2017 Annual Report

Fiscal Year 2017 Form 10-K

Proxy Statement for the
2018 Annual Meeting of Stockholders

RM LISTED NYSE

REGIONAL™ MANAGEMENT

REGIONAL FINANCE®

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

March 2018

Dear Valued Stockholders:

We produced another set of strong operating and financial results in 2017, including double-digit growth of our loan portfolio, total revenue, and diluted earnings per share. Perhaps more importantly to our long-term success, we took significant steps to modernize our infrastructure. We have now successfully completed our transition to a new loan origination and servicing system, leaving us well-positioned to continue our top and bottom line growth in 2018 and beyond.

In 2017, our loan portfolio grew by $100 million to $817 million, an increase of 14% from the prior year—our third consecutive year of double-digit portfolio growth. Our core portfolio of small and large installment loans grew by 22%, led by continued significant expansion in our large loan category. Revenues of $272 million in 2017 were up 13% from 2016, while operating expenses as a percentage of average net receivables were down slightly, even with the expense of our loan system conversion. Net income for 2017 was $30 million and diluted EPS was $2.54, an increase of 25% and 28%, respectively, from 2016.

Our hybrid growth strategy of increasing average receivables in our existing branches, coupled with some de novo branch expansion, was central to delivering our outstanding 2017 results. At the end of 2016, our average finance receivables per branch was $2.1 million. By the end of 2017, we grew that figure to nearly $2.4 million. The sizable increase in our large loan portfolio continued to drive our organic growth and overall performance, with large loans now comprising over 42% of our total loan portfolio. We plan to continue this hybrid growth strategy in 2018, increasing receivables per branch while opening 25 to 30 de novo branches in the back half of the year.

Now that we are operating on our new loan system, we have introduced electronic payments, texting and imaging capabilities, an online customer portal, improved lead management, and automated underwriting across our entire branch network. In addition, we have invested significantly in enhancing our credit function, most notably through the buildout of our new centralized collections team that focuses on late-stage delinquencies, allowing our branch employees to focus more of their time on sales and servicing. We plan to implement new custom credit scorecards in mid-2018 and expect they will contribute to an improvement in our credit profile and a reduction in our cost of credit in 2019.

We continued to enhance our liquidity in 2017 by expanding and diversifying our funding sources. In the second quarter, we entered into a $125 million warehouse facility (expandable to $150 million) that is funded by large loan receivables. In addition, we renewed and expanded our senior revolving credit facility committed line from $585 million to $638 million, with a maturity date of June 2020. With these funding sources in place, we expect to bring our first securitization of large loan receivables to market in mid-2018.

In 2018, we will focus our efforts on continuing Regional's profitable growth. Over the past few years, we have invested heavily in a number of areas, including the new loan system, our credit and treasury functions, our centralized collections group, and an enhanced digital presence. By mid-2018, we expect that our incremental investment in the company will largely be complete, enabling us to further reduce our expense ratios, create sustainable margin expansion, and increase long-term profitability.

We are excited about Regional's opportunities in 2018 and beyond. Thanks to the hard work of our team and the support of our stockholders, we are poised to continue our growth trajectory while also closely managing credit and operating expenses. As always, our goal remains to increase our operating leverage and to drive margin expansion, which we believe will ultimately generate long-term value for 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
President and 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, 2017

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, 2017

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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 ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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, 2017 (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 $220,711,714 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 22, 2018, there were 11,690,291 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 2018 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, 2017.

REGIONAL MANAGEMENT CORP.

ANNUAL REPORT ON FORM 10-K
Fiscal Year Ended December 31, 2017

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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 342 locations with approximately 371,600 active accounts primarily across Alabama, Georgia, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia as of December 31, 2017. 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, retailers, digital partners, 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 digital partners, 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, 2017, we had approximately 260,800 small loans outstanding representing $375.8 million in finance receivables, or an average of approximately $1,400 per loan. In 2017, 2016, and 2015, interest and fee income from small loans contributed $150.1 million, $142.1 million, and $139.2 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, via our direct mail programs, and to a lesser extent, through our digital partners. Our large loans typically are secured by a vehicle and/or non-essential household goods. As of December 31, 2017, we had approximately 80,900 large loans outstanding representing $347.2 million in finance receivables, or an average of approximately $4,300 per loan. In 2017, 2016, and 2015, interest and fee income from large loans contributed $80.3 million, $55.0 million, and $25.7 million, respectively, to our total revenue.
- *Automobile Loans* – Through November 2017, we offered 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 were offered through a network of dealers in our geographic footprint. These loans include both direct loans, which were sourced through a dealership and closed at one of our branches, and indirect loans, which were 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, 2017, we had approximately 7,300 automobile loans outstanding representing $61.4 million in finance receivables, or an average of approximately $8,400 per loan. In 2017, 2016, and 2015, interest and fee income from automobile loans contributed $12.8 million, $18.1 million, and $26.1 million, respectively, to our total revenue. Going forward, we do not intend to originate new automobile loans.
- *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 items. These loans are offered through a network of retailers within and, to a limited extent, outside of our geographic footprint. As of December 31, 2017, we had approximately 22,600 retail loans outstanding representing $33.1 million in finance receivables, or an average of approximately $1,500 per loan. In 2017, 2016, and 2015, interest and fee income from retail loans contributed $5.9 million, $5.8 million, and $4.8 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 2017, 2016, and 2015, insurance income, net contributed $13.1 million, $9.5 million, and $11.7 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, 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 provides an attractive market opportunity for our diversified product offerings.

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. We ceased originating automobile loans in November 2017.

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 lenders.

Our Business Model and Operations

Integrated Branch Model. Our branch network, with 342 locations across 9 states as of December 31, 2017, serves as the foundation of our multiple channel platform and the primary point of contact with our approximately 371,600 active accounts. By integrating loan origination 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 is typically done by our local branch manager, subject to our established underwriting guidelines. Our branch managers apply our company-wide underwriting standards to each customer's unique circumstances, and where a branch manager believes that an underwriting exception may be warranted, our policies allow for further review of a customer's credit application by a 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 342 branches as of December 31, 2017. 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 millions of potential customers in a cost-effective manner. Finally, we have developed our consumer website and partnered with digital lead sources to promote our products and facilitate loan applications and originations via the internet. 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 $20,000 with terms of up to 60 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 50.1%, from $544.7 million at December 31, 2013 to $817.5 million at December 31, 2017, a compound annual growth rate ("CAGR") of 10.7%. Our growth has come from expanding our branch network, growing the finance receivable portfolios within existing branches, and developing new products and channels, including through digital lead generation. From 2013 to 2017, we grew our year-end branch count from 264 branches to 342 branches, a CAGR of 6.7%. We opened a net 3 new branches in 2017, 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.

Established Portfolio Performance. Historically, we have managed our annual net credit loss rates in a relatively narrow band. During the post-financial crisis period from 2008 to 2013, our annual net credit loss rates remained consistent, ranging from 6.3% to 8.6% of our average finance receivables. In 2014, due to a combination of factors, we experienced an uncharacteristically high annual net credit loss rate of 11.1%. Since 2014, we have taken steps to expand our focus on credit quality by investing in highly-qualified personnel, refining our underwriting policies, and streamlining procedures that better allow us to control our credit quality across our multiple channel platform, to maintain compliance with evolving state and federal law, and to react quickly whenever market dynamics may change. These initiatives and others contributed to a reduction in our annual net credit loss rate to 9.0% and 9.4% in 2016 and 2017, respectively. We plan to continue to carefully manage our credit exposure as we grow our business, offer new products, and enter new markets.

We consider numerous 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 to 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. Both our President and Chief Executive Officer and our Chief Operating Officer have nearly 30 years of experience in consumer financial services, and our Chief Risk Officer has over 20 years of financial and consumer lending experience, including

expertise in credit risk management. As of December 31, 2017, our state operations vice presidents averaged more than 25 years of industry experience and more than 6 years of service at Regional, while our district supervisors averaged nearly 23 years of industry experience and 7 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 fostering relationships in the communities in which we operate and by capitalizing on opportunities to offer our customers new loan products as their credit profiles evolve. From 2013 to 2017, we opened or acquired a net 78 new branches, and we expect that revenues at these branches will grow faster than our overall same-store revenue growth rate as they mature. In addition, as a normal course of business, we review branch performance and may relocate branches or, to a lesser extent, close branches due to changing local market conditions.
- *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 analyze 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 retailers in the community and by activating local digital marketing.
- *New States* – We intend to explore opportunities for growth in several states outside of our existing geographic footprint that enjoy favorable operating environments, including Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Wisconsin. One of our competitors operates in more than 40 states. However, we do not expect to expand into states with unfavorable operating environments even if those states are demographically attractive for our business.

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 invest in and to improve the targeting criteria, offer strategies, and testing protocols of our direct mail campaigns, which we believe will enable us to efficiently grow our receivables with improved credit performance. We have continued to expand the scope of our convenience check campaigns, including a 30% increase in checks mailed in 2017 compared to the prior year, and we have diversified our direct mail campaign efforts. In 2017, we mailed 6.7 million convenience checks, 1.8 million prequalified loan offers, and 1.8 million invitations to apply. We expect that these efforts will add new customers, increase volume at our branches, and create opportunities to offer new loan products to our existing customers. In addition, we will continue to 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 no longer originate automobile loans. We intend to continue servicing our existing portfolio of automobile loans in our branches, and we plan to continue to cross-sell our other loan products to qualifying automobile loan customers as their financial needs evolve.
- *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, connect with retailers through trade shows, mail programs, and industry associations. We expect that these efforts will add new customers, increase volumes, and allow us to offer these customers our other loan products.
- *Online Sourcing* – To serve customers who prefer to reach us via the internet, we make an online loan application available on our consumer website and we generate customer leads through other digital channels. Throughout 2017, we focused on testing, optimization, and expansion of our digital channel, more than doubling our investment from the prior year. We expect to continue to invest in the digital channel, to add partners, capabilities, and functionality, and to diversify our online loan sourcing. We also intend to continue to increase traffic to our consumer website through the use of partnerships with digital lead generators, search engine optimization, and other tools. We expect that these efforts will add new customers, increase volumes, and allow us to offer these customers our other loan products.

We believe that 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. Since 2014, we have taken steps to expand our focus on credit quality by investing in highly-qualified personnel, refining our underwriting policies, and streamlining procedures that better allow us to control our credit quality across our multiple channel platform, to maintain compliance with evolving state and federal law, and to react quickly whenever market dynamics may change. These initiatives and others contributed to a reduction in our annual net credit loss rate to 9.0% and 9.4% in 2016 and 2017, respectively. We plan to continue to carefully manage our credit exposure as we grow our business, offer new products, and enter new markets.

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 resort 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 2017, we refinanced $6.1 million of loans that were 60 days or more contractually past due, representing approximately 0.6% of our total loan volume for fiscal 2017. As of December 31, 2017, the outstanding balance of such refinancings was $6.0 million, or 0.7% of finance receivables as of such date.

For loans made through our branch network, 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 can 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 until the loan is fully repaid or by recording our lien on the title, in each case as required by state law.

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 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.

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, as well as 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 2017, the average originated net loan size and term for our small loans were $1,669 and 19 months, respectively. The average yield we earned on our portfolio of small loans was 42.2% in 2017. 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-filing insurance fee and obtain non-filing 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 as needed, 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 as of the dates indicated:

	At December 31,				
	2013	2014	2015	2016	2017
South Carolina	26%	25%	23%	20%	17%
Texas	29%	29%	31%	32%	34%
North Carolina	16%	15%	15%	15%	14%
Alabama	14%	13%	13%	14%	14%
Tennessee	8%	8%	7%	6%	6%
Oklahoma	5%	7%	7%	7%	6%
New Mexico	2%	3%	3%	3%	3%
Georgia	—	—	1%	1%	2%
Virginia	—	—	—	2%	4%
Total	100%	100%	100%	100%	100%

The following table sets forth the total number, finance receivables, and average per loan for our small loans by state at December 31, 2017:

	Total Number of Loans	Finance Receivables	Average Per Loan
		(In thousands)	
South Carolina	43,167	$ 65,692	$1,522
Texas	92,837	127,117	1,369
North Carolina	36,921	52,357	1,418
Alabama	33,354	51,920	1,557
Tennessee	16,609	22,926	1,380
Oklahoma	15,149	22,892	1,511
New Mexico	6,998	10,803	1,544
Georgia	6,122	7,691	1,256
Virginia	9,598	14,374	1,498
Total	260,755	$375,772	$1,441

Large Loans. We also offer large loans through our branches and, to a lesser extent, through our convenience check program, in amounts ranging from $2,501 to $20,000. A consumer may apply 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. For any large loan originated in a branch, we require the loan to be secured by non-essential household goods or a vehicle, which may be an automobile, motorcycle, boat, or all-terrain vehicle. In 2017, our average originated net loan size and term for large loans were $4,946 and 41 months, respectively. The average yield we earned on our portfolio of large loans was 28.8% for 2017.

The following table sets forth the composition of our finance receivables for large loans by state as of the dates indicated:

	At December 31,				
	2013	2014	2015	2016	2017
South Carolina	28%	25%	22%	20%	19%
Texas	4%	10%	22%	22%	24%
North Carolina	28%	27%	18%	21%	19%
Alabama	30%	26%	17%	14%	12%
Tennessee	9%	8%	7%	7%	6%
Oklahoma	1%	2%	7%	7%	8%
New Mexico	—	2%	7%	6%	7%
Georgia	—	—	—	2%	2%
Virginia	—	—	—	1%	3%
Total	100%	100%	100%	100%	100%

The following table sets forth the total number, finance receivables, and average per loan for our large loans by state at December 31, 2017:

	Total Number of Loans	Finance Receivables	Average Per Loan
		(In thousands)	
South Carolina	14,817	$ 68,756	$4,640
Texas	20,805	83,412	4,009
North Carolina	16,167	64,411	3,984
Alabama	9,707	42,349	4,363
Tennessee	4,256	21,506	5,053
Oklahoma	5,744	26,606	4,632
New Mexico	5,318	22,911	4,308
Georgia	1,780	7,068	3,971
Virginia	2,326	10,199	4,385
Total	80,920	$347,218	$4,291

Automobile Loans. We ceased originating automobile loans in November 2017. Our existing automobile loans were offered through a network of dealers in our geographic footprint. These loans were 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 2017, our average originated net loan size and term for automobile loans were $14,784 and 61 months, respectively. The average yield we earned on our portfolio of automobile loans was 16.3% for 2017.

Indirect Automobile Loans. Our indirect automobile loans allowed customers and dealers to complete a loan at the dealership without the need to visit one of our branches. We typically offered indirect loans through larger franchise and independent dealers within our geographic footprint. These larger dealers collected credit applications from their customers and either forwarded the applications to us specifically or, more commonly, submitted the applications to numerous potential lenders through online credit application

networks, such as DealerTrack and RouteOne. After receiving an indirect automobile loan application, it was processed by our centralized underwriting department or, to a lesser extent, our branches and supervisors. Once the loan was approved, the dealer closed the loan on a standardized retail installment sales contract at the point of sale. Subsequently, we purchased the loan and service it locally through our branch network.

Direct Automobile Loans. We also offered direct automobile loans to our customers through our relationships with dealerships throughout our geographic footprint. These dealers would contact one of our local branches to initiate a loan application when they had identified a customer who met our written underwriting standards. Applications for direct automobile loans may also have been received through one of the online credit application networks in which we participate, such as DealerTrack and RouteOne. We reviewed the application and requested loan terms and proposed 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 interviewed the customer to verify information in the dealer's credit application, obtained a credit bureau report on the customer, and inspected the vehicle to confirm that the customer's order accurately described the vehicle before closing the loan.

The following table sets forth the composition of our finance receivables for automobile loans by state as of the dates indicated:

	At December 31,				
	2013	2014	2015	2016	2017
South Carolina	42%	42%	45%	48%	42%
Texas	22%	23%	18%	14%	16%
North Carolina	26%	24%	23%	23%	25%
Alabama	5%	5%	7%	10%	12%
Tennessee	3%	2%	2%	1%	1%
Oklahoma	1%	2%	3%	2%	1%
New Mexico	—	—	—	1%	—
Georgia	1%	2%	2%	1%	3%
Virginia	—	—	—	—	—
Total	100%	100%	100%	100%	100%

The following table sets forth the total number, finance receivables, and average per loan for our automobile loans by state at December 31, 2017:

	Total Number of Loans	Finance Receivables	Average Per Loan
		(In thousands)	
South Carolina	3,171	$25,194	$ 7,945
Texas	1,111	9,700	8,731
North Carolina	1,819	15,136	8,321
Alabama	756	7,538	9,971
Tennessee	122	879	7,205
Oklahoma	135	727	5,385
New Mexico	32	250	7,813
Georgia	176	1,767	10,040
Virginia	21	232	11,048
Total	7,343	$61,423	$ 8,365

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. 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 60 months, and are repayable at any time without penalty. In 2017, our average originated net loan size and term for retail loans were $1,901 and 27 months, respectively. The average yield we earned on our portfolio of retail loans was 18.8% for 2017.

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 as of the dates indicated:

	At December 31,				
	2013	**2014**	**2015**	**2016**	**2017**
South Carolina	6%	6%	4%	3%	2%
Texas	61%	62%	69%	73%	75%
North Carolina	15%	14%	10%	8%	7%
Alabama	5%	3%	2%	1%	1%
Tennessee	4%	2%	1%	2%	1%
Oklahoma	3%	7%	8%	6%	5%
New Mexico	1%	1%	2%	2%	1%
Georgia	—	—	—	1%	1%
Virginia	—	—	—	1%	1%
Other	5%	5%	4%	3%	5%
Total	100%	100%	100%	100%	100%

The following table sets forth the total number, finance receivables, and average per loan for our retail loans by state at December 31, 2017:

	Total Number of Loans	Finance Receivables	Average Per Loan
		(In thousands)	
South Carolina	567	$ 773	$1,363
Texas	16,759	24,827	1,481
North Carolina	1,792	2,320	1,295
Alabama	209	296	1,416
Tennessee	286	367	1,283
Oklahoma	1,307	1,787	1,367
New Mexico	374	466	1,246
Georgia	201	356	1,771
Virginia	172	310	1,802
Other	940	1,548	1,647
Total	22,607	$33,050	$1,462

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 2017, insurance income, net, was $13.1 million, or 4.8% 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 and, in some states, may provide a payment to a secondary beneficiary listed by our borrower. 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 multiple statements 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-filing 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, Ltd., 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 consolidated statements of income.

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 loan proceeds by check and we receive many loan payments by check or electronic means. 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,				
	2013	2014	2015	2016	2017
South Carolina	70	70	72	72	68
Texas	67	83	98	98	98
North Carolina	29	34	36	36	37
Alabama	49	49	50	49	47
Tennessee	21	21	21	21	21
Oklahoma	21	27	28	28	28
New Mexico	4	13	18	19	18
Georgia	3	3	7	8	8
Virginia	—	—	1	8	17
Total	264	300	331	339	342

During the period presented in the table above, we grew by a net 78 branches. In 2017, we opened a net 3 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 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, 2017)	Average Finance Receivables Per Branch as of December 31, 2017	Percentage Increase From Prior Age Category	Number of Branches
	(In thousands)		
Branches open less than one year	$1,151	—	12
Branches open one to three years	$2,041	77.3%	44
Branches open three to five years	$2,295	12.4%	87
Branches open five years or more	$2,584	12.6%	199

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, 2017, based on maturity of the branch, excluding acquired branches.

Age of Branch (As of December 31, 2017)	Average Branch Operating Income (Loss) Contribution	Percentage Increase From Prior Age Category	Number of Branches
	(In thousands)		
Branches open less than one year	$ (37)	—	12
Branches open one to three years	$173	567.6%	44
Branches open three to five years	$268	54.9%	87
Branches open five years or more	$406	51.5%	199

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, is not attributed 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 cultivation 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 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 54%, 12%, and 0.6%, respectively, of our loan originations in 2017. 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 2017, we refinanced $6.1 million of loans that were 60 or more days contractually past due, and as of December 31, 2017, the outstanding balance of such refinancings was $6.0 million, or 0.7% of finance receivables as of such date.

Generally, we charge off loans during the month the loan becomes 180 days contractually delinquent. 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. 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. Since that time, we have committed to sell the flow of loans charged-off on a regular basis. In 2017, we executed an additional bulk sale of accounts that had entered into bankruptcy proceedings to a third party and, in connection with this transaction, we committed to sell the flow of similar accounts in the future. We anticipate that we will continue to sell our flow of charged-off loans in the future.

Information Technology

In 2016, we entered into an agreement with Nortridge Software, LLC ("Nortridge") to transition to the Nortridge loan origination and servicing platform. As of February 2018, we operate substantially all of our business using the Nortridge platform in our nine states of operation. We have invested in customizing the Nortridge platform to meet our needs based upon our specific products, processes, and reporting requirements. We intend to continue to enhance the Nortridge platform to further leverage its capabilities and to meet our evolving needs. In addition, we rely on Teledata Communications Inc. and other third-party software vendors to provide access to credit 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. We compete with several national companies operating greater than 800 branch locations each, as well as a handful of smaller, regionally-focused companies with between 100 and 300 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 option 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.

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 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. 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 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 vacation, back-to-school, and holiday spending. With the exception of 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, 2017, we had 1,448 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 six employees. The branch manager oversees operations of the branch and is responsible for approving loan applications within our defined guidelines. 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 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 six state vice presidents to oversee branch operations in our nine-state footprint. 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 generally responsible for the performance of between six and ten 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 systematically monitor a range of operating metrics at each branch on a monthly basis. Our 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 two 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 and 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, as well as 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. In most of our states of operation, 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 Georgia (with respect to a limited subset of loans), 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 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 to promulgate rules that can affect the practices and activities of lenders.

The Dodd-Frank Act and the regulations promulgated thereunder may affect our operations through increased oversight of financial services products by the CFPB and the imposition of restrictions on the terms of certain loans. The CFPB has significant authority to implement and enforce federal consumer finance laws, including the protections established in the Dodd-Frank Act, as well as the authority to identify and prohibit unfair, deceptive, and abusive acts and practices.

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.

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. Also, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations thereunder, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions to remedy violations of state law.

If the CFPB or one or more state attorneys general or state regulators believe that we have violated any of the applicable laws or regulations, they could exercise their enforcement powers in ways that could have a material adverse effect on us or our business. In the past, the CFPB has actively utilized this enforcement authority against financial institutions and financial services providers by imposing significant monetary penalties, and ordering (i) restitution, (ii) mandatory changes to compliance policies and procedures, (iii) enhanced oversight and control over affiliate and third-party vendor agreements and services, and (iv) mandatory review of business practices, policies, and procedures by third-party auditors and consultants. If

the CFPB or one or more state attorneys general or state regulators were to conclude that our loan origination or servicing activities violate applicable laws or regulations, we could be subject to a formal or informal inquiry, investigation, and/or enforcement action. Formal enforcement actions are generally made public, which carries reputational risk.

Although many of the regulations implementing portions of the Dodd-Frank Act have been promulgated, we are still unable to fully predict how this significant legislation may be interpreted and enforced or the full extent to which implementing regulations and supervisory policies may affect us. The current CFPB Acting Director has indicated that the CFPB will closely review its rulemaking and enforcement practices. 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 Servicemembers Civil Relief Act, the Military Lending 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, govern the terms of loans to servicemembers, 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.
- *Servicemembers Civil Relief Act*. The Servicemembers Civil Relief Act is designed to ease legal and financial burdens on military personnel and their families during active duty status. We may be required to reduce interest rates on "pre-service" debts incurred by servicemembers, and we may be prohibited from pursuing certain forms of legal action against servicemembers, such as default judgments, during periods of active duty.
- *Military Lending Act*. The Military Lending Act applies to active-duty servicemembers and their covered dependents. We are prohibited from charging a borrower covered under the Military Lending Act more than a 36% Military Annual Percentage Rate, which includes certain costs associated with the loan in calculating the interest rate.
- *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 with, 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 that may affect our future operating results. These are the risks and uncertainties that 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, 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 31 branches in 2015, a net 8 branches in 2016, and a net 3 branches in 2017, and increasing the size of our finance receivables portfolio from $546.2 million at the beginning of 2015 to $817.5 million at the end of 2017, a compound annual growth rate of 14.4%. 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 24% in 2016 and 21% in 2017, 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 “convenience checks” to pre-screened recipients, 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 2016 and 2017, loans initiated through convenience checks represented 16.3% and 16.6%, respectively, of the value of our originated loans. We expect that convenience checks will continue to represent a meaningful portion of our 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 production costs 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 rely on certain 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, 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. 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. In addition, 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. Lastly, there is an inherent risk that a portion of the retail installment contracts that we hold will 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. These factors may increase our credit losses, which would have a material adverse effect on our results of operations and financial condition.

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, credit involuntary unemployment, and vehicle single interest 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.

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 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. 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 that 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 write-downs; 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 24%, 30%, and 14%, respectively, of our revenue in 2017. 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. The occurrence of any of the adverse regulatory or legislative events described in this "Risk Factors" section in South Carolina, Texas, or North Carolina 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. 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 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 have recently completed our transition to the Nortridge loan management software in all nine of the states in which we operate.

Since we began transitioning to the Nortridge platform, we have tailored it to meet our specific needs. To a certain extent, we depend on the willingness and ability of Nortridge to continue to provide customized solutions and to support our evolving products and business model. In the future, Nortridge may not be willing or able to provide the services necessary to meet our loan management system needs. If this occurs, we may be forced to migrate to an alternative software package, which could materially affect our business, results of operations, and financial condition.

Further, the Nortridge platform may in the future fail to 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 system does 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.

We also rely on 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 2017, we rolled out an online customer portal, which provides customers in some of our states with online access to their account information and an electronic payment option. Our future success 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 data (including loan portfolio data), 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 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 in 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.

Our headquarters are in an 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 retailers, or if the retailers with whom we have relationships experience a decline or disruption in their sales volumes.

Our retail purchase loans are reliant on our relationships with retailers. 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 retail 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 retailers, our ability to originate retail purchase loans is dependent, in large part, on the underlying consumer demand for retail goods. Retail sales are subject to fluctuation as a result of general economic trends and other factors. If sales volumes at the 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 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, 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. 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 2015, 42% in 2016, and 40% in 2017. 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. 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 amount 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 2017, our provision for credit losses was $77.3 million, and we had net credit losses of $69.7 million related to losses on our loans. As of December 31, 2017, our finance receivables were $817.5 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.

In June 2016, the Financial Accounting Standards Board issued Accounting Standard Update ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* This ASU significantly changes the way that entities will be required to measure credit losses. The new standard requires that the estimated credit loss be based upon an "expected credit loss" approach rather than the "incurred loss" approach currently required. The new approach will require entities to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable forecasts of collectability. It is anticipated that the expected credit loss model may require earlier recognition of credit losses than the incurred loss approach. This ASU will become effective for us for fiscal years beginning January 1, 2020. Early adoption is permitted for fiscal years beginning January 1, 2019. We believe the adoption of this ASU will have a material adverse effect on our consolidated financial statements. See Note 2, "Significant Accounting Policies," of the Notes to Consolidated Financial Statements in Item 8, "Financial Statements and Supplementary Data" for more information on this new accounting standard.

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 June 2020 that allows us to borrow up to $638.0 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 $700.0 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 certain special purpose entities, as described below) and equity interests of the majority of our subsidiaries. As of December 31, 2017, the amount outstanding under our senior revolving credit facility was $452.1 million and we had $46.8 million of unused capacity on the credit facility (subject to certain covenants and conditions). During fiscal 2017, the maximum amount of borrowings outstanding under the facility at any one time was $474.2 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.

The credit agreements governing our long-term debt contain restrictions and limitations that could affect our ability to operate our business.

The credit agreements governing our senior revolving credit facility, revolving warehouse credit facility, and amortizing loan contain a number of covenants that could adversely affect our business and our 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.

The credit agreements also impose certain obligations on us relating to our underwriting standards, recordkeeping and servicing of our loans, and our loss reserves and charge-off policies, and they require 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 our credit agreements 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. An event of default in any one credit agreement could also trigger cross-defaults under other existing and future credit agreements and other 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.

We have entered into certain financing arrangements, including an amortizing loan and a revolving warehouse credit facility, that are secured by certain retail installment contracts and promissory notes (the "Receivables"). Our operating subsidiaries originated the Receivables and subsequently transferred the Receivables to certain of our wholly-owned subsidiaries that were established for the special purpose of entering into the financing arrangements. On the closing date of the transactions, the special purpose entities made certain representations and warranties about the quality and nature of the Receivables. The special purpose entities are required to pay a release fee for the release of certain Receivables as collateral under certain circumstances, including circumstances in which the representations and warranties made by the special purpose entities concerning the quality and characteristics of the Receivables are inaccurate.

We believe that many purchasers of loans and other counterparties to transactions like those provided for in the revolving warehouse credit facility, the amortizing loan, and other similar 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.

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 1.3 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, our revolving warehouse credit facility, or any other floating interest rate obligations that we may incur, which would increase our operating costs and decrease our operating margins. Interest payable on our senior revolving credit facility and our revolving warehouse credit facility is variable and could increase in the future.

For additional information, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk."

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."

We have incurred and will continue to incur increased costs as a result of operating as a public company, and our management is required to devote substantial time to compliance initiatives and corporate governance practices.

As a public company, we incur significant legal, accounting, insurance, and other expenses, and our management and other personnel devote a substantial amount of time to compliance initiatives resulting from operating as a public company. We anticipate that these costs and compliance initiatives will increase as a result of the Company having ceased to be an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), as of December 31, 2017. In particular, because we no longer qualify as an "emerging growth company," we are required to include in this Annual Report on Form 10-K an attestation report from our independent registered public accounting firm as to the effectiveness of our internal control over financial reporting. In addition, we have previously taken advantage of the JOBS Act's reduced disclosure requirements applicable to "emerging growth companies" regarding executive compensation and exemptions from the requirements of holding advisory "say-on-pay" votes on executive compensation. We are no longer eligible for such reduced disclosure requirements and exemptions.

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 retail goods. Our ability to originate 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 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 levels.

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.

Due to the highly regulated nature of the consumer finance industry, we are required to comply with a wide array of federal, state, and local laws and regulations that affect, among other things, the manner in which we conduct our origination and servicing operations. These regulations directly impact our business and require constant compliance, monitoring, and internal and external audits. Although we have an enterprise-wide compliance framework structured to continuously evaluate our activities, compliance with applicable law is costly and may create operational constraints.

At a federal level, these laws and their implementing regulations include, among others, usury laws, ECOA, GLBA, EFTA, SCRA, TCPA, TILA, Reg Z, FCC, FCRA, and the Dodd-Frank Act and requirements related to unfair, deceptive, or abusive acts or practices. Many states and local jurisdictions have consumer protection laws analogous to, or in addition to, those listed above, such as state debt collection practices laws that apply to first-party lenders. These federal, state, and local laws regulate the manner in which consumer finance companies deal with customers when making loans or conducting other types of financial transactions.

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, we could be subject to fines, penalties, lawsuits, or judgments, 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 current 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.

We believe that we maintain all material licenses and permits required for our current operations and are in substantial compliance with all applicable federal, state, and local regulations. However, we may not be able to maintain all requisite licenses and permits, and the failure to satisfy those and other regulatory requirements could have a material adverse effect on our operations. In addition, changes in laws or regulations applicable to us could subject us to additional licensing, registration, and other regulatory requirements in the future or could adversely affect our ability to operate or the manner in which we conduct business. 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.

We may become involved in investigations, examinations, and proceedings by government and self-regulatory agencies, which may result in material adverse consequences to our business, financial condition, and results of operations.

From time to time, we may become involved in formal and informal reviews, investigations, examinations, proceedings, and information-gathering requests by federal and state government and self-regulatory agencies. Should we become subject to such an investigation, examination, or proceeding, the matter could result in material adverse consequences to us, including, but not limited to, increased compliance costs, adverse judgments, significant settlements, fines, penalties, injunction, or other actions.

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 constantly under review and are subject to change. 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. 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 may in the future 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 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, but there can be no assurance that future reforms will not significantly and adversely 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, expose us to legal action, cause us to incur losses, and/or limit or impede our collection activity.

In December 2015, we began selling a portion of our charged-off loan portfolio. 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.

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

U.S. federal income tax reform may impact our financial results in unexpected ways or may otherwise have a material adverse impact on our financial position, results of operations, and cash flows.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act (the "Tax Act") that significantly reforms the Internal Revenue Code of 1986, as amended. The Tax Act contains significant changes to corporate taxation, including a reduction of the corporate tax rate from 35% to 21%, a limitation on the tax deduction for interest expense to 30% of earnings (except for certain small businesses), a limitation on the deduction for net operating losses to 80% of current year taxable income and elimination of net operating loss carrybacks, immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits. Notwithstanding the reduction in the corporate income tax rate and our expectations regarding our overall tax rate in 2018 and beyond, the overall impact of the Tax Act is uncertain and the ultimate impact may prove to be inconsistent with our current expectations. As a result, the Company's financial position, results of operations, and cash flows could be adversely affected by the Tax Act, the interpretation and administration of the Tax Act, and/or any future tax reform legislation.

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 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 22, 2018. 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 discretion, whether in connection with acquisitions or otherwise. Our stockholders previously approved the Regional Management Corp. 2015 Long-

Term Incentive Plan (as amended and/or restated, 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) 1,550,000 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 1,189,065 shares available for issuance under the 2015 Plan, as of February 22, 2018. 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.

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. In addition, sustaining our growth also will require us to commit additional management, operational, and financial resources to identify new professionals to join our company 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.

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, certain states require the approval of a state regulator for the acquisition, directly or indirectly, of more than a certain amount of the voting or common stock of a consumer finance company. The overall effect of these laws 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.*

Our headquarters operations are located in an approximately 51,700 square foot leased facility in Greer, South Carolina, a town located outside of Greenville, South Carolina. As of February 22, 2018, each of our 341 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 that 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 "District 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 filed a motion to dismiss the second amended complaint on April 28, 2015, and on March 30, 2016, the District 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. On January 27, 2017, the District 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 District Court entered final judgment in favor of the Defendants.

On March 1, 2017, the Plaintiffs filed a notice of appeal to the United States Court of Appeals for the Second Circuit (the "Appellate Court"). After hearing oral arguments on November 17, 2017, the Appellate Court issued a summary order on January 26, 2018 affirming the District Court's order denying Plaintiffs leave to file a third amended complaint. The deadline for Plaintiffs to file a petition for a writ of certiorari with the United States Supreme Court is April 26, 2018.

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.

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. 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 22, 2018, was $30.87 per share.

	High	Low
Fiscal Year Ended December 31, 2017		
First Quarter	$27.56	$18.31
Second Quarter	24.43	18.91
Third Quarter	25.29	21.47
Fourth Quarter	27.20	21.50
Fiscal Year Ended December 31, 2016		
First Quarter	$17.46	$11.77
Second Quarter	18.81	13.11
Third Quarter	22.44	13.91
Fourth Quarter	27.04	20.61

Holders

As of February 22, 2018, there were 34 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 1,687 beneficial owners of our common stock as of February 12, 2018.

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, 2017. 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 Owners 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 2017 or fiscal 2016. 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 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, certain of our credit facilities restrict certain of our wholly-owned subsidiaries 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, 2017.

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			
2011 Stock Incentive Plan[(1)]	349,332	17.68	—
2015 Long-Term Incentive Plan[(2)]	996,406(3)	17.22(4)	1,274,593
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total:	1,345,738	17.39	1,274,593

(1) Regional Management Corp. 2011 Stock Incentive Plan (as amended, the "2011 Plan"). In 2015, the Company's stockholders approved the Regional Management Corp. 2015 Long-Term Incentive Plan (as amended and/or restated, 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.

(2) Regional Management Corp. 2015 Long-Term Incentive Plan. As of February 22, 2018, there were 1,189,065 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.

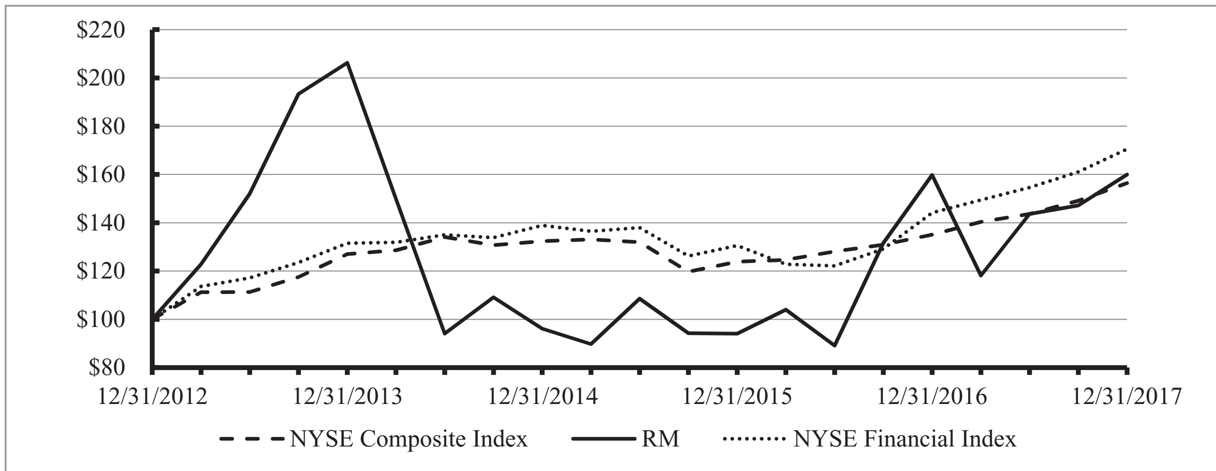
(3) Includes 301,537 restricted stock units outstanding under the 2015 Plan and 86,582 restricted shares issuable pursuant to the key team member incentive program under the 2015 Plan. There is no exercise price associated with these restricted stock units or restricted shares.

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

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 of the cumulative total return for our common stock, the NYSE Composite Index, and the NYSE Financial Index for the five years ended December 31, 2017. The graph assumes that $100 was invested at the market close on December 31, 2012, in the common stock of the Company, the NYSE Composite Index, and the NYSE Financial Index, and data for the NYSE Composite Index and the NYSE Financial 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 2013, 2014, 2015, 2016, and 2017 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, 2015, 2016, and 2017 and the selected historical consolidated balance sheet data as of December 31, 2016 and 2017 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, 2013 and 2014 and the selected historical consolidated balance sheet data as of December 31, 2013, 2014, and 2015 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	2017	2016	2015	2014	2013
Consolidated Statements of Income Data:					
Revenue					
Interest and fee income	$249,034	$220,963	$195,794	$184,797	$152,343
Insurance income, net, and other income	23,425	19,555	21,512	19,922	18,286
Total revenue	272,459	240,518	217,306	204,719	170,629
Expenses					
Provision for credit losses	77,339	63,014	47,348	69,057	39,192
General and administrative expenses	130,955	118,632	115,598	96,776	71,039
Interest expense	23,908	19,924	16,221	14,947	14,144
Total expenses	232,202	201,570	179,167	180,780	124,375
Income before income taxes	40,257	38,948	38,139	23,939	46,254
Income taxes	10,294	14,917	14,774	9,137	17,460
Net income	$ 29,963	$ 24,031	$ 23,365	$ 14,802	$ 28,794
Earnings per Share Data:					
Basic earnings per share	$ 2.59	$ 2.03	$ 1.82	$ 1.17	$ 2.29
Diluted earnings per share	$ 2.54	$ 1.99	$ 1.79	$ 1.14	$ 2.23
Basic weighted-average shares	11,551	11,824	12,849	12,701	12,572
Diluted weighted-average shares	11,783	12,085	13,074	12,951	12,894
Consolidated Balance Sheet Data (at period end):					
Finance receivables[1]	$817,463	$717,775	$628,444	$546,192	$544,684
Allowance for credit losses	(48,910)	(41,250)	(37,452)	(40,511)	(30,089)
Net finance receivables[2]	$768,553	$676,525	$590,992	$505,681	$514,595
Total assets	829,483	712,224	626,373	529,401	532,606
Long-term debt	571,496	491,678	411,177	341,419	362,750
Total liabilities	590,072	504,749	421,146	351,078	371,468
Total stockholders' equity	$239,411	$207,475	$205,227	178,323	161,173

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

(2) 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 342 locations in the states of Alabama, Georgia, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia as of December 31, 2017. 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, retailers, digital partners, 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 products include:

- *Small Loans (≤$2,500)* – As of December 31, 2017, we had 260.8 thousand small installment loans outstanding, representing $375.8 million in finance receivables. This included 109.9 thousand small loan convenience checks, representing $138.1 million in finance receivables.
- *Large Loans (>$2,500)* – As of December 31, 2017, we had 80.9 thousand large installment loans outstanding, representing $347.2 million in finance receivables. This included 1.6 thousand large loan convenience checks, representing $4.4 million in finance receivables.
- *Automobile Loans* – As of December 31, 2017, we had 7.3 thousand automobile purchase loans outstanding, representing $61.4 million in finance receivables. This included 4.1 thousand indirect automobile loans and 3.2 thousand direct automobile loans, representing $38.1 million and $23.3 million in finance receivables, respectively.
- *Retail Loans* – As of December 31, 2017, we had 22.6 thousand retail purchase loans outstanding, representing $33.1 million in finance receivables.

- *Optional Insurance Products* – We offer optional payment and collateral protection insurance to our direct loan customers.

Small and large installment loans are our core loan products and will be the drivers of our future growth. We ceased originating automobile loans in November 2017 to focus on growing our core loan portfolio, though we will continue to own and service our current automobile loans. 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 vacation, back-to-school, and holiday spending. With the exception of 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 8.2% from $529.5 million in 2014 to $572.8 million in 2015, grew 14.8% to $657.4 million in 2016, and grew 13.2% to $744.2 million in 2017. We source our loans through our branches, direct mail program, retail partners, digital 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 3, 8, and 31 net new branches in 2017, 2016, and 2015, respectively. We believe that 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 are exposed to different credit risks and charge different interest rates and fees 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. The interest rates and fees vary from state to state, depending upon the competitive environment and relevant laws and regulations.

Asset Quality and Allowance for Credit Losses. Our results of operations are highly dependent upon the credit quality of our loan portfolio. The credit 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. 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 as the interest rates that we pay on our revolving credit facilities are variable. We have purchased interest rate cap contracts with an aggregate notional principal amount of $250.0 million and 2.50% strike rates against the one-month LIBOR (1.56% as of

December 31, 2017). The interest rate caps have maturities of April 2018 ($150.0 million), March 2019 ($50.0 million), and June 2020 ($50.0 million). 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%. In addition, the interest rate on a portion of our long-term debt (the amortizing loan) is fixed. As of December 31, 2017, 53% of our long-term debt was at a fixed rate or covered by interest rate cap contracts.

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 17.6% in 2017 compared to 18.0% in 2016 and 20.2% in 2015. We believe this ratio is generally in line with industry standards for companies of our size. We believe that our receivable efficiency ratio will continue to decline in future years as we continue to grow our loan portfolio and control expense growth.

Components of Results of Operations

Interest and Fee Income. Our interest and fee income consists primarily of interest earned on outstanding loans. Accrual of interest income on finance receivables is suspended when an account becomes 90 days delinquent. The accrual of income is not resumed until the account is less than 90 days delinquent. Interest income is suspended on finance receivables for which collateral has been repossessed. If the account is charged off, the accrued interest income is reversed as a reduction of interest and fee income.

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 that 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, credit 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. 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 we offered a Guaranteed Asset Protection ("GAP") waiver product before we ceased originating automobile loans in November 2017. 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 forgives any loan balance remaining 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.

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., as written and non-life premiums as earned. We maintain cash reserves for life insurance claims in an amount determined by the unaffiliated insurance company. As of December 31, 2017, the restricted cash balance for these cash reserves was $6.1 million. The unaffiliated

insurance company maintains 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, returned check charges, and commissions earned from the sale of an auto club product 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 receivable portfolio. Credit loss experience, delinquency of finance receivables, portfolio growth, the value of underlying collateral, and management's judgment are factors used in assessing the overall adequacy of the allowance and the resulting provision for credit losses. Our provision for credit losses fluctuates so that we maintain an adequate credit loss allowance that reflects 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. Changes in our delinquency and net credit loss rates may result in changes to our provision for credit losses. Substantial 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, overtime, contract labor, relocations costs, bonuses, benefits, and related payroll taxes associated with all of our operations and home office employees.

Our occupancy expenses consist primarily of the cost of renting our facilities, 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 business.

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

Other expenses consist primarily of legal, compliance, audit, consulting, non-employee director compensation, amortization of software licenses and implementation costs, electronic payment processing 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. 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" and the filings referenced therein.

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 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 in which the change occurs, and the effects of future tax rate changes are recognized in the period in which 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,					
	2017		2016		2015	
In thousands	Amount	% of Average Receivables	Amount	% of Average Receivables	Amount	% of Average Receivables
Revenue						
Interest and fee income	$249,034	33.5%	$220,963	33.6%	$195,794	34.2%
Insurance income, net	13,061	1.8%	9,456	1.4%	11,654	2.0%
Other income	10,364	1.3%	10,099	1.6%	9,858	1.7%
Total revenue	272,459	36.6%	240,518	36.6%	217,306	37.9%
Expenses						
Provision for credit losses	77,339	10.4%	63,014	9.6%	47,348	8.3%
Personnel	75,992	10.2%	68,979	10.5%	69,247	12.1%
Occupancy	21,530	2.9%	20,059	3.1%	17,313	3.0%
Marketing	7,128	1.0%	6,837	1.0%	7,017	1.2%
Other	26,305	3.5%	22,757	3.4%	22,021	3.9%
Total general and administrative	130,955	17.6%	118,632	18.0%	115,598	20.2%
Interest expense	23,908	3.2%	19,924	3.1%	16,221	2.7%
Income before income taxes	40,257	5.4%	38,948	5.9%	38,139	6.7%
Income taxes	10,294	1.4%	14,917	2.2%	14,774	2.6%
Net income	$ 29,963	4.0%	$ 24,031	3.7%	$ 23,365	4.1%

Information explaining the changes in our results of operations from year-to-year is provided in the following pages.

Comparison of December 31, 2017, Versus December 31, 2016

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

- *Small Loans (≤$2,500)* – Small loans outstanding increased by $17.3 million, or 4.8%, to $375.8 million at December 31, 2017, from $358.5 million at December 31, 2016, despite the up-sell of many small loan customers to large loans. The growth in receivables in branches opened in 2016 and 2017 contributed to the growth in small loans outstanding.
- *Large Loans (>$2,500)* – Large loans outstanding increased by $111.9 million, or 47.5%, to $347.2 million at December 31, 2017, from $235.3 million at December 31, 2016. The increase was primarily due to increased marketing and the up-sell of small loan customers to large loans.
- *Automobile Loans* – Automobile loans outstanding decreased by $29.0 million, or 32.1%, to $61.4 million at December 31, 2017, from $90.4 million at December 31, 2016, as we continued to restructure our automobile loan business to a centralized model during the first 10 months of 2017 and then determined to cease originating automobile loans in November 2017 to focus on growing our core loan portfolio. We expect the automobile loan portfolio to liquidate at a slightly faster rate in 2018 compared to 2017.

- *Retail Loans* – Retail loans outstanding decreased $0.5 million, or 1.4%, to $33.1 million at December 31, 2017, from $33.5 million at December 31, 2016.

In thousands	Finance Receivables by Product			
	December 31, 2017	December 31, 2016	YoY $ Inc (Dec)	YoY% Inc (Dec)
Small loans	$375,772	$358,471	$ 17,301	4.8%
Large loans	347,218	235,349	111,869	47.5%
Total core loans	722,990	593,820	129,170	21.8%
Automobile loans	61,423	90,432	(29,009)	(32.1)%
Retail loans	33,050	33,523	(473)	(1.4)%
Total finance receivables	$817,463	$717,775	$ 99,688	13.9%
Number of branches at period end	342	339	3	0.9%
Average finance receivables per branch	$ 2,390	$ 2,117	$ 273	12.9%

Comparison of the Year Ended December 31, 2017, Versus the Year Ended December 31, 2016

Net Income. Net income increased $5.9 million, or 24.7%, to $30.0 million in 2017, from $24.0 million in 2016. The increase was primarily due to an increase in revenue of $31.9 million and a decrease in income taxes of $4.6 million, offset by an increase in provision for credit losses of $14.3 million, an increase in general and administrative expenses of $12.3 million, and an increase in interest expense of $4.0 million.

Revenue. Total revenue increased $31.9 million, or 13.3%, to $272.5 million in 2017, from $240.5 million in 2016. The components of revenue are explained in greater detail below.

Interest and Fee Income. Interest and fee income increased $28.1 million, or 12.7%, to $249.0 million in 2017, from $221.0 million in 2016. The increase was primarily due to a 13.2% increase in average finance receivables, offset by a 0.1% 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, 2017	December 31, 2016	YoY% Inc (Dec)	December 31, 2017	December 31, 2016	YoY% Inc (Dec)
Small loans	$355,826	$334,152	6.5%	42.2%	42.5%	(0.3)%
Large loans	278,397	190,855	45.9%	28.8%	28.8%	0.0%
Automobile loans	78,317	102,023	(23.2)%	16.3%	17.7%	(1.4)%
Retail loans	31,660	30,321	4.4%	18.8%	19.2%	(0.4)%
Total interest and fee yield	$744,200	$657,351	13.2%	33.5%	33.6%	(0.1)%
Total revenue yield	$744,200	$657,351	13.2%	36.6%	36.6%	0.0%

Small loan yields decreased 0.3% compared to 2016 as more of our small loan customers have originated loans with larger balances and longer maturities, which typically are priced at lower interest rates. Automobile loan yields decreased 1.4% compared to 2016 due to our revised pricing model for our automobile loan program. Retail loan yields decreased 0.4% compared to 2016 as a result of adjusted pricing that reflects current market conditions. Since we began focusing on large loan growth in early 2015, the large loan portfolio has grown faster than the rest of our loan products, and we expect this trend will continue in the future. Over time, large loan growth will change our product mix, which will reduce our total interest and fee yield.

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, 2017	December 31, 2016	YoY $ Inc (Dec)	YoY% Inc (Dec)
Small loans	$573,858	$580,936	$ (7,078)	(1.2)%
Large loans	355,931	250,862	105,069	41.9%
Automobile loans	20,331	37,038	(16,707)	(45.1)%
Retail loans	28,885	34,629	(5,744)	(16.6)%
Total net loans originated	$979,005	$903,465	$ 75,540	8.4%

The hurricanes that impacted our branches in August 2017 had an estimated $3.0 million negative impact on loan originations during 2017, most of which we believe would have been in small loans.

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, 2017 Compared to Year Ended December 31, 2016 Increase (Decrease)			
	Volume	Rate	Volume & Rate	Net
Small loans	$ 9,215	$(1,165)	$ (75)	$ 7,975
Large loans	25,220	54	24	25,298
Automobile loans	(4,205)	(1,480)	344	(5,341)
Retail loans	257	(113)	(5)	139
Product mix	(1,293)	1,712	(419)	—
Total increase in interest and fee income	$29,194	$ (992)	$(131)	$28,071

The $28.1 million increase in interest and fee income in 2017 compared to 2016 was primarily driven by finance receivables growth offset by a decrease in yield, as described in the table above. We expect future increases in interest and fee income to continue to be primarily driven from growth in our average receivables.

Insurance Income, Net. Insurance income, net increased $3.6 million, or 38.1%, to $13.1 million in 2017, from $9.5 million in 2016. Insurance income, net represented 1.8% and 1.4% of average receivables in 2017 and 2016, respectively. The increase from 2016 was primarily due to a transition in insurance carriers that caused $4.4 million of insurance claims to impact net credit losses instead of insurance income, offset by an increase in claims expense.

Other Income. Other income, which consists primarily of late charges, increased $0.3 million, or 2.6%, to $10.4 million in 2017, from $10.1 million in 2016. Other income represented 1.3% of average net receivables in 2017 compared to 1.6% of average net receivables in 2016, with the decrease primarily due to large loans becoming a greater percentage of our total portfolio in 2017. Our biggest driver for other income is average active accounts. Average active accounts increased 3.0% in 2017, while average net receivables increased 13.2%. Additionally, as large loans continue to represent a greater percentage of our total portfolio, we expect the better credit quality of our large loan customers to result in lower other income per active account.

Provision for Credit Losses. Our provision for credit losses increased $14.3 million, or 22.7%, to $77.3 million in 2017, from $63.0 million in 2016. The increase was due to an increase in net credit losses of $10.5 million and a $3.9 million increase in the allowance for credit losses compared to 2016. The provision for credit losses represented 10.4% of average receivables in 2017 compared to 9.6% of average receivables in 2016.

The current-year period included a 0.4% impact from the hurricane-related $3.0 million increase and a 0.6% impact from the temporary shift of $4.4 million in insurance claims into net credit losses during a transition in our insurance provider, offset by a 0.1% benefit from the bulk sale of previously charged-off customer accounts in bankruptcy (the "2017 bulk sale"). The increase in the provision for credit losses is explained in greater detail below.

Hurricane Impact. During 2017, our provision for credit losses was impacted by a $3.0 million increase in the allowance for credit losses related to estimated incremental credit losses on customer accounts impacted by the hurricanes. In late 2017, we released $0.2 million of the hurricane allowance for credit losses to cover hurricane-related net credit losses. As of December 31, 2017, the allowance for credit losses related to the hurricanes was $2.8 million.

Bulk Sale. We recognized a recovery of $1.0 million from the 2017 bulk sale. These accounts had been excluded from prior sales of charged-off loans.

Net Credit Losses. Net credit losses increased $10.5 million, or 17.7%, to $69.7 million in 2017, from $59.2 million in 2016. The increase was primarily due to an $86.8 million increase in average finance receivables in 2017 and a temporary shift of $4.4 million in insurance claims into net credit losses during a transition in our insurance provider, offset by the recovery of $1.0 million from the 2017 bulk sale. Net credit losses as a percentage of average receivables were 9.4% in 2017 compared to 9.0% in 2016. The current-year period included 0.6% from the temporary shift of $4.4 million in insurance claims into net credit losses and a 0.1% benefit from the $1.0 million 2017 bulk sale. To improve future net credit losses, we reduced lending to specific underperforming segments of our customer base in 2017. Additionally, in 2017, we built a centralized late-stage collections department and experienced positive results, which we expect to continue in 2018.

Delinquency Performance. Our December 31, 2017, contractual delinquency as a percentage of total finance receivables increased to 7.5% (inclusive of an increase of 0.2% attributable to the impact of the hurricanes) from 7.4% as of December 31, 2016. Along with the impact from the hurricanes, our delinquency results were also elevated due to our loan management system conversion in Texas that was completed in October 2017. The delinquency increases from the loan management system conversions are temporary and only impact the two to three months immediately following the loan management system conversion. As employees become more familiar with the new loan management system, the delinquency levels should return to normalized levels.

The following tables include delinquency balances by aging category and by product:

	Contractual Delinquency by Aging			
In thousands	**December 31, 2017**		**December 31, 2016**	
Allowance for credit losses	$ 48,910	6.0%	$ 41,250	5.7%
Current	669,451	81.9%	587,202	81.9%
1 to 29 days past due	86,533	10.6%	77,106	10.7%
Delinquent accounts:				
30 to 59 days	18,728	2.2%	16,727	2.3%
60 to 89 days	15,297	1.9%	11,641	1.6%
90 to 119 days	11,339	1.4%	10,021	1.4%
120 to 149 days	8,865	1.1%	8,205	1.1%
150 to 179 days	7,250	0.9%	6,873	1.0%
Total contractual delinquency	$ 61,479	7.5%	$ 53,467	7.4%
Total finance receivables	$817,463	100.0%	$717,775	100.0%

In thousands	Contractual Delinquency by Product			
	December 31, 2017		December 31, 2016	
Small loans	$35,246	9.4%	$32,955	9.2%
Large loans	18,540	5.3%	12,114	5.1%
Automobile loans	4,896	8.0%	6,300	7.0%
Retail loans	2,797	8.5%	2,098	6.3%
Total contractual delinquency	$61,479	7.5%	$53,467	7.4%

Allowance for Credit Losses. 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 as of the end of the periods indicated:

	December 31, 2017			December 31, 2016		
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	$375,772	$24,749	6.6%	$358,471	$21,770	6.1%
Large loans	347,218	17,548	5.1%	235,349	11,460	4.9%
Total core loans	722,990	42,297	5.9%	593,820	33,230	5.6%
Automobile loans	61,423	4,025	6.6%	90,432	5,910	6.5%
Retail loans	33,050	2,588	7.8%	33,523	2,110	6.3%
Total	$817,463	$48,910	6.0%	$717,775	$41,250	5.7%

The allowance as a percentage of finance receivables increased to 6.0% as of December 31, 2017, from 5.7% as of December 31, 2016. The increase was primarily due to the $2.8 million remaining allowance for credit losses on customer accounts impacted by the hurricanes.

General and Administrative Expenses. Our general and administrative expenses, comprising expenses for personnel, occupancy, marketing, and other expenses, increased $12.3 million, or 10.4%, to $131.0 million in 2017 from $118.6 million in 2016. Our receivable efficiency ratio (general and administrative expenses as a percentage of average finance receivables) decreased to 17.6% during 2017 from 18.0% in 2016. We believe that our receivable efficiency ratio will continue to decline in future years as we continue to grow our portfolio and control expense growth. The absolute dollar 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 $7.0 million, or 10.2%, to $76.0 million in 2017 from $69.0 million in 2016. The increase was primarily due to an increase in salary and hiring expense from added headcount in our information technology department, costs related to building the centralized late-stage collections department, finance receivable growth since December 31, 2016, and an increase in incentive compensation expense primarily due to the 2017 annual grant of awards under our long-term incentive plan, which have three-year performance targets. We expect incentive plan expense to increase in 2018 due to annual grants under our long-term incentive plan.

Occupancy. Occupancy expenses increased $1.5 million, or 7.3%, to $21.5 million in 2017 from $20.1 in 2016. The increase was due to costs related to the opening of 3 net new branches since December 31, 2016, branch relocations, and expenses associated with a larger home office building. Additionally, we frequently experience increases in rent, leasehold improvements, and computer equipment as we renew existing branch leases.

Marketing. Marketing expenses increased $0.3 million, or 4.3%, to $7.1 million in 2017 from $6.8 million in 2016. The increase was due to more convenience check mailings, increased direct mail to existing customers, and expanded digital marketing, partially offset by increased efficiencies in the direct mail campaigns.

Other Expenses. Other expenses increased $3.5 million, or 15.6%, to $26.3 million in 2017 from $22.8 million in 2016. The increase was primarily due to a $0.9 million increase in collection expenses, a $0.9 million increase due to training costs and amortization related to our new loan management system, a $0.9 million increase in electronic payment processing costs, and a $0.8 million increase in various costs related to finance receivable growth (office supplies, travel costs, training expense, and credit bureau costs) since December 31, 2016.

Interest Expense. Interest expense on long-term debt increased $4.0 million, or 20.0%, to $23.9 million in 2017 from $19.9 million in 2016. The increase was primarily due to increases in the average balance of our long-term debt facilities from finance receivable growth, an increase in interest rates, an increase in unused line fees, and additional debt issuance cost amortization related to both the amended senior revolving credit facility and our new warehouse credit facility. The average cost of our combined revolving credit facilities increased 0.21% to 4.73% in 2017 from 4.52% in 2016. The average cost of our long-term debt has increased as we have diversified our long-term funding sources.

Income Taxes. Income taxes decreased $4.6 million, or 31.0%, to $10.3 million in 2017 from $14.9 million in 2016. The decrease was primarily due to a $3.1 million reduction of a net deferred tax liability as a result of the Tax Cuts and Jobs Act (the "Tax Act"), $1.6 million in tax benefits related to the exercise and vesting of share-based awards, and $0.4 million in tax benefits related to research and development tax credits, offset by an increase in income before income taxes of $1.3 million. In December 2017, the Tax Act was signed into law. This legislation makes changes to U.S. tax law, including a reduction in the corporate tax rate from 35% to 21%. As a result of the enacted law, we were required to revalue deferred tax assets and liabilities at the enacted rate. This revaluation resulted in a benefit of $3.1 million to income tax expense and a corresponding reduction in the deferred tax liability.

Our effective tax rates were 25.6% and 38.3% in 2017 and 2016, respectively. The reduction of the net deferred tax liability decreased the 2017 effective tax rate by 7.8%. The tax benefits related to the exercise and vesting of share-based awards and research and development tax credits reduced the 2017 effective tax rate by 4.0% and 1.0%, respectively. As a result of the passage of the Tax Act, we estimate that our effective tax rate for 2018 will be approximately 25%.

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 up-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 up-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.

- *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 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 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:

	Average Finance Receivables for the Year Ended			Average Yields for the Year Ended		
In thousands	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 a 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%

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, 2016 Compared to Year Ended December 31, 2015 Increase (Decrease)			
In thousands	Volume	Rate	Volume & Rate	Net
Small loans	$ 7,558	$(4,456)	$ (242)	$ 2,860
Large loans	26,929	1,138	1,192	29,259
Automobile loans	(6,692)	(1,732)	444	(7,980)
Retail loans	928	86	16	1,030
Product mix	167	1,722	(1,889)	—
Total increase in interest and fee income	$28,890	$(3,242)	$ (479)	$25,169

The $25.2 million increase in interest and fee income in 2016 compared to 2015 was primarily driven by finance receivables growth, offset by a decrease in yield.

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 an $8.8 million increase in net credit losses (inclusive of a $2.0 million bulk sale of charged-off loans in 2015 ("2015 bulk sale")) and an increase in the estimated allowance of $6.9 million due to portfolio growth.

Net Credit Losses. 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. The increase was due to $2.0 million in proceeds from the 2015 bulk sale, representing 0.3% as a percentage of average receivables in 2015.

Delinquency Performance. Our December 31, 2016 contractual delinquency as a percentage of total finance receivables increased to 7.4%, 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%

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%

Allowance for Credit Losses. 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 as of the end of the periods indicated:

	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%
Total core loans	593,825	33,230	5.6%	484,710	27,128	5.6%
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 an improved net credit loss rate during the year ended

December 31, 2016. The net credit loss rate improved due to the growth of large loans, which have lower net credit loss rates and delinquency compared to our other products.

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. The absolute dollar 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. Incentive compensation expense increased $3.0 million primarily due to an increased number of participants in incentive programs in 2016, as well as the 2016 annual grant of awards under our long-term incentive plan, which have three-year performance targets. Personnel expense also decreased $1.3 million in 2016 due to lower branch incentive plan payouts achieved, a decrease in automobile allowance expense, and a reduction in branch overtime expense, offset by an increase in salary expense in 2016 from added headcount during 2015 and 2016.

Occupancy. Occupancy expenses increased $2.7 million, or 15.9%, to $20.1 million in 2016 from $17.3 million in 2015. The increase 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. 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%, from the prior-year period to $22.8 million in 2016. The increase was primarily due to a $0.8 million increase in non-operating expenses related to the implementation of our new 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 our new loan management system in our North Carolina, Virginia, and New Mexico branches.

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.

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 improving our technology infrastructure and expanding and maintaining our branch

locations. In connection with our plans to improve our technology infrastructure and to expand our branch network in future years, we will incur approximately $8.0 million to $12.0 million of 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, our revolving warehouse credit facility, and our amortizing loan, each of which is described below. We believe that cash flow from our operations and borrowings under our long-term debt facilities will be adequate to fund the business for the next twelve months, including initial operating losses of new branches and finance receivable growth of new and existing branches. From time to time, we have increased the borrowing limits under our senior revolving credit facility. While we have successfully obtained such increases in the past, there can be no assurance that additional funding will be available (or available on reasonable terms) if and when needed in the future. We continue to seek ways to diversify our long-term funding sources, including through the securitization of certain finance receivables. We expect that new funding sources will be more expensive than our senior revolving credit facility.

Cash Flow.

Operating Activities. Net cash provided by operating activities increased by $15.2 million, or 15.2%, to $115.4 million in 2017 from $100.2 million in 2016. The increase was primarily due to the growth in the business described above, which produced higher net income, before provision for credit losses.

Investing Activities. Investing activities consist of finance receivables originated and purchased, the 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 2017 was $188.4 million, compared to $157.4 million in 2016, a net increase of $31.1 million. The increase in cash used was primarily due to a $20.8 million increase in net originations of finance receivables and a $10.7 million increase in the change in restricted cash balances related to the diversification of funding sources.

Financing Activities. Financing activities consist of borrowings and payments on our outstanding indebtedness and issuances and repurchases of common stock. During 2017, net cash provided by financing activities was $73.8 million, an increase of $19.9 million compared to the $53.9 million net cash provided by financing activities in 2016. The increase was primarily a result of stock repurchases of $25.0 million in 2016, offset by an increase in payments for debt issuance costs of $3.5 million and taxes paid of $1.3 million related to net share settlements of equity awards.

Financing Arrangements.

Senior Revolving Credit Facility. We entered into a sixth amended and restated senior revolving credit facility with a syndicate of banks in June 2017. The facility provides for up to $638.0 million in availability, with a borrowing base of up to 85% of eligible secured finance receivables and 70% of eligible unsecured finance receivables, in each case, subject to adjustment at certain credit quality levels (83% of eligible secured finance receivables and 68% of eligible unsecured finance receivables as of December 31, 2017). The facility matures in June 2020 and has an accordion provision that allows for the expansion of the facility to $700.0 million. Borrowings under the facility bear interest, payable monthly, at rates equal to LIBOR of a maturity we elect between one and six months, with a LIBOR floor of 1.00%, plus a margin of 3.00%. The margin increases to 3.25% if the eligible collateral availability percentage under the facility decreases below 10%. Alternatively, we may pay interest at a rate based on the prime rate (which was 4.50% as of December 31, 2017) plus a margin of 2.00%. The margin increases to 2.25% if the availability percentage under the facility decreases below 10%. 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 on the credit facility exceeds $413.0 million. Excluding the receivables held by RMR and RMR II, the senior revolving credit facility is secured by substantially all of our finance receivables and the 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 long-term debt under the senior revolving credit facility was $452.1 million at December 31, 2017, and the amount available for borrowing, but not yet advanced, was $46.8 million. At December 31, 2017, we were in compliance with our debt covenants. A year or more in advance of its June 2020 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" and the filings referenced therein for a discussion of risks related to our amended and restated senior revolving credit facility, including refinancing risk.

Revolving Warehouse Credit Facility. In June 2017, we entered into a credit agreement providing for a $125.0 million revolving warehouse credit facility. The facility is expandable to $150.0 million, is secured by certain large loan receivables, converts to an amortizing loan in December 2018, and terminates in December 2019. Through October 1, 2017, borrowings under the revolving warehouse credit facility bore interest, payable monthly, at a blended rate equal to three-month LIBOR, plus a margin of 3.50%. Effective October 2, 2017 and February 5, 2018, the revolving warehouse credit facility margin decreased to 3.25% and 3.00%, respectively, following the satisfaction of milestones associated with our conversion to a new loan origination and servicing system. We pay an unused commitment fee of between 0.35% and 0.85% per annum, payable monthly, based upon the average daily utilization of the facility. Advances on the facility are capped at 80% of finance receivables. On each sale of receivables, we make certain representations and warranties about the quality and nature of the collateralized receivables. The credit agreement requires us 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 us concerning the quality and characteristics of the receivables are inaccurate. As of December 31, 2017, our long-term debt under the facility was $66.1 million and we were in compliance with our debt covenants. We intend to seek an extension of the maturity date of the facility before December 2018.

Amortizing Loan. We entered into a credit agreement in December 2015 providing for a $75.7 million amortizing loan that is secured by certain of our automobile loan receivables. The amortizing loan was amended and restated in November 2017, providing for an additional loan advance of $37.8 million that is secured by certain of our automobile loan receivables. We paid interest of 3.00% per annum on the loan balance. In February 2018, we agreed to lower the advance rate on the loan from 88% to 85% and to increase the interest rate from 3.00% to 3.25%. The amortizing loan terminates in December 2024, and the credit agreement allows us to prepay the loan when the outstanding balance falls below 20% of the original loan amount. On the initial closing date of the amortizing loan, we made certain representations and warranties about the quality and nature of the collateralized receivables. The credit agreement requires us 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 us concerning the quality and characteristics of the receivables are inaccurate. As of December 31, 2017, our long-term debt under the credit agreement was $53.4 million and we were in compliance with our debt covenants.

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

Restricted Cash Reserve Accounts.

The credit agreement for the revolving warehouse credit facility requires that we maintain a 1% cash reserve based upon the ending finance receivables balance of the facility. As of December 31, 2017, the warehouse facility cash reserve requirement totaled $0.8 million. The warehouse facility is supported by the expected cash flows from the underlying collateralized finance receivables. Collections are remitted to a restricted cash collection account, which totaled $6.0 million as of December 31, 2017.

As required under the credit agreement for the amortizing loan, we deposited $3.7 million of cash proceeds into a restricted cash reserve account at closing. The reserve requirement decreased to $1.7 million in June 2016 following our satisfaction of certain provisions of the credit agreement. The credit agreement was amended and restated in November 2017 with a cash reserve requirement of $1.3 million, which will remain until the termination of the facility. The amortizing loan is supported by the expected cash flows from the underlying collateralized finance receivables. Collections are remitted to a restricted cash collection account, which totaled $2.6 million as of December 31, 2017.

In addition, our wholly-owned subsidiary, RMC Reinsurance, Ltd., is required to maintain cash reserves ($6.1 million as of December 31, 2017) against life insurance policies ceded to it, as determined by the ceding company, and has also purchased a $0.5 million cash-collateralized letter of credit in favor of the ceding company.

Interest Rate Caps.

We have purchased interest rate cap contracts with an aggregate notional principal amount of $250.0 million and 2.50% strike rates against the one-month LIBOR. The interest rate caps have maturities of April 2018 ($150.0 million), March 2019 ($50.0 million), and June 2020 ($50.0 million). 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%.

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, 2017, the cash reserves were $6.1 million. We have also purchased a cash collateralized letter of credit in favor of the ceding company. As of December 31, 2017, the letter of credit was $0.5 million.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2017, 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	$571,496	$27,884	$540,246	$3,195	$ 171
Interest payments on long-term debt obligations	62,064	26,208	35,784	69	3
Operating lease obligations	28,029	6,390	9,279	5,581	6,779
Total	$661,589	$60,482	$585,309	$8,845	$6,953

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. We charge credit losses against the allowance when the account becomes 180 days delinquent, subject to certain exceptions. Our policy for non-titled accounts in a confirmed bankruptcy is to charge them off at 60 days 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. Subsequent recoveries, if any, are credited to the allowance. Loss experience, the loss emergence period, 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 do 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.

The Financial Accounting Standards Board ("FASB") issued an accounting update in June 2016 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. We believe the implementation of the accounting update will have a material adverse effect on our consolidated financial statements, and we are in the process of quantifying the potential impacts.

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. The accrual of income is not resumed until the account is less than 90 days delinquent. Interest income is suspended on finance receivables for which collateral has been repossessed. If the account is charged off, the accrued 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 straight-line 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 Income, Net.

Insurance income, net includes 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 record a tax provision for the anticipated tax consequences of its reported operating results. The provision for income taxes is computed using the asset and liability method, under which 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.

We recognize the financial statement effects of a tax position when it is more likely than not that, based on technical merits, the position will be sustained upon examination. The tax benefits of the position recognized in the consolidated financial statements are then measured based on the largest amount of benefit that is greater than 50% likely to be realized upon settlement with a taxing authority. As of December 31, 2017, we had not taken any tax position that exceeds the amount described above.

Pursuant to the adoption of an accounting standard update issued in March 2016 and effective for fiscal year 2017, we now recognize the tax benefits or deficiencies from the exercise or vesting of share-based awards in the income tax line of our consolidated statements of income. These tax benefits and deficiencies were previously recognized within additional paid-in-capital on our balance sheet.

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 1.3 times per year from payments, renewals, and net 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. We maintain liquidity and fund our business operations in large part through borrowings under a senior revolving credit facility and a revolving warehouse credit facility. At December 31, 2017, the outstanding balances under the senior revolving credit facility and the revolving warehouse credit facility were $452.1 million and $66.1 million, respectively. The interest rate that we pay on each credit facility is a variable rate.

Borrowings under the senior revolving credit facility bear interest, payable monthly, at a rate equal to LIBOR of a maturity we elect between one and six months, with a LIBOR floor of 1.00%, plus a margin of 3.00%, increasing to 3.25% when the availability percentage is below 10%. Alternatively, we may pay interest under the senior revolving credit facility at a rate based on the prime rate, plus a margin of 2.00%, increasing to 2.25% when the availability percentage is below 10%. Through October 1, 2017, borrowings under the revolving warehouse credit facility bore interest, payable monthly, at a blended rate equal to three-month LIBOR, plus a margin of 3.50%. Effective October 2, 2017 and February 5, 2018, the revolving warehouse credit facility margin decreased to 3.25% and 3.00%, respectively, following the satisfaction of milestones associated with our conversion to a new loan origination and servicing system. As of December 31, 2017, our LIBOR rates under the senior revolving credit facility and warehouse revolving credit facility were 1.63% and 1.69%, respectively.

Interest rates on borrowings under the senior revolving credit facility and the revolving warehouse credit facility were approximately 4.38% and 5.61%, respectively, for the year ended December 31, 2017, including, in each case, an unused line fee. Based on the LIBOR rates and the outstanding balances at December 31, 2017, an increase of 100 basis points in LIBOR rates would result in an increase of 100 basis points to our borrowing costs and would result in approximately $6.1 million of increased interest expense on an annual basis, in the aggregate, under these LIBOR-based borrowings. The nature and amount of our debt may vary as a result of future business requirements, market conditions, and other factors.

We have purchased interest rate caps to manage interest rate risk associated with a notional $250.0 million of our LIBOR-based borrowings. These interest rate caps are based on the one-month LIBOR and reimburse us for the difference when the one-month LIBOR exceeds 2.50%. The interest rate caps have maturities of April 2018 ($150.0 million), March 2019 ($50.0 million), and June 2020 ($50.0 million).

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

REGIONAL MANAGEMENT CORP.

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Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Regional Management Corp. and Subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated February 23, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ RSM US LLP

We have served as the Company's auditor since 2007.

Raleigh, North Carolina
February 23, 2018

Report of Independent Registered Public Accounting Firm

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

Opinion on the Internal Control Over Financial Reporting

We have audited Regional Management Corp. and Subsidiaries' (the Company) internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets as of December 31, 2017 and 2016 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2017, of the Company and our report dated February 23, 2018 expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying SOX 404 Management Assessment Report—Effectiveness of Internal Controls over Financial Reporting ("ICFR") for the twelve months ended December 31, 2017. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP

Raleigh, North Carolina
February 23, 2018

Regional Management Corp. and Subsidiaries
Consolidated Balance Sheets
December 31, 2017 and 2016
(in thousands, except par value amounts)

	2017	2016
Assets		
Cash	$ 5,230	$ 4,446
Gross finance receivables	1,066,650	916,954
Unearned finance charges and insurance premiums	(249,187)	(199,179)
Finance receivables	817,463	717,775
Allowance for credit losses	(48,910)	(41,250)
Net finance receivables	768,553	676,525
Restricted cash	16,787	8,297
Property and equipment	12,294	11,693
Intangible assets	10,607	6,448
Deferred tax asset	—	33
Other assets	16,012	4,782
Total assets	$ 829,483	$ 712,224
Liabilities and Stockholders' Equity		
Liabilities:		
Long-term debt	$ 571,496	$ 491,678
Unamortized debt issuance costs	(4,950)	(2,152)
Net long-term debt	566,546	489,526
Accounts payable and accrued expenses	18,565	15,223
Deferred tax liability	4,961	—
Total liabilities	590,072	504,749
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, 13,205 shares issued and 11,659 shares outstanding at December 31, 2017 and 12,996 shares issued and 11,450 shares outstanding at December 31, 2016)	1,321	1,300
Additional paid-in-capital	94,384	92,432
Retained earnings	168,752	138,789
Treasury stock (1,546 shares at December 31, 2017 and 2016)	(25,046)	(25,046)
Total stockholders' equity	239,411	207,475
Total liabilities and stockholders' equity	$ 829,483	$ 712,224

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

	2017	2016
Assets		
Cash	$ 70	$ 36
Finance receivables	137,239	41,244
Allowance for credit losses	(7,129)	(2,337)
Restricted cash	10,734	4,426
Other assets	119	201
Total assets	$ 141,033	$ 43,570
Liabilities		
Net long-term debt	$ 116,658	$ 37,898
Accounts payable and accrued expenses	53	5
Total liabilities	$ 116,711	$ 37,903

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Consolidated Statements of Income
Years Ended December 31, 2017, 2016, and 2015
(in thousands, except per share amounts)

	2017	2016	2015
Revenue			
Interest and fee income	$249,034	$220,963	$195,794
Insurance income, net	13,061	9,456	11,654
Other income	10,364	10,099	9,858
Total revenue	272,459	240,518	217,306
Expenses			
Provision for credit losses	77,339	63,014	47,348
Personnel	75,992	68,979	69,247
Occupancy	21,530	20,059	17,313
Marketing	7,128	6,837	7,017
Other	26,305	22,757	22,021
Total general and administrative expenses	130,955	118,632	115,598
Interest expense	23,908	19,924	16,221
Income before income taxes	40,257	38,948	38,139
Income taxes	10,294	14,917	14,774
Net income	$ 29,963	$ 24,031	$ 23,365
Net income per common share:			
Basic	$ 2.59	$ 2.03	$ 1.82
Diluted	$ 2.54	$ 1.99	$ 1.79
Weighted-average common shares outstanding:			
Basic	11,551	11,824	12,849
Diluted	11,783	12,085	13,074

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2017, 2016, and 2015
(in thousands)

	Common Stock		Additional Paid-in-Capital	Retained Earnings	Treasury Stock	Total
	Shares	Amount				
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	—	—	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	—	—	(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
Issuance of restricted stock awards	74	7	(7)	—	—	—
Exercise of stock options	289	29	305	—	—	334
Shares withheld related to net share settlement	(154)	(15)	(2,006)	—	—	(2,021)
Share-based compensation	—	—	3,660	—	—	3,660
Net income	—	—	—	29,963	—	29,963
Balance, December 31, 2017	13,205	$1,321	$94,384	$168,752	$(25,046)	$239,411

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2017, 2016, and 2015
(in thousands)

	2017	2016	2015
Cash flows from operating activities:			
Net income	$ 29,963	$ 24,031	$ 23,365
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	77,339	63,014	47,348
Depreciation and amortization	7,357	6,444	3,920
Loss on disposal of property and equipment	245	3	343
Accretion of discounts on purchased receivables	—	—	(27)
Share-based compensation	4,346	4,158	3,638
Fair value adjustment on interest rate caps	64	170	457
Deferred income taxes, net	4,994	1,902	(122)
Changes in operating assets and liabilities:			
(Increase) decrease in other assets	(11,294)	(1,739)	1,788
Increase in other liabilities	2,419	2,255	2,681
Net cash provided by operating activities	115,433	100,238	83,391
Cash flows from investing activities:			
Net originations of finance receivables	(169,366)	(148,548)	(132,632)
Purchases of intangible assets	(6,355)	(5,302)	(1,946)
(Increase) decrease in restricted cash	(8,490)	2,209	(8,605)
Purchases of property and equipment	(4,765)	(6,433)	(3,366)
Proceeds from disposal of property and equipment	558	721	—
Net cash used in investing activities	(188,418)	(157,353)	(146,549)
Cash flows from financing activities:			
Net advances (payments) on senior revolving credit facility	(799)	114,567	(3,138)
Net proceeds from (payments on) amortizing loan	14,551	(34,067)	72,896
Net advances on revolving warehouse credit facility	66,066	—	—
Payments for debt issuance costs	(4,547)	(1,060)	(2,237)
Taxes paid related to net share settlement of equity awards	(1,809)	(487)	(721)
Proceeds from exercise of stock options	307	—	—
Repurchases of common stock	—	(25,046)	—
Net cash provided by financing activities	73,769	53,907	66,800
Net change in cash	784	(3,208)	3,642
Cash at beginning of period	4,446	7,654	4,012
Cash at end of period	$ 5,230	$ 4,446	$ 7,654
Supplemental cash flow information			
Interest paid	$ 20,460	$ 17,590	$ 15,385
Income taxes paid	$ 15,681	$ 12,585	$ 12,449

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, retail loans, and related payment and collateral protection insurance products. The Company previously offered automobile loans, but ceased such originations in November 2017. As of December 31, 2017, the Company operated branches in 342 locations in the states of Alabama (47 branches), Georgia (8 branches), New Mexico (18 branches), North Carolina (37 branches), Oklahoma (28 branches), South Carolina (68 branches), Tennessee (21 branches), Texas (98 branches), and Virginia (17 branches) under the name Regional Finance. The Company opened a net 3, 8, and 31 new branches during the years ended December 31, 2017, 2016, and 2015, 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 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 U.S. Generally Accepted Accounting Principles ("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 (each, a "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 entities: The Company has an asset-backed, amortizing loan for general funding purposes. The transaction involved selling pools of the Company's automobile loans to its wholly-owned subsidiary, Regional Management Receivables, LLC ("RMR"), as collateral for the loan. The Company also has a revolving warehouse credit facility for general funding purposes. The transaction involves the sale of pools of the Company's large loans to its wholly-owned subsidiary, Regional Management Receivables II, LLC ("RMR II"), as collateral for the facility. The Company continues to service the finance receivables transferred to RMR and RMR II. RMR and RMR II have the limited purpose of issuing debt, acquiring finance receivables, and holding and making payments on the related debt. Assets transferred to RMR and RMR II are legally isolated from the Company and the claims of the Company's other creditors. The lenders of the debt issued by RMR and RMR II generally only have recourse to the assets of RMR or RMR II, respectively, and do not have recourse to the general credit of the Company.

The Company's asset-backed loans under these arrangements are structured to provide enhancements to the lenders 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 and RMR II). These enhancements, along with the isolated finance receivables, increase the creditworthiness of RMR and RMR II above that of the Company as a whole. This increases the marketability of the Company's collateral for borrowing purposes, leading to more favorable borrowing terms, improved interest rate risk management, and additional flexibility to grow the business.

Both RMR and RMR II are considered VIEs under GAAP and are consolidated into the financial statements of their primary beneficiary. The Company is considered to be the primary beneficiary of RMR and RMR II because it has (i) power over the significant activities of RMR and RMR II through its role as servicer of the finance receivables under each 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 and RMR II after each debt is paid.

Consolidation of RMR and RMR II results in the transactions being accounted for as secured borrowings; therefore, the pooled receivables and the related debts remain on the consolidated balance sheet of the Company. Each debt is secured solely by the assets of RMR and RMR II, respectively, and not by any other assets of the Company. The assets of RMR and RMR II are the only source of funds for repayment on each debt. Restricted cash accounts held by RMR and RMR II can only be used to support payments on the debt. The Company recognizes revenue and provision for credit losses on the finance receivables of RMR and RMR II 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, the 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, nearly all of which are secured by automobiles, other vehicles, and/or non-essential household goods. Automobile loan receivables consist of direct automobile purchase loans, which were originated at the dealership and closed in one of the Company's branches, and indirect automobile purchase loans, which were 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. The Company ceased originating automobile loans in November 2017. 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. The Company charges credit losses against the allowance when the account becomes 180 days delinquent, subject to certain exceptions. The Company's policy for non-titled accounts in a confirmed bankruptcy is to charge them off at 60 days 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. Subsequent recoveries, if any, are credited to the allowance. Loss experience, the loss emergence period, 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.

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. Branch offices are leased under non-cancellable leases of three 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 five to ten 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 and revolving warehouse credit facility.

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. The accrual of income is not resumed until the account is less than 90 days delinquent. Interest income is suspended on finance receivables for which collateral has been repossessed. If the account is charged off, the accrued 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 straight-line 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 records a tax provision for the anticipated tax consequences of its reported operating results. The provision for income taxes is computed using the asset and liability method, under which 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.

The Company recognizes the financial statement effects of a tax position when it is more likely than not that, based on technical merits, the position will be sustained upon examination. The tax benefits of the position recognized in the consolidated financial statements are then measured based on the largest amount of benefit that is greater than 50% likely to be realized upon settlement with a taxing authority. As of December 31, 2017, the Company had not taken any tax position that exceeds the amount described above.

Pursuant to the adoption of an accounting standard update issued in March 2016 and effective for fiscal year 2017, the Company now recognizes the tax benefits or deficiencies from the exercise or vesting of share-based awards in the income tax line of its consolidated statements of income. These tax benefits and deficiencies were previously recognized within additional paid-in-capital on the Company's balance sheet.

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

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting update on the recognition of revenue from contracts with customers. The update is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the update specifies the accounting for certain costs to obtain or fulfill a contract with a customer and expands

disclosure requirements for revenue recognition. The update applies to all contracts with customers, except leases, insurance contracts, financial instruments, guarantees, and certain nonmonetary exchanges. In August 2015, the FASB issued an additional update on revenue recognition, which defers the effective date of the update to annual and interim reporting periods beginning after December 15, 2017. The Company will adopt the new standard effective January 1, 2018. As substantially all of the Company's revenues are generated from activities that are outside the scope of the new standard, the adoption will not have a material impact on our consolidated financial statements.

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 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 was permitted. Beginning in 2017, the Company prospectively recognizes the tax benefits or deficiencies from the exercise or vesting of share-based awards in the income tax line of the consolidated statements of income. Additionally, the Company has retrospectively reclassified tax benefits or deficiencies from financing activities to operating activities on the consolidated statements of cash flows. The Company has historically recognized taxes paid relating to net share settlement of equity awards within financing activities and will continue this practice, consistent with the new accounting update. Regarding the accounting for estimated share-based forfeitures, the Company has historically recognized forfeitures as they are incurred due to a lack of award forfeiture history and will continue this practice under the new accounting update. The Company expects increased periodic volatility in income tax expense based on the continued application of the accounting update.

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 believes the implementation of the accounting update will have a material adverse effect on the Company's consolidated financial statements, and is in the process of quantifying the potential impacts.

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 will adopt the new standard effective January 1, 2018, and believes implementation of the accounting update will not have a material effect on the Company's 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. The Company will adopt the new standard effective January 1, 2018. 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 a step in the goodwill impairment test, which required the same procedure used to determine the fair value of assets acquired and liabilities assumed in a business combination. 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 near prime and non-prime borrowers.

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:

	December 31,	
In thousands	2017	2016
Small loans	$375,772	$358,471
Large loans	347,218	235,349
Automobile loans	61,423	90,432
Retail loans	33,050	33,523
Finance receivables	$817,463	$717,775

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

	December 31, 2017									
	Small		Large		Automobile		Retail		Total	
In thousands	$	%	$	%	$	%	$	%	$	%
Current	$301,114	80.1%	$299,467	86.3%	$43,140	70.2%	$25,730	77.8%	$669,451	81.9%
1 to 29 days past due	39,412	10.5%	29,211	8.4%	13,387	21.8%	4,523	13.7%	86,533	10.6%
Delinquent accounts										
30 to 59 days	9,738	2.6%	5,949	1.6%	2,162	3.6%	879	2.7%	18,728	2.2%
60 to 89 days	8,755	2.3%	4,757	1.4%	1,046	1.7%	739	2.2%	15,297	1.9%
90 to 119 days	6,881	1.9%	3,286	1.0%	701	1.1%	471	1.5%	11,339	1.4%
120 to 149 days	5,284	1.4%	2,537	0.7%	636	1.0%	408	1.2%	8,865	1.1%
150 to 179 days	4,588	1.2%	2,011	0.6%	351	0.6%	300	0.9%	7,250	0.9%
Total delinquency	$ 35,246	9.4%	$ 18,540	5.3%	$ 4,896	8.0%	$ 2,797	8.5%	$ 61,479	7.5%
Total finance receivables	$375,772	100.0%	$347,218	100.0%	$61,423	100.0%	$33,050	100.0%	$817,463	100.0%
Finance receivables in nonaccrual status	$ 16,753	4.5%	$ 7,834	2.3%	$ 1,688	2.7%	$ 1,179	3.6%	$ 27,454	3.4%

	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%

The allowance for credit losses consists of general and specific components. Prior to September 30, 2016, the general component reflected 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, the general component 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.

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

	Year Ended December 31,		
In thousands	2017	2016	2015
Balance at beginning of period	$ 41,250	$ 37,452	$ 40,511
Provision for credit losses	77,339	63,014	47,348
Credit losses	(75,880)	(64,064)	(55,043)
Recoveries	6,201	4,848	4,636
Balance at end of period	$ 48,910	$ 41,250	$ 37,452

In September 2017, the Company recorded a $3.0 million increase to the allowance for credit losses related to estimated incremental credit losses on customer accounts impacted by the hurricanes. The incremental hurricane allowance resulted in a decrease to net income of $1.9 million, or $0.16 diluted earnings per share, for the three months ended September 30, 2017.

On an annual basis, the Company updates the estimated loss emergence period for each finance receivable type. During 2015, the loss emergence period of large loan finance receivables increased from ten 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 the loss emergence period 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.

During 2017, the loss emergence period for each finance receivable type changed as follows: small loan finance receivables increased from six to seven months; large loan finance receivables decreased from twelve to ten months; and retail loan finance receivables increased from ten to eleven months. These net changes in the loss emergence periods increased the Company's total allowance for credit losses by $0.1 million, which decreased net income for the year ended December 31, 2017 by $0.1 million, or $0.01 diluted earnings per share.

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 bulk sale of previously charged-off loans. In January 2016, the Company began selling the flow of charged-off loans. The flow sales are recognized as recoveries in the allowance for credit losses and as a reduction of the provision for credit losses. In September 2017, the Company recognized a recovery of $1.0 million from the bulk sale of previously charged-off customer accounts in bankruptcy. These accounts had been excluded from previous sales of charged-off loans.

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

In thousands	Balance January 1, 2017	Provision	Credit Losses	Recoveries	Balance December 31, 2017	Finance Receivables December 31, 2017	Allowance as Percentage of Finance Receivables December 31, 2017
Small loans	$21,770	$45,104	$(45,612)	$3,487	$24,749	$375,772	6.6%
Large loans	11,460	25,024	(20,088)	1,152	17,548	347,218	5.1%
Automobile loans	5,910	4,210	(7,424)	1,329	4,025	61,423	6.6%
Retail loans	2,110	3,001	(2,756)	233	2,588	33,050	7.8%
Total	$41,250	$77,339	$(75,880)	$6,201	$48,910	$817,463	6.0%

In thousands	Balance January 1, 2016	Provision	Credit Losses	Recoveries	Balance December 31, 2016	Finance Receivables December 31, 2016	Allowance as Percentage of Finance Receivables 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 Receivables 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%

Impaired finance receivables as a percentage of total finance receivables were 2.1% and 1.6% for the years ended December 31, 2017 and 2016, respectively. The following is a summary of finance receivables evaluated for impairment for the periods indicated:

In thousands	December 31, 2017				
	Small	Large	Automobile	Retail	Total
Impaired receivables specifically evaluated	$ 5,094	$ 10,303	$ 1,724	$ 109	$ 17,230
Finance receivables evaluated collectively	370,678	336,915	59,699	32,941	800,233
Finance receivables outstanding	$375,772	$347,218	$61,423	$33,050	$817,463
Impaired receivables in nonaccrual status	$ 707	$ 931	$ 129	$ 31	$ 1,798
Amount of the specific reserve for impaired accounts	$ 1,190	$ 2,183	$ 373	$ 20	$ 3,766
Amount of the general component of the allowance	$ 23,559	$ 15,365	$ 3,652	$ 2,568	$ 45,144

In thousands	December 31, 2016				
	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

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

In thousands	December 31,	
	2017	2016
Small loans	$ 3,946	$1,686
Large loans	8,205	4,478
Automobile loans	2,062	2,801
Retail loans	107	114
Total average recorded investment	$14,320	$9,079

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, 2017	December 31, 2016
Land and building	$ —	$ 919
Furniture, fixtures, and equipment	20,471	19,925
Leasehold improvements	8,671	7,476
Property and equipment cost	29,142	28,320
Less accumulated depreciation	16,848	16,627
Property and equipment, net of accumulated depreciation	$12,294	$11,693

Depreciation expense for the years ended December 31, 2017, 2016, and 2015 totaled $3.4 million, $3.1 million, and $2.6 million, respectively.

Note 6. Leases

Future minimum rent commitments under non-cancellable operating leases in effect as of December 31, 2017 are as follows:

In thousands	Amount
2018	$ 6,390
2019	4,863
2020	4,416
2021	3,274
2022	2,307
Thereafter	6,779
Total	$28,029

Leases generally contain options to extend for periods from three to five years and the cost of such extensions is not included above. Rent expense for the years ended December 31, 2017, 2016, and 2015 equaled $7.7 million, $7.0 million, and $6.0 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, 2017			December 31, 2016		
In thousands	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Software	$13,396	$(3,550)	$ 9,846	$ 8,743	$(3,220)	$5,523
Customer list	2,485	(2,440)	45	2,485	(2,276)	209
Goodwill	950	(234)	716	950	(234)	716
Total intangible assets	$16,831	$(6,224)	$10,607	$12,178	$(5,730)	$6,448

Intangible amortization expense for the years ended December 31, 2017, 2016, and 2015 totaled $2.2 million, $1.9 million, and $0.8 million, respectively. The following table sets forth the future amortization of intangible assets:

In thousands	**Amount**
2018	$1,912
2019	1,671
2020	1,531
2021	1,461
2022	1,453
Thereafter	1,863
Total	$9,891

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 December 31, 2017 and 2016, respectively.

Note 8. Other Assets

Other assets include the following as of the periods indicated:

	December 31,	
In thousands	**2017**	**2016**
Income tax receivable	$ 9,474	$ —
Prepaid expenses	2,806	2,561
Card payments receivable	2,005	725
Credit insurance receivable	1,024	436
Repossessed assets	431	502
Other	272	558
Total	$16,012	$4,782

The increase in income tax receivable primarily resulted from a December 2017 change in tax method from the accrual method to a more commonly used specific identification method for the allowance for credit losses.

Note 9. Interest Rate Caps

The Company has purchased interest rate cap contracts with an aggregate notional principal amount of $250.0 million and 2.50% strike rates against the one-month LIBOR (1.56% and 0.77% as of December 31, 2017 and 2016, respectively). The interest rate caps have maturities of April 2018 ($150.0 million), March 2019 ($50.0 million), and June 2020 ($50.0 million). 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:

	December 31,	
In thousands	**2017**	**2016**
Balance at beginning of period	$ 62	$ 120
Purchases	100	112
Fair value adjustment included as an increase in interest expense	(64)	(170)
Balance at end of period, included in other assets	$ 98	$ 62

Note 10. Long-Term Debt

The following is a summary of the Company's long-term debt as of the periods indicated:

In thousands	December 31, 2017			December 31, 2016		
	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	$452,050	$(2,162)	$449,888	$452,849	$(1,221)	$451,628
Amortizing loan	53,380	(547)	52,833	38,829	(931)	37,898
Revolving warehouse credit facility	66,066	(2,241)	63,825	—	—	—
Total	$571,496	$(4,950)	$566,546	$491,678	$(2,152)	$489,526
Unused amount of revolving credit facilities (subject to borrowing base)	$244,884			$132,151		

In June 2017, the Company amended and restated its senior revolving credit facility to, among other things, increase the availability under the facility from $585 million to $638 million and extend the maturity of the facility from August 2019 to June 2020. The facility has an accordion provision that allows for the expansion of the facility to $700 million. Excluding the receivables held by the Company's VIEs, 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, increasing to 3.25% when the availability percentage is below 10%. The LIBOR rate for this facility was 1.63% and 0.88% at December 31, 2017 and 2016, respectively. Alternatively, the Company may pay interest at the prime rate, plus a 2.00% margin, increasing to 2.25% when the availability percentage is below 10%. The prime rate was 4.50% and 3.75% at December 31, 2017 and 2016, respectively. The Company pays an unused line fee of 0.50% per annum, payable monthly, decreasing to 0.375% when the average outstanding balance exceeds $413.0 million. 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% of eligible secured finance receivables and 68% of eligible unsecured finance receivables as of December 31, 2017). As of December 31, 2017, the Company had $46.8 million of eligible borrowing capacity under the facility.

In June 2017, the Company and its wholly-owned subsidiary, RMR II, entered into a credit agreement providing for a $125 million revolving warehouse credit facility to RMR II (expandable to $150 million). RMR II purchases large loan finance receivables, net of the related allowance for credit losses, from the Company's affiliates using the proceeds of the facility and equity investments from the Company. The facility is secured by the finance receivables owned by RMR II. RMR II held $0.8 million in a restricted cash reserve account as of December 31, 2017 to satisfy provisions of the credit agreement. Through October 1, 2017, borrowings under the facility bore interest, payable monthly, at a blended rate equal to three-month LIBOR, plus a margin of 3.50%. Effective October 2, 2017 and February 5, 2018, the margin decreased to 3.25% and 3.00%, respectively, following the satisfaction of milestones associated with the Company's conversion to a new loan origination and servicing system. The three-month LIBOR was 1.69% at December 31, 2017. RMR II pays an unused commitment fee of between 0.35% and 0.85% per annum, payable monthly, based upon the average daily utilization of the facility. Advances on the facility are capped at 80% of eligible finance receivables.

In November 2017, the Company and its wholly-owned subsidiary, RMR, amended and restated the December 2015 credit agreement that provided for a $75.7 million asset-backed, amortizing loan to RMR. The amended and restated credit agreement, among other things, provides for an additional loan advance in the amount of $37.8 million and extends the maturity date to December 2024. The loan is secured by the finance receivables

owned by RMR. RMR held $1.3 million in a restricted cash reserve account as of December 31, 2017 to satisfy provisions of the credit agreement. RMR paid interest of 3.00% per annum on the loan balance. In February 2018, the Company agreed to lower the advance rate on the loan from 88% to 85% and to increase the interest rate from 3.00% to 3.25%. The amended and restated credit agreement allows RMR to prepay the loan when the outstanding balance falls below 20% of the original loan amount.

These debt agreements contain certain restrictive covenants requiring monthly and annual reporting to the banks and include 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. At December 31, 2017, the Company was in compliance with all debt covenants.

Both the amortizing loan and warehouse credit facility are supported by the expected cash flows from the underlying collateralized finance receivables. Collections on these accounts are remitted to restricted cash collection accounts, which totaled $8.6 million and $2.7 million as of December 31, 2017 and 2016, respectively. Cash inflows from the finance receivables are distributed to the lenders and service providers in accordance with a monthly contractual priority of payments and, as such, the inflows are directed first to servicing fees. RMR and RMR II pay 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 accounts and, thereafter, to the residual interest that the Company owns. Distributions from RMR and RMR II to the Company are permitted under the credit agreements.

Both RMR and RMR II are considered VIEs under GAAP and are consolidated into the financial statements of their primary beneficiary. The Company is considered to be the primary beneficiary of RMR and RMR II because it has (i) power over the significant activities of RMR and RMR II through its role as servicer of the finance receivables under each 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 and RMR II after each debt is paid.

The carrying amounts of consolidated VIE assets and liabilities are as follows:

	December 31,	
In thousands	**2017**	**2016**
Assets		
Cash	$ 70	$ 36
Finance receivables	137,239	41,244
Allowance for credit losses	(7,129)	(2,337)
Restricted cash	10,734	4,426
Other assets	119	201
Total assets	$141,033	$43,570
Liabilities		
Net long-term debt	$116,658	$37,898
Accounts payable and accrued expenses	53	5
Total liabilities	$116,711	$37,903

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

In thousands	Amount
2018	$ 27,884
2019	81,354
2020	458,892
2021	2,527
2022	839
Total	$571,496

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 1.3 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 of 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 long-term debt approximates 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:

	December 31, 2017		December 31, 2016	
In thousands	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Level 1 inputs				
Cash	$ 5,230	$ 5,230	$ 4,446	$ 4,446
Restricted cash	16,787	16,787	8,297	8,297
Level 2 inputs				
Interest rate caps	98	98	62	62
Level 3 inputs				
Net finance receivables	768,553	768,553	676,525	676,525
Repossessed assets	431	431	502	502
Liabilities				
Level 3 inputs				
Long-term debt	571,496	571,496	491,678	491,678

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, 2017 and 2016:

	Interest Rate Caps			
In thousands	**Total**	**Level 1**	**Level 2**	**Level 3**
2017	$98	$—	$98	$—
2016	$62	$—	$62	$—

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, 2017 and 2016 for which a nonrecurring change in fair value has been recorded during the years ended December 31, 2017 and 2016:

	Repossessed Assets				
In thousands	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total Losses**
2017	$431	$—	$—	$431	$437
2016	$502	$—	$—	$502	$452

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 required by individual states in which it operates. The Company is generally no longer subject to federal, state, or local income tax examinations by taxing authorities before 2014, though the Company remains subject to examination for the federal, South Carolina, and Tennessee tax returns for the 2013 tax year. In addition, the Texas tax returns remain open for examination back to 2011.

Income tax expense 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:

	Year Ended December 31,		
In thousands	**2017**	**2016**	**2015**
Federal tax expense at statutory rate	$14,090	$13,632	$13,349
Increase (reduction) in income taxes resulting from:			
State tax, net of federal benefit	1,253	1,275	1,098
Non-deductible compensation	—	—	378
Tax rate change	(3,122)	—	—
Excess tax benefits from share-based awards	(1,603)	—	—
Research and development tax credits	(400)	—	—
Other	76	10	(51)
	$10,294	$14,917	$14,774

Pursuant to the adoption of an accounting standard update issued in March 2016 and effective for fiscal year 2017, the Company now recognizes the tax benefits or deficiencies from the exercise or vesting of share-based awards in the income tax line of the consolidated statements of income. These tax benefits and deficiencies were previously recognized within additional paid-in-capital on the Company's balance sheet.

In December 2017, the Tax Cuts and Jobs Act (the "Tax Act") was signed into law. The Tax Act makes changes to U.S. tax law, including a reduction in the corporate tax rate from 35% to 21%. As a result of the enacted law, the Company was required to revalue deferred tax assets and liabilities at the enacted rate. The revaluation resulted in a $3.1 million income tax benefit and a corresponding reduction in the Company's net deferred tax liability. Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, the Company has made reasonable estimates of the effects and recorded provisional amounts in its consolidated financial statements as of December 31, 2017. As the Company collects and prepares necessary data and interprets the Tax Act and any additional guidance issued by the U.S. Treasury Department, the IRS, the SEC, and other standard-setting bodies, it may make adjustments to the provisional amounts. The accounting for the tax effects of the Tax Act will be completed in 2018.

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

	Year Ended December 31,		
In thousands	**2017**	**2016**	**2015**
Current:			
Federal	$ 4,479	$11,431	$13,037
State and local	821	1,584	1,859
	5,300	13,015	14,896
Deferred:			
Federal	4,464	1,694	(104)
State and local	530	208	(18)
	4,994	1,902	(122)
Total	$10,294	$14,917	$14,774

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

In thousands	December 31, 2017	December 31, 2016
Deferred tax assets:		
Allowance for credit losses	$ 6,491	$15,823
Unearned insurance premiums	2,971	2,612
Share-based compensation	2,314	2,888
Amortization of intangible assets	424	675
Accrued expenses	391	565
State net operating loss carryforward	300	32
Deferred contract incentive	163	307
Other	206	50
Gross deferred tax assets	13,260	22,952
Deferred tax liabilities:		
Fair market value adjustment of finance receivables	12,410	17,448
Tax over book depreciation	3,463	2,266
Deferred loan costs	1,633	2,283
Prepaid expenses	395	724
Other	320	198
Gross deferred tax liabilities	18,221	22,919
Net deferred tax asset (liability)	$ (4,961)	$ 33

The December 31, 2017 deferred tax asset for the allowance for credit losses includes a $5.0 million credit balance related to a tax method change from the accrual to the specific identification method.

The Company had state net operating loss carryforwards of approximately $9.7 million and $1.2 million and the related deferred tax assets of $0.3 million and $32 thousand as of December 31, 2017 and 2016, respectively. These carryforwards are available to offset future taxable income. If not used, the current carryforwards will expire beginning in 2030.

Income tax expense was $10.3 million, $14.9 million, and $14.8 million for the years ended December 31, 2017, 2016, and 2015, respectively. Included in these amounts are tax benefits from share-based awards of $1.6 million, $0, and $0 for the years ended December 31, 2017, 2016, and 2015, respectively.

At December 31, 2017, 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,		
	2017	2016	2015
Numerator:			
Net income	$29,963	$24,031	$23,365
Denominator:			
Weighted average shares outstanding for basic earnings per share	11,551	11,824	12,849
Effect of dilutive securities	232	261	225
Weighted average shares adjusted for dilutive securities	11,783	12,085	13,074
Earnings per share:			
Basic	$ 2.59	$ 2.03	$ 1.82
Diluted	$ 2.54	$ 1.99	$ 1.79

Options to purchase 126 thousand, 140 thousand, and 489 thousand shares of common stock were outstanding during the years ended December 31, 2017, 2016, and 2015, 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 2017, 2016, and 2015. For the years ended December 31, 2017, 2016, and 2015, the Company recorded expense for the Company's match of $0.8 million, $0.8 million, and $0.6 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"). On April 22, 2015, the stockholders of the Company approved the 2015 Long-Term Incentive Plan (the "2015 Plan"), and on April 27, 2017, the stockholders of the Company re-approved the 2015 Plan, as amended and restated. As of December 31, 2017, subject to adjustments as provided in the 2015 Plan, the maximum aggregate number of shares of the Company's common stock that could be issued under the 2015 Plan could not exceed the sum of (i) 1.6 million shares plus (ii) any shares (A) remaining available for the grant of awards as of the 2015 Plan effective date (April 22, 2015) 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 without the issuance of shares or pursuant to which such shares are forfeited. As of the effectiveness of the 2015 Plan (April 22, 2015), 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, 2017, there were 1.3 million shares available for grant under the 2015 Plan.

For the years ended December 31, 2017, 2016, and 2015, the Company recorded share-based compensation expense of $4.3 million, $4.2 million, and $3.6 million, respectively. As of December 31, 2017, unrecognized share-based compensation expense to be recognized over future periods approximated $5.0 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 ("RSUs"), and cash-settled performance units ("CSPUs") to certain members of senior management under a long-term incentive program. Recurring annual grants are made at the discretion of the Company's Board of Directors (the "Board"). The annual grants are subject to cliff- and graded-vesting, generally concluding at the end of the third calendar year and subject to continued employment or as otherwise provided in the underlying award agreements. The actual value of the RSUs and CSPUs 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 (2015 grants) or the percentile ranking of the Company's compound annual growth rate of net income and net income per share compared to a public company peer group (2016 and 2017 grants), in each case over a three-year performance period.

In 2016, the Company introduced a key team member incentive program for certain other 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: In 2015 and 2016, the Company awarded its non-employee directors a cash retainer, committee meeting fees, shares of restricted common stock, and nonqualified stock options. The Board revised the compensation program in April 2017 to provide that the value of each director's equity-based award be allocated solely to restricted stock, rather than split evenly between restricted stock 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. In 2015 and 2016, the nonqualified stock option awards were granted on the fifth business day following the Company's annual meeting of stockholders and were 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:

Nonqualified 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 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 is 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,		
	2017	2016	2015
Expected volatility	43.95%	46.04%	47.15%
Expected dividends	0.00%	0.00%	0.00%
Expected term (in years)	5.96	5.80	6.15
Risk-free rate	2.09%	1.32%	1.62%

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, 2017:

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, 2017	1,166	$14.66		
Granted	116	19.99		
Exercised	(289)	7.35		
Forfeited	(35)	18.30		
Expired	—	—		
Options outstanding at December 31, 2017	958	$17.39	7.1	$8,747
Options exercisable at December 31, 2017	771	$16.99	6.8	$7,351
Available for grant at December 31, 2017	1,275			

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

	Year Ended December 31,		
In thousands, except per share amounts	2017	2016	2015
Weighted-average grant date fair value per share	$ 8.90	$ 7.74	$ 7.13
Intrinsic value of options exercised	$4,981	$1,397	$1,524
Fair value of stock options that vested	$3,004	$2,131	$1,207

Performance-contingent restricted stock units: Compensation expense for RSUs 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 RSU activity during the year ended December 31, 2017:

In thousands, except per unit amounts	Units	Weighted-Average Grant Date Fair Value Per Unit
Non-vested units at January 1, 2017	164	$16.07
Granted	85	19.99
Vested	—	—
Forfeited	(48)	17.69
Non-vested units at December 31, 2017	201	$17.33

The following table provides additional RSU information for the periods indicated:

	Year Ended December 31,		
	2017	2016	2015
Weighted-average grant date fair value per unit	$19.99	$17.02	$14.89

Cash-settled performance units: CSPUs will be settled in cash at the end of the performance measurement period and are classified as a liability. The value of CSPUs bears no relationship to the value of the Company's common stock. Compensation cost is estimated based on expected performance and is adjusted at each reporting period.

The following table summarizes CSPU activity during the year ended December 31, 2017:

In thousands, except per unit amounts	Units	Weighted-Average Grant Date Fair Value Per Unit
Non-vested units at January 1, 2017	2,641	$1.00
Granted	1,686	1.00
Vested	—	—
Forfeited	(843)	1.00
Non-vested units at December 31, 2017	3,484	$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, 2017:

In thousands, except per share amounts	Shares	Weighted-Average Grant Date Fair Value Per Share
Non-vested shares at January 1, 2017	39	$16.46
Granted	83	18.38
Vested	(60)	16.30
Forfeited	(9)	18.25
Non-vested shares at December 31, 2017	53	$19.36

The following table provides additional restricted stock information.

	Year Ended December 31,		
In thousands, except per share amounts	2017	2016	2015
Weighted-average grant date fair value per share	$18.38	$16.37	$15.36
Fair value of restricted stock awards that vested	$ 983	$ 347	$2,198

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 "District 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 filed a motion to dismiss the second amended complaint on April 28, 2015, and on March 30, 2016, the District 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. On January 27, 2017, the District 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 District Court entered final judgment in favor of the Defendants.

On March 1, 2017, the Plaintiffs filed a notice of appeal to the United States Court of Appeals for the Second Circuit (the "Appellate Court"). After hearing oral arguments on November 17, 2017, the Appellate Court issued a summary order on January 26, 2018 affirming the District Court's order denying Plaintiffs leave to file a third amended complaint. The deadline for Plaintiffs to file a petition for a writ of certiorari with the United States Supreme Court is April 26, 2018.

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.

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. 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, vehicle single interest, and credit involuntary unemployment insurance. The Company also collects a fee for collateral protection and purchases non-filing 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, 2017 and 2016, the cash reserves were $6.1 million and $3.9 million, respectively. The Company also purchased a cash collateralized letter of credit in favor of the ceding company. The letter of credit was $0.5 million and $2.0 million as of December 31, 2017 and 2016, 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, 2017, 2016, and 2015:

In thousands	Net Written Premiums	Earned Premiums
2017	$40,491	$25,881
2016	31,576	22,498
2015	30,812	20,257

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. 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. This blanket vendor single interest insurance policy will be cancelled effective March 31, 2018.

The Company offered 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. The Company ceased offering the GAP product when it ceased its automobile loan originations in November 2017.

As a result of the Company's 2016 insurance administration transition to a new unaffiliated third-party provider, certain of the Company's insurance claims expenses were temporarily shifted into provision for credit losses during 2017, impacting net credit losses instead of insurance income, net. Net income was not impacted as a result of this transition.

Note 18. Quarterly Information (unaudited)

The following tables summarize the Company's quarterly financial information for each of the four quarters of 2017 and 2016:

	2017			
In thousands, except per share amounts	First	Second	Third	Fourth
Total revenue	$65,820	$65,338	$69,194	$72,107
Provision for credit losses[2][3]	19,134	18,589	20,152	19,464
General and administrative expenses	31,454	31,642	33,840	34,019
Interest expense	5,213	5,221	6,658	6,816
Income tax[1][4]	2,385	3,751	3,235	923
Net income	$ 7,634	$ 6,135	$ 5,309	$10,885
Net income per common share:				
Basic	$ 0.66	$ 0.53	$ 0.46	$ 0.94
Diluted	$ 0.65	$ 0.52	$ 0.45	$ 0.92

	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

(1) First quarter 2017 includes a $1.5 million tax benefit related to the exercise of stock options (ASU 2016-09).
(2) Third quarter 2017 includes a $3.0 million incremental hurricane allowance for credit losses.
(3) Third quarter 2017 includes a $1.0 million recovery from the bulk sale of previously charged-off customer accounts in bankruptcy.
(4) Fourth quarter 2017 includes a $3.1 million tax benefit related to implementation of the Tax Act.

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, 2017. 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, 2017, 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

Our management 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, 2017. 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.

Our management 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. Our 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 our internal control over financial reporting, with the participation of our chief executive officer and chief financial officer, as of December 31, 2017. 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 this assessment, management believes that we maintained effective internal control over financial reporting as of December 31, 2017. Our independent registered public accounting firm, RSM US LLP, has issued a report on our internal control over financial reporting, which appears in Item 8, "Financial Statements and Supplementary Data".

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 during the period covered by this Annual Report on Form 10-K that 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 SEC not later than 120 days after the end of the Company’s fiscal year ended December 31, 2017.

Our Board of Directors 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,” “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 SEC not later than 120 days after the end of the Company’s fiscal year ended December 31, 2017.

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 “Executive Compensation Tables” in the Company’s definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the SEC not later than 120 days after the end of the Company’s fiscal year ended December 31, 2017.

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 SEC not later than 120 days after the end of the Company’s fiscal year ended December 31, 2017.

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 SEC not later than 120 days after the end of the Company's fiscal year ended December 31, 2017.

PART IV

ITEM 15. *EXHIBITS, FINANCIAL STATEMENT SCHEDULES.*

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

(1) Financial Statements:

(i) Reports of Independent Registered Public Accounting Firm

(ii) Consolidated Balance Sheets at December 31, 2017 and December 31, 2016

(iii) Consolidated Statements of Income for the Years Ended December 31, 2017, December 31, 2016, and December 31, 2015

(iv) Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2017, December 31, 2016, and December 31, 2015

(v) Consolidated Statements of Cash Flows for the Years Ended December 31, 2017, December 31, 2016, and December 31, 2015

(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 following index are filed as a part of this Annual Report on Form 10-K.

			Incorporated by Reference			
Exhibit Number	Exhibit Description	Filed Herewith	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
10.1.1	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
10.1.2	Amended and Restated Shareholders Agreement Termination, dated as of July 28, 2017, by and among Regional Management Corp. and the stockholders party thereto		10-Q	001-35477	10.1	11/8/2017
10.2.1	Sixth Amended and Restated Loan and Security Agreement, dated as of June 20, 2017, 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	10.2	6/20/2017

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	File Number	Exhibit	Filing Date
10.2.2	First Amendment to Sixth Amended and Restated Loan and Security Agreement, dated as of November 21, 2017, 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	10.2	11/28/2017
10.3	Amended and Restated Credit Agreement, dated as of November 21, 2017, by and among Regional Management Receivables, LLC, as borrower, Regional Management Corp., as servicer, Wells Fargo, National Association, as lender, the other lenders from time to time parties thereto, Wells Fargo Bank, National Association, as account bank, collateral custodian, and backup servicer, and Wells Fargo Securities, LLC, as administrative agent for the lender and other lenders from time to time parties thereto		8-K	001-35477	10.1	11/28/2017
10.4	Credit Agreement, dated as of June 20, 2017, by and among Regional Management Receivables II, LLC, as borrower, Regional Management Corp., as servicer, the lenders from time to time parties thereto, Wells Fargo Bank, National Association, as account bank, image file custodian, and backup servicer, Wells Fargo Bank, National Association, as administrative agent, and Credit Suisse AG, New York Branch, as structuring and syndication agent		8-K	001-35477	10.1	6/20/2017
10.5†	Regional Management Corp. 2007 Management Incentive Plan		S-1/A	333-174245	10.4	6/23/2011
10.6.1†	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
10.6.2†	Form of Stock Award Agreement under the 2011 Stock Incentive Plan		10-K	001-35477	10.4.2	3/17/2014
10.6.3†	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

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	File Number	Exhibit	Filing Date
10.6.4†	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
10.6.5†	Form of Performance-Contingent Restricted Stock Unit Award Agreement under the 2011 Stock Incentive Plan		8-K	001-35477	10.2	10/7/2014
10.6.6†	Form of Cash-Settled Performance Share Award Agreement under the 2011 Stock Incentive Plan		8-K	001-35477	10.3	10/7/2014
10.6.7†	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
10.7.1†	Regional Management Corp. 2015 Long-Term Incentive Plan (As Amended and Restated Effective April 27, 2017)		8-K	001-35477	10.1	5/2/2017
10.7.2†	Form of Nonqualified Stock Option Agreement under the 2015 Long-Term Incentive Plan (form for grants prior to April 27, 2017)		8-K	001-35477	10.3	4/28/2015
10.7.3†	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
10.7.4†	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
10.7.5†	Form of Restricted Stock Award Agreement under the 2015 Long-Term Incentive Plan (form for grants prior to April 27, 2017)		8-K	001-35477	10.6	4/28/2015
10.7.6†	Form of Stock Award Agreement under the 2015 Long- Term Incentive Plan (form for grants prior to April 27, 2017)		8-K	001-35477	10.7	4/28/2015
10.7.7†	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 through April 26, 2017)		8-K	001-35477	10.1	4/1/2016
10.7.8†	Form of Cash-Settled Performance Unit Award Agreement under the 2015 Long-Term Incentive Plan (form for grants on or after March 29, 2016 through April 26, 2017)		8-K	001-35477	10.2	4/1/2016

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	File Number	Exhibit	Filing Date
10.7.9†	Form of Nonqualified Stock Option Agreement under the 2015 Long-Term Incentive Plan (form for grants on or after April 27, 2017)		8-K	001-35477	10.2	5/2/2017
10.7.10†	Form of Performance-Contingent Restricted Stock Unit Award Agreement under the 2015 Long-Term Incentive Plan (form for grants on or after April 27, 2017)		8-K	001-35477	10.3	5/2/2017
10.7.11†	Form of Cash-Settled Performance Unit Award Agreement under the 2015 Long-Term Incentive Plan (form for grants on or after April 27, 2017)		8-K	001-35477	10.4	5/2/2017
10.7.12†	Form of Restricted Stock Award Agreement under the 2015 Long-Term Incentive Plan (form for grants on or after April 27, 2017)		8-K	001-35477	10.5	5/2/2017
10.7.13†	Form of Stock Award Agreement under the 2015 Long- Term Incentive Plan (form for grants on or after April 27, 2017)		8-K	001-35477	10.6	5/2/2017
10.8†	Regional Management Corp. Annual Incentive Plan (as amended and restated effective March 23, 2015)		8-K	001-35477	10.2	4/28/2015
10.9†	Description of Non-Employee Director Compensation Program	X				
10.10.1†	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
10.10.2†	First Amendment to Employment Agreement, dated as of August 30, 2017, by and between Peter R. Knitzer and Regional Management Corp.		8-K	001-35477	10.1	9/1/2017
10.11.1†	Employment Agreement, dated as of May 15, 2017, by and between John D. Schachtel and Regional Management Corp.		8-K	001-35477	10.1	5/15/2017
10.11.2†	First Amendment to Employment Agreement, dated as of August 30, 2017, by and between John D. Schachtel and Regional Management Corp.		8-K	001-35477	10.2	9/1/2017
10.12.1†	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

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	File Number	Exhibit	Filing Date
10.12.2†	Separation Agreement, dated as of June 14, 2017, by and between Jody L. Anderson and Regional Management Corp.		8-K	001-35477	10.3	6/20/2017
10.13.1†	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
10.13.2†	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
10.13.3†	Employment Agreement, dated as of August 30, 2017, by and between Donald E. Thomas and Regional Management Corp.		8-K	001-35477	10.3	9/1/2017
10.14.1†	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
10.14.2†	Employment Agreement, dated as of August 30, 2017, by and between Daniel J. Taggart and Regional Management Corp.		8-K	001-35477	10.4	9/1/2017
10.15.1†	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
10.15.2†	Employment Agreement, dated as of August 30, 2017, by and between Brian J. Fisher and Regional Management Corp.		8-K	001-35477	10.5	9/1/2017
10.16†	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				

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	File Number	Exhibit	Filing Date
101	The following materials from our Annual Report on Form 10-K for the year ended December 31, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets as of December 31, 2017 and December 31, 2016, (ii) the Consolidated Statements of Income for the years ended December 31, 2017, December 31, 2016, and December 31, 2015, (iii) the Consolidated Statements of Stockholders' Equity for the years ended December 31, 2017, December 31, 2016, and December 31, 2015, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2017, December 31, 2016, and December 31, 2015, 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.

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 23, 2018

/s/ Peter R. Knitzer

Peter R. Knitzer
President and 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 23, 2018.

Signature		
/s/ Peter R. Knitzer	Name:	Peter R. Knitzer
	Title:	President, 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/ Jonathan D. Brown	Name:	Jonathan D. Brown
	Title:	Director
/s/ Roel C. Campos	Name:	Roel C. Campos
	Title:	Director
/s/ Maria Contreras-Sweet	Name:	Maria Contreras-Sweet
	Title:	Director

/s/ Michael R. Dunn	Name:	Michael R. Dunn
	Title:	Director
/s/ Steven J. Freiberg	Name:	Steven J. Freiberg
	Title:	Director
/s/ Carlos Palomares	Name:	Carlos Palomares
	Title:	Director

Notice of 2018 Annual Meeting of Stockholders and Proxy Statement

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 25, 2018

To the Stockholders of Regional Management Corp.:

We hereby give notice that the 2018 Annual Meeting of Stockholders (the "Annual Meeting") of Regional Management Corp. will be held on Wednesday, April 25, 2018, at 8:00 a.m. local time, at our headquarters located at 979 Batesville Road, Suite B, Greer, SC 29651, for the following purposes:

(1) To elect the eight 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, 2018;

(3) To hold an advisory vote to approve executive compensation;

(4) To hold an advisory vote on the frequency of future advisory votes to approve executive compensation; and

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

We will begin mailing this Notice of Annual Meeting of Stockholders and our Proxy Statement to stockholders on or about March 23, 2018. Only stockholders whose names appear of record on our books at the close of business on February 26, 2018 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 and so that a quorum may be established. 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 instruction 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
Senior Vice President, General Counsel, and Secretary

Greer, South Carolina
March 22, 2018

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON APRIL 25, 2018: The 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 our Investor Relations website at *www.regionalmanagement.com* under the "Annual Reports" tab.

PROXY STATEMENT

2018 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 25, 2018

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on April 25, 2018:

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 22, 2018

2018 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:	Wednesday, April 25, 2018
Time:	8:00 a.m. local time
Place:	Regional Management Corp. Headquarters at 979 Batesville Road, Suite B, Greer, SC 29651
Record Date:	February 26, 2018
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 and Frequently Asked Questions – How do I vote?".
Proxy Materials:	The Proxy Statement and the accompanying proxy card are first being mailed on or about March 23, 2018 to the stockholders of Regional Management Corp.

Meeting Agenda

Proposal	**Board Vote Recommendation**	**Page Reference (for more detail)**
Election of eight directors	FOR ALL	54
Ratification of the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018	FOR	54
Advisory vote to approve executive compensation	FOR	55
Advisory vote on the frequency of future advisory votes to approve executive compensation	1 YEAR	56
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	CC	CGN
Alvaro G. de Molina, Chair of the Board	60	2012	Financial Services Industry, Leadership, Credit Risk, Corporate Finance, M&A, Accounting, Risk Management	✓	✓		✓
Jonathan D. Brown	33	2018	Financial Services Industry, Capital Allocation, Investor Relations	✓			
Roel C. Campos	69	2012	Leadership, Cyber Security, Corporate Governance, Government Affairs, Securities Compliance, Regulatory	✓		✓	C
Maria Contreras-Sweet	62	2018	Financial Services Industry, Leadership, Corporate Finance, Technology/Innovation, Corporate Governance, Regulatory, Public Relations, Government Affairs	✓			✓
Michael R. Dunn	66	2014	Financial Services Industry, Leadership, Credit Risk, Corporate Finance, M&A, Risk Management, Investor Relations				
Steven J. Freiberg	61	2014	Financial Services Industry, Leadership, Credit Risk, Corporate Finance, Marketing, M&A, Executive Compensation, Technology, Risk Management, Investor Relations	✓	✓	C	
Peter R. Knitzer	59	2015	Financial Services Industry, Leadership, Credit Risk, Corporate Finance, Marketing, Investor Relations				
Carlos Palomares	73	2012	Financial Services Industry, Leadership, Credit Risk, Corporate Finance, Executive Compensation, Accounting, Risk Management	✓	C	✓	

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

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, 2018.

Advisory Vote to Approve Executive Compensation

As required by Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we are providing our stockholders with the opportunity at the Annual Meeting of Stockholders to vote on a non-binding advisory resolution to approve the compensation of our named executive officers (commonly known as a "Say-on-Pay Vote").

Advisory Vote on the Frequency of Future Advisory Votes to Approve Executive Compensation

As required by Section 14A of the Exchange Act, we are providing our stockholders with the opportunity at the Annual Meeting of Stockholders to vote on a non-binding advisory resolution on whether to have a "Say-on-Pay Vote" every one year, two years, or three years (commonly known as a "Say-on-Pay Frequency Vote").

2017 Compensation-Related Highlights

- ✓ **Continued alignment of executive pay with company performance**:
  - ○ **2017 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
    - ▪ **2015 long-term incentive program three-year performance thresholds were not achieved as of December 31, 2017**, resulting in the forfeiture of the associated performance-contingent awards
    - ▪ **2017 short-term incentive program performance goals were largely achieved**, resulting in annual bonus payments at 98.6% of the target bonuses
- ✓ **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, effectively aligning such individuals' interests with the long-term interests of our stockholders

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 (5x 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 2017 Compensation Summary

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 2017. 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 R. Knitzer, President and Chief Executive Officer	530,000	—	949,985	—	522,580	42,552	**2,045,117**
John D. Schachtel, Executive Vice President and Chief Operating Officer	207,123	—	—	299,994	204,224	21,239	**732,580**
Jody L. Anderson, Former President and Chief Operating Officer	127,603	—	172,494	172,493	125,816	178,350	**776,756**
Donald E. Thomas, Executive Vice President and Chief Financial Officer	342,000	66,667	170,994	170,995	337,212	24,900	**1,112,768**
Daniel J. Taggart, Senior Vice President and Chief Risk Officer	318,000	—	105,987	105,998	313,548	8,810	**852,343**
Brian J. Fisher, Senior Vice President, General Counsel, and Secretary	240,000	50,000	80,000	79,994	236,640	10,800	**697,434**

2019 Annual Meeting of Stockholders

- ▪ Stockholder proposals submitted pursuant to SEC Rule 14a-8 must be received by us no later than November 23, 2018.
- ▪ Notice of stockholder proposals outside of SEC Rule 14a-8 must be delivered to us not earlier than December 26, 2018 and not later than January 25, 2019.

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 23, 2018, 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 25, 2018, 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, 2017, 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 26, 2018, 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 eight 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 our independent registered public accounting firm for the fiscal year ending December 31, 2018;

(iii) to hold an advisory vote to approve executive compensation;

(iv) to hold an advisory vote on the frequency of future advisory votes to approve executive compensation; and

(v) 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 26, 2018 (the "Record Date"), will be entitled to receive notice of and to vote at the Annual Meeting. As of the Record Date, 11,690,602 shares of our common stock, $0.10 par value per share, 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 our 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 New York Stock Exchange ("NYSE") rules and regulations governing such brokers, the proposal to ratify the appointment of RSM US LLP as our 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, to approve executive compensation, and to determine the frequency of future advisory votes to approve executive compensation are considered "non-discretionary," and therefore, for such proposals, brokers cannot vote your shares when they do not receive voting instructions from you.

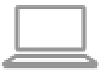
What constitutes a quorum?

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 24, 2018. 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 four 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 our Corporate Secretary, 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 our Corporate Secretary 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 (Proposal No. 1), the eight 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. Regarding the proposal to ratify the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018 (Proposal No. 2), an affirmative vote of a majority of the shares present, in person or represented by proxy, and voting on such matter is required for approval. Likewise, the compensation of executive officers (Proposal No. 3) will be approved, on an advisory basis, if a majority of the shares present, in person or represented by proxy, and voting on such matter is cast in favor of the proposal. Finally, the frequency of the advisory vote on future advisory votes to approve executive compensation (Proposal No. 4) receiving the greatest number of votes cast—one year, two years, or three years—will be deemed by us as the frequency that has been recommended by stockholders. "Broker non-votes" are not considered voted for the particular matter, and for proposals subject to majority voting (Proposal No. 2 and Proposal No. 3), "broker non-votes" 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.

Because your votes on Proposal No. 3 and Proposal No. 4 are advisory, they will not be binding on us, our Board, or our Compensation Committee. However, the Board and the Compensation Committee will consider the outcome of each of these votes when making future compensation decisions for our executive officers or decisions regarding the frequency of the advisory vote on the compensation of our executive officers.

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, "FOR" the advisory approval of executive compensation, and "ONE YEAR" on the advisory vote on the frequency of future advisory votes on the approval of executive compensation.

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. In addition, any person interested in communicating directly with the independent Chair of our Board or with any other Board member may address such communication to our Corporate Secretary, 979 Batesville Road, Suite B, Greer, South Carolina 29651, who will forward such communication to the appropriate party.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE MATTERS

The Board is responsible for directing and overseeing the management of our business and affairs 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 our 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.

Director Qualifications

Our Corporate Governance and Nominating Committee (the "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 our 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 our business and structure. Stockholders may also nominate directors for election at our annual stockholders' meeting by following the provisions set forth in our Amended and Restated Bylaws (the "Bylaws"), and in such a case, the Nominating Committee will consider the qualifications of directors proposed by stockholders.

When determining whether 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 Nominating Committee has focused primarily on their valuable contributions to our success in recent years and on the skills, experience, and individual attributes that each director brings to the Board, including those discussed in the biographical descriptions and matrix set forth below.

Board Diversity

The Board recognizes and embraces the value of a diverse board of directors in improving the quality of its performance and our success. Diversity promotes the inclusion of different perspectives and ideas, mitigates against groupthink, and ensures that the Board has the opportunity to benefit from all available talent. The Board also recognizes the need for its directors to understand and to be able to respond effectively to the financial needs of its diverse customer base. The promotion of a diverse Board makes prudent business sense and makes for better corporate governance.

In February 2018, the Board approved its Board Diversity Policy (the "Diversity Policy"), which is available on our Investor Relations website under the "Corporate Governance" tab at *www.regionalmanagement.com*. The Diversity Policy establishes the Board's approach to achieving and maintaining diversity on the Board. The Board and the Nominating Committee are committed to actively seeking out highly qualified, diverse candidates to include in the pool from which Board nominees are chosen. The Board seeks to comprise itself of talented and dedicated directors with a diverse mix of expertise in areas needed to foster our business success, as well as a diversity of personal characteristics that include, but are not limited to, gender, race, ethnicity, national origin, sexual orientation, age, and geography. The Board and the Nominating Committee implement the Diversity Policy by maintaining a director candidate list comprised of individuals qualified to fill openings on the Board, which includes candidates with useful expertise who possess diverse personal backgrounds. When director openings occur, the list will be used to assist in selecting new directors. Ultimately, the selection of new directors will be based on the Board's judgment of the overall contributions that a candidate will bring to the Board, giving due weight to diverse personal characteristics that contribute to the Board achieving the objectives of the Diversity Policy.

The Nominating Committee is charged with reviewing all steps taken pursuant to the Diversity Policy on an annual basis, assessing the Board's progress in achieving diversity, and presenting its findings and assessment to the full Board for input. Because the Diversity Policy is a new policy, the Nominating Committee has not yet performed an annual review and assessment of the Board's progress in achieving the objectives set forth in the Diversity Policy. The Nominating Committee has, however, considered the current composition of the Board and assessed the diverse characteristics of its current directors, 50% of whom are Hispanic

American, one being a Hispanic American female. The Nominating Committee and the Board are proud of the diverse characteristics of its directors.

Current Directors and Director Nominees

The 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 eight directors: Alvaro G. de Molina, Jonathan D. Brown, Roel C. Campos, Maria Contreras-Sweet, Michael R. Dunn, Steven J. Freiberg, Peter R. Knitzer, and Carlos Palomares, with Mr. de Molina serving as Chair of the Board. Each of these individuals has also been nominated as a director candidate for election at the Annual Meeting.

Biographical information of each of our directors is provided below. In addition, following the biographical information of our directors, we have provided a matrix summarizing the background, skills, experience, qualifications, and other attributes of our directors that led the Nominating Committee and the Board to conclude that such individuals would provide valuable contributions to our business and should therefore serve our company as its directors.

ALVARO G. DE MOLINA

Age: 60

Director Since: 2012

Chair 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 Chair 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. Mr. de Molina also serves on the Board of Trustees of the Smithsonian Latino Center. 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.

JONATHAN D. BROWN

Age: 33

Director Since: 2018

Mr. Brown has served as a director of Regional since January 2018. He is a senior analyst with Basswood Capital Management L.L.C. ("Basswood"), an alternative asset manager with over $1.4 billion of assets under management. Mr. Brown joined Basswood in 2009. In his current role as senior analyst, Mr. Brown is responsible for the research and investment analysis of companies across a broad range of sectors, with a specialized focus on financial services. Prior to Basswood, Mr. Brown worked at Sandelman Partners and Goldman Sachs. Mr. Brown graduated from Emory University's Goizueta School of Business in 2006 with a B.B.A., holding dual concentrations in Finance and Strategy & Management Consulting, as well as a minor in History.

Mr. Brown is the representative of Basswood, our largest stockholder. For a description of our cooperation agreement with Basswood, pursuant to which Mr. Brown is nominated, see "Other Information – Certain Relationships and Related Person Transactions – Cooperation Agreement," below.

ROEL C. CAMPOS

Age: 69

Director Since: 2012

Chair 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 (the "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. Mr. Campos also previously served from January 2013 to May 2017 on 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 currently 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 "PCAOB"), the Board of Visitors to the United States Air Force Academy, the Board of Advisors for the Smithsonian Latino Center, and on various non-profit boards. From 2008 to 2013, Mr. Campos served 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.

MARIA CONTRERAS-SWEET

Age: 62

Director Since: 2018

Member of the Corporate Governance and Nominating Committee

Ms. Contreras-Sweet has been a director of Regional since January 2018. She is the Managing Partner of Rockway Equity Partners, and she previously served as a member of President Obama's cabinet as the Administrator of the U.S. Small Business Administration from April 2014 to January 2017. Since March 2017, Ms. Contreras-Sweet has served as a director and member of the audit committee of Sempra Energy, an energy-services company that invests in, develops, and operates energy infrastructure and provides electric and gas services to customers in North and South America. She was a founder of ProAmerica Bank, where she served as Executive Chairwoman from 2006 to 2014, and Co-Founder and Managing Partner of Fortius Holdings from 2003 to 2006. Prior to that, Ms. Contreras-Sweet served as the California cabinet Secretary of the Business, Transportation and Housing Agency from 1999 to 2003. Earlier in her career, she was an executive with Westinghouse Electric Company's 7-Up/RC Bottling Company. Ms. Contreras-Sweet is also a Distinguished Fellow of the LARTA Institute and serves on the Board of Directors of the Bipartisan Policy Center.

MICHAEL R. DUNN

Age: 66

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.

STEVEN J. FREIBERG

Age: 61

Director Since: 2014

Chair of the Compensation Committee

Member of the Audit Committee

Mr. Freiberg has been a director of Regional since July 2014. He has been a Senior Advisor to The Boston Consulting Group since December 2012, and Vice Chairman and Interim Chief Financial Officer of Social Finance, Inc. since May 2017. 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 previously served as a member of the Board of Trustees of the March of Dimes, and he currently serves on the Hofstra University Board of Trustees.

PETER R. KNITZER

Age: 59

President and Chief Executive Officer

Director Since: 2015

Mr. Knitzer has served as President and Chief Executive Officer of Regional since May 2017. From August 2016 until May 2017, Mr. Knitzer served as Chief Executive Officer at Regional. He has also 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 and 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.

CARLOS PALOMARES

Age: 73

Director Since: 2012

Chair of the Audit Committee

Member of the Compensation 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. He also serves on the Board of Trustees of the Smithsonian Latino Center. Mr. Palomares earned a B.S. degree in Quantitative Analysis from New York University.

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

Matrix of Director Skills, Experience, and Demographic Background

The following table provides our stockholders and other interested parties with an overview of our directors' skills, experience, and demographic background. These qualities are of particular value to our business and led the Nominating Committee and the Board to conclude that such individuals would provide valuable contributions to our company and should therefore serve our company as its directors.

	Alvaro G. de Molina	Jonathan D. Brown	Roel C. Campos	Maria Contreras-Sweet	Michael R. Dunn	Steven J. Freiberg	Peter R. Knitzer	Carlos Palomares
Skills and Experience								
Financial Services Industry	✓	✓		✓	✓	✓	✓	✓
Other Public Co. Board of Directors	✓		✓	✓		✓		
Executive Management	✓		✓	✓	✓	✓	✓	✓
Entrepreneurship/Business Operations	✓		✓	✓	✓	✓	✓	✓
Credit Risk Management	✓				✓	✓	✓	✓
Corporate Finance and/or Capital Allocation	✓	✓		✓	✓	✓	✓	✓
Marketing and/or Public Relations			✓	✓		✓	✓	
Marketing to Hispanic Population			✓	✓				✓
Mergers and Acquisitions	✓		✓		✓	✓		
Human Resources/Executive Comp						✓		✓
Cyber Security and/or Technology/Innovation			✓	✓		✓		
Corporate Governance			✓	✓				
Government Affairs			✓	✓				
Regulatory and/or SEC Compliance			✓	✓				
Audit Committee Financial Expert	✓					✓		✓
SOX and Internal Audit			✓					✓
Risk Management	✓				✓	✓		✓
Business Ethics	✓		✓	✓	✓	✓	✓	✓
Investor Relations		✓			✓	✓	✓	
Demographic Background								
Board Tenure and Independence								
Year First Appointed or Elected	2012	2018	2012	2018	2014	2014	2015	2012
Board Independent	✓	✓	✓	✓		✓		✓
Gender								
Male	✓	✓	✓		✓	✓	✓	✓
Female				✓				
Age								
Years Old	60	33	69	62	66	61	59	73
Race/Ethnicity								
White/Caucasian		✓			✓	✓	✓	
Hispanic/Latino	✓		✓	✓				✓

Board Independence

Ms. Contreras-Sweet and Messrs. Brown, 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. We define an "independent" director in accordance with Section 303A.02 of the NYSE Rules. The categorical standards that the Board has established to assist it in making independence determinations can be found in our Corporate Governance Guidelines on our Investor Relations website under the "Corporate Governance" tab at *www.regionalmanagement.com*.

Leadership Structure

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

Mr. de Molina currently serves as Chair of our Board. At this time, the Board believes that the separation of the roles of Chair 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 that 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 Chair 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 that our current leadership structure, with an independent Chair 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.

Meetings

The Board held 16 meetings during the fiscal year ended December 31, 2017. During 2017, each director attended more than 75% of the total number of meetings of the Board and committees on which he served. In addition to formal Board meetings, our Board communicates 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 2017, and the independent members of our Board also periodically met in executive session in 2017. 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, 2017.

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**
Jonathan D. Brown			
Roel C. Campos		✓	Chair
Maria Contreras-Sweet			✓
Steven J. Freiberg	✓	Chair	
Alvaro G. de Molina	✓		✓
Carlos Palomares	Chair	✓	
Number of Meetings Held in 2017:	**6**	**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 Exchange Act. The Audit Committee consists of Messrs. Palomares (Chair), Freiberg, and de Molina. 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 our 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 six meetings during the fiscal year ended December 31, 2017. 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 (Chair), Campos, and Palomares. 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 is entitled to delegate any or all of its responsibilities to subcommittees of the Compensation Committee. Additionally, the Compensation Committee may delegate to one or more of our officers the authority to make grants and awards of cash or options or other equity securities to any of our non-Section 16 officers under our incentive-compensation or other equity-based plans, as the Compensation Committee deems appropriate and in accordance with the terms of such plans, provided that such delegation is in compliance with such plans and applicable law.

The Compensation Committee Charter, which contains a more complete explanation of the roles and responsibilities of the Compensation Committee, is posted on our 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, 2017. 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 Mr. Campos (Chair), Ms. Contreras-Sweet, and Mr. de Molina. 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, not earlier than December 26, 2018 nor later than January 25, 2019. If, following the filing and delivery of these proxy materials, the date of the 2019 annual meeting of stockholders (the "2019 Annual Meeting") is advanced or delayed by more than 20 calendar days from the one-year anniversary date of the 2018 Annual Meeting, we will, in a timely manner, provide notice to our stockholders of the new date of the 2019 Annual Meeting 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 will select individuals, including candidates proposed by stockholders, as director nominees who have the highest personal and professional integrity, who have demonstrated exceptional ability and judgment, and who will be most effective, in conjunction with the other nominees to the Board, in collectively serving the long-term interests of our stockholders. In evaluating nominees, the Nominating Committee will consider, among other things, the director qualifications described above and will apply the objectives outlined in the Diversity Policy.

The Nominating Committee Charter, which contains a more complete explanation of the roles and responsibilities of the Nominating Committee, is posted on our 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, 2017. 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, our Audit Committee is responsible for reviewing our risk assessment and risk management policies, and for discussing its findings with both management and our 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. In February 2018, the Board approved certain amendments to the Code of Ethics, which were intended to update and bring the Code of Ethics more in line with current best practices. The Code of Ethics is posted on our 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, 2017, Messrs. Campos, Freiberg, and Palomares served on our Compensation Committee. No member of the Compensation Committee was an officer or employee of the Company or any of its subsidiaries during the fiscal year ended December 31, 2017. In addition, during the fiscal year ended December 31, 2017, none of our executive officers 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.

Communications with the Board

Each member of the Board is receptive to and welcomes communications from our stockholders and other interested parties. Stockholders and other interested parties may contact any member (or all members) of the Board, including, without limitation, the Chair of the Board, any independent director, or the independent directors as a group, by addressing such communications or concerns to our Corporate Secretary, 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 our 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.

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. We maintain 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 chair 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 chair 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 chair 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 chair of each committee).

The equity-based awards are in the form of restricted stock and are granted on the fifth business day following the date of the annual stockholders' meeting at which directors are elected. The number of shares subject to the restricted stock award (the "RSA") 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 RSA 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 RSA immediately. The RSA is subject to the terms and conditions of the Regional Management Corp. 2015 Long-Term Incentive Plan (as amended and restated, effective April 27, 2017) (the "2015 Plan") and an RSA agreement, the form of which was previously approved by the Compensation Committee and the Board and filed with the SEC.

Under the 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). In the event that the service of a director as a director, committee member, or Board or committee chair commences or terminates during the director's annual service to us, the director's cash compensation will be adjusted on a pro-rata basis. Annual service relates to the approximately 12-month period between our annual meetings of stockholders. Each director is also reimbursed for reasonable out-of-pocket expenses incurred in connection with his or her service on our Board.

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, 2017.

Name[(1)]	Fees Earned or Paid in Cash ($)	Stock Awards ($)[(2)]	Total ($)
Incumbent Directors:			
Roel C. Campos	82,500	119,992	202,492
Michael R. Dunn	30,000	89,989	119,989
Steven J. Freiberg	84,000	119,992	203,992
Alvaro G. de Molina	86,500	130,000	216,500
Carlos Palomares	101,500	130,000	231,500
Former Directors:			
Richard A. Godley	16,957	89,989	106,946

(1) Mr. Brown and Ms. Contreras-Sweet were appointed as directors in January 2018. Therefore, they received no compensation during 2017. Mr. Godley resigned as director in July 2017.

(2) On May 4, 2017, in accordance with the non-employee director compensation program outlined above, we awarded Messrs. Campos, Dunn, Freiberg, Godley, de Molina, and Palomares shares of restricted common stock in the following amounts: Mr. Campos, 5,755 shares; Mr. Dunn, 4,316 shares; Mr. Freiberg, 5,755 shares; Mr. Godley, 4,316 shares; Mr. de Molina, 6,235 shares; and Mr. Palomares, 6,235 shares. These 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 or as otherwise provided in the award agreement. Amounts shown are the aggregate grant date fair value of stock awards computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718.

The total number of shares subject to RSAs held by each of our non-employee directors as of December 31, 2017 was: Mr. Campos, 5,755 shares; Mr. Dunn, 4,316 shares; Mr. Freiberg, 5,755 shares; Mr. de Molina, 6,235 shares; and Mr. Palomares, 6,235 shares. Due to his resignation in July 2017, Mr. Godley forfeited the RSA granted to him on May 4, 2017, and he had no stock awards outstanding as of December 31, 2017. In addition, as of December 31, 2017, Mr. Dunn held 32,774 shares subject to performance-contingent restricted stock unit ("RSU") award agreements granted to him during his service as our Chief Executive Officer. The total number of shares subject to non-qualified stock options held by each of our non-employee directors as of December 31, 2017 was: Mr. Campos, 28,670 shares; Mr. Dunn, 148,866 shares; Mr. Freiberg, 17,941 shares; Mr. de Molina, 30,166 shares; and Mr. Palomares, 28,670 shares. Mr. Godley had no option awards outstanding as of December 31, 2017. The outstanding equity awards held by Mr. Knitzer as of December 31, 2017 are set forth in the Outstanding Equity Awards at Fiscal Year-End table

that is presented elsewhere in this Proxy Statement. Mr. Brown and Ms. Contreras-Sweet were not members of the Board on December 31, 2017 and had no stock awards or option awards outstanding as of such date.

Following year-end, in February 2018, our Compensation Committee increased our director stock ownership requirement from 3x to 5x the annual cash retainer, placing the ownership requirement in the 90th percentile of our peer group.

EXECUTIVE OFFICERS

The following is a brief description of the background, business experience, and certain other information regarding each of our executive officers:

Peter R. Knitzer (age 59) has served as President and Chief Executive Officer of Regional since May 2017. From August 2016 until May 2017, Mr. Knitzer served as Chief Executive Officer of Regional. He has also been a director of Regional since July 2015. Mr. Knitzer's full biographical information is set forth above under "Board of Directors and Corporate Governance Matters – Current Directors and Director Nominees."

John D. Schachtel (age 56) has served as Executive Vice President and Chief Operating Officer of Regional since May 2017. Mr. Schachtel has more than 30 years of experience in consumer financial services. From 2013 until 2016, Mr. Schachtel was the Chief Operating Officer of OneMain Financial Holdings, Inc. (formerly known as CitiFinancial). As Chief Operating Officer of OneMain Financial, Mr. Schachtel's responsibilities included management and oversight of sales, field operations, marketing, and collections. Prior to assuming the Chief Operating Officer role, Mr. Schachtel served for over 10 years as OneMain/CitiFinancial's Executive Vice President, Northeast and Midwest Division. Mr. Schachtel also held various other positions at OneMain/CitiFinancial during his 29-year career with the company, including Operations Director and Director of Field Compensation, New Branch Development, and Project Management, before becoming Senior Vice President of Corporate Marketing in 1999. Since March 2017, Mr. Schachtel has also served as a member of the Board of Directors of SilverSun Technologies, Inc., a publicly-traded business application, technology, and consulting company. He serves as the chairman of SilverSun's compensation committee and as a member of its audit committee and its nominating and corporate governance committee. He received his MBA in Finance from New York University and his B.S. degree in Industrial Engineering and Economics from Northwestern University.

Donald E. Thomas (age 59) 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 45) 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 B.S. in Finance from Canisius College.

Brian J. Fisher (age 34) has served as Senior Vice President, General Counsel, and Secretary of Regional since February 2018. From January 2013 (when he joined Regional) until February 2018, he served as Vice President, General Counsel, and Secretary. Prior to joining Regional, Mr. Fisher was an attorney in the Corporate and Securities practice group of Womble Carlyle Sandridge and Rice, LLP (now known as Womble Bond Dickinson (US) 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 in 2017

We produced another set of strong operating and financial results in 2017, including double-digit growth of our loan portfolio, total revenue, and diluted earnings per share. Our loan portfolio grew by $100 million to $817 million, an increase of 14% from the prior year—our third consecutive year of double-digit portfolio growth. Our core portfolio of small and large installment loans grew by 22%, led by continued, significant expansion in our large loan category. Revenues of $272 million in 2017 were up 13% from 2016, while operating expenses as a percentage of average net receivables were down slightly. Net income for 2017 was $30 million and diluted EPS was $2.54, an increase of 25% and 28%, respectively, from 2016. Finally, our stock price at the close of 2017 was $26.31, a slight increase from our stock price at the end of 2016 and up more than 65% from our stock price of $15.81 at the end of 2014.

Our hybrid growth strategy of increasing average receivables in our existing branches coupled with some de novo branch expansion was central to delivering outstanding 2017 results. At the end of 2016, our average finance receivables per branch was $2.1 million. By the end of 2017, we grew that figure to nearly $2.4 million. The sizable increase in our large loan portfolio continued to drive our organic growth and overall performance, now comprising over 42% of our total loan portfolio.

Perhaps more importantly to our long-term success, we took significant steps to modernize our infrastructure. We have now successfully completed our transition to a new loan origination and servicing system, leaving us well-positioned to continue our top and bottom line growth. Now that we are operating on our new loan system, we have introduced electronic payments, texting and imaging capabilities, an online customer portal, improved lead management, and automated underwriting across our entire branch network. In addition, we have invested significantly in enhancing our credit function, most notably through the build-out of our new centralized collections team that focuses on late-stage delinquencies, allowing our branch employees to focus more of their time on sales and servicing.

We also continued to enhance our liquidity in 2017 by expanding and diversifying our funding sources. In the second quarter, we entered into a $125 million warehouse facility (expandable to $150 million) that is funded by large loan receivables. In addition, we renewed and expanded our senior revolving credit facility committed line from $585 million to $638 million, with a maturity date of June 2020.

We were pleased with our 2017 results, and we believe that the compensation paid to our named executive officers (our "NEOs") for 2017 appropriately reflects and rewards their contributions to our performance.

Compensation Program Highlights in 2017

In 2017, 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." Our Compensation Committee, Board, and stockholders took a number of important actions in 2017:

- In April, following the recommendation of our Compensation Committee and our Board, our stockholders re-approved our 2015 Plan, as amended and restated, which increases the number of shares available for grant under the plan, reflects best compensation practices, allows us to compete successfully for executive talent, and more strongly aligns the interests of our stockholders and our executives.
- In May, Mr. Schachtel joined our company as our Chief Operating Officer, replacing Jody L. Anderson, our former President and Chief Operating Officer.
- In August, following consultation with Veritas, we entered into employment agreements with Messrs. Thomas, Taggart, and Fisher, who have served our company since January 2013, January 2015, and January 2013, respectively. We believe that the employment agreements provide necessary and valuable protections to Regional in the form of restrictive covenants, including a covenant not to compete and not to solicit our employees, and are an appropriate recognition of each executive's performance and service to Regional.
- In October, following an analysis by Veritas, our Compensation Committee updated the companies in our peer group to ensure that the peer group, as a whole, reflects companies in similar industries and that are of the appropriate size, are in strong financial health, and have positive shareholder standing.

Compensation Program Best Practices

The primary objectives of our executive compensation program are to attract and retain talented executives to effectively manage and lead our company and to create long-term stockholder value. We compensate our executive officers primarily through a mix of base salary, performance-based annual cash awards, and service- 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 our company against rigorous performance measures established by our Compensation Committee. Our 2017 executive compensation program continued to include a number of best compensation practices, including the following:

- ✓ **Alignment of executive pay with company performance**:
  - ○ **2017 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
    - ▪ **2015 long-term incentive program three-year performance thresholds were not achieved as of December 31, 2017**, resulting in the forfeiture of the associated performance-contingent awards
    - ▪ **2017 short-term incentive program performance goals were largely achieved**, resulting in annual bonus payments at 98.6% of the target bonuses
- ✓ **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 NEOs 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 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 Plan
- ✓ **Stock Ownership and Retention Policy** for NEOs and directors (5x base salary for CEO, 2x base salary for other NEOs, and 3x annual cash retainer for directors, increasing to 5x the annual cash retainer in February 2018)
- ✓ **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
- ✓ Compensation program governed by an **independent Compensation Committee** with input from an **independent compensation consultant**

Aligning Pay with Performance

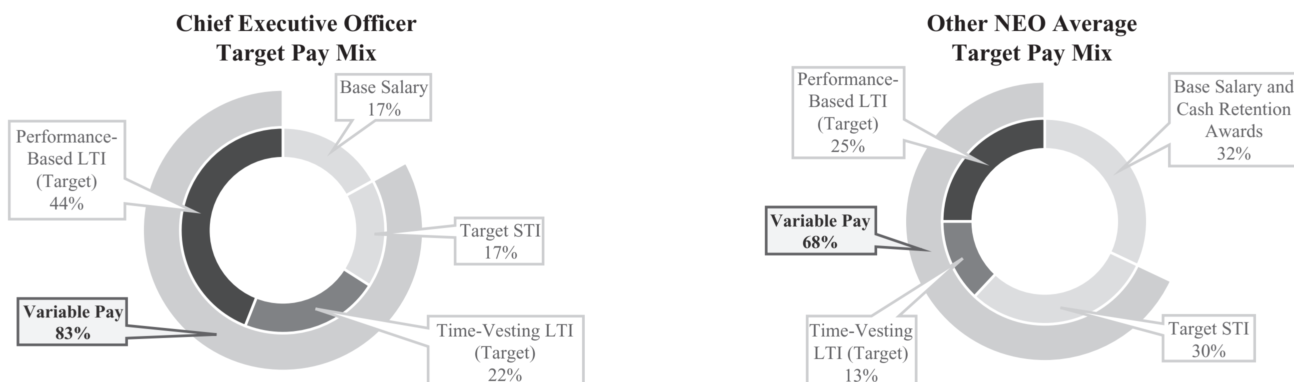
We believe that a substantial portion of our executive officers' compensation should be tied to their performance and the short- and long-term financial and operating results of our company.

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 2017.

Pay Elements	Program Design
Short-Term Incentive Program	• **Consists entirely of performance-based awards:** ○ Metrics include net income from operations, average net finance receivables, net credit losses as a percentage of average net finance receivables, total net debt/EBITDA, total general and administrative expense percentage, and an 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 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 basic earnings per share, respectively, compared to our 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 Chief Executive Officer 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, who joined Regional in 2016. It reflects his aggregate target pay mix for 2016 (partial year) and 2017. The Other NEO target pay mix set forth above is for our incumbent NEOs, Messrs. Thomas, Taggart, and Fisher, and our new Executive Vice President and Chief Operating Officer, Mr. Schachtel. For incumbent NEOs, we have used 2017 compensation data, and for Mr. Schachtel, we have used his aggregate target pay mix for 2017 (partial year) and 2018, as set forth in his employment agreement and more fully described below. The presentation excludes perquisites, which are an immaterial component of our executives' compensation.

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 2017 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 assessment of our executive team's achievement of its short-term strategic objectives. For 2017, our executive officers were paid 98.6% of their target annual bonuses under our Annual Incentive Plan as a result of our strong financial and operating results and the execution of certain key strategic objectives, including the successful completion of our transition to a new loan origination and servicing platform.

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 2015 long-term incentive program ended on December 31, 2017. The performance metrics for the performance-contingent RSUs and cash-settled performance units under the 2015 long-term incentive program were, respectively, cumulative EBITDA and cumulative basic net income per share over the performance period. In February 2018, as described in greater detail below, our Compensation Committee determined that we failed to meet the threshold performance goals set under the 2015 long-term incentive program, and as a result, no compensation was earned or paid pursuant to the 2015 performance-contingent RSUs or cash-settled performance units, and all shares associated with the performance-contingent RSUs were forfeited.

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.

Since our 2017 annual meeting of stockholders, we reached out to institutional investors owning more than 60% of our outstanding common stock (as of September 30, 2017), 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 continue to make certain changes to our compensation and corporate governance practices and disclosures. For example, certain investors requested that we increase the percentage of independent directors on our Board and improve the gender diversity of our Board. In response, we added two new independent directors, including Maria Contreras-Sweet, and adopted a Board Diversity Policy. See "Board of Directors and Corporate Governance Matters – Board Diversity." Independent directors now hold 75% of our Board seats. In addition, certain investors expressed concern that we had granted retention awards in consecutive years (2015 and 2016) to certain executives pursuant to our key employee retention program. In response, we did not grant any retention awards to executive officers in 2017.

In 2018 and beyond, we expect to continue our stockholder outreach, including by making ourselves available to hear stockholder feedback regarding executive compensation and corporate governance practices.

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 our company and to create long-term stockholder value. The compensation packages for our executive officers for 2017 generally include a base salary, performance-based annual cash awards, service- and performance-based long-term incentive 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, which includes non-qualified stock options, performance-contingent RSUs, and cash-settled performance units, operates in tandem with our short-term incentive program and is consistent with our pay-for-performance strategy. Performance-based long-term incentives and service-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 re-approved, as amended and restated, at our 2017 annual meeting of stockholders.

The discussion below includes a review of our compensation program for 2017 and a preview of certain aspects of our compensation program for 2018. Our NEOs for 2017 were:

Peter R. Knitzer	President and Chief Executive Officer
John D. Schachtel	Executive Vice President and Chief Operating Officer
Jody L. Anderson	Former 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	Senior Vice President, General Counsel, and Secretary

Compensation Determination Process

The Compensation Committee reviews and approves the compensation determinations for all of our executive officers. In setting an executive officer's compensation package and the relative allocation among different types of compensation, we consider the nature of the position, the scope of associated responsibilities, the individual's prior experience and skills, and the individual's compensation expectations, as well as the compensation of our existing executive officers and our general impressions of prevailing conditions in the market for executive talent.

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 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 of 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 2017, Veritas worked only for the Compensation Committee and performed no additional services for us or any of our executive officers. The Compensation Committee Chair approved all work performed by Veritas. During 2017, the Compensation Committee and the Company did not use the services of any other compensation consultant. The Compensation Committee has also engaged Veritas in 2018 to provide similar services.

Our Compensation Committee has assessed the independence of Veritas, taking into account, among other things, the factors set forth in NYSE rules, 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 NYSE rules.

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 2017 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.

At the outset of 2017, based upon prior peer group reviews conducted with the assistance of Veritas, our peer group consisted of the following companies:

- Aaron's, Inc.
- America's Car-Mart, Inc.
- Asta Funding, Inc.
- Atlanticus Holdings Corp.
- Consumer Portfolio Services, Inc.
- Credit Acceptance Corp.
- Encore Capital Group, Inc.
- EZCORP, Inc.
- FBR & Co.
- FirstCash, 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

In the third and fourth quarters of 2017, 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, identification as a peer by a proxy advisory firm) and selecting the most qualified peer companies from a broader list of candidates. Based on the evaluation, our Compensation Committee determined to remove Aaron's, Inc., FBR & Co., Rent-A-Center, Inc., and The J.G. Wentworth Company from our peer group and to add Enova International, Inc., Capstead Mortgage Corporation, CYS Investments, Inc., On Deck Capital, Inc., and B. Riley Financial, Inc. to our peer group. As a result, our new peer group for 2018 consists of the following companies. As of the time that the Compensation Committee approved our new peer group, we were in the 47th percentile of the peer group based on revenue.

- America's Car-Mart, Inc.
- Asta Funding, Inc.
- Atlanticus Holdings Corp.
- B. Riley Financial, Inc.
- Capstead Mortgage Corporation
- Consumer Portfolio Services, Inc.
- Credit Acceptance Corp.
- CYS Investments, Inc.
- Encore Capital Group, Inc.
- Enova International, Inc.
- EZCORP, Inc.
- FirstCash, Inc.
- Green Dot Corporation
- JMP Group LLC
- Marlin Business Services Corp.
- NewStar Financial, Inc.
- Nicholas Financial, Inc.
- On Deck Capital, Inc.
- OneMain Holdings, Inc.
- PRA Group, Inc.
- World Acceptance Corporation

Proxy advisory firms Institutional Shareholder Services, Inc. and/or Glass, Lewis & Co. have identified 18 of these companies (or 85% of our total peer group) as peers of Regional. 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, but it competes directly with us in the consumer finance industry both for customers and for human capital. 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.

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.

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	Component(s)	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 at-risk, performance-based annual compensation
Long-Term Incentive	• Performance-based long-term incentives: ○ Performance-contingent RSUs ○ Cash-settled performance units • Service-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 at-risk, performance-based long-term compensation • To attract, retain, and motivate executive talent

Base Salary

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 2017 and 2018 as described in the following table.

Name	2017 Base Salary	2018 Base Salary
Peter R. Knitzer, President and Chief Executive Officer	$530,000	$550,000
John D. Schachtel, Executive Vice President and Chief Operating Officer	$350,000	$360,000
Jody L. Anderson Former President and Chief Operating Officer	$345,000	N/A
Donald E. Thomas, Executive Vice President and Chief Financial Officer	$342,000	$355,000
Daniel J. Taggart, Senior Vice President and Chief Risk Officer	$318,000	$330,000
Brian J. Fisher, Senior Vice President, General Counsel, and Secretary	$240,000	$300,000

Annual base salaries are pro-rated for any partial year. In February 2018, in recognition of his performance and service to our company, the Board promoted Mr. Fisher from Vice President to Senior Vice President and increased his base salary accordingly. Following the increase, Mr. Fisher's base salary remains below the 25th percentile relative to 5th-ranked NEOs in our peer group. 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 long-term stockholder value. 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 2017 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
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 Net 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
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 2017 annual incentive awards were based to a lesser extent (15%) on our Compensation Committee's assessment of our executive team's achievement of its short-term strategic objectives. In light of ongoing, significant strategic projects and initiatives, 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 2017, 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 for 2017 detail regarding the threshold and target levels of performance set by the Compensation Committee for each performance metric, the weighting applied to each metric, our 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	$19,866,782	$28,381,117	$29,963,525	30.0%	29.6%
Average Net Finance Receivables	$682,053,188	$757,836,875	$744,200,456	20.0%	18.2%
Net Credit Losses Percentage	10.30%	8.96%	9.36%	15.0%	12.7%
Total Debt / EBITDA	8.10x	6.75x	7.24x	10.0%	9.7%
Total G&A Expense Percentage	51.76%	48.15%	48.06%	10.0%	10.4%
Achievement of Strategic Objectives	N/A	N/A	N/A	15.0%	18.0%
				100.0%	**98.6%**

Note: In calculating the percentage payout, the Compensation Committee adjusted actual results to account for certain unbudgeted tax benefits and the impact of the 2017 hurricane events. Had the Compensation Committee not made such adjustments, the total percentage payout would have been higher (101.4% of target).

As described above, 15% of the total annual incentive program award opportunity is linked to our Compensation Committee's 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 status as of the end of 2016 of our company's efforts to implement and transition to a new loan origination and servicing platform. By contrast, for 2017, our Compensation Committee elected to pay 120% of this award opportunity in recognition of our company's outstanding execution of its short-term strategic objectives, including the implementation of the new loan origination and servicing platform in each of our branches, the diversification of our funding sources, and the continued improvements to our compliance management system and enterprise risk management efforts.

Target annual incentive levels and actual performance-based annual cash awards for each of our NEOs for fiscal 2017 are detailed below, based upon the 98.6% performance achievement detailed above.

Name	2017 Eligible Base Salary	2017 Target Incentive as Percentage of Salary	Target Award	Actual Award
Peter R. Knitzer	$530,000	100%	$530,000	$522,580
John D. Schachtel	$207,123	100%	$207,123	$204,224
Jody L. Anderson	$127,603	100%	$127,603	$125,816
Donald E. Thomas	$342,000	100%	$342,000	$337,212
Daniel J. Taggart	$318,000	100%	$318,000	$313,548
Brian J. Fisher	$240,000	100%	$240,000	$236,640

Note: Mr. Anderson's employment terminated on May 15, 2017, and Mr. Schachtel's employment commenced on May 30, 2017. Therefore, their base salaries and target award opportunities were pro-rated.

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. If an executive voluntarily terminates his employment during the performance year, he becomes ineligible to receive payment of a performance-based annual cash award.

Annual Incentive Program Opportunities in 2018

Our annual incentive program in 2018 will be structured in a manner similar to the 2017 program. Target 2018 incentive levels for each of our executive officers, as established by our Compensation Committee, are described in the table below.

Name	2018 Base Salary	2018 Target Incentive as Percentage of Salary	Target Award
Peter R. Knitzer	$550,000	100%	$550,000
John D. Schachtel	$360,000	100%	$360,000
Donald E. Thomas	$355,000	100%	$355,000
Daniel J. Taggart	$330,000	100%	$330,000
Brian J. Fisher	$300,000	100%	$300,000

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 2017, as part of the long-term incentive program, we granted the following awards in the first quarter of 2017 to Messrs. Knitzer, 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, 2017, 2018, and 2019, subject to continued employment	One-third of total target award	Executive officers and several other 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, 2017 through December 31, 2019	One-third of total target award	Executive officers and several other key C-suite employees
Cash-Settled Performance Units	Compound annual growth rate of basic earnings per share compared to a peer group	Three years, from January 1, 2017 through December 31, 2019	One-third of total target award	Executive officers and several other 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, 2017 through December 31, 2019	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 basic earnings per share compared to our peer group for the period from January 1, 2017 through December 31, 2019	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 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, 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 2018 is structured in a manner similar to the 2017 program described above.

Mr. Schachtel became our Executive Vice President and Chief Operating Officer effective as of May 30, 2017. Mr. Schachtel's employment agreement establishes his aggregate long-term incentive compensation opportunity level for 2017 and 2018, 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. Schachtel's 2017 and 2018 long-term incentive compensation opportunities is $850,000 (calculated as approximately $525,000 per year on an annualized basis for the period commencing on Mr. Schachtel's first day of employment, May 30, 2017, through the end of 2018).

Mr. Schachtel's long-term incentive compensation for 2017 and 2018 is split among non-qualified stock options, performance-contingent RSUs, and cash-settled performance units having a grant date target value of $300,000, $275,000, and $275,000, respectively. Because Mr. Schachtel'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 2017 long-term incentive program, Mr. Schachtel's participation in the 2017 program with respect to performance-contingent RSUs and cash-settled performance units would have resulted in the payment of compensation (if any) 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. Schachtel's compensation, the Compensation Committee approved Mr. Schachtel's non-qualified stock option award with a grant date of May 30, 2017, the date he commenced employment, and determined that the award of Mr. Schachtel's performance-contingent RSUs and cash-settled performance units should occur as part of the 2018 long-term incentive program.

Long-Term Incentive Award Levels in 2017 and 2018

For 2017 and 2018, the grant date target values for awards granted to our NEOs 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, our stock price must exceed the exercise price (which is set at our closing stock price on the grant date) for the options to have any value.

	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
John D. Schachtel	**$300,000**	N/A	N/A	$300,000
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

	2018 Target Grant Date Value			
Name	**Total**	**Performance-Contingent RSUs**	**Cash-Settled Performance Units**	**Non-Qualified Stock Options**
Peter R. Knitzer	**$2,200,000**	$733,333	$733,333	$733,334
John D. Schachtel	**$550,000**	$275,000	$275,000	N/A
Donald E. Thomas	**$532,500**	$177,500	$177,500	$177,500
Daniel J. Taggart	**$330,000**	$110,000	$110,000	$110,000
Brian J. Fisher	**$300,000**	$100,000	$100,000	$100,000

Note: The number of shares subject to the performance-contingent RSU 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).

Mr. Anderson's employment terminated on May 15, 2017. As a result, in accordance with the award agreements associated with Mr. Anderson's 2017 long-term incentive awards, he remains eligible to vest in only a pro-rata portion of the performance-contingent RSUs and cash-settled performance units, subject to our performance over the three-year performance period. In addition, effective as of his termination date, Mr. Anderson vested in a pro-rata portion of the shares subject to the non-qualified stock option award and forfeited the balance of the unvested shares.

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.

2015 Long-Term Incentive Program Performance Targets, Results, and Payouts

In 2015, we made awards to our then-current executive officers of non-qualified stock options, performance-contingent RSUs, and cash-settled performance units. Messrs. Anderson, Thomas, Taggart, and Fisher were employed by us in 2015 and participated in the 2015 long-term incentive program.

The three-year performance period established under the 2015 long-term incentive program ended on December 31, 2017. The performance metrics for the performance-contingent RSUs and cash-settled performance units under the 2015 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	$199,698	$6.46
Target Performance Goal	$249,623	$8.07
2015 Actual Results	$57,791	$1.82
2016 Actual Results	$63,814	$2.03
2017 Actual Results	$69,722	$2.59
Cumulative Results	**$191,327**	**$6.44**
Amount Short of Threshold Goal	$8,371	$0.02
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 February 2018, the Compensation Committee determined that we failed to meet the threshold performance goals set under the 2015 long-term incentive program. Actual results are set forth in the table above. As a result, no compensation was earned or paid pursuant to the 2015 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 we faced 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 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 Regional Management Corp. 2011 Stock Incentive Plan (as amended, the "2011 Plan"), and (ii) a cash retention award. The Compensation Committee granted Messrs. Anderson, Thomas, and Fisher non-qualified stock options to purchase 8,700 shares, 32,500 shares, and 11,500 shares, respectively, of our common stock. The options vested in three equal installments on each of December 31, 2015, 2016, and 2017 (subject to proration, in the case of Mr. Anderson). In addition, the Compensation Committee granted Mr. Fisher a cash retention award of $25,000, which was paid 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.

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) RSAs, 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 vested on September 29, 2017. In addition, the Compensation Committee granted Messrs. Thomas and Fisher cash retention awards of $100,000 and $75,000, respectively, one-third of which was paid on each of the six-month, 12-month, and 18-month anniversaries of the grant date.

We did not grant any retention awards to our executive officers in 2017.

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 2017, these benefits included:

- The ability to participate in a comprehensive voluntary annual health screening;
- Monthly automobile allowances of $1,150 to Messrs. Anderson and Thomas;
- Payment of Mr. Knitzer's and Mr. Schachtel's travel expenses to and from their out-of-state personal residences;
- Mobile phone allowance payments to Messrs. Knitzer, Schachtel, Thomas, and Taggart; and
- Reimbursement of attorney fees to Messrs. Schachtel and Taggart in connection with the negotiation of their employment agreements.

The Compensation Committee 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 offer our executive officers benefits that are generally available to all of our employees, including 401(k) plan matching contributions, health insurance, disability insurance, dental insurance, vision insurance, life insurance, paid time off, and the reimbursement of qualified business expenses. In 2018, we will also provide our executives with supplemental disability insurance that is intended, in part, to insure against our severance obligations in the event of a disability termination under an executive's employment agreement.

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 base salary
Other covered employees (including NEOs)	2x annual base salary
Directors	5x annual cash retainer

In February 2018, our Compensation Committee increased our director stock ownership requirement from 3x to 5x the annual cash retainer, placing the ownership requirement in the 90th percentile of our peer group. 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 us 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 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 might owe as a result of the application of Code Sections 280G, 4999, or 409A during 2017, and we have not agreed and are not otherwise obligated to provide any NEO with such a "gross-up" or other reimbursement.

Deductibility of Executive Compensation

Code Section 162(m) limits our ability 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 and under certain circumstances, 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 our success. 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.

As part of the United States tax reform legislation enacted on December 22, 2017, the exemption from Code Section 162(m)'s deduction limitation for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017. As a result, compensation paid to certain of our executive officers in excess of $1,000,000 will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017. Despite the Compensation Committee's efforts to preserve the deductibility of compensation under Code Section 162(m), because of ambiguities and uncertainties as to the application and interpretation of Code Section 162(m) and related Treasury regulations under the tax reform legislation, including the uncertain scope of the transition relief, no assurance can be given that any compensation will satisfy the requirements for deductibility under Code Section 162(m). The Compensation Committee reserves the right to modify compensation that was initially intended to be deductible under Code Section 162(m) if it determines that such modifications are consistent with our business needs.

Payments Upon Termination and Change-in-Control

As described above, Mr. Anderson's employment terminated effective May 15, 2017. We subsequently entered into a separation agreement with Mr. Anderson, the terms of which are described below under "Summary of Employment Arrangements with Executive Officers – Agreements with Former Executive Officer." Pursuant to the terms of each of their employment agreements and certain long-term incentive award agreements, our other NEOs 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 – Employment Agreements with Current Executive Officers" and "Summary of Employment Arrangements with Executive Officers – Potential Payments Upon Termination or Change-in-Control."

CEO Pay Ratio

We are not required to disclose the ratio of the annual total compensation of our CEO and the median of the annual total compensation of all of our employees (commonly known as "pay ratio disclosure") under applicable SEC rules because we only ceased to be an emerging growth company under the Jumpstart Our Business Startups Act at the outset of our fiscal year beginning on January 1, 2018. We will provide the pay ratio disclosure when first required in our proxy statement for our 2019 Annual Meeting.

Risk Assessment of Compensation Policies and Practices

We have assessed our compensation programs for all employees and have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on our company. We believe that our compensation programs reflect an appropriate mix of compensation elements and balance current and long-term performance objectives, cash and equity compensation, and risks and rewards. During 2017, the Compensation Committee reviewed our compensation policies and practices for all employees, including our NEOs, particularly as they relate to risk management practices and risk-taking incentives. As part of its review, the Compensation Committee discussed with management the ways in which risk is effectively managed or mitigated as it relates to our compensation programs and policies.

Based on this review, the Compensation Committee believes that our compensation programs do not encourage excessive risk but instead encourage behaviors that support sustainable value creation. The following features of our executive compensation program illustrate this point.

- *Review by Independent Compensation Consultant*. Our executive compensation programs have been designed and reviewed by an independent compensation consultant.
- *Compensation Committee Oversight*. Our executive compensation programs are regularly reviewed and overseen by an independent Compensation Committee that retains the discretion to reduce compensation based on corporate and individual performance and other factors.
- *Mix of Incentives*. Our compensation programs provide an appropriate mix of short-term and long-term incentives, as well as cash and equity opportunities.
- *Mix of Performance Metrics*. The performance metrics associated with our incentive programs incorporate a variety of drivers of the business over both annual and three-year time horizons.
- *Strong Link to Stockholder Interests*. Equity components and long-term performance metrics create a strong alignment between our executives' interests and our stockholders' interests. Because long-term incentives typically vest over a three-year period, our executives will always have unvested awards that could decrease in value if our business is not well-managed for the long term.
- *Alignment with Annual Plan and Long-Term Strategic Plan*. Performance metrics in our short- and long-term incentive programs are aligned with both our annual budget and our long-term strategic plan.

- *Appropriate Policies*. We have adopted a "clawback" policy, a stock ownership and retention policy, and prohibitions against hedging and pledging, thereby creating additional protections for the Company and encouraging an alignment of our executives' and stockholders' interests.
- *Field Incentive Plan*. Our operations field incentive plan is focused on growth, control, and profit—the three primary drivers of success in our branches. This creates appropriate alignment of employee incentive opportunities with company goals.
- *Administration and Disclosure*. Administrative procedures, communication, and disclosure processes closely align with "best practices."
- *Securities Trading Policy*. Officers must obtain permission from the General Counsel before the purchase or sale of any shares, even during an open trading period.

Based on the factors above, we believe that our NEOs and other employees are encouraged to manage our company in a prudent manner and that our incentive programs are not designed to encourage our NEOs or other employees to take excessive risks or risks that are inconsistent with the Company's and our stockholders' best interests. In addition, we have in place various controls and management processes that help mitigate the potential for incentive compensation plans to materially and adversely affect the Company.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the foregoing "Compensation Discussion and Analysis" with management. Based upon such review, the related discussions, and such other matters deemed relevant and appropriate to the Compensation Committee, the Compensation Committee has recommended to the Board of Directors that the "Compensation Discussion and Analysis" be included in this Proxy Statement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 through incorporation by reference to this Proxy Statement.

Members of the Compensation Committee:

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

The Compensation Committee report does not constitute soliciting material, and shall not be deemed to be filed or incorporated by reference into any other filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except to the extent that we specifically incorporate the Compensation Committee report by reference therein.

EXECUTIVE COMPENSATION TABLES

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, 2017, 2016, and 2015.

Name and Principal Position[(1)]	Year	Salary ($)[(3)]	Bonus ($)[(4)]	Stock Awards ($)[(5)]	Option Awards ($)[(6)]	Non-Equity Incentive Plan Compensation ($)[(7)]	All Other Compensation ($)[(8)]	Total ($)
Peter R. Knitzer,[(2)]	2017	530,000	—	949,985	—	522,580	42,552	**2,045,117**
President and Chief Executive Officer	2016	221,557	—	—	949,997	221,557	30,114	**1,423,225**
	2015	—	—	—	—	—	—	**—**
John D. Schachtel,	2017	207,123	—	—	299,994	204,224	21,239	**732,580**
Executive Vice President and	2016	—	—	—	—	—	—	**—**
Chief Operating Officer	2015	—	—	—	—	—	—	**—**
Jody L. Anderson,	2017	127,603	—	172,494	172,493	125,816	178,350	**776,756**
Former President and	2016	335,000	—	167,486	167,500	252,528	27,140	**949,654**
Chief Operating Officer	2015	325,000	—	199,995	63,473	291,635	76,017	**956,120**
Donald E. Thomas,	2017	342,000	66,667	170,994	170,995	337,212	24,900	**1,112,768**
Executive Vice President and	2016	332,000	33,333	265,970	165,998	250,267	27,250	**1,074,818**
Chief Financial Officer	2015	321,391	—	160,687	397,810	288,396	24,400	**1,192,684**
Daniel J. Taggart,	2017	318,000	—	105,987	105,998	313,548	8,810	**852,343**
Senior Vice President and Chief Risk Officer	2016	308,000	—	102,651	102,661	232,175	900	**746,387**
	2015	296,712	—	99,990	99,993	266,251	900	**763,846**
Brian J. Fisher,	2017	240,000	50,000	80,000	79,994	236,640	10,800	**697,434**
Senior Vice President, General Counsel, and	2016	230,000	43,750	170,817	95,826	104,026	12,390	**656,809**
Secretary	2015	220,000	6,250	91,657	175,563	118,449	9,999	**621,918**

(1) Messrs. Knitzer, Schachtel, Anderson, Thomas, Taggart, and Fisher commenced employment effective as of August 1, 2016, May 30, 2017, October 1, 2014, January 2, 2013, January 5, 2015, and January 14, 2013, respectively. Mr. Anderson's employment terminated on May 15, 2017.

(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. 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) The amounts represent annual base salaries, pro-rated for any partial year. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Base Salary."

(4) For 2017, the amounts represent installment payments totaling two-thirds of cash retention awards granted to Mr. Thomas and Mr. Fisher in 2016 pursuant to our key employee retention program.

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."

(5) Amounts shown are the aggregate grant date fair value of awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. For a discussion of the assumptions made in such valuation, see note 15 of the notes to our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

In 2017, Messrs. Knitzer, Anderson, Thomas, Taggart, and Fisher were granted performance-contingent RSUs having the following grant date fair values: Mr. Knitzer, $949,985; Mr. Anderson, $172,494; Mr. Thomas, $170,994; Mr. Taggart, $105,987; and Mr. Fisher, $80,000 (and a maximum potential value of $1,424,967; $258,731; $256,492; $158,980; and $120,000, 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 our compound annual growth rate of net income compared to our peer group over the performance period, January 1, 2017 through December 31, 2019, and to a lesser extent (10%) on our Compensation Committee's assessment of our executive team's achievement of its long-term strategic objectives over the same time period.

In 2016, Messrs. Anderson, Thomas, Taggart, and Fisher were granted performance-contingent RSUs having the following grant date fair values: Mr. Anderson, $167,486; Mr. Thomas, $165,983; Mr. Taggart, $102,651; and Mr. Fisher, $95,819 (and a maximum potential value of $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 our compound annual growth rate of net income compared to our peer group over the performance period, January 1, 2016 through December 31, 2018, and to a lesser extent (10%) on our Compensation Committee's 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 service-based RSA with grant date fair values of $99,986 and $74,998, respectively. The RSAs vested on September 29, 2017.

In 2015, Messrs. Anderson, Thomas, Taggart, and Fisher were granted performance-contingent RSUs having the following grant date fair values: Mr. Anderson, $199,995; Mr. Thomas, $160,687; Mr. Taggart, $99,990; and Mr. Fisher, $91,657 (and a maximum potential value of $299,986; $241,030; $149,978; and $137,485, respectively). The actual number of RSUs, if any, that may have been earned ranged 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 February 2018, our Compensation Committee determined that we did not achieve the three-year cumulative EBITDA performance thresholds, resulting in the forfeiture of the associated 2015 performance-contingent RSUs.

In each case, the performance-contingent RSUs are subject to further terms and conditions, including as to vesting, as set forth in an award agreement. As a result of his termination, Mr. Anderson remains eligible to vest in only a pro-rata portion of each of his performance-contingent RSUs, subject to our performance over the three-year performance period. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Awards," "Compensation Discussion and Analysis – Elements of Compensation – Key Employee Retention Program," and "Summary of Employment Arrangements with Executive Officers – Potential Payments Upon Termination or Change-in-Control."

(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 of the notes to our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

For 2017, the option awards granted pursuant to our long-term incentive program on March 15, 2017 to Messrs. Anderson, Thomas, Taggart, and Fisher vest in three equal installments on each of December 31, 2017, 2018, and 2019. The option award granted pursuant to our long-term incentive program on May 30, 2017 to Mr. Schachtel vests on December 31, 2017 (20%), December 31, 2018 (40%), and December 31, 2019 (40%).

For 2016, the option awards granted pursuant to our long-term incentive program on March 29, 2016 to Messrs. Anderson, Thomas, Taggart, and Fisher vest in three equal installments on each of December 31, 2016, 2017, and 2018. 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%).

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. Thomas and Fisher vested on December 31, 2017. The option awards granted pursuant to our key employee retention program on March 11, 2015 to Messrs. Anderson, Thomas, and Fisher vested in three equal installments on each of December 31, 2015, 2016, and 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. Effective as of his termination date, Mr. Anderson vested in a pro-rata amount of the unvested portion of each of his non-qualified stock option awards and forfeited the balance of the unvested awards. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Awards," "Compensation Discussion and Analysis – Elements of Compensation – Key Employee Retention Program," and "Summary of Employment Arrangements with Executive Officers – Potential Payments Upon Termination or Change-in-Control."

(7) Represents performance-based annual cash awards earned in 2015, 2016, and 2017 and paid in 2016, 2017, and 2018, respectively. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Performance-Based Annual Cash Awards."

(8) The following table provides detail regarding the amounts in the "All Other Compensation" column. Mr. Anderson's severance benefits reflected below included 30 days' base salary in lieu of notice ($28,356), salary continuation ($126,027), executive outplacement services ($10,000), and reimbursement of attorney fees ($2,402). For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Perquisites" and "Summary of Employment Arrangements with Executive Officers – Agreements with Former Executive Officer."

Name	Year	401(k) Plan Match ($)	Travel Expense to/from Personal Residence ($)	Optional Annual Health Screening ($)	Automobile Allowance ($)	Mobile Phone Allowance ($)	Legal Expenses ($)	Spousal Travel ($)	Relocation Benefits ($)	Severance Benefits ($)
Peter R. Knitzer	2017	8,969	32,683	—	—	900	—	—	—	—
	2016	—	18,566	—	—	375	10,000	—	1,173	—
	2015	—	—	—	—	—	—	—	—	—
John D. Schachtel	2017	—	18,327	—	—	525	2,387	—	—	—
	2016	—	—	—	—	—	—	—	—	—
	2015	—	—	—	—	—	—	—	—	—
Jody L. Anderson	2017	3,475	—	—	5,750	—	—	2,340	—	166,785
	2016	10,600	—	2,740	13,800	—	—	—	—	—
	2015	3,638	—	—	13,800	—	—	—	58,579	—
Donald E. Thomas	2017	10,800	—	—	13,800	300	—	—	—	—
	2016	10,600	—	2,850	13,800	—	—	—	—	—
	2015	10,600	—	—	13,800	—	—	—	—	—
Daniel J. Taggart	2017	6,605	—	—	—	900	1,305	—	—	—
	2016	—	—	—	—	900	—	—	—	—
	2015	—	—	—	—	900	—	—	—	—
Brian J. Fisher	2017	10,800	—	—	—	—	—	—	—	—
	2016	10,600	—	1,790	—	—	—	—	—	—
	2015	9,999	—	—	—	—	—	—	—	—

Grants of Plan-Based Awards

The following table provides information concerning annual and long-term incentive awards granted in 2017 to each of our named executive officers pursuant to our Annual Incentive Plan and our 2015 Plan.

				Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards					
Name	Award Type[1]	Approval Date	Grant Date	Threshold ($)[2]	Target ($)	Maximum ($)	Threshold (#)[2]	Target (#)	Maximum (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)[3]
Peter R. Knitzer	Annual	03/14/17	03/14/17	—	530,000	795,000						
	RSU	03/14/17	03/15/17				21,385	47,523	71,284			949,985
	CSPU	03/14/17	03/15/17	427,500	950,000	1,425,000						
John D. Schachtel	Annual	05/12/17	05/30/17	—	207,123	310,685						
	NQSO	05/12/17	05/30/17							34,403	20.00	299,994
Jody L. Anderson[4]	Annual	03/14/17	03/14/17	—	345,000	517,500						
	NQSO	03/14/17	03/15/17							19,230	19.99	172,493
	RSU	03/14/17	03/15/17				3,883	8,629	12,943			172,494
	CSPU	03/14/17	03/15/17	77,625	172,500	258,750						
Donald E. Thomas	Annual	03/14/17	03/14/17	—	342,000	513,000						
	NQSO	03/14/17	03/15/17							19,063	19.99	170,995
	RSU	03/14/17	03/15/17				3,849	8,554	12,831			170,994
	CSPU	03/14/17	03/15/17	76,950	171,000	256,500						
Daniel J. Taggart	Annual	03/14/17	03/14/17	—	318,000	477,000						
	NQSO	03/14/17	03/15/17							11,817	19.99	105,998
	RSU	03/14/17	03/15/17				2,385	5,302	7,953			105,987
	CSPU	03/14/17	03/15/17	47,700	106,000	159,000						
Brian J. Fisher	Annual	03/14/17	03/14/17	—	240,000	360,000						
	NQSO	03/14/17	03/15/17							8,918	19.99	79,994
	RSU	03/14/17	03/15/17				1,800	4,002	6,003			80,000
	CSPU	03/14/17	03/15/17	36,000	80,000	120,000						

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

(2) The threshold number of shares indicated will be earned only if a threshold level of performance is achieved.

(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 of the notes to our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. For performance-contingent RSUs, the grant date fair value is calculated using the target number of shares.

(4) Mr. Anderson's employment terminated on May 15, 2017. As a result, he remains eligible to vest in only a pro-rata portion of the performance-based awards, subject to our performance over the applicable performance periods. In addition, effective as of his termination date, Mr. Anderson vested in a pro-rata portion of the shares subject to the non-qualified stock option award and forfeited the balance of the unvested shares.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information concerning equity awards that were outstanding as of December 31, 2017, for each of our named executive officers.

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested ($)(1)
Peter R. Knitzer	5,111	—	19.42	07/28/25	—	—	47,523(10)	1,250,330
	8,422	—	15.89	05/04/26				
	68,181	45,455(2)	18.90	08/01/26				
John D. Schachtel	6,880	27,523(3)	20.00	05/30/27				
Jody L. Anderson	19,809	—	17.76	05/15/22	—	—	10,713(8)	281,859
	8,050	—	15.06	05/15/22			4,482(9)	117,921
	14,799	—	17.08	05/15/22			1,063(10)	27,968
	2,353	—	19.99	05/15/22				
Donald E. Thomas	80,000	20,000(4)	16.73	01/02/23	—	—	10,894(8)	286,621
	21,200	5,300(5)	33.93	12/31/23			9,718(9)	255,681
	19,867	—	17.76	10/01/24			8,554(10)	225,056
	32,500	—	15.06	03/11/25				
	23,042	—	14.75	04/22/25				
	14,296	7,148(6)	17.08	03/29/26				
	6,354	12,709(7)	19.99	03/15/27				
Daniel J. Taggart	13,194	—	15.24	01/05/25	—	—	6,779(8)	178,355
	8,840	4,422(6)	17.08	03/29/26			6,010(9)	158,123
	3,939	7,878(7)	19.99	03/15/27			5,302(10)	139,496
Brian J. Fisher	9,644	—	17.76	10/01/24	—	—	6,214(8)	163,490
	11,500	—	15.06	03/11/25			5,610(9)	147,599
	13,143	—	14.75	04/22/25			4,002(10)	105,293
	8,252	4,127(6)	17.08	03/29/26				
	2,972	5,946(7)	19.99	03/15/27				

(1) Calculated based on the closing price of our common stock of $26.31 on December 29, 2017, the last trading day of 2017.

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

(3) This option vests on December 31, 2017 (20%), December 31, 2018 (40%), and December 31, 2019 (40%).

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

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

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

(7) This option vests in three equal annual installments on each of December 31, 2017, 2018, and 2019.

(8) This amount represents a performance-contingent RSU award, assuming an achievement level at target. The actual number of RSUs, if any, that may have been earned ranged 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. In February 2018, our Compensation Committee determined that we 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.

(9) This amount represents a performance-contingent RSU, assuming an achievement level at target. 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 our compound annual growth rate of net income compared to our peer group over the performance period, January 1, 2016 through December 31, 2018, and to a lesser extent (10%) on our Compensation Committee's 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.

(10) This amount represents a performance-contingent RSU, assuming an achievement level at target. 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 our compound annual growth rate of net income compared to our peer group over the performance period, January 1, 2017 through December 31, 2019, and to a lesser extent (10%) on our Compensation Committee's 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, 2019, or as otherwise provided in the applicable award agreement.

Option Exercises and Stock Vested

The following table summarizes the exercise of options and the vesting of stock awards by each of our named executive officers during the fiscal year ended December 31, 2017.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Peter R. Knitzer	—	—	3,461(1)	69,947
John D. Schachtel	—	—	—	—
Jody L. Anderson	—	—	—	—
Donald E. Thomas	—	—	5,854(2)	141,725
Daniel J. Taggart	—	—	—	—
Brian J. Fisher	—	—	2,517(3) 4,391(2)	53,939 106,306

(1) This RSA vested on April 27, 2017. The closing price of our common stock on the vesting date was $20.21.

(2) This RSA vested on September 29, 2017. The closing price of our common stock on the vesting date was $24.21.

(3) This RSA vested on February 15, 2017. The closing price of our common stock on the vesting date was $21.43.

Equity Compensation Plan Information

The following table provides information concerning 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, 2017. At that date, there were a total of 11,659,238 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			
2011 Stock Incentive Plan(1)	349,332(3)	17.68	—
2015 Long-Term Incentive Plan(2)	996,406(4)	17.22(5)	1,274,593
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total:	1,345,738	17.39	1,274,593

(1) Regional Management Corp. 2011 Stock Incentive Plan. In 2015, our 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.

(2) Regional Management Corp. 2015 Long-Term Incentive Plan. As of March 16, 2018, there were 1,211,822 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 ("SARs"), unrestricted shares, restricted shares, RSUs, 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.

(3) This amount represents 349,332 shares of common stock underlying non-qualified stock option awards.

(4) This amount represents 608,287 shares of common stock underlying non-qualified stock option awards, 301,537 shares of common stock underlying performance-contingent RSU awards, and 86,582 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 an RSA, subject to the achievement of performance goals over a one-year period. If earned, the RSA 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 RSU awards or restricted shares.

(5) Calculation excludes shares subject to RSU awards and shares underlying and issuable pursuant to key team member incentive program award agreements.

SUMMARY OF EMPLOYMENT ARRANGEMENTS WITH EXECUTIVE OFFICERS

In 2017, the following individuals served as our executive officers:

- Peter R. Knitzer, our current President and Chief Executive Officer;
- John D. Schachtel, our current Executive Vice President and Chief Operating Officer;
- Jody L. Anderson, our former 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 Senior Vice President, General Counsel, and Secretary.

Messrs. Knitzer, Anderson, Thomas, Taggart, and Fisher served as our executive officers at the beginning of 2017. Mr. Anderson's employment terminated on May 15, 2017, Mr. Knitzer assumed the title of President on May 15, 2017, and Mr. Schachtel's employment commenced on May 30, 2017.

We entered into employment agreements with Messrs. Knitzer and Schachtel shortly before each commenced employment with us in August 2016 and May 2017, respectively. Similarly, we entered into employment letter agreements with Messrs. Thomas, Taggart, and Fisher shortly before each commenced employment with us in January 2013, January 2015, and January 2013, respectively. In August 2017, we entered into employment agreements with Messrs. Thomas, Taggart, and Fisher that superseded each executive's prior employment letter agreement. In addition, we amended the employment agreements of Messrs. Knitzer and Schachtel in August 2017.

We describe below the material terms of our executives' employment agreements and prior employment letter agreements. We also describe the material terms of Mr. Anderson's separation agreement. 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 Executive Compensation Tables set forth above.

Employment Agreements with Current Executive Officers

The employment agreements of Messrs. Knitzer, Schachtel, Thomas, Taggart, and Fisher provide for a three-year term. The three-year term ends on August 1, 2019 and May 30, 2020 in the case of Messrs. Knitzer and Schachtel, respectively, and on August 30, 2020 in the case of Messrs. Thomas, Taggart, and Fisher. The employment agreements generally provide for compensation to our executives in the form of annual base salaries, annual cash incentive opportunities, long-term incentive opportunities, and various other limited perquisites and personal benefits. Our executives have also agreed to certain restrictive covenants set forth in the employment agreements, including a covenant not to compete.

Pursuant to their employment agreements, Messrs. Knitzer, Schachtel, Thomas, Taggart, and Fisher are entitled to an annual base salary of no less than $530,000; $350,000; $342,000; $318,000; and $240,000, respectively, pro-rated for any partial year. For each calendar year during the employment term, each executive 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 the executive's base salary (pro-rated for any partial year). The employment agreements of Messrs. Knitzer and Schachtel provide that each such executive is entitled to receive a non-qualified stock option award, a performance-contingent RSU award, and a cash-settled performance unit award within his first year of employment, with the vesting of each such award subject to continued employment through the vesting date and, in the case of the performance-contingent RSU award and the cash-settled performance unit award, the achievement of performance objectives established by our Compensation Committee. Each executive is otherwise eligible to participate in our long-term incentive program at the sole discretion of our Compensation Committee and our Board.

Commencing in 2018 (or 2019, in the case of Mr. Schachtel), Messrs. Knitzer, Schachtel, Thomas, Taggart, and Fisher will be eligible to receive an annual base salary, annual cash incentive opportunity, and long-term incentive opportunity totaling in the aggregate at least $3,000,000; $1,225,000; $1,197,000; $954,000; and $720,000, respectively. Each executive's annual total compensation opportunity is subject to our Compensation Committee's discretion to adjust base salary, 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 our Compensation Committee, and further subject to the terms and conditions of the applicable incentive plan and related award agreements (including, if applicable under any such plan or award agreement, multi-year vesting). Long-term incentive awards are subject to the terms of the 2015 Plan and the related award agreements.

We also provide our executives with benefits generally available to our other employees, including medical and retirement plans. In addition, we provide our executives with the use of a mobile phone (or the provision of a stipend for a mobile phone), disability insurance policies (beginning in 2018), and reasonable travel expenses. In the case of Messrs. Knitzer and Schachtel, we pay

for reasonable expenses associated with their travel to and from their personal residences to our headquarters in South Carolina. In the case of Mr. Thomas, we provide a car allowance of $1,150 per month.

Our executive employment agreements and long-term incentive award agreements also provide for certain severance benefits following an executive's termination by us without cause, by the executive as a result of good reason, due to the executive's disability, due to the executive's death, or following a "double-trigger" change-in-control event. A "double trigger" change-in-control event requires both (1) a change-in-control and (2) an executive's termination by us without cause or by the executive as a result of good reason within certain timeframes. The terms "cause," "good reason," "disability," and "change-in-control" are defined in the 2011 Plan, the 2015 Plan, and/or each executive's employment agreement and/or long-term incentive award agreements, as applicable. The severance benefits are described in "Summary of Employment Arrangements with Executive Officers – Potential Payments Upon Termination or Change-in-Control," below. An executive's receipt of severance benefits will be subject to the executive's execution of a release of claims within the time period specified in the employment agreement and the continued compliance with the restrictive covenants described below.

Each executive is also subject to various restrictive covenants, and his entitlement to certain benefits is contingent upon his compliance with such covenants. Specifically, each executive is subject to a covenant not to disclose our confidential information during his employment and at all times thereafter, a covenant not to compete during his employment and for a period of one year (or two years, in the case of Mr. Knitzer) following his termination of employment, a covenant not to solicit competitive "business services" through or from "loan sources" (each as defined in the employment agreements) during his employment and for a period of one year (or two years, in the case of Mr. Knitzer) following his termination of employment, a covenant not to solicit or hire our employees during his employment and for a period of one year (or two years, in the case of Mr. Knitzer) following his termination of employment, and a non-disparagement covenant effective during the employment term and at all times thereafter. Each executive's covenant not to compete is limited to an area within 25 miles of any of our branches or other offices.

In addition, each executive must abide by any equity retention policy, compensation recovery policy, stock ownership guidelines, or other similar policies that we maintain.

Prior Agreements with Current Executive Officers

The following employment letter agreements of Messrs. Thomas, Taggart, and Fisher were in effect at the beginning of 2017. They were superseded by and of no force or effect following the execution of employment agreements, effective August 2017.

Prior Employment Letter Agreement with Mr. Thomas

We entered into a letter agreement with Mr. Thomas, dated December 12, 2012 and amended on October 1, 2014. Pursuant to the letter agreement, Mr. Thomas was entitled to receive an annual base salary, subject to annual review (set at $342,000 in 2017). In addition, Mr. Thomas was 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 provided that Mr. Thomas would forego certain rights to additional annual stock option grants provided under the original letter agreement and would instead, consistent with the incentive compensation structure applicable to other executives, in 2014 be granted a combination of stock options, performance-contingent RSUs, and cash-settled performance units with an aggregate target value of 1.5 times his base salary. Commencing in 2015, Mr. Thomas was eligible to participate in our long-term incentive program at the sole discretion of our Compensation Committee and our Board. The letter agreement also provided Mr. Thomas with benefits generally available to our other employees, including medical and retirement plans, in addition to the use of a mobile phone and a car allowance of $1,150 per month.

Prior Employment Letter Agreement with Mr. Taggart

We entered into a letter agreement with Mr. Taggart, effective January 5, 2015. Pursuant to the letter agreement, Mr. Taggart was entitled to receive an annual base salary, subject to annual review (set at $318,000 in 2017). In addition, Mr. Taggart was 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 RSU award, and a cash-settled performance unit award, all of which were awarded in 2015. Commencing in 2016, Mr. Taggart was eligible to participate in our long-term incentive program at the sole discretion of our Compensation Committee and our Board. The letter agreement also provided Mr. Taggart with benefits generally available to our other employees, including medical and retirement plans, in addition to the use of a mobile phone.

Prior Employment Letter Agreement with Mr. Fisher

We entered into a letter agreement with Mr. Fisher, dated December 12, 2012. Pursuant to the letter agreement, Mr. Fisher was entitled to receive an annual base salary, subject to annual review (set at $240,000 in 2017). In addition, Mr. Fisher was 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 was also eligible to participate in our long-term incentive program at the sole discretion of our Compensation Committee and our Board. The letter agreement also provided Mr. Fisher with benefits generally available to our other employees, including medical and retirement plans, in addition to the use of a mobile phone.

Agreements with Former Executive Officer

Prior to the termination of Mr. Anderson's employment as our President and Chief Operating Officer on May 15, 2017, we were party to a three-year employment agreement with Mr. Anderson, dated September 19, 2014. Immediately prior to the termination of Mr. Anderson's employment, he was entitled to receive an annual base salary of $345,000, subject to annual review. For each calendar year during the employment term, Mr. Anderson 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 no less than 100% of his base salary. The employment agreement also 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 RSU award (awarded in 2015), and a cash-settled performance unit award (awarded in 2015). Commencing in 2016, Mr. Anderson was eligible to participate in our long-term incentive program at the sole discretion of the Compensation Committee and the Board. Mr. Anderson also received benefits generally available to our other employees, including medical and retirement plans, in addition to a car allowance of $1,150 per month and the use of a mobile phone.

Under his employment agreement, Mr. Anderson was also subject to a covenant not to disclose our 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 employment agreement) during his employment and for a period of two years following his termination of employment, a covenant not to solicit or hire our 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 was limited to an area within 25 miles of any of our branches or other offices.

In connection with the termination of Mr. Anderson's employment, we entered into a separation agreement with Mr. Anderson, effective June 14, 2017. The separation agreement provides for benefits to, and imposes certain obligations upon, Mr. Anderson in accordance with his employment agreement. Specifically, subject to his execution and non-revocation of a release of claims and his compliance with his employment agreement and separation agreement (including, but not limited to, the restrictive covenants contained therein), Mr. Anderson is entitled to receive the following payments and benefits under the separation agreement: (1) a payment equal to 30 days of his base salary in effect on the date of termination (in lieu of the requirement in his employment agreement that we provide Mr. Anderson with 30 days' notice of our decision to terminate his employment without cause); (2) payment of an amount equal to 12 months of his base salary in effect on the date of termination, paid in equal installments over a period of 18 months (modified from 12 months in the employment agreement) in accordance with our ordinary payroll practices; (3) payment of a pro-rated portion of his annual short-term incentive program target bonus for 2017, but only to the extent such bonus is earned based on performance goals established for 2017 under our Annual Incentive Plan; (4) reimbursement of reasonable attorneys' fees incurred in connection with the negotiation and preparation of the separation agreement, not to exceed $5,000; (5) reimbursement of the cost of COBRA continuation premiums for continued health insurance coverage for Mr. Anderson for a period of 12 months following the date of termination (or until Mr. Anderson becomes eligible for coverage from a subsequent employer); and (6) executive outplacement services in an aggregate amount not to exceed $10,000 for a period of 6 months following the date of termination, through a provider to be designated by us. Mr. Anderson also reaffirmed his obligations under the restrictive covenants set forth in his employment agreement, with the exception that the duration of his covenant not to compete was reduced from two years to one year.

Potential Payments Upon Termination or Change-in-Control

Under their employment agreements and long-term incentive award agreements, our executive officers are entitled to certain severance benefits following termination by us without cause, by the executive as a result of good reason, due to the executive's disability, due to the executive's death, and following a "double-trigger" change-in-control. These benefits ensure that our executives are motivated primarily by the needs of our business, rather than circumstances that are outside of the ordinary course of business (such as circumstances that might lead to the termination of an executive's employment or that might lead to a change-in-control). Severance benefits provide for a level of continued compensation if an executive's employment is adversely affected in these circumstances, subject to certain conditions. We believe that these benefits enable executives to focus fully on their duties while employed by us, ensure that our executives act in the best interests of our stockholders, even if such actions are otherwise contrary to our executives' personal interests, and alleviate concerns that may arise in the event of an executive's separation from service with us. We believe that these severance benefits are in line with current market practices.

The rights to and level of benefits are determined by the type of termination event. Our executive employment agreements provide for the following cash and other benefits:

Termination Event	Severance Benefits
By the Company Without Cause or by the Executive for Good Reason	(1) *Payment in Lieu of 30 Days' Notice*. At our election, 30 days' base salary in lieu of allowing the executive to work through any required 30-day termination notice period. (2) *Base Salary Continuation*. In the case of Mr. Knitzer, an amount equal to two times his salary in effect on the termination date, payable over a period of 24 months following his termination date, and in the case of each other executive, an amount equal to his salary in effect on the termination date, payable over a period of 12 months following his termination date. (3) *Average Bonus*. In the case of Mr. Knitzer, an amount equal to two times his average bonus determined as of the termination date, payable over a period of 24 months following his termination date, and in the case of each other executive, an amount equal to his average bonus determined as of the termination date, payable over a period of 12 months following his termination date. An executive's "average bonus" is defined in his employment agreement, generally as the average annual bonus paid for the three fiscal years prior to the year of termination or such lesser number of full fiscal years that the executive has been employed. If employment is terminated before the last day of the executive's first full fiscal year, the average bonus is calculated as the executive's target bonus. (4) *Annual Incentive Compensation*. The pro-rata portion of any bonus for the year in which termination occurs, to the extent earned, plus, if termination occurs after year-end but before the bonus for the preceding year is paid, the bonus for the preceding year. (5) *Health Benefits Continuation Coverage*. Reimbursement of COBRA premiums for continuation coverage under our group medical plan for 24 months (in the case of Mr. Knitzer) or 12 months (in the case of each other executive) following his termination date, so long as he is not entitled to obtain insurance from a subsequent employer. (6) *Outplacement Services*. Reasonable outplacement service expenses for 24 months (in the case of Mr. Knitzer) or 12 months (in the case of each other executive) following the termination date, not exceeding $25,000 per year.
"Double-Trigger" Change-in-Control	For each executive other than Mr. Knitzer, if employment is terminated by us without cause or by the executive as a result of good reason, and such termination occurs within six months before or one year after the effective date of a change-in-control, then the executive is entitled to the benefits described immediately above, plus the additional benefit that the amounts described in items (2) and (3) will be increased by a factor of 100% (for a total of two times salary and average bonus).
Disability	If employment is terminated due to the executive's disability, he will be entitled to the same benefits as if employment were terminated by us without cause or by the executive as a result of good reason, except that he is not entitled to 30 days' notice of termination (or payment in lieu thereof). The disability severance benefits will be reduced by the amount of any disability benefits paid to the executive pursuant to any disability insurance, plan, or policy provided by us to or for the benefit of the executive. If any disability benefits paid to an executive pursuant to any disability insurance, plan, or policy provided by us are not subject to local, state, or federal taxation, then our severance obligations in the event of termination due to the executive's disability will be reduced by an amount equal to the gross taxable amount that we would have been required to pay in order to yield the net, after-tax benefit that the executive actually received pursuant to such disability insurance, plan, or policy.
Death	*Annual Incentive Compensation*. The pro-rata portion of any bonus for the year in which death occurs, to the extent earned, plus, if death occurs after year-end but before the bonus for the preceding year is paid, the bonus for the preceding year (paid to the executive's designated beneficiary or estate, as applicable).
Voluntary Termination	*Annual Incentive Compensation*. If termination occurs after year-end but before the bonus for the preceding year is paid, the bonus for the preceding year (the executive is not entitled to any bonus for the year during which voluntary termination occurs).
Cause	None.

In addition to the benefits provided for under our executive employment agreements, our long-term incentive award agreements provide for the following treatment of awards following termination:

Termination Event	Award Treatment
By the Company Without Cause, by the Executive for Good Reason, Due to Disability, or Due to Death	• *Non-Qualified Stock Option Awards*: For options awarded in 2013, forfeiture of any unvested shares. For options awarded since 2014, pro-rata accelerated vesting of any unvested shares. • *Performance-Contingent RSUs*: Eligibility to vest in a pro-rata portion of the award, subject to actual performance over the full performance period. • *Cash-Settled Performance Units*: Eligibility to vest in a pro-rata portion of the award, subject to actual performance over the full performance period.
"Double-Trigger" Change-in-Control	• *Non-Qualified Stock Option Awards*: For options awarded in 2013, full accelerated vesting in the event of a termination of employment by us without cause or by the executive as a result of good reason during the six-month period following a change-in-control. For options awarded since 2014, full accelerated vesting in the event of a termination of employment by us without cause or by the executive as a result of good reason within six months before or one year after the effective date of a change-in-control. • *Performance-Contingent RSUs*: Full accelerated vesting at target in the event of a termination of employment by us without cause or by the executive as a result of good reason within six months before or one year after the effective date of a change-in-control. • *Cash-Settled Performance Units*: Full accelerated vesting at target in the event of a termination of employment by us without cause or by the executive as a result of good reason within six months before or one year after the effective date of a change-in-control.
Retirement	• *Non-Qualified Stock Option Awards*: For options awarded since 2014, continued vesting as if the executive remained employed. • *Performance-Contingent RSUs*: Eligibility to vest in a pro-rata portion of the award, subject to actual performance over the full performance period. • *Cash-Settled Performance Units*: Eligibility to vest in a pro-rata portion of the award, subject to actual performance over the full performance period. An executive is eligible for "Retirement" when he (i) is 65 or older at the time of termination, or (ii) is 55 or older at the time of termination and has completed ten (10) years of service to Regional.

The following table provides information concerning the payments and the value of other benefits that Mr. Anderson has received or will receive as a result of his termination in 2017 and that our other NEOs would have been eligible to receive if their employment had been terminated under the described circumstances. Our obligation to provide the payments and other benefits described in the table are found in each NEO's employment agreement, in long-term incentive award agreements, and in a separation agreement (in the case of Mr. Anderson), in each case as described above.

In calculating the amounts included in the table for Mr. Anderson, we have used our closing share price of $21.00 on May 15, 2017, the date of his termination. In calculating the amounts in the table for our other NEOs, we have assumed (i) that the termination event and/or change-in-control occurred on December 31, 2017, (ii) a share price of $26.31 (our closing share price on December 29, 2017, the last trading day of 2017), and (iii) the following:

- "Payment in Lieu of 30 Days' Notice": We have assumed that we will elect to pay 30 days' base salary in lieu of allowing the NEO to work through any required 30-day termination notice period.
- "Severance Payment": The amount represents a combination of the "Base Salary Continuation" and "Average Bonus" payments described above.
- "Annual Incentive Compensation": The amount is based upon the level of performance and percentage payout actually achieved, as determined by the Compensation Committee in February 2018.
- "Long-Term Incentive Award Vesting": The value associated with accelerated non-qualified stock option awards has been calculated by multiplying the number of accelerated shares by the amount by which our stock price as of December 31, 2017 exceeded (if at all) the exercise price of the option. For any performance-contingent long-term incentive award where vesting remains subject to actual performance over a performance period, (1) we have calculated the value (if any) of awards associated with performance periods ending in 2017 based on actual performance, and (2) we have ascribed no value

to awards associated with performance periods ending after 2017 because there is no guarantee that we will meet the threshold performance criteria required for these awards to vest and be paid.

- "Other Benefits": The amount includes reimbursement of COBRA premiums for continuation coverage and the value of outplacement services. We have assumed (1) that the NEO will not become entitled to obtain insurance from a subsequent employer, and (2) that the NEO will receive the maximum value of outplacement services.

		Termination Event				
Name	**Type of Payment or Benefit**	**Termination by the Company Without Cause or by the Executive for Good Reason**	**Termination by the Company Without Cause or by the Executive for Good Reason in Connection with a Change in Control**	**Termination Due to the Executive's Disability**	**Termination Due to Death**	**Voluntary Termination by the Executive(1)**
Peter R. Knitzer	Payment in Lieu of 30 Days' Notice	43,562	43,562	—	—	—
	Severance Payment	2,105,160	2,105,160	2,105,160	—	—
	Annual Incentive Compensation	522,580	522,580	522,580	522,580	—
	Long-Term Incentive Award Vesting(2)	197,588	2,537,152	197,588	197,588	—
	Other Benefits	50,000	50,000	50,000	—	—
	Total	**2,918,890**	**5,258,454**	**2,875,328**	**720,168**	**—**
Jody L. Anderson	Payment in Lieu of 30 Days' Notice	28,356	—	—	—	—
	Severance Payment	345,000	—	—	—	—
	Annual Incentive Compensation	125,816	—	—	—	—
	Long-Term Incentive Award Vesting	109,664	—	—	—	—
	Other Benefits	12,402	—	—	—	—
	Total	**621,238**	**—**	**—**	**—**	**—**
John D. Schachtel	Payment in Lieu of 30 Days' Notice	28,767	28,767	—	—	—
	Severance Payment	700,000	1,400,000	700,000	—	—
	Annual Incentive Compensation	204,224	204,224	204,224	204,224	—
	Long-Term Incentive Award Vesting(2)	52,102	173,670	52,102	52,102	—
	Other Benefits	44,940	44,940	44,940	—	—
	Total	**1,030,033**	**1,851,601**	**1,001,266**	**256,326**	**—**
Donald E. Thomas	Payment in Lieu of 30 Days' Notice	28,110	28,110	—	—	—
	Severance Payment	544,616	1,089,232	544,616	—	—
	Annual Incentive Compensation	337,212	337,212	337,212	337,212	—
	Long-Term Incentive Award Vesting(2)	71,399	1,602,955	71,399	71,399	—
	Other Benefits	38,915	38,915	38,915	—	—
	Total	**1,020,252**	**3,096,424**	**992,142**	**408,611**	**—**
Daniel J. Taggart	Payment in Lieu of 30 Days' Notice	26,137	26,137	—	—	—
	Severance Payment	550,175	1,100,350	550,175	—	—
	Annual Incentive Compensation	313,548	313,548	313,548	313,548	—
	Long-Term Incentive Award Vesting(2)	44,199	875,245	44,199	44,199	—
	Other Benefits	44,940	44,940	44,940	—	—
	Total	**978,999**	**2,360,220**	**952,862**	**357,747**	**—**
Brian J. Fisher	Payment in Lieu of 30 Days' Notice	19,726	19,726	—	—	—
	Severance Payment	322,219	644,438	322,219	—	—
	Annual Incentive Compensation	236,640	236,640	236,640	236,640	—
	Long-Term Incentive Award Vesting(2)	38,001	759,552	38,001	38,001	—
	Other Benefits	31,822	31,822	31,822	—	—
	Total	**648,408**	**1,692,178**	**628,682**	**274,641**	**—**

(1) A voluntary termination that is treated as a "retirement" may result in pro-rata or continued vesting of certain long-term incentive awards. None of our NEOs were eligible for "retirement" as of December 31, 2017.

(2) See "Executive Compensation Tables – Outstanding Equity Awards at Fiscal Year-End" for a summary of equity-based long-term incentive awards outstanding as of December 31, 2017. As of December 31, 2017, in addition to equity-based long-term incentive awards, Messrs. Knitzer, Thomas, Taggart, and Fisher held one or more cash-settled performance unit awards having an aggregate target value of $950,000, $497,700, $308,667, and $267,499, respectively.

The amounts shown in the table do not include payments and benefits to the extent they are provided generally to all salaried employees upon termination of employment and do not discriminate in scope, terms, or operation in favor of our NEOs. Because the amounts in the table are calculated subject to the assumptions provided and on the basis of the occurrence of a termination as of a particular date and under a particular set of circumstances, the actual amount to be paid to each of our NEOs (other than Mr. Anderson) upon a termination or change in control may vary significantly from the amounts included in the table. Factors that could affect these amounts include the timing during the year of the termination event and the type of termination event that occurs.

SUMMARY OF COMPANY INCENTIVE PLANS

The discussion that follows describes certain material terms of our principal long-term incentive plans and our principal cash incentive plan.

Long-Term Incentive Plans

2015 Long-Term Incentive Plan

The 2015 Plan became effective April 22, 2015, and was amended and restated effective April 27, 2017. The purposes of the 2015 Plan are (i) to encourage and enable selected employees, directors, and consultants to acquire or increase their holdings of our common stock and other equity-based interests and/or to provide other incentive awards in order to promote a closer identification of their interests with our interests and those of our stockholders, and (ii) to provide us with flexibility to motivate, attract, and retain the services of participants upon whose judgment, interest, and special effort the successful conduct of our operation largely depends. Awards granted under the 2015 Plan may be in the form of incentive or non-qualified stock options, SARs (including related or freestanding SARs), RSAs, RSU awards, performance share awards, performance unit awards, phantom stock awards, other stock-based awards, and/or dividend equivalent awards. Awards may be granted under the 2015 Plan until April 21, 2025 or the plan's earlier termination by the Board.

The 2015 Plan is administered by the Compensation Committee, subject to Board oversight. 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, plus (ii) any shares (A) remaining available for grant as of the effective date of the 2015 Plan under any prior plan and/or (B) subject to an award granted under a prior plan, which award is forfeited, canceled, terminated, expires, or lapses for any reason without the issuance of shares or pursuant to which such shares are forfeited. In addition, shares subject to certain awards will again be available for issuance (or otherwise not counted against the maximum number of available shares) under the 2015 Plan, including unissued or forfeited shares subject to awards that are canceled, terminate, expire, are forfeited, or lapse for any reason; awards settled in cash; dividends (including dividends paid in shares) or dividend equivalents paid in cash in connection with outstanding awards; and shares subject to an award other than an option or SAR that are not issued for any reason (including failure to achieve maximum performance criteria). Further, the following will not reduce the maximum number of shares available under the 2015 Plan: (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 in connection with a merger or similar transaction that involves our acquisition of another entity, and (ii) available shares under a shareholder approved plan of an acquired company (as adjusted to reflect the transaction) that are used for awards under the 2015 Plan, in each case, subject to NYSE listing requirements.

The maximum aggregate number of shares of common stock that may be issued under the 2015 Plan pursuant to the grant of incentive options may not exceed 1,550,000 shares. Further, under the 2015 Plan, in any 12-month period, (i) no participant may be granted options and SARs that are not related to an option for more than 450,000 shares of common stock (or the equivalent value thereof based on the fair market value per share of the common stock on the date of grant of an award); (ii) no participant may be granted awards other than options or SARs that are settled in shares of common stock for more than 450,000 shares of common stock; and (iii) the maximum amount of awards that are settled in cash that can be granted to any one participant is $2,500,000. Notwithstanding the foregoing, 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 such award).

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 our capital structure (due to a merger, recapitalization, stock split, stock dividend, or similar event).

2011 Stock Incentive Plan

The 2011 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 incentive or non-qualified stock options, SARs (including related or freestanding SARs), other stock-based awards (including shares of common stock, restricted shares, RSUs, and awards that are valued in whole or in part by reference to, or are otherwise based on, the fair market value of our common stock), and/or performance-based awards to our and our subsidiaries' key employees, directors, 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. However, awards that remain outstanding under the 2011 Plan will continue in accordance with their respective terms.

2007 Management Incentive Plan

The 2007 Plan provides for the issuance of a maximum of 1,037,412 shares of common stock pursuant to awards granted under the plan. Awards may include incentive or non-qualified stock options granted 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 2015 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. The last remaining options outstanding under the 2007 Plan were exercised in January 2017.

Annual Incentive Plan

The Annual Incentive Plan is administered by the Compensation Committee and provides for the payment of incentive bonuses based on the attainment of performance objectives in the form of cash or, at the discretion of the Compensation Committee, in awards of shares under the 2015 Plan. The purpose of the Annual Incentive Plan is to enable us to attract, retain, motivate, and reward selected officers and other employees by providing them with the opportunity to earn annual incentive compensation awards based on the attainment of certain 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 be eligible to receive a bonus for such performance period, and (ii) the target incentive bonus for each participant. 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). 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. No participant may receive a bonus under the Annual Incentive Plan, with respect to any fiscal year, in excess of $2,500,000.

STOCKHOLDER PROPOSALS

We are seeking stockholder action on the following four proposals, which are described in greater detail below:

1. The election of the eight nominees named in this Proxy Statement to serve as members of the Board until the next annual meeting of stockholders or until their successors are elected and qualified;
2. The ratification of the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018;
3. The approval, on an advisory basis, of our executive compensation; and
4. The approval, on an advisory basis, of the frequency of future advisory votes to approve executive compensation.

Proposal No. 1: Election of Directors

Our 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 eight directors.

The Nominating Committee 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 following eight nominees: Jonathan D. Brown, Roel C. Campos, Maria Contreras-Sweet, Michael R. Dunn, Steven J. Freiberg, Peter R. Knitzer, Alvaro G. de Molina, and Carlos Palomares. 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. A 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 can be found above in the "Board of Directors and Corporate Governance Matters" section of this Proxy Statement. Each of the above-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 2018, the Nominating Committee specifically considered the background and business experience of each of the nominees, 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 eight 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 eight 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 Board unanimously recommends a vote "FOR" the election of each of the nominees listed above.

Proposal No. 2: Ratification of Appointment of Independent Registered Public Accounting Firm

RSM US LLP has served as our independent registered public accounting firm since 2007. The Audit Committee has selected RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018, and 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 2018.

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 that 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, 2017 and 2016.

	Year Ended December 31, 2017	Year Ended December 31, 2016
Audit Fees	$ 702,990	$ 457,416
Audit-Related Fees	—	82,850
Tax Fees	202,101	147,920
All Other Fees	—	—
Total	$ 905,091	$ 688,186

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." There were no such fees incurred in 2017. In 2016, these fees included 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.
- "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 2017, these fees were for services performed for the filing of our 2016 tax returns and estimated payments for 2017. In 2016, these fees were for services performed for the filing of our 2015 tax returns and estimated payments for 2016.
- "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 2017 or 2016.

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 of 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 Chair 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 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, 2018.

Proposal No. 3: Advisory Vote to Approve Executive Compensation

In accordance with the requirements of Section 14A of the Exchange Act and the related rules of the SEC, our stockholders have the opportunity to cast an advisory vote to approve the compensation of our named executive officers as disclosed pursuant to the SEC's compensation disclosure rules, including the Compensation Discussion and Analysis, the compensation tables, and the narrative disclosures that accompany the compensation tables (a "Say-on-Pay Vote").

The Compensation Committee oversees the development of a compensation program designed to attract, retain, and motivate executives who enable us to achieve our strategic and financial goals. The Compensation Discussion and Analysis, the compensation tables, and the accompanying narrative disclosure illustrate the trends in compensation and the application of our compensation philosophies and practices for the years presented. We encourage stockholders to read the Compensation Discussion and Analysis, beginning on page 19 of this Proxy Statement, which describes the details of our executive compensation program and the decisions made by the Compensation Committee in 2017.

The Compensation Committee believes that our executive compensation program achieves an appropriate balance between fixed compensation and variable incentive compensation, pays for performance, and promotes an alignment between the interests of our named executive officers and our stockholders. Accordingly, we are asking our stockholders at the Annual Meeting to vote "FOR" the

non-binding advisory resolution approving the compensation of our named executive officers, including as described in the Compensation Discussion and Analysis, compensation tables, and the accompanying narrative discussion.

Because your vote is advisory, it will not be binding upon us, the Compensation Committee, or the Board. However, the Compensation Committee and the Board value the opinions of our stockholders and will take the outcome of the vote into account when considering future executive compensation arrangements.

The Board unanimously recommends a vote "FOR" the advisory vote to approve the compensation of our named executive officers.

Proposal No. 4: Advisory Vote on Frequency of Future Advisory Votes to Approve Executive Compensation

In accordance with the requirements of Section 14A of the Exchange Act and the related rules of the SEC, our stockholders have the opportunity to cast an advisory vote with respect to the frequency of the Say-on-Pay Vote. Specifically, stockholders may vote to have a Say-on-Pay Vote every year, every two years, or every three years (commonly known as the "Say-on-Pay Frequency Vote"). Stockholders may also abstain from making a choice. After such initial vote is held, Section 14A requires all public companies to submit the Say-on-Pay Frequency Vote to their stockholders no less often than every six years.

As discussed above, the Board believes that our executive compensation program is designed to secure and retain the services of high quality executives and to provide compensation to our executives that is aligned with our performance. The Board believes that our compensation philosophies and practices advance both the short-term and long-term interests of our company and our stockholders. The Board believes that the Say-on-Pay Frequency Vote should be conducted every year because it provides stockholders with the opportunity to provide regular direct input to the Board and its Compensation Committee regarding our executive compensation program.

The Say-on-Pay Frequency Vote is an advisory vote and will not be binding on us, the Compensation Committee, or the Board. The Board may determine that it is in the best interests of our stockholders and the Company to hold a Say-on-Pay Vote more or less frequently than may be indicated by this advisory vote of our stockholders. Nonetheless, the Compensation Committee and the Board will take into account the outcome of this advisory vote when considering how frequently to hold a Say-on-Pay Vote in future years.

While the Board recommends that a Say-on-Pay Vote be held every year, you are not voting to approve or disapprove of the Board's recommendation. Rather, you will be able to specify one of four choices for the Say-on-Pay Frequency Vote, as follows: (i) one year, (ii) two years, (iii) three years, or (iv) abstain.

The Board unanimously recommends a vote for "ONE YEAR" on the advisory vote on the frequency of future advisory votes to approve executive compensation.

OTHER INFORMATION

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 Investor Relations 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, 2017, and particularly with regard to the audited consolidated financial statements as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016, and 2015.

The Audit Committee is composed solely of independent directors under existing New York Stock Exchange listing standards and Securities and Exchange Commission requirements. None of the committee members is or has been an officer or employee of the Company or any of our subsidiaries or has engaged in any business transaction or has any business or family relationship with the Company or any of our subsidiaries or affiliates. In addition, the Board of Directors has determined that Messrs. 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 six times during the fiscal year ended December 31, 2017.

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, 2017, 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, 2017, 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 (the "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, 2017, 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, 2017, for filing with the SEC. This report of the Audit Committee has been prepared by members of the Audit Committee.

Members of the Audit Committee:

Carlos Palomares (Chair)
Steven J. Freiberg
Alvaro G. de Molina

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 16, 2018, 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
Basswood Capital Management, L.L.C.[2]	1,512,794	12.9%
Wellington Management Group LLP and affiliates[3]	1,139,225	9.7%
Second Curve Capital, LLC[4]	1,078,034	9.2%
Dimensional Fund Advisors LP[5]	869,773	7.4%
LSV Asset Management[6]	637,299	5.4%
The Vanguard Group, Inc.[7]	627,662	5.3%
BlackRock, Inc.[8]	618,346	5.3%
Jonathan D. Brown[9]	799	*
Roel C. Campos[10]	59,924	*
Maria Contreras-Sweet	888	*
Michael R. Dunn[11]	236,003	2.0%
Steven J. Freiberg[12]	156,104	1.3%
Alvaro G. de Molina[13]	56,602	*
Carlos Palomares[14]	57,277	*
Peter R. Knitzer[15]	99,324	*
John D. Schachtel[16]	14,880	*
Donald E. Thomas[17]	229,102	1.9%
Daniel J. Taggart[18]	29,324	*
Brian J. Fisher[19]	52,068	*
Jody L. Anderson	—	—
All directors and executive officers, as a group (12 persons)	992,295	8.0%

* Amount represents less than 1.0%

(1) Applicable percentage of ownership is based upon 11,746,486 shares of our common stock outstanding on March 16, 2018. Beneficial ownership is determined in accordance with SEC rules 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 is c/o Regional Management Corp., 979 Batesville Road, Suite B, Greer, South Carolina 29651.

(2) The information reported is based on a Schedule 13D/A filed with the SEC on January 30, 2018 and a Form 4 filed with the SEC on February 6, 2018, reporting (i) shared power of Basswood Capital Management, L.L.C. ("Basswood") to vote or direct the vote and to dispose or direct the disposition of 1,512,794 shares; (ii) shared power of Basswood Partners, L.L.C. ("BP") to vote or direct the vote and to dispose of or direct the disposition of 407,549 shares; (iii) shared power of Basswood Financial Fund, LP ("BFF") to vote or direct the vote and to dispose of or direct the disposition of 124,930 shares; (iv) shared power of Basswood Financial Fund, Inc. ("BFF, Inc.") to vote or direct the vote and to dispose of or direct the disposition of 78,548 shares; (v) shared power of Basswood Financial Long Only Fund, LP ("BLOF") to vote or direct the vote and to dispose of or direct the disposition of 25,984 shares; (vi) shared power of Basswood Enhanced Long Short GP, LLC ("BELSGP") to vote or direct the vote and to dispose of or direct the disposition of 690,180 shares; (vii) shared power of Basswood Enhanced Long Short Fund, LP ("BELS") to vote or direct the vote and to dispose of or direct the disposition of 690,180 shares; (viii) shared power of Basswood Opportunity Partners, LP ("BOP") to vote or direct the vote and to dispose of or direct the disposition of 256,635 shares; (ix) shared power of Basswood Opportunity Fund, Inc. ("BOF" and, collectively with BP, BFF, BFF, Inc., BLOF, BELSGP, BELS, and BOP, the "Funds and Managed Accounts") to vote or direct the vote and to dispose of or direct the disposition of 27,525 shares; (x) shared power of Matthew Lindenbaum to vote or direct the vote and to dispose of or direct the disposition of 1,512,794 shares; and (xi) shared power of Bennett Lindenbaum to vote or direct the vote and to dispose of or direct the disposition of 1,512,794 shares. Matthew Lindenbaum and Bennett Lindenbaum are the Managing Members of Basswood and may be deemed to have a pecuniary interest in the shares held directly or indirectly by the Funds and Managed Accounts. The information also includes 799 shares held by Mr. Brown, a senior analyst at Basswood, who serves on the Board pursuant to the Cooperation Agreement described in detail below in the section entitled "Other Information – Certain Relationships and Related Person Transactions." As a result, Basswood is a "director-by-deputization" solely for the purposes of

Section 16 of the Exchange Act. Pursuant to Rule 16a-1 of the Exchange Act, Basswood may be deemed to be a beneficial owner of the shares of common stock issued to Mr. Brown. The business address of Basswood is 645 Madison Avenue, 10th Floor, New York, NY 10022.

(3) The information reported is based on two Schedule 13G/As, each filed with the SEC on February 8, 2018, reporting: (i) shared power of Wellington Management Group LLP ("WMG") to vote or direct the vote of 825,861 shares and shared power of WMG to dispose or direct the disposition of 1,139,225 shares; (ii) shared power of Wellington Group Holdings LLP ("WGH") to vote or direct the vote of 825,861 shares and shared power of WGH to dispose or direct the disposition of 1,139,225 shares; (iii) shared power of Wellington Investment Advisors Holdings LLP ("WIAH") to vote or direct the vote of 825,861 shares and shared power of WIAH to dispose or direct the disposition of 1,139,225 shares; (iv) shared power of Wellington Management Company LLP ("WMC") to vote or direct the vote of 804,225 shares and shared power of WMC to dispose or direct the disposition of 1,042,894 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 709,271 shares. The business address of WMG, WGH, WIAH, WMC, and WTC is 280 Congress Street, Boston, MA 02210.

(4) The information reported is based on a Schedule 13G/A filed with the SEC on February 5, 2018, reporting shared power of Second Curve Capital, LLC ("Second Curve") and Thomas K. Brown, its Managing Member, to vote or direct the vote and to dispose or direct the disposition of 1,078,034 shares. The business address of Second Curve and Mr. Brown is 350 5th Avenue, Suite 4730, New York, New York 10018.

(5) The information reported is based on a Schedule 13G/A filed with the SEC on February 9, 2018, reporting the sole power of Dimensional Fund Advisors LP ("Dimensional") to vote or direct the vote of 830,585 shares and the sole power of Dimensional to dispose or direct the disposition of 869,773 shares. The business address of Dimensional is Building One, 6300 Bee Cave Road, Austin, TX 78746.

(6) The information reported is based on a Schedule 13G filed with the SEC on February 13, 2018, reporting the sole power of LSV Asset Management ("LSV") to vote or direct the vote of 324,424 shares and the sole power of LSV to dispose or direct the disposition of 637,299 shares. The business address of LSV is 155 N. Wacker Drive, Suite 4600, Chicago, IL 60606.

(7) The information reported is based on a Schedule 13G filed with the SEC on February 9, 2018, reporting sole power of The Vanguard Group, Inc. ("Vanguard") to vote or direct the vote of 11,072 shares, the sole power of Vanguard to dispose or direct the disposition of 616,590 shares, and the shared power of Vanguard to dispose or direct the disposition of 11,072 shares. The business address of Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.

(8) The information reported is based on a Schedule 13G/A filed with the SEC on January 23, 2018, reporting the sole power of BlackRock, Inc. ("BlackRock") to vote or direct the vote of 609,390 shares and the sole power of BlackRock to dispose or direct the disposition of 618,346 shares. The business address of BlackRock is 55 East 52nd Street, New York, NY 10055.

(9) Mr. Brown is a senior analyst at Basswood, serving on the Board pursuant to the Cooperation Agreement described in detail below in the section entitled "Other Information – Certain Relationships and Related Person Transactions." As a result, Basswood is a "director-by-deputization" solely for the purposes of Section 16 of the Exchange Act. Pursuant to Rule 16a-1 of the Exchange Act, Basswood may be deemed to be a beneficial owner of the shares of common stock issued to Mr. Brown.

(10) The amount stated includes 28,670 shares subject to options either currently exercisable or exercisable within 60 days of March 16, 2018, 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 126,474 shares subject to options either currently exercisable or exercisable within 60 days of March 16, 2018, 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 83,309 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 16, 2018, 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) The amount stated includes 30,166 shares subject to options either currently exercisable or exercisable within 60 days of March 16, 2018, 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.

(14) The amount stated includes 28,670 shares subject to options either currently exercisable or exercisable within 60 days of March 16, 2018, 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.

(15) The amount stated includes 81,714 shares subject to options either currently exercisable or exercisable within 60 days of March 16, 2018, 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.

(16) The amount stated includes 6,880 shares subject to options either currently exercisable or exercisable within 60 days of March 16, 2018, over which Mr. Schachtel 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. Schachtel and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person.

(17) Mr. Thomas holds 3,843 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 217,259 shares subject to options either currently exercisable or exercisable within 60 days of March 16, 2018, 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.

(18) The amount stated includes 25,973 shares subject to options either currently exercisable or exercisable within 60 days of March 16, 2018, 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.

(19) The amount stated includes 45,511 shares subject to options either currently exercisable or exercisable within 60 days of March 16, 2018, 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, 2017, 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

Cooperation Agreement

On January 26, 2018, we entered into a Cooperation Agreement (the "Cooperation Agreement") with Basswood, pursuant to which we appointed Jonathan D. Brown to the Board, effective January 26, 2018. We also agreed that, subject to the conditions set forth in the Cooperation Agreement, the Board will nominate Mr. Brown for election to the Board at the Annual Meeting.

Pursuant to the Cooperation Agreement, Mr. Brown is required to, at all times while serving as a member of the Board, comply with all policies, procedures, processes, codes, rules, standards, and guidelines applicable to non-employee Board members. In addition, the Cooperation Agreement provides that Mr. Brown must offer to resign from the Board if (i) Basswood and its affiliates, collectively, no longer beneficially own an aggregate "net long position" of at least 874,705 shares of our common stock (subject to adjustment for stock splits, reverse stock splits, stock dividends, and similar adjustments), or (ii) Basswood fails to comply with or breaches any of the terms of the Cooperation Agreement in any material respect and, if capable of being cured, such material breach or failure has not been cured within 15 days after receipt by Basswood of written notice from us specifying such material breach or failure, provided that we are not in material breach of the Cooperation Agreement at such time (each, a "Resignation Trigger"). The Cooperation Agreement also provides that, if requested by Basswood, we are obligated to appoint Mr. Brown to any existing or newly created committee of the Board that may be designated to oversee or review strategic alternatives (including an extraordinary transaction).

In the Cooperation Agreement, in addition to certain confidentiality and non-disparagement provisions, Basswood has agreed to various customary standstill provisions for the duration of the Standstill Period (as defined below), which provide, among other things, that Basswood and its affiliates will not (i) acquire beneficial ownership of 19.9% or more of the outstanding shares of our common stock; (ii) participate in a proxy solicitation with respect to the voting of any shares of our common stock; (iii) submit a proposal for or offer of any extraordinary transaction or propose a change in the structure, size, or composition of the Board or executive officers of the Company; or (iv) subject to certain exceptions for open market and underwritten transactions, sell shares of our common stock to a third party or group that to Basswood's knowledge would result in such third party or group owning 5% or more of the outstanding shares of our common stock.

Basswood has also agreed that, during the Standstill Period, it shall cause the shares of our common stock beneficially owned by it and its affiliates to be voted (i) in favor of each director nominated by the Board for election, and (ii) in accordance with the Board's recommendations on all other matters; provided that Basswood and its affiliates may vote their shares of our common stock in their sole discretion with respect to (a) a proposal to authorize or approve an extraordinary transaction, (b) matters related to the implementation of takeover defenses, (c) new or amended incentive compensation plans submitted for stockholder approval, or (d) any other proposal if either Institutional Shareholder Services Inc. or Glass Lewis & Co., LLC do not recommend voting in accordance with the Board's recommendation with respect to such proposal (other than with respect to the election or removal of directors) at any annual or special meeting of stockholders.

Pursuant to the Cooperation Agreement, the "Standstill Period" is defined to mean the period commencing on January 26, 2018 and ending on the earliest of (i) 12:01 a.m. (New York time) on the date that is 20 days prior to the nomination deadline for the 2019 Annual Meeting, (ii) if we fail to comply with or breach any of the terms of the Cooperation Agreement in any material respect and, if capable of being cured, such material breach or failure has not been cured within 15 days after receipt by us of written notice from Basswood specifying such material breach or failure, provided that Basswood is not in material breach of the Cooperation Agreement at such time, (iii) the consummation of an extraordinary transaction following which consummation the director designated by Basswood no longer serves on the Board, and (iv) a reorganization of the Company under any federal or state law relating to bankruptcy or insolvency. If we provide written notice to Basswood that we will nominate a director designated by Basswood for election to the Board at the 2019 Annual Meeting or for any annual meeting of stockholders of the Company subsequent thereto (each, an "Applicable Meeting") at least 20 days prior to the nomination deadline for such Applicable Meeting and Basswood has agreed in advance to such nomination, then the Standstill Period will be automatically extended until the date that is 20 days prior to the nomination deadline for the annual stockholders meeting subsequent to such Applicable Meeting.

The Cooperation Agreement terminates upon the expiration of the Standstill Period (subject to any extensions as provided in the Cooperation Agreement), provided that the confidentiality provisions of the Cooperation Agreement will survive for a period of eighteen months following the date upon which no director designated by Basswood serves as a director of the Company.

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 ("Parallel"), Palladium Equity Partners III, L.P. ("Palladium"), and certain other stockholders party thereto. In prior years, 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 qualified them as a "group" under Section 13(d) of the Exchange Act.

In July 2017, former director Richard A. Godley provided notice to the Board of his decision to enter retirement. In connection with Mr. Godley's retirement, we entered into an Amended and Restated Shareholders Agreement Termination (the "Termination Agreement") with the remaining stockholders party to the Shareholders Agreement. Mr. Godley had been designated to the Board by certain stockholders in accordance with the Shareholders Agreement. The Termination Agreement terminated the Shareholders Agreement and any remaining obligations or liabilities of the parties thereto, and as a result, the stockholders party to the Shareholders Agreement no longer qualify as related persons under Section 13(d) of the Exchange Act.

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 "District Court") against us and certain of our current and former directors, executive officers, and stockholders (collectively, the "Defendants"). The complaint alleged violations of the Securities Act (the "1933 Act Claims") and sought unspecified compensatory damages and other relief on behalf of a purported class of purchasers of our 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 Exchange Act (the "1934 Act Claims") seeking unspecified compensatory damages on behalf of a purported class of purchasers of our 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 filed a motion to dismiss the second amended complaint on April 28, 2015, and on March 30, 2016, the District 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. On January 27, 2017, the District 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 District Court entered final judgment in favor of the Defendants.

On March 1, 2017, the Plaintiffs filed a notice of appeal to the United States Court of Appeals for the Second Circuit (the "Appellate Court"). After hearing oral arguments on November 17, 2017, the Appellate Court issued a summary order on January 26, 2018 affirming the District Court's order denying Plaintiffs leave to file a third amended complaint. The deadline for Plaintiffs to file a petition for a writ of certiorari with the United States Supreme Court is April 26, 2018.

Pursuant to our indemnification obligations, we are bearing, and expect 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, our defense counsel also represents such current and former directors, executive officers, and stockholders, and as a result, we believe that any incremental cost that we have incurred in providing a defense to them has been immaterial.

Proposals by Stockholders

Under certain conditions, stockholders may request that we include a proposal at a forthcoming meeting of our stockholders in our proxy materials for such meeting. Under SEC Rule 14a-8, any stockholders desiring to present such a proposal to be acted upon at the 2019 Annual Meeting and included in the proxy materials must ensure that we receive the proposal at our principal executive office in Greer, South Carolina by November 23, 2018, 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 our principal executive offices 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 10th 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 2019 Annual Meeting is not advanced or delayed in the manner described above, the required notice for the 2019 Annual Meeting would need to be provided to us not earlier than December 26, 2018 and not later than January 25, 2019.

If, following the filing and delivery of these proxy materials, the date of the 2019 Annual Meeting is advanced or delayed by more than twenty (20) calendar days from the one-year anniversary date of the 2018 Annual Meeting, we will, in a timely manner, provide notice to our stockholders of the new date of the 2019 Annual Meeting and the new dates by which stockholder proposals submitted both pursuant to and outside of SEC Rule 14a-8 must be received by us. 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 us 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 us at the above address and telephone number.

Other Business

The Board is not aware of any matters, other than those specified above, to come before the Annual Meeting for action by the stockholders. However, if any matter requiring a vote of the stockholders should be duly presented for a vote at the Annual Meeting, then the persons named in the form of proxy intend to vote such proxy in accordance with their best judgment.

REGIONAL MANAGEMENT™

QUICK FACTS (as of December 31, 2017)

MANAGEMENT TEAM

Peter R. Knitzer
President and
Chief Executive Officer

John D. Schachtel
Executive Vice 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
Senior 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, 2017, we had approximately 371,600 accounts and $817.5 million in outstanding finance receivables.

BRANCH NETWORK & ORIGINATION CHANNELS

We operated 342 branches across nine states at the end of 2017. 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, digital partners, retailers, and our consumer website.

LOAN PRODUCTS

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: $1,400	Up to 48 months
Large Installment Loans	Range: $2,501 – $20,000 Average loan size: $4,300	18 to 60 months
Automobile Purchase Loans (ceased originations in 2017)	Range: Up to $27,500 Average loan size: $8,400	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, 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 12.4%, from $170.6 in 2013 to $272.5 million in 2017
- 2017 net income of $30.0 million
- 2017 diluted earnings per share of $2.54
- Aggregate receivables growth at a CAGR of 10.7%, from $544.7 in 2013 to $817.5 million in 2017
- Fourth quarter 2017 same-store finance receivables growth of 12.7% from the prior year

Regional Management Corp.
979 Batesville Rd, Suite B • Greer, SC 29651