a corresponding income tax deduction to the extent the amount represents reasonable compensation and an ordinary and necessary business expense, subject to any required income tax reporting.

Restricted Stock Awards. The grant of a restricted stock award will not result in taxable income to the participant or a tax deduction to Regional for federal income tax purposes, unless the restrictions on the stock do not present a substantial risk of forfeiture or the award is transferable, as defined under Code Section 83. In the year that the restricted stock is no longer subject to a substantial risk of forfeiture, or the award is transferable, the fair market value of such shares at such date and any cash amount awarded, less cash or other consideration paid (if any), will be included in the participant's ordinary income as compensation, except that, in the case of restricted stock issued at the beginning of the restriction period, the participant may elect to include in his or her ordinary income as compensation at the time the restricted stock is awarded, the fair market value of such shares at such time, less any amount paid for the shares. We generally will be entitled to a corresponding income tax deduction to the extent that the amount represents reasonable compensation and an ordinary and necessary business expense, subject to any required income tax reporting.

Restricted Stock Units, Performance Awards, Phantom Stock Awards, Other Stock-Based Awards, and Dividend Equivalents. The grant of a restricted stock unit, performance award, phantom stock award, other stock-based awards, or a dividend equivalent award generally should not result in taxable income to the participant or a tax deduction to Regional for federal income tax purposes. However, the participant will recognize income on account of the settlement of such award. The income recognized by the participant at that time will be equal to any cash that is received and the fair market value of any stock that is received in settlement of the award. We generally will be entitled to a corresponding income tax deduction upon the settlement of such an award equal to the ordinary income recognized by the participant to the extent that the amount represents reasonable compensation and an ordinary and necessary business expense, subject to any required income tax reporting.

Code Section 409A. Awards granted under the 2015 Plan may be subject to Code Section 409A and related regulations and other guidance. Code Section 409A imposes certain requirements on compensation that is deemed under Code Section 409A to involve deferred compensation. 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, in its sole discretion, to pay compensation that may be intended to be exempt from Code Section 162(m) in order to preserve, to the extent practicable, Regional's ability to claim a tax deduction for such awards under the 2015 Plan to covered employees. The Compensation Committee, however, reserves the discretion to award compensation under the 2015 Plan that does not comply with the Code Section 162(m) exemption. Code Section 162(m) generally denies an employer a deduction for compensation paid to covered employees of a publicly held corporation in excess of $1,000,000 unless the compensation is exempt from the $1,000,000 limitation because it is performance-based compensation. Subject to Code Section 162(m) and certain reporting requirements, we may be entitled to an income tax deduction with respect to the amount of compensation includable as income to the participant.

Tax Withholding

Generally, a participant will be required to pay Regional in cash the amount of any tax or other amount required by any governmental authority to be withheld and paid over by Regional to such authority for the account of the recipient. Alternatively, the Administrator may in its discretion establish procedures to permit a recipient to satisfy such obligation in whole or in part, and any local, state, federal, foreign, or other income tax obligations relating to an award, by electing to deliver to Regional shares of common stock held by the participant (which are fully vested and not subject to any pledge or other security interest) or to have Regional withhold shares of common stock from the shares to which the recipient is otherwise entitled. Under the amended and restated 2015 Plan, the number of shares to be withheld or delivered will have a fair market value (as determined pursuant to the 2015 Plan) as of the date that the amount of tax to be withheld is determined as nearly as equal as possible to, but not exceeding (unless otherwise permitted by the Administrator in a manner in accordance with applicable laws, rules, and regulations and applicable accounting principles), the amount of such obligations being satisfied. This provision affords the Administrator the flexibility to permit tax

withholding at a rate greater than the minimum statutory tax withholding rate, but not in excess of the maximum statutory withholding rate in the recipient's jurisdiction, in accordance with recent accounting developments.

New Plan Benefits

Awards made under the 2015 Plan are made at the Compensation Committee's discretion. Accordingly, it is not possible to determine at this time the amount of awards that will be granted in the future under the 2015 Plan. The table below summarizes awards granted under the 2015 Plan during the fiscal year ended December 31, 2016, to our named executive officers, all current executive officers as a group, all current directors who are not executive officers as a group, and all employees of Regional other than executive officers, including all current officers who are not executive officers, as a group. The closing price per share of our common stock on March 21, 2017 was $19.02. Additional information regarding grants made under the 2015 Plan in fiscal year 2016 may be found above under the headings "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Awards" and "Compensation Discussion and Analysis – Elements of Compensation – Key Employee Retention Program."

Name and Position	Shares Underlying Options Granted (#)	Weighted Average Exercise Price ($)	Shares Underlying Restricted Stock Awards Granted (#)	Shares Underlying Restricted Stock Units Granted (#)[1]	Shares Underlying Other Equity-Based Awards Granted (#)[2]
Peter R. Knitzer, *Chief Executive Officer*	122,058	18.69	3,461	—	—
Michael R. Dunn, *Former Chief Executive Officer and Executive Chairman*	67,174	17.08	—	45,666	—
Jody L. Anderson, *President and Chief Operating Officer*	21,638	17.08	—	14,709	—
Donald E. Thomas, *Executive Vice President and Chief Financial Officer*	21,444	17.08	5,854	14,577	—
Daniel J. Taggart, *Senior Vice President and Chief Risk Officer*	13,262	17.08	—	9,015	—
Brian J. Fisher, *Vice President and General Counsel*	12,379	17.08	4,391	8,415	—
All current executive officers as a group (five persons)	190,781	18.11	13,706	46,716	—
All current directors who are not executive officers, as a group[3]	44,409	15.89	18,246	—	—
All current employees, including officers who are not executive officers, as a group	22,941	16.62	4,536	15,511	95,449

(1) The number of shares set forth in the table above represents the maximum number of shares that the participants may earn under the associated performance-contingent RSU award agreements.

(2) The number of shares set forth in the table above represents the maximum number of restricted shares that the participants may earn pursuant to the associated key team member incentive program award agreements. Under the key team member incentive program, each participant is eligible to earn restricted stock, subject to the achievement of performance goals over a one-year period. If earned, the restricted stock is issued following the one-year performance period and vests ratably over a subsequent two-year period (subject to continued employment or as otherwise provided in the underlying award agreement).

(3) These numbers exclude awards made to Mr. Knitzer (our current Chief Executive Officer) and Mr. Dunn (our former Chief Executive Officer and Executive Chairman).

Through March 21, 2017, we have granted 59,028 shares underlying non-qualified stock options at a weighted average exercise price of $19.99 to our current executive officers, as a group; 23,013 shares underlying non-qualified stock options at a weighted average exercise price of $19.99 to our other current employees, as a group; 111,014 shares underlying restricted stock units to our current executive officers, as a group; 15,487 shares underlying restricted stock units to our other current employees, as a group; no shares underlying restricted stock awards to our current executive officers; and 49,136 shares underlying restricted stock awards to our other current employees, as a group (of which 45,081 were shares underlying the "Other Equity-Based Awards" in the table above (the key team member incentive program, described above), with the balance of such shares forfeited).

Required Vote and Recommendation

The affirmative vote of the holders of a majority of the votes cast on this proposal at the Annual Meeting in person or by proxy is required to re-approve the 2015 Plan, as amended and restated. Abstentions will have the same effect as a vote against the proposal, but broker non-votes will have no effect on the outcome of the proposal.

The Board believes that approval of the amended and restated 2015 Plan is in the best interests of Regional. The 2015 Plan allows us to further the purposes of our equity compensation program and serves as an important recruitment and retention tool. The Board believes that substantial equity-based ownership and other long-term incentives encourage management to take actions favorable to the long-term interests of Regional and its stockholders. Accordingly, equity-based and other long-term compensation makes up a significant portion of the overall compensation of our executive management team. The Board believes that the adoption of the amended and restated 2015 Plan will allow us to continue the use of equity compensation as a component of a competitive, but measured, overall compensation program.

The Board of Directors unanimously recommends a vote "FOR" the approval of the amended and restated 2015 Long-Term Incentive Plan, including re-approval of certain provisions for Code Section 162(m) purposes.

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 21, 2017, 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; and (iv) all of our directors and executive officers, as a group.

Name	Shares Beneficially Owned[1] Number	Percentage
Shareholders Agreement Group[2]	761,417	6.5%
Basswood Capital Management, L.L.C.[3]	1,087,564	9.4%
Wellington Management Group LLP and affiliates[4]	1,043,106	9.0%
Second Curve Capital, LLC[5]	728,605	6.3%
Dimensional Fund Advisors LP[6]	627,029	5.4%
BlackRock, Inc.[7]	613,323	5.3%
LSV Asset Management[8]	596,199	5.1%
Numeric Investors LLC[9]	584,330	5.0%
Roel C. Campos[10]	51,769	*
Michael R. Dunn[11]	209,270	1.8%
Steven J. Freiberg[12]	150,349	1.3%
Richard A. Godley[13]	363,414	3.1%
Alvaro G. de Molina[14]	50,367	*
Carlos Palomares[15]	51,042	*
Peter R. Knitzer[16]	53,870	*
Jody L. Anderson[17]	13,012	*
Donald E. Thomas[18]	158,435	1.3%
Daniel J. Taggart[19]	10,971	*
Brian J. Fisher[20]	29,502	*
All directors and executive officers, as a group (11 persons)	1,142,001	9.5%

* Amount represents less than 1.0%

(1) Applicable percentage of ownership is based upon 11,623,711 shares of our common stock outstanding on March 21, 2017. 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., 979 Batesville Road, Suite B, Greer, South Carolina 29651.

(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; the Jerry L. Shirley Revocable Trust dated June 4, 2009 (Mr. Shirley passed away in 2016); Brenda F. Kinlaw; C. Glynn Quattlebaum; Sherri Quattlebaum; and Jesse W. Geddings are parties to the Shareholders Agreement. The information reported is based on a Schedule 13G/A filed with the SEC on February 14, 2017 and updated ownership information provided to the Company. 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., 979 Batesville Road, Suite B, Greer, SC 29651. The amount stated includes (i) 19,456 shares subject to options beneficially owned by Mr. Godley (see footnote 13 below); (ii) 19,966 shares subject to options beneficially owned by Mr. Quattlebaum; and (iii) 14,059 shares subject to options beneficially owned by Mr. Geddings. All such options are either currently exercisable or exercisable within 60 days of March 21, 2017, 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 February 8, 2017, 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 1,087,564 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.

(4) The information reported is based on a Schedule 13G/A and a Schedule 13G, each filed with the SEC on February 9, 2017, reporting: (i) shared power of Wellington Management Group LLP ("WMG") to vote or direct the vote of 757,842 shares and shared power of WMG to dispose or direct the disposition of 1,043,106 shares; (ii) shared power of Wellington Group Holdings LLP ("WGH") to vote or direct the vote of 757,842 shares and shared power of WGH to dispose or direct the disposition of 1,043,106 shares; (iii) shared power of Wellington Investment Advisors Holdings LLP ("WIAH") to vote or direct the vote of 757,842 shares and shared power of WIAH to dispose or direct the disposition of 1,043,106 shares; (iv) shared power of Wellington Management Company LLP ("WMC") to vote or direct the vote of 737,706 shares and shared power of WMC to dispose or direct the disposition of 953,175 shares; and (v) shared power of Wellington Trust Company, NA ("WTC") to vote or direct the vote and to dispose or direct the disposition of 637,928 shares. The business address of WMG, WGH, WIAH, WMC, and WTC is 280 Congress Street, Boston, MA 02210.

(5) The information reported is based on a Schedule 13G/A filed with the SEC on January 19, 2017, 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 728,605 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 filed with the SEC on February 9, 2017, reporting the sole power of Dimensional Fund Advisors LP ("Dimensional") to vote or direct the vote of 595,769 shares and the sole power of Dimensional to dispose or direct the disposition of 627,029 shares. The business address of Dimensional is Building One, 6300 Bee Cave Road, Austin, TX 78746.

(7) The information reported is based on a Schedule 13G filed with the SEC on January 30, 2017, reporting the sole power of BlackRock, Inc. ("BlackRock") to vote or direct the vote of 604,101 shares and the sole power of BlackRock to dispose or direct the disposition of 613,323 shares. The business address of BlackRock is 55 East 52nd Street, New York, NY 10055.

(8) The information reported is based on a Schedule 13G filed with the SEC on February 6, 2017, reporting the sole power of LSV Asset Management ("LSV") to vote or direct the vote of 338,124 shares and the sole power of LSV to dispose or direct the disposition of 596,199 shares. The business address of LSV is 155 N. Wacker Drive, Suite 4600, Chicago, IL 60606.

(9) The information reported is based on a Schedule 13G/A filed with the SEC on February 9, 2017, reporting shared power of Numeric Investors LLC ("Numeric") and Man Group plc ("Man Group") to vote or direct the vote and to dispose or direct the disposition of 584,330 shares. The business address of Numeric is 470 Atlantic Avenue, 6th Floor, Boston, MA 02210, and the business address of Man Group is Riverbank House, 2 Swan Lane, London EC4R 3AD, United Kingdom.

(10) The amount stated includes 28,670 shares subject to options either currently exercisable or exercisable within 60 days of March 21, 2017, over which Mr. Campos will not have voting or investment power until the options are exercised. The option 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.

(11) The amount stated includes 29,057 shares subject to options either currently exercisable or exercisable within 60 days of March 21, 2017, over which Mr. Dunn will not have voting or investment power until the options are exercised. The option 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.

(12) Mr. Freiberg holds 77,554 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 includes 17,941 shares subject to options either currently exercisable or exercisable within 60 days of March 21, 2017, over which Mr. Freiberg will not have voting or investment power until the options are exercised. The option 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.

(13) Mr. Godley holds 18,593 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), (ii) the Haylei D. Tucker Family 2012 Irrevocable Trust dated December 17, 2012, of which Mrs. Godley is trustee (60,000 shares), and (iii) the Tyler Godley 2011 Irrevocable Trust dated March 28, 2011, of which Mrs. Godley is investment advisor (203,860 shares). Mr. Godley disclaims beneficial ownership of the shares held by trusts for which his wife is trustee or investment

advisor. The amount stated also includes 19,456 shares subject to options either currently exercisable or exercisable within 60 days of March 21, 2017, over which Mr. Godley will not have voting or investment power until the options are exercised. The option shares described in this footnote 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.

(14) The amount stated includes 30,166 shares subject to options either currently exercisable or exercisable within 60 days of March 21, 2017, over which Mr. de Molina will not have voting or investment power until the options are exercised. The option shares described in this footnote 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.

(15) The amount stated includes 28,670 shares subject to options either currently exercisable or exercisable within 60 days of March 21, 2017, over which Mr. Palomares will not have voting or investment power until the options are exercised. The option shares described in this footnote 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.

(16) The amount stated includes 36,260 shares subject to options either currently exercisable or exercisable within 60 days of March 21, 2017, over which Mr. Knitzer will not have voting or investment power until the options are exercised. The option shares described in this footnote 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.

(17) The amount stated includes 13,012 shares subject to options either currently exercisable or exercisable within 60 days of March 21, 2017, over which Mr. Anderson will not have voting or investment power until the options are exercised. The option shares described in this footnote 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.

(18) Mr. Thomas holds 5,854 shares directly. An additional 8,000 shares stated are owned 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. The amount stated also includes 144,581 shares subject to options either currently exercisable or exercisable within 60 days of March 21, 2017, over which Mr. Thomas will not have voting or investment power until the options are exercised. The option shares described in this footnote 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.

(19) The amount stated includes 4,420 shares subject to options either currently exercisable or exercisable within 60 days of March 21, 2017, over which Mr. Taggart will not have voting or investment power until the options are exercised. The option shares described in this footnote are considered outstanding for the purpose of computing the percentage of outstanding stock owned by Mr. Taggart and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person.

(20) The amount stated includes 21,436 shares subject to options either currently exercisable or exercisable within 60 days of March 21, 2017, over which Mr. Fisher will not have voting or investment power until the options are exercised. The option shares described in this footnote 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, 2016, 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 2016, 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 17, 2017, 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 (the "Court") 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 (the "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 (the "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 a motion 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' motion to dismiss the second amended complaint was filed on April 28, 2015, the Plaintiffs' opposition was filed on June 12, 2015, and the Defendants' reply was filed on July 13, 2015.

On March 30, 2016, the Court granted the Defendants' motion to dismiss the second amended complaint in its entirety. On May 23, 2016, the Plaintiffs moved for leave to file a third amended complaint. The Defendants' opposition brief was filed on June 9, 2016, and the Plaintiffs' reply was filed on June 20, 2016. On January 27, 2017, the Court denied the Plaintiffs' motion for leave to file a third amended complaint and directed entry of final judgment in favor of the Defendants. On January 30, 2017, the Court entered final judgment in favor of the Defendants. The Plaintiffs appealed the Court's decision on March 1, 2017. The Company believes that the claims against it are without merit and will continue 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, 979 Batesville Road, Suite B, Greer, South Carolina, 29651, 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 2018 annual meeting of stockholders and included in the proxy materials must ensure that we receive the proposal at our principal executive office in Greer, South Carolina by November 27, 2017 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 2018 annual meeting of stockholders is not advanced or delayed in the manner described above, the required notice for the 2018 annual meeting of stockholders would need to be provided to us not earlier than December 28, 2017 and not later than January 27, 2018.

If, following the filing and delivery of these proxy materials, the date of the 2018 annual meeting of stockholders is advanced or delayed by more than 30 calendar days from the one-year anniversary date of the 2017 annual meeting of stockholders, the Company will, in a timely manner, provide notice to the Company's stockholders of the new date of the 2018 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., 979 Batesville Road, Suite B, Greer, South Carolina, 29651, Attention: Corporate Secretary, or by calling (864) 448-7000. 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.

APPENDIX A

REGIONAL MANAGEMENT CORP.

2015 LONG-TERM INCENTIVE PLAN
(As Amended and Restated Effective April 27, 2017)

1. Definitions

In addition to other terms defined herein or in an Award Agreement, the following terms shall have the meanings given below:

(a) Administrator means the Board and, upon its delegation of all or part of its authority to administer the Plan to the Committee, the Committee.

(b) Affiliate means any Parent or Subsidiary of the Company, and also includes any other business entity which is controlled by, under common control with or controls the Company; provided, however, that the term "Affiliate" shall be construed in a manner in accordance with the registration provisions of applicable federal securities laws if and to the extent required.

(c) Applicable Law means any applicable laws, rules or regulations (or similar guidance), including but not limited to the General Corporation Law of the State of Delaware, the Securities Act, the Exchange Act, the Code and the listing or other rules of any applicable stock exchange.

(d) Award means, individually or collectively, a grant under the Plan of an Option (including an Incentive Option or a Nonqualified Option); a Stock Appreciation Right (including a Related SAR or a Freestanding SAR); a Restricted Award (including a Restricted Stock Award or a Restricted Stock Unit Award); a Performance Award (including a Performance Share Award or a Performance Unit Award); a Phantom Stock Award; an Other Stock-Based Award; a Dividend Equivalent Award; and/or any other award granted under the Plan.

(e) Award Agreement means an award agreement (which may be in written or electronic form, in the Administrator's discretion, and which includes any amendment or supplement thereto) between the Company and a Participant specifying the terms, conditions and restrictions of an Award granted to the Participant. An Award Agreement may also state such other terms, conditions and restrictions, including but not limited to terms, conditions and restrictions applicable to shares of Common Stock or any other benefit underlying an Award, as may be established by the Administrator.

(f) Base Price means, with respect to a SAR, the initial price assigned to the SAR.

(g) Board or Board of Directors means the Board of Directors of the Company.

(h) Cause means, unless the Administrator determines otherwise, a Participant's termination of employment or service resulting from the Participant's (i) termination for "Cause" as defined under the Participant's employment, change in control, consulting or other similar agreement with the Company or an Affiliate, if any, or (ii) if the Participant has not entered into any such agreement (or, if any such agreement does not define "Cause"), then "Cause" shall mean: (A) the Participant's engagement in misconduct which is materially injurious to the Company or its Affiliates, (B) the Participant's continued refusal to substantially perform his duties to the Company, (C) the Participant's repeated dishonesty in the performance of his duties to the Company, (D) the Participant's commission of an act or acts constituting any (x) fraud against, or misappropriation or embezzlement from, the Company or any of its Affiliates, (y) crime involving moral turpitude, or (z) offense that could result in a jail sentence of at least one year or (E) the Participant's material breach of any confidentiality, non-solicitation or non-competition covenant entered into between the Participant and the Company. The determination of "Cause" shall be made by the Administrator and its determination shall be final and conclusive. Without in any way limiting the effect of the foregoing, for purposes of the Plan and an Award, a Participant's employment or service shall also be deemed to have terminated for Cause if, after the Participant's employment or service has terminated, facts and circumstances are discovered that would have justified, in the opinion of the Administrator, a termination for Cause.

(i) A Change of Control shall (except as may be otherwise required, if at all, under Code Section 409A) be deemed to have occurred on the earliest of the following dates:

(i) The date any entity or person shall have become the beneficial owner of, or shall have obtained voting control over, more than fifty percent (50%) of the total voting power of the Company's then outstanding voting stock;

(ii) The date of the consummation of (A) a merger, consolidation, recapitalization or reorganization of the Company (or similar transaction involving the Company), in which the holders of the Common Stock immediately prior to the transaction have voting control over less than fifty percent (50%) of the voting securities of the surviving corporation immediately after such transaction, or (B) the sale or disposition of all or substantially all the assets of the Company; or

(iii) The date there shall have been a change in a majority of the Board within a 12-month period unless the nomination for election by the Company's stockholders or the appointment of each new Director was approved by the vote of two-thirds of the members of the Board (or a committee of the Board, if nominations are approved by a Board committee rather than the Board) then still in office who were in office at the beginning of the 12-month period.

(For the purposes herein, the term "person" shall mean any individual, corporation, partnership, group, association or other person, as such term is defined in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, other than the Company, a Subsidiary of the Company or any employee benefit plan(s) sponsored or maintained by the Company or any Subsidiary thereof, and the term "beneficial owner" shall have the meaning given the term in Rule 13d-3 under the Exchange Act.)

For the purposes of clarity, a transaction shall not constitute a Change of Control if its principal purpose is to change the state of the Company's incorporation, create a holding company that would be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction or is another transaction of other similar effect.

Notwithstanding the preceding provisions of Section 1(i), in the event that any Awards granted under the Plan are deemed to be deferred compensation subject to (and not exempt from) the provisions of Code Section 409A, then distributions related to such Awards to be made upon a Change of Control may be permitted, in the Administrator's discretion, upon the occurrence of one or more of the following events (as they are defined and interpreted under Code Section 409A): (A) a change in the ownership of the Company; (B) a change in effective control of the Company; or (C) a change in the ownership of a substantial portion of the assets of the Company.

(j) Code means the Internal Revenue Code of 1986, as amended, or any successor thereto. Any reference herein to a specific Code section shall be deemed to include all related regulations or other guidance with respect to such Code section.

(k) Committee means the Compensation Committee of the Board (or a subcommittee thereof), or such other committee of the Board (including, without limitation, the full Board) to which the Board has delegated power to act under or pursuant to the provisions of the Plan. For clarity, the term "Committee" includes the Board (or subcommittee of the Committee or other committee of the Board) if exercising the authority of the Committee under the Plan.

(l) Common Stock means the common stock of Regional Management Corp., $0.10 par value, or any successor securities thereto.

(m) Company means Regional Management Corp., a Delaware corporation, together with any successor thereto. In the Administrator's discretion, the term "Company" may also refer to the Company and any or all of its Affiliates.

(n) Consultant means an independent contractor, consultant or advisor providing services (other than capital-raising services) to the Company or an Affiliate.

(o) Covered Employee shall have the meaning given the term in Code Section 162(m).

(p) Director means a member of the Board or of the board of directors of an Affiliate.

(q) Disability shall, except as may be otherwise determined by the Administrator (taking into account any Code Section 409A considerations), as applied to any Participant, have the meaning given in any employment, change in control, consulting or other similar agreement, if any, to which the Participant is a party, or, if there is no such agreement (or if such agreement does not define "Disability"), "Disability" shall mean the inability of the Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than 12 months. The Administrator shall have authority to determine if a Disability has occurred.

(r) Dividend Equivalent Awards shall mean a right granted to a Participant pursuant to Section 13 to receive the equivalent value (in cash or shares of Common Stock) of dividends paid on Common Stock.

(s) Effective Date means the effective date of the Plan, as provided in Section 4.

(t) Employee means any person who is an employee of the Company or any Affiliate (including entities which become Affiliates after the Effective Date of the Plan). For this purpose, an individual shall be considered to be an Employee only if there exists between the individual and the Company or an Affiliate the legal and bona fide relationship of employer and employee (taking into account Code Section 409A considerations if and to the extent applicable); provided, however, that with respect to Incentive Options, "Employee" means any person who is considered an employee of the Company or any Parent or Subsidiary for purposes of Treasury Regulation Section 1.421-1(h) (or any successor provision related thereto).

(u) Exchange Act means the Securities Exchange Act of 1934, as amended, or any successor thereto.

(v) Fair Market Value per share of the Common Stock shall be established in good faith by the Administrator and, unless otherwise determined by the Administrator, the Fair Market Value shall be determined in accordance with the following provisions: (A) if the shares of Common Stock are listed for trading on the New York Stock Exchange, Inc. (the "NYSE") or another national or regional stock exchange, the Fair Market Value shall be the closing sales price per share of the shares on the NYSE or other principal stock exchange on which such securities are listed on the date an Award is granted or other determination is made (such date of determination being referred to herein as a "valuation date"), or, if there is no transaction on such date, then on the trading date nearest preceding the valuation date for which closing price information is available, and, provided further, if the shares are not listed for trading on the NYSE or another stock exchange but are regularly quoted on an automated quotation system (including the OTC Bulletin Board and the quotations published by the OTC Markets Group) or by a recognized securities dealer, the Fair Market Value shall be the closing sales price for such shares as quoted on such system or by such securities dealer on the valuation date, but if selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the valuation date (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or (B) if the shares of Common Stock are not listed or reported in any of the foregoing, then the Fair Market Value shall be determined by the Administrator based on such valuation measures or other factors as it deems appropriate. Notwithstanding the foregoing, (i) with respect to the grant of Incentive Options, the Fair Market Value shall be determined by the Administrator in accordance with the applicable provisions of Section 20.2031-2 of the Federal Estate Tax Regulations, or in any other manner consistent with the Code Section 422; and (ii) Fair Market Value shall be determined in accordance with Code Section 409A if and to the extent required.

(w) Freestanding SAR means a SAR that is granted without relation to an Option, as provided in Section 8.

(x) Full Value Award means an Award, other than in the form of an Option or SAR, which is settled by the issuance of Common Stock.

(y) Good Reason means, unless the Administrator determines otherwise, (i) "Good Reason" as defined under the Participant's employment, change in control, consulting or other similar agreement with the Company or an Affiliate, if any, or (ii) if the Participant has not entered into any agreement (or, if any such agreement does not define "Good Reason"), then, a "Good Reason" shall mean any of the following without the Participant's consent: (A) with respect to Employees or Consultants, a change caused by the Company in the Participant's duties and responsibilities which is materially inconsistent with the Participant's position at the Company, or a material reduction in the Participant's annual base salary (excluding any reduction in the Participant's salary that is part of a plan to reduce salaries of comparably situated employees of the Company generally); and (B) with respect to Directors, the Participant's ceasing to serve as a Director, or, if the Company is not the surviving Company in a Change of Control event, a member of the board of directors of the surviving entity, in either case, due to the Participant's failure to be nominated to serve as a director of such entity or the Participant's failure to be elected to serve as a director of such entity, but not due to the Participant's decision not to continue service on the Board of Directors of the Company or the board of directors of the surviving entity, as the case may be; provided that, in any case, notwithstanding anything to the contrary in the foregoing subparts (i) or (ii), the Participant shall only have "Good Reason" to terminate employment or service following the applicable entity's failure to remedy the act which is alleged to constitute "Good Reason" within thirty (30) days following such entity's receipt of written notice from the Participant specifying such act, so long as such notice is provided within sixty (60) days after such event has first occurred. The determination of "Good Reason" shall be made by the Administrator and its determination shall be final and conclusive.

(z) Incentive Option means an Option that is designated by the Administrator as an Incentive Option pursuant to Section 7 and intended to meet the requirements of incentive stock options under Code Section 422.

(aa) Nonqualified Option means an Option granted under Section 7 that is not intended to qualify as an incentive stock option under Code Section 422.

(bb) Option means a stock option granted under Section 7 that entitles the holder to purchase from the Company a stated number of shares of Common Stock at the Option Price, and subject to such terms and conditions, as may be set forth in the Plan or an Award Agreement or established by the Administrator.

(cc) Option Period means the term of an Option, as provided in Section 7(d).

(dd) Option Price means the price at which an Option may be exercised, as provided in Section 7(b).

(ee) Other Stock-Based Award means a right, granted to a Participant under Section 12, that relates to or is valued by reference to shares of Common Stock or other Awards relating to shares of Common Stock.

(ff) Parent shall mean a "parent corporation," whether now or hereafter existing, as defined in Code Section 424(e).

(gg) Participant means an individual who is an Employee employed by, or a Director or Consultant providing services to, the Company or an Affiliate who satisfies the requirements of Section 6 and is selected by the Administrator to receive an Award under the Plan.

(hh) Performance Award means a Performance Share Award and/or a Performance Unit Award, as provided in Section 10.

(ii) Performance Measures mean one or more performance factors or criteria which may be established by the Administrator with respect to an Award. Performance Measures may be based on such corporate, business unit or division and/or individual performance factors or criteria as the Administrator in its discretion may deem appropriate; provided, however, that, if and to the extent required under Code Section 162(m) with respect to Awards granted to Covered Employees that are intended to qualify as "performance-based compensation" under Code Section 162(m), such Performance Measures shall be objective and shall be based upon one or more of the following criteria (as determined by the Administrator in its discretion): (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 Administrator may apply other performance factors and criteria, which need not be objective, with respect to Awards that are not intended to comply with the Code Section 162(m) qualified performance-based compensation exception. To the extent that Code Section 162(m) is applicable, the Administrator shall, within the time and in the manner prescribed by Code Section 162(m), select eligible Participants and define in an objective fashion the manner of calculating the Performance Measures it selects to use for Covered Employees during any specific performance period. The foregoing criteria may relate to the Company, one or more of its Subsidiaries or other Affiliates or one or more of its divisions, departments, units, segments, partnerships, joint ventures or minority investments, facilities, product lines or products or any combination of the foregoing. The targeted level or levels of performance with respect to such business criteria may be established at such levels and on such terms as the Administrator may determine, in its discretion, including but not limited to on an absolute basis, in relation to performance in a prior performance period, relative to one or more peer group companies or indices, on a per share and/or share per capita basis, on a pre-tax or after tax basis, and/or any combination thereof.

(jj) Performance Share means an Award granted under Section 10, in an amount determined by the Administrator and specified in an Award Agreement, stated with reference to a specified number of shares of Common Stock, that entitles the holder to receive shares of Common Stock, a cash payment or a combination of Common Stock and cash (as determined by the Administrator), subject to the terms of the Plan and the terms and conditions established by the Administrator.

(kk) Performance Unit means an Award granted under Section 10, in an amount determined by the Administrator and specified in an Award Agreement, that entitles the holder to receive shares of Common Stock, a cash payment or a combination of Common Stock and cash (as determined by the Administrator), subject to the terms of the Plan and the terms and conditions established by the Administrator.

(ll) Phantom Stock Award means an Award granted under Section 11, entitling a Participant to a payment in cash, shares of Common Stock or a combination of cash and Common Stock (as determined by the Administrator), following the completion of the applicable vesting period and compliance with the terms of the Plan and other terms and conditions established by the Administrator. The unit value of a Phantom Stock Award shall be based on the Fair Market Value of a share of Common Stock.

(mm) Plan means the Regional Management Corp. 2015 Long-Term Incentive Plan, as amended and/or restated.

(nn) Prior Plan or Prior Plans means the Regional Management Corp. 2011 Stock Incentive Plan (the "2011 Plan") and the Regional Management Corp. 2007 Management Incentive Plan (the "2007 Plan"), in each case, as amended and/or restated.

(oo) Qualifying Termination means, unless the Administrator determines otherwise, termination of employment or service of a Participant (i) as a result of the Participant's death or Disability, (ii) by the Company and/or its Affiliates without Cause or (iii) by the Participant for Good Reason.

(pp) Related SAR means a SAR granted under Section 8 that is granted in relation to a particular Option and that can be exercised only upon the surrender to the Company, unexercised, of that portion of the Option to which the SAR relates.

(qq) Restricted Award means a Restricted Stock Award and/or a Restricted Stock Unit Award, as provided in Section 9.

(rr) Restricted Stock Award means shares of Common Stock granted to a Participant under Section 9. Shares of Common Stock subject to a Restricted Stock Award shall cease to be restricted when, in accordance with the terms of the Plan and the terms and conditions established by the Administrator, the shares vest and become transferable and free of substantial risks of forfeiture.

(ss) Restricted Stock Unit means a Restricted Award granted to a Participant pursuant to Section 9 which is settled, if at all, (i) by the delivery of one share of Common Stock for each Restricted Stock Unit, (ii) in cash in an amount equal to the Fair Market Value of one share of Common Stock for each Restricted Stock Unit, or (iii) in a combination of cash and shares equal to the Fair Market Value of one share of Common Stock for each Restricted Stock Unit, as determined by the Administrator. A Restricted Stock Unit represents the promise of the Company to deliver shares of Common Stock, cash or a combination thereof, as applicable, at the end of the applicable restriction period if and only to the extent the Award vests and ceases to be subject to forfeiture, subject to compliance with the terms of the Plan and Award Agreement and any performance or other terms and conditions established by the Administrator.

(tt) Retirement shall, except as may be otherwise determined by the Administrator (taking into account any Code Section 409A considerations), as applied to any Participant, have the meaning given in an employment, change in control, consulting or other similar agreement, if any, to which the Participant is a party, or, if there is no such agreement (or if such agreement does not define "Retirement"), then, unless the Administrator determines otherwise, "Retirement" shall mean the termination of employment by the Participant on or after (i) the Participant's attainment of age 65, or (ii) the Participant's attainment of age 55 and completion of ten (10) years of service. The Administrator shall have authority to determine if a Retirement has occurred.

(uu) SAR means a stock appreciation right granted under Section 8 entitling the Participant to receive, with respect to each share of Common Stock encompassed by the exercise of such SAR, the excess of the Fair Market Value on the date of exercise over the Base Price, subject to the terms of the Plan and Award Agreement and any other terms and conditions established by the Administrator. References to "SARs" include both Related SARs and Freestanding SARs, unless the context requires otherwise.

(vv) Securities Act means the Securities Act of 1933, as amended, or any successor thereto.

(ww) Subsidiary shall mean a "subsidiary corporation," whether now or hereafter existing, as defined in Code Section 424(f) (or any successor section thereto).

(xx) Termination Date means the date of termination of a Participant's employment or service for any reason, as determined by the Administrator (taking into account any Code Section 409A considerations).

2. Purpose

The purposes of the Plan are to encourage and enable selected Employees, Directors and Consultants of the Company and its Affiliates to acquire or increase their holdings of Common Stock and other equity-based interests in the Company and/or to provide other incentive awards in order to promote a closer identification of their interests with those of the Company and its stockholders, and to provide flexibility to the Company 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. These purposes may be carried out through the granting of Awards to selected Participants, including the granting of Options in the form of Incentive Stock Options and/or Nonqualified Options; SARs in the form of Freestanding SARs and/or Related SARs; Restricted Awards in the form of Restricted Stock Awards and/or Restricted Stock Units; Performance Awards in the form of Performance Shares and/or Performance Units; Phantom Stock Awards; Other Stock-Based Awards; and/or Dividend Equivalent Awards.

3. Administration of the Plan

(a) The Plan shall be administered by the Board or, upon its delegation, by the Committee (or a subcommittee thereof). To the extent required under Rule 16b-3 adopted under the Exchange Act, the Committee shall be comprised solely of two or more "non-employee directors," as such term is defined in Rule 16b-3, or as may otherwise be permitted under Rule 16b-3. Further, to the extent required by Code Section 162(m), the Plan shall be administered by a committee comprised of two or more "outside directors" (as such term is defined in Code Section 162(m)) or as may otherwise be permitted under Code Section 162(m). In addition, Committee members shall qualify as "independent directors" under applicable stock exchange rules if and to the extent required.

(b) Subject to the provisions of the Plan, the Administrator shall have full and final authority in its discretion to take any action with respect to the Plan including, without limitation, the authority to (i) determine all matters relating to Awards, including selection of individuals to be granted Awards, the types of Awards, the number of shares of Common Stock, if any, subject to an Award, and all terms, conditions, restrictions and limitations of an Award; (ii) prescribe the form or forms of Award Agreements evidencing any Awards granted under the Plan; (iii) establish, amend and rescind rules and regulations for the administration of the Plan; (iv) correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement; and (v) construe

and interpret the Plan, Awards and Award Agreements made under the Plan, interpret rules and regulations for administering the Plan and make all other determinations deemed necessary or advisable for administering the Plan. In addition, (i) the Administrator shall have the authority, subject to the restrictions contained in Section 3(c) herein, to accelerate the date that any Award which was not otherwise exercisable, vested or earned shall become exercisable, vested or earned in whole or in part without any obligation to accelerate such date with respect to any other Award granted to any recipient; and (ii) the Administrator may in its sole discretion modify or extend the terms and conditions for exercise, vesting or earning of an Award (in each case, taking into account any Code Section 409A considerations). The Administrator's authority to grant Awards and authorize payments under the Plan shall not in any way restrict the authority of the Company to grant compensation to Employees, Directors or Consultants under any other compensation plan, program or arrangement of the Company or an Affiliate. The Administrator may determine that a Participant's rights, payments and/or benefits with respect to an Award (including but not limited to any shares issued or issuable and/or cash paid or payable with respect to an Award) shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, termination of employment for Cause, violation of policies of the Company or an Affiliate, breach of non-solicitation, non-competition, confidentiality or other restrictive covenants that may apply to the Participant, other conduct by the Participant that is determined by the Administrator to be detrimental to the business or reputation of the Company or any Affiliate, and/or other circumstances where such reduction, cancellation, forfeiture or recoupment is required by Applicable Law. Notwithstanding any other provision in the Plan, the Administrator shall have the unilateral right, in its absolute discretion, to reduce or eliminate the amount of an Award granted to any Participant, including an award otherwise earned and payable pursuant to the terms of the Plan. In addition, the Administrator shall have the authority and discretion to establish terms and conditions of Awards (including but not limited to the establishment of subplans) as the Administrator determines to be necessary or appropriate to conform to the applicable requirements or practices of jurisdictions outside of the United States. In addition to action by meeting in accordance with Applicable Law, any action of the Administrator with respect to the Plan may be taken by a written instrument signed by all of the members of the Board or Committee, as appropriate, and any such action so taken by written consent shall be as fully effective as if it had been taken by a majority of the members at a meeting duly held and called. All determinations of the Administrator with respect to the Plan and any Award or Award Agreement will be final and binding on the Company and all persons having or claiming an interest in any Award granted under the Plan. No member of the Board or Committee, as applicable, shall be liable while acting as Administrator for any action or determination made in good faith with respect to the Plan, an Award or an Award Agreement. The members of the Board or Committee, as applicable, shall be entitled to indemnification and reimbursement in the manner and to the fullest extent provided in the Company's certificate of incorporation and/or bylaws and/or pursuant to Applicable Law.

(c) Notwithstanding the provisions of Section 3(b), Awards granted to a Participant under the Plan shall be subject to a minimum vesting (or earning) (collectively, "vesting") period of one year (which may include installment vesting within such one-year period as determined by the Administrator); provided, however, that (i) the Administrator may provide for acceleration of vesting of all or a portion of an Award in the event of a Participant's death, Disability, Retirement or Qualifying Termination, or (to the extent provided in Section 14 herein) upon the occurrence of a Change of Control of the Company; (ii) the Administrator may provide for the grant of an Award to any Participant without a minimum vesting period or may accelerate the vesting of all or a portion of an Award for any reason, but only with respect to Awards for no more than an aggregate of five percent (5%) of the total number of Shares authorized for issuance under the Plan pursuant to Section 5(a) herein, upon such terms and conditions as the Administrator shall determine; (iii) the Administrator also may provide for the grant of Awards to Participants that have different vesting terms in the case of Awards that are substituted for other equity awards in connection with mergers, consolidations or other similar transactions, Awards that are granted as an inducement to be employed by the Company or an Affiliate or to replace forfeited awards from a former employer, or Awards that are granted in exchange for foregone cash compensation; and (iv) with respect to Awards granted to non-employee Directors, the minimum vesting period shall be the period commencing with the date on which such non-employee Director is elected or appointed to the Board, and ending on the earlier to occur of (X) the one year anniversary of the grant date of such Award or (Y) the date of the next annual meeting following such non-employee Director's election or appointment to the Board.

(d) The Administrator may adjust or modify Performance Measures or other performance factors or terms or conditions of Awards due to extraordinary items, transactions, events or developments, or in recognition of any other unusual or infrequent events affecting the Company or the financial statements of the Company, or in response to changes in Applicable Law, accounting principles or business conditions, in each case as determined by the Administrator (provided that any adjustment or modification involving Covered Employees for compensation that is intended to qualify as "performance-based compensation" under Code Section 162(m) shall be subject to any applicable Code Section 162(m) restrictions). By way of example but not limitation, the Administrator may provide with respect to any Award that any evaluation of performance shall exclude or otherwise objectively adjust for any specified circumstance or event that occurs during a performance period, including circumstances or events such as the following: (i) asset write-downs or impairment charges; (ii) significant litigation or claim judgments or settlements; (iii) the effect of changes in tax laws, accounting standards or principles or other laws or regulatory rules; (iv) any reorganization and restructuring programs; (v) extraordinary nonrecurring items as described in then-current accounting principles; (vi) extraordinary nonrecurring items as described in management's discussion and analysis of financial condition and results of operations appearing in the

Company's annual report to stockholders; (vii) acquisitions or divestitures; (viii) a change in the Company's fiscal year; (ix) any other specific unusual or infrequent events or objectively determinable category thereof; and/or (x) foreign exchange gains and losses.

(e) Notwithstanding the other provisions of Section 3, the Board may expressly delegate to one or more officers of the Company or a special committee consisting of one or more directors who are also officers of the Company the authority, within specified parameters, to grant Awards to eligible Participants, and to make any or all of the determinations reserved for the Administrator in the Plan and summarized in Section 3(b) with respect to such Awards (subject to any restrictions imposed by Applicable Law and such terms and conditions as may be established by the Administrator); provided, however, that, if and to the extent required by Section 16 of the Exchange Act or Code Section 162(m), the Participant, at the time of said grant or other determination, (i) is not deemed to be an officer or director of the Company within the meaning of Section 16 of the Exchange Act; and (ii) is not deemed to be a Covered Employee as defined under Code Section 162(m). To the extent that the Administrator has delegated authority to grant Awards pursuant to this Section 3(e) to an officer(s) and/or a special committee, references to the "Administrator" shall include references to such officer(s) and/or special committee, subject, however, to the requirements of the Plan, Rule 16b-3, Code Section 162(m) and other Applicable Law.

4. Effective Date

The Effective Date of the Plan shall be April 22, 2015 (the "Effective Date"). The Plan was amended and restated effective April 27, 2017. Awards may be granted on or after the Effective Date, but no Awards may be granted after April 21, 2025. Awards that are outstanding at the end of the Plan term (or such earlier termination date as may be established by the Board pursuant to Section 16(a)) shall continue in accordance with their terms, unless otherwise provided in the Plan or an Award Agreement.

5. Shares of Stock Subject to the Plan; Award Limitations

(a) *Shares of Stock Subject to the Plan*: Subject to adjustments as provided in Section 5(d), the maximum aggregate number of shares of Common Stock that may be issued pursuant to Awards granted under the Plan shall not exceed the sum of (i) 1,550,000 shares, plus (ii) any shares (A) remaining available for the grant of awards as of the Effective Date under any Prior Plan, and/or (B) subject to an award granted under a Prior Plan, which award is forfeited, cancelled, terminated, expires or lapses for any reason without the issuance of shares or pursuant to which such shares are forfeited. Shares delivered under the Plan shall be authorized but unissued shares, treasury shares or shares purchased on the open market or by private purchase. The Company hereby reserves sufficient authorized shares of Common Stock to meet the grant of Awards hereunder. As of the Effective Date, no further awards shall be granted under the Prior Plans, although Prior Plan awards that are outstanding as of such date shall continue in accordance with their terms.

(b) *Award Limitations*: Notwithstanding any provision in the Plan to the contrary, the following limitations shall apply to Awards granted under the Plan, in each case subject to adjustments pursuant to Section 5(d):

(i) The maximum aggregate number of shares of Common Stock that may be issued under the Plan pursuant to the grant of Incentive Options shall not exceed 1,550,000 shares of Common Stock;

(ii) In any 12-month period, 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);

(iii) In any 12-month period, 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;

(iv) In any 12-month period, the maximum amount of Awards that are settled in cash that can be granted to any one Participant shall be $2,500,000; and

(v) Notwithstanding the provisions of Sections 5(b)(ii), 5(b)(iii) and 5(b)(iv) herein, with respect to non-employee Directors, in any 12-month period, the maximum number of shares of Common Stock subject to Awards granted during any 12-month period to any non-employee Director, taken together with any cash fees paid during such 12-month period to such non-employee Director in respect of service as a member of the Board, shall not exceed $600,000 in total value (calculating the value of any such Awards based on the Fair Market Value per share of Common Stock on the date of grant of such an Award).

(For purposes of Section 5(b)(ii), (iii), (iv), and (v), an Option and Related SAR shall be treated as a single Award.)

(c) *Additional Share Counting Provisions*. The following provisions shall apply with respect to the share limitations of Section 5(a):

(i) To the extent that an Award is canceled, terminates, expires, is forfeited or lapses for any reason, any such unissued or forfeited shares subject to the Award will again be available for issuance pursuant to Awards granted under the Plan.

(ii) Awards settled in cash shall not be counted against the share limitations stated in Section 5(a) herein.

(iii) Dividends, including dividends paid in shares, or dividend equivalents paid in cash in connection with outstanding Awards, will not be counted towards the share limitations in Section 5(a).

(iv) To the extent that the full number of shares subject to an Award other than an Option or SAR is not issued for any reason, including by reason of failure to achieve maximum performance factors or criteria, only the number of shares issued and delivered shall be considered for purposes of determining the number of shares remaining available for issuance pursuant to Awards granted under the Plan.

(v) The following shares of Common Stock may not again be made available for issuance as Awards under the Plan: (A) shares withheld from an Award or delivered by a Participant to satisfy tax withholding requirements for Awards; (B) shares not issued or delivered as a result of the net settlement of an outstanding Award; (C) shares withheld or delivered to pay the exercise price related to an outstanding Award; and (D) shares repurchased on the open market with the proceeds of the Option Price.

(vi) Further, (A) shares issued under the Plan through the settlement, assumption or substitution of outstanding awards granted by another entity or obligations to grant future awards as a condition of or in connection with a merger, acquisition or similar transaction involving the Company acquiring another entity shall not reduce the maximum number of shares available for delivery under the Plan, and (B) available shares under a stockholder approved plan of an acquired company (as appropriately adjusted to reflect the transaction) may be used for Awards under the Plan and will not reduce the maximum number of shares available under the Plan, subject, in the case of both (A) and (B) herein, to applicable stock exchange listing requirements.

(d) *Adjustments; Right to Issue Additional Securities*: If there is any change in the outstanding shares of Common Stock because of a merger, consolidation, recapitalization or reorganization involving the Company, or if the Board declares a stock dividend, stock split distributable in shares of Common Stock or reverse stock split, other distribution (other than an ordinary or regular cash dividend) or combination or reclassification of the Common Stock, or if there is a similar change in the capital stock structure of the Company affecting the Common Stock (excluding conversion of convertible securities by the Company and/or the exercise of warrants by their holders), then the number of shares of Common Stock reserved for issuance under the Plan shall be correspondingly adjusted, and the Administrator shall make such adjustments to Awards or to any provisions of this Plan as the Administrator deems equitable to prevent dilution or enlargement of Awards or as may otherwise be advisable. Nothing in the Plan, an Award or an Award Agreement shall limit the ability of the Company to issue additional securities (including but not limited to the issuance of other options or other derivative securities, warrants, additional shares or classes of Common Stock, preferred stock and/or other convertible securities).

6. Eligibility

An Award may be granted only to an individual who satisfies all of the following eligibility requirements on the date the Award is granted:

(a) The individual is either (i) an Employee, (ii) a Director or (iii) a Consultant.

(b) With respect to the grant of Incentive Options, the individual is otherwise eligible to participate under Section 6, is an Employee of the Company or a Parent or Subsidiary and does not own, immediately before the time that the Incentive Option is granted, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or a Parent or Subsidiary. Notwithstanding the foregoing, an Employee who owns more than 10% of the total combined voting power of all classes of stock of the Company or a Parent or Subsidiary may be granted an Incentive Option if the Option Price is at least 110% of the Fair Market Value of the Common Stock, and the Option Period does not exceed five years. For this purpose, an individual will be deemed to own stock which is attributable to him under Code Section 424(d).

(c) With respect to the grant of substitute awards or assumption of awards in connection with a merger, consolidation, acquisition, reorganization or similar transaction involving the Company or an Affiliate, the recipient is otherwise eligible to receive the Award and the terms of the award are consistent with the Plan and Applicable Law (including, to the extent necessary, the federal securities laws registration provisions, Code Section 409A and Code Section 424(a)).

(d) The individual, being otherwise eligible under this Section 6, is selected by the Administrator as an individual to whom an Award shall be granted (as defined above, a "Participant").

7. Options

(a) *Grant of Options*: Subject to the limitations of the Plan, the Administrator may in its discretion grant Options to such eligible Participants in such numbers, subject to such terms and conditions, and at such times as the Administrator shall determine. Both

Incentive Options and Nonqualified Options may be granted under the Plan, as determined by the Administrator; provided, however, that Incentive Options may only be granted to Employees of the Company or a Parent or Subsidiary. To the extent that an Option is designated as an Incentive Option but does not qualify as such under Code Section 422, the Option (or portion thereof) shall be treated as a Nonqualified Option. An Option may be granted with or without a Related SAR.

(b) *Option Price*: The Option Price per share at which an Option may be exercised shall be established by the Administrator and stated in the Award Agreement evidencing the grant of the Option; provided, that (i) the Option Price of an Option shall be no less than 100% of the Fair Market Value per share of the Common Stock as determined on the date the Option is granted (or 110% of the Fair Market Value with respect to Incentive Options granted to an Employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or a Parent or Subsidiary, as provided in Section 6(b)); and (ii) in no event shall the Option Price per share of any Option be less than the par value per share of the Common Stock. Notwithstanding the foregoing, the Administrator may in its discretion authorize the grant of substitute or assumed options of an acquired entity with an Option Price not equal to 100% of the Fair Market Value of the stock on the date of grant, if the terms of such substitution or assumption otherwise comply, to the extent deemed applicable, with Code Section 409A and/or Code Section 424(a).

(c) *Date of Grant*: An Option shall be considered to be granted on the date that the Administrator acts to grant the Option, or on such later date as may be established by the Administrator in accordance with Applicable Law.

(d) *Option Period and Limitations on the Right to Exercise Options:*

(i) The Option Period shall be determined by the Administrator at the time the Option is granted and shall be stated in the Award Agreement. The Option Period shall not extend more than 10 years from the date on which the Option is granted (or five years with respect to Incentive Options granted to an Employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or a Parent or Subsidiary, as provided in Section 6(b)). Any Option or portion thereof not exercised before expiration of the Option Period shall terminate. The period or periods during which, and the terms and conditions pursuant to which, an Option may vest and become exercisable shall be determined by the Administrator in its discretion, subject to the terms of the Plan (including but not limited to the provisions of Section 3(c) herein). Notwithstanding the foregoing, unless the Administrator determines otherwise, in the event that any portion of an exercisable Option is scheduled to expire on the last day of the Option Period or otherwise scheduled to expire pursuant to the applicable Award Agreement and both (A) the date on which such portion of the Option is scheduled to expire falls during a Company blackout trading period applicable to the Participant (whether such period is imposed at the election of the Company or is required by Applicable Law to be imposed) and (B) the Option Price per share of such portion of the Option is less than the Fair Market Value, then on the date that such portion of the Option is scheduled to expire, such portion of the Option (to the extent not previously exercised by the Participant) shall be automatically exercised on behalf of the Participant through a net settlement of both the Option Price and the applicable withholding taxes due (if any) upon such automatic exercise (as described in Section 7(d)(ii)(B), below), and the net number of shares of Common Stock resulting from such automatic exercise shall be delivered to the Participant as soon as practicable thereafter.

(ii) An Option may be exercised by giving written notice to the Company in form acceptable to the Administrator at such place and subject to such conditions as may be established by the Administrator or its designee. Such notice shall specify the number of shares to be purchased pursuant to an Option and the aggregate purchase price to be paid therefor and shall be accompanied by payment of such purchase price. Unless an Award Agreement provides otherwise, such payment shall be in the form of cash or cash equivalent; provided that, except where prohibited by the Administrator or Applicable Law (and subject to such terms and conditions as may be established by the Administrator), payment may also be made:

(A) By delivery (by either actual delivery or attestation) of shares of Common Stock owned by the Participant for such time period, if any, as may be determined by the Administrator;

(B) By shares of Common Stock withheld upon exercise;

(C) By delivery of written notice of exercise to the Company and delivery to a broker of written notice of exercise and irrevocable instructions to promptly deliver to the Company the amount of sale or loan proceeds to pay the Option Price;

(D) By such other payment methods as may be approved by the Administrator and which are acceptable under Applicable Law; and/or

(E) By any combination of the foregoing methods.

Shares delivered or withheld in payment on the exercise of an Option shall be valued at their Fair Market Value on the date of exercise, as determined by the Administrator or its designee.

(iii) The Administrator shall determine the extent, if any, to which a Participant may have the right to exercise an Option following termination of the Participant's employment or service with the Company. Such rights, if any, shall be subject to the

sole discretion of the Administrator, shall be stated in the individual Award Agreement, need not be uniform among all Options issued pursuant to this Section 7, and may reflect distinctions based on the reasons for termination of employment or service.

(e) *Notice of Disposition*: If shares of Common Stock acquired upon exercise of an Incentive Option are disposed of within two years following the date of grant or one year following the transfer of such shares to a Participant upon exercise, the Participant shall, promptly following such disposition, notify the Company in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Administrator may reasonably require.

(f) *Limitation on Incentive Options*: In no event shall there first become exercisable by an Employee in any one calendar year Incentive Options granted by the Company or any Parent or Subsidiary with respect to shares having an aggregate Fair Market Value (determined at the time an Incentive Option is granted) greater than $100,000; provided that, if such limit is exceeded, then the first $100,000 of shares to become exercisable in such calendar year will be Incentive Options and the Options (or portion thereof) for shares with a value in excess of $100,000 that first became exercisable in that calendar year will be Nonqualified Options. In the event the Code is amended after the Effective Date of the Plan to provide for a different limitation on the Fair Market Value of shares permitted to be subject to Incentive Options, then such different limit shall be automatically incorporated herein. To the extent that any Incentive Options are first exercisable by a Participant in excess of the limitation described herein, the excess shall be considered a Nonqualified Option.

(g) *Nontransferability of Options*: Incentive Options shall not be transferable (including by sale, assignment, pledge or hypothecation) other than transfers by will or the laws of intestate succession or, in the Administrator's discretion, such transfers as may otherwise be permitted in accordance with Treasury Regulation Section 1.421-1(b)(2) or Treasury Regulation Section 1.421-2(c) or any successor provisions thereto. Nonqualified Options shall not be transferable (including by sale, assignment, pledge or hypothecation) 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. Except as may be permitted by the preceding, an Option shall be exercisable during the Participant's lifetime only by him or by his guardian or legal representative. The designation of a beneficiary in accordance with the Plan does not constitute a transfer.

8. Stock Appreciation Rights

(a) *Grant of SARs*: Subject to the limitations of the Plan, the Administrator may in its discretion grant SARs to such eligible Participants, in such numbers, upon such terms and at such times as the Administrator shall determine. SARs may be granted to the holder of an Option (a "Related Option") with respect to all or a portion of the shares of Common Stock subject to the Related Option (a "Related SAR") or may be granted separately to an eligible individual (a "Freestanding SAR"). The Base Price per share of a SAR shall be no less than 100% of the Fair Market Value per share of the Common Stock on the date the SAR is granted. Notwithstanding the foregoing, the Administrator may in its discretion authorize the grant of substitute or assumed SARs of an acquired entity with a Base Price per share not equal to at least 100% of the Fair Market Value of the stock on the date of grant, if the terms of such substitution or assumption otherwise comply, to the extent deemed applicable, with Code Section 409A and/or Code Section 424(a). A SAR shall be considered to be granted on the date that the Administrator acts to grant the SAR, or on such other date as may be established by the Administrator in accordance with Applicable Law.

(b) *Related SARs*: A Related SAR may be granted either concurrently with the grant of the Related Option or (if the Related Option is a Nonqualified Option) at any time thereafter prior to the complete exercise, termination, expiration or cancellation of such Related Option. The Base Price of a Related SAR shall be equal to the Option Price of the Related Option. Related SARs shall be exercisable only at the time and to the extent that the Related Option is exercisable (and may be subject to such additional limitations on exercisability as the Administrator may provide in an Award Agreement), and in no event after the complete termination or full exercise of the Related Option. Notwithstanding the foregoing, a Related SAR that is related to an Incentive Option may be exercised only to the extent that the Related Option is exercisable and only when the Fair Market Value exceeds the Option Price of the Related Option. Upon the exercise of a Related SAR granted in connection with a Related Option, the Option shall be canceled to the extent of the number of shares as to which the SAR is exercised, and upon the exercise of a Related Option, the Related SAR shall be canceled to the extent of the number of shares as to which the Related Option is exercised or surrendered.

(c) *Freestanding SARs*: A SAR may be granted without relationship to an Option (as defined above, a "Freestanding SAR") and, in such case, will be exercisable upon such terms and subject to such conditions as may be determined by the Administrator, subject to the terms of the Plan.

(d) *Exercise of SARs*:

(i) Subject to the terms of the Plan (including but not limited to Section 3(c) herein), SARs shall be vested and exercisable in whole or in part upon such terms and conditions as may be established by the Administrator. The period during which a SAR may be exercisable shall not exceed 10 years from the date of grant or, in the case of Related SARs, such shorter Option Period

as may apply to the Related Option. Any SAR or portion thereof not exercised before expiration of the period established by the Administrator shall terminate.

(ii) SARs may be exercised by giving written notice to the Company in form acceptable to the Administrator at such place and subject to such terms and conditions as may be established by the Administrator or its designee. Unless the Administrator determines otherwise, the date of exercise of a SAR shall mean the date on which the Company shall have received proper notice from the Participant of the exercise of such SAR.

(iii) The Administrator shall determine the extent, if any, to which a Participant may have the right to exercise a SAR following termination of the Participant's employment or service with the Company. Such rights, if any, shall be determined in the sole discretion of the Administrator, shall be stated in the individual Award Agreement, need not be uniform among all SARs issued pursuant to this Section 8, and may reflect distinctions based on the reasons for termination of employment or service.

(e) *Payment Upon Exercise*: Subject to the limitations of the Plan, upon the exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying (i) the excess, if any, of the Fair Market Value of a share of Common Stock on the date of exercise of the SAR over the Base Price of the SAR by (ii) the number of shares of Common Stock with respect to which the SAR is being exercised. The consideration payable upon exercise of a SAR shall be paid in cash, shares of Common Stock (valued at Fair Market Value on the date of exercise of the SAR) or a combination of cash and shares of Common Stock, as determined by the Administrator.

(f) *Nontransferability*: Unless the Administrator determines otherwise, SARs shall not be transferable (including by sale, assignment, pledge or hypothecation) 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. Except as may be permitted by the preceding sentence, SARs may be exercised during the Participant's lifetime only by him or by his guardian or legal representative. The designation of a beneficiary in accordance with the Plan does not constitute a transfer.

9. Restricted Awards

(a) *Grant of Restricted Awards*: Subject to the limitations of the Plan, the Administrator may in its discretion grant Restricted Awards to such Participants, for such numbers of shares of Common Stock, upon such terms and at such times as the Administrator shall determine. Such Restricted Awards may be in the form of Restricted Stock Awards and/or Restricted Stock Units that are subject to certain conditions, which conditions must be met in order for the Restricted Award to vest and be earned (in whole or in part) and no longer subject to forfeiture. Restricted Stock Awards shall be payable in shares of Common Stock. Restricted Stock Units shall be payable in cash or shares of Common Stock, or partly in cash and partly in shares of Common Stock, in accordance with the terms of the Plan and the discretion of the Administrator. Subject to the provisions of Section 3(c) herein, the Administrator shall determine the nature, length and starting date of the period, if any, during which a Restricted Award may be earned (the "Restriction Period"), and shall determine the conditions which must be met in order for a Restricted Award to be granted or to vest or be earned (in whole or in part), which conditions may include, but are not limited to, payment of a stipulated purchase price, attainment of performance objectives, continued service or employment for a certain period of time, a combination of attainment of performance objectives and continued service, Retirement, Disability, death or any combination of such conditions. In the case of Restricted Awards based upon performance factors or criteria, or a combination of performance factors or criteria and continued service, the Administrator shall determine the Performance Measures applicable to such Restricted Awards (subject to Section 1(ii)).

(b) *Vesting of Restricted Awards*: Subject to the terms of the Plan (and taking into account any Code Section 409A considerations), the Administrator shall have sole authority to determine whether and to what degree Restricted Awards have vested and been earned and are payable and to establish and interpret the terms and conditions of Restricted Awards.

(c) *Termination of Employment or Service; Forfeiture*: Unless the Administrator determines otherwise, if the employment or service of a Participant shall be terminated for any reason (whether by the Company or the Participant and whether voluntary or involuntary) and all or any part of a Restricted Award has not vested or been earned pursuant to the terms of the Plan and related Award Agreement, such Award, to the extent not then vested or earned, shall be forfeited immediately upon such termination and the Participant shall have no further rights with respect thereto.

(d) *Share Certificates; Escrow*: Unless the Administrator determines otherwise, a certificate or certificates representing the shares of Common Stock subject to a Restricted Stock Award shall be issued in the name of the Participant (or, in the case of uncertificated shares, other written evidence of ownership in accordance with Applicable Law shall be provided) after the Award has been granted. Notwithstanding the foregoing, the Administrator may require that (i) a Participant deliver the certificate(s) (or other instruments) for such shares to the Administrator or its designee to be held in escrow until the Restricted Stock Award vests and is no longer subject to a substantial risk of forfeiture (in which case the shares will be promptly released to the Participant) or is forfeited (in which case the shares shall be returned to the Company); and/or (ii) a Participant deliver to the Company a stock power, endorsed

in blank (or similar instrument), relating to the shares subject to the Restricted Stock Award which are subject to forfeiture. Unless the Administrator determines otherwise, a certificate or certificate representing shares of Common Stock issuable pursuant to a Restricted Stock Unit shall be issued in the name of the Participant (or, in the case of uncertificated shares, other written evidence of ownership in accordance with Applicable Law shall be provided) promptly after the Award (or portion thereof) has vested and been earned and is distributable.

(e) *Nontransferability*: Unless the Administrator determines otherwise, Restricted Awards that have not vested shall not be transferable (including by sale, assignment, pledge or hypothecation) other than transfers by will or the laws of intestate succession, and the recipient of a Restricted Award shall not sell, transfer, assign, pledge or otherwise encumber shares subject to the Award until the Restriction Period has expired and until all conditions to vesting have been met. The designation of a beneficiary in accordance with the Plan does not constitute a transfer.

10. Performance Awards

(a) *Grant of Performance Awards*: Subject to the terms of the Plan, the Administrator may in its discretion grant Performance Awards to such eligible Participants upon such terms and conditions and at such times as the Administrator shall determine. Performance Awards may be in the form of Performance Shares and/or Performance Units. An Award of a Performance Share is a grant of a right to receive shares of Common Stock, the cash value thereof, or a combination thereof (in the Administrator's discretion), which is contingent upon the achievement of performance or other objectives during a specified period and which has a value on the date of grant equal to the Fair Market Value of a share of Common Stock. An Award of a Performance Unit is a grant in an amount determined by the Administrator that gives the holder the opportunity to receive shares of Common Stock, a cash payment or a combination of Common Stock and cash (as determined by the Administrator), which is contingent upon the achievement of performance or other objectives during a specified period and which has an initial value determined in a dollar amount established by the Administrator at the time of grant. Subject to Section 5(b), the Administrator shall have discretion to determine the number of Performance Units and/or Performance Shares granted to any Participant. Subject to the provisions of Section 3(c) herein, the Administrator shall determine the nature, length and starting date of the period during which a Performance Award may be earned (the "Performance Period"), and shall determine the conditions which must be met in order for a Performance Award to be granted or to vest or be earned (in whole or in part), which conditions may include but are not limited to payment of a stipulated purchase price, attainment of performance objectives, continued service or employment for a certain period of time or a combination of any such conditions. Subject to Section 1(ii), the Administrator shall determine the Performance Measures applicable to such Performance Awards.

(b) *Earning of Performance Awards*: Subject to the terms of the Plan (and taking into account any Code Section 409A considerations), the Administrator shall have sole authority to determine whether and to what degree Performance Awards have been earned and are payable and to interpret the terms and conditions of Performance Awards and the provisions of this Section 10.

(c) *Form of Payment*: Payment of the amount to which a Participant shall be entitled upon earning a Performance Award shall be made in cash, shares of Common Stock or a combination of cash and shares of Common Stock, as determined by the Administrator in its sole discretion. Payment may be made in a lump sum or upon such terms as may be established by the Administrator (taking into account any Code Section 409A considerations).

(d) *Termination of Employment or Service; Forfeiture*: Unless the Administrator determines otherwise (taking into account any Code Section 409A considerations), if the employment or service of a Participant shall terminate for any reason (whether by the Company or the Participant and whether voluntary or involuntary) and the Participant has not earned all or part of a Performance Award pursuant to the terms of the Plan and related Award Agreement, such Award, to the extent not then earned, shall be forfeited immediately upon such termination and the Participant shall have no further rights with respect thereto.

(e) *Nontransferability:* Unless the Administrator determines otherwise, Performance Awards which have not been earned shall not be transferable (including by sale, assignment, pledge or hypothecation) other than transfers by will or the laws of intestate succession, and the recipient of a Performance Award shall not sell, transfer, assign, pledge or otherwise encumber any shares or any other benefit subject to the Award until the Performance Period has expired and the conditions to earning the Award have been met. The designation of a beneficiary in accordance with the Plan does not constitute a transfer.

11. Phantom Stock Awards

(a) *Grant of Phantom Stock Awards*: Subject to the terms of the Plan (including but not limited to Section 3(c) herein), the Administrator may in its discretion grant Phantom Stock Awards to such eligible Participants, in such numbers, upon such terms and conditions and at such times as the Administrator shall determine. A Phantom Stock Award is an Award to a Participant of a number of hypothetical share units with respect to shares of Common Stock, with a value based on the Fair Market Value of a share of Common Stock.

(b) *Vesting of Phantom Stock Awards*: Subject to the terms of the Plan (and taking into account any Code Section 409A considerations), the Administrator shall have sole authority to determine whether and to what degree Phantom Stock Awards have vested and are payable and to interpret the terms and conditions of Phantom Stock Awards.

(c) *Termination of Employment or Service; Forfeiture*: Unless the Administrator determines otherwise (taking into account any Code Section 409A considerations), if the employment or service of a Participant shall be terminated for any reason (whether by the Company or the Participant and whether voluntary or involuntary) and all or any part of a Phantom Stock Award has not vested and become payable pursuant to the terms of the Plan and related Award Agreement, such Award, to the extent not then vested or earned, shall be forfeited immediately upon such termination and the Participant shall have no further rights with respect thereto.

(d) *Payment of Phantom Stock Awards*: Upon vesting of all or a part of a Phantom Stock Award and satisfaction of such other terms and conditions as may be established by the Administrator, the Participant shall be entitled to a payment of an amount equal to the Fair Market Value of one share of Common Stock with respect to each such Phantom Stock unit which has vested and is payable. Payment may be made, in the discretion of the Administrator, in cash or in shares of Common Stock valued at their Fair Market Value on the applicable vesting date or dates (or other date or dates determined by the Administrator), or in a combination thereof. Payment may be made in a lump sum or upon such terms as may be established by the Administrator (taking into account any Code Section 409A considerations).

(e) *Nontransferability*: Unless the Administrator determines otherwise, (i) Phantom Stock Awards shall not be transferable (including by sale, assignment, pledge or hypothecation) other than transfers by will or the laws of intestate succession and (ii) shares of Common Stock (if any) subject to a Phantom Stock Award may not be sold, transferred, assigned, pledged or otherwise encumbered until the Phantom Stock Award has vested and all other conditions established by the Administrator have been met. The designation of a beneficiary in accordance with the Plan does not constitute a transfer.

12. Other Stock-Based Awards

The Administrator shall have the authority to grant Other Stock-Based Awards to one or more eligible Participants. Such Other Stock-Based Awards may be valued in whole or in part by reference to, or otherwise based on or related to, shares of Common Stock or Awards for shares of Common Stock, including but not limited to Other Stock-Based Awards granted in lieu of bonus, salary or other compensation, Other Stock-Based Awards granted with vesting or performance conditions, and/or Other Stock-Based Awards granted without being subject to vesting or performance conditions (subject to the terms of Section 3(c) herein). Subject to the provisions of the Plan, the Administrator shall determine the number of shares of Common Stock to be awarded to a Participant under (or otherwise related to) such Other Stock-Based Awards; whether such Other Stock-Based Awards shall be settled in cash, shares of Common Stock or a combination of cash and shares of Common Stock; and the other terms and conditions of such Awards. Unless the Administrator determines otherwise, (i) Other Stock-Based Awards shall not be transferable (including by sale, assignment, pledge or hypothecation) other than transfers by will or the laws of intestate succession, and (ii) shares of Common Stock (if any) subject to an Other Stock-Based Award may not be sold, transferred, assigned, pledged or otherwise encumbered until the Other Stock-Based Award has vested and all other conditions established by the Administrator have been met. The designation of a beneficiary in accordance with the Plan does not constitute a transfer.

13. Dividends and Dividend Equivalents

The Administrator may, in its sole discretion, provide that Awards other than Options and SARs earn dividends or dividend equivalents rights ("dividend equivalents"); provided, however, that dividends and dividend equivalents (whether paid in cash or shares of Common Stock), if any, on unearned or unvested Awards shall not be paid (even if accrued) unless and until the underlying Award (or portion thereof) has vested and/or been earned. Any crediting of dividends or dividend equivalents may be subject to such additional restrictions and conditions as the Administrator may establish, including reinvestment in additional shares of Common Stock or share equivalents. Notwithstanding the other provisions herein, any dividends or dividend equivalents related to an Award shall be structured in a manner so as to avoid causing the Award and related dividends or dividend equivalents to be subject to Code Section 409A or shall otherwise be structured so that the Award and dividends or dividend equivalents are in compliance with Code Section 409A.

14. Change of Control

Notwithstanding any other provision in the Plan to the contrary, the following provisions shall apply in the event of a Change of Control (except to the extent, if any, otherwise required under Code Section 409A):

(a) To the extent that the successor or surviving company in the Change of Control event does not assume or substitute for an Award (or in which the Company is the ultimate parent corporation and does not continue the Award) on substantially similar terms or with substantially equivalent economic benefits (as determined by the Administrator) as Awards outstanding under the Plan

immediately prior to the Change of Control event, (i) all outstanding Options and SARs shall become fully vested and exercisable, whether or not then otherwise vested and exercisable; and (ii) any restrictions, including but not limited to the Restriction Period, Performance Period and/or performance factors or criteria applicable to any outstanding Awards other than Options or SARs shall be deemed to have been met, and such Awards shall become fully vested, earned and payable to the fullest extent of the original grant of the applicable Award (or, in the case of performance-based Awards the earning of which is based on attaining a target level of performance, such Awards shall be deemed earned at target).

(b) Further, in the event that an Award is substituted, assumed or continued as provided in Section 14(a) herein, the Award will nonetheless become vested (and, in the case of Options and SARs, exercisable) in full and any restrictions, including but not limited to the Restriction Period, Performance Period and/or performance factors or criteria applicable to any outstanding Award other than Options or SARs shall be deemed to have been met, and such Awards shall 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 shall be deemed earned at target), if the employment or service of the Participant is terminated within six months before (in which case vesting shall not occur until the effective date of the Change of Control) or one year after the effective date of a Change of Control if such termination of employment or service (i) is by the Company not for Cause or (ii) is by the Participant for Good Reason. For clarification, for the purposes of this Section 14, the "Company" shall include any successor to the Company.

15. Withholding

The Company shall withhold all required local, state, federal, foreign and other taxes and any other amount required to be withheld by any governmental authority or law from any amount payable in cash with respect to an Award. Prior to the delivery or transfer of any certificate for shares or any other benefit conferred under the Plan, the Company shall require any Participant or other person to pay to the Company in cash the amount of any tax or other amount required by any governmental authority to be withheld and paid over by the Company to such authority for the account of such recipient. Notwithstanding the foregoing, the Administrator may in its discretion establish procedures to permit a recipient to satisfy such obligation in whole or in part, and any local, state, federal, foreign or other income tax obligations relating to such an Award, by electing (the "election") to deliver to the Company shares of Common Stock held by the Participant (which are fully vested and not subject to any pledge or other security interest) or to have the Company withhold shares of Common Stock from the shares to which the recipient is otherwise entitled. The number of shares to be withheld or delivered shall have a Fair Market Value as of the date that the amount of tax to be withheld is determined as nearly equal as possible to, but not exceeding (unless otherwise permitted by the Administrator in a manner in accordance with Applicable Law and applicable accounting principles), the amount of such obligations being satisfied. Each election must be made in writing to the Administrator in accordance with election procedures established by the Administrator.

16. Amendment and Termination of the Plan and Awards

(a) *Amendment and Termination of Plan; Prohibition on Repricing*: The Plan may be amended, altered, suspended and/or terminated at any time by the Board; provided, that (i) approval of an amendment to the Plan by the stockholders of the Company shall be required to the extent, if any, that stockholder approval of such amendment is required by Applicable Law; and (ii) except for adjustments made pursuant to Section 5(d) the Company may not, without obtaining stockholder approval, (A) amend the terms of outstanding Options or SARs to reduce the Option Price or Base Price of such outstanding Options or SARs; (B) exchange outstanding Options or SARs for cash, for Options or SARs with an Option Price or Base Price that is less than the Option Price or Base Price of the original Option or SAR, or for other equity awards at a time when the original Option or SAR has an Option Price or Base Price, as the case may be, above the Fair Market Value of the Common Stock; or (C) take other 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 the Common Stock are listed.

(b) *Amendment and Termination of Awards*: The Administrator may amend, alter, suspend and/or terminate any Award granted under the Plan, prospectively or retroactively, but (except as otherwise provided in Section 3(b) or Section 16(c)) such amendment, alteration, suspension or termination of an Award shall not, without the written consent of the recipient of an outstanding Award, materially adversely affect the rights of the recipient with respect to the Award.

(c) *Amendments to Comply with Applicable Law*: Notwithstanding Section 16(a) and Section 16(b) herein, the following provisions shall apply:

(i) The Administrator shall have unilateral authority to amend the Plan and any Award (without Participant consent) to the extent necessary to comply with Applicable Law or changes to Applicable Law (including but in no way limited to Code Section 409A, Code Section 422 and federal securities laws).

(ii) The Administrator shall have unilateral authority to make adjustments to the terms and conditions of Awards in recognition of unusual or nonrecurring events affecting the Company or any Affiliate, or the financial statements of the Company

or any Affiliate, or of changes in Applicable Law, or accounting principles, 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 Plan or necessary or appropriate to comply with applicable accounting principles or Applicable Law.

17. Restrictions on Awards and Shares; Compliance with Applicable Law

(a) General: As a condition to the issuance and delivery of Common Stock hereunder, or the grant of any benefit pursuant to the Plan, the Company may require a Participant or other person at any time and from time to time to become a party to an Award Agreement, other agreement(s) restricting the transfer, purchase, repurchase and/or voting of shares of Common Stock of the Company, and any employment agreements, consulting agreements, non-competition agreements, confidentiality agreements, non-solicitation agreements, non-disparagement agreements or other agreements imposing such restrictions as may be required by the Company. In addition, without in any way limiting the effect of the foregoing, each Participant or other holder of shares issued under the Plan shall be permitted to transfer such shares only if such transfer is in accordance with the Plan, the Award Agreement, any other applicable agreements and Applicable Law. The acquisition of shares of Common Stock under the Plan by a Participant or any other holder of shares shall be subject to, and conditioned upon, the agreement of the Participant or other holder of such shares to the restrictions described in the Plan, the Award Agreement and any other applicable agreements and Applicable Law.

(b) *Compliance with Applicable Laws, Rules and* Regulations: The Company may impose such restrictions on Awards, shares of Common Stock and any other benefits underlying Awards hereunder as it may deem advisable, including without limitation restrictions under the federal securities laws, the requirements of any stock exchange or similar organization and any blue sky, state or foreign securities or other laws applicable to such securities. Notwithstanding any other Plan provision to the contrary, the Company shall not be obligated to issue, deliver or transfer shares of Common Stock under the Plan, make any other distribution of benefits under the Plan, or take any other action, unless such delivery, distribution or action is in compliance with Applicable Law (including but not limited to the requirements of the Securities Act). The Company will be under no obligation to register shares of Common Stock or other securities with the Securities and Exchange Commission or to effect compliance with the exemption, registration, qualification or listing requirements of any state securities laws, stock exchange or similar organization, and the Company will have no liability for any inability or failure to do so. The Company may cause a restrictive legend or legends to be placed on any certificate issued pursuant to an Award hereunder in such form as may be prescribed from time to time by Applicable Law or as may be advised by legal counsel.

18. No Right or Obligation of Continued Employment or Service or to Awards; Compliance with the Plan

Neither the Plan, an Award, an Award Agreement nor any other action related to the Plan shall confer upon a Participant any right to continue in the employ or service of the Company or an Affiliate as an Employee, Director or Consultant, or interfere in any way with the right of the Company or an Affiliate to terminate the Participant’s employment or service at any time. Except as otherwise provided in the Plan, an Award Agreement or as may be determined by the Administrator, all rights of a Participant with respect to an Award shall terminate upon the termination of the Participant’s employment or service. In addition, no person shall have any right to be granted an Award, and the Company shall have no obligation to treat Participants or Awards uniformly. By participating in the Plan, each Participant shall be deemed to have accepted all of the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Administrator and shall be fully bound thereby. Any Award granted hereunder is not intended to be compensation of a continuing or recurring nature, or part of a Participant’s normal or expected compensation, and in no way represents any portion of a Participant’s salary, compensation or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

19. General Provisions

(a) *Stockholder Rights*: Except as otherwise determined by the Administrator (and subject to the provisions of Section 9(d) regarding Restricted Awards), a Participant and his legal representative, legatees or distributees shall not be deemed to be the holder of any shares of Common Stock subject to an Award and shall not have any rights of a stockholder unless and until certificates for such shares have been issued and delivered to him or them under the Plan. A certificate or certificates for shares of Common Stock acquired upon exercise of an Option or SAR shall be issued in the name of the Participant or his beneficiary and distributed to the Participant or his beneficiary (or, in the case of uncertificated shares, other written notice of ownership in accordance with Applicable Law shall be provided) as soon as practicable following receipt of notice of exercise and, with respect to Options, payment of the Option Price (except as may otherwise be determined by the Company in the event of payment of the Option Price pursuant to Section 7(d)(ii)(C)). Except as otherwise provided in Section 9(d) regarding Restricted Stock Awards or otherwise determined by the Administrator, a certificate for any shares of Common Stock issuable pursuant to a Restricted Award, Performance Award, Phantom Stock Award or Other Stock-Based Award shall be issued in the name of the Participant or his beneficiary and distributed to the Participant or his beneficiary (or, in the case of uncertificated shares, other written notice of ownership in accordance with Applicable Law shall be provided) after the Award (or portion thereof) has vested and been earned.

(b) *Section 16(b) Compliance*: To the extent that any Participants in the Plan are subject to Section 16(b) of the Exchange Act, it is the general intention of the Company that transactions under the Plan shall comply with Rule 16b-3 under the Exchange Act and that the Plan shall be construed in favor of such Plan transactions meeting the requirements of Rule 16b-3 or any successor rules thereto. Notwithstanding anything in the Plan to the contrary, the Administrator, in its sole and absolute discretion, may bifurcate the Plan so as to restrict, limit or condition the use of any provision of the Plan to Participants who are officers or directors subject to Section 16 of the Exchange Act without so restricting, limiting or conditioning the Plan with respect to other Participants.

(c) *Code Section 162(m) Performance-Based Compensation*. To the extent to which Code Section 162(m) is applicable, the Company intends that compensation payable under the Plan to Covered Employees will, to the extent practicable, constitute "qualified performance-based compensation" within the meaning of Code Section 162(m), unless otherwise determined by the Administrator. Accordingly, Awards granted to Covered Employees which are intended to qualify for the performance-based exception under Code Section 162(m) shall be deemed to include any such additional terms, conditions, limitations and provisions as are necessary to comply with the performance-based compensation exemption of Code Section 162(m), unless the Administrator, in its discretion, determines otherwise.

(d) *Unfunded Plan; No Effect on Other Plans*:

(i) The Plan shall be unfunded, and the Company shall not be required to create a trust or segregate any assets that may at any time be represented by Awards under the Plan. The Plan shall not establish any fiduciary relationship between the Company and any Participant or other person. Neither a Participant nor any other person shall, by reason of the Plan, acquire any right in or title to any assets, funds or property of the Company or any Affiliate, including, without limitation, any specific funds, assets or other property which the Company or any Affiliate, in their discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to shares of Common Stock or other amounts, if any, payable under the Plan, unsecured by any assets of the Company or any Affiliate. Nothing contained in the Plan shall constitute a guarantee that the assets of such entities shall be sufficient to pay any benefits to any person.

(ii) The amount of any compensation deemed to be received by a Participant pursuant to an Award shall not constitute compensation with respect to which any other employee benefits of such Participant are determined, including, without limitation, benefits under any bonus, pension, profit sharing, life insurance or salary continuation plan, except as otherwise specifically provided by the terms of such plan or as may be determined by the Administrator.

(iii) Except as otherwise provided in the Plan, the adoption of the Plan shall not affect any other stock incentive or other compensation plans in effect for the Company or any Affiliate, nor shall the Plan preclude the Company from establishing any other forms of stock incentive or other compensation for employees or service providers of the Company or any Affiliate.

(e) *Governing Law*: The Plan and Awards shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflict of laws provisions of any state, and in accordance with applicable federal laws of the United States. Any and all disputes between a Participant or person claiming through him and the Company or any Affiliate relating to the Plan or an Award shall be brought only in the state courts of Greenville, South Carolina, or the United States District Court for the District of South Carolina, Greenville division, as appropriate.

(f) *Beneficiary Designation*: The Administrator may, in its discretion, permit a Participant to designate in writing a person or persons as beneficiary, which beneficiary shall be entitled to receive settlement of Awards (if any) to which the Participant is otherwise entitled in the event of death. In the absence of such designation by a Participant, and in the event of the Participant's death, the estate of the Participant shall be treated as beneficiary for purposes of the Plan, unless the Administrator determines otherwise. The Administrator shall have discretion to approve and interpret the form or forms of such beneficiary designation. A beneficiary, legal guardian, legal representative or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent that the Plan and/or Award Agreement provide otherwise, and to any additional restrictions deemed necessary or appropriate by the Administrator.

(g) *Gender and Number*: Except where otherwise indicated by the context, words in any gender shall include any other gender, words in the singular shall include the plural and words in the plural shall include the singular.

(h) *Severability*: If any provision of the Plan or an Award Agreement shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan or the Award Agreement, and the Plan or Award Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

(i) *Rules of Construction*: Headings are given to the sections of the Plan solely as a convenience to facilitate reference. The reference to any statute, regulation or other provision of law shall (unless the Administrator determines otherwise) be construed to refer to any amendment to or successor of such provision of law.

(j) *Successors and Assigns*: The Plan shall be binding upon the Company, its successors and assigns, and Participants, their executors, administrators and permitted transferees and beneficiaries.

(k) *Award Agreement:* The grant of any Award under the Plan shall be evidenced by an Award Agreement between the Company and the Participant. Such Award Agreement may state terms, conditions and restrictions applicable to the Award and any may state such other terms, conditions and restrictions, including but not limited to terms, conditions and restrictions applicable to shares of Common Stock (or other benefits) subject to an Award, as may be established by the Administrator.

(l) *Right of Offset:* Notwithstanding any other provision of the Plan or an Award Agreement, the Company may at any time (subject to any Code Section 409A considerations) reduce the amount of any payment or benefit otherwise payable to or on behalf of a Participant by the amount of any obligation of the Participant to or on behalf of the Company or an Affiliate that is or becomes due and payable.

(m) *Uncertified Shares*: Notwithstanding anything in the Plan to the contrary, to the extent the Plan provides for the issuance of stock certificates to reflect the issuance of shares of Common Stock, the issuance may, in the Company's discretion, be effected on a non-certificated basis, to the extent not prohibited by the Company's certificate of incorporation or bylaws or by Applicable Law (including but not limited to applicable state corporate law and the applicable rules of any stock exchange on which the Common Stock may be traded).

(n) *Income and Other Taxes:* Participants are solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with Awards (including but not limited to any taxes arising under Code Section 409A), and the Company shall not have any obligation to indemnify or otherwise hold any Participant harmless from any or all of such taxes. The Company shall have no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for a Participant or any other person.

(o) *Effect of Certain Changes in Status:* Notwithstanding the other terms of the Plan or an Award Agreement, the Administrator has sole discretion to determine (taking into account any Code Section 409A considerations), at the time of grant of an Award or at any time thereafter, the effect, if any, on Awards (including but not limited to modifying the vesting, exercisability and/or earning of Awards) granted to a Participant if the Participant's status as an Employee, Director or Consultant changes, including but not limited to a change from full-time to part-time, or vice versa, or if other similar changes in the nature or scope of the Participant's employment or service occur.

(p) *Stockholder Approval:* The Plan, as initially adopted, was approved by the stockholders of the Company within 12 months of the Effective Date of the Plan. Amendments to the Plan shall be subject to stockholder approval if and to the extent required under Applicable Law.

(q) *Deferrals:* Subject to the provisions of this Section 19(q) and Section 20, the Administrator may permit or require a Participant to defer such Participant's receipt of the payment of cash or the delivery of shares of Common Stock that would otherwise be payable with respect to an Award. Any such deferral shall be subject to such terms and conditions as may be established by the Administrator and to any applicable Code Section 409A requirements.

(r) *Fractional Shares:* Except as otherwise provided in an Award Agreement or determined by the Administrator, (i) the total number of shares issuable pursuant to the exercise, vesting or earning of an Award shall be rounded down to the nearest whole share, and (ii) no fractional shares shall be issued. The Administrator may, in its discretion, determine that a fractional share shall be settled in cash.

(s) *Compliance with Recoupment, Ownership and Other Policies or Agreements:* Notwithstanding anything in the Plan to the contrary, the Administrator may, at any time, consistent with, but without limiting, the authority granted in Section 3(b) herein, in its discretion 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 policies of the Company or an Affiliate, breach of non-solicitation, non-competition, confidentiality or other restrictive covenants, or other conduct by the Participant that is determined by the Administrator to be detrimental to the business or reputation of the Company or any Affiliate. In addition, without limiting the effect of the foregoing, as a condition to the grant of an Award or receipt or retention of shares of Common Stock, cash or any other benefit under the Plan, the Administrator may, at any time, require that a Participant comply with the Company's Compensation Recoupment Policy and Stock Ownership and Retention Policy (including but not limited to such policy's stock retention requirements) and/or other policies adopted by the Company or an Affiliate, each as in effect from time to time and to the extent applicable to the Participant. Further, each Participant shall be subject to such compensation recovery, recoupment, forfeiture or other similar provisions as may apply under Applicable Law.

(t) *Attestation:* Wherever in the Plan or any Award Agreement a Participant is permitted to pay the Option Price of an Option or taxes relating to the exercise, vesting or earning of an Award by delivering shares of Common Stock, the Participant may, unless the

Committee determines otherwise and subject to procedures satisfactory to the Committee, satisfy such delivery requirement by presenting proof of beneficial ownership of such shares, in which case the Company shall treat the Award as exercised, vested or earned without further payment and/or shall withhold such number of shares from the shares acquired by the exercise, vesting or earning of the Award, as appropriate.

(u) *Plan Controls:* Unless the Administrator determines otherwise, (i) in the event of a conflict between any term or provision contained in the Plan and an express term contained in any Award Agreement, the applicable terms and provisions of the Plan will govern and prevail, and (ii) the terms of an Award Agreement shall not be deemed to be in conflict or inconsistent with the Plan merely because they impose greater or additional restrictions, obligations or duties, or if the Award Agreement provides that such Award Agreement terms apply notwithstanding the provisions to the contrary in the Plan.

20. Compliance with Code Section 409A

Notwithstanding any other provision in the Plan or an Award Agreement to the contrary, if and to the extent that Code Section 409A is deemed to apply to the Plan or any Award, it is the general intention of the Company that the Plan and all such Awards shall, to the extent practicable, comply with, or be exempt from, Code Section 409A, and the Plan and any such Award Agreement shall, to the extent practicable, be construed in accordance therewith. Deferrals of shares or any other benefit issuable pursuant to an Award otherwise exempt from Code Section 409A in a manner that would cause Code Section 409A to apply shall not be permitted unless such deferrals are in compliance with, or exempt from, Code Section 409A. In the event that the Company (or a successor thereto) has any stock which is publicly traded on an established securities market or otherwise, distributions that are subject to Code Section 409A to any Participant who is a "specified employee" (as defined under Code Section 409A) upon a separation from service may only be made following the expiration of the six-month period after the date of separation from service (with such distributions to be made during the seventh month following separation of service), or, if earlier than the end of the six-month period, the date of death of the specified employee, or as otherwise permitted under Code Section 409A. For purposes of Code Section 409A, each installment payment provided under the Plan or an Award Agreement shall be treated as a separate payment. Without in any way limiting the effect of any of the foregoing, (i) in the event that Code Section 409A requires that any special terms, provisions or conditions be included in the Plan or any Award Agreement, then such terms, provisions and conditions shall, to the extent practicable, be deemed to be made a part of the Plan or Award Agreement, as applicable, and (ii) terms used in the Plan or an Award Agreement shall be construed in accordance with Code Section 409A if and to the extent required. Further, in the event that the Plan or any Award shall be deemed not to comply with Code Section 409A, then neither the Company, the Administrator nor its or their designees or agents shall be liable to any Participant or other person for actions, decisions or determinations made in good faith.

[Signature Page To Follow]

IN WITNESS WHEREOF, this Regional Management Corp. 2015 Long-Term Incentive Plan, as amended and restated effective April 27, 2017, is, by the authority of the Board of Directors of the Company, executed in behalf of the Company, the 27th day of April, 2017.

REGIONAL MANAGEMENT CORP.

By: ____

Name: Peter Knitzer
Title: Chief Executive Officer

ATTEST:

By: ____

Name: Brian J. Fisher
Title: Vice President, General Counsel, and Secretary

REGIONAL MANAGEMENT™

QUICK FACTS (as of December 31, 2016)

$718 million in finance receivables

339 branches

9 states
SC • TX • NC • TN • AL
OK • NM • GA • VA

MANAGEMENT TEAM

Peter R. Knitzer
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.
979 Batesville Road, Suite B
Greer, SC 29651
Telephone: (864) 448-7000
RegionalManagement.com

INVESTOR INQUIRIES

Garrett Edson, ICR
(203) 682-8331
Garrett.Edson@icrinc.com

COMPANY OVERVIEW

Regional Management Corp. (NYSE: RM) is a diversified consumer finance company focused on high-touch, relationship-based lending. We offer a broad array of flexible and affordable loan products primarily to customers with limited access to credit from banks, credit card companies, and other traditional lenders. As of December 31, 2016, we had approximately 357,800 accounts and $717.8 million in outstanding finance receivables.

BRANCH NETWORK & ORIGINATION CHANNELS

We operated 339 branches across nine states at the end of 2016. Our integrated branch model is the foundation of our multi-channel origination strategy, with nearly all loans, regardless of origination channel, serviced through our branch network. We believe that our frequent, in-person contact with our customers builds strong relationships, fosters customer loyalty, and improves credit performance. In addition to our branch network, we promote our products and facilitate loan applications and originations through direct mail campaigns, automobile dealerships, retailers, and our consumer website.

LOAN PRODUCTS & FEATURES

We underwrite our loans based on our customers' ability to make loan payments out of their discretionary income, with the value of any pledged collateral serving as a credit enhancement rather than the primary underwriting criterion. Our loan products are more affordable and flexible than those offered by alternative financial service providers, such as payday and title lenders. We report our customers' payment performance to a national credit reporting agency, allowing our customers the opportunity to establish or repair their credit history. 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.

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 loan size: $1,300	Up to 48 months
Large Installment Loans	Range: $2,501 – $20,000 Average loan size: $4,200	18 to 60 months
Automobile Purchase Loans	Range: Up to $27,500 Average loan size: $8,600	36 to 72 months
Retail Purchase Loans	Range: Up to $7,500 Average loan size: $1,500	6 to 48 months

OPPORTUNITY FOR GROWTH

We serve a large, addressable market of underbanked and non-prime consumers. We plan to continue to increase the size of our overall loan receivables by focusing on the growth of our core small and large installment loan portfolios within our existing branches and by expanding our branch network in our current footprint and in nearby states. We believe that by broadening our origination channels and product offerings, we will have the opportunity to reach new customers and to offer new products to existing customers as their credit profiles and needs evolve.

BUSINESS & FINANCIAL HIGHLIGHTS

- Revenue growth at a CAGR of 15.4%, from $135.7 million in 2012 to $240.5 million in 2016
- 2016 net income of $24.0 million
- 2016 diluted earnings per share of $1.99
- Aggregate receivables growth at a CAGR of 13.0%, from $439.5 million in 2012 to $717.8 million in 2016
- Fourth quarter 2016 same-store finance receivables growth of 11.0%

Regional Management Corp.
979 Batesville Rd, Suite B • Greer, SC 29651