2021 Annual Report

Fiscal Year 2021 Form 10-K
Proxy Statement for the
2022 Annual Meeting of Stockholders

CONTINUOUS TRANSFORMATION

REGIONAL® MANAGEMENT | RM LISTED NYSE | REGIONAL® FINANCE

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

Dear Valued Stockholders:

As I reflect on 2021, I'm proud of our team's relentless execution on our strategic growth initiatives and our company's delivery of strong results that benefit all stakeholders, most importantly our shareholders, customers, team members, and communities. We once again demonstrated our ability to produce exceptional outcomes despite a challenging macroeconomic environment.

For our shareholders, we continued to deliver consistent, predictable, and superior results. We grew our loan portfolio, gained market share, maintained a strong credit profile, appropriately managed our operating expenses, diversified our funding sources, decreased our funding costs, hedged our interest rate risk, and posted a number of annual and quarterly records on both our income statement and balance sheet. Record loan originations throughout the year drove our ending net finance receivables to an all-time high of $1.4 billion at the end of 2021, up 26% from 2020. Our receivables growth in turn fueled record revenue of $428 million in 2021, up 15% from 2020, while delinquencies and net credit losses remained near historic lows thanks to the quality and adaptability of our underwriting criteria and our custom scorecards. We finished the year with a record $88.7 million of net income, $8.33 of diluted EPS, 7.2% ROA, and 31.6% ROE. Our 2021 results were far and away the best in our company's history.

Beyond delivering excellent operational and financial results, we returned capital to our shareholders in 2021 in the form of dividends totaling $10 million and share repurchases totaling $67 million. Between the outset of the pandemic in 2020 and the end of 2021, we returned a total of $92 million of capital, comprised of $80 million of share repurchases, or 17% percent of shares outstanding at the beginning of 2020, and $12 million of dividends. In early 2022, in recognition of our exceptional results, our strong capital position, and the long-term earnings power and resiliency of our business, our Board of Directors approved a 20% increase in our quarterly dividend to $0.30 per share and authorized a new $20 million stock repurchase program.

For our customers, we continued to deliver a best-in-class experience and a basket of useful, accessible, easily understood financial solutions that serve their evolving needs and support their long-term financial wellbeing. During the year, we enhanced the digital prequalification experience, launched a guaranteed loan offer program with online fulfillment, expanded our auto-secured and retail loan products, and introduced our valuable credit solutions to millions of new consumers in two new states. We also made the investments necessary to deliver end-to-end digital lending, an improved customer portal, and a mobile app to our customers in 2022. At the same time, we improved the financial wellbeing of our customers, including through our graduation programs. In 2021, we refinanced over 41,000 of our customers' small loans into large loans, representing $237 million in finance receivables at origination, and reducing these customers' average APR from 42.8% to 30.7%.

For our team members, we established a $15 per hour minimum wage, rolled out additional compensation increases for hourly employees in amounts ahead of the current inflationary environment, provided an additional week of paid time off and access to bereavement leave, held health and welfare insurance premiums flat, improved our overall benefit offerings, and introduced new training and development programs.

For our communities, we continued to make a positive impact through Regional Reach, an employee-led program dedicated to creating social change and goodwill through community service, charitable giving, and diversity, equity, and inclusion initiatives. In the spring, we again partnered with the American Heart Association, led all Upstate South Carolina companies in fundraising for the Heart Walk for the second year in a row, and emerged as a top partner for AHA nationwide. Throughout the year, we also provided support to other organizations, such as Harvest Hope food bank and Asian Americans Advancing Justice.

The successes of our long-term strategic initiatives are evident. We have built a growth company with a focused, omni-channel strategy and proven, consistent execution. Our investments throughout the pandemic in technology, the digital experience, and credit underwriting have transformed our company and driven substantial, quality growth in customer accounts, our loan portfolio, and the top and bottom lines. Looking ahead, we will continue to invest in our future, including in geographic expansion and the development of our digital capabilities, as we grow, innovate, and evolve our business. Our investments in our key strategic initiatives will position us to sustainably grow our business, expand our market share, and create additional value for our shareholders.

The Regional team and I are very excited about the future as we continue to execute on our vision of becoming a national lender with best-in-class capabilities. Thank you for your continued support and ownership of Regional Management Corp. stock. We look forward to having you attend our Annual Meeting.

Best Regards,

Robert W. Beck
President and Chief Executive Officer

Annual Report on Form 10-K
for the Year Ended December 31, 2021

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, 2021

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	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $0.10 par value	RM	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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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	☐	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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, 2021 (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 $392,238,236 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 March 2, 2022, there were 9,826,934 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 2022 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, 2021.

REGIONAL MANAGEMENT CORP.

ANNUAL REPORT ON FORM 10-K

Fiscal Year Ended December 31, 2021

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

Each of the terms "Regional," the "Company," "we," "us," and "our" as used herein refers collectively to Regional Management Corp. and its wholly-owned subsidiaries, unless otherwise stated.

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 Part I, Item 1, "Business," Part I, Item 1A, "Risk Factors," and Part II, 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," "would," "should," "could," "intend," "expect," "plan," "project," "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/or 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 Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K. The COVID-19 pandemic may also magnify many of these risks and uncertainties. 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

We are a diversified consumer finance company that provides installment loan products primarily to customers with limited access to consumer credit from banks, thrifts, credit card companies, and other lenders. As of December 31, 2021, we operated under the name "Regional Finance" in 350 branch locations in 13 states across the United States, serving 460,600 active accounts. 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. We source our loans through our multiple channel platform, which includes our branches, centrally-managed direct mail campaigns, digital partners, retailers, and our consumer website. We operate an integrated branch model in which nearly all loans, regardless of origination channel, are serviced through our branch network with the support of centralized sales, underwriting, service, collections, and administrative teams. This provides us with frequent in-person contact with our customers, which we believe improves our credit performance and customer loyalty. Our goal is to consistently grow our finance receivables and to soundly manage our portfolio risk, while providing our customers with attractive and easy-to-understand loan products that serve their varied financial needs.

Our products include small, large, and retail installment loans. Our small loans and large loans are our core loan products and are the drivers of our growth.

Small Loans – We offer small installment loans with cash proceeds to customers 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. As of December 31, 2021, we had 269,500 small loans outstanding representing $445.0 million in finance receivables, or an average of approximately $1,700 per loan. In 2021, 2020, and 2019, interest and fee income from small loans contributed $150.6 million, $151.5 million, and $168.4 million, respectively, to our total revenue.

Large Loans – We offer large installment loans with cash proceeds to customers ranging from $2,501 to $25,000, with terms between 18 and 60 months. Our large loans are typically secured by non-essential household goods and/or a vehicle. As of December 31, 2021, we had 184,100 large loans outstanding representing $969.4 million in finance receivables, or an average of approximately $5,300 per loan. In 2021, 2020, and 2019, interest and fee income from large loans contributed $229.5 million, $179.4 million, and $145.1 million, respectively, to our total revenue.

Retail Loans – We offer indirect retail installment loans of up to $7,500, with terms between 6 and 48 months, which are secured by the purchased items. These loans are offered at the point of sale through a network of retailers within and, to a limited extent, outside of our branch footprint. As of December 31, 2021, we had 6,700 retail loans outstanding representing $10.5 million in finance receivables, or an average of approximately $1,600 per loan. In 2021, 2020, and 2019, interest and fee income from retail loans contributed $2.1 million, $3.4 million, and $5.3 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, including credit life insurance, accident and health insurance, involuntary unemployment insurance, and personal property insurance. In 2021, 2020, and 2019, insurance income, net contributed $35.5 million, $28.3 million, and $20.8 million, respectively, to our total revenue.

Through November 2017, we also offered direct and indirect automobile purchase loans of up to $27,500. We ceased originating automobile purchase loans in November 2017, but we continue to own and service the loans that we previously originated. As of December 31, 2021, we had 300 automobile loans outstanding representing $1.3 million in finance receivables, or an average of approximately $4,300 per loan. In 2021, 2020, and 2019, interest and fee income from automobile loans contributed $0.3 million, $0.9 million, and $2.4 million, respectively, to our total revenue.

Industry, Customers, and Purpose

We operate in the consumer finance industry, in which consumers are generally described as super-prime (most creditworthy), prime, near-prime, non-prime, subprime, or deep-subprime (least creditworthy). Our customers typically have less-than-perfect credit profiles and, for that reason, are generally considered subprime, non-prime, or near-prime consumers. As a result, our customers often do not qualify for prime financing from banks, thrifts, credit card providers, and other lenders. However, like prime consumers, our customers have a need and a desire to utilize credit.

Notwithstanding that many lenders are unwilling to serve our customers, we believe that responsible, transparent, and fairly priced credit products should be made available to our customers. We exist to serve that purpose, and accordingly, we offer our customers access to credit through our affordable, easy-to-understand small, large, and retail loan products, which we price on fair terms in consideration of the associated credit risk and servicing costs.

The average annual percentage rate ("APR") of our small loans originated in 2021 was 43.4%. Our large loans, which are reserved for higher credit quality customers who meet more stringent underwriting requirements than those applied to small loan applicants, had an average APR of 30.0% for loans originated in 2021. 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, and title loans, which often come with APRs over 300%. Our loans are also safer and more favorably structured than loans offered by alternative financial service providers. We underwrite our loans based on an applicant's ability to repay, whereas payday, pawn, and title loans are typically underwritten based on an ability to collect, either through access to the borrower's bank account or by repossession and sale of collateral. We also structure our loans on a fixed-rate, fixed-term basis with fully amortizing, equal monthly installment payments that are designed to be affordable for our customers and made over an average term of 22 months and 46 months for small and large loans, respectively (for loans originated in 2021). By comparison, payday, pawn, and title loans typically have balloon payments following short terms of 14 to 60 days.

Importantly, we further differentiate ourselves from 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. For example, in 2021, we worked with many of our deserving customers to refinance over 41,000 of our customers' small loans into large loans, representing $237.4 million in finance receivables at origination, and resulting in a decrease in these customers' average APR from 42.8% to 30.7%. We also believe that, over time, many of our customers transition away from our company to prime sources of credit.

Our diversity of loan products with competitive, safe, and transparent pricing and terms, combined with the opportunity for our customers to improve their credit history and profile, distinguishes us in the consumer finance market, provides us with a competitive advantage, and allows us to serve an important purpose that is mutually beneficial to our customers, communities, employees, and stockholders.

Business Model

Multiple Channel Platform. Our multiple channel platform, which includes our branches, direct mail campaigns, digital partners, retailers, and our consumer website, enables us to offer a range of loan products to new, existing, and former customers throughout our markets. We began building our branch network over 30 years ago and have expanded the network to 350 branches in 13 states as of December 31, 2021. Our branch personnel market our products in a number of ways, including through a merchant referral program, customer referrals, direct telephone and mail solicitations of current and former customers, and by leveraging our direct mail program. Our direct mail campaigns include mailings of pre-screened convenience checks, pre-qualified offers, and invitations to apply, which enable us to market our products to millions of current and potential customers in a cost-effective manner. We have also developed our consumer website and partnered with digital lead generation sources to promote our products and facilitate loan applications via the internet. Finally, we have relationships with retailers that offer our retail loans in their stores at the point of sale. We believe that our multiple channel platform provides us with a competitive advantage by giving us broad access to our existing and former customers and multiple avenues to attract new customers.

Attractive Products for Customers with Limited Access to Credit. Our flexible loan products, generally ranging from $500 to $25,000 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 range 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.

Integrated Branch Model with Centralized Support. Our branch network serves as the foundation of our multiple channel platform and the primary point of contact with our customers. Nearly 77% of our loan originations in 2021 were facilitated by one of our branch locations, and nearly all loans, regardless of origination channel, are serviced through our branches, allowing us to maintain frequent, in-person contact with our customers. 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. We believe this frequent-contact, relationship-driven lending model provides greater insight into potential payment difficulties, reduces credit risk, and allows us to assess the borrowing needs of our customers, better enabling us to offer them new loan products as their credit profiles and needs evolve. In recent years, we have provided our branch network with increasing levels of centralized sales, underwriting, service, collections, and administrative support, and we plan to continue our investment in and testing of centralized support in the future.

Consistent Portfolio Performance. Over the past several years, we have maintained a sharp focus on credit quality by investing in highly qualified personnel, refining underwriting practices, developing custom credit scorecards, streamlining procedures, automating underwriting decisions, and improving reporting capabilities. These investments allow us to control the credit quality of our portfolio, maintain compliance with evolving state and federal law, and react quickly whenever market dynamics may change. We have also expanded our centralized collections department and provided our branches with improved collections tools, training, and incentives. As a result of these efforts and practices, between 2017 and 2021, we reported annual net credit loss rates in a relatively narrow band of 6.6% to 9.5% of average net finance receivables.

Demonstrated Organic Growth. We have grown our total finance receivables by 95.6%, from $729.2 million at December 31, 2016 to $1.4 billion at December 31, 2021, a compound annual growth rate ("CAGR") of 14.4%. More importantly, we have grown our core small loan and large loan finance receivables by 133.9%, from $604.8 million at December 31, 2016 to $1.4 billion at December 31, 2021, a CAGR of 18.5%. This receivables growth has driven a revenue increase of 78.1%, from $240.5 million in 2016 to $428.4 million in 2021, a CAGR of 12.2%. Our portfolio growth has come from expanding our geographic presence, growing our finance receivable portfolios within existing branches, and developing new products and channels, including through digital lead generation. Between 2017 and 2021, we entered four new states, and since 2020, we have introduced new technologies and marketing strategies to enable remote loan closings and to extend the geographic reach of our branches. Historically, our branches have rapidly increased their outstanding finance receivables during the early years of operations and generally achieved profitability within one year of opening.

Experienced Management Team. Our executive and senior operations management teams consist of individuals experienced in installment lending and other consumer finance services. Both our Chief Executive Officer and our Chief Operating Officer have over 30 years of experience in consumer financial services, our Chief Financial Officer has over 20 years of financial services experience, including skills related to capital and credit management, and our Chief Credit Risk Officer has nearly 20 years of financial and consumer lending experience, including expertise in credit risk management. As of December 31, 2021, our state operations vice presidents averaged nearly 27 years of industry experience and 11 years of service at Regional, while our associate vice presidents and district supervisors averaged nearly 22 years of industry experience and 8 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.

Strategies

Expand Our Geographic Presence. We expect to continue to grow the receivables, 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 our branch network is a key to our frequent-contact, relationship-driven lending model. We believe that there remains substantial opportunity to grow the finance receivable portfolios of our existing branches by continuing our focus on large loan originations and by cross-selling new loan products to our existing customers, including those customers with retail loans. During 2021, we expanded into Illinois and Utah, and in early 2022, we expanded into Mississippi. We anticipate that as our newer branches mature, their revenue will grow faster than our overall same-store revenue growth rate. We believe there is sufficient demand for consumer finance services to continue new branch openings in certain of the states where we currently operate, allowing us to capitalize on our existing infrastructure and experience in these markets. We also intend to explore opportunities for growth in states outside of our existing geographic footprint that enjoy favorable operating environments. We plan to expand our operations to at least five additional states by the end of 2022, and over time, we expect to have a national presence.

Leverage Direct Mail Marketing. Direct mail campaigns are launched throughout the year, but are weighted to coincide with seasonal consumer demand. In addition, we mail convenience checks in new markets as soon as new branches are open, which develops a customer base and builds finance receivables for these new branches. 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 expect that these efforts will allow us to increase volume at our branches by adding new customers, recapturing former customers, and creating opportunities to offer new loan products to our existing customers.

Improve Our Digital Capabilities. In order to better attract and serve customers who prefer to conduct business digitally, we make an online loan application available on our consumer website, generate customer leads through digital partners, and provide our customers with online account management capabilities. Throughout 2021, we continued to invest in our digital acquisition channel. We rolled out an improved digital prequalification experience for our customers, including expanded integrations with existing and new digital affiliates and lead generators. We also piloted a new guaranteed loan offer program, which is an alternative to our convenience check loan product and is fulfilled online, with ACH funding into a customer's bank account. These efforts enabled us to grow new digitally sourced volumes as a percentage of total new customer volumes to more than 28% in the fourth quarter of 2021. In 2022, we will continue our focus on the digital channel. We expect to test a digital origination product and channel for new and existing customers. We also plan to complete the development of our mobile app and enhancements to our customer portal, allowing our customers easy access to payment functionality and additional features. Our investment in our digital channel allows us to add capabilities, improve efficiencies, enhance the customer experience, and test new mechanisms for lead generation to diversify and expand our new business acquisition opportunities.

Enhance Our Products, Channels, and Services. We intend to improve our existing product offerings, to introduce new products and services, and to capture customers through new channels and partnerships. In 2020, we introduced an enhanced auto-secured large loan product, through which we offer larger auto-secured loans to some of our highest credit quality customers. In 2021, we increased our investment in our retail loan product and established relationships with new retail partners to promote the product. We believe there is substantial opportunity in a renewed focus on our retail loan product, including cross-sell opportunities to our other loan products. In the future, we will continue to assess new credit and non-credit products and services and expand the channels and partnerships through which we acquire customers.

Maintain Sound Underwriting and Credit Control. We have invested heavily in our credit and collections functions. We plan to continue to do so in the future by maintaining highly qualified employees dedicated to managing credit risk, refining our underwriting models, and improving our collection efforts through both our branch operations and our centralized collections department. In early 2018, we completed the implementation of our new loan origination and servicing software platform, which allows us to automate our underwriting decisions, among other benefits. In addition, we began to integrate custom credit models into our automated underwriting processes during the second half of 2018. We completed the rollout of our custom credit models to all of our states in 2019 and began seeing the impact in our results in late 2019. In 2022, we plan to introduce our next generation custom credit model, a new proprietary model that we expect will provide significant advancements in underwriting capabilities by utilizing sophisticated modeling algorithms that leverage new alternative data sources to drive more predictable outcomes. Through these efforts and others, we plan to continue to carefully manage our credit exposure as we grow our business, offer new products, access new channels, and enter new markets.

Carefully Manage Our G&A Expenses. We have made significant investments in our business over the past several years, including by increasing our marketing spend to drive new business, expanding our branch network, hiring operations employees to service our growing finance receivable portfolio, and improving our credit and information technology capabilities. However, during that time, we also remained keenly focused on driving operating leverage through the prudent management of our expenses. Between 2017 and 2021, our operating expense ratio (annualized general and administrative expenses as a percentage of average net finance receivables) decreased from 17.3% to 16.1%. As we grow our business, we will remain vigilant in our management of general and administrative expenses, with the goal of decreasing such expenses as a percentage of average net finance receivables over time.

Loan Products

We offer small, large, and retail installment loans to our customers. 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. The interest rates, fees and other charges, maximum principal amounts, and maturities for our loans vary from state to state, depending on the competitive environment and relevant laws and regulations.

Small and large loans are originated by our branch network, centralized sales and service team, or through our convenience check direct mail campaigns. Our convenience check direct mail loan offers enable prospective customers to enter into a loan with us by cashing or depositing the check attached to the loan offer, 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 in servicing the loan. Our retail loans are indirect installment loans structured as retail installment sales contracts. Retail loans are made through a retailer at the point of sale without the need for the customer to visit one of our branches. Customers use our retail loans to finance the purchase of furniture, appliances, and other retail products. The vast majority of our retail loans are originated inside of our brick-and-mortar footprint, but on a limited basis, we offer retail loans in states outside of our footprint. The servicing of nearly all retail loans is performed within our branches, with only out-of-footprint retail loans being serviced centrally.

For loans originated by our branch network or centralized sales and service team, we consider numerous factors in evaluating a potential customer's creditworthiness, such as unencumbered income, debt-to-income ratio, length of current employment, duration of residence, and a credit report detailing the applicant's credit history. Our loan origination and servicing software platform guides our branch personnel through the credit application process and automates much of the underwriting, with underwriting exceptions generally subject to review and approval by a senior operations or centralized underwriting team member. For retail loans, our retail partners typically submit credit applications to us online while the customer waits in the retailer's store. Underwriting for our retail loans is conducted by our centralized underwriting team using standards substantially similar to our branch small loan and large loan underwriting guidelines. Our retail loan credit decisions generally are provided to the retailer within ten minutes of our receipt of the application. For convenience check loans, each prospect that we solicit has been pre-screened through a major credit bureau against our underwriting criteria, which includes an evaluation of the recipient's credit score, bankruptcy history, and a number of additional credit attributes relevant to the recipient's likely ability and willingness to repay the offered convenience check loan.

Loan renewals are also an important part of our business. Our customers use renewals to extend and expand their lending relationships with us. We generally offer loan renewals to existing customers who have demonstrated an ability and willingness to repay amounts owed to us. Renewals typically refinance one or more of a customer's loans into a single new loan, which in some cases will be for a larger principal balance than the customer's original loan, though we permit renewals of existing loans at or below the original loan amount. In evaluating a loan for renewal, in addition to our standard underwriting requirements, we are able to take into consideration the customer's prior payment performance with us, which we believe is a very strong indicator of the customer's future credit performance.

Small Loans. In 2021, the average originated principal balance and term for our small loans were $2,032 and 22 months, respectively. The average yield we earned on our portfolio of small loans was 38.2% in 2021. The following table sets forth the distribution of our small loan finance receivable portfolio by state as of the dates indicated.

	At December 31,				
	2017	2018	2019	2020	2021
Texas	34%	34%	39%	37%	35%
South Carolina	17%	16%	13%	12%	12%
North Carolina	14%	15%	15%	17%	16%
Alabama	14%	13%	11%	11%	10%
All Other States	21%	22%	22%	23%	27%
Total	100%	100%	100%	100%	100%

The following table sets forth the total number of small loans, total small loan finance receivables, and average size per loan by state as of December 31, 2021.

	Number of Loans	Net Finance Receivables	Average Size Per Loan
		(In thousands)	
Texas	91,648	$ 153,044	$ 1,670
South Carolina	29,633	53,979	1,822
North Carolina	43,064	72,958	1,694
Alabama	25,506	44,338	1,738
All Other States	79,599	120,704	1,516
Total	269,450	$ 445,023	$ 1,652

Large Loans. In 2021, our average originated principal balance and term for large loans were $6,134 and 46 months, respectively. The average yield we earned on our portfolio of large loans was 28.5% for 2021. The following table sets forth the distribution of our large loan finance receivable portfolio by state as of the dates indicated.

	At December 31,				
	2017	**2018**	**2019**	**2020**	**2021**
Texas	24%	27%	27%	29%	31%
South Carolina	19%	21%	19%	18%	15%
North Carolina	19%	16%	15%	14%	15%
All Other States	38%	36%	39%	39%	39%
Total	100%	100%	100%	100%	100%

The following table sets forth the total number of large loans, total large loan finance receivables, and average size per loan by state as of December 31, 2021.

	Number of Loans	**Net Finance Receivables**	**Average Size Per Loan**
		(In thousands)	
Texas	56,623	$ 300,176	$ 5,301
South Carolina	27,048	144,250	5,333
North Carolina	28,461	142,976	5,024
All Other States	72,017	381,949	5,304
Total	184,149	$ 969,351	$ 5,264

Retail Loans. In 2021, our average originated principal balance and term for retail loans were $2,641 and 32 months, respectively. The average yield we earned on our portfolio of retail loans was 18.3% for 2021. The following table sets forth the distribution of our retail loan finance receivable portfolio by state as of the dates indicated.

	At December 31,				
	2017	**2018**	**2019**	**2020**	**2021**
Texas	75%	72%	74%	74%	76%
North Carolina	7%	9%	10%	14%	16%
All Other States	18%	19%	16%	12%	8%
Total	100%	100%	100%	100%	100%

The following table sets forth the total number of retail loans, total retail loan finance receivables, and average size per loan by state as of December 31, 2021.

	Number of Loans	**Net Finance Receivables**	**Average Size Per Loan**
		(In thousands)	
Texas	4,847	$ 7,802	$ 1,610
North Carolina	1,099	1,729	1,573
All Other States	736	1,009	1,371
Total	6,682	$ 10,540	$ 1,577

Insurance and Ancillary Products

We also offer our customers various optional payment and collateral protection insurance products as a complement to our lending operations. Our primary insurance products include optional credit life insurance, accident and health insurance, involuntary unemployment insurance, and personal property insurance. These insurance products are optional and not a condition of the loan, and we do not sell insurance to non-borrowers. 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. Insurance policy premiums, claims, and expenses are included in our results of operations as insurance income, net in the consolidated statements of income. In 2021, insurance income, net was $35.5 million, or 8.3% of our total revenue.

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 the 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. Credit involuntary unemployment insurance provides for repayment of certain loan installments in the event that the borrower is no longer employed as the result of a qualifying event, such as a layoff or reduction in workforce. Credit personal property insurance provides for payment following accidental loss of, or damage to, personal property collateral resulting from certain casualty events. We require that customers maintain property insurance on any personal property securing loans and offer customers the option of providing proof of such insurance purchased from a third party (such as homeowners or renters insurance) in lieu of purchasing property insurance from us. We also require proof of insurance on any vehicles securing loans, and in select markets, we offer vehicle single interest insurance on vehicles used as collateral on small and large loans.

All customers purchasing these types of insurance from us are required to sign multiple statements affirming that they understand that their purchase of insurance is optional and not a condition of the loan. In addition, a customer 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 thirty (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.

Apart from the various optional payment and collateral protection insurance products that we offer to our customers, on certain loans, we also collect a fee from our customers and, in turn, purchase non-file insurance from an unaffiliated insurance company for our benefit in lieu of recording and perfecting our security interest in personal property collateral. Non-file insurance protects us from credit losses where, following an event of default, we are unable to take possession of personal property collateral because our security interest is not perfected (for example, in certain instances where a customer files for bankruptcy). In such circumstances, non-file insurance generally will pay to us an amount equal to the lesser of the loan balance or the collateral value, with such claims payment lowering our net credit losses.

We market and sell insurance policies as an agent of an unaffiliated insurance company, within the limitations established by our agency contracts with the unaffiliated insurance company. We 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 then cedes to our wholly-owned insurance subsidiary, RMC Reinsurance, Ltd., the net insurance premium revenue and the associated insurance claims liability for all insurance products, including the non-file insurance that we purchase. Life insurance premiums are ceded as written, and non-life insurance premiums are ceded as earned. In accepting the premium revenue and associated claims liability, RMC Reinsurance, Ltd. acts as reinsurer for all insurance products that we sell to our customers and for the non-file insurance that we purchase. RMC Reinsurance, Ltd. pays the unaffiliated insurance company a ceding fee for the continued administration of all insurance products.

In addition, in select states, we offer an "Auto Plus Plan" auto club product that is administered and serviced through a third-party provider. The product generally provides certain automobile, home, travel, and other services and benefits to customers, including emergency towing and roadside assistance, emergency locksmith service, automobile repair reimbursement, stolen car expense benefit, automobile insurance deductible reimbursement, limited legal services, and various travel and other discounts. The Auto Plus Plan is not an insurance product, and therefore, it is not included in our results of operations as insurance income, net, but rather, it is included as part of revenue under other income. However, as with the optional insurance products that we offer, any customer purchasing an Auto Plus Plan acknowledges that the purchase is optional and not a condition of the loan and that the plan may be cancelled within 30 days for a full refund.

Branch Network

Our branches are generally located in visible, high-traffic locations, such as shopping centers. We believe that our branches have an open, welcoming, and hospitable layout. 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.

The following table sets forth the average net finance receivables per branch based on maturity:

Age of Branch (As of December 31, 2021)	Net Finance Receivables Per Branch as of December 31, 2021	Percentage Increase From Prior Age Category	Number of Branches
	(In thousands)		
Branches open less than one year	$ 2,191	—	19
Branches open one to three years	$ 2,560	16.8%	24
Branches open three to five years	$ 3,521	37.5%	30
Branches open five years or more	$ 4,395	24.8%	277
All branches	$ 4,075		350

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, 2021, based on maturity of the branch.

Age of Branch (As of December 31, 2021)	Average Branch Operating Income Contribution	Percentage Increase From Prior Age Category	Number of Branches
	(In thousands)		
Branches open less than one year	$ 75	—	19
Branches open one to three years	$ 296	294.7%	24
Branches open three to five years	$ 453	53.0%	30
Branches open five years or more	$ 712	57.2%	277
All branches	$ 627		350

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.

Human Capital

As of December 31, 2021, we had 1,691 employees, including 1,332 employees on our field operations teams and 359 employees (including centralized collections staff) on our headquarters teams. All of our employees are located within the United States, and none are covered by a collective bargaining agreement. We work diligently to attract the best talent in order to meet the current and future demands of our business, and we have demonstrated a history of investing in our workforce by offering competitive compensation, comprehensive benefits, and development opportunities. In 2021, we established a company minimum wage of $15 per hour, provided employees with an additional week of paid time off and access to bereavement leave, held health and welfare insurance premiums flat, and improved our overall benefit offerings. In addition, to ensure that we provide a rewarding experience for our employees, we engage independent third parties to conduct periodic employee engagement surveys, enabling us to regularly measure organizational culture and engagement and to improve upon the employee experience, which in turn drives a superior customer experience.

We are also committed to fostering, cultivating, and preserving a culture of diversity, equity, and inclusion ("DE&I"). We believe that the collective sum of the individual differences, life experiences, knowledge, inventiveness, self-expression, unique capabilities, and talent that our employees invest in their work represent a significant part of our culture, reputation, and achievement. We believe that an emphasis on DE&I drives value for our employees, customers, and stockholders, and that our DE&I commitment enables us to better serve our communities. In 2020, in furtherance of our DE&I objectives, we appointed our first Director of Diversity, Equity, and Inclusion, and in early 2021, we adopted a DE&I strategic plan that will better enable us to recruit, retain, and develop our diverse talent, and to measure our progress in delivering on our DE&I goals.

In 2020 and 2021, we also focused on and invested in maintaining the health and safety of our employees in the midst of the COVID-19 pandemic. We implemented enhanced safety measures in all of our branches, covered the cost of virtual health visits for our employees, and offered paid leave for those exposed to the COVID-19 virus. We also expanded our paid time off policy to provide employees with flexibility to address personal obligations arising from the pandemic and to assist in situations where employees were unable to work remotely.

We also offer our employees a variety of training and development opportunities. New employees 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 are also required to complete annual compliance training and re-certification. Additional management and developmental training is provided for those employees seeking to advance within our company.

Payment and Loan Servicing

We have implemented company-wide payment and loan servicing policies and procedures, which are designed to maintain consistent portfolio performance and to ensure regulatory compliance. Our district supervisors, associate vice presidents, state vice presidents, and compliance and internal audit teams regularly review servicing and collection records to ensure compliance with our policies and procedures. Our centralized management information system enables regular monitoring of branch portfolio metrics by management, and the compensation opportunities of our operations employees and senior management have a significant performance component that is closely tied to credit quality, among other defined performance targets.

The responsibility for the servicing and collection of each loan generally rests with the originating branch. Borrowers who have signed up for online account access have on-demand access to their account information through Regional's website. In addition, borrowers may elect to receive automated, one-way text messages with information regarding their account, including payment reminders. Borrowers have the option of making payments (i) in person at a branch where they may pay by cash, check, money order, debit card, or immediate, one-time future, or recurring ACH, (ii) through our customer portal via debit card or immediate, one-time future, or recurring ACH, or (iii) by immediate or one-time future debit card or ACH over the phone. In the fourth quarter of 2021, over 80% of customer payments were made by debit card or ACH.

If a loan becomes severely delinquent, a branch may receive co-collection assistance from our centralized servicing team. Our philosophy is to work with customers experiencing payment difficulties. If a customer is unable to make the required payments to bring his or her loan current, acceptable solutions to remedy a past due loan may include deferral of a payment, loan renewal, or settlement. All solutions are intended to enable the customer to meet his or her current and future obligations in a manner that we believe will mitigate our risk, while also complying with state and federal laws and regulations, as well as our policies and procedures.

Customers generally are limited to two deferrals in a rolling twelve-month period unless it is determined that an exception is warranted (e.g. due to a natural disaster or pandemic). For example, during the COVID-19 pandemic, we have temporarily allowed up to three deferrals in a rolling twelve-month period. We generally limit the refinancing of delinquent loans to those customers who have made recent payments and for whom we have verified current employment, and we do not charge any origination fees on the refinancing of a severely delinquent loan. 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 2021, we refinanced approximately $10.9 million of loans that were 60 or more days contractually past due, representing approximately 1.5% of our total loan originations in 2021. As of December 31, 2021, the outstanding balance of such refinanced loans was $7.4 million, or 0.8% of finance receivables as of such date. We may also agree to settle a past-due loan by accepting less than the full principal balance owed. A settlement is only used in certain limited cases and is only offered once we have determined that we are unlikely to collect the entire outstanding balance of the loan.

For seriously delinquent accounts, we may seek legal judgments or pursue repossession of collateral. We typically initiate repossession efforts only when we have exhausted other means of collection and, in the opinion of management, the customer is unlikely to make further payments. We sell substantially all repossessed collateral through sales conducted by independent auction organizations, after the required post-repossession waiting period. Generally, we charge off loans during the month that 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. We sell most of our charged-off accounts to third-party debt buyers.

Information Technology

We utilize a loan origination and servicing platform offered by Nortridge Software, LLC ("Nortridge") both to originate loans and to service our loan portfolio. We have invested in customizing the Nortridge platform to meet our needs based upon our specific products, processes, and reporting requirements. The Nortridge custom decision engine utilizes application information and a credit report detailing the applicant's credit history to generate an initial credit decision and to guide our branch employees through the loan origination process to the final credit decision. Throughout the life of the loan, our employees utilize Nortridge to, among other things, enter payments, generate collection queues, and log collection activity. Nortridge also facilitates electronic and recurring payments, automated text messaging, and customer account access through a customer portal. Nortridge logs and maintains, within our centralized information systems, a permanent record of the loan origination and servicing approvals and processes, and permits all levels of branch and centralized management to review the individual and collective performance of all branches for which they are responsible on a daily basis.

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 certain 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, these providers' products offer different terms and typically carry substantially higher interest rates and fees than our installment loans. Accordingly, we believe that 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 companies offering rent-to-own financing, leasing, credit card, and "buy now, pay later" products. 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 customer applications in less than ten minutes, and we staff 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. 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 half of the year and rise in the second half of the year. The current expected credit loss ("CECL") accounting model requires earlier recognition of credit losses compared to the prior incurred loss approach. This could result in larger allowance for credit loss releases in periods of portfolio liquidation, and larger provisions for credit losses in periods of portfolio growth compared to prior years. Consequently, we experience seasonal fluctuations in our operating results and cash needs. However, changes in borrower assistance programs and customer access to external economic stimulus measures related to the COVID-19 pandemic have impacted our typical seasonal trends for loan volume and delinquency.

COVID-19 Response

The COVID-19 pandemic significantly impacted our business in 2020 and 2021. Throughout the pandemic, our top priority has been the health and well-being of our employees and customers. We have worked diligently to provide a safe environment for our employees and customers, while also continuing to provide loan products and services to meet our customers' needs. Since the early days of the COVID-19 pandemic, our branch personnel and centralized collections team, aided by our digital capabilities, have provided largely uninterrupted support to our customers. In order to safely and successfully provide this support, we implemented social distancing measures, enhanced sanitation, and supplied personal protective equipment across our branch network. In addition, data-driven risk management, enhanced digital capabilities, including remote loan closings, and the maintenance of a strong liquidity profile have allowed us to manage through the pandemic effectively.

For a more detailed discussion of the impact of COVID-19 on our business and operations, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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 laws and regulations.

State Lending Regulation. We are regulated by state agencies that regularly audit our branches and operations. 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. 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. 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.

State 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 laws and 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. If, in the future, a traditional installment lending "larger participant rule" is promulgated by the CFPB, the rule would likely cover only the largest installment lenders, and we do not yet know whether the definition of larger participant would 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.

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 Part I, Item 1A, "Risk Factors."

Additional Information

The Company's principal internet address is *www.regionalmanagement.com*. 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. The Company's consumer website is *www.regionalfinance.com*. The information contained on, or that can be accessed through, the Company's websites is not incorporated by reference into this Annual Report on Form 10-K. The Company has included its website addresses as factual references and does not intend the website addresses to be active links to such websites.

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 the 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, that we currently deem immaterial, or that 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.

Risk Factor Summary

Our business is subject to a number of material risks that may adversely affect our company. These risks are discussed in greater detail below, and include, but are not limited to, risks related to:

Risks related to our business and operations

The COVID-19 pandemic, including its impact on our operations and financial condition;

Managing our growth effectively, implementing our growth strategy, and opening new branches as planned;

Our convenience check strategy;

Our policies and procedures for underwriting, processing, and servicing loans;

Our ability to collect on our loan portfolio;

Our insurance operations;

Exposure to credit risk and repayment risk, which risks may increase in light of adverse or recessionary economic conditions;

The implementation of new underwriting models and processes, including as to the effectiveness of new custom scorecards;

Changes in the competitive environment in which we operate or a decrease in the demand for our products;

Geographic concentration of our loan portfolio;

Failure of third-party service providers, including those providing information technology products;

Changes in economic conditions in the markets we serve, including levels of unemployment and bankruptcies;

Our ability to achieve successful acquisitions and strategic alliances;

Our ability to make technological improvements as quickly as our competitors;

Security breaches, cyber-attacks, failures in our information systems, or fraudulent activity;

Our ability to originate loans;

Our reliance on information technology resources and providers, including the risk of prolonged system outages;

Changes in current revenue and expense trends, including trends affecting delinquencies and credit losses;

Changes in operating and administrative expenses;

The departure, transition, or replacement of key personnel;

Our ability to identify and hire qualified personnel;

Our ability to timely and effectively implement, transition to, and maintain the necessary information technology systems, infrastructure, processes, and controls to support our operations and initiatives;

Changes in interest rates;

Existing sources of liquidity become insufficient or access to these sources becomes unexpectedly restricted; and

Exposure to financial risk due to asset-backed securitization transactions.

Risks related to regulation and legal proceedings

Our products and activities are strictly and comprehensively regulated;

Changes in laws or regulations or in the interpretation or enforcement of laws or regulations;

Changes in accounting standards, rules, and interpretations and the failure of related assumptions and estimates, including those associated with the implementation of CECL accounting; and

The impact of changes in tax laws, guidance, and interpretations, including the timing and amount of revenues that we may recognize.

Risks related to the ownership of our common stock

Volatility in the market price of shares of our common stock;

The timing and amount of future cash dividend payments; and

Anti-takeover provisions in our charter documents and applicable state law.

Risks Related to Our Business and Operations

The novel coronavirus (COVID-19) pandemic has had and is expected to continue to have an adverse impact on our business, liquidity, financial condition, and results of operations.

The COVID-19 pandemic has resulted in economic disruption and uncertainty within the United States and has had, and may in the future have, significant long-term adverse social, economic, and financial effects in the United States. National, regional, and local economies have suffered losses and may continue to experience long-term disruptions, including after COVID-19 has subsided. The extent to which the pandemic will ultimately impact our business and financial condition will depend on future events that are difficult to forecast, including, but not limited to, the duration and severity of the pandemic (including as a result of waves of outbreak or variant strains of the virus), the success of actions taken to contain, treat, and prevent the virus (including vaccination efforts), and the speed at which normal economic and operating conditions return and are sustained.

Governmental authorities have taken, and may continue to take, unprecedented actions in an attempt to limit the spread or resurgence of the pandemic, including social distancing requirements, stay-at-home orders, quarantines, closure of non-essential businesses, face mask mandates, and building capacity limitations. Such actions negatively impact overall economic activity within the United States and may have material and direct adverse consequences on our business. While widespread COVID-19 restrictions have significantly lessened, there is no guarantee that more stringent measures at the federal, state, or local level will not be employed in the future. Our business has generally been classified by government authorities as an essential business allowed to remain open during COVID-19 mandated business closures. However, in April 2020, we were required to temporarily close our branches in the state of New Mexico, which have since re-opened, when the governor issued an executive order to close non-essential businesses that excluded consumer finance companies like us from the definition of “essential business.” We also have experienced, and continue to experience, temporary closure of certain locations due to company-initiated quarantine measures. We may choose, or be required by government agencies, to close these same or other locations in the future due to quarantine or other health and/or safety concerns. Such government- and company-initiated closures have had, and may in the future have, a negative impact on our ability to originate and service customer accounts and an adverse effect on our results of operations. Additional or prolonged branch closures could intensify these negative impacts. Further, any additional health and safety measures that we choose, or are required by government agencies, to implement within our branches in the future could increase our operating costs and have a negative economic impact on our business.

As a result of the economic downturn related to the pandemic, our branches experienced a decrease in customer traffic and product demand in the second quarter of 2020, which has since rebounded. However, there is no certainty that future economic disruptions caused by the pandemic would not lead to higher levels of delinquencies and credit losses, such as we experienced in the second quarter of 2020. Negative impacts to our loan growth, collections, and delinquencies could adversely impact our revenues and other results of operations. We continue to use our custom scorecards, as well as our legacy internal metrics and data, to manage lending and loan renewal criteria.

We continue to rely more heavily on online operations for customer access. We have also expanded our capabilities for branch team members to work from home to the extent permitted under applicable laws in the event new stay-at-home mandates are imposed or branches are temporarily closed due to company-initiated quarantine measures. We also now provide full remote origination capabilities. However, if we experience disruptions in our online operations, including our remote origination capabilities, or are unable to timely expand our remote working infrastructure in response to continued, renewed, or increased COVID-19 restrictions, we may be unable to timely and effectively service accounts and perform key business functions. Disruptions in our business could also result from the inability of key personnel and/or a significant portion of our workforce to fulfill their duties due to COVID-19 related illness or restriction. We maintain business continuity plans, but there is no assurance that such plans will effectively mitigate the risks posed by the pandemic.

While most federal and state sponsored economic stimulus measures have expired, federal and state governments may enact measures in the future. The success of any economic assistance program or stimulus legislation is unknown, and we cannot determine the impact of any such program or legislation on our anticipated credit losses due to COVID-19. New legislation and other governmental regulations could increase our legal compliance costs, create risk for our operations and reputation, and have an overall negative impact on the conduct of our business. Further, our business and results of operations would be adversely affected if our borrowers seek protections under bankruptcy or other debtor relief laws, pursuant to which a court could reduce or discharge such borrowers' obligations to our company, at rates higher than our historical experience as a result of financial and economic disruptions related to the outbreak of COVID-19.

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, increasing the size of our finance receivable portfolio from $729.2 million at the beginning of 2017 to $1.4 billion at the end of 2021, 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 12% in 2020 and 17% in 2021, 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, maintain our underwriting and loan servicing standards, 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 receivable 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, including the economic effects of a prolonged public health crisis or pandemic (such as the COVID-19 pandemic);
- 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 and New Mexico require 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 effectiveness of our underwriting models, our implementation of such models (including through our loan origination software and processes), or 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, prolonged public health crises or a pandemic (such as COVID-19), or other causes over which we have no control, or to changes or events affecting our borrowers such as unemployment, major medical expenses, bankruptcy, 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 portfolio has been achieved through direct mail campaigns. One aspect of our direct mail campaigns involves mailing “convenience checks” to pre-screened recipients, which recipients can sign and cash or deposit, thereby agreeing to the terms of the proposed 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 2020 and 2021, loans initiated through convenience checks represented 20.8% and 22.8%, respectively, of the value of our originated installment 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 or origination 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 as a full credit report 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;
- any failure by the bank that issues and processes our convenience checks 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;
- postal rates and production costs may continue to rise;
- potential changes in federal or state laws may prohibit the practice of directly mailing convenience checks to potential borrowers; and
- the bank that issues our convenience checks may exit the business, and we may be unable to find a replacement issuer bank.

In the future, we could experience one or more of these issues associated with our direct mail strategy. Any increase in the use of convenience checks will further increase our exposure to, and the magnitude of, these risks.

The loans that we generate are generally obligations of non-prime borrowers and will likely have higher default rates than loans constituting primarily obligations of prime borrowers.

The loans we generate are generally obligations of “non-prime” borrowers who do not qualify for, or have difficult qualifying for, credit from traditional sources of consumer credit as result of, among other things, moderate income, limited assets, other adverse income characteristics, and/or a limited credit history or an impaired credit record, which may include a history of irregular employment, previous bankruptcy filings, repossessions of property, charged-off loans, and/or garnishment of wages.

The average interest rate charged to such “non-prime” borrowers generally is higher than that charged by commercial banks and other institutions providing traditional sources of consumer credit. These traditional sources of consumer credit typically impose more stringent credit requirements than the personal loan products that we provide. As a result of the general credit profile of our borrowers and the interest rates on the loans we make, the historical delinquency and default experience on our loans may be higher (and may be significantly higher) than those experienced by financial products arising from traditional sources of consumer credit. Additionally, delinquency and default experience on our loans is likely to be more sensitive to changes in the economic climate in the areas in which our borrowers reside.

Social and economic factors may affect repayment of the loans comprising our loan portfolio.

The ability of our borrowers to make payments on their loans, as well as the prepayment experience thereon, will be affected by a variety of social and economic factors. Economic factors include interest rates, unemployment levels, gasoline prices, the availability and cost of credit (including mortgages), upward adjustments in monthly mortgage payments, real estate values, the rate of inflation and consumer perceptions of economic conditions generally. Social factors include changes in consumer confidence levels and attitudes toward incurring debt and changing attitudes regarding the stigma of personal bankruptcy. Economic conditions may also be impacted by localized weather and events and environmental disasters or adverse impacts from COVID-19 or similar outbreaks. We are unable to determine and have no basis to predict whether or to what extent social or economic factors will affect our business.

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, the segment of that industry in which we operate, or our financial performance generally.

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.

Except for loans originated by a centralized branch pursuant to our pilot program which will be served at a centralized location, a substantial portion of our underwriting activities and our credit extension decisions are made at our local branches. We rely on certain inputs and verifications in the underwriting process to be performed by individual personnel at the branch level or a centralized location. In addition, pursuant to our operations policies and procedures, exceptions to the general underwriting criteria can be approved by central underwriting employees and certain other senior employees. We train our employees individually onsite in the branch or at a centralized location 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 on the amount of time apportioned to training and supervision and individual interpretations of our operations policies and procedures. There can also be no assurance that we will be able to attract, train, and retain qualified personnel to perform the tasks that are part of the underwriting process. If the training or supervision of our personnel fails to be effective, or if we are unable to attract and retain qualified employees, it is possible that our underwriting criteria would be improperly applied to a greater percentage of such applications. If such improper applications were to increase, delinquency and losses on our loan portfolio could increase and could increase significantly.

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. Due to the general decentralized nature in which the loan application process occurs, employee misconduct or error in the application or closing process could also result in the origination of loans that do not satisfy our underwriting standards, which could in turn have a material adverse effect on our results of operations and financial condition.

In addition, in deciding whether to extend credit or enter into other transactions with customers and counterparties, we rely heavily 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. We further rely on representations of customers and counterparties as to the accuracy and completeness of that information. If a significant percentage of our customers were to intentionally or negligently misrepresent any of this information, or provide incomplete information, and our internal processes were to fail to detect such misrepresentations in a timely manner, or any or all of the other components of the underwriting process described above were to fail, it could result in our approval of a loan that, based on our underwriting criteria, we would not have otherwise made. As a result, our earnings and our financial condition could be negatively impacted.

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. The amounts that we are able to recover from the repossession and sale of collateral typically do not fully 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. In either case, such sales are made consistent with applicable state law. 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.

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 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 that 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.

We market and sell optional credit life, accident and health, personal property, involuntary unemployment, and vehicle single interest insurance to our borrowers in selected markets as an agent for an unaffiliated third-party insurance company. In addition, on certain loans, we collect a fee from our customers and use such fee to acquire non-file insurance from an unaffiliated insurance company for our benefit in lieu of recording and perfecting our security interest in certain personal property collateral. The unaffiliated insurance company cedes to our wholly-owned insurance subsidiary, RMC Reinsurance, Ltd., all of these insurance policies, the related net insurance premium revenue and the associated insurance claims liability for such insurance products, including the non-file insurance that we purchase.

When purchased by a borrower, the optional credit insurance products benefit the borrower by insuring the borrower’s payment obligations on the associated loan in the event of the borrower’s inability to make monthly payments due to death, disability, or involuntary unemployment, or in the event of a casualty event associated with collateral. The borrower finances payment of the associated premium with the financed premium included in the principal balance of the applicable loan. A credit insurance product may be cancelled if, for example, (i) we request cancellation due to the borrower’s default on obligations under the associated loan, (ii) the borrower prepays the principal balance of the associated loan in full, or (iii) the borrower elects to terminate the credit insurance prior to the expiration of the term thereof (which the borrower may do at any time). Generally, upon any cancellation of credit insurance, the borrower will be entitled to a refund of the unearned premium for the cancelled insurance. We typically refund insurance premiums by reducing the principal balance of the associated loan by the required refund amount, following which the unaffiliated insurance company reimburses us for the refunded amount.

Our insurance operations are subject to a number of material risks and uncertainties, including changes in laws and regulations, borrower demand for insurance products, claims experience, and insurance carrier relationships; the manner in which we are permitted to offer such products; capital and reserve requirements; the frequency and type of regulatory monitoring and reporting to which we are subject; benefits or loss ratio requirements; insurance producer licensing or appointment requirements; and reinsurance operations. In addition, because our borrowers are not required to purchase the credit insurance products that we offer, we cannot be certain that borrower demand for credit insurance products will not decrease in the future. In addition to adversely impacting our insurance income, net, any decrease in the demand for credit insurance products would negatively impact our interest and fee income because we finance substantially all of our borrowers' insurance premiums. Our insurance operations are also dependent on our lending operations as the sole source of business and product distribution. If our lending operations discontinue offering insurance products, our insurance operations would have no method of distribution. Insurance claims and policyholder liabilities are also difficult to predict and may exceed the related reserves set aside for claims and associated expenses for claims adjudication.

We are also dependent on the continued willingness of unaffiliated third-party insurance companies to participate in the credit insurance market and to offer non-file insurance to us. For example, in 2016, we transitioned our credit insurance business to a new unaffiliated third-party insurance company because the insurance company with which we previously had a relationship made a strategic decision to exit the credit insurance market altogether. While we were able to transition successfully to a new provider in 2016, we cannot be certain that the credit insurance market will remain viable in the future. Further, if our insurance provider is for any reason unable or unwilling to meet its claims and premium reimbursement payment obligations or its premium ceding obligations, we would experience increased net credit losses, regulatory scrutiny, litigation, and other losses and expenses.

Finally, in recent years, as large loans have become a greater percentage of our portfolio, the severity of non-file insurance claims has increased and non-file insurance claims expenses have exceeded non-file insurance premiums by a material amount. The resulting net loss from the non-file insurance product is reflected in our insurance income, net. It is uncertain whether the non-file insurance product will be available to us in the future on the same terms as it is today, or at all. If the unaffiliated insurance company were to enforce limitations on our non-file loss ratios or otherwise change the terms under which it offers non-file insurance to us, our net credit losses, loss rates, and provision for credit losses could increase.

If any of these events, risks, or uncertainties were to occur or materialize, it could have a material adverse effect on our business, financial condition, and results of operations and cash flows.

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, including through alternative or competing marketing channels. 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, thereby negatively impacting demand for our products in the area. 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 and channels 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, financial condition, and results of operations.

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 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.

Geographic concentration of our loan portfolio may increase the risk of loss.

Any concentration of our loan portfolio in a state or region may present unique risk concentrations. Our branches in South Carolina, Texas, and North Carolina accounted for 14%, 32%, and 15%, respectively, of our finance receivables as of December 31, 2021. Further, as of December 31, 2021, all of our operations were across 13 states. In April 2021, we opened our first branch in Illinois, our twelfth state, and in September 2021, we opened our first branch in Utah, our thirteenth state. In February 2022, we opened our first branch in Mississippi, our fourteenth state. 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. In addition, some geographic regions of the United States will, from time to time, experience weaker regional economic conditions and consequently will experience higher rates of loss and delinquency. A regional economy may be affected by the loss of jobs in certain industries, by state and local taxes, or by other factors. A region’s economic condition may be directly, or indirectly, adversely affected by international events such as wars, prolonged public health crises or a pandemic (such as COVID-19), national events such as civil disturbances, or natural disasters such as hurricanes, wildfires, earthquakes, and other extreme conditions (including an increase in frequency of such conditions and events as a result of climate change). These events and disasters may occur in any area of the country, even places where these events are considered unlikely. In the event that a significant portion of our loan portfolio is comprised of loans owed by borrowers residing in certain jurisdictions, economic conditions, elevated bankruptcy filings, natural disasters, or other factors affecting these jurisdictions in particular could adversely impact the delinquency and default experience of our loan portfolio, and, we could experience reduced or delayed payments on outstanding loans. For example, in 2017 and 2018, we experienced increases in credit losses as a result of hurricanes impacting customer accounts in our geographic footprint. These losses occurred in states where a substantial majority of our loan portfolio is concentrated—specifically in Texas in 2017 and in South Carolina and North Carolina in 2018. Conversely, an improvement in economic conditions could result in prepayments by our borrowers of their payment obligations on our loans. As a result, we may receive principal payments on the outstanding loans earlier than anticipated, which would reduce our finance receivables and the interest income earned thereon. No prediction can be made and no assurance can be given as to the effect of economic conditions on the rate of delinquencies, prepayments, or losses on our loan portfolio with respect to any part of our geographic footprint.

Further, the concentration of our loan portfolio in one or more states would have a disproportionate effect on our business if governmental authorities in any of those states take action against us. In addition, the occurrence of any of the adverse regulatory or legislative events described in this "Risk Factors" section in states with a high concentration of our loan portfolio could materially and adversely affect our business, financial condition, and results of operations. For example, if interest rates in South Carolina, which currently are not capped, were to be capped, our business, financial condition, and results of operations would be materially and adversely affected.

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

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 direct mail marketing campaigns, and on certain other third-party service providers in connection with loan underwriting, origination, and servicing. Our reliance on these third parties can expose us to certain risks. For example, an error by our convenience check vendor in 2015 resulted in check offers being misdirected to the wrong potential customers, 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 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.

A failure of information technology products and services on which we rely 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 pursuant to which Nortridge provides us with loan management software and related services. In 2018, we completed our transition to the Nortridge loan management software across our operations footprint.

We have tailored the Nortridge software 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 cause an interruption in our operations.

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, financial condition, and results of operations 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 materially impact our ability to perform necessary business operations.

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.

Further, the Nortridge platform and other third-party software vendor products and applications are subject to damage or interruption from:

- power loss, computer systems failures, and internet, telecommunications, or data network failures;
- operator negligence or improper operation by, or supervision of, employees;
- physical and electronic loss of data or security breaches, misappropriation, and similar events;
- computer viruses;
- cyberterrorism;
- intentional acts of vandalism and similar events; and
- hurricanes, fires, floods, and other natural disasters.

Any failure of the Nortridge platform or any other third-party software vendor product systems due to any of these causes, if it is not supported by our disaster recovery plan, could cause an interruption in operations. Though we have implemented contingency and disaster recovery processes in the event of one or several technology failures, any unforeseen failure, interruption, or compromise of these systems or security measures could affect our origination, servicing, and collection of loans. The risk of possible failures or interruptions may not be adequately addressed, and such failures or interruptions could occur.

Form 10-K

For example, in January 2020, we experienced an information technology infrastructure event caused by a system backup that affected our ability to originate branch loans and process certain methods of payment. As a result, our loan management system was not fully operational for a total of approximately seven business days between January 5, 2020 and January 16, 2020. The outage had an adverse impact on our results of operations. Although the Company, with the assistance of third-party experts, addressed and resolved the issue, there can be no assurance that a similar event will not occur in the future.

We rely on Amazon Web Services and VMWare for the majority of our computing, storage, networking, and similar services. Any disruption of or interference with our use of the Amazon Web Services and VMWare products and services would negatively impact our operations and adversely affect our business.

Amazon Web Services ("AWS") and VMWare, Inc. ("VMWare") provide the technology infrastructure we use to run our business operations. The technology infrastructure provided includes data center hosting facilities operated by AWS and software defined data center technologies provided by VMware. Any disruption of or interference with our use of AWS or VMWare products and services would negatively impact our operations and our business would be adversely affected. If our branches or customers encounter difficulties in accessing or are unable to access our platform, we may lose customers and revenue. Due to the nature of the AWS and VMWare products and services provided, we are unable to easily transition from these vendors to other providers, and any such transition could require business downtime that could negatively impact our business. AWS and VMWare also possess broad discretion to interpret and change their terms of services and other policies that apply to us, which may be unfavorable to our business.

Our technology platforms may not meet expectations, and we may not be able to make technological improvements as quickly as some of our competitors.

The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products, services, and marketing channels. 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. In order to serve consumers who want to reach us over the internet, we make an online loan application available on our consumer website, and we provide our customers an online customer portal, giving them 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. We expect that new technologies and business processes applicable to the consumer finance industry will continue to emerge, and these new technologies and business processes may be more efficient than those that we currently use. We cannot ensure that we will be able to sustain our investment in new technology, and we may not be able to effectively implement new technology-driven products and services as quickly as some of our competitors or be successful in marketing these products and services to our customers. Failure to successfully keep pace with technological change affecting the financial services industry could cause disruptions in our operations, harm our ability to compete with our competitors, and adversely affect our business, prospects, financial condition, results of operations, and liquidity.

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 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. Our computer systems, software, and networks may be vulnerable to breaches (including via computer hackings), unauthorized access, misuse, computer viruses, malware, phishing, employee error or malfeasance, or other failures or disruptions that could result in disruption to our business or the loss or theft of confidential information, including customer, employee, and business information. 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, or a violation of applicable privacy and other laws, 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, the techniques that are used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are often difficult to detect for long periods of time. Accordingly, 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. We have implemented systems and processes designed to protect against unauthorized access to or use of personal information, and rely on encryption and authentication technology to effectively secure transmission of confidential information, including customer bank account, credit card, and other personal information. Despite the implementation of these security measures, there is no guarantee that they are adequate to safeguard against all security breaches and our systems may still be vulnerable to data theft, computer viruses, programming errors, attacks by third parties, or similar disruptive problems. We may also face new or heightened risks related to the increase in remote work among certain of our employees and increased use of digital operations as a result of the COVID-19 pandemic. 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.

Further, any compromise of security or cyber-attack could deter consumers from entering into transactions that require them to provide confidential information to us. In addition, 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, financial condition, and results of operations.

As part of our business, and subject to applicable privacy laws, we may share confidential customer information and proprietary information with vendors, service providers, and business partners. The information systems of these third parties may also be vulnerable to security breaches, and we may not be able to ensure that these third parties have appropriate security controls in place to protect the information that we share with them. If our proprietary or confidential customer information is intercepted, stolen, misused, or mishandled while in possession of a third party, it could result in reputational harm to us, loss of customer business, and additional regulatory scrutiny, and it could expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition, and liquidity. Although we maintain insurance that is intended to cover certain losses from such events, there can be no assurance that such insurance will be adequate or available.

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

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. Our data center facility is located in Northern Virginia. These processes could be disrupted if a catastrophic event, such as a tornado, power outage, or act of terror, affected Greenville, Greer, or Northern Virginia, or the nearby areas. Severe weather events that could cause damage to our facilities or the prolonged loss of power that would disrupt our ability to provide services are occurring more frequently, and there is no guarantee that our facilities will avoid such a weather event. Any such catastrophic event(s) or other unexpected disruption of our headquarters or data center facility could have a material adverse effect on our business, financial condition, and results of operations.

The "decentralized" nature of our origination and servicing creates additional risks.

We are piloting a centralized branch structure with the intent that such centralized branch service our customer base; however, we conduct significant operations through our branch offices, including key parts of the underwriting process. There can be no assurance that we will be able to attract and retain qualified personnel to perform these tasks. Inadequate staffing may result in scenarios where fraud or noncompliance with applicable law is not as readily detected, and also may result in heightened exposure to potential employee misconduct, each of which could adversely affect the quality of the loans that we originate or otherwise acquire.

Our branches also serve as an important component of our ongoing servicing and collecting processes. Except for loans originated by a centralized branch pursuant to our pilot program which will be serviced at a centralized location, the primary responsibility for the servicing and collections process generally resides with the applicable local branch, although in the future, we may direct borrowers to remit payments through one or more lockboxes. A certain minimum level of staffing is necessary in order to ensure an adequate level of servicing and collections. For example, we seek to contact our customers soon after a loan becomes delinquent because historically, when collection efforts begin at an earlier stage of delinquency, there is a greater likelihood that the applicable personal loan will not be charged off (though there is no assurance that such historical trend will continue). Consequently, during periods of increased delinquencies, it becomes extremely important that our branches are properly staffed and trained to take appropriate action in an effort to bring delinquent balances current and ultimately avoid a loan from becoming charged off. If we are unable to attract and retain a sufficient number of qualified credit and collection personnel, it could result in increased delinquencies and charge-offs on our loan portfolio.

Additionally, the "decentralized" nature of our branch model may make it more difficult for us to ensure compliance with our origination, acquisition, and servicing procedures and standards than if our operations were centralized in a single location. Similarly, given the "decentralized" and largely manual processing of a significant portion of payment on our loans, the possibility of delay or misdirection of payments is greater than with payments through lockboxes or electronic channels.

The ability of our customers to make in-branch payments and any future inability to make in-branch payments may result in additional risks.

As of December 31, 2021, our integrated branch network consisted of 350 locations across 13 states. In April 2021, we opened our first branch in Illinois, our twelfth state, and in September 2021, we opened our first branch in Utah, our thirteenth state. In February 2022, we opened our first branch in Mississippi, our fourteenth state. With respect to our managed portfolio of loan products, during fiscal year 2021, approximately 17% (by dollar amount) of our loan payments were made by cash or check and received in branch, although in the future we may direct borrowers to remit payments through one or more lockboxes. Despite a recent trend in favor of payments via electronic channels, a significant number of borrowers may continue to make payments in branches, including in cash, ACH, or by debit. While we cannot estimate the percentage of borrowers without a checking account, should one or more of the branches become unavailable for any reason (including as a result of branch closures, whether government-mandated or otherwise) for the acceptance of payments, the ability to collect payments from these borrowers who would otherwise make payments at such branch may be adversely affected. Additionally, should customers be unable to make in-branch payments due to the COVID-19 pandemic, the ability to collect payments from such borrowers may be adversely affected. Such events could result in increased delinquencies and losses on our loan portfolio. Additionally, there can be no assurance that the number of borrowers that make cash payments or payments in person at our branches in the future will not increase over current levels. In the event that such cash payments are no longer accepted, there can be no assurance that the performance of our loan portfolio would not be adversely affected, resulting in increased delinquencies and losses on our loan portfolio.

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, financial condition, and results of operations.

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, financial condition, and results of operations 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, financial condition, and results of operations.

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 37% in 2019, 46% in 2020, and 52% in 2021. This turnover increases our cost of operations and makes it more difficult to operate our branches. Our account executives 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.

Furthermore, we may not be successful in retaining the current 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.

A nationwide labor shortage may impede our ability to identify and hire new employees.

The United States currently faces a pronounced labor shortage. Our business relies on branch and headquarters personnel to oversee the initiation, review, and servicing of our loan products. Without sufficient staffing, our core business functions could be interrupted, which could affect our results of operations. Further, if we are unable to identify and hire qualified personnel, we may be unable to grow our business effectively in current or new markets.

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 portion of our account payments occur at our branches, either in person or by mail, and often consist of cash payments, which we deposit at local banks each 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 theft and fraud (including collusion), including from the origination of fraudulent loans. We are also susceptible to break-ins at our branches, where money or customer records necessary for day-to-day operations (which also contain extensive confidential information about our customers, including financial and personally identifiable information) 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 additional regulatory scrutiny and penalties, civil litigation, and possible financial liability, any of which could have a material adverse effect on our reputation, financial condition, and results of operations.

Our branch offices have physical customer records necessary for day-to-day operations that contain extensive confidential information about our customers, including financial and personally identifiable information. The loss or theft of customer information and data from branch offices or other storage locations could subject us to additional regulatory scrutiny and penalties, and could expose us to civil litigation and possible financial liability, which could have a material adverse effect on our business, 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 maintain current internal controls or implement required new or improved controls, or difficulties encountered in their maintenance and/or 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 operations.

If our estimate of allowance for credit losses is 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 allowance for credit losses is based on models (probability of default, loss given default) and our historical loss experience. If customer behavior changes because 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 allowance, our provision for credit losses may be inadequate. As of December 31, 2020, our allowance for credit losses was $150.0 million, and we had net credit losses of $79.7 million during fiscal year 2021. As of December 31, 2021, our finance receivables were $1.4 billion. Maintaining the adequacy of our allowance for credit losses may require significant and unanticipated changes in our provisions for credit losses, which would materially affect our results of operations. Our allowance for credit losses, however, is an estimate, and if actual credit losses are materially greater than our credit loss allowance, 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 ("FASB") issued an accounting update significantly changing the impairment model for estimating credit losses on financial assets**.** While the then-existing incurred loss impairment model required the recognition of credit losses when it was probable that a loss had been incurred, the new current expected credit loss ("CECL") model requires entities to estimate the lifetime expected credit losses on such instruments and to record an allowance to offset the amortized cost basis of the financial assets. The CECL model requires earlier recognition of credit losses as compared to the incurred loss approach. It uses historical experience, current conditions, and reasonable and supportable economic forecasts to estimate lifetime expected credit losses. In addition to the risks and uncertainties identified in the preceding paragraph, the CECL model requires increased use of judgment and dependence on forward-looking economic forecasts that may prove to be incorrect. Based on analyses and forecasts of future macroeconomic conditions as of January 1, 2020, we estimated a CECL allowance for credit losses of $122 million. The allowance under the prior incurred loss approach was $62 million as of December 31, 2019. Thus, effective January 1, 2020, the adoption of CECL accounting, through a modified-retrospective approach, caused an increase to the allowance for credit losses of approximately $60 million. Adjusting the CECL allowance for credit losses for changes in economic forecasts may result in the need for significant and unanticipated changes in our provisions for credit losses, which would materially affect our results of operations. See Note 2, "Significant Accounting Policies" of the Notes to Consolidated Financial Statements in Part II, 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, the fair value of financial instruments, asset impairment, reserves related to litigation and other legal matters, the fair value of share-based compensation, 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 FASB may from time-to-time review or propose changes to 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 any 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 Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" and Note 2, "Significant Accounting Policies," of the Notes to Consolidated Financial Statements in Part II, Item 8, "Financial Statements and Supplementary Data."

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

We have a senior revolving credit facility committed through September 2024 that allows us to borrow up to $500.0 million, assuming we are in compliance with a number of covenants and conditions. 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 (each, an "SPE"), as described below) and equity interests of the majority of our subsidiaries. As of December 31, 2021, the amount outstanding under our senior revolving credit facility was $112.1 million ($111.6 million of outstanding debt and $0.5 million of interest payable) and we had $388.4 million of unused capacity on the credit facility (subject to certain covenants and conditions). During fiscal 2021, the maximum amount of borrowings outstanding under the facility at any one time was $395.9 million. We use our senior revolving credit facility as a source of liquidity, including for working capital and to fund the loans we make to our customers. If our existing sources of liquidity become insufficient to satisfy our financial needs or our access to these sources becomes unexpectedly restricted, we may need to try to raise additional capital in the future. If such an event were to occur, we can give no assurance that such alternate sources of liquidity would be available to us on favorable terms or at all. In addition, we cannot be certain that we will be able to replace the senior revolving credit facility when it matures on favorable terms or at all. If any of these events occur, our business, financial condition, and results of operations could be adversely affected.

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

The credit agreements governing our senior revolving credit facility and revolving warehouse credit facilities 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. 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.

Our securitizations may expose us to financing and other risks, and there can be no assurance that we will be able to access the securitization market in the future, which may require us to seek more costly financing.

As of February 22, 2022, we have completed eight securitizations, and we may in the future securitize certain of our finance receivables to generate cash to originate new finance receivables or to pay our outstanding indebtedness. In such transactions, we typically convey a pool of finance receivables to a special purpose entity, which, in turn, conveys the finance receivables to a trust (the issuing entity). Concurrently, the issuing entity issues non-recourse notes or certificates pursuant to the terms of an indenture and/or amended and restated trust agreement, which then are transferred to the special purpose entity in exchange for the finance receivables. The securities issued by the issuing entity are secured by the pool of finance receivables. In exchange for the transfer of finance receivables to the issuing entity, we typically receive the cash proceeds from the sale of the securities issued by the issuing entity, all residual interests, if any, in the cash flows from the finance receivables after payment of the securities, and a 100% beneficial interest in the issuing entity.

Although we successfully completed securitizations during the past four years, we can give no assurances that we will be able to complete additional securitizations, including if, for example, the securitization markets become constrained or events within the Company cause investors to lack confidence in our ability to fulfill our obligations as servicer with respect to the securitizations.

Further, the value of any subordinated securities that we may retain in our securitizations might be reduced or, in some cases, eliminated as a result of an adverse change in economic conditions or other factors.

Regional Management Corp. currently acts as the servicer (in such capacity, the "Servicer") with respect to each securitization. If the Servicer defaults in its servicing obligations, an early amortization event could occur under each securitization and the Servicer could be replaced as servicer. Servicer defaults include, but are not limited to, the failure of the Servicer to make any payment, transfer, or deposit in accordance with applicable securitization documents; breaches of representations, warranties, or agreements made by the Servicer under applicable securitization documents; and the occurrence of certain insolvency events with respect to the Servicer. Such an early amortization event could have materially adverse consequences on our liquidity and cost of funds.

Rating agencies may also affect our ability to execute a securitization transaction or increase the costs we expect to incur from executing securitization transactions, not only by deciding not to issue ratings for our securitization transactions, but also by altering the processes and criteria they follow in issuing ratings. Rating agencies could alter their ratings processes or criteria after we have accumulated finance receivables for securitization in a manner that effectively reduces the value of those finance receivables by increasing our financing costs or otherwise requiring that we incur additional costs in order to comply with those processes and criteria. We have no ability to control or predict what actions the rating agencies may take.

Further, other matters, such as (i) accounting standards applicable to securitization transactions and (ii) capital and leverage requirements applicable to banks and other regulated financial institutions holding asset-backed securities, could result in decreased investor demand for securities issued through our securitization transactions or increased competition from other institutions that undertake securitization transactions. In addition, compliance with certain regulatory requirements, including the Dodd-Frank Act, may affect the type of securitization transactions that we are able to complete.

An inability to consummate further securitization transactions on terms similar to our existing securitization transactions, or at all, could require us to seek more costly financing and/or have a material adverse effect on our business, financial condition, and results of operations.

We may be required to indemnify, or repurchase certain finance receivables from, purchasers of finance receivables that we have sold or securitized, or which we will sell or securitize in the future, if our 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 revolving warehouse credit facilities, which are secured by certain retail installment contracts and promissory notes (the "Receivables"). In June 2018, we securitized approximately $168.5 million of Receivables, in December 2018, we securitized approximately $135.5 million of Receivables, in October 2019, we securitized approximately $144.5 million of Receivables, in September 2020, we securitized approximately $187.5 million of Receivables, in February 2021, we securitized approximately $260.4 million of Receivables, in July 2021, we securitized approximately $208.3 million of Receivables, in October 2021, we securitized approximately $147.0 million of Receivables, and in February 2022, we securitized approximately $264.6 million of Receivables. The securitizations from June 2018 and October 2019 have been redeemed and are no longer outstanding. 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 and the respective securitizations. The documents governing our financing arrangements and securitizations contain provisions that require us to repurchase the affected Receivables under certain circumstances. While our financing and securitization documents vary, they generally contain customary provisions that require us and the special purpose entities to make certain representations and warranties about the quality and nature of the Receivables. Together with the special purpose entities, we may be required to repurchase the Receivables if a representation or warranty is later determined to be inaccurate. In such a case, we will be required to pay a repurchase price for the release of the affected Receivables.

We believe that many purchasers of loans and other counterparties to transactions like those provided for in the revolving warehouse credit facilities, the securitizations, and other similar transactions are particularly aware of the conditions under which originators or sellers of such finance receivables 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, it 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. Because our large loans have longer maturities than our small loans and typically renew at a slower rate than our small loans, the rate of turnover of the loan portfolio may change as our large 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 facilities, 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 facilities is variable and could increase in the future.

For additional information, see Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk.”

Replacement of LIBOR as the basis on which our variable rate debt is calculated may harm our cost of capital, financial results, and cash flows.

Borrowings under our senior revolving credit facility and our revolving warehouse credit facilities bear interest at rates that are calculated based on LIBOR, and from time to time, we purchase interest rate cap contracts with strike rates that are also calculated based on LIBOR. In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. In November 2020, ICE Benchmark Administration, the administrator of LIBOR, with support from the U.S. Federal Reserve, announced a consultation period on its intention to continue US LIBOR quotes for the most actively used maturities on legacy transactions until June 2023. Following this announcement, multiple U.S. governmental agencies issued a joint statement encouraging banks to transition away from LIBOR for new contracts as soon as practicable and no later than December 31, 2021. The Secured Overnight Financing Rate, or SOFR, is a new index calculated by short-term repurchase agreements, backed by Treasury securities, that is anticipated to replace LIBOR. Although there have been a few issuances utilizing SOFR or the Sterling Overnight Index Average, an alternative reference rate that is based on transactions, it is unknown whether these alternative reference rates will attain market acceptance as replacements of LIBOR, particularly for legacy transactions.

With the planned cessation of LIBOR, the method and rate used to calculate our variable-rate debt in the future may result in interest rates and/or payments that are higher than, lower than, or that do not otherwise correlate over time with the interest rates and/or payments that would have been made on our obligations if LIBOR was available in its current form. Changes in interest rates may also influence our financing costs, returns on financial investments and the valuation of derivative contracts and could reduce our earnings and cash flows. In addition, the transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that rely on LIBOR, reductions in the value of certain instruments or the effectiveness of related transactions such as hedges, increased borrowing costs, uncertainty under applicable documentation, or difficult and costly consent processes. This could materially and adversely affect our results of operations, cash flows, and liquidity. We amended our first warehouse credit facility in April 2021 in part to provide for transition mechanics from LIBOR as a benchmark interest rate to another alternative benchmark rate or mechanism. In addition, our second and third warehouse credit facilities, which closed in April 2021, as well as our senior revolving credit facility and interest rate cap contracts, all include transition language. If this transition encounters delays or difficulties, it could affect our business, financial condition, and results of operations. Further, as many banks have yet to finalize and communicate transition plans from LIBOR to SOFR (or another alternative reference rate), and the potential effect of any such event on our cost of capital, financial results, and cash flows cannot yet be determined.

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 Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk.”

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

We are not insulated from the pressures and potentially negative consequences of financial crises and similar risks beyond our control that have in the past and may in the future affect the capital and credit markets, the broader economy, the financial services industry, or the segment of that industry in which we operate. Our financial performance generally, and in particular the ability of our borrowers to make payments on outstanding loans, is highly dependent upon the business and economic environments in the markets where we operate and in the United States as a whole.

During an economic downturn or recession, credit losses in the financial services industry generally increase and demand for credit products often decreases. Declining asset values, defaults on consumer loans, and the lack of market and investor confidence, as well as other factors, all combine to decrease liquidity during an economic downturn. As a result of these factors, some banks and other lenders have suffered significant losses during economic downturns, and the strength and liquidity of many financial institutions worldwide weakened during 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, financial condition, and results of operations could be adversely affected.

Damage to our reputation could negatively impact our business.

Recently, financial services companies have been experiencing increased reputational risk as consumers take issue with certain of their practices or judgments. Maintaining a positive reputation is critical to our attracting and retaining customers, investors, and employees. Harm to our reputation can arise from many sources, including employee misconduct, misconduct by outsourced service providers or other counterparties, litigation or regulatory actions, failure by us to meet minimum standards of service and quality, inadequate protection of customer information, and compliance failures. Negative publicity regarding our company (or others engaged in a similar business or activities), whether or not accurate, may damage our reputation, which could have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to Regulation and Legal Proceedings

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

The consumer finance industry is extensively regulated by federal, state, and local consumer protection laws and regulations, including consumer protection laws and regulations relating to the creation, collection, and enforcement of consumer contracts, such as consumer loans. Personal loans that do not comply with consumer protection laws may not be enforceable against the borrowers of those loans. These laws and 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 and manner of calculating such rates that we may charge customers;
- terms of loans, including fees, maximum amounts, and minimum durations;
- origination practices;
- disclosure requirements, including posting of fees;
- solicitation and advertising practices;
- 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;
- servicing and 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 laws and 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, the Truth in Lending Act and Regulation Z, the Consumer Financial Protection Act, the Equal Credit Opportunity Act and Regulation B, the Fair Credit Reporting Act and Regulation V, as amended by the Fair and Accurate Credit Transactions Act, the Gramm-Leach-Bliley Act, the Electronic Funds Transfer Act and Regulation E, the Federal Trade Commission Act, the Servicemembers Civil Relief Act, the Military Lending Act, the Fair Debt Collection Practices Act and Regulation F, and the Telephone Consumer Protection Act, and requirements related to unfair, deceptive, or abusive acts or practices. Additionally, in response to the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law on March 27, 2020. Many states and local jurisdictions have consumer protection laws analogous to, or in addition to, those listed above, such as usury laws and state debt collection practices laws that apply to first-party lenders. These laws affect how loans are made, enforced, and collected. The U.S. government and states may pass new laws, or may amend existing laws, to further regulate the consumer finance industry, installment loans, or to reduce the finance charges or other fees applicable to personal loans.

Federal and state consumer protection laws impose requirements, including licensing requirements, and place restrictions on creditors in connection with extensions of credit and collections on personal loans and protection of sensitive customer data obtained in the origination and servicing thereof. Personal loans that do not comply with consumer protection laws may not be valid or enforceable under their terms against the borrowers of those loans. Additionally, the CARES Act includes various provisions, such as requirements affecting credit reporting designed to protect customers. The federal and state consumer protection laws, rules, and regulations applicable to the solicitation and advertising for, underwriting of, granting, servicing, and collection of personal loans, and the protection of sensitive customer data, frequently provide for administrative penalties, as well as civil (and in some cases, criminal) liability resulting from their violation. An administrative proceeding or litigation relating to one or more allegations or findings of the violation of such laws by us could result in modifications to our methods of doing business, which could impair out ability to originate or otherwise acquire new loans or collect on our loan portfolio or result in us having to pay damages and/or cancel the balance or other amount owing under the loan associated with such violations. Our loans are subject to generally standard documentation. Thus, many borrowers may be similarly situated in so far as the provisions of their respective contractual obligations are concerned. Accordingly, allegations of violations of the provisions of applicable federal or state consumer protection laws could potentially result in a large class of claimants asserting claims against us. There is no assurance that such claims will not be asserted against us in the future.

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. 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, financial condition, and results of operations. 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, financial condition, and results of operations.

While 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 laws and regulations, 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 and services, we may become subject to additional local, state, and federal laws and regulations. For example, although we intend to expand into new states or markets, we may encounter unexpected regulatory or other difficulties in these new states, including as they relate to securing the necessary licenses to operate, which may inhibit our growth. As a result, we may not be able to successfully execute our strategies to grow our revenue and earnings.

We are also subject to potential enforcement, supervision, or other actions that may be brought by state attorneys general or other state enforcement authorities and other governmental agencies. For example, the CFPB, state and federal banking regulators, state attorneys general, the Federal Trade Commission, the U.S. Department of Justice, and federal government agencies have imposed sanctions on consumer loan originators for practices including, but not limited to, charging borrowers excessive fees, steering borrowers to loans with higher costs or more onerous terms, imposing higher interest rates than the borrower's credit risk warrants, failing to disclose material terms of loans to borrowers, and otherwise engaging in discriminatory or unfair lending practices or unfair, deceptive, or abusive acts or practices. While we believe we are in substantial compliance with all applicable federal, state, and local laws and regulations, a contrary determination by a regulator, and any resulting action, could subject us to civil money penalties, customer remediation, and increased compliance costs, as well as damage to our reputation and brand and could limit or prohibit our ability to offer certain products and services or engage in certain business practices.

Additionally, Congress, the states, and regulatory agencies could further regulate the consumer credit industry in ways that make it more difficult for us to conduct business. Further, changes in the regulatory application or judicial interpretation of the laws and regulations applicable to financial institutions also could impact the manner in which we conduct our business. The regulatory environment in which financial institutions operate has become increasingly complex and robust, and following the financial crisis of 2008, supervisory efforts to apply relevant laws, regulations, and policies have become more intense. Any of the events described above could have a material adverse effect on all aspects of our business, financial condition, and results of operations.

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, financial condition, and results of operations.

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. For example, in 2019, bills were introduced to Congress that sought to prohibit the practice of directly mailing convenience checks to potential borrowers and extend the Military Lending Act's consumer protections to all consumers, including a 36 percent interest rate cap on all consumer loans. Similarly, in July 2021, the Veterans and Consumers Fair Credit Act was introduced in the Senate seeking to amend the Truth in Lending Act to effectively extend to all consumers the 36% interest rate cap that is currently only applicable to servicemembers and certain dependents under the Military Lending Act. While these bills have not become law, if similar bills were ultimately to become law, such legislation could materially and adversely affect our business, results of operations, and prospects.

Additionally, new 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, financial condition, and results of operations, including our ability to generate new loans and the manner in which existing loans are serviced and collected.

Financial regulatory reform has created uncertainty and could negatively impact our business, financial condition, and results of operations.

In response to the financial crisis in 2008, the Dodd-Frank Act was signed into law on July 21, 2010. The Dodd-Frank Act requires the creation of new federal regulatory agencies and grants additional authorities and responsibilities to existing regulatory agencies to identify and address emerging systemic risks posed by the activities of financial services firms. The Dodd-Frank Act also provides for enhanced regulation of derivatives and mortgage-backed securities offerings, restrictions on executive compensation, and enhanced oversight of credit rating agencies. The Dodd-Frank Act also limits the ability of federal laws to preempt state and local consumer laws.

Additionally, the Dodd-Frank Act established the CFPB within the Federal Reserve System, a new consumer protection regulator tasked with regulating consumer financial services and products. An October 2016 decision by the United States Court of Appeals for the District of Columbia Circuit (the "DC Circuit") in *PHH Corporation, et al. v. Consumer Financial Protection Bureau* held that the organizational structure of the CFPB violated the separation of powers provisions found in the United States Constitution and that the President has the power to remove the CFPB Director at will, and to supervise and direct the CFPB Director. The CFPB appealed this decision and the DC Circuit *en banc* vacated the October 2016 decision in February 2017 and granted the CFPB's request for an *en banc* rehearing of the case. The *en banc* hearing was held on May 24, 2017. On January 31, 2018, the DC Circuit ruled that the organizational structure of the CFPB is constitutional and that the President has the power to remove the CFPB Director only for cause. However, on June 29, 2020, the U.S. Supreme Court issued its ruling in the challenge to the CFPB's constitutionality brought by debt collection law firm Seila Law, LLC (*Seila Law LLC v. Consumer Financial Protection Bureau*, Docket No. 19-7 (June 29, 2020)). This case was on appeal from the U.S. Court of Appeals for the Ninth Circuit, where Seila Law challenged the constitutionality of the CFPB based on the "for-cause removal" provision of the Consumer Financial Protection Act challenged also in the *PHH Corporation* matter. The Supreme Court granted certiorari on the question of the leadership structure's constitutionality, but also ordered the parties to brief and argue a second question on whether the for-cause removal provision was severable from the remainder of the Dodd-Frank Act, which contains a severability clause. The Court was divided in its decision, with a five-Justice majority holding that the structure of the CFPB violates the separation of powers. A three-Justice plurality then held that the for-cause removal provision is severable from the other statutory provisions bearing on the CFPB's authority. As such, the Court's opinion effectively severed the for-cause provision and made the CFPB Director removable at will by the President. Subsequent to the Court's decision, the CFPB announced that it is ratifying nearly all of its regulations, policies, and actions taken prior to the Supreme Court's decision, noting that they will still be in effect going forward, with certain exceptions. There also are legislative proposals in Congress which, among other proposed amendments to the Dodd-Frank Act, would significantly reform the CFPB's structure, authority, and/or mandate. As a result of these judicial and legislative actions, there is, and will continue to be, uncertainty regarding the future of the CFPB and the impact on the lending markets.

The Dodd-Frank Act impacts the offering, marketing and regulation of consumer financial products and services offered by financial institutions. The CFPB will have supervision, examination and enforcement authority over the consumer financial products and services offered by certain non-depository institutions and large insured depository institutions. The CFPB also has broad rulemaking and enforcement authority over providers of credit, savings, and payment services and products and authority to prevent "unfair, deceptive or abusive" practices. The CFPB has the authority to write regulations under federal consumer financial protection laws, and to enforce those laws against and examine large financial institutions for compliance.

For example, the Dodd-Frank Act gives the CFPB supervisory authority over entities that are designated by rule as "larger participants" in certain financial services markets, and the CFPB contemplates regulating the traditional installment lending industry in which we participate as part of the "consumer credit and related activities" market. In the past, the CFPB has indicated that it may in the future issue a proposed rule defining larger participants in the installment lending market. While the CFPB has not yet issued a "larger participant" rule applicable to our company, the CFPB indicated in its January 2021 Taskforce on Federal Consumer Financial Law Report that it "believes it is time to articulate some clear standards for this important decision," and that it recommends the "Bureau should revisit its larger participant rules to assess the cost and benefits of the rules in conducting effective supervision and promoting consumer protection." This suggests that the CFPB may issue a proposed rule defining larger participants to include installment lending industry participants such as our company. If in the future we are covered by a final larger participant rule for the installment lending market, we could become subject to related CFPB supervision and examination. 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.

The CFPB is also authorized to collect fines and provide consumer restitution in the event of violations, engage in consumer financial education, track consumer complaints, request data and promote the availability of financial services to underserved consumers and communities. Depending on how the CFPB functions and its areas of focus, it could increase our compliance costs, potentially delay our ability to respond to marketplace changes, result in requirements to alter products and services that would make them less attractive to consumers and impair our ability to offer products and services profitably. The CFPB is authorized 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 $6,323 per day for minor violations of federal consumer financial laws (including the CFPB's own rules) to $31,616 per day for reckless violations and $1,264,622 per day for knowing violations. 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 Regional.

Before issuing a final rule pursuant to its rulemaking authority under the Dodd-Frank Act, the CFPB generally announces and explains its proposals to address an issue and invites public comment. For example, in 2020, the CFPB sought public comments on its proposed Regulation F, implementing the Fair Debt Collection Practices Act, and issued its final rule on October 30, 2020 with an effective date of November 30, 2021. The proposed rules and the public comments received on them ultimately form the basis of the final rules promulgated by the CFPB.

In addition to pre-existing enforcement rights for state attorneys general, the Dodd-Frank Act gives attorneys general authority to enforce the Dodd-Frank Act and regulations promulgated under the Dodd-Frank Act's authority. In conducting an investigation, the CFPB or state attorneys general may issue a civil investigative demand requiring a target company to prepare and submit, among other items, documents, written reports, answers to interrogatories, and deposition testimony. If we become subject to investigation, the required response could result in substantial costs and a diversion of its 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 it. The President and current Congress may impact the extent to which new or revised legislation or regulations are adopted, and whether provisions of the Dodd-Frank Act and rules promulgated thereunder, including those provisions establishing the CFPB and the rules and regulations proposed and enacted by the CFPB, may be revised, repealed, or amended. There can be no assurance that 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, which 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.

As part of our business model, we have purchased and sold, and may in the future purchase and sell, some of our finance receivables, 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 buyers and sales, especially delinquent and charged-off debt. The CFPB has criticized and/or penalized sellers of debt for insufficient documentation to support and verify the validity or amount of the debt. It has also criticized and/or penalized debt collectors for, among other things, impermissible collection tactics, attempting to collect debts that are no longer valid, misrepresenting the amount of the debt, not having sufficient documentation to verify the validity or amount of the debt, and failing to obtain or maintain proper licenses. 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, or if purchasers of our loans fail to obtain or maintain proper licenses.

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

The CFPB and other regulators have issued regulatory guidance that has focused on the need for financial institutions to oversee their business relationships with service providers in a manner that ensures such service providers comply with applicable law. This results in 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 results of operations.

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, financial condition, and results of operations 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 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. 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. If in any legal proceeding we incur liability or defense costs that exceed our insurance coverage or that are not within the scope of our insurance coverage, 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 in these areas. 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.

Federal or state laws issued in response to the COVID-19 pandemic could have an adverse impact on our company.

In response to the COVID-19 pandemic, on March 27, 2020, the CARES Act was signed into law. The CARES Act is extensive and significant legislation. It is possible that compliance with the CARES Act may impose costs on, or create operational constraints, for us. Further, certain governmental authorities, including federal, state, or local governments, could enact, and in some cases already have enacted, laws, regulations, executive orders, or other guidance as a result of the COVID-19 pandemic that allow borrowers to forgo making scheduled payments for some period of time, require modifications to loans (e.g. waiving accrued interest), preclude creditors from exercising certain rights or taking certain actions with respect to collateral, or mandate limited operations or temporary closures of our branches or other operations as “non-essential businesses” or otherwise. Additionally, the CARES Act includes various provisions, such as requirements affecting credit reporting, designed to protect consumers.

Risks Related to the Ownership of Our Common Stock

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 and the market price of our common stock 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.

There can be no assurance of our ability to declare and pay cash dividends in future periods.

On October 29, 2020, we announced that our Board of Directors initiated and declared a quarterly cash dividend of $0.20 per share, which was increased by our Board of Directors to $0.25 per share on June 15, 2021 and to $0.30 per share on February 9, 2022. We intend to continue to pay a quarterly cash dividend for the foreseeable future; however, the declaration, amount, and payment of any future cash dividends on shares of our 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 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. A reduction or elimination of our dividend payments in the future could have a negative effect on our stock price.

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 986 million shares of common stock authorized but unissued, as of March 1, 2022. 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"). As of December 31, 2021, 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) 2,600,000 shares plus (b) any shares remaining available for the grant of awards as of the 2015 Plan effective date under the 2007 Management Incentive Plan (the "2007 Plan") or the 2011 Stock Incentive Plan (the "2011 Plan"), plus (c) any shares subject to an award granted under the 2007 Plan or the 2011 Plan, which award is forfeited, cash-settled, cancelled, terminated, expires, or lapses for any reason without the issuance of shares or pursuant to which such shares are forfeited. We have 1,023,441 shares available for issuance under the 2015 Plan, as of March 1, 2022. 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.

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 March 1, 2022, each of our 354 branches is leased under fixed-term lease agreements. Our branches are currently located in 14 states throughout the United States, and the average branch size is approximately 1,604 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 Part I, Item 2, "Properties."

ITEM 3. *LEGAL PROCEEDINGS.*

The Company is 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 is listed on the New York Stock Exchange (the "NYSE") under the symbol "RM."

Holders

As of March 1, 2022, there were 20 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 5,793 beneficial owners of our common stock as of February 11, 2022.

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, 2021. 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 incorporated by reference in Part III, Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" of this Annual Report on Form 10-K.

Dividends; Stock Repurchases

In October 2020, we announced that our Board of Directors initiated and declared a quarterly cash dividend program. The following table sets forth the dividends declared and paid for the periods indicated:

Three Months Ended	Declaration Date	Record Date	Payment Date	Dividends Declared Per Common Share
March 31, 2021	February 10, 2021	February 23, 2021	March 12, 2021	$ 0.20
June 30, 2021	May 4, 2021	May 26, 2021	June 15, 2021	$ 0.25
September 30, 2021	August 3, 2021	August 25, 2021	September 15, 2021	$ 0.25
December 31, 2021	November 2, 2021	November 24, 2021	December 15, 2021	$ 0.25
Total				$ 0.95

On February 9, 2022, the Board of Directors declared a quarterly dividend of $0.30, payable on March 16, 2022, to stockholders of record on February 23, 2022. We currently expect that comparable quarterly cash dividends will continue to be paid in the future. We anticipate that future dividend declarations will occur in February, May, August, and November, with payment being made in March, June, September, and December.

The following table provides information regarding our repurchase of our common stock during the three months ended December 31, 2021.

	Issuer Purchases of Equity Securities			
Period	Total Number of Shares Purchased	Weighted-Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program*
October 1, 2021 – October 31, 2021	75,893	$ 56.31	75,893	$ 7,754,861
November 1, 2021 – November 30, 2021	96,942	58.34	96,942	$ 2,099,617
December 1, 2021 – December 31, 2021	26,320	56.98	26,320	$ 600,026
Total	199,155	$ 57.38	199,155	

* On May 4, 2021, we announced that our Board had authorized a new stock repurchase program, allowing for the repurchase of up to $30.0 million of our outstanding shares of common stock in open market purchases or privately negotiated transactions in accordance with applicable federal securities laws. The authorization was effective immediately and extended through April 29, 2023. On August 3, 2021, we announced that our Board had approved a $20.0 million increase in the amount authorized under the stock repurchase program, from $30.0 million to $50.0 million. The authorization was effective immediately and extended through July 29, 2023. In January 2022, we completed this repurchase program after purchasing approximately 945 thousand shares of common stock pursuant to the program.

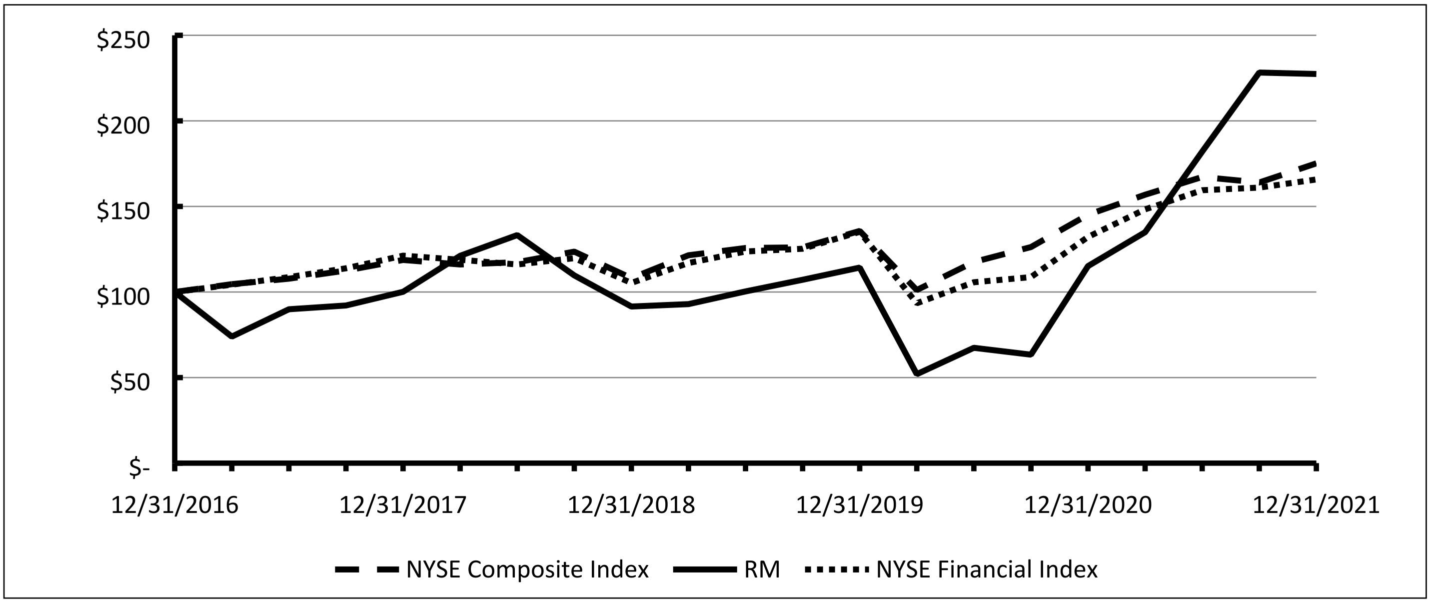
On February 9, 2022, we announced that our Board had authorized a new stock repurchase program, allowing for the repurchase of up to $20.0 million of outstanding shares of common stock in open market purchases or privately negotiated transactions in accordance with applicable federal securities laws. The authorization was effective immediately and extends through February 3, 2024. See Note 20, “Subsequent Events,” of the Notes to Consolidated Financial Statements in Part II, Item 8, “Financial Statements and Supplementary Data,” for additional information regarding our Board’s authorization of this new stock repurchase program.

The declaration, amount, and payment of any future cash dividends on shares of common stock and/or repurchases 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. 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.

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.

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, 2021. The graph assumes that $100 was invested at the market close on December 31, 2016, in the common stock of the Company, the NYSE Composite Index, and the NYSE Financial Index, and data for each assumes reinvestments of dividends. The stock price performance of the following graph is not necessarily indicative of future stock price performance.



ITEM 6. ***RESERVED.***

Not applicable.

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 in Part II, Item 8, "Financial Statements and Supplementary Data" 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 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, and plans and objectives of management. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "predicts," "will," "would," "should," "could," "potential," "continue," 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, events, and/or 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 Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K. The COVID-19 pandemic may also magnify many of these risks and uncertainties. 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 that provides installment loan products primarily to customers with limited access to consumer credit from banks, thrifts, credit card companies, and other lenders. As of December 31, 2021, we operated under the name "Regional Finance" in 350 branch locations in 13 states across the United States, serving 460,600 active accounts. 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. We source our loans through our omni-channel platform, which includes our branches, centrally-managed direct mail campaigns, digital partners, retailers, and our consumer website. We operate an integrated branch model in which nearly all loans, regardless of origination channel, are serviced through our branch network. This provides us with frequent contact with our customers, which we believe improves our credit performance and customer loyalty. Our goal is to consistently grow our finance receivables and to soundly manage our portfolio risk, while providing our customers with attractive and easy-to-understand loan products that serve their varied financial needs.

Our products include small, large, and retail installment loans:

- *Small Loans (≤$2,500)* – As of December 31, 2021, we had 269.5 thousand small installment loans outstanding, representing $445.0 million in net finance receivables. This included 137.2 thousand small loan convenience checks, representing $197.5 million in net finance receivables.
- *Large Loans (>$2,500)* – As of December 31, 2021, we had 184.1 thousand large installment loans outstanding, representing $969.4 million in net finance receivables. This included 15.7 thousand large loan convenience checks, representing $49.2 million in net finance receivables.
- *Retail Loans* – As of December 31, 2021, we had 6.7 thousand retail purchase loans outstanding, representing $10.5 million in net 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. 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.

For additional information regarding our business operations, see Part I, Item 1, "Business."

Form 10-K

Impact of COVID-19 Pandemic on Outlook

The COVID-19 pandemic has resulted in economic disruption and uncertainty. At the outset of the pandemic, during the second quarter of 2020, we experienced a decrease in demand. Since that time, our loan growth has steadily increased. As of December 31, 2021, our net finance receivables were $1.4 billion, $290.0 million higher than as of December 31, 2020. Future consumer demand remains subject to the uncertainty around the extent and duration of the pandemic.

As a result of the pandemic, we experienced temporary closure of some branches in 2021 due to company-initiated quarantine measures. However, all of our branches were open for the majority of 2021.

Throughout the pandemic, we have employed a data-driven approach to managing our risk, which is essential during periods of market volatility. We manage this risk through our custom risk and response scorecards, analysis of early payment activity, and detailed geographic and customer segmentation to ensure that incremental direct mail loan volume is capable of absorbing credit losses at two to three times our historical levels while still providing positive contribution margin.

We proactively adjusted our underwriting criteria at the start of the pandemic in 2020 to adapt to the new environment and continue to originate loans with appropriately enhanced lending criteria. As we progress through the pandemic and acquire additional data, we continue to update and sharpen our underwriting standards, paying close attention to those geographies and industries that have been most affected by the virus and related economic disruption. As of December 31, 2021, our allowance for loan losses included $14.4 million of reserves related to the expected economic impact of the COVID-19 pandemic. Our contractual delinquency as a percentage of net finance receivables increased to 6.0% as of December 31, 2021, up from 5.3% as of December 31, 2020. We believe this increase corresponds to the decrease in pandemic-related government stimulus. Going forward, we may experience changes to the macroeconomic assumptions within our forecast and changes to our credit loss performance outlook, both of which could lead to further changes in our allowance for credit losses, reserve rate, and provision for credit losses expense.

We proactively diversified our funding over the past few years and continue to maintain a strong liquidity profile. During 2021, we (i) successfully closed a $248.7 million asset-backed securitization with a three-year revolving period and weighted-average coupon ("WAC") of 2.08% (replacing a prior transaction with a two-year revolving period and WAC of 4.87%); (ii) enhanced our warehouse facility capacity to $300.0 million by amending and restating our previously existing warehouse facility and closing two new warehouse credit facilities; (iii) successfully closed asset-backed securitizations of $200.0 million, and $125.0 million, respectively, each with five-year revolving periods. As of December 31, 2021, we had $209.7 million of immediate liquidity, comprised of unrestricted cash on hand and immediate availability to draw down cash from our revolving credit facilities. Our liquidity position has improved $15.3 million since December 31, 2020. In addition, we ended 2021 with $556.8 million of unused capacity on our revolving credit facilities (subject to the borrowing base). We believe our liquidity position provides us substantial runway to fund our growth initiatives and to support the fundamental operations of our business.

We continue to rely more heavily on online operations for customer access, including remote loan closings. On the digital front, we continue to build and expand upon our end-to-end online and mobile origination capabilities for new and existing customers, along with additional digital servicing functionality. Combined with remote loan closings, we believe that these omni-channel sales and service capabilities will expand the market reach of our branches, increase our average branch receivables, and improve our revenues and operating efficiencies, while at the same time increasing customer satisfaction.

The extent to which the pandemic will ultimately impact our business and financial condition will depend on future events that are difficult to forecast, including, but not limited to, the duration and severity of the pandemic (including as a result of waves of outbreak or variant strains of the virus), the success of actions taken to contain, treat, and prevent the spread of the virus, and the speed at which normal economic and operating conditions return and are sustained.

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. 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 half of the year and rise in the second half of the year. The CECL accounting model requires earlier recognition of credit losses compared to the prior incurred loss approach. This could result in larger allowance for credit loss releases in periods of portfolio liquidation, and larger provisions for credit losses in periods of portfolio growth compared to prior years. Consequently, we experience seasonal fluctuations in our operating results. However, changes in borrower assistance programs and customer access to external economic stimulus measures related to the COVID-19 pandemic have impacted our typical seasonal trends for loan volume and delinquency.

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 net finance receivables were $1.2 billion in 2021 and $1.1 billion in 2020. 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 growing our state footprint allows us to increase the number of loans that we are able to service. In April 2021, we opened our first branch in Illinois, our twelfth state, and in September 2021, we opened our first branch in Utah, our thirteenth state. In February 2022, we opened our first branch in Mississippi, our fourteenth state. We expect to enter at least an additional five states by the end of 2022. After assessing our legacy branch network for clear opportunities to consolidate operations into larger branches within close geographic proximity, we closed 31 branches during the fourth quarter of 2021. This branch optimization is consistent with our omni-channel strategy and builds upon our recent successes in entering new states with a lighter branch footprint, while still providing customers with best-in-class service. We plan to add additional branches in new and existing states where it is favorable for us to conduct business.

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 on 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. Our allowance for credit losses estimate changed on January 1, 2020, as we adopted the CECL accounting model. See Note 2, "Significant Accounting Policies" of the Notes to Consolidated Financial Statements in Part II, Item 8, "Financial Statements and Supplementary Data," for more information on our allowance for credit losses.

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, loan 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 loans collateralized by automobiles. We monitor these factors, and the amount and past due status of all loans, 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 certain of our credit facilities are variable. As a component of our strategy to manage the interest rate risk associated with future interest payments on our variable-rate debt, we have purchased interest rate cap contracts. As of December 31, 2021, we held interest rate cap contracts with an aggregate notional principal amount of $550.0 million.

Operating Costs. Our financial results are impacted by the costs of operations and head office functions. Those costs are included in general and administrative expenses within our consolidated statements of income.

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. 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 generally 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 recognized as income over the life of the loan on the constant yield method.

Insurance Income, Net. Our insurance operations are a material part of our overall business and are integral to our lending activities. Insurance income, net consists primarily of earned premiums, net of certain direct costs, from the sale of various optional payment and collateral protection insurance products offered to customers who obtain loans directly from us. Insurance income, net also includes the earned premiums and direct costs associated with the non-file insurance that we purchase to protect us from

Form 10-K

credit losses where, following an event of default, we are unable to take possession of personal property collateral because our security interest is not perfected. We do not sell insurance to non-borrowers. Direct costs included in insurance income, net are claims paid, claims reserves, ceding fees, and premium taxes paid. We do not allocate to insurance income, net, any other head office or branch administrative costs associated with management of insurance operations, management of captive insurance company, marketing and selling insurance products, legal and compliance review, or internal audits.

As reinsurer, we maintain cash reserves for life insurance claims in an amount determined by the unaffiliated insurance company. As of December 31, 2021, the restricted cash balance for these cash reserves was $19.9 million. The unaffiliated insurance company maintains the reserves for non-life claims.

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, commissions earned from the sale of an auto club product, and interest income from restricted cash 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 lifetime expected credit losses on the related finance receivable portfolio. Credit loss experience, current conditions, reasonable and supportable economic forecasts, delinquency of finance receivables, loan 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 lifetime expected credit losses 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 forecasted economic conditions or loan portfolio performance.

General and Administrative Expenses. Our financial results are impacted by the costs of operations and head office functions. Those costs are included in general and administrative expenses within our consolidated statements of income. 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 net finance receivables, which we refer to as our operating expense 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, relocation costs, incentives, benefits, and related payroll taxes associated with all our operations and head office employees.

Our occupancy expenses consist primarily of the cost of renting our facilities, all of which are leased, and the utility, depreciation of leasehold improvements and furniture and fixtures, communication services, 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, maintaining our consumer website, and some local marketing by branches. These costs are expensed as incurred.

Other expenses consist primarily of legal, compliance, audit, and consulting costs, as well as non-employee director compensation, amortization of software licenses and implementation costs, electronic payment processing costs, bank service charges, office supplies, software maintenance and support, and credit bureau charges. We frequently experience fluctuations in other expenses as we grow our loan portfolio and expand our market footprint. 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 Part I, Item 1A, "Risk Factors."

Interest Expense. Our interest expense consists primarily of paid and accrued interest for debt, unused line fees, and amortization of debt issuance costs on debt. Interest expense also includes costs attributable to the change in the fair value of interest rate caps.

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 net finance receivables:

	Year Ended December 31,					
	2021		2020		2019	
Dollars in thousands	Amount	% of Average Net Finance Receivables	Amount	% of Average Net Finance Receivables	Amount	% of Average Net Finance Receivables
Revenue						
Interest and fee income	$ 382,544	31.5%	$ 335,215	31.2%	$ 321,169	31.8%
Insurance income, net	35,482	2.9%	28,349	2.6%	20,817	2.1%
Other income	10,325	0.9%	10,342	1.0%	13,727	1.4%
Total revenue	428,351	35.3%	373,906	34.8%	355,713	35.3%
Expenses						
Provision for credit losses	89,015	7.3%	123,810	11.5%	99,611	9.9%
Personnel	119,833	9.9%	109,560	10.2%	94,000	9.3%
Occupancy	24,126	2.0%	22,629	2.1%	22,576	2.2%
Marketing	14,405	1.2%	10,357	1.0%	8,206	0.8%
Other	37,150	3.0%	33,770	3.1%	32,202	3.3%
Total general and administrative	195,514	16.1%	176,316	16.4%	156,984	15.6%
Interest expense	31,349	2.6%	37,852	3.6%	40,125	4.0%
Income before income taxes	112,473	9.3%	35,928	3.3%	58,993	5.8%
Income taxes	23,786	2.0%	9,198	0.8%	14,261	1.4%
Net income	$ 88,687	7.3%	$ 26,730	2.5%	$ 44,732	4.4%

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

Comparison of December 31, 2021, Versus December 31, 2020

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

- *Small Loans (≤$2,500)* – Small loans outstanding increased by $42.0 million, or 10.4%, to $445.0 million at December 31, 2021, from $403.1 million at December 31, 2020. The increase was the result of new growth initiatives, improved customer loan demand, and increased marketing, partially offset by the general transition of small loan customers to large loans.
- *Large Loans (>$2,500)* – Large loans outstanding increased by $254.1 million, or 35.5%, to $969.4 million at December 31, 2021, from $715.2 million at December 31, 2020. The increase was due to new growth initiatives, improved customer loan demand, increased marketing, and the transition of small loan customers to large loans.
- *Automobile Loans* – Automobile loans outstanding decreased by $2.5 million, or 65.5%, to $1.3 million at December 31, 2021, from $3.9 million at December 31, 2020. We ceased originating automobile loans in November 2017 to focus on growing our core loan portfolio.

- *Retail Loans* – Retail loans outstanding decreased $3.6 million, or 25.2%, to $10.5 million at December 31, 2021, from $14.1 million at December 31, 2020.

	Net Finance Receivables by Product			
Dollars in thousands	December 31, 2021	December 31, 2020	YoY $ Inc (Dec)	YoY % Inc (Dec)
Small loans	$ 445,023	$ 403,062	$ 41,961	10.4%
Large loans	969,351	715,210	254,141	35.5%
Total core loans	1,414,374	1,118,272	296,102	26.5%
Automobile loans	1,343	3,889	(2,546)	(65.5)%
Retail loans	10,540	14,098	(3,558)	(25.2)%
Total net finance receivables	$ 1,426,257	$ 1,136,259	$ 289,998	25.5%
Number of branches at period end	350	365	(15)	(4.1)%
Net finance receivables per branch	$ 4,075	$ 3,113	$ 962	30.9%

Comparison of the Year Ended December 31, 2021, Versus the Year Ended December 31, 2020

Net Income. Net income increased $62.0 million, or 231.8%, to $88.7 million in 2021, from $26.7 million in 2020. The increase was primarily due to an increase in revenue of $54.4 million, a decrease in provision for credit losses of $34.8 million, and a decrease in interest expense of $6.5 million, offset by an increase in general and administrative expenses of $19.2 million and an increase in income taxes of $14.6 million.

Revenue. Total revenue increased $54.4 million, or 14.6%, to $428.4 million in 2021, from $373.9 million in 2020. The components of revenue are explained in greater detail below.

Interest and Fee Income. Interest and fee income increased $47.3 million, or 14.1%, to $382.5 million in 2021, from $335.2 million in 2020. The increase was primarily due to a 13.0% increase in average net finance receivables and a 0.3% increase in average yield.

The following table sets forth the average net finance receivables balance and average yield for our loan products:

	Average Net Finance Receivables for the Year Ended			Average Yields for the Year Ended		
Dollars in thousands	December 31, 2021	December 31, 2020	YoY % Inc (Dec)	December 31, 2021	December 31, 2020	YoY % Inc (Dec)
Small loans	$ 394,394	$ 406,675	(3.0)%	38.2%	37.3%	0.9%
Large loans	805,808	642,085	25.5%	28.5%	27.9%	0.6%
Automobile loans	2,422	6,315	(61.6)%	13.0%	14.0%	(1.0)%
Retail loans	11,259	18,791	(40.1)%	18.3%	18.2%	0.1%
Total interest and fee yield	$ 1,213,883	$ 1,073,866	13.0%	31.5%	31.2%	0.3%

Small and large loan yields increased 0.9% and 0.6%, respectively, in 2021 compared to 2020 primarily due to improved credit performance across the portfolio as a result of tightened underwriting during the pandemic and our overall mix shift towards higher credit quality customers, resulting in fewer loans in non-accrual status and fewer interest accrual reversals.

As a result of our focus on large loan growth over the last several years, the large loan portfolio has grown faster than the rest of our loan products, and we expect that 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 percentage.

We continue to originate new loans with enhanced lending criteria. Demand for our loan products has continued to recover as total originations increased to $1.5 billion in 2021, from $1.1 billion in 2020. The following table represents the principal balance of loans originated and refinanced:

	Loans Originated for the Year Ended			
Dollars in thousands	December 31, 2021	December 31, 2020	YoY $ Inc (Dec)	YoY % Inc (Dec)
Small loans	$ 602,613	$ 516,124	$ 86,489	16.8%
Large loans	856,699	557,952	298,747	53.5%
Retail loans	8,275	9,201	(926)	(10.1)%
Total loans originated	$1,467,587	$1,083,277	$ 384,310	35.5%

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, 2021 Compared to Year Ended December 31, 2020 Increase (Decrease)			
Dollars in thousands	Volume	Rate	Volume & Rate	Net
Small loans	$ (4,576)	$ 3,781	$ (114)	$ (909)
Large loans	45,737	3,530	900	50,167
Automobile loans	(546)	(64)	40	(570)
Retail loans	(1,373)	23	(9)	(1,359)
Product mix	4,465	(4,066)	(399)	—
Total increase in interest and fee income	$ 43,707	$ 3,204	$ 418	$ 47,329

The $47.3 million increase in interest and fee income in 2021 compared to 2020 was primarily driven by growth of our average net finance receivables and improved credit performance across the portfolio, which resulted in fewer loans in non-accrual status and fewer interest accrual reversals. These benefits were partially offset by the intended product mix shift toward large loans and the portfolio composition shift toward higher credit quality customers with lower interest rates due to the use of enhanced credit standards during the pandemic.

Insurance Income, Net. Insurance income, net increased $7.1 million, or 25.2%, to $35.5 million in 2021, from $28.3 million in 2020. In both 2021 and 2020, personal property insurance premiums represented the largest component of aggregate earned insurance premiums, and life insurance claims expense represented the largest component of direct insurance expenses.

The following table summarizes the components of insurance income, net:

	Insurance Premiums and Direct Expenses for the Year Ended			
Dollars in thousands	December 31, 2021	December 31, 2020	YoY $ B(W)	YoY % B(W)
Earned premiums	$ 53,218	$ 42,816	$ 10,402	24.3%
Claims, reserves, and certain direct expenses	(17,736)	(14,467)	(3,269)	(22.6)%
Insurance income, net	$ 35,482	$ 28,349	$ 7,133	25.2%

Fiscal 2021 earned premiums increased by $10.4 million and claims, reserves, and certain direct expenses increased by $3.3 million, in each case compared to 2020. The increase in earned premiums was primarily due to loan growth and adjusted pricing. The increase in claims, reserves, and certain direct expenses compared to 2020 was primarily due to increases in insurance claims expense and ceding fees of $2.8 million and $0.6 million, respectively, offset by a $0.3 million decrease in reserves for expected insurance claims during 2021.

Other Income. Other income of $10.3 million in 2021 was comparable to $10.3 million in 2020.

Provision for Credit Losses. Our provision for credit losses decreased $34.8 million, or 28.1%, to $89.0 million in 2021, from $123.8 million in 2020. The decrease was due to a decrease in the allowance for credit losses of $18.4 million primarily due to the release of COVID-19 reserves in 2021 and a decrease in net credit losses of $16.4 million compared to the prior-year period.

Allowance for Credit Losses. We evaluate delinquency and losses in each of our loan products 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:

	Allowance for Credit Losses for the Year Ended	
Dollars in thousands	December 31, 2021	December 31, 2020
Beginning balance	$ 150,000	$ 62,200
Impact of CECL adoption	—	60,100
COVID-19 reserve build (release)	(16,000)	30,400
General reserve build (release) due to portfolio change	25,300	(2,700)
Ending balance	$ 159,300	$ 150,000
Allowance for credit losses as a percentage of net finance receivables	11.2%	13.2%

As of December 31, 2021, our allowance for credit losses included $14.4 million of reserves related to the expected economic impact of the COVID-19 pandemic. The allowance for credit losses included a net build of $25.3 million related to portfolio growth and a base reserve release of $2.7 million during 2021 and 2020, respectively. We ran several macroeconomic stress scenarios, and our final forecast assumes a resumption of normal unemployment rates at the end of 2022. See Note 4, "Finance Receivables, Credit Quality Information, and Allowance for Credit Losses" of the Notes to Consolidated Financial Statements in Part II, Item 8, "Financial Statements and Supplementary Data," for additional information regarding our allowance for credit losses.

Net Credit Losses. Net credit losses decreased $16.4 million, or 17.1%, to $79.7 million in 2021, from $96.1 million in 2020. The decrease was primarily due to historically low delinquency levels. Net credit losses as a percentage of average net finance receivables were 6.6% in 2021, compared to 8.9% in 2020. We expect future increases to net credit losses as a percentage of average net finance receivables as our delinquency rates rise toward more normalized levels.

Delinquency Performance. Our contractual delinquency as a percentage of net finance receivables increased to 6.0% as of December 31, 2021, from 5.3% as of December 31, 2020 as delinquency levels continued to normalize. Our credit performance remains strong due to the quality and adaptability of our underwriting criteria and the performance of our custom scorecards. We expect contractual delinquency as a percentage of net finance receivables to continue to rise towards more normalized levels in future periods.

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

	Contractual Delinquency by Aging			
Dollars in thousands	December 31, 2021		December 31, 2020	
Current	$ 1,237,165	86.7%	$ 990,467	87.2%
1 to 29 days past due	104,201	7.3%	85,342	7.5%
Delinquent accounts:				
30 to 59 days	25,283	1.9%	18,381	1.6%
60 to 89 days	20,395	1.4%	14,955	1.3%
90 to 119 days	15,962	1.0%	10,496	0.9%
120 to 149 days	12,466	0.9%	9,085	0.8%
150 to 179 days	10,785	0.8%	7,533	0.7%
Total contractual delinquency	$ 84,891	6.0%	$ 60,450	5.3%
Total net finance receivables	$ 1,426,257	100.0%	$ 1,136,259	100.0%

	Contractual Delinquency by Product			
Dollars in thousands	December 31, 2021		December 31, 2020	
Small loans	$ 39,794	8.9%	$ 27,703	6.9%
Large loans	44,264	4.6%	31,259	4.4%
Automobile loans	84	6.3%	296	7.6%
Retail loans	749	7.1%	1,192	8.5%
Total contractual delinquency	$ 84,891	6.0%	$ 60,450	5.3%

General and Administrative Expenses. Our general and administrative expenses increased $19.2 million, or 10.9%, to $195.5 million in 2021 from $176.3 million in 2020. 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 $10.3 million, or 9.4%, to $119.8 million in 2021, from $109.6 million in 2020. We had several offsetting increases and decreases in personnel expenses during 2021. Labor expense and incentive costs increased $7.8 million and $7.4 million, respectively, compared to 2020. Additionally, 2021 included branch optimization costs of $0.3 million. Capitalized loan origination costs, which reduced personnel expenses, increased by $1.8 million compared to the 2020 due to an increase in loans originated. Additionally, 2020 included executive transition costs of $3.0 million and severance expense related to workforce actions of $0.8 million.

Occupancy. Occupancy expenses increased $1.5 million, or 6.6%, to $24.1 million in 2021, from $22.6 million in 2020. The increase was primarily due to costs related to our branch optimization initiative of $1.1 million and an increase in COVID-19 enhanced sanitation efforts of $0.2 million.

Marketing. Marketing expenses increased $4.0 million, or 39.1%, to $14.4 million in 2021, from $10.4 million in 2020. The increase was primarily due to increased activity in our direct mail campaigns and digital marketing to support growth and abnormally low marketing spend in the second quarter of 2020. At the outset of the pandemic during the second quarter of 2020, we temporarily paused direct mail and digital marketing aimed at customer acquisition, before gradually restarting our marketing campaigns in May 2020.

Other Expenses. Other expenses increased $3.4 million, or 10.0%, to $37.2 million in 2021, from $33.8 million in 2020, primarily due to increased investment in digital and technological capabilities of $3.0 million. Additionally, we often experience increases in other expenses including legal and settlement expenses, external fraud, collections expense, bank fees, and certain professional expenses as we grow our loan portfolio and expand our market footprint.

Operating Expense Ratio. Our operating expense ratio decreased by 0.3% to 16.1% during 2021 from 16.4% during 2020. Fiscal 2021 included a ratio increase of 0.1% related to branch optimization expenses of $1.6 million. Fiscal 2020 included non-operating expenses of $3.1 million of executive transition costs, severance expense related to workforce actions of $0.8 million, and system outage costs of $0.7 million which increased our operating expense ratio by 0.4% in 2020.

Interest Expense. Interest expense on debt decreased $6.5 million, or 17.2%, to $31.3 million in 2021, from $37.9 million in 2020. The decrease was primarily due to favorable mark-to-market adjustments on interest rate caps of $2.7 million in 2021 compared to unfavorable mark-to-market adjustments on interest rate caps of $0.3 million in 2020 and a decrease in our average cost of debt, offset by an increase in the average balance of our debt facilities. The average cost of our total debt decreased 1.60% to 3.59% in 2021, from 5.19% in 2020, primarily reflecting the lower rate environment.

Income Taxes. Income taxes increased $14.6 million, or 158.6%, to $23.8 million in 2021, from $9.2 million in 2020. The increase was primarily due to a $76.5 million increase in income before taxes compared to 2020. Our effective tax rate decreased to 21.1% in 2021, compared to 25.6% in 2020. Fiscal 2021 was impacted by tax benefits from the exercise and vesting of share-based awards and amended state tax returns. The effective tax rate for 2020 was impacted by the margin tax in Texas that was based on gross income, rather than net income, and non-deductible executive compensation (including executive transition costs) under Internal Revenue Code Section 162(m) that was not correlated to income before taxes.

Comparison of the Year Ended December 31, 2020, Versus the Year Ended December 31, 2019

For a comparison of our results of operations for the years ended December 31, 2020 and December 31, 2019, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (which was filed with the SEC on February 25, 2021), which comparison is incorporated by reference herein.

Liquidity and Capital Resources

Our primary cash needs relate to the funding of our lending activities and, to a lesser extent, expenditures relating to improving our technology infrastructure and expanding and maintaining our branch locations. We have historically financed, and plan to continue to finance, our short- and long-term operating liquidity and capital needs through a combination of cash flows from operations and borrowings under our debt facilities, including our senior revolving credit facility, revolving warehouse credit facilities, and asset-backed securitization transactions, all of which are described below. We continue to seek ways to diversify our

Form 10-K

funding sources. As of December 31, 2021, we had a funded debt-to-equity ratio (debt divided by total stockholders' equity) of 3.9 to 1.0 and a stockholders' equity ratio (total stockholders' equity as a percentage of total assets) of 19.4%.

Cash and cash equivalents increased to $10.5 million as of December 31, 2021, from $8.1 million as of December 31, 2020. As of December 31, 2021 and December 31, 2020 we had $199.2 million and $186.3 million, respectively, of immediate availability to draw down cash from our revolving credit facilities. Our unused capacity on our revolving credit facilities (subject to the borrowing base) was $556.8 million and $438.1 million as of December 31, 2021 and 2020, respectively. Our total debt increased to $1.1 billion as of December 31, 2021, from $768.9 million as of December 31, 2020.

A summary of the future material financial obligations requiring repayments as of December 31, 2021 is as follows:

	Future Material Financial Obligations by Period		
Dollars in thousands	Next Twelve Months	Beyond Twelve Months	Total
Principal payments on debt obligations	$ 74,703	$ 1,033,250	$ 1,107,953
Interest payments on debt obligations	28,635	60,710	89,345
Operating lease obligations	7,248	28,068	35,316
Total	$ 110,586	$ 1,122,028	$ 1,232,614

Based upon anticipated cash flows, management believes that cash flows from operations and our various financing alternatives will provide sufficient financing for debt maturities and operations over the next twelve months, as well as into the future.

From time to time, we have extended the maturity date of and increased the borrowing limits under our senior revolving credit facility. While we have successfully obtained such extensions and increases in the past, there can be no assurance that we will be able to do so if and when needed in the future. In addition, the revolving period maturities of our securitizations and warehouse credit facilities (each as described below within "Financing Arrangements") range from October 2022 to September 2026. There can be no assurance that we will be able to secure an extension of the warehouse credit facilities or close additional securitization transactions if and when needed in the future.

Share Repurchase and Dividends.

In October 2020, we announced that our Board had authorized a stock repurchase program allowing for the repurchase of up to $30.0 million of our outstanding shares of common stock in open market purchases, privately negotiated transactions, or through other structures in accordance with applicable federal securities laws. The authorization was effective immediately and extended through October 22, 2022. In May 2021, we completed this stock repurchase program, repurchasing a total of 1.0 million shares pursuant to the program.

In May 2021, we announced that our Board had authorized a stock repurchase program, allowing for the repurchase of up to $30.0 million of our outstanding shares of common stock. Share repurchases under the stock repurchase program may be made in the open market at prevailing market prices or through privately negotiated transactions in accordance with applicable federal securities laws. The authorization was effective immediately and extended through April 29, 2023. In August 2021, we announced that our Board had approved a $20.0 million increase in the amount authorized under the stock repurchase program, from $30.0 million to $50.0 million. The authorization was effective immediately and extended through July 29, 2023. As of December 31, 2021, we had repurchased 0.9 million shares of common stock at a total cost of $49.4 million under this stock repurchase program. Under these programs, we repurchased an aggregate of 1.5 million shares of common stock at a total cost of $67.4 million in 2021. See Note 20, "Subsequent Events" of the Notes to the Consolidated Financial Statements in Part II, Item 8, "Financial Statements and Supplementary Data," for more information regarding the completion of the 2021 repurchase program following the end of the year and a new repurchase program announced on February 9, 2022.

The Board may in its discretion declare and pay cash dividends on our common stock. The following table sets forth the dividends declared and paid for 2021:

Three Months Ended	Declaration Date	Record Date	Payment Date	Dividends Declared Per Common Share
March 31, 2021	February 10, 2021	February 23, 2021	March 12, 2021	$ 0.20
June 30, 2021	May 4, 2021	May 26, 2021	June 15, 2021	$ 0.25
September 30, 2021	August 3, 2021	August 25, 2021	September 15, 2021	$ 0.25
December 31, 2021	November 2, 2021	November 24, 2021	December 15, 2021	$ 0.25
Total				$ 0.95

The Board declared and paid $9.5 million of cash dividends on our common stock during 2021. The declaration, amount, and payment of any future cash dividends on shares of our common stock will be at the discretion of the Board. See Note 20, "Subsequent Events" of the Notes to Consolidated Financial Statements in Part II, Item 8, "Financial Statements and Supplementary Data," for more information regarding our quarterly cash dividend following the end of the year.

While we intend to pay our quarterly dividend for the foreseeable future, all subsequent dividends will be reviewed and declared at the discretion of the Board and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends, and other considerations that the Board deems relevant. Our dividend payments may change from time to time, and the Board may choose not to continue to declare dividends in the future.

Cash Flow.

Operating Activities. Net cash provided by operating activities in 2021 was $189.0 million, compared to $165.0 million provided by operating activities in 2020, a net increase of $24.0 million. The increase was primarily due to the growth in our average net finance receivables.

Investing Activities. Investing activities consist of originations of finance receivables, purchases of intangible assets, and purchases of property and equipment for new and existing branches. Net cash used in investing activities in 2021 was $355.1 million, compared to $91.7 million in 2020, a net increase in cash used of $263.4 million. The increase in cash used was primarily due to increased net originations of finance receivables.

Financing Activities. Financing activities consist of borrowings and payments on our outstanding indebtedness. In 2021, net cash provided by financing activities was $243.4 million, compared to net cash used in financing activities of $57.8 million in 2020, a net increase of $301.2 million. The net increase in cash provided was the result of a $377.9 million net increase in advances on debt instruments, partially offset by an increase in the repurchase of common stock of $55.4 million, an increase in cash dividends of $7.3 million, an increase in taxes paid of $8.3 million, and an increase in payments for debt issuance costs of $5.7 million.

Financing Arrangements.

Senior Revolving Credit Facility. In December 2021, we amended and restated our senior revolving credit facility to, among other things, decrease the availability under the facility from $640 million to $500 million and extend the maturity of the facility from September 2022 to September 2024. Excluding the receivables held by our variable interest entities (each, a "VIE"), the senior revolving credit facility is secured by substantially all of our finance receivables and equity interests of the majority of our subsidiaries. Advances on the senior revolving credit facility are capped at 83% of eligible secured finance receivables (83% of eligible secured finance receivables as of December 31, 2021). As of December 31, 2021, we had $199.2 million of available liquidity under the facility and held $10.5 million in unrestricted cash. Borrowings under the facility bear interest, payable monthly, at rates equal to one-month LIBOR, with a LIBOR floor of 0.50%, plus a 3.00% margin. The effective interest rate was 3.50% at December 31, 2021. The amended and restated facility provides for a process to transition from LIBOR to a new benchmark in certain circumstances. We pay a flat unused line fee of 0.50%.

Our debt under the senior revolving credit facility was $112.1 million as of December 31, 2021. In advance of its September 2024 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 Part I, 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.

Variable Interest Entity Debt. As part of our overall funding strategy, we have transferred certain finance receivables to affiliated VIEs for asset-backed financing transactions, including securitizations. The following debt arrangements are issued by our wholly-owned, bankruptcy-remote, SPEs, which are considered VIEs under GAAP and are consolidated into the financial statements of their primary beneficiary. We are considered to be the primary beneficiary because we have (i) power over the significant activities through our role as servicer of the finance receivables under each debt arrangement and (ii) the obligation to absorb losses or the right to receive returns that could be significant through our interest in the monthly residual cash flows of the SPEs.

These debts are supported by the expected cash flows from the underlying collateralized finance receivables. Collections on these finance receivables are remitted to restricted cash collection accounts, which totaled $107.7 million and $46.6 million as of December 31, 2021 and 2020, respectively. Cash inflows from the finance receivables are distributed to the lenders/investors, the service providers, and/or the residual interest that we own in accordance with a monthly contractual priority of payments. The SPEs pay a servicing fee to us, which is eliminated in consolidation.

At each sale of receivables from our affiliates to the SPEs, we make certain representations and warranties about the quality and nature of the collateralized receivables. The debt arrangements require us to repurchase the 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. Assets transferred to SPEs are legally isolated from us and our affiliates, and the claims of our and our affiliates' creditors. Further, the assets of each SPE are owned by such SPE and are not available to satisfy the debts or other obligations of us or any of our affiliates. See Part I, Item 1A, "Risk Factors" and the filings referenced therein for a discussion of risks related to our variable interest entity debt.

RMR II Revolving Warehouse Credit Facility. In April 2021, we and our wholly-owned SPE, Regional Management Receivables II, LLC ("RMR II"), amended and restated the credit agreement that provides for a revolving warehouse credit facility to RMR II to, among other things, extend the date at which the facility converts to an amortizing loan and the termination date to March 2023 and March 2024, respectively, decrease the total facility from $125 million to $75 million, increase the cap on facility advances from 80% to 83% of eligible finance receivables, and increase the rate at which borrowings under the facility bear interest, payable monthly, at a blended rate equal to three-month LIBOR, with a LIBOR floor of 0.25%, plus a margin of 2.35% (2.15% prior to the April 2021 amendment). The debt is secured by finance receivables and other related assets that we purchased from our affiliates, which we then sold and transferred to RMR II. The effective interest rate was 2.60% at December 31, 2021. RMR II pays an unused commitment fee between 0.35% and 0.85% based upon the average daily utilization of the facility. The RMR II revolving warehouse credit facility provides for a process to transition from LIBOR to a new benchmark in certain circumstances. As of December 31, 2021, our debt under the credit facility was $52.5 million.

RMR IV Revolving Warehouse Credit Facility. In April 2021, we and our wholly-owned SPE, Regional Management Receivables IV, LLC ("RMR IV"), entered into a credit agreement that provides for a $125 million revolving warehouse credit facility to RMR IV. The facility converts to an amortizing loan in April 2023 and terminates in April 2024. The debt is secured by finance receivables and other related assets that we purchased from our affiliates, which we then sold and transferred to RMR IV. Advances on the facility are capped at 81% of eligible finance receivables. Borrowings under the facility bear interest, payable monthly, at a rate equal to one-month LIBOR, plus a margin of 2.35%. The effective interest rate was 2.45% at December 31, 2021. RMR IV pays an unused commitment fee between 0.35% and 0.70% based upon the average daily utilization of the facility. The RMR IV revolving warehouse credit facility provides for a process to transition from LIBOR to a new benchmark in certain circumstances. As of December 31, 2021, our debt under the credit facility was $20.1 million.

RMR V Revolving Warehouse Credit Facility. In April 2021, we and our wholly-owned SPE, Regional Management Receivables V, LLC ("RMR V"), entered into a credit agreement that provides for a $100 million revolving warehouse credit facility to RMR V. The facility converts to an amortizing loan in October 2022 and terminates in October 2023. The debt is secured by finance receivables and other related assets that we purchased from our affiliates, which we then sold and transferred to RMR V. Advances on the facility are capped at 80% of eligible finance receivables. Borrowings under the facility bear interest, payable monthly, at a per annum rate, which in the case of a conduit lender is the commercial paper rate, plus a margin of 2.20%. The effective interest rate was 2.41% at December 31, 2021. RMR V pays an unused commitment fee between 0.45% and 0.75% based upon the average daily utilization of the facility. As of December 31, 2021, our debt under the credit facility was $59.5 million.

RMIT 2019-1 Securitization. In October 2019, we, our wholly-owned SPE, Regional Management Receivables III, LLC ("RMR III"), and our indirect wholly-owned SPE, Regional Management Issuance Trust 2019-1 ("RMIT 2019-1"), completed a private offering and sale of $130 million of asset-backed notes. The transaction consisted of the issuance of three classes of fixed-rate asset-backed notes by RMIT 2019-1. The asset-backed notes are secured by finance receivables and other related assets that RMR III purchased from us, which RMR III then sold and transferred to RMIT 2019-1. The notes had a revolving period ending in October

2021, with a final maturity date in November 2028. Borrowings under the RMIT 2019-1 securitization bear interest, payable monthly, at an effective interest rate of 3.19% as of December 31, 2021. Prior to maturity in November 2028, we may redeem the notes in full, but not in part, at our option on any note payment date on or after the payment date occurring in November 2021. During 2021, we made principal payments of $20.8 million after the completion of the revolving period. As of December 31, 2021, our debt under the securitization was $109.4 million. See Note 20, "Subsequent Events" of the Notes to Consolidated Financial Statements in Part II, Item 8, "Financial Statements and Supplementary Data," for additional information regarding this securitization.

RMIT 2020-1 Securitization. In September 2020, we, our wholly-owned SPE, RMR III, and our indirect wholly-owned SPE, Regional Management Issuance Trust 2020-1 ("RMIT 2020-1"), completed a private offering and sale of $180 million of asset-backed notes. The transaction consisted of the issuance of four classes of fixed-rate asset-backed notes by RMIT 2020-1. The asset-backed notes are secured by finance receivables and other related assets that RMR III purchased from us, which RMR III then sold and transferred to RMIT 2020-1. The notes have a revolving period ending in September 2023, with a final maturity date in October 2030. Borrowings under the RMIT 2020-1 securitization bear interest, payable monthly, at an effective interest rate of 2.85% as of December 31, 2021. Prior to maturity in October 2030, we may redeem the notes in full, but not in part, at our option on any business day on or after the payment date occurring in October 2023. No payments of principal of the notes will be made during the revolving period. As of December 31, 2021, our debt under the securitization was $180.2 million.

RMIT 2021-1 Securitization. In February 2021, we, our wholly-owned SPE, RMR III, and our indirect wholly-owned SPE, Regional Management Issuance Trust 2021-1 ("RMIT 2021-1"), completed a private offering and sale of $249 million of asset-backed notes. The transaction consisted of the issuance of four classes of fixed-rate asset-backed notes by RMIT 2021-1. The asset-backed notes are secured by finance receivables and other related assets that RMR III purchased from us, which RMR III then sold and transferred to RMIT 2021-1. The notes have a revolving period ending in February 2024, with a final maturity date in March 2031. Borrowings under the RMIT 2021-1 securitization bear interest, payable monthly, at an effective interest rate of 2.08% as of December 31, 2021. Prior to maturity in March 2031, we may redeem the notes in full, but not in part, at our option on any business day on or after the payment date occurring in March 2024. No payments of principal of the notes will be made during the revolving period. As of December 31, 2021, our debt under the securitization was $248.9 million.

RMIT 2021-2 Securitization. In July 2021, we, our wholly-owned SPE, RMR III, and our indirect wholly-owned SPE, Regional Management Issuance Trust 2021-2 ("RMIT 2021-2"), completed a private offering and sale of $200 million of asset-backed notes. The transaction consisted of the issuance of four classes of fixed-rate asset-backed notes by RMIT 2021-2. The asset-backed notes are secured by finance receivables and other related assets that RMR III purchased from us, which RMR III then sold and transferred to RMIT 2021-2. The notes have a revolving period ending in July 2026, with a final maturity date in August 2033. Borrowings under the RMIT 2021-2 securitization bear interest, payable monthly, at an effective interest rate of 2.30% as of December 31, 2021. Prior to maturity in August 2033, we may redeem the notes in full, but not in part, at our option on any business day on or after the payment date occurring in August 2026. No payments of principal of the notes will be made during the revolving period. As of December 31, 2021, our debt under the securitization was $200.2 million.

RMIT 2021-3 Securitization. In October 2021, we, our wholly-owned SPE, RMR III, and our indirect wholly-owned SPE, Regional Management Issuance Trust 2021-3 ("RMIT 2021-3"), completed a private offering and sale of $125 million of asset-backed notes. The transaction consisted of the issuance of fixed-rate asset-backed notes by RMIT 2021-3. The asset-backed notes are secured by finance receivables and other related assets that RMR III purchased from us, which RMR III then sold and transferred to RMIT 2021-3. The notes have a revolving period ending in September 2026, with a final maturity date in October 2033. Borrowings under the RMIT 2021-3 securitization bear interest, payable monthly, at an effective interest rate of 3.88% as of December 31, 2021. Prior to maturity in October 2033, we may redeem the notes in full, but not in part, at our option on any business day on or after the payment date occurring in October 2024. No payments of principal of the notes will be made during the revolving period. As of December 31, 2021, our debt under the securitization was $125.2 million.

RMIT 2022-1 Securitization. See Note 20, "Subsequent Events" of the Notes to Consolidated Financial Statements in Part II, Item 8, "Financial Statements and Supplementary Data," for information regarding the completion of a private offering and sale of $250.0 million of asset-backed notes following the end of the year.

Our debt arrangements are subject to certain covenants, including monthly and annual reporting, maintenance of specified interest coverage and debt ratios, restrictions on distributions, limitations on other indebtedness, and certain other restrictions. At December 31, 2021, we were in compliance with all debt covenants.

We expect that the LIBOR reference rate will be phased out by June 2023. Our senior revolving credit facility, RMR II revolving warehouse credit facility, and RMR IV revolving warehouse credit facility each use LIBOR as a benchmark in determining the cost of funds borrowed. These credit facilities provide for a process to transition from LIBOR to a new benchmark, if necessary. We plan to continue to work with our banking partners to modify our credit agreements to contemplate the cessation of the LIBOR reference rate. We will also continue to work to identify a replacement rate to LIBOR and look to adjust the pricing structure of our facilities as needed.

Restricted Cash Reserve Accounts.

RMR II Revolving Warehouse Credit Facility. The credit agreement governing the RMR II 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, 2021, the warehouse facility cash reserve requirement totaled $0.6 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 $5.1 million as of December 31, 2021.

RMR IV Revolving Warehouse Credit Facility. The credit agreement governing the RMR IV 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, 2021, the warehouse facility cash reserve requirement totaled $0.2 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 $2.1 million as of December 31, 2021.

RMR V Revolving Warehouse Credit Facility. The credit agreement governing the RMR V 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, 2021, the warehouse facility cash reserve requirement totaled $0.7 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 $5.1 million as of December 31, 2021.

RMIT 2019-1 Securitization. As required under the transaction documents governing the RMIT 2019-1 securitization, we deposited $1.4 million of cash proceeds into a restricted cash reserve account at closing. The securitization is supported by the expected cash flows from the underlying collateralized finance receivables. Collections are remitted to a restricted cash collection account, which totaled $11.8 million as of December 31, 2021.

RMIT 2020-1 Securitization. As required under the transaction documents governing the RMIT 2020-1 securitization, we deposited $1.9 million of cash proceeds into a restricted cash reserve account at closing. The securitization is supported by the expected cash flows from the underlying collateralized finance receivables. Collections are remitted to a restricted cash collection account, which totaled $16.4 million as of December 31, 2021.

RMIT 2021-1 Securitization. As required under the transaction documents governing the RMIT 2021-1 securitization, we deposited $2.6 million of cash proceeds into a restricted cash reserve account at closing. The securitization is supported by the expected cash flows from the underlying collateralized finance receivables. Collections are remitted to a restricted cash collection account, which totaled $26.6 million as of December 31, 2021.

RMIT 2021-2 Securitization. As required under the transaction documents governing the RMIT 2021-2 securitization, we deposited $2.1 million of cash proceeds into a restricted cash reserve account at closing. The securitization is supported by the expected cash flows from the underlying collateralized finance receivables. Collections are remitted to a restricted cash collection account, which totaled $21.0 million as of December 31, 2021.

RMIT 2021-3 Securitization. As required under the transaction documents governing the RMIT 2021-3 securitization, we deposited $1.5 million of cash proceeds into a restricted cash reserve account at closing. The securitization is supported by the expected cash flows from the underlying collateralized finance receivables. Collections are remitted to a restricted cash collection account, which totaled $19.6 million as of December 31, 2021.

RMC Reinsurance. 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, 2021, cash reserves for reinsurance were $19.9 million.

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 to date.

Critical Accounting Policies and Estimates

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 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.

Allowance for Credit Losses.

The allowance for credit losses is based on historical credit experience, current conditions, and reasonable and supportable economic forecasts. The historical loss experience is adjusted for quantitative and qualitative factors that are not fully reflected in the historical data. In determining our estimate of expected credit losses, we evaluate information related to credit metrics, changes in our lending strategies and underwriting practices, and the current and forecasted direction of the economic and business environment. These metrics include, but are not limited to, loan portfolio mix and growth, unemployment, credit loss trends, delinquency trends, changes in underwriting, and operational risks.

We selected a static pool Probability of Default ("PD") / Loss Given Default ("LGD") model to estimate our base allowance for credit losses, in which the estimated loss is equal to the product of PD and LGD. Historical static pools of net finance receivables are tracked over the term of the pools to identify the incidences of loss (PDs) and the average severity of losses (LGDs).

To enhance the precision of the allowance for credit loss estimate, we evaluate our finance receivable portfolio on a pool basis and segment each pool of finance receivables with similar credit risk characteristics. As part of our evaluation, we consider loan portfolio characteristics such as product type, loan size, loan term, internal or external credit scores, delinquency status, geographical location, and vintage. Based on analysis of historical loss experience, we selected the following segmentation: product type, Fair Isaac Corporation score, and delinquency status.

We account for certain finance receivables that have been modified by bankruptcy proceedings or company loss mitigation policies using a discounted cash flows approach to properly reserve for customer concessions (rate reductions and term extensions).

As finance receivables are originated, provisions for credit losses are recorded in amounts sufficient to maintain an allowance for credit losses at an adequate level to provide for estimated losses over the contractual life of the finance receivables (considering the effect of prepayments). Subsequent changes to the contractual terms that are a result of re-underwriting are not included in the finance receivable's contractual life (considering the effect of prepayments). We use our segmentation loss experience to forecast expected credit losses. Historical information about losses generally provides a basis for the estimate of expected credit losses. We also consider the need to adjust historical information to reflect the extent to which current conditions differ from the conditions that existed for the period over which historical information was evaluated. These adjustments to historical loss information may be qualitative or quantitative in nature.

Macroeconomic forecasts are required for our allowance for credit loss model and require significant judgment and estimation uncertainty. We consider key economic factors, most notably unemployment rates, to incorporate into our estimate of the allowance for credit losses. We engaged a major rating service provider to assist with compiling a reasonable and supportable forecast which we use to support the adjustments of our historical loss experience. We do not require reversion adjustments, as the contractual lives of our loan portfolio (considering the effect of prepayments) are shorter than our available forecast periods.

Due to the judgment and uncertainty in estimating the expected credit losses, we may experience changes to the macroeconomic assumptions within our forecast, as well as changes to our credit loss performance outlook, both of which could lead to further changes in our allowance for credit losses, allowance as a percentage of net finance receivables, and provision for credit losses.

During 2020, management captured the potential impact of the COVID-19 pandemic in its macroeconomic forecast, we had reserved $33.4 million as of June 30, 2020. Overall improvements in the pandemic led us to release that reserve gradually. As of December 31, 2021, we had $14.4 million in reserves. COVID-19 has created conditions that increase the level of uncertainty associated with our estimate of the amount and timing of future credit losses from our loan portfolio.

Macroeconomic Sensitivity. To demonstrate the sensitivity of forecasting macroeconomic conditions, we stressed our macroeconomic model with an increase of 100 bps to unemployment that would have increased our reserves as of December 31, 2021 by $1.8 million.

The macroeconomic scenarios are highly influenced by timing, severity, and duration of changes in the underlying economic factors. This makes it difficult to estimate how potential changes in economic factors affect the estimated credit losses. Therefore, this hypothetical analysis is not intended to represent our expectation of changes in our estimate of expected credit losses due to a change in the macroeconomic environment, nor does it consider management's judgment of other quantitative and qualitative information which could increase or decrease the estimate.

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 either at 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. Because our large loans have longer maturities than our small loans and typically renew at a slower rate than our small loans, our reaction time to changes may be affected as our large loans change as a percentage of our portfolio.

We also are exposed to changes in interest rates as a result of certain borrowing activities. As of December 31, 2021, the interest rates on 78.0% of our debt (the securitizations) were fixed. We maintain liquidity and fund our business operations in part through variable-rate borrowings under a senior revolving credit facility and three revolving warehouse credit facilities. At December 31, 2021, the balances and key terms of the credit facilities were as follows:

Revolving Credit Facility	Balance (in thousands)	Interest Payment Frequency	Rate Type	Floor	Margin	Effective Interest Rate
Senior	$ 112,065	Monthly	1-mo LIBOR	0.50%	3.00%	3.50%
RMR II Warehouse	52,469	Monthly	3-mo LIBOR	0.25%	2.35%	2.60%
RMR IV Warehouse	20,071	Monthly	1-mo LIBOR	—	2.35%	2.45%
RMR V Warehouse	59,451	Monthly	Conduit	—	2.20%	2.41%
Total	$ 244,056					

We have purchased interest rate caps to manage the risk associated with an aggregate notional $550.0 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 the strike rate. The following is a summary of the Company's interest rate caps as of December 31, 2021:

Execution Date	Effective Date	Maturity Date	Strike Rate	Notional Amount (in thousands)
03/2020	03/2020	03/2023	1.75%	$ 100,000
08/2020	08/2020	08/2023	0.50%	50,000
09/2020	09/2020	10/2023	0.50%	100,000
11/2020	11/2020	11/2023	0.25%	50,000
02/2021	02/2021	02/2024	0.25%	50,000
03/2021	03/2021	03/2024	0.25%	50,000
06/2021	06/2021	06/2024	0.25%	50,000
12/2021	08/2023	02/2026	0.50%	50,000
12/2021	02/2024	02/2026	0.50%	50,000
Total notional amount				$ 550,000

Based on the underlying rates and the outstanding balances at December 31, 2021, an increase of 100 basis points in the LIBOR and conduit rates of our revolving credit facilities would result in approximately $2.0 million of increased interest expense on an annual basis, in the aggregate, under these borrowings. Our interest rate cap coverage at December 31, 2021 would reduce this increased expense by approximately $2.6 million on an annual basis.

The nature and amount of our debt may vary as a result of future business requirements, market conditions, and other factors.

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

REGIONAL MANAGEMENT CORP.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Year Ended December 31, 2021

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 its subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, 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, 2021, 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 March 4, 2022, 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.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for credit losses

As described in Note 2 and Note 4 to the financial statements, the Company established an allowance for credit losses of $159.3 million as of December 31, 2021, under the current expected credit losses (CECL) model. The allowance for credit losses consists of a base component in which the credit losses for finance receivables are estimated on a collective basis using the static pool Probability of Default/Loss Given Default model segmented by loan product type, credit score, and delinquency status. The Company’s base component of the allowance for credit losses also accounts for certain finance receivables that have been modified by bankruptcy proceedings or company loss mitigation policies using a discounted cash flows approach. The base component of the allowance for credit losses is adjusted for quantitative and qualitative factors related to credit metrics, including but not limited to, loan portfolio mix and growth, unemployment, credit loss trends, delinquency trends, changes in lending strategies and underwriting practices, and operational risks, as well as the current and forecasted direction of the economic and business environment. These adjustments to the base component are determined by management to involve a higher degree of complexity due to the significant judgements surrounding the macroeconomic forecasts and other qualitative factors.

We identified the Company's macroeconomic forecasts and other qualitative factors of the allowance for credit losses as a critical audit matter because of the significant judgments made by management and the fact that the estimates related to macroeconomic and qualitative factors are highly sensitive to changes in the underlying data and assumptions. Significant auditor judgment and an increased extent of effort was required when performing audit procedures to evaluate the Company's estimates and assumptions related to the significant judgments surrounding the macroeconomic forecasts and other qualitative factors of the allowance for credit losses.

The primary audit procedures we performed to address this critical audit matter included the following, among others:

- Obtaining an understanding of the relevant controls related to: (a) management's validation of the macroeconomic forecast spread and scenarios, (b) management's validation of the qualitative factor inputs, and (c) management's validation of the calculations, and our testing of such controls for design and operating effectiveness.
- Testing the completeness and accuracy of data used by management in determining macroeconomic forecast and qualitative factor adjustments by agreeing them to internal and external source data.
- Evaluating the current and forecasted direction and magnitude of the economic and business environment identified by the Company, adjusted for the impacts of the COVID-19 pandemic, for reasonableness in relation to internal and external source data provided.
- Evaluating the direction and magnitude of other qualitative factor adjustments related to credit metrics, including but not limited to, loan portfolio mix and growth, unemployment, credit loss trends, delinquency trends, changes in lending strategies and underwriting practices, and operational risks identified by the Company for reasonableness in relation to internal and external source data provided.

/s/ RSM US LLP

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

Raleigh, North Carolina
March 4, 2022

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 its subsidiaries' (the Company) internal control over financial reporting as of December 31, 2021, 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, 2021, 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, 2021 and 2020, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, of the Company and our report dated March 4, 2022, 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 for the Year Ended December 31, 2021. 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
March 4, 2022

Regional Management Corp. and Subsidiaries
Consolidated Balance Sheets
December 31, 2021 and 2020
(in thousands, except par value amounts)

	2021	2020
Assets		
Cash	$ 10,507	$ 8,052
Net finance receivables	1,426,257	1,136,259
Unearned insurance premiums	(47,837)	(34,545)
Allowance for credit losses	(159,300)	(150,000)
Net finance receivables, less unearned insurance premiums and allowance for credit losses	1,219,120	951,714
Restricted cash	138,682	63,824
Lease assets	28,721	27,116
Property and equipment	12,938	14,008
Deferred tax assets, net	18,420	14,121
Intangible assets	9,517	8,689
Other assets	21,757	16,332
Total assets	$ 1,459,662	$ 1,103,856
Liabilities and Stockholders' Equity		
Liabilities:		
Debt	$ 1,107,953	$ 768,909
Unamortized debt issuance costs	(11,010)	(6,661)
Net debt	1,096,943	762,248
Accounts payable and accrued expenses	49,283	40,284
Lease liabilities	30,700	29,201
Total liabilities	1,176,926	831,733
Commitments and contingencies (Notes 6, 17, and 18)		
Stockholders' equity:		
Preferred stock ($0.10 par value, 100,000 shares authorized, none issued or outstanding)	—	—
Common stock ($0.10 par value, 1,000,000 shares authorized, 14,157 shares issued and 9,788 shares outstanding at December 31, 2021 and 13,851 shares issued and 10,932 shares outstanding at December 31, 2020)	1,416	1,385
Additional paid-in capital	104,745	105,483
Retained earnings	306,105	227,343
Treasury stock (4,370 shares at December 31, 2021 and 2,919 shares at December 31, 2020)	(129,530)	(62,088)
Total stockholders' equity	282,736	272,123
Total liabilities and stockholders' equity	$ 1,459,662	$ 1,103,856

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

	2021	2020
Assets		
Cash	$ 364	$ 236
Net finance receivables	1,004,954	483,674
Allowance for credit losses	(109,898)	(59,046)
Restricted cash	118,818	51,849
Other assets	4	5
Total assets	$ 1,014,242	$ 476,718
Liabilities		
Net debt	$ 986,223	$ 477,822
Accounts payable and accrued expenses	71	87
Total liabilities	$ 986,294	$ 477,909

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Consolidated Statements of Income
Years Ended December 31, 2021, 2020, and 2019
(in thousands, except per share amounts)

	2021	2020	2019
Revenue			
Interest and fee income	$ 382,544	$ 335,215	$ 321,169
Insurance income, net	35,482	28,349	20,817
Other income	10,325	10,342	13,727
Total revenue	428,351	373,906	355,713
Expenses			
Provision for credit losses	89,015	123,810	99,611
Personnel	119,833	109,560	94,000
Occupancy	24,126	22,629	22,576
Marketing	14,405	10,357	8,206
Other	37,150	33,770	32,202
Total general and administrative expenses	195,514	176,316	156,984
Interest expense	31,349	37,852	40,125
Income before income taxes	112,473	35,928	58,993
Income taxes	23,786	9,198	14,261
Net income	$ 88,687	$ 26,730	$ 44,732
Net income per common share:			
Basic	$ 8.84	$ 2.45	$ 3.92
Diluted	$ 8.33	$ 2.40	$ 3.80
Weighted-average common shares outstanding:			
Basic	10,034	10,930	11,401
Diluted	10,643	11,145	11,773

See accompanying notes to consolidated financial statements.

Form 10-K

Regional Management Corp. and Subsidiaries
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2021, 2020, and 2019
(in thousands)

	Year Ended December 31, 2021					
	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
	Shares	Amount				
Balance, December 31, 2020	13,851	$ 1,385	$ 105,483	$ 227,343	$ (62,088)	$ 272,123
Cash dividends	—	—	—	(9,925)	—	(9,925)
Issuance of restricted stock awards	219	22	(22)	—	—	—
Exercise of stock options	453	46	—	—	—	46
Repurchase of common stock	—	—	—	—	(67,442)	(67,442)
Shares withheld related to net share settlement	(366)	(37)	(8,196)	—	—	(8,233)
Share-based compensation	—	—	7,399	—	—	7,399
Short-swing profit disgorgement	—	—	81	—	—	81
Net income	—	—	—	88,687	—	88,687
Balance, December 31, 2021	14,157	$ 1,416	$ 104,745	$ 306,105	$ (129,530)	$ 282,736

	Year Ended December 31, 2020					
	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
	Shares	Amount				
Balance, December 31, 2019	13,497	$ 1,350	$ 102,678	$ 248,829	$ (50,074)	$ 302,783
Cumulative effect of accounting standard adoption	—	—	—	(45,922)	—	(45,922)
Cash dividends	—	—	—	(2,294)	—	(2,294)
Issuance of restricted stock awards	361	36	(36)	—	—	—
Exercise of stock options	266	27	—	—	—	27
Repurchase of common stock	—	—	—	—	(12,014)	(12,014)
Shares withheld related to net share settlement	(273)	(28)	(2,758)	—	—	(2,786)
Share-based compensation	—	—	5,599	—	—	5,599
Net income	—	—	—	26,730	—	26,730
Balance, December 31, 2020	13,851	$ 1,385	$ 105,483	$ 227,343	$ (62,088)	$ 272,123

	Year Ended December 31, 2019					
	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
	Shares	Amount				
Balance, December 31, 2018	13,323	$ 1,332	$ 98,778	$ 204,097	$ (25,046)	$ 279,161
Issuance of restricted stock awards	211	21	(21)	—	—	—
Exercise of stock options	16	2	—	—	—	2
Repurchase of common stock	—	—	—	—	(25,028)	(25,028)
Shares withheld related to net share settlement	(53)	(5)	(1,226)	—	—	(1,231)
Share-based compensation	—	—	5,147	—	—	5,147
Net income	—	—	—	44,732	—	44,732
Balance, December 31, 2019	13,497	$ 1,350	$ 102,678	$ 248,829	$ (50,074)	$ 302,783

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2021, 2020, and 2019
(in thousands)

	2021	2020	2019
Cash flows from operating activities:			
Net income	$ 88,687	$ 26,730	$ 44,732
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	89,015	123,810	99,611
Depreciation and amortization	11,653	13,308	10,856
Amortization of deferred originations fees and costs	(15,776)	(14,966)	(15,243)
Loss on disposal of property and equipment	161	180	94
Share-based compensation	7,399	5,599	5,147
Fair value adjustment on interest rate caps	(2,721)	261	249
Deferred income taxes, net	(4,299)	676	(1,366)
Changes in operating assets and liabilities:			
Increase in unearned insurance premiums	13,292	5,954	9,651
Increase in lease assets	(1,605)	(678)	(4,346)
Increase in other assets	(8,443)	(6,553)	(850)
Increase in accounts payable and accrued expenses	10,153	9,927	5,240
Increase in lease liabilities	1,499	731	4,415
Net cash provided by operating activities	189,015	164,979	158,190
Cash flows from investing activities:			
Originations of finance receivables	(1,452,634)	(1,072,599)	(1,285,005)
Repayments of finance receivables	1,104,437	986,263	1,023,589
Purchases of intangible assets	(3,273)	(1,417)	(1,603)
Purchases of property and equipment	(3,588)	(3,933)	(5,804)
Proceeds from disposal of property and equipment	—	2	59
Net cash used in investing activities	(355,058)	(91,684)	(268,764)
Cash flows from financing activities:			
Advances on revolving credit facilities	1,901,870	1,283,242	1,626,090
Payments on revolving credit facilities	(1,985,601)	(1,352,053)	(1,586,759)
Payments on amortizing loan	—	—	(21,613)
Advances on securitizations	573,700	180,000	130,000
Payments on securitizations	(150,857)	(150,000)	—
Payments for debt issuance costs	(8,907)	(3,170)	(4,891)
Taxes paid related to net share settlement of equity awards	(9,951)	(1,635)	(939)
Short-swing profit disgorgement	81	—	—
Cash dividends	(9,537)	(2,216)	—
Repurchases of common stock	(67,442)	(12,014)	(25,028)
Net cash provided by (used in) financing activities	243,356	(57,846)	116,860
Net change in cash and restricted cash	77,313	15,449	6,286
Cash and restricted cash at beginning of period	71,876	56,427	50,141
Cash and restricted cash at end of period	$ 149,189	$ 71,876	$ 56,427
Supplemental cash flow information:			
Interest paid	$ 29,428	$ 31,993	$ 35,478
Income taxes paid	$ 23,077	$ 7,130	$ 14,695
Operating leases paid	$ 9,729	$ 8,251	$ 7,379
Non-cash lease assets and liabilities acquired	$ 9,717	$ 7,910	$ 10,102
Non-cash dividends payable	$ 388	$ 78	$ —

The following table reconciles cash and restricted cash from the Consolidated Balance Sheets to the statements above:

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Cash	$ 10,507	$ 8,052	$ 2,263	$ 3,657
Restricted cash	138,682	63,824	54,164	46,484
Total cash and restricted cash	$ 149,189	$ 71,876	$ 56,427	$ 50,141

See accompanying notes to consolidated financial statements.

Form 10-K

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 purchase loans, but ceased such originations in November 2017. As of December 31, 2021, the Company operated 350 branch locations under the name "Regional Finance" in 13 states across the United States.

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. 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 half of the year and rise in the second half of the year. The current expected credit loss ("CECL") accounting model requires earlier recognition of credit losses compared to the prior incurred loss approach. This could result in larger allowance for credit loss releases in periods of portfolio liquidation, and larger provisions for credit losses in periods of portfolio growth compared to prior years. Consequently, the Company experiences seasonal fluctuations in its operating results and cash needs. However, changes in borrower assistance programs and customer access to external economic stimulus measures related to the COVID-19 pandemic have impacted the Company's typical seasonal trends for loan volume and delinquency.

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").

Business segments: The Company has one reportable segment, which is the consumer finance segment.

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.

Variable interest entities: The Company transfers pools of loans to wholly owned, bankruptcy-remote, special purpose entities (each, an "SPE") to secure debt for general funding purposes. These entities have the limited purpose of acquiring finance receivables and holding and making payments on the related debts. Assets transferred to each SPE are legally isolated from the Company and its affiliates, as well as the claims of the Company's and its affiliates' creditors. Further, the assets of each SPE are owned by such SPE and are not available to satisfy the debts or other obligations of the Company or any of its affiliates. The Company continues to service the finance receivables transferred to the SPEs. The lenders and investors in the debt issued by the SPEs generally only have recourse to the assets of the SPEs and do not have recourse to the general credit of the Company.

The SPEs' debt arrangements are structured to provide credit enhancements to the lenders and investors, which may include overcollateralization, subordination of interests, excess spread, and reserve funds. These enhancements, along with the isolated finance receivables pools, increase the creditworthiness of the SPEs 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.

The SPEs 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 the SPEs because it has (i) power over the significant activities through its role as servicer of the finance receivables under each debt arrangement 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 the SPEs.

Consolidation of VIEs results in these 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 the VIEs and not by any other assets of the Company. The assets of the VIEs are the only source of funds for repayment on each debt, and restricted cash held by the VIEs can only be used to support payments on the debt. The Company recognizes revenue and provision for credit losses on the finance receivables of the VIEs and interest expense on the related secured debt.

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.

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.

Estimates that are susceptible to change relate to the determination of the allowance for credit losses, the valuation of deferred tax assets and liabilities, and the fair value of financial instruments.

Reclassifications and revisions: 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.

Revision: Subsequent to issuance of the September 30, 2021 financial statements, the Company concluded that certain cash flow statement line items should be broken out to reflect cash receipts and cash payments on a gross basis, rather than net. As a result, the net originations of finance receivables, net advances (payments) on senior revolving credit facility, net advances (payments) on revolving warehouse credit facilities, and net advances on securitizations line items have been updated to reflect a gross presentation. The Company also concluded that the amortization of deferred origination fees and costs, accrued interest receivables, and unearned insurance premiums included in the net originations of finance receivables (previously in investing activities) and accrued interest payables included in debt (previously in financing activities) should be included in operating activities. These changes will classify cash flows related to interest received on finance receivables and interest paid on debt as operating activities and cash flows related to net loan origination fees and costs as investing activities. To correct these classification errors, amounts previously reported have been reclassified for the years ended December 31, 2020 and 2019. Impacts for the year ended December 31, 2020 included a decrease in net cash provided by operating activities of $7.2 million, a decrease in net cash used in investing activities of $6.7 million, and an increase in net cash provided by financing activities of $0.5 million. Impacts for the year ended December 31, 2019 included a decrease in net cash provided by operating activities of $6.9 million and a decrease in net cash used in investing activities of $6.9 million.

Net 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 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, some of which are convenience check receivables and the vast majority of which are secured by non-essential household goods, automobiles, and/or other vehicles. 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. Automobile loan receivables consist of automobile purchase loans that are collateralized primarily by the purchased automobiles. The Company ceased originating automobile purchase loans in November 2017.

Allowance for credit losses: The Financial Accounting Standards Board (the "FASB") issued an accounting update in June 2016 to change the impairment model for estimating credit losses on financial assets. The previous incurred loss impairment model required the recognition of credit losses when it was probable that a loss had been incurred. The incurred loss model was replaced by the CECL model, which requires entities to estimate the lifetime expected credit loss on financial instruments and to record an allowance to offset the amortized cost basis of the financial asset. The CECL model requires earlier recognition of credit losses as compared to the incurred loss approach. The Company adopted this standard effective January 1, 2020.

The allowance for credit losses is based on historical credit experience, current conditions, and reasonable and supportable economic forecasts. The historical loss experience is adjusted for quantitative and qualitative factors that are not fully reflected in the historical data. In determining its estimate of expected credit losses, the Company evaluates information related to credit metrics, changes in its lending strategies and underwriting practices, and the current and forecasted direction of the economic and business environment. These metrics include, but are not limited to, loan portfolio mix and growth, unemployment, credit loss trends, delinquency trends, changes in underwriting, and operational risks.

The Company selected a static pool Probability of Default ("PD") / Loss Given Default ("LGD") model to estimate its base allowance for credit losses, in which the estimated loss is equal to the product of PD and LGD. Historical static pools of net finance receivables are tracked over the term of the pools to identify the incidences of loss (PDs) and the average severity of losses (LGDs).

To enhance the precision of the allowance for credit loss estimate, the Company evaluates its finance receivable portfolio on a pool basis and segments each pool of finance receivables with similar credit risk characteristics. As part of its evaluation, the Company considers loan portfolio characteristics such as product type, loan size, loan term, internal or external credit scores, delinquency status, geographical location, and vintage. Based on analysis of historical loss experience, the Company selected the following segmentation: product type, Fair Isaac Corporation ("FICO") score, and delinquency status.

As finance receivables are originated, provisions for credit losses are recorded in amounts sufficient to maintain an allowance for credit losses at an adequate level to provide for estimated losses over the contractual life of the finance receivables (considering the effect of prepayments). Subsequent changes to the contractual terms that are a result of re-underwriting are not included in the finance receivable's contractual life (considering the effect of prepayments). The Company uses its segmentation loss experience to forecast expected credit losses. Historical information about losses generally provides a basis for the estimate of expected credit losses. The Company also considers the need to adjust historical information to reflect the extent to which current conditions differ from the conditions that existed for the period over which historical information was evaluated. These adjustments to historical loss information may be qualitative or quantitative in nature.

Reasonable and supportable macroeconomic forecasts are required for the Company's allowance for credit loss model. The Company engaged a major rating service to assist with compiling a reasonable and supportable forecast. The Company reviews macroeconomic forecasts to use in its allowance for credit losses. The Company adjusts the historical loss experience by relevant qualitative factors for these expectations. The Company does not require reversion adjustments, as the contractual lives of its portfolio (considering the effect of prepayments) are shorter than its available forecast periods.

The Company charges credit losses against the allowance when an account reaches 180 days contractually delinquent, subject to certain exceptions. The Company's non-titled customer accounts in a confirmed bankruptcy are charged off in the month following the bankruptcy notification or 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. Subsequent recoveries of amounts charged off, if any, are credited to the allowance.

Troubled Debt Restructurings: The Company classifies a finance receivable as a troubled debt restructuring (each, a "TDR") when the Company modifies the finance receivable's contractual terms for economic or other reasons related to the borrower's financial difficulties and grants a concession that it would not otherwise consider (including Chapter 13 bankruptcies and delinquent renewals). Modifications primarily include an interest rate reduction and/or term extension to reduce the borrower's monthly payment. Once a loan is classified as a TDR, it remains a TDR for the purpose of calculating the allowance for credit losses for the remainder of its contractual term.

The Company establishes its allowance for credit losses related to its TDRs by calculating the present value of all expected cash flows (discounted at the finance receivable's effective interest rate prior to modification) less the amortized costs of the aggregated pool. The Company uses the modified interest rates and certain assumptions, including expected credit losses and recoveries, to estimate the expected cash flows from its TDRs.

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.

Property and equipment: 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.

Leases: The Company leases its current headquarters building. Branch offices are leased under non-cancellable leases of three to seven years with renewal options. The Company's lease liability is based on the present value of the remaining minimum rental payments using a discount rate that is based on the Company's incremental borrowing rate on its senior revolving credit facility. The Company's lease asset includes right-of-use assets equaling the lease liability, net of prepaid rent and deferred rents that existed as of the adoption of the current lease accounting standard. The Company assesses its leased assets for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If a lease is impaired, the impairment loss is recognized in lease costs and the right-of-use asset is reduced to the impaired value.

Lease agreements with terms of twelve months or less are not capitalized as part of lease assets or liabilities and are expensed as incurred. The Company accounts for each separate lease component of a contract and its associated non-lease components as a single lease component for its branch leases. The Company has elected not to apply this policy in relation to the corporate headquarters lease. The Company has also determined that it is reasonably certain that the first option to extend lease contracts will be exercised for new branch locations; therefore, the first option to extend is included in the lease asset and liability calculation.

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 potential credit life insurance claims and cash restricted for debt servicing of the Company's revolving warehouse credit facilities and securitizations.

Derivative instruments: The Company holds derivative instruments in the form of interest rate caps for the purpose of mitigating 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.

The Company recognizes income on credit life insurance, credit property insurance, and automobile 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 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. Fee income for non-file insurance is recognized using the sum-of-the-years' digits method over the loan term.

Charges for late fees are recognized as income when collected.

Nonaccrual status: Accrual of interest income on finance receivables is suspended when an account becomes 90 days delinquent. If the account is charged off, the accrued interest income is reversed as a reduction of interest and fee income. Interest received on such loans is accounted for on the cash-basis method, until qualifying for return to accrual. Under the cash-basis method, interest income is recorded when the payment is received. Loans resume accruing interest when the past due status is brought below 90 days. The Company made a policy election to not record an allowance for credit losses related to accrued interest because it has nonaccrual and charge-off policies that result in the timely suspension and reversal of accrued interest.

Finance receivable origination fees and costs: Non-refundable fees received and direct costs (personnel and digital loan origination 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 interest income at the time that finance receivables are paid in full, renewed, or charged off.

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 assumptions, including expected volatility, expected dividends, expected life, and risk-free interest rate, changes to which can affect the fair value estimate. Expected volatility is based on the Company's historical stock price volatility. Expected dividends are calculated using the expected dividend yield (annualized dividends divided by the grant date stock price). 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. 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, 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.

The Company 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, in the period of exercise or vesting.

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.

Note 3. Concentrations of Credit Risk

Customers living in South Carolina, Texas, and North Carolina accounted for 14%, 32%, and 15%, respectively, of the Company's net finance receivables in 2021. Given the primary concentration of the Company's portfolio of finance receivables in these states, such customers' ability to honor their installment contracts may be affected by economic conditions in these states.

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,	
Dollars in thousands	**2021**	**2020**
Small loans	$ 445,023	$ 403,062
Large loans	969,351	715,210
Automobile loans	1,343	3,889
Retail loans	10,540	14,098
Net finance receivables	$ 1,426,257	$ 1,136,259

Net finance receivables included net deferred origination fees of $14.2 million and $12.6 million as of December 31, 2021 and 2020, respectively.

The credit quality of the Company's finance receivable portfolio is dependent on the Company's ability to enforce sound underwriting standards, maintain diligent servicing of the portfolio, and respond to changing economic conditions as it grows its portfolio. The allowance for credit losses uses FICO scores and delinquency as key data points in estimating the allowance. The Company uses six FICO band categories to assess FICO scores. The first FICO band category includes the lowest FICO scores, while the sixth FICO band category includes the highest FICO scores.

Net finance receivables by product, FICO band, and origination year as of December 31, 2021 are as follows:

	Net Finance Receivables by Origination Year						
Dollars in thousands	2021	2020	2019	2018	2017	Prior	Total Net Finance Receivables
Small Loans:							
FICO Band							
1	$ 71,720	$ 11,243	$ 2,202	$ 208	$ 44	$ 6	$ 85,423
2	48,507	5,805	856	33	11	3	55,215
3	52,113	6,278	764	24	5	1	59,185
4	56,631	6,834	689	31	8	1	64,194
5	57,058	8,484	615	14	2	1	66,174
6	96,149	17,837	835	7	3	1	114,832
Total small loans	$ 382,178	$ 56,481	$ 5,961	$ 317	$ 73	$ 13	$ 445,023
Large Loans:							
FICO Band							
1	$ 41,865	$ 19,447	$ 9,940	$ 2,714	$ 979	$ 483	$ 75,428
2	40,795	12,814	4,815	594	106	93	59,217
3	112,048	26,041	11,398	1,412	147	38	151,084
4	136,901	34,382	14,890	1,622	197	23	188,015
5	130,375	34,278	14,021	1,730	146	18	180,568
6	229,184	59,579	23,054	2,998	186	38	315,039
Total large loans	$ 691,168	$ 186,541	$ 78,118	$ 11,070	$ 1,761	$ 693	$ 969,351
Automobile Loans:							
FICO Band							
1	$ —	$ —	$ —	$ —	$ 395	$ 166	$ 561
2	—	—	—	—	149	78	227
3	—	—	—	—	225	80	305
4	—	—	—	—	87	27	114
5	—	—	—	—	19	50	69
6	—	—	—	—	49	18	67
Total automobile loans	$ —	$ —	$ —	$ —	$ 924	$ 419	$ 1,343
Retail Loans:							
FICO Band							
1	$ 19	$ 137	$ 207	$ 25	$ 1	$ 2	$ 391
2	161	86	150	13	1	—	411
3	1,177	338	156	17	4	4	1,696
4	1,699	840	363	56	4	2	2,964
5	1,415	678	337	46	7	1	2,484
6	1,563	702	295	30	2	2	2,594
Total retail loans	$ 6,034	$ 2,781	$ 1,508	$ 187	$ 19	$ 11	$ 10,540
Total Loans:							
FICO Band							
1	$ 113,604	$ 30,827	$ 12,349	$ 2,947	$ 1,419	$ 657	$ 161,803
2	89,463	18,705	5,821	640	267	174	115,070
3	165,338	32,657	12,318	1,453	381	123	212,270
4	195,231	42,056	15,942	1,709	296	53	255,287
5	188,848	43,440	14,973	1,790	174	70	249,295
6	326,896	78,118	24,184	3,035	240	59	432,532
Total loans	$ 1,079,380	$ 245,803	$ 85,587	$ 11,574	$ 2,777	$ 1,136	$ 1,426,257

Net finance receivables by product, FICO band, and origination year as of December 31, 2020 are as follows:

	Net Finance Receivables by Origination Year						
Dollars in thousands	2020	2019	2018	2017	2016	Prior	Total Net Finance Receivables
Small Loans:							
FICO Band							
1	$ 71,903	$ 17,229	$ 1,947	$ 209	$ 34	$ 12	$ 91,334
2	38,548	7,538	595	40	6	3	46,730
3	39,864	7,942	580	27	2	3	48,418
4	42,972	8,446	589	18	3	1	52,029
5	45,678	10,322	505	13	4	—	56,522
6	86,293	20,975	739	20	2	—	108,029
Total small loans	$ 325,258	$ 72,452	$ 4,955	$ 327	$ 51	$ 19	$ 403,062
Large Loans:							
FICO Band							
1	$ 46,971	$ 25,644	$ 7,515	$ 2,991	$ 741	$ 335	$ 84,197
2	35,514	14,256	2,405	562	106	97	52,940
3	72,192	34,235	6,287	1,123	51	53	113,941
4	86,483	41,440	6,762	1,193	61	19	135,958
5	79,936	38,027	7,049	1,342	20	16	126,390
6	129,706	58,564	11,635	1,800	65	14	201,784
Total large loans	$ 450,802	$ 212,166	$ 41,653	$ 9,011	$ 1,044	$ 534	$ 715,210
Automobile Loans:							
FICO Band							
1	$ —	$ —	$ —	$ 901	$ 582	$ 229	$ 1,712
2	—	—	—	374	293	49	716
3	—	—	—	481	237	23	741
4	—	—	—	226	89	33	348
5	—	—	—	69	105	10	184
6	—	—	—	105	81	2	188
Total automobile loans	$ —	$ —	$ —	$ 2,156	$ 1,387	$ 346	$ 3,889
Retail Loans:							
FICO Band							
1	$ 439	$ 893	$ 236	$ 18	$ 1	$ 1	$ 1,588
2	267	676	217	14	1	1	1,176
3	847	715	263	20	3	2	1,850
4	1,677	1,320	546	43	1	2	3,589
5	1,364	1,076	436	51	1	1	2,929
6	1,412	1,057	449	44	2	2	2,966
Total retail loans	$ 6,006	$ 5,737	$ 2,147	$ 190	$ 9	$ 9	$ 14,098
Total Loans:							
FICO Band							
1	$ 119,313	$ 43,766	$ 9,698	$ 4,119	$ 1,358	$ 577	$ 178,831
2	74,329	22,470	3,217	990	406	150	101,562
3	112,903	42,892	7,130	1,651	293	81	164,950
4	131,132	51,206	7,897	1,480	154	55	191,924
5	126,978	49,425	7,990	1,475	130	27	186,025
6	217,411	80,596	12,823	1,969	150	18	312,967
Total loans	$ 782,066	$ 290,355	$ 48,755	$ 11,684	$ 2,491	$ 908	$ 1,136,259

Form 10-K

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

	December 31, 2021									
	Small		Large		Automobile		Retail		Total	
Dollars in thousands	$	%	$	%	$	%	$	%	$	%
Current	$366,775	82.5%	$860,968	88.8%	$ 887	66.0%	$ 8,535	81.0%	$1,237,165	86.7%
1 to 29 days past due	38,454	8.6%	64,119	6.6%	372	27.7%	1,256	11.9%	104,201	7.3%
Delinquent accounts										
30 to 59 days	11,244	2.5%	13,754	1.5%	23	1.7%	262	2.5%	25,283	1.9%
60 to 89 days	9,436	2.1%	10,771	1.1%	17	1.3%	171	1.6%	20,395	1.4%
90 to 119 days	7,868	1.8%	7,960	0.8%	11	0.9%	123	1.2%	15,962	1.0%
120 to 149 days	5,897	1.3%	6,462	0.7%	18	1.3%	89	0.8%	12,466	0.9%
150 to 179 days	5,349	1.2%	5,317	0.5%	15	1.1%	104	1.0%	10,785	0.8%
Total delinquency	$ 39,794	8.9%	$ 44,264	4.6%	$ 84	6.3%	$ 749	7.1%	$ 84,891	6.0%
Total net finance receivables	$445,023	100.0%	$969,351	100.0%	$1,343	100.0%	$10,540	100.0%	$1,426,257	100.0%
Net finance receivables in nonaccrual status	$ 21,285	4.8%	$ 23,405	2.4%	$ 90	6.7%	$ 390	3.7%	$ 45,170	3.2%

	December 31, 2020									
	Small		Large		Automobile		Retail		Total	
Dollars in thousands	$	%	$	%	$	%	$	%	$	%
Current	$342,744	85.0%	$633,806	88.6%	$2,729	70.2%	$11,188	79.3%	$ 990,467	87.2%
1 to 29 days past due	32,615	8.1%	50,145	7.0%	864	22.2%	1,718	12.2%	85,342	7.5%
Delinquent accounts										
30 to 59 days	8,195	2.1%	9,808	1.4%	49	1.2%	329	2.3%	18,381	1.6%
60 to 89 days	6,907	1.7%	7,639	1.1%	119	3.1%	290	2.1%	14,955	1.3%
90 to 119 days	4,866	1.2%	5,407	0.8%	29	0.7%	194	1.4%	10,496	0.9%
120 to 149 days	4,193	1.0%	4,648	0.6%	37	1.0%	207	1.5%	9,085	0.8%
150 to 179 days	3,542	0.9%	3,757	0.5%	62	1.6%	172	1.2%	7,533	0.7%
Total delinquency	$ 27,703	6.9%	$ 31,259	4.4%	$ 296	7.6%	$ 1,192	8.5%	$ 60,450	5.3%
Total net finance receivables	$403,062	100.0%	$715,210	100.0%	$3,889	100.0%	$14,098	100.0%	$1,136,259	100.0%
Net finance receivables in nonaccrual status	$ 14,617	3.6%	$ 16,683	2.3%	$ 216	5.6%	$ 723	5.1%	$ 32,239	2.8%

The accrual of interest income on finance receivables is suspended when an account becomes 90 days delinquent. If a loan is charged off, the accrued interest is reversed as a reduction of interest and fee income. The Company reversed $8.9 million and $10.7 million of accrued interest as a reduction of interest and fee income for the year ended December 31, 2021 and 2020, respectively.

The following table illustrates the impacts to the allowance for credit losses for the periods indicated:

	Year Ended December 31,	
Dollars in thousands	2021	2020
Beginning balance	$ 150,000	$ 62,200
Impact of CECL adoption	—	60,100
COVID-19 reserve build (release)	(16,000)	30,400
General reserve build (release) due to portfolio change	25,300	(2,700)
Ending balance	$ 159,300	$ 150,000
Allowance for credit losses as a percentage of net finance receivables	11.2%	13.2%

The Company adopted CECL accounting on January 1, 2020, and increased the allowance for credit losses from $62.2 million, or 5.5% of net finance receivables, to $122.3 million, or 10.8% of net finance receivables.

In March 2020, the spread of COVID-19 was declared a pandemic by the World Health Organization. Subsequently, the pandemic was declared a national emergency in the United States and several government stimulus programs were signed into law which provided a variety of financial aid to a meaningful portion of the Company's customer base.

During the years ended December 31, 2021 and 2020, the allowance for credit losses included a net build of $25.3 million and a net release of $2.7 million related to portfolio change, respectively. As of December 31, 2021 and 2020, the allowance for credit losses included $14.4 million and $30.4 million of reserves related to the expected economic impact of the COVID-19 pandemic, respectively. The Company ran several macroeconomic stress scenarios, and its final forecast assumes a resumption of normal unemployment rates at the end of 2022.

The following are reconciliations of the allowance for credit losses by product for the years ended December 31, 2021, 2020, and 2019:

Dollars in thousands	Small	Large	Automobile	Retail	Total
Beginning balance at January 1, 2021	$ 59,410	$ 87,275	$ 783	$ 2,532	$ 150,000
Provision for credit losses	40,982	48,135	(360)	258	89,015
Credit losses	(40,922)	(41,098)	(281)	(1,351)	(83,652)
Recoveries	1,824	1,966	74	73	3,937
Ending balance at December 31, 2021	$ 61,294	$ 96,278	$ 216	$ 1,512	$ 159,300
Net finance receivables at December 31, 2021	$ 445,023	$ 969,351	$ 1,343	$ 10,540	$ 1,426,257
Allowance as percentage of net finance receivables at December 31, 2021	13.8%	9.9%	16.1%	14.3%	11.2%

Dollars in thousands	Small	Large	Automobile	Retail	Total
Beginning balance at January 1, 2020	$ 30,588	$ 29,148	$ 820	$ 1,644	$ 62,200
Impact of CECL adoption	24,185	33,550	599	1,766	60,100
Provision for credit losses	57,271	65,032	(143)	1,650	123,810
Credit losses	(55,144)	(42,447)	(583)	(2,662)	(100,836)
Recoveries	2,510	1,992	90	134	4,726
Ending balance at December 31, 2020	$ 59,410	$ 87,275	$ 783	$ 2,532	$ 150,000
Net finance receivables at December 31, 2020	$ 403,062	$ 715,210	$ 3,889	$ 14,098	$ 1,136,259
Allowance as percentage of net finance receivables at December 31, 2020	14.7%	12.2%	20.1%	18.0%	13.2%

Dollars in thousands	Small	Large	Automobile	Retail	Total
Beginning balance at January 1, 2019	$ 30,759	$ 23,702	$ 1,893	$ 1,946	$ 58,300
Provision for credit losses	54,842	41,278	575	2,916	99,611
Credit losses	(57,323)	(37,475)	(1,893)	(3,365)	(100,056)
Recoveries	2,310	1,643	245	147	4,345
Ending balance at December 31, 2019	$ 30,588	$ 29,148	$ 820	$ 1,644	$ 62,200
Net finance receivables at December 31, 2019	$ 467,613	$ 632,068	$ 9,640	$ 24,083	$ 1,133,404
Allowance as percentage of net finance receivables at December 31, 2019	6.5%	4.6%	8.5%	6.8%	5.5%

Form 10-K

The Company classifies a loan as a TDR finance receivable when the Company modifies a loan's contractual terms for economic or other reasons related to the borrower's financial difficulties and grants a concession that it would not otherwise consider.

The amount of TDR net finance receivables and the related TDR allowance for credit losses for the periods indicated are as follows:

	December 31, 2021		December 31, 2020	
Dollars in thousands	TDR Net Finance Receivables	TDR Allowance for Credit Losses	TDR Net Finance Receivables	TDR Allowance for Credit Losses
Small loans	$ 3,232	$ 1,204	$ 4,991	$ 2,087
Large loans	12,772	3,936	15,140	5,229
Automobile loans	158	51	307	132
Retail loans	60	20	75	32
Total	$ 16,222	$ 5,211	$ 20,513	$ 7,480

The following table provides the number and amount of net finance receivables modified and classified as TDRs during the periods presented:

	Year Ended December 31,					
	2021		2020		2019	
Dollars in thousands	Number of Loans	TDR Net Finance Receivables (1)	Number of Loans	TDR Net Finance Receivables (1)	Number of Loans	TDR Net Finance Receivables (1)
Small loans	2,522	$ 4,761	4,074	$ 12,677	8,416	$ 23,606
Large loans	2,121	11,290	2,704	8,559	4,632	13,431
Automobile loans	2	13	1	3	12	43
Retail loans	7	14	28	105	75	240
Total	4,652	$ 16,078	6,807	$ 21,344	13,135	$ 37,320

(1) Represents the post-modification net finance receivables balance of loans that have been modified during the period and resulted in a TDR.

The following table provides the number of accounts and balance of finance receivables that subsequently defaulted within the periods indicated (that were modified as a TDR in the preceding 12 months). The Company defines payment default as 90 days past due for this disclosure. The respective amounts and activity for the periods indicated are as follows:

	Year Ended December 31,					
	2021		2020		2019	
Dollars in thousands	Number of Loans	TDR Net Finance Receivables (1)	Number of Loans	TDR Net Finance Receivables (1)	Number of Loans	TDR Net Finance Receivables (1)
Small loans	950	$ 1,740	1,846	$ 3,266	3,161	$ 5,641
Large loans	711	3,709	1,128	5,633	1,674	8,374
Automobile loans	1	10	1	8	6	50
Retail loans	5	9	34	57	44	80
Total	1,667	$ 5,468	3,009	$ 8,964	4,885	$ 14,145

(1) Only includes defaults occurring within 12 months of a loan being designated as a TDR. Represents the corresponding balance of TDR net finance receivables at the end of the month in which they defaulted.

Note 5. Property and Equipment

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

Dollars in thousands	December 31, 2021	December 31, 2020
Furniture, fixtures, and equipment	$ 24,348	$ 24,658
Leasehold improvements	13,503	13,180
Property and equipment cost	37,851	37,838
Less accumulated depreciation	24,913	23,830
Property and equipment, net of accumulated depreciation	$ 12,938	$ 14,008

Depreciation expense for the years ended December 31, 2021, 2020, and 2019 totaled $4.5 million, $5.0 million, and $4.3 million, respectively.

Note 6. Leases

The Company maintains lease agreements related to its branch network and for its corporate headquarters. The branch lease agreements range from three to seven years and generally contain options to extend from three to five years. The corporate headquarters lease agreement is for eleven years and contains an option to extend for ten years. All of the Company's lease agreements are considered operating leases. None of the Company's lease payments are dependent on an index that may change after the commencement date.

Future maturities of the Company's operating lease liabilities are as follows:

Dollars in thousands	December 31, 2021
2022	$ 7,248
2023	7,343
2024	6,092
2025	4,425
2026	2,862
Thereafter	7,346
Total future minimum lease payments	35,316
Present value adjustment	(4,616)
Operating lease liability	$ 30,700

The Company's operating and short-term lease expenses are presented below:

Dollars in thousands	Year Ended December 31, 2021	2020	2019
Operating leases	$ 9,573	$ 8,268	$ 7,929
Short-term leases	648	381	435
Total lease expense	$ 10,221	$ 8,649	$ 8,364

The Company's weighted-average remaining lease term and discount rate for the periods indicated are as follows:

	December 31, 2021	December 31, 2020
Weighted-average remaining lease term (in years)	5.9	5.6
Weighted-average discount rate	4.66%	4.91%

Rent expense for the years ended December 31, 2021, 2020, and 2019 equaled $10.2 million, $8.8 million, and $8.4 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.

Form 10-K

Note 7. Intangible Assets

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

	December 31, 2021			December 31, 2020		
Dollars in thousands	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Software	$ 19,829	$ (11,028)	$ 8,801	$ 16,588	$ (8,615)	$ 7,973
Goodwill	950	(234)	716	950	(234)	716
Total intangible assets	$ 20,779	$ (11,262)	$ 9,517	$ 17,538	$ (8,849)	$ 8,689

Intangible amortization expense for the years ended December 31, 2021, 2020, and 2019 totaled $2.4 million, $2.2 million, and $2.2 million, respectively. As of December 31, 2021, the Company's weighted-average amortization period for software was 5.9 years. The following table sets forth the future amortization of intangible assets:

Dollars in thousands	Amount
2022	$ 2,799
2023	2,676
2024	1,638
2025	592
2026	422
Thereafter	674
Total	$ 8,801

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, 2021, 2020, and 2019, respectively.

Note 8. Other Assets

Other assets include the following as of the periods indicated:

	December 31,	
Dollars in thousands	2021	2020
Prepaid expenses	$ 8,675	$ 8,949
Interest rate caps	6,586	265
Credit insurance receivable	2,906	3,262
Card payments receivable	2,727	3,170
Other	863	686
Total other assets	$ 21,757	$ 16,332

Note 9. Interest Rate Caps

The Company has interest rate cap contracts with an aggregate notional principal amount of $550.0 million. Each contract contains a strike rate against the one-month LIBOR (0.10% and 0.14% as of December 31, 2021 and 2020, respectively). When the one-month LIBOR exceeds the strike rate, the counterparty reimburses the Company for the excess over the strike rate. No payment is required by the Company or the counterparty when the one-month LIBOR is below the strike rate. The following is a summary of the Company's interest rate caps as of December 31, 2021:

Execution Date	Effective Date	Maturity Date	Strike Rate	Notional Amount (in thousands)
03/2020	03/2020	03/2023	1.75%	$ 100,000
08/2020	08/2020	08/2023	0.50%	50,000
09/2020	09/2020	10/2023	0.50%	100,000
11/2020	11/2020	11/2023	0.25%	50,000
02/2021	02/2021	02/2024	0.25%	50,000
03/2021	03/2021	03/2024	0.25%	50,000
06/2021	06/2021	06/2024	0.25%	50,000
12/2021	08/2023	02/2026	0.50%	50,000
12/2021	02/2024	02/2026	0.50%	50,000
Total notional amount				$ 550,000

The following is a summary of changes in fair value of the interest rate caps (included in other assets) for the periods indicated:

	Year Ended December 31,		
Dollars in thousands	2021	2020	2019
Balance at beginning of period	$ 265	$ —	$ 249
Purchases	3,600	526	—
Fair value adjustment included as an (increase) decrease in interest expense	2,721	(261)	(249)
Balance at end of period	$ 6,586	$ 265	$ —

Note 10. Debt

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

	December 31, 2021			December 31, 2020		
Dollars in thousands	Debt	Unamortized Debt Issuance Costs	Net Debt	Debt	Unamortized Debt Issuance Costs	Net Debt
Senior revolving credit facility	$ 112,065	$ (1,345)	$ 110,720	$ 286,113	$ (1,687)	$ 284,426
RMR II revolving warehouse credit facility	52,469	(1,393)	51,076	42,061	(1,486)	40,575
RMR IV revolving warehouse credit facility	20,071	(531)	19,540	—	—	—
RMR V revolving warehouse credit facility	59,451	(516)	58,935	—	—	—
RMIT 2018-2 securitization	—	—	—	130,349	—	130,349
RMIT 2019-1 securitization	109,373	(464)	108,909	130,172	(1,216)	128,956
RMIT 2020-1 securitization	180,214	(1,442)	178,772	180,214	(2,272)	177,942
RMIT 2021-1 securitization	248,916	(1,830)	247,086	—	—	—
RMIT 2021-2 securitization	200,192	(1,962)	198,230	—	—	—
RMIT 2021-3 securitization	125,202	(1,527)	123,675	—	—	—
Total	$ 1,107,953	$ (11,010)	$ 1,096,943	$ 768,909	$ (6,661)	$ 762,248
Unused amount of revolving credit facilities (subject to borrowing base)	$ 556,812			$ 438,082		

Senior Revolving Credit Facility: In December 2021, the Company amended and restated its senior revolving credit facility to, among other things, decrease the availability under the facility from $640 million to $500 million and extend the maturity of the facility from September 2022 to September 2024. 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. Advances on the senior revolving credit facility are capped at 83% of eligible secured finance receivables (83% of eligible secured finance receivables as of December 31, 2021). As of December 31, 2021, the Company had $199.2 million of available liquidity under the facility and held $10.5 million in unrestricted cash. Borrowings under the facility bear interest, payable monthly, at rates equal to one-month LIBOR, with a LIBOR floor of 0.50%, plus a 3.00% margin. The effective interest rate was 3.50% at December 31, 2021. The amended and restated facility provides for a process to transition from LIBOR to a new benchmark in certain circumstances. The Company pays a flat unused line fee of 0.50%.

Variable Interest Entity Debt: As part of its overall funding strategy, the Company has transferred certain finance receivables to affiliated VIEs for asset-backed financing transactions, including securitizations. The following debt arrangements are issued by the Company's wholly owned, bankruptcy-remote SPEs, which 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 because it has (i) power over the significant activities through its role as servicer of the finance receivables under each debt arrangement 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 the SPEs.

These debts are supported by the expected cash flows from the underlying collateralized finance receivables. Collections on these finance receivables are remitted to restricted cash collection accounts, which totaled $107.7 million and $46.6 million as of December 31, 2021 and 2020, respectively. Cash inflows from the finance receivables are distributed to the lenders/investors, the service providers, and/or the residual interest that the Company owns in accordance with a monthly contractual priority of payments. The SPEs pay a servicing fee to the Company, which is eliminated in consolidation. Distributions from the SPEs to the Company are permitted under the debt arrangements.

At each sale of receivables from the Company's affiliates to the SPEs, the Company makes certain representations and warranties about the quality and nature of the collateralized receivables. The debt arrangements require the Company to repurchase the receivables in certain circumstances, including circumstances in which the representations and warranties made by the Company concerning the quality and characteristics of the receivables are inaccurate. Assets transferred to each SPE are legally isolated from the Company and its affiliates, as well as the claims of the Company's and its affiliates' creditors. Further, the assets of each SPE are owned by such SPE and are not available to satisfy the debts or other obligations of the Company or any of its affiliates.

RMR II Revolving Warehouse Credit Facility: In April 2021, the Company and its wholly owned SPE, Regional Management Receivables II, LLC ("RMR II"), amended and restated the credit agreement that provides for a revolving warehouse credit facility to RMR II to, among other things, extend the date at which the facility converts to an amortizing loan and the termination date to March 2023 and March 2024, respectively, decrease the total facility from $125 million to $75 million, increase the cap on facility advances from 80% to 83% of eligible finance receivables, and increase the rate at which borrowings under the facility bear interest, payable monthly, at a blended rate equal to three-month LIBOR, with a LIBOR floor of 0.25%, plus a margin of 2.35% (2.15% prior to the April 2021 amendment). The debt is secured by finance receivables and other related assets that the Company purchased from its affiliates, which the Company then sold and transferred to RMR II. RMR II held $0.6 million in restricted cash reserves as of December 31, 2021 to satisfy provisions of the credit agreement. The effective interest rate was 2.60% at December 31, 2021. RMR II pays an unused commitment fee between 0.35% and 0.85% based upon the average daily utilization of the facility. The RMR II revolving warehouse credit facility provides for a process to transition from LIBOR to a new benchmark in certain circumstances.

RMR IV Revolving Warehouse Credit Facility: In April 2021, the Company and its wholly owned SPE, Regional Management Receivables IV, LLC ("RMR IV"), entered into a credit agreement that provides for a $125 million revolving warehouse credit facility to RMR IV. The facility converts to an amortizing loan in April 2023 and terminates in April 2024. The debt is secured by finance receivables and other related assets that the Company purchased from its affiliates, which the Company then sold and transferred to RMR IV. Advances on the facility are capped at 81% of eligible finance receivables. RMR IV held $0.2 million in restricted cash reserves as of December 31, 2021 to satisfy provisions of the credit agreement. Borrowings under the facility bear interest, payable monthly, at a rate equal to one-month LIBOR, plus a margin of 2.35%. The effective interest rate was 2.45% at December 31, 2021. RMR IV pays an unused commitment fee between 0.35% and 0.70% based upon the average daily utilization of the facility. The RMR IV revolving warehouse credit facility provides for a process to transition from LIBOR to a new benchmark in certain circumstances.

RMR V Revolving Warehouse Credit Facility: In April 2021, the Company and its wholly owned SPE, Regional Management Receivables V, LLC ("RMR V"), entered into a credit agreement that provides for a $100 million revolving warehouse credit facility to RMR V. The facility converts to an amortizing loan in October 2022 and terminates in October 2023. The debt is secured by finance receivables and other related assets that the Company purchased from its affiliates, which the Company then sold and transferred to RMR V. Advances on the facility are capped at 80% of eligible finance receivables. RMR V held $0.7 million in restricted cash reserves as of December 31, 2021 to satisfy provisions of the credit agreement. Borrowings under the facility bear interest, payable monthly, at a per annum rate, which in the case of a conduit lender is the commercial paper rate, plus a margin of 2.20%. The effective interest rate was 2.41% at December 31, 2021. RMR V pays an unused commitment fee between 0.45% and 0.75% based upon the average daily utilization of the facility.

RMIT 2019-1 Securitization: In October 2019, the Company, its wholly owned SPE, Regional Management Receivables III ("RMR III"), and the Company's indirect wholly owned SPE, Regional Management Issuance Trust 2019-1 ("RMIT 2019-1"), completed a private offering and sale of $130 million of asset-backed notes. The transaction consisted of the issuance of three classes of fixed-rate, asset-backed notes by RMIT 2019-1. The asset-backed notes are secured by finance receivables and other related assets that RMR III purchased from the Company, which RMR III then sold and transferred to RMIT 2019-1. The notes had a revolving period ending in October 2021, with a final maturity date in November 2028. RMIT 2019-1 held $1.4 million in restricted cash reserves as of December 31, 2021 to satisfy provisions of the transaction documents. Borrowings under the RMIT 2019-1 securitization bear interest, payable monthly, at an effective interest rate of 3.19% as of December 31, 2021. Prior to maturity in November 2028, the Company may redeem the notes in full, but not in part, at its option on any business day on or after the payment date occurring in November 2021. During the year ended December 31, 2021, the Company made principal repayments of $20.8 million subsequent to the end of the revolving period. See Note 20, "Subsequent Events," for additional information regarding this securitization.

RMIT 2020-1 Securitization: In September 2020, the Company, its wholly owned SPE, RMR III, and the Company's indirect wholly owned SPE, Regional Management Issuance Trust 2020-1 ("RMIT 2020-1"), completed a private offering and sale of $180 million of asset-backed notes. The transaction consisted of the issuance of four classes of fixed-rate, asset-backed notes by RMIT 2020-1. The asset-backed notes are secured by finance receivables and other related assets that RMR III purchased from the Company, which RMR III then sold and transferred to RMIT 2020-1. The notes have a revolving period ending in September 2023, with a final maturity date in October 2030. RMIT 2020-1 held $1.9 million in restricted cash reserves as of December 31, 2021 to satisfy provisions of the transaction documents. Borrowings under the RMIT 2020-1 securitization bear interest, payable monthly, at an effective interest rate of 2.85% as of December 31, 2021. Prior to maturity in October 2030, the Company may redeem the notes in full, but not in part, at its option on any business day on or after the payment date occurring in October 2023. No payments of principal of the notes will be made during the revolving period.

RMIT 2021-1 Securitization: In February 2021, the Company, its wholly owned SPE, RMR III, and the Company's indirect wholly owned SPE, Regional Management Issuance Trust 2021-1 ("RMIT 2021-1"), completed a private offering and sale of $249 million of asset-backed notes. The transaction consisted of the issuance of four classes of fixed-rate, asset-backed notes by RMIT 2021-1. The asset-backed notes are secured by finance receivables and other related assets that RMR III purchased from the Company, which RMR III then sold and transferred to RMIT 2021-1. The notes have a revolving period ending in February 2024, with a final maturity date in March 2031. RMIT 2021-1 held $2.6 million in restricted cash reserves as of December 31, 2021 to satisfy provisions of the transaction documents. Borrowings under the RMIT 2021-1 securitization bear interest, payable monthly, at an effective interest rate of 2.08% as of December 31, 2021. Prior to maturity in March 2031, the Company may redeem the notes in full, but not in part, at its option on any business day on or after the payment date occurring in March 2024. No payments of principal of the notes will be made during the revolving period.

RMIT 2021-2 Securitization: In July 2021, the Company, its wholly owned SPE, RMR III, and the Company's indirect wholly owned SPE, Regional Management Issuance Trust 2021-2 ("RMIT 2021-2"), completed a private offering and sale of $200 million of asset-backed notes. The transaction consisted of the issuance of four classes of fixed-rate, asset-backed notes by RMIT 2021-2. The asset-backed notes are secured by finance receivables and other related assets that RMR III purchased from the Company, which RMR III then sold and transferred to RMIT 2021-2. The notes have a revolving period ending in July 2026, with a final maturity date in August 2033. RMIT 2021-2 held $2.1 million in restricted cash reserves as of December 31, 2021 to satisfy provisions of the transaction documents. Borrowings under the RMIT 2021-2 securitization bear interest, payable monthly, at an effective interest rate of 2.30% as of December 31, 2021. Prior to maturity in August 2033, the Company may redeem the notes in full, but not in part, at its option on any business day on or after the payment date occurring in August 2026. No payments of principal of the notes will be made during the revolving period.

RMIT 2021-3 Securitization: In October 2021, the Company, its wholly owned SPE, RMR III, and the Company's indirect wholly owned SPE, Regional Management Issuance Trust 2021-3 ("RMIT 2021-3"), completed a private offering and sale of $125 million of asset-backed notes. The transaction consisted of the issuance of fixed-rate, asset-backed notes by RMIT 2021-3. The asset-backed notes are secured by finance receivables and other related assets that RMR III purchased from the Company, which RMR III then sold and transferred to RMIT 2021-3. The notes have a revolving period ending in September 2026, with a final maturity date in October 2033. RMIT 2021-3 held $1.5 million in restricted cash reserves as of December 31, 2021 to satisfy provisions of the transaction documents. Borrowings under the RMIT 2021-3 securitization bear interest, payable monthly, at an effective interest rate of 3.88% as of December 31, 2021. Prior to maturity in October 2033, the Company may redeem the notes in full, but not in part, at its option on any business day on or after the payment date occurring in October 2024. No payments of principal of the notes will be made during the revolving period.

See Note 20, "Subsequent Events," for information regarding the completion of a private offering and sale of $250 million of asset-backed notes following the end of the year.

The Company's debt arrangements are subject to certain covenants, including monthly and annual reporting, maintenance of specified interest coverage and debt ratios, restrictions on distributions, limitations on other indebtedness, and certain other restrictions. At December 31, 2021, the Company was in compliance with all debt covenants.

The following is a summary of estimated future principal payments required on outstanding debt:

Dollars in thousands	**Amount**
2022	$ 74,703
2023	126,509
2024	407,407
2025	135,706
2026	148,685
Thereafter	214,943
Total	$ 1,107,953

Note 11. Stockholders' Equity

Stock repurchase program: In October 2020, the Company announced that its Board of Directors (the "Board") had authorized a stock repurchase program allowing for the repurchase of up to $30.0 million of the Company's outstanding shares of common stock in open market purchases or privately negotiated transactions in accordance with applicable federal securities laws. The authorization was effective immediately and extended through October 22, 2022. In May 2021, the Company completed its $30.0 million stock repurchase program. The Company repurchased a total of 952 thousand shares of common stock pursuant to the program.

In May 2021, the Company announced that its Board had authorized a new stock repurchase program, allowing for the repurchase of up to $30.0 million of the Company's outstanding shares of common stock in open market purchases or privately negotiated transactions in accordance with applicable federal securities laws. The authorization was effective immediately and extended through April 29, 2023. In August 2021, the Company announced that its Board had approved a $20.0 million increase in the amount authorized under the stock repurchase program, from $30.0 million to $50.0 million. The authorization was effective immediately and extended through July 29, 2023.

The following is a summary of the Company's repurchased shares of common stock for the periods indicated:

	Year Ended December 31,		
Dollars in thousands, except per share amounts	**2021**	**2020**	**2019**
Common stock repurchased	1,450	435	938
Weighted-average cost per share	$ 46.47	$ 27.58	$ 26.65
Total cost of common stock repurchased	$ 67,442	$ 12,014	$ 25,028

Quarterly cash dividend: The Board may in its discretion declare and pay cash dividends on the Company's common stock. The following table presents the dividends declared per share of common stock for the periods indicated:

	Year Ended December 31,	
	2021	2020
Dividends declared per common share	$ 0.95	$ 0.20

No dividends were paid prior to the three months ended December 31, 2020. See Note 20, "Subsequent Events," for information regarding the Company's stock repurchase program and quarterly cash dividend following the end of the fiscal year.

Note 12. 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.

Net finance receivables: The Company determines the fair value of net finance receivables using a discounted cash flows methodology. The application of this methodology requires the Company to make certain estimates and judgments. These estimates and judgments include, but are not limited to, prepayment rates, default rates, loss severity, and risk-adjusted discount rates.

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.

Debt: The Company estimates the fair value of debt using estimated credit marks based on an index of similar financial instruments (credit facilities) and projected cash flows from the underlying collateralized finance receivables (securitizations), each discounted using a risk-adjusted discount rate.

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

	December 31, 2021		December 31, 2020	
Dollars in thousands	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Level 1 inputs				
Cash	$ 10,507	$ 10,507	$ 8,052	$ 8,052
Restricted cash	138,682	138,682	63,824	63,824
Level 2 inputs				
Interest rate caps	6,586	6,586	265	265
Level 3 inputs				
Net finance receivables, less unearned insurance premiums and allowance for credit losses	1,219,120	1,323,988	951,714	1,032,558
Liabilities				
Level 3 inputs				
Debt	1,107,953	1,098,625	768,909	767,185

Note 13. 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 2017, though the Company remains subject to examination for the Texas tax return for the 2016 tax year.

Income tax expense differed from the amount computed by applying the federal income tax rate to total income before income taxes as a result of the following:

	Year Ended December 31,					
	2021		2020		2019	
Dollars in thousands	$	%	$	%	$	%
Federal tax expense at statutory rate	$ 23,619	21.0%	$ 7,545	21.0%	$ 12,389	21.0%
Increase (reduction) in income taxes resulting from:						
State tax, net of federal benefit	2,620	2.3%	1,086	3.0%	1,961	3.3%
Non-deductible compensation	672	0.6%	837	2.3%	362	0.6%
Excess tax benefits from share-based awards	(2,711)	(2.4)%	(93)	(0.3)%	(152)	(0.3)%
Other	(414)	(0.4)%	(177)	(0.4)%	(299)	(0.4)%
Total tax expense	$ 23,786	21.1%	$ 9,198	25.6%	$ 14,261	24.2%

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

	Year Ended December 31,		
Dollars in thousands	2021	2020	2019
Current:			
Federal	$ 24,735	$ 5,874	$ 13,270
State and local	3,350	2,648	2,357
	28,085	8,522	15,627
Deferred:			
Federal	(4,169)	585	(1,298)
State and local	(130)	91	(68)
	(4,299)	676	(1,366)
Total	$ 23,786	$ 9,198	$ 14,261

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

Dollars in thousands	December 31, 2021	December 31, 2020
Deferred tax assets:		
Allowance for credit losses	$ 37,179	$ 35,400
Unearned insurance commissions	7,930	5,932
Lease liability	7,223	6,863
Accrued expenses	3,949	2,296
Share-based compensation	1,942	2,530
Unearned premium reserves	517	—
CARES Act payroll tax deferral	349	739
State net operating loss carryforward	310	457
Other	154	493
Gross deferred tax assets	59,553	54,710
Deferred tax liabilities:		
Fair market value adjustment of net finance receivables	26,995	26,748
Lease assets	6,763	6,372
Depreciation and software amortization	3,779	4,000
Deferred loan costs	2,581	1,757
Prepaid expenses	899	1,207
Other	116	505
Gross deferred tax liabilities	41,133	40,589
Net deferred tax asset	$ 18,420	$ 14,121

The Company had a state net operating loss carryforward of approximately $10.6 million as of December 31, 2021. This carryforward is available to offset future taxable income. If not used, the carryforward will expire beginning in 2032.

Companies are not permitted to recognize the tax benefit attributable to a tax position unless such position is more likely than not to be sustained upon examination by taxing authorities, based solely on the technical merits of the position. The Company had $0.8 million of unrecognized tax benefits as of December 31, 2019. Included in these amounts were interest and penalties accrued related to unrecognized tax benefits of $52 thousand for the year ended December 31, 2019. These components are included in the income tax line of the consolidated statements of income. As of and for the year ended December 31, 2020 and since, the Company has neither required nor included an unrecognized tax benefit.

The following schedule reconciles unrecognized tax positions for the periods indicated:

Dollars in thousands	Year Ended December 31, 2021	2020	2019
Balance at January 1	$ —	$ 815	$ —
Additions based on tax positions related to the current year	—	—	363
Additions for tax positions of prior years	—	—	452
Reductions for tax positions of prior years	—	(815)	—
Settlements	—	—	—
Balance at December 31	$ —	$ —	$ 815

Form 10-K

Note 14. Earnings Per Share

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

	Year Ended December 31,		
Dollars in thousands, except per share amounts	2021	2020	2019
Numerator:			
Net income	$ 88,687	$ 26,730	$ 44,732
Denominator:			
Weighted-average shares outstanding for basic earnings per share	10,034	10,930	11,401
Effect of dilutive securities	609	215	372
Weighted-average shares adjusted for dilutive securities	10,643	11,145	11,773
Earnings per share:			
Basic	$ 8.84	$ 2.45	$ 3.92
Diluted	$ 8.33	$ 2.40	$ 3.80

Options to purchase 11 thousand, 0.3 million, and 0.3 million shares of common stock were outstanding during the years ended December 31, 2021, 2020, and 2019, respectively, but were not included in the computation of diluted earnings per share because they were anti-dilutive.

Note 15. 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 six months 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 2021, 2020, and 2019. For the years ended December 31, 2021, 2020, and 2019, the Company recorded expense for the Company’s match of $1.8 million, $1.6 million, and $1.5 million, respectively.

Note 16. 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 each of April 27, 2017 and May 20, 2021, the stockholders of the Company re-approved the 2015 Plan, as amended and restated on each respective date. As of December 31, 2021, 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) 2.6 million shares (such amount reflecting an increase of 1.05 million additional or “new” shares in connection with the May 20, 2021 re-approval of the 2015 Plan) plus (ii) any shares 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, plus (iii) any shares subject to an award granted under the 2007 Plan or the 2011 Plan, which award is forfeited, cash-settled, cancelled, terminated, expires, or lapses for any reason 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 0.9 million 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, 2021, there were 1.1 million shares available for grant under the 2015 Plan.

For the years ended December 31, 2021, 2020, and 2019, the Company recorded share-based compensation expense of $7.4 million, $5.6 million, and $5.1 million, respectively. As of December 31, 2021, unrecognized share-based compensation expense to be recognized over future periods approximated $10.1 million. This amount will be recognized as expense over a weighted-average period of 1.8 years. Share-based compensation expenses are recognized on a straight-line basis over the requisite service period of the agreement. All share-based compensation is classified as equity awards.

The Company allows for the settlement of share-based awards on a net share basis. With net share settlement, the participant 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: In the years ended December 31, 2021, 2020, and 2019, the Company issued non-qualified stock options, performance-contingent restricted stock units ("RSUs"), cash-settled performance units ("CSPUs"), and restricted stock awards ("RSAs") to certain members of senior management under a long-term incentive program ("LTIP"). The CSPUs are cash incentive awards, and the associated expense is not based on the market price of the Company's common stock. Recurring annual grants are made at the discretion of 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 percentile ranking of the Company's compound annual growth rate of net income and basic earnings per share (for the 2019 LTIP) or the percentile ranking of the Company's compound annual growth rate of pre-provision net income and pre-provision net income per share (for the 2020 LTIP and 2021 LTIP), in each case compared to a public company peer group over a three-year performance period.

Key team member incentive program: The Company also has 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 an RSA, 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 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).

Inducement and retention program: From time to time, the Company issues stock awards and other long-term incentive 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 up to five years (subject to continued employment or as otherwise provided in the underlying award agreements).

Non-employee director compensation program: The Company awards its non-employee directors a cash retainer and shares of restricted common stock. The RSAs 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 (so long as the period between the date of the annual stockholders' meeting related to the grant date and the date of the next annual stockholders' meeting is not less than 50 weeks).

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

Non-qualified 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 periods of up to five years. 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,		
	2021	2020	2019
Expected volatility	47.83%	45.36%	41.06%
Expected dividends	2.63%	0.34%	0.00%
Expected term (in years)	6.0	6.0	6.0
Risk-free rate	0.64%	0.68%	2.41%

Expected volatility is based on the Company's historical stock price volatility. Expected dividends are calculated using the expected dividend yield (annualized dividends divided by the grant date stock price). 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, 2021:

Dollars 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, 2021	908	$ 19.73		
Granted	137	30.44		
Exercised	(453)	19.39		
Forfeited	—	—		
Expired	(3)	16.30		
Options outstanding at December 31, 2021	589	$ 22.50	6.6	$ 20,574
Options exercisable at December 31, 2021	443	$ 21.19	5.8	$ 16,068

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

	Year Ended December 31,		
Dollars in thousands, except per share amounts	2021	2020	2019
Weighted-average grant date fair value per share	$ 10.52	$ 7.80	$ 11.82
Intrinsic value of options exercised	$ 11,711	$ 2,896	$ 265
Fair value of stock options that vested	$ 1,063	$ 994	$ 1,126

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, 2021:

Dollars in thousands, except per unit amounts	Units	Weighted-Average Grant Date Fair Value Per Unit
Non-vested units at January 1, 2021	124	$ 21.89
Granted (target)	45	30.22
Achieved performance adjustment (1)	2	28.25
Vested	(42)	28.25
Forfeited	—	—
Non-vested units at December 31, 2021	129	$ 22.84

(1) The 2018 LTIP RSUs were earned and vested at 105.6% of target, as described in greater detail in the Company's definitive proxy statement filed with the SEC on April 16, 2021.

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

	Year Ended December 31,		
Dollars in thousands, except per unit amounts	2021	2020	2019
Weighted-average grant date fair value per unit	$ 30.22	$ 15.86	$ 27.89
Fair value of RSUs that vested	$ 1,199	$ 1,314	$ 916

Restricted stock awards: The fair value and compensation expense of the primary portion of the Company's RSAs are calculated using the Company's closing stock price on the date of grant. These RSAs include director awards, inducement awards, and RSAs granted pursuant to the Company's long-term incentive program.

The fair value and compensation expense of RSAs granted pursuant to the Company's performance-based key team member incentive program are calculated using the Company's closing stock price on the date of grant and the probability that certain financial goals will be achieved over the performance period. Compensation expense is estimated based on expected performance and is adjusted at each reporting period.

The following table summarizes restricted stock activity during the year ended December 31, 2021:

Dollars in thousands, except per share amounts	Shares	Weighted-Average Grant Date Fair Value Per Share
Non-vested shares at January 1, 2021	266	$ 19.34
Granted	191	35.18
Vested	(224)	21.81
Forfeited	(14)	24.56
Non-vested shares at December 31, 2021	219	$ 30.32

The following table provides additional restricted stock information:

	Year Ended December 31,		
Dollars in thousands, except per share amounts	2021	2020	2019
Weighted-average grant date fair value per share	$ 35.18	$ 19.06	$ 27.02
Fair value of RSAs that vested	$ 4,874	$ 3,760	$ 2,803

Note 17. Commitments and Contingencies

In the normal course of business, the Company has been named as a defendant in legal actions in connection with its activities. Some of the actual or threatened legal actions include claims for compensatory damages or claims for indeterminate amounts of damages. 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.

However, in many legal actions, it is inherently difficult to determine whether any loss is probable, or even reasonably possible, or to estimate the amount of loss. This is particularly true for actions that are in their early stages of development or where plaintiffs seek indeterminate damages. 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. Before a loss, additional loss, range of loss, or range of additional loss can be reasonably estimated for any given action, numerous issues may need to be resolved, including through lengthy discovery, following determination of important factual matters, and/or by addressing novel or unsettled legal questions.

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.

While the Company will continue to identify legal actions where it 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 expenses legal costs as they are incurred.

Note 18. 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 type and terms of our optional insurance products vary from state to state based on applicable laws and regulations. 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. Unearned insurance premiums represent insurance premiums, net of premiums held by the unaffiliated insurance underwriter, that will be earned over the terms of the policies.

The Company maintains a restricted cash reserve for life insurance claims in an amount determined by the ceding company. At December 31, 2021 and 2020, the restricted cash reserves consisted of $18.5 million and $11.0 million of unearned premium reserves and $1.3 million and $0.9 million of unpaid claim reserves, respectively. For non-life products, the Company had no unpaid claim reserves at both December 31, 2021 and 2020, as claim reserves are paid by the Company to the unaffiliated insurance underwriter as they are incurred. For the year ended December 31, 2021, non-life unpaid claim reserves, included in insurance income, net as presented in the table below, decreased $0.4 million. For the years ended December 31, 2020 and 2019, non-life unpaid claim reserves increased $1.1 million and $0.8 million, respectively.

Insurance income, net consists primarily of earned premiums, net of certain direct costs, from the sale of various optional payment and collateral protection insurance products offered to customers who obtain loans directly from the Company. Earned premiums are accounted for over the period of the underlying reinsured policies using assumptions consistent with the policy terms. Direct costs included in insurance income, net are claims paid, changes in claims reserves, ceding fees, and premium taxes paid. The Company does not allocate to insurance income, net, any other head office or branch administrative costs associated with managing its insurance operations, managing its captive insurance company, marketing and selling insurance products, legal and compliance review, or internal audits.

The following table summarizes the components of insurance income, net during the years ended December 31, 2021, 2020, and 2019:

Dollars in thousands	Insurance Premiums and Direct Expenses 2021	2020	2019
Earned premiums	$ 53,218	$ 42,816	$ 35,544
Claims, reserves, and certain direct expenses	(17,736)	(14,467)	(14,727)
Insurance income, net	$ 35,482	$ 28,349	$ 20,817

Apart from the various optional payment and collateral protection insurance products that the Company offers to customers, on certain loans, the Company also collects a fee from customers and, in turn, purchases non-file insurance from an unaffiliated insurance company for its benefit in lieu of recording and perfecting its security interest in personal property collateral. Non-file insurance protects the Company from credit losses where, following an event of default, it is unable to take possession of personal property collateral because its security interest is not perfected (for example, in certain instances where a customer files for bankruptcy). In such circumstances, non-file insurance generally will pay to the Company an amount equal to the lesser of the loan balance or the collateral value.

Note 19. Quarterly Information (unaudited)

The following tables summarize the Company’s quarterly financial information for each of the four quarters of 2021 and 2020:

Dollars in thousands, except per share amounts	2021 First	Second	Third	Fourth
Total revenue	$ 97,731	$ 99,676	$ 111,460	$ 119,484
Provision for credit losses	11,362	20,549	26,096	31,008
General and administrative expenses	45,843	46,389	47,750	55,532
Interest expense	7,135	7,801	8,816	7,597
Income taxes	7,869	4,771	6,577	4,569
Net income	$ 25,522	$ 20,166	$ 22,221	$ 20,778
Net income per common share:				
Basic	$ 2.42	$ 1.98	$ 2.25	$ 2.18
Diluted	$ 2.31	$ 1.87	$ 2.11	$ 2.04

Dollars in thousands, except per share amounts	2020			
	First	Second	Third	Fourth
Total revenue	$ 96,074	$ 89,850	$ 90,538	$ 97,444
Provision for credit losses	49,522	27,499	22,089	24,700
General and administrative expenses	46,243	41,525	43,754	44,794
Interest expense	10,159	9,137	9,300	9,256
Income taxes	(3,525)	4,219	4,157	4,347
Net income (loss)	$ (6,325)	$ 7,470	$ 11,238	$ 14,347
Net income (loss) per common share:				
Basic	$ (0.58)	$ 0.68	$ 1.02	$ 1.32
Diluted	$ (0.56)	$ 0.68	$ 1.01	$ 1.28

Note 20. Subsequent Events

Quarterly cash dividend: In February 2022, the Company announced that the Board declared a quarterly cash dividend of $0.30 per share. The dividend will be paid on March 16, 2022 to shareholders of record at the close of business on February 23, 2022. The declaration, amount, and payment of any future cash dividends on shares of the Company's common stock will be at the discretion of the Board.

Stock repurchase programs: In January 2022, the Company completed its $30.0 million stock repurchase program previously announced on May 4, 2021 (subsequently increased to $50.0 million on August 3, 2021). The Company repurchased a total of 934 thousand shares pursuant to the program.

On February 9, 2022, the Company announced that the Board authorized a new $20.0 million stock repurchase program. The authorization was effective immediately and extends through February 3, 2024. Stock repurchases under the stock repurchase program may be made in the open market at prevailing market prices or through privately negotiated transactions in accordance with applicable federal securities laws. The repurchase program does not obligate the Company to purchase any particular number of shares and may be suspended, modified, or discontinued at any time without prior notice. The Company intends to fund the program with a combination of cash and debt.

RMIT 2019-1 securitization: In February 2022, the Company and RMR III exercised the right to make an optional repayment in full, and in connection with such prepayment, the securitization terminated in February 2022.

RMIT 2022-1 securitization: In February 2022, the Company, its wholly-owned SPE, RMR III, and its indirect wholly-owned SPE, Regional Management Issuance Trust 2022-1 ("RMIT 2022-1"), completed a private offering and sale of $250 million of asset-backed notes. The transaction consisted of the issuance of four classes of fixed-rate asset-backed notes by RMIT 2022-1. The asset-backed notes are secured by finance receivables and other related assets that RMR III purchased from the Company, which RMR III then sold and transferred to RMIT 2022-1. The notes have a revolving period ending in February 2025, with a final maturity date in March 2032. Borrowings under the RMIT 2022-1 securitization bear interest, payable monthly, at a weighted-average rate of 3.59%. Prior to maturity in March 2032, the Company may redeem the notes in full, but not in part, at its option on any note payment date on or after the payment date occurring in March 2025. No payments of principal of the notes will be made during the revolving period.

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, 2021. 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 SEC'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 officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Based on the evaluation of our disclosure controls and procedures as of December 31, 2021, 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, 2021. The financial statements were prepared in conformity with 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 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, 2021. 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, 2021. Our independent registered public accounting firm for the fiscal year ended December 31, 2021, RSM US LLP, has issued an attestation report on our internal control over financial reporting, which appears in Part II, Item 8, "Financial Statements and Supplementary Data."

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. *OTHER INFORMATION.*

Not applicable.

ITEM 9C. ***DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.***

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 "Board of Directors and Corporate Governance Matters—Committees of the Board," "Executive Officers," "Stockholder Proposals—Proposal No. 1: Election of Directors," and "Delinquent Section 16(a) Reports" (to the extent reported therein) 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, 2021.

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 "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—Compensation Committee Interlocks and Insider Participation," "Board of Directors and Corporate Governance Matters—Director Compensation," "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, 2021.

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

The information required under this item is incorporated herein by reference to the information presented under the headings "Other Information—Security Ownership of Certain Beneficial Owners and Management" and "Executive Compensation Tables—Equity Compensation Plan Information" 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, 2021.

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 "Other Information—Certain Relationships and Related Person Transactions," "Board of Directors and Corporate Governance Matters—Board Independence," and "Board of Directors and Corporate Governance Matters—Current Directors and Director Nominees" 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, 2021.

ITEM 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES.*

The following table sets forth the aggregate fees billed to us by our former independent registered public accounting firm, RSM US LLP, during the fiscal years ended December 31, 2021 and 2020.

	Year Ended December 31, 2021	Year Ended December 31, 2020
Audit Fees	$ 1,105,936	$ 894,826
Audit-Related Fees	13,910	40,125
Tax Fees	—	—
All Other Fees	—	—
Total	$ 1,119,846	$ 934,951

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." In 2021 and 2020, these fees were for attest services performed by the independent registered public accounting firm related to financial reporting that are not required by statute or regulation.

- "Tax Fees" are fees billed for professional services rendered by the independent registered public accounting firm for tax compliance, tax advice, and tax planning. There were no such fees incurred in 2021 or 2020.

- "All Other Fees" represent fees billed for ancillary professional services that are not reported above under "Audit Fees," "Audit-Related Fees," or "Tax Fees." There were no such fees incurred in 2021 or 2020.

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 audit and 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.

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, 2021 and December 31, 2020

(iii) Consolidated Statements of Income for the Years Ended December 31, 2021, December 31, 2020, and December 31, 2019

(iv) Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2021, December 31, 2020, and December 31, 2019

(v) Consolidated Statements of Cash Flows for the Years Ended December 31, 2021, December 31, 2020, and December 31, 2019

(vi) Notes to Consolidated Financial Statements

(2) Financial Statement Schedules: None. Financial statement schedules have been omitted because 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	04/02/2012
3.2	Amended and Restated Bylaws of Regional Management Corp.		8-K	001-35477	3.2	04/02/2012
4.1	Indenture, dated October 31, 2019, by and among Regional Management Issuance Trust 2019-1, as issuer, Regional Management Corp., as servicer, Wells Fargo Bank, N.A., as indenture trustee, and Wells Fargo Bank, N.A., as account bank		8-K	001-35477	4.1	10/31/2019
4.2	Indenture, dated September 23, 2020, by and among Regional Management Issuance Trust 2020-1, as issuer, Regional Management Corp., as servicer, Wells Fargo Bank, N.A., as indenture trustee, and Wells Fargo Bank, N.A., as account bank		8-K	001-35477	4.1	09/29/2020
4.3	Indenture, dated February 18, 2021, by and among Regional Management Issuance Trust 2021-1, as issuer, Regional Management Corp., as servicer, Wells Fargo Bank, N.A., as indenture trustee, and Wells Fargo Bank, N.A., as account bank		8-K	001-35477	4.1	02/23/2021
4.4	Indenture, dated July 22, 2021, by and among Regional Management Issuance Trust 2021-2, as issuer, Regional Management Corp., as servicer, Wells Fargo Bank, N.A., as indenture trustee, and Wells Fargo Bank, N.A., as account bank		8-K	001-35477	4.1	07/22/2021
4.5	Indenture, dated October 8, 2021, by and among Regional Management Issuance Trust 2021-3, as issuer, Regional Management Corp., as servicer,		8-K	001-35477	4.1	10/12/2021

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form	File Number	Exhibit	Filing Date
	Wells Fargo Bank, N.A., as indenture trustee, and Wells Fargo Bank, N.A., as account bank					
4.6	Description of Securities		10-K	001-35477	4.4	03/16/2020
10.1	Cooperation Agreement, dated as of January 26, 2018, by and between Basswood Capital Management, L.L.C. and the Company		8-K	001-35477	10.1	01/29/2018
10.2.1	Seventh Amended and Restated Loan and Security Agreement, dated September 20, 2019, by and among Regional Management Corp. and certain of its subsidiaries named as borrowers therein, the financial institutions named as lenders therein, and Wells Fargo Bank, National Association, as Agent		8-K	001-35477	10.1	09/20/2019
10.2.2	First Amendment to Seventh Amended and Restated Loan and Security Agreement, dated as of October 15, 2020, by and among Regional Management Corp. and its subsidiaries named as borrowers therein, the financial institutions named as lenders therein, and Wells Fargo Bank, National Association, as agent		8-K	001-35477	10.1	10/16/2020
10.2.3	Second Amendment to Seventh Amended and Restated Loan and Security Agreement, dated as of February 9, 2021, by and among Regional Management Corp. and its subsidiaries named as borrowers therein, the financial institutions named as lenders therein, and Wells Fargo Bank, National Association, as agent		8-K	001-35477	10.1	02/10/2021
10.2.4	Third Amendment to Seventh Amended and Restated Loan and Security Agreement, dated as of August 23, 2021, by and among Regional Management Corp. and its subsidiaries named as borrowers therein, the financial institutions named as lenders therein, and Wells Fargo Bank, National Association, as agent		8-K	001-35477	10.1	08/24/2021
10.2.5	Fourth Amendment to Seventh Amended and Restated Loan and Security Agreement, dated as of December 17, 2021, by and among Regional Management Corp. and its subsidiaries named as borrowers therein, the financial institutions named as lenders therein, and Wells Fargo Bank, National Association, as agent		8-K	001-35477	10.1	12/21/2021
10.3.1	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 Bank, 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

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form	File Number	Exhibit	Filing Date
10.3.2	Amendment No. 1 to the Amended and Restated Credit Agreement, dated as of February 20, 2018, by and among Regional Management Receivables, LLC, as borrower, Regional Management Corp., as servicer, Wells Fargo Bank, National Association, as lender, and Wells Fargo Securities, LLC, as administrative agent		10-Q	001-35477	10.3	05/01/2018
10.3.3	Amendment No. 2 to the Amended and Restated Credit Agreement, dated as of October 30, 2018, by and among Regional Management Receivables, LLC, as borrower, Regional Management Corp., as servicer, Wells Fargo Bank, National Association, as lender, and Wells Fargo Securities, LLC, as administrative agent		8-K	001-35477	10.1	11/02/2018
10.4.1	Amended and Restated Credit Agreement, dated as of October 17, 2019, by and among Regional Management Receivables II, LLC, as borrower, Regional Management Corp., as servicer, the lenders from time to time parties thereto, the agents 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	10/22/2019
10.4.2	Omnibus Amendment, dated as of August 18, 2020, by and among Regional Management Receivables II, LLC, as borrower, Regional Management Corp., as servicer, Regional Finance Corporation of Alabama, Regional Finance Company of Georgia, LLC, Regional Finance Company of New Mexico, LLC, Regional Finance Company of Oklahoma, LLC, Regional Finance Corporation of South Carolina, Regional Finance Corporation of Tennessee, Regional Finance Corporation of Texas, Regional Finance Company of Virginia, LLC, Regional Finance Corporation of Wisconsin, Regional Finance Corporation of North Carolina, Regional Finance Company of Missouri, LLC, Regional Management North Carolina Receivables Trust, and Wells Fargo Bank, National Association, as administrative agent, as acknowledged and agreed to by Wells Fargo Bank, National Association, as Class A committed lender, Class B committed lender, Class A lender agent, and Class B lender agent, Credit Suisse AG, Cayman Islands Branch, as Class A committed lender and Class B committed lender, GIFS Capital Company, LLC, as Class A conduit lender and Class B conduit lender, Alpine Securitization Ltd., as Class A conduit lender and Class B conduit lender, Credit Suisse AG, New York Branch, as Class A lender agent and Class B lender agent, and Wells Fargo Bank,		10-Q	001-35477	10.2	11/05/2020

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form	File Number	Exhibit	Filing Date
	National Association, not in its individual capacity but solely as account bank, image file custodian, and backup servicer					
10.4.3	Second Amended and Restated Credit Agreement, dated April 14, 2021 by and among Regional Management Corp., Regional Management Receivables II, LLC, as borrower, Regional Management Corp., as servicer, the lenders and agents from time to time parties thereto, Wells Fargo Bank, National Association, as account bank and backup servicer, and Credit Suisse AG, New York Branch, as administration agent, structuring and syndication agent		8-K	001-35477	10.1	04/20/2021
10.4.4	First Amendment to the Second Amended and Restated Credit Agreement, dated as of December 17, 2021, by and between Regional Management Corp., as servicer and Regional Management Receivables II, LLC, as borrower, as acknowledged and agreed to by the lenders party thereto, Credit Suisse AG, New York Branch, as administration agent, structuring agent and syndication agent, and Wells Fargo Bank, National Association, acting through its Corporate Trust Services division, as account bank and backup servicer		8-K	001-35477	10.2	12/21/2021
10.5.1	Sale and Servicing Agreement, dated October 31, 2019, by and among Regional Management Receivables III, LLC, as depositor, Regional Management Corp., as servicer, the subservicers party thereto, Regional Management Issuance Trust 2019-1, as issuer, and Regional Management North Carolina Receivables Trust, acting thereunder solely with respect to the 2019-1A SUBI		8-K	001-35477	10.1	10/31/2019
10.5.2	Amendment No. 1 to Sale and Servicing Agreement, dated October 30, 2020, by and among Regional Management Receivables III, LLC, as depositor, Regional Management Corp., as servicer, Regional Management Issuance Trust 2019-1, as issuer, and Regional Management North Carolina Receivables Trust, acting thereunder solely with respect to the 2019-1A-SUBI		10-Q	001-35477	10.9	11/05/2020
10.5.3	Supplemental Indenture, dated October 30, 2020, by and among Regional Management Issuance Trust 2019-1, as issuer, Regional Management Corp., as servicer, and Wells Fargo Bank, National Association, as indenture trustee		10-Q	001-35477	10.8	11/05/2020
10.6	Sale and Servicing Agreement, dated September 23, 2020, by and among Regional Management Receivables III, LLC, as depositor, Regional Management Corp., as servicer, the subservicers		8-K	001-35477	10.1	09/29/2020

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form	File Number	Exhibit	Filing Date
	party thereto, Regional Management Issuance Trust 2020-1, as issuer, and Regional Management North Carolina Receivables Trust, acting thereunder solely with respect to the 2020-1A SUBI					
10.7	Sale and Servicing Agreement, dated February 18, 2021, by and among Regional Management Receivables III, LLC, as depositor, Regional Management Corp., as servicer, the subservicers party thereto, Regional Management Issuance Trust 2021-1, as issuer, and Regional Management North Carolina Receivables Trust, acting thereunder solely with respect to the 2021-1A SUBI		8-K	001-35477	10.1	02/23/2021
10.8.1	Credit Agreement, dated April 19, 2021 by and among Regional Management Receivables IV, LLC, as borrower, Regional Management Corp., as servicer, the lenders and agents from time to time parties thereto, Wells Fargo Bank, National Association as account bank and backup servicer and Wells Fargo Bank, National Association as administration agent		8-K	001-35477	10.2	04/20/2021
10.8.2	Amendment No. 1 to the Credit Agreement, dated as of December 17, 2021, by and among Regional Management Corp., as servicer, Regional Management Receivables IV, LLC, as borrower, Wells Fargo Bank, National Association, as agent and committed lender and Wells Fargo Bank, National Association, as administrative agent		8-K	001-35477	10.3	12/21/2021
10.9.1	Credit Agreement, dated April 28, 2021 by and among Regional Management Receivables V, LLC, as borrower, Regional Management Corp., as servicer, the lenders from time to time parties thereto, Wells Fargo Bank, National Association as account bank and backup servicer and JPMorgan Chase Bank, N.A. as administration agent		8-K	001-35477	10.1	04/29/2021
10.9.2	Amendment No.1 to the Credit Agreement, dated as of December 17, 2021, by and among Regional Management Corp., as servicer, Regional Management Receivables V, LLC, as borrower, the lenders from time to time parties thereto, Wells Fargo Bank, National Association, acting as its corporate trust services division, including its successors and permitted assigns, as account bank and backup servicer, and JPMorgan Chase Bank, N.A., as administrative agent		8-K	001-35477	10.4	12/21/2021
10.10	Sale and Servicing Agreement, dated July 22, 2021, by and among Regional Management Receivables III, LLC, as depositor, Regional Management Corp., as servicer, the subservicers party thereto, Regional Management Issuance Trust 2021-2, as issuer, and Regional Management North Carolina Receivables Trust, acting thereunder solely with respect to		8-K	001-35477	10.1	07/22/2021

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form	File Number	Exhibit	Filing Date
	the 2021-2A SUBI					
10.11	Sale and Servicing Agreement, dated October 8, 2021, by and among Regional Management Receivables III, LLC, as depositor, Regional Management Corp., as servicer, the subservicers party thereto, and Regional Management Issuance Trust 2021-3, as issuer		8-K	001-35477	10.1	10/12/2021
10.12.1†	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	08/04/2011
10.12.2†	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	10/07/2014
10.13.1†	Regional Management Corp. 2015 Long-Term Incentive Plan (As Amended and Restated Effective May 20, 2021)		8-K	001-35477	10.1	05/21/2021
10.13.2†	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	04/28/2015
10.13.3†	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	05/02/2017
10.13.4†	Form of Performance-Contingent Restricted Stock Unit Award Agreement under the 2015 Long-Term Incentive Plan		8-K	001-35477	10.3	05/02/2017
10.13.5†	Form of Cash-Settled Performance Unit Award Agreement under the 2015 Long-Term Incentive Plan		8-K	001-35477	10.4	05/02/2017
10.13.6†	Form of Restricted Stock Award Agreement under the 2015 Long-Term Incentive Plan		8-K	001-35477	10.5	05/02/2017
10.13.7†	Form of Stock Award Agreement under the 2015 Long-Term Incentive Plan		8-K	001-35477	10.6	05/02/2017
10.14†	Regional Management Corp. Annual Incentive Plan (as amended and restated effective March 23, 2015)		8-K	001-35477	10.2	04/28/2015
10.15†	Form of Key Team Member Incentive Program Agreement		8-K	001-35477	10.2	09/29/2020
10.16†	Summary of Non-Employee Director Compensation Program	X				
10.17†	Employment Agreement, dated as of March 26, 2020, between Robert W. Beck and Regional Management Corp.		8-K	001-35477	10.1	03/30/2020
10.18†	Employment Agreement, dated as of September 30, 2020, between Harpreet Rana and Regional Management Corp.		8-K	001-35477	10.1	09/30/2020

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form	File Number	Exhibit	Filing Date
10.19†	Employment Agreement, dated as of July 1, 2020, between John D. Schachtel and Regional Management Corp.		8-K	001-35477	10.1	07/08/2020
10.20†	Employment Agreement, dated as of January 6, 2020, between Manish Parmar and Regional Management Corp.		10-Q	001-35477	10.2	05/08/2020
10.21†	Employment Agreement, dated as of September 30, 2020, between Brian J. Fisher and Regional Management Corp.		8-K	001-35477	10.2	09/30/2020
10.22†	Employment Agreement, dated as of September 30, 2020, between Catherine R. Atwood and Regional Management Corp.		10-Q	001-35477	10.7	11/05/2020
10.23†	Employment Agreement, dated as of May 6, 2019, between Peter R. Knitzer and Regional Management Corp.		8-K	001-35477	10.1	05/08/2019
10.24†	Form of Retention Award Agreement		8-K	001-35477	10.1	03/13/2015
16.1	Letter from RSM US LLP, dated November 2, 2021		8-K	001-35477	16.1	11/02/2021
21.1	Subsidiaries of Regional Management Corp.	X				
23.1	Consent of RSM US LLP	X				
31.1	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Executive Officer	X				
31.2	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Financial Officer	X				
32.1	Section 1350 Certifications	X				
101.INS	XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					
101.SCH	Inline XBRL Taxonomy Extension Schema Document					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					
104	Cover Page Interactive Data File—the cover page XBRL tags are embedded within the Inline XBRL document contained in Exhibit 101					

† 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: March 4, 2022

/s/ Robert W. Beck
Robert W. Beck
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Robert W. Beck and Harpreet Rana, 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/her and in his/her 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/she 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/her 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 March 4, 2022.

/s/ Robert W. Beck	Name:	Robert W. Beck
	Title:	President, Chief Executive Officer, and Director (principal executive officer)
/s/ Harpreet Rana	Name:	Harpreet Rana
	Title:	Executive Vice President and Chief Financial Officer (principal financial officer)
/s/ Steven B. Barnette	Name:	Steven B. Barnette
	Title:	Vice President and Corporate Controller (principal accounting officer)
/s/ Carlos Palomares	Name:	Carlos Palomares
	Title:	Chair of the Board of Directors
/s/ Philip V. Bancroft	Name:	Philip V. Bancroft
	Title:	Director
/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/ Sandra K. Johnson, Ph.D.	Name:	Sandra K. Johnson, Ph.D.
	Title:	Director

Notice of 2022 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 May 19, 2022

To the Stockholders of Regional Management Corp.:

We hereby give notice that the 2022 Annual Meeting of Stockholders (the "Annual Meeting") of Regional Management Corp. will be held exclusively online via the internet on May 19, 2022, at 2:00 p.m. Eastern Daylight Time. The purposes of the meeting are as follows:

(1) To elect the nine 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 Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2022;

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

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

We began mailing this Notice of Annual Meeting of Stockholders and our Proxy Statement to stockholders on or about April 13, 2022. Only stockholders whose names appear of record on our books at the close of business on April 4, 2022 will be entitled to notice of and to vote at the Annual Meeting or at any adjournments thereof.

In light of the uncertainty of the future of the coronavirus ("COVID-19") pandemic, including any future waves of COVID-19, for the safety of our directors, team members, and stockholders, we have once again determined that the Annual Meeting will be held in a virtual meeting format only, via the internet, with no physical in-person meeting. If you plan to participate in the virtual meeting, please see "General Information and Frequently Asked Questions" in this Proxy Statement. Stockholders will be able to attend, vote, and submit questions (both before, and during a designated portion of, the meeting) from any location via the internet. The Annual Meeting will be presented exclusively online at *www.virtualshareholdermeeting.com/RM2022*. You will be able to attend the Annual Meeting online, vote your shares electronically, and submit your questions to management during the Annual Meeting by visiting *www.virtualshareholdermeeting.com/RM2022*.

To participate in the Annual Meeting (e.g., submit questions and/or vote), you will need the control number provided on your proxy card or voting instruction form. If you are not a stockholder or do not have a control number, you may still access the Annual Meeting as a guest, but you will not be able to participate.

Your vote is important. Whether or not you plan to attend the virtual Annual Meeting, 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 virtual Annual Meeting, you may revoke your proxy and vote your shares electronically during the meeting.

To vote by internet prior to the meeting, 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

Catherine R. Atwood
SVP, General Counsel, and Secretary

Greer, South Carolina
April 13, 2022

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 19, 2022: 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*.

PROXY STATEMENT
2022 Annual Meeting of Stockholders

TABLE OF CONTENTS

Proxy Statement

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

PROXY STATEMENT

For the Annual Meeting of Stockholders to Be Held on May 19, 2022

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 19, 2022:

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 the Investor Relations website of Regional Management Corp. at *www.regionalmanagement.com.*

April 13, 2022

2022 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:	May 19, 2022
Time:	2:00 p.m. Eastern Daylight Time
Access:	Virtually via the internet at *www.virtualshareholdermeeting.com/RM2022*. Instructions as to how you may attend and participate in the virtual Annual Meeting are set forth in the Proxy Statement under "General Information and Frequently Asked Questions – How do I attend and participate in the Annual Meeting online?"
Record Date:	April 4, 2022
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 by proxy or electronically during the virtual Annual Meeting by visiting *www.virtualshareholdermeeting.com/RM2022*. Instructions as to how you may cast your vote 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 April 13, 2022 to the stockholders of Regional Management Corp.

Meeting Agenda

Proposal	Board Vote Recommendation	Page Reference (for more detail)
Election of nine directors	FOR ALL	58
Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2022	FOR	58
Advisory vote to approve executive compensation	FOR	60
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	Director Since	Experience/Qualifications	Independent	Committees			
				AC	CC	CGN	RC
Carlos Palomares, Chair of the Board	2012	Financial Services Industry, Leadership, Credit Risk, Corporate Finance, Executive Compensation, Accounting, Risk Management	✓	✓	✓		
Philip V. Bancroft	2022	Insurance Industry, Leadership, Corporate Finance, Accounting, Risk Management, Regulatory	✓	✓			✓
Robert W. Beck	2020	Financial Services Industry, Leadership, Credit Risk, Corporate Finance, Marketing, M&A, Accounting, Risk Management, Investor Relations					
Jonathan D. Brown	2018	Financial Services Industry, Capital Allocation, M&A, Corporate Governance, Investor Relations	✓				✓
Roel C. Campos	2012	Leadership, Cybersecurity, Corporate Governance, Government Affairs, Securities Compliance, Regulatory	✓	C		✓	✓
Maria Contreras-Sweet	2018	Financial Services Industry, Leadership, Corporate Finance, Technology/Innovation, Corporate Governance, Regulatory, Public Relations, Government Affairs	✓		✓	C	
Michael R. Dunn	2014	Financial Services Industry, Leadership, Credit Risk, Corporate Finance, M&A, Risk Management, Investor Relations					C
Steven J. Freiberg	2014	Financial Services Industry, Leadership, Credit Risk, Corporate Finance, Marketing, M&A, Executive Compensation, Technology, Risk Management, Investor Relations	✓	✓	C		
Sandra K. Johnson	2020	Financial Services Industry, Leadership, Information Technology, Cybersecurity, Blockchain Technology, Technology/Innovation, Entrepreneurship	✓			✓	✓

AC = Audit Committee CC = Compensation Committee CGN = Corporate Governance and Nominating Committee RC = Risk 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 Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2022.

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 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").

2021 Compensation-Related Highlights

- ✓ **Appointed FW Cook as new independent compensation consultant**
- ✓ **Returned to pre-COVID short-term incentive plan structure**
- ✓ **Continued alignment of executive pay with company performance**:
  - **2021 incentives were largely performance-contingent**, with long-term incentive awards roughly one-half performance-contingent and short-term incentive awards entirely performance-contingent
  - **Performance goals were rigorous** and were based almost exclusively on objective, quantitative criteria
- ✓ **Maintained competitive compensation and incentive program target opportunities** for our executives in order 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 amounts 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
- ✓ No excise tax gross-ups
- ✓ 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 2021 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 during 2021. See the Summary Compensation Table of the Proxy Statement for additional information.

Name and Principal Position	Salary ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
Robert W. Beck, President and Chief Executive Officer	640,000	1,119,953	559,992	1,364,160	42,179	**3,726,285**
Harpreet Rana, Executive Vice President and Chief Financial Officer	400,000	166,240	—	568,400	20,877	**1,155,517**
John D. Schachtel, Executive Vice President and Chief Operating Officer	428,000	320,997	160,499	779,863	46,055	**1,735,413**
Brian J. Fisher, Executive Vice President and Chief Strategy and Development Officer	400,000	299,964	149,996	664,252	25,699	**1,539,911**
Manish Parmar, Executive Vice President and Chief Credit Risk Officer	352,000	263,941	131,990	500,192	24,879	**1,273,003**

Note: The amounts shown in the Non-Equity Incentive Plan Compensation column represent: (i) for Mr. Beck, Ms. Rana, and Mr. Parmar, performance-based annual cash awards earned in 2021 and (ii) for Messrs. Schachtel and Fisher, performance-based annual cash awards earned in 2021 and cash-settled performance units that were granted in 2019 and earned over a performance period of January 1, 2019 through December 31, 2021.

2023 Annual Meeting of Stockholders

- Stockholder proposals submitted pursuant to SEC Rule 14a-8 must be received by us no later than December 14, 2022.
- Notice of stockholder proposals outside of SEC Rule 14a-8 must be delivered to us not earlier than January 19, 2023 and not later than February 18, 2023.

Proxy Statement

GENERAL INFORMATION AND FREQUENTLY ASKED QUESTIONS

This proxy statement (the "Proxy Statement") and the accompanying proxy card are first being sent on or about April 13, 2022, 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 May 19, 2022, at 2:00 p.m. Eastern Daylight Time and any postponement or adjournment thereof. Our Annual Report on Form 10-K, containing financial statements for the fiscal year ended December 31, 2021, 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 April 4, 2022, 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 virtually on May 19, 2022 or will attend virtually but wishes to vote by proxy in advance of the Annual Meeting. Even if you plan to attend the virtual Annual Meeting, you are encouraged to vote by proxy in advance. Instructions as to how you may cast your vote by proxy are found on the proxy card. If you attend the virtual Annual Meeting, you may revoke your proxy and vote your shares electronically during the virtual Annual Meeting.

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 solicitations by mail, 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.

Why is the Annual Meeting taking place virtually this year?

We will host the Annual Meeting exclusively live online this year due to the circumstances surrounding the continued existence and uncertainty surrounding the future spread of the coronavirus ("COVID-19") pandemic. As a result, and in order to protect the health and well-being of our directors, team members, and stockholders, we have once again decided to hold the Annual Meeting exclusively online.

How do I attend and participate in the Annual Meeting online?

We will host the Annual Meeting exclusively live online. Any stockholder can attend the Annual Meeting live online at *www.virtualshareholdermeeting.com/RM2022*. To enter the Annual Meeting, you will need to log in with the control number provided on your proxy card or voting instruction form. Once you are logged in to the Annual Meeting, instructions on how to participate, including how to submit questions and vote during the meeting, will be provided at *www.virtualshareholdermeeting.com/RM2022*. If you are not a stockholder or do not have a control number, you may still access the meeting as a guest, but you will not be able to participate. We are committed to ensuring that our stockholders have the same rights and opportunities to participate in the Annual Meeting as if it had been held in a physical location. If you have questions about accessing the website for the virtual Annual Meeting, please contact the Company's Corporate Secretary by sending an email to investor.relations@regionalmanagement.com or calling (864) 448-7000 by May 16, 2022. If you encounter any technical difficulties with the log-in process or during the Annual Meeting, please call the technical support number that will be posted on the virtual Annual Meeting website.

The virtual meeting platform is fully supported across browsers (Edge, Firefox, Chrome, and Safari) and devices (desktops, laptops, tablets, and mobile phones) running the most updated version of applicable software and plugins. Stockholders (or their authorized representatives) should ensure that they have a strong Wi-Fi connection wherever they intend to participate in the meeting. Stockholders (or their authorized representatives) should also give themselves plenty of time to log in and ensure that they can hear streaming audio prior to the start of the meeting.

What is the purpose of the Annual Meeting?

The purpose of the Annual Meeting is:

(i) to elect the nine 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 Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2022;

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

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

Who is entitled to vote?

Only stockholders of record at the close of business on April 4, 2022 (the "Record Date"), will be entitled to receive notice of and to vote at the Annual Meeting. As of the Record Date, 9,790,219 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 for each director nominee and to one vote per share on any other 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 Deloitte & Touche 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 and to approve executive compensation are considered "non-discretionary," and therefore, brokers cannot vote your shares on these proposals when they do not receive voting instructions from you.

What constitutes a quorum?

The representation, virtually 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 but do not represent votes cast. Virtual attendance at our Annual Meeting constitutes presence in person for purposes of determining whether there is a quorum at the meeting.

Can I ask questions at the virtual Annual Meeting?

Stockholders as of the Record Date who attend and participate in our virtual Annual Meeting at *www.virtualshareholdermeeting.com/RM2022* will have an opportunity to submit questions about topics of importance to the Company's business and affairs live via the internet during a designated portion of the meeting. Instructions for submitting questions during the virtual Annual Meeting will be available at *www.virtualshareholdermeeting.com/RM2022*. Stockholders may also submit a question in advance of the Annual Meeting at *www.proxyvote.com*. In both cases, stockholders must have available their control number provided on their proxy card or voting instruction form. All questions from stockholders that are pertinent to Annual Meeting matters will be answered during the meeting, subject to time limitations.

How do I vote?

Stockholders may vote by proxy or by attending the virtual Annual Meeting online and voting electronically during the Annual Meeting. Instructions as to how you may cast your vote by proxy are set forth below and are found on the accompanying proxy card.

Vote by Internet:

Before the Meeting – Go to ***www.proxyvote.com***

Use the internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Daylight Time on May 18, 2022. 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.

During the Meeting – Go to ***www.virtualshareholdermeeting.com/RM2022***

You may attend the meeting via the internet and vote electronically during the meeting. Have your proxy card in hand when you access the website, and follow the instructions.

Vote by Mail: Mark, sign, and date your proxy card and promptly return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

Will other matters be voted on at the Annual Meeting?

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

May I revoke my proxy instructions?

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted at the Annual Meeting. 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 virtual Annual Meeting and voting electronically (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 nine nominees receiving the highest number of affirmative votes of the shares present, virtually or represented by proxy, and entitled to vote at the Annual Meeting shall be elected as directors. Votes withheld, abstentions, and "broker non-votes" will have no effect on the election of directors (Proposal No. 1). Regarding the proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2022 (Proposal No. 2), an affirmative vote of a majority of the shares present, virtually 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, virtually or represented by proxy, and voting on such matter is cast in favor of the proposal. "Broker non-votes," votes withheld, and abstentions are not considered voted for the particular matter. For proposals subject to majority voting that are considered "non-discretionary" (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. For proposals subject to majority voting that are considered "discretionary" (Proposal No. 2), there will be no "broker non-votes" and brokers may vote in their discretion on behalf of beneficial owners who have not furnished voting instructions. Virtual attendance at our Annual Meeting constitutes presence for purposes of the vote required under our Amended and Restated Bylaws (the "Bylaws").

Because your vote on Proposal No. 3 is advisory, it will not be binding on us, our Board, or our Compensation Committee. However, the Board and the Compensation Committee will consider the outcome of this vote when making future compensation decisions for our executive officers.

The persons named as proxy holders and attorneys-in-fact in the proxy card, Robert W. Beck and Catherine R. Atwood, were selected by the Board and are officers of the Company. All properly executed proxy cards 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 card 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 shares will be voted "FOR" the election of all director nominees, "FOR" the ratification of the appointment of our independent registered public accounting firm, and "FOR" the advisory 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 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 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 the Company's directors in order to ensure 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 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 the valuable contributions of incumbent directors to our success in recent years and on the skills, experience, and individual attributes that each director nominee 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 exchange of different perspectives and ideas, mitigates against groupthink, and ensures that the Board has the opportunity to benefit from all available talent. The Board is committed to inclusion – ensuring that all directors feel welcomed, valued, and able to contribute their opinions. 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.

The Board approved its Board Diversity Policy (the "Diversity Policy") in February 2018 and most recently amended the Diversity Policy in March 2021. A copy of the Diversity Policy is available on our Investor Relations website 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 conducting searches for new directors, the Nominating Committee will include qualified female and/or ethnically diverse individuals from the list in the pool of candidates. 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 and maintaining diversity, and presenting its findings and assessment to the full Board for input. 44% of the current Board is racially or ethnically diverse. In 2019, the Board was awarded the Latino Corporate Directors

Association 2019 Corporate Visionary Award in recognition of Regional's commitment to an inclusive and diverse Board. The Board was also nominated in 2019 for NACD NXT™ recognition by the National Association of Corporate Directors, which applauds exemplary board leadership practices that promote greater diversity and inclusion. In 2020, the Board appointed Sandra K. Johnson, Ph.D. as our second female director and first African American director.

The Nominating Committee and the Board are proud of the diverse characteristics of the Company's directors and will continue to promote diversity and inclusion initiatives at the Board level and throughout the Company.

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 nine directors: Carlos Palomares, Philip V. Bancroft, Robert W. Beck, Jonathan D. Brown, Roel C. Campos, Maria Contreras-Sweet, Michael R. Dunn, Steven J. Freiberg, and Sandra K. Johnson, with Mr. Palomares serving as Chair of the Board. Each of these individuals has been nominated and will stand 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.

CARLOS PALOMARES

Age: 77

Director Since: 2012

Chair of the Board

Member of the Audit Committee and Compensation Committee

Mr. Palomares has been a director of Regional since March 2012 and currently serves as Chair of the Board. 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, President and CEO of Citibank FSB Florida from 1992 to 1997, and Chairman and CEO of Citibank Italia from 1990 to 1992. Mr. Palomares serves on the boards of directors of Pan American Life Insurance Group, Inc. and Banesco USA, a privately held financial institution. Mr. Palomares earned a B.S. degree in Quantitative Analysis from New York University.

PHILIP V. BANCROFT

Age: 63

Director Since: 2022

Member of the Audit Committee and Risk Committee

Mr. Bancroft has served as a director of Regional since January 2022. He served as the Chief Financial Officer and Executive Vice President of Chubb Limited, the largest publicly traded property and casualty insurance company in the world, from 2016 to 2021. He was the Chief Financial Officer of ACE Limited from 2001 to ACE's acquisition of Chubb in 2016, at which time he became the Chief Financial Officer of Chubb. Prior to ACE, Mr. Bancroft served as Partner-in-Charge for the New York Regional Insurance Group of PricewaterhouseCoopers (PwC) from 1996 to 2001 and spent nearly 20 years at PwC in various roles, including ten years as a partner. He currently serves on Saint Joseph's University Haub School of Business/Advisory Board for Insurance Risk Management. He was certified as a public accountant and earned his Bachelor of Business Administration in Accounting from Temple University.

ROBERT W. BECK

Age: 58

President and Chief Executive Officer

Director Since: 2020

Mr. Beck has served as President and Chief Executive Officer and as a director of Regional since March 2020. From July 2019 until March 2020, Mr. Beck served as Executive Vice President and Chief Financial Officer of Regional. Prior to joining Regional as Chief Financial Officer in July 2019, he was Executive Vice President and Chief Operating Officer of the Leukemia and Lymphoma Society. Before that, he spent 29 years at Citibank, serving in various roles. Most recently, Mr. Beck was the Chief Operating Officer of Citibank's US Retail Bank, after previously serving as Chief Financial Officer of Citibank's US Consumer and Commercial Bank. Prior to that, Mr. Beck served in a number of different roles at Citibank, including head of Citigroup Corporate Finance, head of Citigroup Reengineering, and co-head of Citigroup Corporate M&A. Mr. Beck serves on the board of directors of CSI of St. Louis, Inc., a telecom system and consulting company. Mr. Beck received his B.S. in Business Administration and Management from Washington University in St. Louis and his M.B.A. in Finance and International Business from New York University's Stern School of Business.

JONATHAN D. BROWN

Age: 37

Director Since: 2018

Member of the Risk Committee

Mr. Brown has served as a director of Regional since January 2018. He is a partner with Basswood Capital Management L.L.C. ("Basswood"), an alternative asset manager. Mr. Brown joined Basswood in 2009. In his current role, 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: 73

Director Since: 2012

Chair of the Audit Committee

Member of the Corporate Governance and Nominating Committee and Risk Committee

Mr. Campos has served as a director of Regional since March 2012. Since February 2016, he has been an equity partner and, since 2021, he has served as Senior Counsel with the law firm of Hughes Hubbard & Reed LLP. Mr. Campos has practiced in the areas of securities regulation, corporate governance, and securities enforcement. 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 later served as a federal prosecutor in Los Angeles, California. Mr. Campos currently serves as an independent director for the board of KPMG US LLP. Mr. Campos also previously served from January 2013 to May 2017 on the board of directors of WellCare Health Plans, Inc., a public company that provided managed health care services, which was acquired and merged into Centene Corp., a multi-national health care enterprise. He was also a director of a private registered broker-dealer, Liquidnet Holdings, Inc., which in 2021 was acquired and merged into the TP ICAP group, a London-based broker dealer. Mr. Campos previously served from 2016 to 2020 on the Board of Visitors to the United States Air Force Academy. Mr. Campos serves on various non-profit boards. From 2009 to 2013, Mr. Campos served on the Presidential Intelligence Advisory Board (the "PIAB"), comprised of selected private citizens who serve as outside advisers to the President on national intelligence issues. Mr. Campos earned his B.S. degree from the United States Air Force Academy, received an M.B.A. degree from the University of California, Los Angeles, and earned his J.D. degree from Harvard Law School.

MARIA CONTRERAS-SWEET

Age: 66

Director Since: 2018

Chair of the Corporate Governance and Nominating Committee

Member of the Compensation Committee

Ms. Contreras-Sweet has been a director of Regional since January 2018. She is the managing partner of Rockway Equity Partners, LLC and Contreras Sweet Companies, LLC. She previously served as a member of President Obama's cabinet as the 24th Administrator of the U.S. Small Business Administration from April 2014 to January 2017, where she was responsible for a $132 billion loan portfolio. 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, LLC, 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, where she oversaw 14 departments including the Department of Financial Institutions and Department of Corporations. Earlier in her career, she was a senior executive with Westinghouse Electric Company's 7-Up/RC Bottling Company. Ms. Contreras-Sweet is a director of Sempra Energy, a publicly traded energy services company that invests in, develops, and operates energy infrastructure and provides electric and gas services, where she serves on the audit and compensation committees. She is also a director of TriNet Group, Inc., a publicly traded professional employer organization, where she serves on the nominating and corporate governance committee and chairs the risk committee, as well as Zions Bancorporation, N.A., a publicly traded bank, where she serves on the audit committee. Ms. Contreras-Sweet is a Distinguished Fellow of the LARTA Institute and serves on the board of the Bipartisan Policy Center. She has been bestowed with numerous honorary doctorates including from Tufts University; Whittier College; and California State University, Los Angeles.

MICHAEL R. DUNN

Age: 70

Director Since: 2014

Chair of the Risk Committee

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: 65

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 is the founder of Grand Vista Partners (a private investment office), a Senior Advisor to Towerbook Capital Partners (a private equity firm), and a Senior Advisor to The Boston Consulting Group (a global management consulting firm). Previously, Mr. Freiberg served as Interim Chief Financial Officer of Social Finance, Inc. from May 2017 until April 2018 and 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 (with his term ending in 2022 due to tenure limits) and currently chairs its audit committee. In addition, Mr. Freiberg currently serves as Vice Chair of the board of directors of SoFi Technologies, Inc., a publicly traded personal finance company where he serves on the risk committee. Mr. Freiberg also serves on the board of directors for two publicly traded blank check companies – Compass Digital Acquisition Corp. and Portage Fintech Acquisition Corp. (where he also serves as Chairman), in addition to serving on the governing body of Purchasing Power, LLC (a private specialty e-retailer offering consumer products, vacations, and online education services through payment plans). He is also the Chair of The Rewards Network, one of the largest merchant-funded, card-linked reward networks in the United States.

SANDRA K. JOHNSON, PH.D.

Age: 61

Director Since: 2020

Member of the Corporate Governance and Nominating Committee and Risk Committee

Dr. Johnson has been a director of Regional since April 2020. She has served as the founder, Chief Executive Officer, and Chief Technology Officer of Global Mobile Finance, Inc., a fintech startup company based in Research Triangle Park, North Carolina, since 2018. In addition, since 2014, she has served as the Chief Executive Officer of SKJ Visioneering, LLC, a technology consulting company. Dr. Johnson currently serves as a Visiting Scholar at North Carolina A&T State University, a role she has held since February 2020. From November 2012 to February 2014, Dr. Johnson served as the Chief Technology Officer for IBM Central, East and West Africa. Prior to 2014, she spent 11 years as a Senior Technical Staff Member of the IBM Systems and Technology Group, serving in various roles, including Business Development Executive for IBM Middle East and Africa, Chief Technology Officer for IBM's Global Small and Medium Business, and the Linux Performance Architect. Dr. Johnson has conducted extensive research and published her findings in a number of computer-related and information technology areas, she has authored and co-authored over 80 publications, and she was part of the design team that developed the prototype for the IBM Scalable Parallel Processor (SP2), the base machine for "Deep Blue," IBM's world-famous chess machine. Dr. Johnson was a member of the IBM Academy of Technology, a group consisting of the top 1% of IBM's over 250,000 technical professionals. She has also received numerous technical and professional awards and is an IBM Master Inventor with over 40 patents issued and pending. Dr. Johnson earned her B.S., M.S., and Ph.D. degrees in electrical engineering from Southern University, Stanford University, and Rice University, respectively. She is the first African American woman to earn a Ph.D. in electrical engineering, with a concentration in computer engineering, in the United States. Dr. Johnson is a member of the Institute of Electrical and Electronics Engineers ("IEEE") and the Association for Computing Machinery ("ACM"). She is also an IEEE Fellow and an ACM Distinguished Engineer.

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.

	Philip V. Bancroft	Robert W. Beck	Jonathan D. Brown	Roel C. Campos	Maria Contreras-Sweet	Michael R. Dunn	Steven J. Freiberg	Sandra K. Johnson	Carlos Palomares
Skills and Experience									
Financial Services Industry	✓	✓	✓		✓	✓	✓	✓	✓
Other Public Co. Board of Directors				✓	✓		✓		
Executive Management	✓	✓		✓	✓	✓	✓	✓	✓
Entrepreneurship/Business Operations		✓		✓	✓	✓	✓	✓	✓
Credit Risk Management	✓	✓				✓	✓		✓
Corporate Finance or Capital Allocation	✓	✓	✓		✓	✓	✓		✓
Marketing and/or Public Relations		✓		✓	✓		✓	✓	
Marketing to Hispanic Population				✓	✓				✓
Mergers and Acquisitions	✓	✓	✓	✓		✓	✓		
Human Resources/Executive Comp		✓					✓		✓
Cybersecurity or Technology/Innovation	✓	✓		✓	✓		✓	✓	
Information Technology or Blockchain								✓	
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	2022	2020	2018	2012	2018	2014	2014	2020	2012
Board Independent	✓		✓	✓	✓		✓	✓	✓
Gender									
Male	✓	✓	✓	✓		✓	✓		✓
Female					✓			✓	
Age									
Years Old	63	58	37	73	66	70	65	61	77
Race/Ethnicity									
White/Caucasian	✓	✓	✓			✓	✓		
Hispanic/Latino				✓	✓				✓
African American								✓	

Board Independence

The Board determined that each of Ms. Contreras-Sweet, Dr. Johnson, and Messrs. Bancroft, Brown, Campos, Freiberg, de Molina*, and Palomares were independent during 2021 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 at *www.regionalmanagement.com*.

---

* Alvaro G. de Molina's service as a director on our Board ended at the time of our 2021 Annual Meeting of Stockholders ("2021 Annual Meeting").

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. Palomares was appointed to serve as Chair of our Board in July 2019. 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 provides guidance to the Chief Executive Officer and coordinates and manages the operations of the Board and its committees.

At this time, the Board believes that its current leadership structure, with an independent Chair, 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 12 meetings during the fiscal year ended December 31, 2021. During 2021, each current director then in office attended at least 75% of the total number of meetings of the Board and committees on which he or she 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 2021, and the independent members of our Board also periodically met in executive session in 2021. Mr. Palomares 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 directors then in office attended our last annual meeting of stockholders held on May 20, 2021.

Committees of the Board

Our Board has four standing committees: the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, and the Risk 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.

Directors	Audit	Compensation	Corporate Governance and Nominating	Risk
Philip V. Bancroft	✓			✓
Jonathan D. Brown				✓
Roel C. Campos	Chair		✓	✓
Maria Contreras-Sweet		✓	Chair	
Michael R. Dunn				Chair
Steven J. Freiberg	✓	Chair		
Sandra K. Johnson			✓	✓
Carlos Palomares	✓	✓		
Number of Meetings Held in 2021:	6	9	7	7

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 currently consists of Messrs. Campos (Chair), Bancroft, Freiberg, and Palomares. Mr. Campos was appointed to the Audit Committee as its Chair in May 2021, replacing former director Alvaro G. 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. Bancroft, Freiberg, and Palomares satisfy this definition.

Pursuant to the Audit Committee's written charter, our Audit Committee is responsible for, among other things:

- appointing and overseeing 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 of concerns regarding questionable accounting or auditing matters; and
- preparing the audit committee report that the SEC requires in our annual proxy statement.

Compensation Committee

Our Compensation Committee consists of Mr. Freiberg (Chair), Ms. Contreras-Sweet, and Mr. Palomares. Mr. de Molina ended service to the Committee in May 2021. 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 salaries, annual incentive bonuses, equity compensation, employment agreements, and severance and termination arrangements;
- reviewing and recommending to the Board the compensation of our non-employee 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 has the authority to hire outside advisors and experts, including compensation consultants to assist it with director and executive officer compensation determinations. See "Compensation Discussion and Analysis – Compensation Objectives and Approaches – Compensation Determination Process" for information about our independent compensation consultant.

Corporate Governance and Nominating Committee

Our Nominating Committee consists of Ms. Contreras-Sweet (Chair), Mr. Campos, and Dr. Johnson. Ms. Contreras-Sweet was appointed as Chair in May 2021, assuming the position from Mr. Campos. 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;
- recommending members for each committee of our Board;
- developing and overseeing a process for the annual evaluation of the Board, committees of the Board, and management; and
- reviewing (i) developments in corporate governance practices, (ii) the adequacy of our certificate of incorporation and by-laws, and (iii) the Company's Corporate Governance Guidelines (on a biennial basis).

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 in connection with the 2023 Annual Meeting of Stockholders ("2023 Annual Meeting") 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 January 19, 2023 nor later than February 18, 2023.

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 our Diversity Policy.

Risk Committee

Our Risk Committee consists of Mr. Dunn (Chair), Mr. Brown, Mr. Bancroft, Mr. Campos, and Dr. Johnson. Messrs. Brown and Bancroft were appointed to the Committee in May 2021 and January 2022, respectively. Pursuant to the Risk Committee's written charter, the Risk Committee is responsible for, among other things:

- reviewing and discussing our enterprise risk management program with management and our independent registered public accounting firm;
- reviewing the key risks facing the Company and discussing those risks with management;
- assessing the allocation of risk oversight among the committees of the Board; and
- reviewing and discussing with management the Company's preparedness for handling business interruption and annually approving the Company's Business Continuity Plan.

Availability of Committee Charters

The charters of each of our Board committees, which contain more complete explanations of the roles and responsibilities of each of our Board committees, are posted on our Investors Relations website at *www.regionalmanagement.com*. Information on our website is not considered part of this Proxy Statement. A stockholder may request a copy of any or all of these committee charters by contacting our Corporate Secretary at 979 Batesville Road, Suite B, Greer, South Carolina 29651.

Role in Risk Oversight

As part of its role in risk oversight, our Risk Committee is responsible for reviewing our risk assessment and risk management practices, and for discussing its findings with both management and our independent registered public accounting firm. Management has established an Enterprise Risk Management Program (the "ERM Program") to ensure that all of the Company's risks are managed appropriately and consistently at an enterprise-wide level. The ERM Program details principles used to support effective enterprise-wide risk management across the end-to-end risk management lifecycle, and it provides clarity on the expected activities in relation to risk management of the Board, management, and all employees throughout the organization. In 2021, we hired a Chief Risk and Responsibility Officer to oversee the ERM Program. The Board and the Risk Committee periodically receive ERM Program updates from our Chief Risk and Responsibility Officer and management, review the risks that may potentially affect us, and review management's efforts to manage those risks, including risks reflected in our periodic filings.

The Board may also request supplemental information and disclosure about specific areas of interest and concern relevant to risks it believes are faced by us and our business. The Board also considers emerging or evolving risks as they arise, such as risks related to the COVID-19 pandemic, and may either meet as a full Board or assign risks to a committee for continuing oversight. The Board and its committees have been actively overseeing the Company's response to and risk management of the ongoing COVID-19 pandemic, including regular updates from and discussions with Company management. Topics around this ongoing crisis span a broad range of matters, including: maintaining the health and safety of our employees; minimizing adverse financial impact on affected employees; evaluating the impact of the pandemic on strategy, operations, liquidity, and financial matters; and supporting the communities in which we operate.

The Board believes that 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.

Role in Cybersecurity Oversight

As part of its risk oversight role, the Board and the Risk Committee provide oversight of management's efforts to mitigate risk and respond to cyber incidents. For example, on a periodic basis, members of the Board and the Risk Committee engage with management and/or third-party consultants to assess the cyber threat landscape, to evaluate our information security program, to review the results of penetration testing, and to analyze the design, effectiveness, and ongoing enhancement of our capabilities to monitor, prevent, and respond to cyber threats and events. The Company has a comprehensive enterprise-wide cybersecurity program aligned to the NIST Cybersecurity Framework (CSF) industry standard and maintains cybersecurity risk insurance coverage to defray the costs of potential information security breaches. The Company conducts automated online training at least once a year for its employees and mock phishing campaigns on a regular basis throughout the year. Management briefs the Risk Committee quarterly on information security matters, including the status of the Company's security posture and our efforts to identify and mitigate cybersecurity risks, and briefs the full Board on such matters at least annually.

Code of Business Conduct and Ethics

Our Board has adopted a Code of Business Conduct and Ethics (the "Code of Ethics"). The Code of Ethics applies to all of our directors, officers, and employees and must be acknowledged in writing by our Chief Executive Officer and Chief Financial Officer. The Code of Ethics is posted on our Investor Relations website 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, 2021, Ms. Contreras-Sweet and Messrs. Freiberg, de Molina, and Palomares served on our Compensation Committee. No member of the Compensation Committee has ever served as an officer or employee of the Company or any of its subsidiaries or had any relationship during the fiscal year ended December 31, 2021 that would be required to be disclosed pursuant to Item 404 of Regulation S-K. In addition, during the fiscal year ended December 31, 2021, 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, Nominating Committee, or Risk 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 independent 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 $70,000 payable in quarterly installments ($95,000 in the case of the chair or lead independent director, if applicable, of the Board).
- **Committee Member Cash Retainer:** Each member of a Board committee receives an additional annual cash retainer of $8,750 per committee service payable in quarterly installments ($17,500 in the case of the chair of each committee).
- **Board Equity-Based Award:** Each non-employee director receives, on an annual basis, shares of restricted common stock with a value equal to $90,000 ($115,000 in the case of the chair or lead independent director, if applicable, of the Board). Effective May 19, 2022, these amounts will be increased to $110,000 and $135,000, respectively.
- **Committee Member Equity-Based Award:** Each member of a Board committee receives, on an annual basis, additional shares of restricted common stock with a value equal to $8,750 per committee service ($17,500 in the case of the chair of each committee).

The restricted stock awards (each, an "RSA") 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 RSA is determined by dividing the value of the award by the closing price per share of the Company's common stock on the grant date. 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 (so long as the period between the date of the annual stockholders' meeting related to the grant date and the date of the next annual stockholders' meeting is not less than 50 weeks), 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 May 20, 2021 and further amended February 17, 2022) (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, including the cost of attending continuing education seminars related to corporate board of directors service and other topics relevant to the Company.

The following table provides information regarding the compensation paid to each of our non-employee directors for their service as non-employee directors during the fiscal year ended December 31, 2021.

Name(1)	Fees Earned or Paid in Cash(2) ($)	Stock Awards(3) ($)	Total ($)
Incumbent Directors:			
Philip Bancroft	—	—	—
Jonathan D. Brown	77,822	98,725	176,546
Roel C. Campos	104,783	124,989	229,771
Maria Contreras-Sweet	95,796	116,218	212,014
Michael R. Dunn	90,411	107,495	197,906
Steven J. Freiberg	99,398	116,218	215,616
Sandra K. Johnson	90,411	107,495	197,906
Carlos Palomares	116,088	132,493	248,581
Former Directors:			
Alvaro G. de Molina	64,230	—	64,230

(1) Mr. Bancroft was appointed as a director in January 2022. Therefore, he received no compensation during 2021. Mr. de Molina did not stand for re-election as a director at our 2021 Annual Meeting.

(2) The amount paid in cash includes the relevant cash retainers described above plus cash payments pursuant to the vesting of dividend equivalent rights held by the directors.

(3) On May 27, 2021, in accordance with the non-employee director compensation program outlined above, we awarded all of the Company's non-employee directors then in office shares of restricted common stock in the following amounts: Mr. Brown, 2,105 shares; Mr. Campos, 2,665 shares; Ms. Contreras-Sweet, 2,478 shares; Mr. Dunn, 2,292 shares; Mr. Freiberg, 2,478 shares; Dr. Johnson, 2,292 shares; and Mr. Palomares, 2,825 shares. These annual RSAs vest on the earlier of the first anniversary of the grant date or the date of the next annual stockholders' meeting (so long as the period between the date of the annual stockholders' meeting related to the grant date and the date of the next annual stockholders' meeting is not less than 50 weeks), 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, 2021 was: Mr. Brown, 2,105 shares; Mr. Campos, 2,665 shares; Ms. Contreras-Sweet, 2,478 shares; Mr. Dunn, 2,292 shares; Mr. Freiberg, 2,478 shares; Dr. Johnson, 2,292 shares; and Mr. Palomares, 2,825 shares. The total number of shares subject to non-qualified stock options held by each of our non-employee directors as of December 31, 2021 was: Mr. Campos, 14,670 shares; Mr. Dunn, 49,174 shares; Mr. Freiberg, 17,941 shares; and Mr. Palomares, 18,670 shares. As of December 31, 2021, Mr. Brown, Ms. Contreras-Sweet, and Dr. Johnson had no option awards outstanding. The outstanding equity awards held by Mr. Beck as of December 31, 2021 are set forth in the Outstanding Equity Awards at Fiscal Year-End table that is presented elsewhere in this Proxy Statement.

Currently, our director stock ownership requirement is 5x the annual cash retainer, placing the dollar value of the ownership requirement above 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:

Robert W. Beck (age 58) has served as President and Chief Executive Officer and as a director of Regional since March 2020. From July 2019 until March 2020, Mr. Beck served as Executive Vice President and Chief Financial Officer of Regional. Mr. Beck's full biographical information is set forth above under "Board of Directors and Corporate Governance Matters – Current Directors and Director Nominees."

Harpreet Rana (age 50) has served as Executive Vice President and Chief Financial Officer of Regional since November 2020. Ms. Rana has 20 years of financial services experience, with extensive skills related to capital and credit management, driving profitable portfolio growth, digital product development and transformation, and retail banking management. From 2016 through 2020, Ms. Rana was Managing Director, North America Retail Bank at Citigroup. From 2013 through 2015, she held various additional lead positions in business and finance roles at Citigroup, including Head of US Retail Deposit & Lending Products. Ms. Rana received her B.A. from the University of British Columbia in Vancouver, Canada and her M.B.A. from the University of Rochester in Rochester, New York.

John D. Schachtel (age 60) 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 its nominating and corporate governance committee, as well as a member of its audit committee. He received his M.B.A. in Finance from New York University and his B.S. degree in Industrial Engineering and Economics from Northwestern University.

Brian J. Fisher (age 38) has served as Executive Vice President and Chief Strategy and Development Officer since September 2020. Between January 2013 and September 2020, Mr. Fisher served as General Counsel and Secretary of Regional. 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.

Manish Parmar (age 44) has served as Executive Vice President and Chief Credit Risk Officer of Regional since January 2020. Mr. Parmar has nearly 20 years of credit and financial experience across a broad range of functions, including credit risk, analytics, financial partnerships, database marketing, and modeling. Prior to joining Regional, Mr. Parmar was Chief Credit and Analytics Officer at Conn's, Inc., a publicly-traded specialty retailer, since 2018. Prior to his tenure at Conn's, Mr. Parmar held several senior management roles at Discover Financial Services from 2013 to 2018, ultimately becoming its Head of Consumer Credit Risk Management. Mr. Parmar received a Bachelor of Chemical Engineering from the University of Mumbai in India, and his M.B.A. from Bauer College of Business at the University of Houston.

Catherine R. Atwood (age 39) has served as Senior Vice President, General Counsel, and Secretary of Regional since September 2020. Prior to September 2020, Ms. Atwood served as VP, Deputy General Counsel, and Chief Compliance Officer since May 2017. From August 2014 (when she joined Regional) until May 2017, she served as Deputy General Counsel. Prior to joining Regional, Ms. Atwood was an attorney in the Business Litigation practice group of Womble Carlyle Sandridge & Rice, LLP (now known as Womble Bond Dickinson (US) LLP) from 2008 to 2014. Ms. Atwood holds a B.A. degree in Political Science from Clemson University and a J.D. degree from the University of Georgia 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 2021

In 2021, we posted a number of annual and quarterly records on both our income statement and balance sheet, as we grew our loan portfolio, gained market share, maintained a strong credit profile, appropriately managed our operating expenses, diversified our funding sources, decreased our funding costs, and hedged our interest rate risk.

> **Loan Portfolio Growth and Increased Revenues:** In 2021, we grew our net finance receivables by a record $290 million, or 25.5%, to an all-time high of $1.4 billion as of December 31, 2021. Our receivables growth in turn fueled record revenue of $428 million in 2021, up 14.6% from 2020.
>
> **Strong Credit Performance:** While portfolio delinquencies continued to normalize in line with expectations towards the end of the year, our credit profile remained stronger than pre-pandemic levels thanks to the quality and adaptability of our underwriting criteria and our custom scorecards. Our contractual delinquency as a percentage of net finance receivables as of the end of 2021 was 6.0%, which was 70 basis points above the prior year-end but still 100 basis points better than December 31, 2019. Our net credit losses as a percentage of average net finance receivables for 2021 was 6.6%, or 230 basis points better than 2020 and 290 basis points better than 2019.
>
> **Record Net Income and EPS; Robust Returns:** In 2021, we posted a record $88.7 million of net income and a record $8.33 of diluted EPS, increases of 232% and 247%, respectively, compared to 2020. These results drove robust returns of 7.2% ROA and 31.6% ROE in 2021.
>
> **Attractive Total Shareholder Returns:** We delivered very attractive returns to our shareholders in 2021. Our share price increased by 92% in 2021, closing the year at $57.46. Between year-end 2018 and year-end 2021, our share price increased by 139%. In addition, 2021 was our first full year of quarterly dividend payments. We paid $0.95 in dividends to our shareholders in 2021, increased our dividend from $0.20 to $0.25 in the second quarter of 2021, and further increased our dividend from $0.25 to $0.30 in early 2022.

Throughout 2021, we also delivered strong results and benefits to our other stakeholders, including our customers, team members, and communities.

> **For Our Customers:** We continued to execute on our vision of delivering a best-in-class experience to our customers and a basket of useful, accessible, easily understood financial solutions that serve their evolving needs and support their long-term financial wellbeing. We enhanced our digital prequalification experience, launched a guaranteed loan offer program with online fulfillment, expanded our auto-secured and retail loan products, and introduced our valuable credit solutions to millions of new consumers in two new states. We also made the investments necessary to deliver end-to-end digital lending, an improved customer portal, and a mobile app to our customers in 2022. At the same time, we improved the financial wellbeing of our customers, including through our graduation programs. In 2021, we refinanced over 41,000 of our customers' small loans into large loans, representing $237 million in finance receivables at origination, and reducing these customers' average APR from 42.8% to 30.7%.
>
> **For Our Team Members:** We established a $15 per hour minimum wage, rolled out additional compensation increases for hourly employees in amounts well ahead of the inflationary environment, provided an additional week of paid time off and access to bereavement leave, held health and welfare insurance premiums flat, improved our overall benefit offerings, and introduced new training and development programs.
>
> **For Our Communities:** We continued to make a positive community impact through Regional Reach, an employee-led program dedicated to creating social change and goodwill through community service, charitable giving, and diversity, equity, and inclusion initiatives. In the spring, we again partnered with the American Heart Association, led all Upstate South Carolina companies in fundraising for the Heart Walk for the second year in a row, and emerged as a top partner for AHA nationwide. Throughout the year, we also provided support to other organizations, such as Harvest Hope food bank and Asian Americans Advancing Justice.

We are pleased with our strong operating and financial results in 2021, and we believe that the compensation paid to our named executive officers (our "NEOs") for 2021 appropriately reflects and rewards their contributions to our performance.

Compensation Program Highlights in 2021

At our 2021 Annual Meeting, 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. Also, consistent with prior years, our 2021 Annual Meeting included a proposal that provided our stockholders with the opportunity to vote to approve, on an advisory basis, the compensation of our NEOs. We were pleased to report substantial stockholder approval of our NEOs' compensation, with 97.41% of voted shares having been voted in favor of approval. The Compensation Committee considered this strong support in making compensation decisions after the 2021 Annual Meeting.

As in all previous years, our Compensation Committee carefully reviewed our executive compensation program to ensure that its design continued to achieve our intended objectives and reflect executive compensation "best practices." In 2020, the Compensation Committee set 2020 annual performance goals that were reflective of the macroeconomic environment in which we were operating as a result of the COVID-19 pandemic. In 2021, based on changes in the macroeconomic environment and the Company's strong performance throughout the COVID-19 pandemic, our Compensation Committee determined to return to the annual incentive program that was in place in 2019.

In making the determination to return to the previously existing annual incentive program, our Compensation Committee received advice from its new independent compensation consultant, Frederic W. Cook & Co., Inc. ("FW Cook"). FW Cook was appointed as the Company's new independent compensation consultant in February 2021.

Compensation Program Best Practices

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, as measured against rigorous performance goals established by our Compensation Committee. Our 2021 executive compensation program included a number of best compensation practices, including the following:

- ✓ **Alignment of executive pay with company performance**:
  - o **2021 incentives are largely performance-contingent**, with long-term incentive awards roughly one-half performance-contingent and short-term incentive awards entirely performance-contingent
  - o **Performance goals are rigorous** and are based almost exclusively on objective, quantitative criteria
    - **Results exceeded the quantitative 2021 short-term incentive performance goals**, resulting in annual bonus payments at 142% of target bonuses
    - Our compound annual growth rates ("CAGR") of pre-provision net income and pre-provision earnings per share between 2019 and 2021 **ranked in the 58th and 63rd percentiles, respectively, of our peer group, contributing to the payment of 95.6% of target performance-contingent restricted stock units and 114.5% of target cash-settled performance units** under the performance-contingent awards associated with the 2019 long-term incentive program
- ✓ **Competitive compensation and incentive program target opportunities** for our executives in order to continue to align their overall compensation with the market for executive talent
- ✓ **Highly variable short-term incentive payout opportunities** to provide high upside if performance goals are exceeded, while paying low or no bonus amounts if goals are not achieved
- ✓ **Focus on long-term financial and strategic goals through long-term incentive grants** to NEOs and other key contributors, which include a significant portion that is contingent upon the achievement of rigorous and clearly-defined performance measures over a three-year period
- ✓ **No payment of excessive perquisites** to any NEO or other key employee
- ✓ **No excise tax gross-up payments** 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 5x annual cash retainer for directors)
- ✓ **Compensation Recoupment Policy, or "clawback policy,"** for NEOs and other key employees
- ✓ **Prohibition against hedging and pledging**, as set forth in our Code of Ethics and our Stock Ownership and Retention Policy
- ✓ Compensation program governed by an **independent Compensation Committee** with input from an **independent compensation consultant**

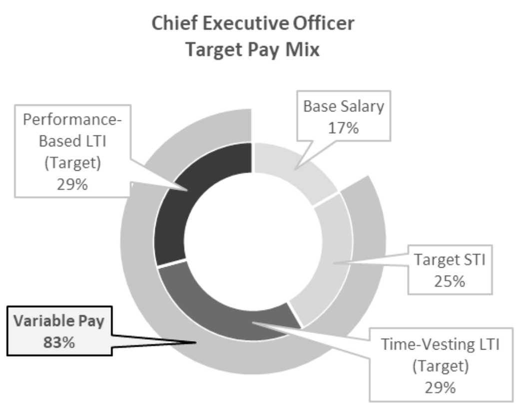
Aligning Pay with Performance

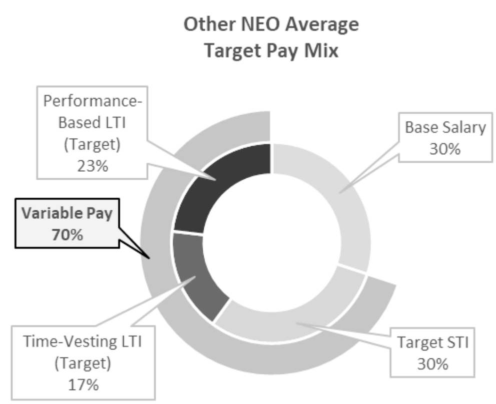
We believe that a substantial portion of our executive officers' compensation should be tied to their performance and the short- and long-term financial and operating results of our company. We developed our long-term incentive program in 2014 in consultation with our independent compensation consultant at the time, Veritas Executive Compensation Consultants ("Veritas"). We also conducted a review of our long-term incentive program in late 2021 in consultation with our current independent compensation consultant FW Cook. We believe that the 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, align our executives' interests with those of our stockholders, and remain competitive in the marketplace for executive talent.

Our executive compensation program 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 2021.

Pay Elements	Program Design
Short-Term Incentive Program	**Consists entirely of performance-based cash awards:** o Metrics include net income from operations, average finance receivables, net credit losses as a percentage of average finance receivables, return on assets, total general and administrative expense as a percentage of total revenue, 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 restricted stock units ("RSUs"), cash-settled performance units, non-qualified stock options, and restricted stock awards:** o Vesting of performance-contingent RSUs and cash-settled performance units is based primarily on the compound annual growth rates ("CAGRs") of pre-provision net income and pre-provision basic earnings per share, respectively, compared to our peer group over a three-year performance period o Roughly one-half of grant date fair value is in the form of performance-contingent awards o Non-qualified stock options and restricted stock awards vest in three equal annual installments, subject to continued employment **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. For 2021, the majority of compensation was variable and performance-based:





Note: The Other NEO target pay mix set forth above is the average for Ms. Rana and Messrs. Schachtel, Fisher, and Parmar. 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 and restated, the "Annual Incentive Plan"). The achievement and payment of annual cash awards in 2021 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 2021, our executive officers were paid 142% of their target annual bonuses under our Annual Incentive Plan as a result of our strong financial and operating results, as well as the management team's continued successful navigation of the COVID-19 pandemic, significant improvements made to our technology infrastructure, continued strong execution on funding initiatives, advancements in our diversity, equity, and inclusion programs, maintenance of strong internal controls, and progress on our digital initiatives.

In 2019, our long-term incentive program provided for the delivery of long-term incentive awards through a combination of four award vehicles: (i) non-qualified stock options, (ii) restricted stock awards, (iii) performance-contingent RSUs, and (iv) cash-settled performance units. Vesting of each of the performance-contingent awards was subject to, among other things, the achievement of performance objectives over a three-year performance period that began on January 1, 2019 and ended on December 31, 2021. Vesting of the performance-contingent RSUs and cash-settled performance units granted in 2019 was based primarily (90%) on our CAGRs of pre-provision net income (in the case of the performance-contingent RSUs) and pre-provision basic earnings per share (in the case of the cash-settled performance units) compared to our peer group over the three-year performance period, 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 April 2022, as described in greater detail later in this Proxy Statement, based upon results achieved during the performance period, our Compensation Committee determined that Messrs. Schachtel and Fisher earned 95.6% of their target performance-contingent RSUs and 114.5% of their target cash-settled performance units.

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 2021 Annual Meeting, we reached out to institutional investors owning more than 66% of our outstanding common stock (as of September 30, 2021), 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 expect to continue to make certain changes to our compensation and corporate governance practices and disclosures. For example, in the past, certain investors requested that we increase the percentage of independent directors on our Board and improve the gender diversity of our Board. In response, in 2018, we added two new independent directors and adopted a Board Diversity Policy (see "Board of Directors and Corporate Governance Matters – Board Diversity"). Independent directors now hold 78% of our Board seats, 44% of the current Board is racially or ethnically diverse, and we have added two female directors since 2018.

In 2022 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.

<u>Compensation Objectives and Approaches</u>

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 2021 generally included 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 attract and retain skilled executives, within reasonable parameters, 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. Amounts earned under our short-term incentive program are paid under our Annual Incentive Plan.

Our long-term incentive program, which for 2021 included non-qualified stock options, performance-contingent RSUs, cash-settled performance units, and restricted stock awards, operates in tandem with our short-term incentive program and is consistent with our pay-for-performance strategy. 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 awards are issued under our 2015 Plan.

The discussion below includes a review of our compensation program for 2021 and a preview of certain aspects of our compensation program for 2022. Our NEOs for 2021 were:

Robert W. Beck	President and Chief Executive Officer
Harpreet Rana	Executive Vice President and Chief Financial Officer
John D. Schachtel	Executive Vice President and Chief Operating Officer
Brian J. Fisher	Executive Vice President and Chief Strategy and Development Officer
Manish Parmar	Executive Vice President and Chief Credit Risk Officer

Compensation Determination Process

The Compensation Committee reviews and approves the compensation determinations for all of our executive officers, taking into consideration the recommendations of our Chief Executive Officer for executive officers other than himself. 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, and the individual’s prior experience and skills, 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. From 2014 to early 2021, the Compensation Committee retained the services of Veritas Executive Compensation Consultants, an independent compensation consultant, to better ensure that our compensation practices were 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. In early 2021, the Compensation Committee engaged FW Cook as an independent compensation consultant.

Veritas and FW Cook’s recommendations to the Compensation Committee have generally been in the form of suggested compensation ranges or descriptions of policies that Veritas and FW Cook currently consider “best practice” in our industry and for publicly-traded companies. The Compensation Committee used Veritas and FW Cook’s reports to further its understanding of executive officer cash and equity compensation practices in the market.

During 2021, Veritas and FW Cook worked only for the Compensation Committee and performed no additional services for the Company or any of our executive officers. The Compensation Committee Chair approved all work performed by Veritas and FW Cook. During 2021, the Compensation Committee and the Company did not use the services of any other compensation consultant.

Our Compensation Committee assessed the independence of Veritas and FW Cook in 2021 and FW Cook in 2022, in both instances, taking into account the factors set forth in NYSE rules, among other things. Our Compensation Committee has concluded that no conflict of interest exists with respect to the work Veritas or FW Cook performed or performs, as applicable, for our Compensation Committee and Veritas and FW Cook are both independent under NYSE rules.

Establishment and Use of a Peer Group

We generally monitor compensation practices in the markets 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 2021 compensation decisions, 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 2021, based upon prior peer group reviews conducted with the assistance of Veritas, our peer group consisted of the following companies:

America's Car-Mart, Inc.	Enova International, Inc.	Marlin Business Services Corp.
Consumer Portfolio Services, Inc.	EZCORP, Inc.	OneMain Holdings, Inc.
Credit Acceptance Corp.	FirstCash, Inc.	Oportun Financial Corp.
CURO Group Holdings Corp.	Goeasy Ltd.	PRA Group, Inc.
Elevate Credit, Inc.	Green Dot Corporation	World Acceptance Corporation
Encore Capital Group, Inc.	LendingClub Corporation	

In the second quarter of 2021, with assistance from FW Cook, we updated 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, and 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 Encore Capital Group, Inc., FirstCash, Inc. and PRA Group, Inc. from our peer group and to add ECN Capital Corp., Medallion Financial Corp., and Nicholas Financial, Inc. As a result, our new peer group for 2022 consists of the following companies:

America's Car-Mart, Inc.	Enova International, Inc.	Medallion Financial Corp.
Consumer Portfolio Services, Inc.	EZCORP, Inc.	Nicholas Financial, Inc.
Credit Acceptance Corp.	Goeasy Ltd.	OneMain Holdings, Inc.
CURO Group Holdings Corp.	Green Dot Corporation	Oportun Financial Corp.
ECN Capital Corp.	LendingClub Corporation	World Acceptance Corporation
Elevate Credit, Inc.	Marlin Business Services Corp.	

As of the time that the Compensation Committee approved our new peer group, we were in the 2nd quartile of the peer group based on revenue and market capitalization, and we were in the 3rd quartile of the peer group based on net income.

These peer 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. 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.

Actual 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 achieved.

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 used in 2021:

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: o Performance-contingent RSUs o Cash-settled performance units Service-based long-term incentives: o Non-qualified stock options o Restricted stock awards	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, experience, duties, and responsibilities. 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, changes in duties and responsibilities, and any significant changes in market conditions. We do not apply specific formulas to determine increases.

The Compensation Committee approved NEO annual base salaries for 2020, 2021, and 2022 as described in the following table. Annual base salaries are pro-rated for any partial year.

Name	2020 Base Salary	2021 Base Salary	2022 Base Salary
Robert W. Beck	$ 600,000	$ 640,000	$ 660,000
Harpreet Rana	$ 400,000	$ 400,000	$ 420,000
John D. Schachtel	$ 415,000	$ 428,000	$ 441,000
Brian J. Fisher	$ 400,000	$ 400,000	$ 412,000
Manish Parmar	$ 335,000	$ 352,000	$ 363,000

In February 2021, following a total compensation analysis conducted by Veritas in late 2020 and early 2021, the Compensation Committee increased each executive officer's base salary in order to better align their base salaries with those paid by peer companies. Following these increases in 2021, our executive officers' base salaries ranged between the 14th and 36th percentile relative to comparable executive officers at peer companies.

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 executive officers are eligible for performance-based annual cash awards linked to performance targets set by our Compensation Committee. 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.

Components of Annual Incentive Program

The awards for 2021 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 are influenced by decisions made by executives
Average Finance Receivables	Loan Portfolio Growth	Measures our ability to grow our business
Net Credit Losses as a Percentage of Average Finance Receivables	Loan Portfolio Control	Measures the control our management team exerts on our loan portfolio Ultimately a measure of the quality of underwriting policies and decisions and the effectiveness of collection efforts When combined with our average finance receivables measure, balances attractive growth with effective portfolio control
Return on Assets	Efficiency of Profitability	Measures the effectiveness of our management team's utilization of assets to generate earnings Holds management accountable for growing the loan portfolio in a controlled and profitable manner
Total General and Administrative Expense as a Percentage of Total Revenue	Expense Control	Measures the effectiveness with which our management team utilizes our corporate resources and minimizes our corporate expenses

Our 2021 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, which are consistent with our Board-approved financial and business plans for the Company. In light of ongoing, significant strategic projects and initiatives, our Compensation Committee believes that 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.

2021 Annual Incentive Program Performance Targets, Results, and Payouts

For 2021, the following table provides detail regarding the threshold and target levels of performance set by the Compensation Committee for each performance metric, the weighting applied to each metric, our actual annual performance pursuant to each metric, and the percentage payout for each metric and in total. For each metric, as in prior years, a threshold level of performance must have been exceeded in order to earn any award, and each executive is eligible to earn up to 150% of his or her target award based upon the achievement of the performance goals established by the Compensation Committee.

Performance Metric	Threshold Performance	Target Performance	Maximum Performance	Actual Performance	Percentage Weight	Percentage Payout
Net Income from Operations	$ 32,008,016	$ 45,725,738	$ 54,870,885	$ 88,687,201	25.0%	37.5%
Return on Assets	2.60%	3.71%	4.40%	7.24%	20.0%	30.0%
Average Finance Receivables	$821,132,537	$1,173,046,481	$1,407,655,777	$1,213,882,958	15.0%	17.6%
Net Credit Losses	6.50%	9.24%	11.10%	6.57%	15.0%	22.5%
G&A Expense Percentage (Revenue)	33.70%	48.13%	57.80%	45.64%	10.0%	13.5%
Qualitative Component	N/A	N/A	N/A	N/A	15.0%	21.0%
Total					**100.0%**	**142.1%**

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 2021, our Compensation Committee elected to pay 140% of this award opportunity in light of, among other things, the management team's continued successful navigation of the COVID-19 pandemic, significant improvements made to our technology infrastructure, continued strong execution on funding initiatives, advancements in our diversity, equity, and inclusion programs, maintenance of strong internal controls, and progress on our digital initiatives.

Target annual incentive levels and actual performance-based annual cash awards for each of our NEOs for 2021 are detailed below, based upon the 142.1% performance achievement detailed above.

Name	2021 Eligible Base Salary	2021 Target Award as % of Salary	Target Award	Actual Award
Robert W. Beck	$ 640,000	150%	$ 960,000	$ 1,364,160
Harpreet Rana	$ 400,000	100%	$ 400,000	$ 568,400
John D. Schachtel	$ 428,000	100%	$ 428,000	$ 608,188
Brian J. Fisher	$ 400,000	100%	$ 400,000	$ 568,400
Manish Parmar	$ 352,000	100%	$ 352,000	$ 500,192

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 or her employment during the performance year, he or she generally is ineligible to receive payment of a performance-based annual cash award.

Annual Incentive Program Opportunities in 2022

In March 2022, our Compensation Committee determined that the 2022 annual incentive program would be identical in structure to the 2021 program described above. Target 2022 incentive levels for each of our NEOs, as established by our Compensation Committee, are described in the table below.

Name	2022 Base Salary	2022 Target Award as % of Salary	2022 Target Award
Robert W. Beck	$ 660,000	150%	$ 990,000
Harpreet Rana	$ 420,000	100%	$ 420,000
John D. Schachtel	$ 441,000	100%	$ 441,000
Brian J. Fisher	$ 412,000	100%	$ 412,000
Manish Parmar	$ 363,000	100%	$ 363,000

Our Compensation Committee's goal is to implement a short-term incentive program that is effective in motivating our executives to achieve short-term financial and operational objectives, in furtherance of our pay-for-performance compensation strategy and our long-term strategic plans.

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 2021 Long-Term Incentive Program

In 2021, our long-term incentive program provided for the delivery of long-term incentive awards through a combination of the following four award vehicles:

LTI Vehicle	Performance Period	Weighting
Performance-Contingent Restricted Stock Units	A three-year performance period beginning January 1st of the grant year	Approximately one-fourth of total target award
Cash-Settled Performance Units	A three-year performance period beginning January 1st of the grant year	Approximately one-fourth of total target award
Non-Qualified Stock Options	N/A – Options vest in three equal annual installments beginning on December 31st of the grant year, subject to continued employment	Approximately one-fourth of total target award
Restricted Stock Awards	N/A – Shares vest in three equal annual installments beginning on December 31st of the grant year, subject to continued employment	Approximately one-fourth of total target award

In years prior to 2020, vesting of the performance-contingent RSUs and cash-settled performance units was based primarily (90%) on our CAGRs of net income (in the case of the performance-contingent RSUs) and basic earnings per share (in the case of the cash-settled performance units) compared to our peer group over the three-year performance period. In January 2020, we adopted current expected credit loss ("CECL") accounting, as required by the FASB's Accounting Standard Update (ASU) 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This accounting update significantly changes the impairment model for estimating credit losses on financial assets, requiring earlier recognition of and provisioning for credit losses as compared to the prior approach. The impacts of the new accounting standard on the financial results of the companies in our peer group vary widely, including because some peer companies are not lenders and therefore were not materially impacted by the new standard.

In order to eliminate the variability caused by the new CECL accounting standard in comparing our results to peer company results during the performance period, the Compensation Committee determined to evaluate performance of all companies on a pre-provision basis. As a result, vesting of performance-contingent RSUs and cash-settled performance units having performance periods ending in 2020 and beyond is now based primarily (90%) on our CAGRs of pre-provision net income (in the case of the performance-contingent RSUs) and pre-provision basic earnings per share (in the case of the cash-settled performance units) compared to our peer group over the three-year performance period. We sometimes refer to this portion of the performance-contingent RSU and cash-settled performance unit award opportunities as the "Objective Criteria Units" in this Proxy Statement. Pre-provision net income is defined as net income excluding the impact of the change in the allowance for credit losses but including the impact of recognized net credit losses, and pre-provision basic earnings per share is defined as pre-provision net income divided by the weighted average common shares outstanding during the performance period. Vesting of each award is dependent upon meeting a threshold level of performance, and participants are eligible to earn up to 150% of their target award:

LTI Vehicle	Principal Performance Metric	Performance Level	Required Performance	% of Target Award Earned and Vested
Performance-Contingent Restricted Stock Units	CAGR of pre-provision net income compared to our peer group during the three-year performance period	Threshold Performance	Meets or Exceeds Peer Group Performance at the 50^{th} Percentile	50%
		Target Performance	Meets or Exceeds Peer Group Performance at the 60^{th} Percentile	100%
		Maximum Performance	Meets or Exceeds Peer Group Performance at the 75^{th} Percentile	150%
Cash-Settled Performance Units	CAGR of pre-provision basic earnings per share compared to our peer group during the three-year performance period	Threshold Performance	Meets or Exceeds Peer Group Performance at the 50^{th} Percentile	50%
		Target Performance	Meets or Exceeds Peer Group Performance at the 60^{th} Percentile	100%
		Maximum Performance	Meets or Exceeds Peer Group Performance at the 75^{th} Percentile	150%

Note: The percentage of the Objective Criteria Units vested for results between the performance levels stated above is calculated using linear interpolation.

In addition to the Objective Criteria Units, vesting of the performance-contingent RSUs and cash-settled performance units is based in small part (10%) on our Compensation Committee's qualitative assessment of our executive team's achievement of long-term individual and company-wide goals during the performance period. We sometimes refer to this portion of the performance-contingent RSU and cash-settled performance unit award opportunities as the "Qualitative Criteria Units" in this Proxy Statement. The Qualitative Criteria Units allow our Compensation Committee to incentivize and make our executives' pay in part contingent on the achievement of strategic goals that may be difficult to quantify.

Components of 2022 Long-Term Incentive Program

In 2022, our Compensation Committee, in consultation with FW Cook, conducted a review of the design of our long-term incentive program. Based on this review, the Compensation Committee determined to adopt a new, simplified long-term incentive program for our executive officers. Similar to the 2021 long-term incentive program, the design of the 2022 program is 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.

In 2022, our long-term incentive program provides for the delivery of long-term incentive awards through a combination of the following two award vehicles:

LTI Vehicle	Performance Period	Weighting
Performance Restricted Stock Units	A three-year performance period beginning February 17, 2022 and ending December 31, 2024	Approximately one-half of total target award
Restricted Stock Awards	N/A – Shares vest in three equal annual installments beginning on December 31st of the grant year, subject to continued employment	Approximately one-half of total target award

The performance restricted stock unit ("PRSU") award is the new element of our long-term incentive program, and it is the performance-contingent award which replaced the performance-contingent restricted stock unit award and the cash-settled performance units. The PRSU award rewards executives for total shareholder return to stockholders through the Company's stock price appreciation and declared dividends. We use absolute cumulative total shareholder return as the principal performance metric for the award because the Compensation Committee believes it is the ultimate measure of the Company's achievement for its stockholders over the long term. The PRSUs have both upside and downside potential based on positive or negative cumulative total shareholder return performance. Vesting of the PRSU award occurs at the end of the performance period, which is December 31, 2024 for the 2022 awards, and vested PRSUs are subject to an additional one-year holding period following the vesting date. Vesting is dependent upon meeting a three-year threshold level of absolute cumulative total shareholder return, and participants are eligible to earn up to 150% of their target award. For example, if at the end of the three-year performance period, our stock price (calculated based on the 20-day trading average through the vesting date) plus the value of reinvested dividends paid has increased by 15% from the 20-day trading average stock price through the grant date, then payout will be the target number of PRSUs granted ("Target Performance"). If cumulative total shareholder return has increased by 72.5%, the number of units earned will be 150% of the number of units granted ("Maximum Performance"). Conversely, if cumulative total shareholder return has declined by 42.5%, then just 50% of the granted units will vest ("Threshold Performance"). No PRSUs will be earned by executive officers if the cumulative total shareholder return at the end of the three-year performance period is below the Threshold Performance level, and executive officers cannot earn more than 150% of the number of units granted if performance exceeds the Maximum Performance level. The following table reflects potential performance and payout percentages. Performance between these points will be linearly interpolated.

	Performance		Payout	
Performance Level	**TSR Above Target**	**Absolute TSR**	**Shares Earned**	**Value Delivered(1)**
Maximum	+50.0%	+72.5%	150%	259%
	+25.0%	+43.8%	125%	180%
Target	0.0%	+15.0%	100%	115%
	(13.0%)	0.0%	87%	87%
Threshold	(50.0%)	(42.5%)	50%	29%
	<(50.0%)	<(42.5%)	0%	0%

(1) Assumes PRSUs have an accounting value equal to the share price at grant.

2019 Long-Term Incentive Program Performance Results and Payouts

In 2019, we granted our then-current executive officers long-term incentive awards pursuant to the program described above. Messrs. Schachtel and Fisher were employed by us in 2019 and participated in the 2019 long-term incentive program. The three-year performance period established under the 2019 long-term incentive program ended on December 31, 2021. Our CAGRs of pre-provision net income and pre-provision earnings per share compared to our peer group over the performance period were as follows:

Performance Measure	Performance at 25th Percentile of Peer Group	Performance at 50th Percentile of Peer Group	Performance at 75th Percentile of Peer Group	Performance of Regional
CAGR of Pre-Provision Net Income	(2.6%)	30.0%	41.9%	**31.1%**
CAGR of Pre-Provision Basic EPS	(2.5%)	27.3%	43.9%	**37.9%**

Our performance at the above levels resulted in the vesting of 89.5% of the Objective Criteria Units associated with the performance-contingent RSU awards and 110.5% of the Objective Criteria Units associated with the cash-settled performance unit awards. In calculating the performance of peer companies, the Compensation Committee excluded discontinued operations and utilized pro-forma financial statements filed by any peer company having made a significant acquisition, in each case as disclosed by the peer companies in their public filings.

For Mr. Schachtel and Mr. Fisher, our Compensation Committee elected to pay 150% of the Qualitative Criteria Units in recognition of achievements during the three-year performance period, including the continued customization of the loan origination and servicing platform, including for electronic payments and the online customer portal; the development and completion of custom credit scorecards for marketing and branch underwriting; material improvements in our liquidity profile; the return of capital to our stockholders, including through the initiation of a recurring dividend program; the expansion of our branch footprint to new states; improvements to our compliance management system and enterprise risk management; the introduction of several talent development initiatives, including company-wide district training branches; the successful planning and implementation of our transition to the new CECL accounting standard; and those 2021 achievements outlined in “Performance-Based Annual Cash Awards — 2021 Annual Incentive Program Performance Targets, Results, and Payouts” above.

Based upon the above results, in April 2022, our Compensation Committee determined that Messrs. Schachtel and Fisher vested in and earned 95.6% of their total target performance-contingent RSUs and 114.5% of their total target cash-settled performance units under the 2019 long-term incentive program. Since the development of our performance-based long-term incentive program in 2014, the Compensation Committee believes that the results have been appropriately punitive during times of poor performance and appropriately rewarding during times of strong performance. The following table provides information regarding the percentage of the target performance-contingent RSUs and cash-settled performance units vested under our long-term incentive programs since 2014 for our NEOs:

Long-Term Incentive Program Award Component	2014 Grant Year	2015 Grant Year	2016 Grant Year	2017 Grant Year	2018 Grant Year	2019 Grant Year	6-Year Average
Performance-Contingent RSUs	0.0%	0.0%	116.5%	96.6%	105.6%	95.6%	69.1%
Cash-Settled Performance Units	0.0%	0.0%	116.5%	126.6%	105.6%	114.5%	77.2%

Note: The table presents weighted-average results for each grant year based on each executive’s target and earned award values.

Our Compensation Committee believes that vesting at these levels appropriately reflects our operational and financial results over the relevant periods, validates our pay-for-performance strategy, and is supported by our total stockholder return.

Long-Term Incentive Awards in 2021

Consistent with the parameters of our long-term incentive program described above, we granted the following awards to our NEOs in 2021:

		2021 Target Grant Date Value			
Name	Total	Performance-Contingent RSUs	Cash-Settled Performance Units	Non-Qualified Stock Options	Restricted Stock
Robert W. Beck	**$ 2,240,000**	$ 560,000	$ 560,000	$ 560,000	$ 560,000
Harpreet Rana	**$ 332,500**	$ 166,250	$ 166,250	N/A	N/A
John D. Schachtel	**$ 642,000**	$ 160,500	$ 160,500	$ 160,500	$ 160,500
Brian J. Fisher	**$ 600,000**	$ 150,000	$ 150,000	$ 150,000	$150,000
Manish Parmar	**$ 528,000**	$ 132,000	$ 132,000	$ 132,000	$ 132,000

Note: The number of shares subject to the performance-contingent RSU awards and the RSAs 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). Ms. Rana did not receive an RSA or non-qualified stock option award in 2021 because she received an RSA and a non-qualified stock option award when she joined the Company in November 2020. Ms. Rana's 2020 RSA and non-qualified stock option award vest on the same schedule as the 2021 awards granted to all NEOs.

Long-Term Incentive Awards in 2022

Consistent with the parameters of our newly established 2022 long-term incentive program described above, we granted the following awards to our NEOs in 2022:

		2022 Target Grant Date Value	
Name	**Total**	**Performance RSUs**	**Restricted Stock**
Robert W. Beck	**$ 3,000,000**	$ 1,500,000	$ 1,500,000
Harpreet Rana	**$ 800,000**	$ 400,000	$ 400,000
John D. Schachtel	**$ 825,000**	$ 412,500	$ 412,500
Brian J. Fisher	**$ 675,000**	$ 337,500	$ 337,500
Manish Parmar	**$ 545,000**	$ 272,500	$ 272,500

____

Note: The number of shares subject to the performance-contingent PRSU awards is determined by dividing the value of the award by the fair value of each PRSU, calculated on or as close in time as practicable to the grant date of the award using a 20-day average stock price and a Monte Carlo valuation model. The number of shares subject to the RSAs 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).

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.

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 2021, these benefits included:

- Payment of travel expenses on behalf of Ms. Rana and Mr. Schachtel for travel to and from their out-of-state personal residences;
- Mobile phone allowance payments to Messrs. Beck, Schachtel, and Parmar; and
- Payment of supplemental long-term disability premiums, which is intended, in part, to insure against our severance obligations in the event of a disability termination event under an executive's employment agreement.

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. 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.

Other Compensation Policies, Practices, and Matters

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 to balance the incentives for risk-taking inherent in equity-based awards made to executives. Under our Stock Ownership and Retention 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

Persons covered by the policy are expected to utilize grants under equity compensation plans to reach the levels of ownership expected by the policy. For purposes of determining whether an individual covered by the policy has satisfied the stock ownership requirements of the policy, eligible equity includes shares of our common stock: (i) owned by the covered individual (including but not limited to stock purchased on the open market), (ii) owned jointly with the covered individual's spouse and/or dependent children, (iii) owned by the covered individual's spouse and/or dependent children, (iv) held by a covered individual in a 401(k) plan, if any, (v) purchased under an employee stock purchase plan maintained by the Company, if any, (vi) held in individual brokerage accounts or other custodial accounts or in trust for the benefit of the covered individual or the covered individual's spouse and/or dependent children, whether acquired through open market purchase or otherwise, (vii) underlying time-based restricted stock, restricted stock units, or similar awards (whether vested or unvested), (viii) subject to vested/earned performance shares, performance units, other performance awards, other stock-based awards, or similar vested/earned awards, and (ix) received upon the exercise of stock options or stock appreciation rights ("SARs"). Eligible equity does not include shares of our common stock: (i) subject to options or SARs or (ii) subject to unvested/unearned performance shares, performance units, or similar awards.

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 for a minimum of 12 months following the applicable vesting or earning date and until the applicable stock ownership guidelines are met. As of December 31, 2021, all directors and covered employees were in compliance with our stock ownership guidelines.

Clawback Policy

We have also adopted a Compensation Recoupment Policy, or "clawback policy." Under the clawback policy, the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer, any other person who is an executive officer, and such other persons as may be determined by the Board or the Compensation Committee, 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 Compensation Committee 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, (ii) such compensation was received by the covered person and the Compensation Committee 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, employees, and their designees 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 holding securities in a margin account or pledging securities as collateral for a loan or other obligation and 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 or their designees.

In addition, pursuant to our Stock Ownership and Retention Policy, shares subject to the retention requirements of the policy may not be pledged, hypothecated, or made subject to execution, attachment, or similar process.

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 2021, 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) generally limits our ability to deduct for tax purposes compensation over $1,000,000 to our principal executive officer, principal financial officer, or any one of our other three highest paid executive officers. However, in the case of tax years commencing before 2018, Code Section 162(m) exempted qualifying performance-based compensation from the deduction limit if certain requirements were met. Code Section 162(m) was amended in December 2017 by the Tax Cuts and Jobs Act to eliminate the exemption for performance-based compensation (other than with respect to payments made pursuant to certain "grandfathered" arrangements entered into prior to November 2, 2017 that are not materially modified after that date and that would otherwise have been deductible under Code Section 162(m) prior to the changes made by the Tax Cuts and Jobs Act) and to expand the group of current and former executive officers who may be covered by the deduction limit under Code Section 162(m). As a result, compensation paid to certain of our executive officers in excess of $1,000,000 will no longer be deductible (other than potentially with respect to certain "grandfathered" arrangements, as noted above). Notwithstanding the elimination of the exemption for performance-based compensation, because of the importance of linking pay and performance, and as a matter of corporate governance best practices, our executive compensation program continues to impose performance conditions on a significant portion of awards to our executive officers.

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 may impair flexibility in compensating our executive officers in a manner that can best promote our corporate objectives, which the Compensation Committee believes aligns our executive officers' interests with our stockholders' interests, and thus is in the best interests of our stockholders.

Payments Upon Termination and Change-in-Control

Pursuant to the terms of each of their employment agreements and certain long-term incentive award agreements, our 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 Named Executive Officers."

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 2021, 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.

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. They also include a qualitative component, providing the Compensation Committee with flexibility beyond its inherent negative discretion.

Cap on Long-Term Incentive Awards. All long-term incentive awards have a maximum performance measure which caps the payout for any given performance-based award.

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.

Review by Independent Compensation Consultant. Our executive compensation programs have been reviewed and analyzed by an independent compensation consultant.

Alignment with Annual Budget 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.

Protective Policies. We have adopted a "clawback" policy, a stock ownership and retention policy, and prohibitions against hedging and pledging, thereby creating additional protections for our 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, 2021 through incorporation by reference to this Proxy Statement.

Members of the
Compensation Committee:

Steven J. Freiberg (Chair)
Maria Contreras-Sweet
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, 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, 2021, 2020, and 2019.

Name and Principal Position(1)	Year	Salary(2) ($)	Bonus(3) ($)	Stock Awards(4) ($)	Option Awards(5) ($)	Non-Equity Incentive Plan Compensation(6) ($)	All Other Compensation(7) ($)	Total ($)
Robert W. Beck,	2021	640,000	—	1,119,954	559,992	1,364,160	42,179	**3,726,285**
President and Chief Executive Officer	2020	557,036	—	829,495	400,000	984,205	30,157	**2,800,893**
	2019	178,630	—	224,981	224,990	178,630	73,104	**880,335**
Harpreet Rana,	2021	400,000	—	166,240	—	568,400	20,877	**1,155,517**
Executive Vice President and	2020	42,623	100,000	166,242	166,240	53,279	7,500	**535,884**
Chief Financial Officer	2019	—	—	—	—	—	—	**—**
John D. Schachtel,	2021	428,000	—	320,996	160,499	779,863	46,055	**1,735,413**
Executive Vice President and	2020	415,000	—	322,722	155,625	833,488	59,585	**1,786,420**
Chief Operating Officer	2019	400,000	—	299,984	149,994	322,800	61,705	**1,234,483**
Brian J. Fisher,	2021	400,000	—	299,964	149,996	664,252	25,699	**1,539,911**
Executive Vice President and Chief	2020	370,164	—	279,956	134,997	577,155	21,271	**1,383,543**
Strategy and Development Officer	2019	335,000	—	217,459	133,748	371,601	15,910	**1,073,718**
Manish Parmar,	2021	352,000	—	263,942	131,990	500,192	24,879	**1,273,003**
Executive Vice President and	2020	330,423	250,000	477,045	125,617	413,029	171,100	**1,767,214**
Chief Credit Risk Officer	2019	—	—	—	—	—	—	**—**

____

(1) Mr. Beck, Ms. Rana, Mr. Schachtel, Mr. Fisher, and Mr. Parmar commenced employment effective as of July 22, 2019, November 23, 2020, May 30, 2017, January 14, 2013, and January 6, 2020, respectively. Mr. Beck was promoted to President and Chief Executive Officer effective March 26, 2020.

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

(3) For 2020, Ms. Rana and Mr. Parmar received signing bonuses awarded upon the commencement of their employment with the Company in the amounts of $100,000 and $250,000, respectively.

(4) Amounts shown are the aggregate grant date fair value of awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. For a discussion of the assumptions made in such valuation, see note 16 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, 2021.

In 2021, Mr. Beck, Ms. Rana, and Messrs. Schachtel, Fisher, and Parmar were granted performance-contingent RSUs having the following grant date fair values: Mr. Beck, $559,977; Ms. Rana, $166,240; Mr. Schachtel, $160,498; Mr. Fisher, $149,982, and Mr. Parmar, $131,971 (and a maximum potential value of $839,965; $249,345; $240,733; $224,958 and $197,941, 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 CAGR of pre-provision net income compared to our peer group over the performance period, January 1, 2021 through December 31, 2023, 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 2021, Messrs. Beck, Schachtel, Fisher, and Parmar were granted RSAs having the following total grant date fair values: Mr. Beck, $559,977; Mr. Schachtel, $160,498; Mr. Fisher, $149,982; and Mr. Parmar, $131,971. One-third of the shares subject to the RSA granted to each of Messrs. Beck, Schachtel, Fisher, and Parmar vests on each of December 31, 2021, December 31, 2022, and December 31, 2023, so long as such employee’s employment continues (or is deemed to continue) from the grant date through the respective vesting dates or as otherwise provided in the applicable RSA agreement.

In 2020, Messrs. Beck, Schachtel, Fisher, and Parmar were granted performance-contingent RSUs having the following grant date fair values: Mr. Beck, $429,505; Mr. Schachtel, $167,101; Mr. Fisher, $144,960; and Mr. Parmar, $134,889 (and a maximum potential value of $599,972; $233,425; $202,497; and $188,421, respectively). At the time the award was granted, the Compensation Committee decided to calculate the number of shares subject to the RSU awards using a 25-day weighted average stock price due to the market volatility caused by the COVID-19 pandemic. 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 CAGR of pre-provision net income compared to our peer group over the performance period, January 1, 2020 through December 31, 2022, 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 2020, Mr. Beck, Ms. Rana, and Messrs. Schachtel, Fisher, and Parmar were granted RSAs having the following total grant date fair values: Mr. Beck, $399,990; Ms. Rana, $166,242; Mr. Schachtel, $155,621; Mr. Fisher, $134,996; and Mr. Parmar, $342,156. One-third of the shares subject to the RSA granted to each of Messrs. Beck, Schachtel, and Fisher vests on each of December 31, 2020, December 31, 2021, and December 31, 2022, so long as such employee's employment continues (or is deemed to continue) from the grant date through the respective vesting dates or as otherwise provided in the applicable RSA agreement. In 2020, Mr. Parmar was granted two RSAs. The first RSA was granted on January 6, 2020 and has a grant date fair value of $147,622. One-third of the shares subject to Mr. Parmar's January 6, 2020 RSA vests on each of December 31, 2020, December 31, 2021, and December 31, 2022, so long as his employment continues (or is deemed to continue) from the grant date through the respective vesting dates or as otherwise provided in the applicable RSA agreement. Mr. Parmar's second RSA was granted on July 1, 2020 and has a grant date fair value of $194,534. One-fourth of the shares subject to Mr. Parmar's July 1, 2020 RSA vests on each of December 31, 2020, December 31, 2021, December 31, 2022, and December 31, 2023, so long as his employment continues (or is deemed to continue) from the grant date through the respective vesting dates or as otherwise provided in the applicable RSA agreement. Ms. Rana's RSA was granted on November 23, 2020 and has a grant date fair value of $166,242. One-third of the shares subject to Ms. Rana's RSA vests on each of December 31, 2021, December 31, 2022, and December 31, 2023, so long as her employment continues (or is deemed to continue) from the grant date through the respective vesting dates or as otherwise provided in the applicable RSA agreement.

In 2019, Messrs. Schachtel and Fisher were granted performance-contingent RSUs having the following grant date fair values: Mr. Schachtel, $149,992, and Mr. Fisher, $83,726 (and a maximum potential value of $224,989 and $125,589, 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 CAGR of net income compared to our peer group over the performance period, January 1, 2019 through December 31, 2021, 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 April 2022, based upon results achieved during the performance period, our Compensation Committee determined that Messrs. Schachtel and Fisher earned 95.6% of their 2019 target RSUs.

In 2019, Messrs. Beck, Schachtel, and Fisher were granted RSAs having the following grant date fair values: Mr. Beck, $224,981; Mr. Schachtel, $149,992; and Mr. Fisher, $133,733. One-third of the shares subject to the RSA granted to each of Messrs. Schachtel and Fisher vested on each of December 31, 2019, December 31, 2020, and December 31, 2021. The shares subject to the RSA granted to Mr. Beck vested on December 31, 2019 (20%), December 31, 2020 (40%), and December 31, 2021 (40%).

The performance-contingent RSUs and RSAs are subject to further terms and conditions, including as to vesting, as set forth in an award agreement. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Awards."

(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 16 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, 2021.

For 2021, the option awards granted to Messrs. Beck, Schachtel, Fisher, and Parmar vest in three equal installments on each of December 31, 2021, 2022, and 2023.

For 2020, the option awards granted to Messrs. Beck, Schachtel, Fisher, and Parmar vest in three equal installments on each of December 31, 2020, 2021, and 2022. The option award granted to Ms. Rana vests in three equal installments on each of December 31, 2021, 2022, and 2023.

For 2019, the option awards granted to Messrs. Schachtel and Fisher vested in three equal installments on each of December 31, 2019, 2020, and 2021. The option award granted to Mr. Beck vested on December 31, 2019 (20%), December 31, 2020 (40%), and December 31, 2021 (40%).

The option awards are subject to further terms and conditions, including as to vesting, as set forth in an award agreement. For additional information, see “Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Awards.”

(6) For 2021, the amounts for Mr. Beck, Ms. Rana, and Mr. Parmar represent performance-based annual cash awards earned in 2021. For Messrs. Schachtel and Fisher, the amounts represent performance-based annual cash awards earned in 2021 and cash-settled performance units that were granted in 2019 and earned over a performance period of January 1, 2019 through December 31, 2021. In the case of the performance-based annual cash awards, Messrs. Schachtel and Fisher earned $608,188 and $568,400, respectively. In the case of the cash-settled performance units, Messrs. Schachtel and Fisher earned $171,675 and $95,852, respectively. We paid all such earned amounts in 2022.

For 2020, the amounts for Mr. Beck, Ms. Rana, and Mr. Parmar represent performance-based annual cash awards earned in 2020. For Messrs. Schachtel and Fisher, the amounts represent performance-based annual cash awards earned in 2020 and cash-settled performance units that were granted in 2018 and earned over a performance period of January 1, 2018 through December 31, 2020. In the case of the performance-based annual cash awards, Messrs. Schachtel and Fisher earned $518,750 and $462,705, respectively. In the case of the cash-settled performance units, Messrs. Schachtel and Fisher earned $314,738 and $114,450, respectively. We paid all such earned amounts in 2021.

For 2019, the amounts for Messrs. Beck and Schachtel represent performance-based annual cash awards earned in 2019. For Mr. Fisher, the amount represents performance-based annual cash awards earned in 2019 and cash-settled performance units that were granted in 2017 and earned over a performance period of January 1, 2017 through December 31, 2019. In the case of the performance-based annual cash awards, Mr. Fisher earned $270,345. In the case of the cash-settled performance units, Mr. Fisher earned $101,256. We paid all such earned amounts in 2020.

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.”

(7) The following table provides detail regarding the amounts in the “All Other Compensation” column. In 2020, the amounts attributable to Mr. Parmar’s legal expenses and reimbursement to his former employer for relocation benefits shown below include tax reimbursements in the amount of $311 and $17,939, respectively. For additional information, see “Compensation Discussion and Analysis – Elements of Compensation – Perquisites.”

Name	Year	Dividends ($)	401(k) Plan Match ($)	Travel Expense to/from Personal Residence ($)	Optional Annual Health Screening ($)	Mobile Phone Allowance ($)	Legal Expenses ($)	Travel with Spouse ($)	Relocation Benefits ($)	Reimbursement to Former Employer for Relocation Benefits ($)	Long-Term Disability Insurance Benefits ($)	Total ($)
Robert W. Beck	2021	19,153	11,600	—	—	900	—	—	—	—	10,526	**42,179**
	2020	2,311	11,400	876	—	675	10,000	—	—	—	4,895	**30,157**
	2019	—	—	—	—	—	7,500	—	65,604	—	—	**73,104**
Harpreet Rana	2021	1,866	11,600	5,431	—	—	—	—	—	—	1,980	**20,877**
	2020	—	—	—	—	—	7,500	—	—	—	—	**7,500**
	2019	—	—	—	—	—	—	—	—	—	—	**—**
John D. Schachtel	2021	11,781	11,600	6,247	—	900	—	—	—	—	15,528	**46,056**
	2020	981	11,400	7,727	—	900	4,750	—	—	—	33,827	**59,585**
	2019	—	11,200	26,097	2,686	900	—	5,669	—	—	15,153	**61,705**
Brian J. Fisher	2021	8,136	11,600	—	—	—	—	—	—	—	5,963	**25,699**
	2020	860	11,400	—	—	—	—	—	—	—	9,011	**21,271**
	2019	—	11,200	—	—	—	—	—	—	—	4,710	**15,910**
Manish Parmar	2021	6,449	11,600	—	—	900	—	—	—	—	5,930	**24,879**
	2020	881	11,400	—	—	900	911	—	104,236	52,497	274	**171,099**
	2019	—	—	—	—	—	—	—	—	—	—	**—**

Grants of Plan-Based Awards

The following table provides information concerning annual and long-term incentive awards granted in 2021 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			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards(3)
Name	Award Type(1)	Grant Date	Threshold(2) ($)	Target ($)	Maximum ($)	Threshold(2) (#)	Target (#)	Maximum (#)	(#)	(#)	($/Sh)	($)
Robert W. Beck	Annual	1/1/2021	—	960,000	1,440,000							
	NQSO	2/4/2021								53,742	30.22	559,992
	RSU	2/4/2021				8,338	18,530	27,795				559,977
	CSPU	2/4/2021	252,000	560,000	840,000							
	RSA	2/4/2021							18,530			559,977
Harpreet Rana	Annual	1/1/2021	—	400,000	600,000							
	RSU	2/4/2021				2,475	5,501	8,251				166,240
	CSPU	2/4/2021	74,812	166,250	249,375							
John D. Schachtel	Annual	1/1/2021	—	428,000	642,000							
	NQSO	2/4/2021								15,403	30.22	160,499
	RSU	2/4/2021				2,389	5,311	7,966				160,498
	CSPU	2/4/2021	72,225	160,500	240,750							
	RSA	2/4/2021							5,311			160,498
Brian J. Fisher	Annual	1/1/2021	—	400,000	600,000							
	NQSO	2/4/2021								14,395	30.22	149,996
	RSU	2/4/2021				2,233	4,963	7,444				149,982
	CSPU	2/4/2021	67,500	150,000	225,000							
	RSA	2/4/2021							4,963			149,982
Manish Parmar	Annual	1/1/2021	—	352,000	528,000							
	NQSO	2/4/2021								12,667	30.22	131,990
	RSU	2/4/2021				1,965	4,367	6,550				131,971
	CSPU	2/4/2021	59,400	132,000	198,000							
	RSA	2/4/2021							4,367			131,971

(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, "CSPU" refers to cash-settled performance units (with each unit's target value denominated as $1.00), and "RSA" refers to restricted stock award, 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 units 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 16 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, 2021.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information concerning equity awards that were outstanding as of December 31, 2021, for each of our named executive officers.

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested(1) ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested(1) ($)
Robert W. Beck	21,489	—	25.35	07/22/29	8,003(4)	459,852	27,081(7)	1,556,074
	37,192	18,596(2)	16.66	03/26/30	12,354(5)	709,861	18,530(8)	1,064,734
	17,914	35,828(3)	30.22	02/04/31				
Harpreet Rana	5,790	11,581(3)	28.21	11/23/30	3,929(5)	225,760	5,501(8)	316,087
John D. Schachtel	34,403	—	20.00	05/30/27	3,115(4)	178,988	5,138(9)	295,229
	12,427	—	27.89	02/06/29	3,541(5)	203,466	10,536(7)	605,399
	14,470	7,235(2)	16.66	03/26/30			5,311(8)	305,170
	5,134	10,269(3)	30.22	02/04/31				
Brian J. Fisher	12,379	—	17.08	03/29/26	2,701(4)	155,199	2,868(9)	164,795
	8,918	—	19.99	03/15/27	3,309(5)	190,135	9,140(7)	525,184
	8,071	—	28.25	02/07/28			4,963(8)	285,174
	11,081	—	27.89	02/06/29				
	12,552	6,276(2)	16.66	03/26/30				
	4,798	9,597(3)	30.22	02/04/31				
Manish Parmar	6,960	3,482(2)	29.18	01/06/30	1,687(4)	96,935	8,505(7)	488,697
	4,222	8,445(3)	30.22	02/04/31	5,440(6)	312,582	4,367(8)	250,928
					2,912(5)	167,324		

(1) Amounts are calculated based on the closing price ($57.46) of our common stock on December 31, 2021, the last trading day of 2021.

(2) This option vests in three equal annual installments on each of December 31, 2020, 2021, and 2022.

(3) This option vests in three equal annual installments on each of December 31, 2021, 2022, and 2023.

(4) This amount represents the unvested portion of a restricted stock award, which vests in three equal annual installments on each of December 31, 2020, 2021, and 2022.

(5) This amount represents the unvested portion of a restricted stock award, which vests in three equal annual installments on each of December 31, 2021, 2022, and 2023.

(6) This amount represents the unvested portion of a restricted stock award, which vests in four equal annual installments on each of December 31, 2020, 2021, 2022, and 2023.

(7) 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 CAGR of pre-provision net income compared to our peer group over the performance period, January 1, 2020 through December 31, 2022, 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, 2022, or as otherwise provided in the applicable award agreement. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Awards."

(8) 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 CAGR of pre-provision net income compared to our peer group over the performance period, January 1, 2021 through December 31, 2023, 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, 2023, or as otherwise provided in the applicable award agreement. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Awards."

(9) This amount represents the earned portion of a performance-contingent RSU that became eligible to vest on December 31, 2021, subject to our Compensation Committee's certification as to the achievement of certain performance goals. The actual number of RSUs, if any, that may have been earned ranged from 0% to 150% of the target number of units, based primarily (90%) on our CAGR of pre-provision net income compared to our peer group over the performance period, January 1, 2019 through December 31, 2021, 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. The number of target RSUs granted to Messrs. Schachtel and Fisher were as follows: Mr. Schachtel, 5,378 units, and Mr. Fisher, 3,002 units. Vesting was also contingent upon the continued employment of the executive through December 31, 2021. In April 2022, based upon results achieved during the performance period, our Compensation Committee determined that Messrs. Schachtel and Fisher earned 95.6% of their target RSUs. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Awards."

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, 2021.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise(1) ($)	Number of Shares Acquired on Vesting(2) (#)	Value Realized on Vesting(3) ($)
Robert W. Beck	—	—	17,729	1,018,708
Harpreet Rana	—	—	1,964	112,851
John D. Schachtel	—	—	11,815	625,403
Brian J. Fisher	13,606	1,530,208	8,822	477,056
Manish Parmar	—	—	5,861	336,773

(1) The value realized upon exercise of stock option awards was calculated by determining the difference between the market price of the underlying securities at exercise and the exercise price of the options.

(2) For Mr. Beck, Ms. Rana, and Messrs. Schachtel, Fisher, and Parmar the amounts represent the number of shares delivered following the vesting of restricted stock subject to RSAs on December 31, 2021. For Messrs. Schachtel and Fisher, the amounts also include the number of shares delivered following the vesting of performance-contingent RSUs on December 31, 2021, based upon results achieved during a performance period that began on January 1, 2019 and ended on December 31, 2021, as determined by our Compensation Committee in April 2022. For additional information, see "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Awards."

(3) The value represents the gross number of shares that vested, multiplied by the closing price of our common stock on the applicable vesting date, and includes any amounts that were withheld for applicable taxes.

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, 2021. At that date, there were a total of 9,788,000 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)	9,822(3)	15.97	—
2015 Long-Term Incentive Plan(2)	891,007(4)	22.61(5)	1,054,293
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total:	900,829	22.50	1,054,293

(1) Regional Management Corp. 2011 Stock Incentive Plan (the "2011 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 April 4, 2022, there were 926,224 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 shares of common stock underlying non-qualified stock option awards.

(4) This amount represents 578,755 shares of common stock underlying non-qualified stock option awards, 193,442 shares of common stock underlying performance-contingent RSU awards, and 118,522 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 current 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.

CEO Pay Ratio

The following table provides our calculation under applicable SEC regulations of the ratio of the annual total compensation of our Chief Executive Officer to the median of the annual total compensation of our other employees for 2021.

Compensation Component	CEO ($)	Median Employee ($)
Salary	640,000	43,240
Stock Awards	1,119,954	—
Option Awards	559,992	—
Non-Equity Incentive Plan Compensation	1,364,160	—
All Other Compensation	42,179	—
Total Compensation:	**3,726,285**	**43,240**
CEO to Median Employee Pay Ratio:	**86:1**	

We took the following steps in calculating the ratio of the annual total compensation of our Chief Executive Officer to the median of the annual total compensation of our other employees in 2021:

(1) We determined that, as of December 31, 2021, our employee population was equal to 1,691 individuals, all located in the United States. This number includes all the individuals determined to be employees for federal tax purposes, whether full-time, part-time, or temporary, as of that date. We chose December 31, 2021, which is within the last three months of our fiscal year as required by applicable SEC regulations, because it aligned with our calendar year payroll procedures.

(2) We next identified the employee receiving the median amount of compensation in our employee population. To do this, we compared the amount of wages and other compensation received by each employee, other than Mr. Beck, as reflected in our payroll records and reported to the Internal Revenue Service in Box 5 of Form W-2 for the calendar year ended December 31, 2021. This compensation measure was annualized for permanent employees who were employed on the measurement date but who did not work for the full calendar year. The compensation measure was consistently applied to all of our employees.

(3) Once we identified our median employee, we measured that employee's annual total compensation for the 2021 fiscal year by adding together (a) the same elements of compensation that are included in Mr. Beck's total fiscal 2021 compensation, as reported in our Summary Compensation Table above, and (b) non-discriminatory health and welfare benefits paid by Regional, if any, which we have included as "All Other Compensation" in the table above. Our median employee did not participate in non-discriminatory health and welfare benefit plans offered by Regional in 2021.

(4) For Mr. Beck, we used the amounts reported in our Summary Compensation Table above. Mr. Beck did not participate in non-discretionary health and welfare benefit plans offered by Regional in 2021.

The resulting pay ratio was calculated in a manner consistent with SEC regulations, and we believe that it constitutes a reasonable estimate. However, as contemplated by SEC regulations, we relied on methods and assumptions that we determined to be appropriate for calculating the Chief Executive Officer pay ratio at Regional. Other public companies may use methods and assumptions that differ from the ones we chose but are appropriate for their circumstances. It may therefore be difficult, for this and other reasons, to compare our reported pay ratio to pay ratios reported by other companies, including companies in our industry.

SUMMARY OF EMPLOYMENT ARRANGEMENTS WITH NAMED EXECUTIVE OFFICERS

In 2021, the following individuals served as our named executive officers:

- Robert W. Beck, our President and Chief Executive Officer;
- Harpreet Rana, our Executive Vice President and Chief Financial Officer;
- John D. Schachtel, our Executive Vice President and Chief Operating Officer;
- Brian J. Fisher, our Executive Vice President and Chief Strategy and Development Officer; and
- Manish Parmar, our Executive Vice President and Chief Credit Risk Officer.

We entered into employment letters or agreements with each of our named executive officers shortly before each commenced employment with us. We entered into initial employment agreements with each of these executives as follows: Mr. Beck (July 2019), Ms. Rana (September 2020), Mr. Schachtel (May 2017), Mr. Fisher (January 2013), and Mr. Parmar (January 2020). In August 2017, we entered into an employment agreement with Mr. Fisher that superseded his prior employment letter agreement and amended the employment agreement of Mr. Schachtel. In addition, in March 2020, we entered into an employment agreement with Mr. Beck in connection with his assumption of the title of President and Chief Executive Officer, which superseded his prior employment agreement as our former Executive Vice President and Chief Financial Officer. Further, in July 2020 and September 2020, we entered into employment agreements with Messrs. Schachtel and Fisher, respectively, that superseded each executive's prior employment agreement. Mr. Fisher's current employment agreement occurred in the context of his appointment as Executive Vice President and Chief Strategy and Development Officer.

We describe below the material terms of our named executive officer's employment agreements. Additional information regarding the compensation that our named 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 Named Executive Officers

The employment agreements with each of our named executive officers who are currently serving as executive officers provide for a three-year term. The three-year term ends for these officers as follows:

Name	Employment Agreement Term End Date
Robert W. Beck	March 25, 2023
Harpreet Rana	November 23, 2023
John D. Schachtel	July 1, 2023
Brian J. Fisher	September 30, 2023
Manish Parmar	January 6, 2023

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 are also subject to certain restrictive covenants set forth in the employment agreements, including a covenant not to compete.

Pursuant to their current employment agreements, our named executive officers are entitled to annual base salaries of no less than the amounts indicated below:

Name	Employment Agreement Base Salary
Robert W. Beck	$600,000
Harpreet Rana	$400,000
John D. Schachtel	$415,000
Brian J. Fisher	$400,000
Manish Parmar	$335,000

All base salaries are (or were) pro-rated for any partial year pursuant to the terms of each executive's employment agreement.

For each calendar year during the employment term under Mr. Beck's employment agreement, he is eligible to earn an annual bonus award under our Annual Incentive Plan based upon the achievement of performance targets established by our Compensation Committee, with a target bonus equal to no less than 150% of such executive's base salary, pro-rated for any partial year. Mr. Beck's employment agreement provides that Mr. Beck's target annual bonus award under our Annual Incentive Plan for 2020 was $787,364. For each calendar year during the employment term, our other named executive officers are 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, in each case pro-rated for any partial year. Notwithstanding the foregoing, Mr. Fisher's employment agreement provides that his target bonus for 2020 was $370,164.

Under the terms of Ms. Rana's employment agreement, we paid a $100,000 cash signing bonus to her in 2020 to offset her loss of forfeited incentive and/or equity-based compensation with her former employer. Ms. Rana's signing bonus was subject to repayment in full if she voluntarily terminated her employment before the first anniversary of her employment date. We also paid a $250,000 cash signing bonus to Mr. Parmar in 2020 pursuant to his employment agreement to offset his loss of his annual bonus opportunity with his prior employer. Mr. Parmar must repay a ratable portion of his signing bonus if he terminates his employment before the third anniversary of his employment date.

The employment agreement of Mr. Beck provides that he was entitled to receive a non-qualified stock option award, a restricted stock award, a performance-contingent RSU award, and a cash-settled performance unit award. Mr. Beck's non-qualified stock option and restricted stock award were granted following the effective date of his employment agreement in 2020, while his performance-contingent RSU award and cash-settled performance unit award were granted in connection with the grant of other executive 2020 long-term incentive plan awards. The vesting of each such award is 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. The employment agreements of Ms. Rana and Mr. Parmar provide that each executive was entitled to receive a non-qualified stock option award, a restricted stock award, a performance-contingent RSU award, and a cash-settled performance unit award. Ms. Rana's non-qualified stock option and restricted stock award were granted following her commencement date in 2020, while her performance-contingent RSU award and cash-settled performance unit award were granted in connection with the grant of other executive 2021 long-term incentive plan awards. The non-qualified stock option award and restricted stock award provided for in Mr. Parmar's employment agreement were granted as soon as practicable following his commencement date in 2020, while his performance-contingent RSU award and cash-settled performance unit award were granted in connection with the grant of other executive 2020 long-term incentive plan awards. The vesting of each of Ms. Rana's and Mr. Parmar's awards is subject to continued employment through the vesting date and, in the case of the performance-contingent RSU awards and the cash-settled performance unit awards, the achievement of performance objectives established by our Compensation Committee. Each named executive officer is otherwise eligible to participate in our long-term incentive program at the sole discretion of our Compensation Committee and our Board.

Commencing in 2021 (or 2022, in the case of Ms. Rana, and 2020, in the case of Mr. Schachtel), the employment agreements of our executives provide for an annual base salary, annual cash incentive opportunity, and long-term incentive opportunity totaling in the aggregate of at least the following amounts: Mr. Beck ($3,600,000), Ms. Rana ($1,400,000), Mr. Schachtel ($1,452,500), Mr. Fisher ($1,400,000), and Mr. Parmar ($1,172,500). 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, and reasonable travel expenses. In the case of Ms. Rana and Mr. Schachtel, we pay for reasonable expenses associated with their travel to and from their personal residences to our headquarters in South Carolina. Pursuant to Mr. Beck's employment agreement, we paid for reasonable expenses (not to exceed $5,000) associated with Mr. Beck's travel in 2020 to and from his additional Connecticut residence to our headquarters in South Carolina. Additionally, we provided relocation benefits to Mr. Parmar under his employment agreement in 2020 to relocate to the Dallas–Fort Worth–Arlington, Texas metropolitan area, which included reimbursement of commuting expenses to our Flower Mound, Texas office from his residence and reasonable temporary living expenses in the Dallas–Fort Worth–Arlington, Texas metropolitan area. Mr. Parmar is also eligible for reimbursement of amounts up to $50,000 in the event that he is required to reimburse his immediate past employer for all or a portion of his previously-reimbursed relocation expenses, with any such reimbursed amounts subject to ratable repayment in the event Mr. Parmar voluntarily terminates his employment before the third anniversary of his commencement date

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 any 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 named executive officer is also subject to various restrictive covenants pursuant to his or her employment agreement, and his or her entitlement to certain benefits is contingent upon his or her compliance with such covenants. Specifically, the employment agreements subject each named executive officer to a covenant not to disclose our confidential information during his or her employment and at all times thereafter, a covenant not to compete during his or her employment and for a period of one year (or two years, in the case of Mr. Beck) following his or her 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 or her employment and for a period of one year (or two years, in the case of Mr. Beck) following his or her termination of employment, a covenant not to solicit or hire our employees during his or her employment and for a period of one year (or two years, in the case of Mr. Beck) following his or her 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 named executive officer must abide by any applicable equity retention policy, compensation recovery policy, stock ownership guidelines, or other similar policies that we maintain.

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. Beck, 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 or her 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. Beck, 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 or her 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 or her 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. Beck) or 12 months (in the case of each other executive) following his or her termination date, so long as he or she 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. Beck) 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	Excluding Mr. Beck, 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 or she 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 or she 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, to the extent earned (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, to the extent earned (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*: Pro-rata accelerated vesting of any unvested shares. *Restricted Stock Awards:* 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. *Performance Restricted Stock 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:* 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. *Restricted Stock Awards:* 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. *Performance Restricted Stock Units*:* Full accelerated vesting (of the time-based RSUs resulting from the conversion of performance restricted stock units that are earned based upon performance determined at the time of the change in control) 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:* Continued vesting as if the executive remained employed. *Restricted Stock Awards:* Unvested shares are forfeited as of the termination date. *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. *Performance Restricted Stock Units*:* Eligibility to vest in a pro-rata portion of the award, subject to actual performance over the full performance period. An executive is generally eligible for "Retirement" when he or she (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.

* PRSUs are a new element of our long-term incentive program in 2022 and the performance-contingent award that replaced the performance-contingent RSUs and cash settled performance units.

The following table provides information concerning the payments and the value of other benefits that our 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 and in long-term incentive award agreements, in each case as described above.

In calculating the amounts included in the table below, we have assumed (i) that the termination event and/or change-in-control occurred on December 31, 2021, (ii) a share price of $57.46 (our closing share price on December 31, 2021), 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 March 2022.

"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, 2021 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 2021 based on actual performance, and (2) we have ascribed no value to awards associated with performance periods ending after 2021 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.

Name	Type of Payment or Benefit	Termination Event				
		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 Disability ($)	Termination Due to Death ($)	Voluntary Termination by the Executive(1) ($)
Robert W. Beck	Payment in Lieu of 30 Days' Notice	52,603	52,603	—	—	—
	Severance Payment	3,628,365	3,628,365	3,628,365	—	—
	Annual Incentive Compensation	1,364,160	1,364,160	1,364,160	1,364,160	—
	Long-Term Incentive Award Vesting(2)	1,442,339	6,485,193	1,442,339	1,442,339	—
	Other Benefits	100,000	100,000	100,000	—	—
	Total	**6,587,467**	**11,630,321**	**6,534,864**	**2,806,499**	**—**
Harpreet Rana	Payment in Lieu of 30 Days' Notice	32,877	32,877	—	—	—
	Severance Payment	968,400	1,936,800	968,400	—	—
	Annual Incentive Compensation	568,400	568,400	568,400	568,400	—
	Long-Term Incentive Award Vesting(2)	248,755	1,046,841	248,755	248,755	—
	Other Benefits	25,000	25,000	25,000	—	—
	Total	**1,843,432**	**3,609,918**	**1,810,555**	**817,155**	**—**
John D. Schachtel	Payment in Lieu of 30 Days' Notice	35,178	35,178	—	—	—
	Severance Payment	911,246	1,822,492	911,246	—	—
	Annual Incentive Compensation	608,188	608,188	608,188	608,188	—
	Long-Term Incentive Award Vesting(2)	959,973	2,643,084	959,973	959,973	—
	Other Benefits	40,909	40,909	40,909	—	—
	Total	**2,555,495**	**5,149,851**	**2,520,317**	**1,568,161**	**—**
Brian J. Fisher	Payment in Lieu of 30 Days' Notice	32,877	32,877	—	—	—
	Severance Payment	833,817	1,667,633	833,817	—	—
	Annual Incentive Compensation	568,400	568,400	568,400	568,400	—
	Long-Term Incentive Award Vesting(2)	701,099	2,214,420	701,099	701,099	—
	Other Benefits	30,971	30,971	30,971	—	—
	Total	**2,167,164**	**4,514,301**	**2,134,287**	**1,269,499**	**—**
Manish Parmar	Payment in Lieu of 30 Days' Notice	28,932	28,932	—	—	—
	Severance Payment	852,192	1,704,384	852,192	—	—
	Annual Incentive Compensation	500,192	500,192	500,192	500,192	—
	Long-Term Incentive Award Vesting(2)	447,220	1,902,604	447,220	447,220	—
	Other Benefits	25,000	25,000	25,000	—	—
	Total	**1,853,536**	**4,161,112**	**1,824,604**	**947,412**	**—**

(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, 2021.

(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, 2021. As of December 31, 2021, in addition to equity-based long-term incentive awards, Mr. Beck, Ms. Rana, and Messrs. Schachtel, Fisher, and Parmar held one or more cash-settled performance unit awards having an aggregate target value of $960,000; $166,250; $466,125; $368,750; and $257,625, 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 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 last amended and restated effective May 20, 2021. The 2015 Plan was further amended February 17, 2022 to allow for future performance awards to vest based upon the attainment of actual performance following the occurrence of a double-trigger change in control event, unless an individual award agreement provides otherwise. 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) 2,600,000 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 number of shares reserved for issuance under the 2015 Plan, the participant award limitations, and the terms of awards may also 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.

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. 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 three proposals, which are described in greater detail below:

1. The election of the nine 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 Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2022; and
3. The approval, on an advisory basis, of our 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 nine 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 nine nominees: Philip V. Bancroft, Robert W. Beck, Jonathan D. Brown, Roel C. Campos, Maria Contreras-Sweet, Michael R. Dunn, Steven J. Freiberg, Sandra K. Johnson, 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 2022, 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 nine 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 nine 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

The Audit Committee has selected Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2022, and the Audit Committee and the Board recommend that the stockholders ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2022.

A representative of Deloitte & Touche LLP plans to attend the virtual 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 Deloitte & Touche 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 Board unanimously recommends a vote "FOR" the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2022.

Change in Independent Registered Public Accounting Firm

As disclosed in the Company's Form 8-K filed with the SEC on November 2, 2021, on October 27, 2021, the Company notified RSM US LLP of its dismissal as the Company's independent registered public accounting firm effective upon the completion of RSM US LLP's audit of the Company's consolidated financial statements for the fiscal year ending December 31, 2021. The Audit Committee approved the dismissal of RSM US LLP pursuant to authority specified in its charter following consideration of a competitive proposal process conducted in the second half of 2021.

Neither of the audit reports of RSM US LLP on the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2021 and December 31, 2020 contained an adverse opinion or disclaimer of opinion, and neither such audit report was qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended December 31, 2021 and December 31, 2020, there were: (i) no disagreements (as that term is defined in Item 304 of Regulation S-K) between the Company and RSM US LLP on any matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of RSM US LLP, would have caused RSM US LLP to make reference to the subject matter of the disagreement in connection with its reports; and (ii) no events reportable pursuant to Item 304(a)(1)(v) of Regulation S-K.

As disclosed in the Company's Form 8-K filed with the SEC on November 2, 2021, on October 27, 2021, the Audit Committee approved the engagement of Deloitte & Touche LLP as the Company's new independent registered public accounting firm for the Company's fiscal year ending December 31, 2022, subject to completion of Deloitte & Touche LLP's standard client acceptance procedures and execution of an engagement letter. The Audit Committee approved Deloitte & Touche LLP's engagement pursuant to authority specified in its charter.

During the fiscal years ended December 31, 2021 and December 31, 2020, neither the Company nor anyone on its behalf has consulted with Deloitte & Touche LLP regarding: (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report nor oral advice was provided to the Company that Deloitte & Touche LLP concluded was an important factor considered in reaching a decision as to any accounting, auditing, or financial reporting issue; (ii) any matter that was the subject of a disagreement within the meaning of Item 304(a)(1)(iv) of Regulation S-K and the related instructions; or (iii) any reportable event within the meaning of Item 304(a)(1)(v) of Regulation S-K.

A representative of RSM US LLP plans to attend the virtual Annual Meeting, will have the opportunity to make a statement, and will be available to respond to appropriate questions.

Independent Registered Public Accounting Firm Fees

The following table sets forth the aggregate fees billed to us by RSM US LLP, our independent registered public accounting firm during the fiscal years ended December 31, 2021 and 2020.

	Year Ended December 31, 2021	Year Ended December 31, 2020
Audit Fees	$ 1,244,428	$ 894,826
Audit-Related Fees	13,910	40,125
Tax Fees	—	—
All Other Fees	—	—
Total	$ 1,258,338	$ 934,951

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." In 2021 and 2020, these fees were for attest services performed by the independent registered public accounting firm related to financial reporting that are not required by statute or regulation.

- Tax Fees" are fees billed for professional services rendered by the independent registered public accounting firm for tax compliance, tax advice, and tax planning. There were no such fees incurred in 2021 or 2020.
- "All Other Fees" represent fees billed for ancillary professional services that are not reported above under "Audit Fees," "Audit-Related Fees," or "Tax Fees." There were no such fees incurred in 2021 or 2020.

Audit Committee Pre-Approval Policies and Procedures

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 during 2021. 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 audit and 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.

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 in this Proxy Statement (a "Say-on-Pay Vote"). Taking into consideration the most recent voting results from our 2018 annual stockholders' meeting concerning the frequency of the Say-on-Pay Vote, we determined that we will hold an annual advisory vote to approve the compensation of our named executive officers until the next required advisory vote on the frequency of such votes.

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, which describes the details of our executive compensation program and the decisions made by the Compensation Committee in 2021.

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 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 approval of the compensation of our named executive officers.

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*. This report reviews the actions taken by the Audit Committee with regard to our financial reporting process during the fiscal year ended December 31, 2021, and particularly with regard to the audited consolidated financial statements as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020, and 2019.

The Audit Committee is composed solely of independent directors under existing NYSE listing standards and SEC 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. Philip V. Bancroft, Steven J. Freiberg, and Carlos Palomares are "audit committee financial experts," as defined by SEC 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, 2021.

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, 2021, 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, 2021, 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 has discussed with the independent auditors the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board ("PCAOB") and the SEC. 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, 2021, 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, 2021, 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:

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

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 April 4, 2022, 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. For purposes of the following and the accompanying footnotes, references to "executive officers" include our named executive officers.

	Shares Beneficially Owned(1)	
Name	Number	Percentage
Basswood Capital Management, L.L.C.(2)	1,179,870	12.1%
BlackRock, Inc.(3)	890,018	9.1%
Dimensional Fund Advisors LP(4)	838,764	8.6%
Wellington Management Group LLP and affiliates(5)	630,267	6.4%
Philip V. Bancroft	697	*
Jonathan D. Brown(6)	15,254	*
Roel C. Campos(7)	102,005	*
Maria Contreras-Sweet	17,865	*
Michael R. Dunn	95,761	*
Steven J. Freiberg(8)	172,129	1.8%
Sandra K. Johnson	6,684	*
Carlos Palomares(9)	58,071	*
Robert W. Beck(10)	144,767	1.5%
Harpreet Rana(11)	18,548	*
John D. Schachtel(12)	108,067	1.1%
Brian J. Fisher(13)	90,827	*
Manish Parmar(14)	33,958	*
All directors and executive officers, as a group (14 persons)	899,772	8.9%

* Amount represents less than 1.0%

(1) Applicable percentage of ownership is based upon 9,790,219 shares of our common stock outstanding on April 4, 2022. 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, SC 29651.

(2) The information reported is based on a Form 4 filed with the SEC on February 18, 2022, 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 1,179,870 shares; (ii) shared power of Basswood Opportunity Partners, LP ("BOP") to vote or direct the vote and to dispose of or direct the disposition of 183,386 shares; (iii) shared power of Basswood Opportunity Fund, Inc. ("BOF") to vote or direct the vote and to dispose of or direct the disposition of 3,288 shares; (iv) shared power of Basswood Financial Fund, LP ("BFF") to vote or direct the vote and to dispose of or direct the disposition of 71,356 shares; (v) shared power of Basswood Financial Long Only Fund, LP ("BFLOF") to vote or direct the vote and to dispose of or direct the disposition of 33,880 shares; (vi) shared power of Basswood, BOP, BOF, BFF, and BFLOF (collectively, the "Managed Accounts") to vote or direct the vote and to dispose of or direct the disposition of 872,706 shares; (vii) shared power of Matthew Lindenbaum to vote or direct the vote and to dispose of or direct the disposition of 1,179,870 shares; and (viii) shared power of Bennett Lindenbaum to vote or direct the vote and to dispose of or direct the disposition of 1,179,870 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 Managed Accounts. The information also includes 15,254 shares held by Mr. Brown, a partner 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 a Schedule 13G/A filed with the SEC on February 7, 2022, reporting the sole power of BlackRock, Inc. ("BlackRock") to vote or direct the vote of 816,181 shares and the sole power of BlackRock to dispose or direct the disposition of 890,018 shares. The business address of BlackRock is 55 East 52nd Street, New York, NY 10055.

(4) The information reported is based on a Schedule 13G/A filed with the SEC on February 8, 2022, reporting the sole power of Dimensional Fund Advisors LP ("Dimensional") to vote or direct the vote of 822,815 shares and the sole power of Dimensional to dispose or direct the disposition of 838,764 shares. The business address of Dimensional is 6300 Bee Cave Road, Building One, Austin, TX 78746.

(5) The information reported is based on Schedules 13G/A, filed with the SEC on February 4, 2022 reporting: (i) shared power of Wellington Management Group LLP ("WMG") to vote or direct the vote of 612,149 shares and to dispose or direct the disposition of 630,267 shares; (ii) shared power of Wellington Group Holdings LLP ("WGH") to vote or direct the vote of 612,149 shares and to dispose or direct the disposition of 630,267 shares; (iii) shared power of Wellington Investment Advisors Holdings LLP ("WIAH") to vote or direct the vote of 612,149 shares and to dispose or direct the disposition of 630,267 shares; (iv) shared power of Wellington Management Company LLP ("WMC") to vote or direct the vote of 597,849 shares and to dispose or direct the disposition of 615,967 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 597,849 shares. The business address of WMG, WGH, WIAH, WMC, and WTC is 280 Congress Street, Boston, MA 02210.

(6) Mr. Brown is a partner 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.

(7) The amount stated includes 14,670 shares subject to options either currently exercisable or exercisable within 60 days of April 4, 2022, 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.

(8) Mr. Freiberg holds 101,740 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 (22,448 shares). The amount stated also includes 17,941 shares subject to options either currently exercisable or exercisable within 60 days of April 4, 2022, 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.

(9) The amount stated includes 18,670 shares subject to options either currently exercisable or exercisable within 60 days of April 4, 2022, 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.

(10) The amount stated includes 76,595 shares subject to options either currently exercisable or exercisable within 60 days of April 4, 2022, over which Mr. Beck 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. Beck 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 5,790 shares subject to options either currently exercisable or exercisable within 60 days of April 4, 2022, over which Ms. Rana 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 Ms. Rana and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person.

(12) The amount stated includes 66,434 shares subject to options either currently exercisable or exercisable within 60 days of April 4, 2022, 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.

(13) The amount stated includes 57,799 shares subject to options either currently exercisable or exercisable within 60 days of April 4, 2022, 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.

(14) The amount stated includes 11,182 shares subject to options either currently exercisable or exercisable within 60 days of April 4, 2022, over which Mr. Parmar 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. Parmar and by directors and executive officers as a group, but not for the purpose of computing the percentage ownership of any other person.

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.

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. 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" was initially 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 of stockholders (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. However, the Cooperation Agreement provides that 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. Accordingly, we have provided timely written notice to Basswood that we would nominate a director designated by Basswood for election to the Board at each Applicable Meeting to date, which currently has extended the Standstill Period until the date that is 20 days prior to the nomination deadline for the 2023 Annual 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 18 months following the date upon which no director designated by Basswood serves as a director of the Company.

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, which includes transactions 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 or the Audit Committee. No related person transaction will be executed without the approval or ratification of the Audit Committee. 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 Audit Committee. 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 (1) 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 and Officers

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. There is no pending litigation or proceeding naming any of our directors or officers to which indemnification is being sought, and we are not aware of any pending or threatened litigation that may result in claims for indemnification by any director, officer, or other party.

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 stockholder desiring to present such a proposal to be acted upon at the 2023 Annual Meeting and included in the proxy materials for such meeting must ensure that we receive the proposal at our principal executive office in Greer, South Carolina by December 14, 2022, 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 not earlier than the 120th day prior to such anniversary. However, in the event that the date of the annual meeting is advanced by more than 20 days or delayed by more than 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 2023 Annual Meeting is not advanced or delayed in the manner described above, the required notice for the 2023 Annual Meeting would need to be provided to us not earlier than January 19, 2023 and not later than February 18, 2023.

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 proxy card intend to vote such proxy in accordance with their best judgment.

QUICK FACTS (as of December 31, 2021)

$1.4 billion in finance receivables

350 branches

13 states
AL • GA • IL •MO • NM • NC • OK
SC • TX • TN • UT • VA • WI

MANAGEMENT TEAM

Robert W. Beck
President and
Chief Executive Officer

Harpreet Rana
Executive Vice President and Chief
Financial Officer

John D. Schachtel
Executive Vice President and Chief
Operating Officer

Manish Parmar
Executive Vice President and
Chief Credit Risk Officer

Brian J. Fisher
Executive Vice President and Chief
Strategy and Development Officer

Catherine R. Atwood
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

COMPANY OVERVIEW

Regional Management Corp. (NYSE: RM) is a diversified consumer finance company focused on relationship-based lending. We provide flexible and affordable installment loan products primarily to customers with limited access to consumer credit from banks, thrifts, credit card companies, and other lenders. As of December 31, 2021, we had approximately 460,600 accounts and $1.4 billion in outstanding finance receivables which reflects a $290 million, or 26%, increase from December 31, 2020.

BRANCH NETWORK & ORIGINATION CHANNELS

We operate under the name "Regional Finance" in 350 branches across 13 states as of the end of 2021. 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 with the support of centralized sales, underwriting, service, collections, and administrative teams. We believe that our high-touch customer service model 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 monthly 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 also report our customers' payment performance to national credit reporting agencies, allowing our customers the opportunity to establish or repair their credit history. In 2021, we worked with many of our deserving customers to refinance over 41,000 of our customers' small loans into large loans, representing $237.4 million in finance receivables at origination, and resulting in a decrease in these customers' average APR from 42.8% to 30.7%. Our goal is to consistently grow our finance receivables and to soundly 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	APR*
Small Installment Loans	Range: $500 – $2,500 Average loan size: $2,000	Up to 48 months	43.1%
Large Installment Loans	Range: $2,501 – $25,000 Average loan size: $6,100	18 to 60 months	29.9%
Retail Purchase Loans	Range: Up to $7,500 Average loan size: $2,600	6 to 48 months	21.2%

*Average loan sizes and weighted APRs based on 2021 originations.

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, by expanding our branch network in our current footprint and in nearby states, and by further leveraging digital origination channels. 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 5-year CAGR of 12.2%, from $240.5 million in 2016 to $428.4 million in 2021
- 2021 net income of $88.7 million
- 2021 diluted earnings per share of $8.33
- Aggregate receivables growth at a 5-year CAGR of 14.4%, from $729.2 million in 2016 to $1.426 billion in 2021

INVESTOR INQUIRIES

Garrett Edson, ICR • (203) 682-8331 • investor.relations@regionalmanagement.com

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