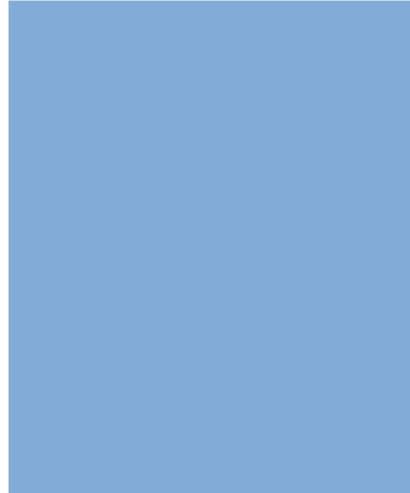
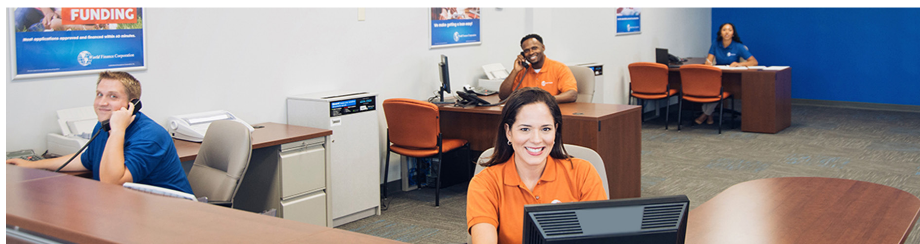
World Acceptance Corporation

2018 ANNUAL REPORT



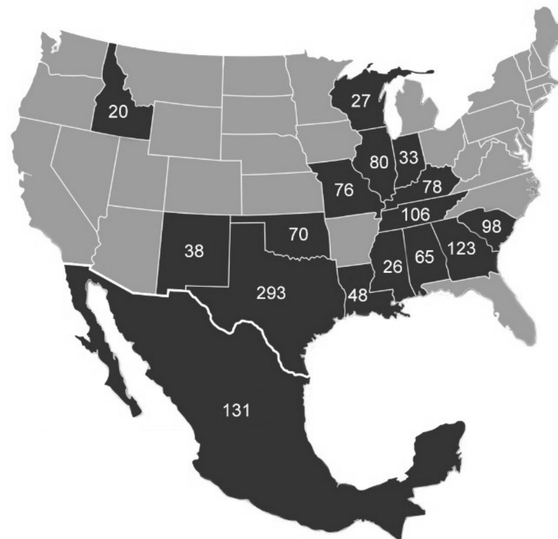


COMPANY PROFILE

WORLD ACCEPTANCE CORPORATION, founded in 1962, is one of the largest small-loan consumer finance companies in the United States and Mexico. It offers short-term small loans, medium-term larger loans, related credit insurance products, ancillary products and services to individuals who have limited access to other sources of consumer credit. It also offers income tax return preparation services to its customer base and to others.

World emphasizes quality customer service and the building of strong personal relationships with its customers. As a result, a substantial portion of the Company's business is repeat business from the renewal of loans to existing customers and the origination of new loans to former customers. During fiscal 2018, the Company loaned $2.6 billion in the aggregate in 1.9 million transactions. As of March 31, 2018, World had approximately 950,000 customers. The Company's loans generally are under $4,000 and have maturities of less than 42 months. World’s average gross loan made in fiscal 2018 was $1,362, and the average contractual maturity was approximately thirteen months.

As of June 30, 2018, World operated 1,312 offices in South Carolina, Georgia, Texas, Oklahoma, Louisiana, Tennessee, Missouri, Illinois, New Mexico, Kentucky, Alabama, Wisconsin, Indiana, Mississippi, Idaho and Mexico.

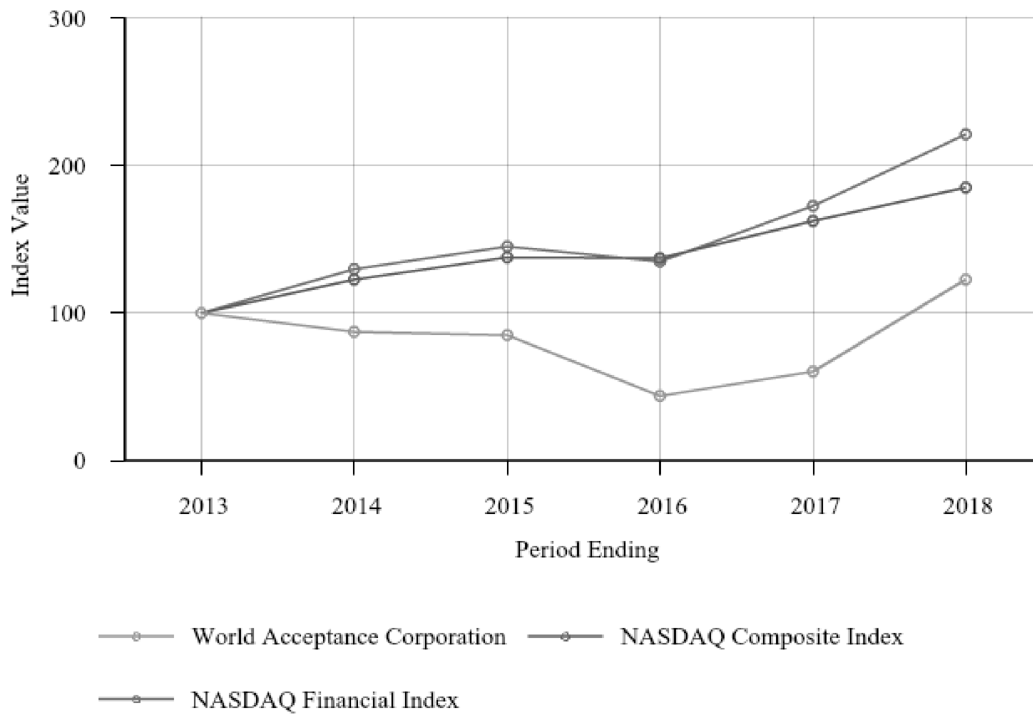


CONTENTS

Financial Highlights 2
Message to Shareholders 4
Selected Consolidated Financial and Other Data 6
Management’s Discussion and Analysis of Financial Condition and Results of Operations 7
Consolidated Balance Sheets 20
Consolidated Statements of Operations 21
Consolidated Statements of Comprehensive Income 22
Consolidated Statements of Shareholders’ Equity 23
Consolidated Statements of Cash Flows 24
Notes to Consolidated Financial Statements 25
Reports of Independent Registered Public Accounting Firm 55
Management’s Report on Internal Control over Financial Reporting 57
Board of Directors 58
Company Officers 58
Corporate Information 59

(Dollars in thousands, except per share data)

	Years Ended March 31,		
Select Statement of Operations Data:	**2018**	2017	Change (%)
Total revenues.	**548,706**	531,735	3.2%
Net income	**53,690**	73,600	(27.1%)
Diluted earnings per share	**5.99**	8.38	(28.5%)
Selected Balance Sheet Data:			
Gross loans receivable	**1,105,115**	1,059,804	4.3%
Total assets	**840,987**	800,589	5.0%
Total debt	**244,900**	295,136	(17.0%)
Total shareholders' equity	**541,108**	461,064	17.4%
Selected Ratios:			
Return on average assets	**6.3%**	9.0%	(30.0%)
Return on average shareholders' equity	**10.9%**	17.6%	(38.1%)
Shareholders' equity to assets	**64.3%**	57.6%	11.6%
Statistical Data:			
Number of customers at period end	**953,053**	909,930	4.7%
Number of loans made	**1,918,380**	1,851,520	3.6%
Number of offices	**1,308**	1,327	(1.4%)



	3-31-13	3-31-14	3-31-15	3-31-16	3-31-17	3-31-18
World Acceptance Corporation	100.00	87.43	84.92	44.08	60.30	122.63
NASDAQ Composite Index	100.00	122.61	137.61	137.22	162.33	185.16
NASDAQ Financial Index	100.00	129.66	145.11	134.77	172.58	220.93

Throughout the last 2-3 years, World Acceptance has undergone a transformation that resulted in significant growth in 2018. This transformation, and the associated investments were and remain a necessary foundation that will continue to contribute to growth and that we intend to build upon in the coming years. Some of the changes were foundational to become more competitive with the market. Examples include updating our online presence and expanding our service channels. Others were to build and rejuvenate the competitive capabilities within our team.

Decision Making

When many organizations talk about incorporating big data or analytics, they focus on how those adoptions change how they think. For us, it hasn't changed how we *think* as much as how we *decide*. Our 56-year track record of organic expansion, acquisitions, and growth in earnings underlies our core culture: entrepreneurial, prepared for opportunities, and long-term focused. However, we only began adapting our deep troves of customer and store data to enhance our business strategy and processes in the last 3 to 4 years. In that time, we've adopted data-driven decisions into our core culture that now flows throughout the entire customer life-cycle: from store locations and customer acquisition to servicing and branch management all the way through customer retention. We've managed to retain the rich expertise that comes with a highly tenured operations team and combine it with the insights from large amounts of data. For World's business model based on people and relationships, data tells us where to look and the likely direction to follow, but it's the managers and operators who interpret it for the best implementation and results. The results? They've been significant this year: a turnaround with record growth in accounts, customers, and ledger. Finally, the net result is not just greater per share value for investors today, but a more collaborative, positive, and energetic culture that we expect to further increase that value in the future.

Infrastructure

Over the last 2 years, World has moved from a single operating system, focused on loan management, to multiple systems that enable improved internal communication and training, online services, advanced analytics, visual reporting, and the centralization of repetitive store tasks. Many of these changes serve to modernize our capabilities and improve our foundation for future enhancements. More importantly these changes have impacted everyone on the team – not just those at our corporate office, but every team member. The end product has resulted in heightened ability to adapt and embrace change, increase in both intelligence and speed in making decisions, greater acceptance of failure in testing new ideas, improved service for customers and work-place satisfaction for our team.

People

More than half of the executive team is new in their current role in the last 3 years, bringing with them the growth of several new departments that have increased our corporate staff by more than 50%. This change is an investment that has dramatically broadened our strategic perspectives, technological and quantitative capabilities, and ability to focus on store performance and associate improvement. More importantly, this team is high functioning with creative and committed leaders over each function who collaborate freely in the best interest of the company, customers, and employees. These people have directly altered our trajectory over the last 2 years.

These changes aren't just within our corporate office. Amongst our top 18 field operators, 12 have taken on new or expanded roles in the last 3 years – all of whom have an average tenure of 20 years with World. These are committed leaders of our organization who have been empowered to speak up, test and learn, and improve the business and their teams. We see this collaboration between field experts and corporate talent as the greatest asset in our creation of new strategies. The changes they have suggested, implemented, and managed have directly altered our trajectory as well.

Implementation in a decentralized model has always been challenging, especially during times of rapid changes amidst negative growth over several years. However, our field personnel have excelled – coming through with the best year in recent history, a year that has solidly bucked the declining trends we faced. They have recently enjoyed a period of reaping the rewards of over a year of investing in difficult tasks: longer hours, serving more customers of higher credit quality, absorbing several acquisitions, and managing many changes including entirely new programs and management styles. This group's acceptance of change is the most responsible for reversing our trajectory.

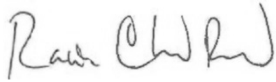
The Path Forward

Our mission is to improve our communities by offering the 60 million plus people with limited or poor experience with credit a chance to establish a credit history with significantly lower interest rates than payday loans and without expectation of losing their vehicle at the first default. We have no plans to slow down in what has brought us success: hiring talented individuals, investing in creating high performing teams, providing quality data and insight to enhance their decisions, providing flexible infrastructure, implementing a test and learn culture, and educating to build on the results. Partially through leveraging data

and systems, we’ll focus on recognizing, developing, and managing associate talent throughout the team. As mentioned before, we have found the greatest successes when combining operations and analytics. In years past, we have focused on the differences between “Home Office” and “Field Operations” – especially in times of turmoil and uncertainty.

In 2018, we began to break down those boundaries with the notion that we’re all part of “One World”. In 2019, we’ll remove “Home Office” from our vocabulary and replace it with “Branch Service Center” to reinforce that our corporate team exists to serve the branches and those who serve our customers. This reprioritizes investing in our people as one of our top 3 responsibilities, along with maximizing value per share for investors and great products and services for our customers.

I’m very excited to lead our remarkable team and look forward to the path forward.



Chad Prashad
President and Chief Executive Officer

(Amounts in thousands, except number of branches and per share information)	Years Ended March 31,				
	2018	2017	2016	2015	2014
Statement of Operations Data:					
Interest and fee income	**$ 481,734**	$ 468,759	$ 495,133	$ 524,277	$ 523,770
Insurance income, net and other income	**66,972**	62,975	62,342	85,936	75,493
Total revenues	**548,706**	531,734	557,475	610,213	599,263
Provision for loan losses	**130,979**	128,572	123,598	118,830	126,575
General and administrative expenses	**297,433**	267,661	269,140	292,052	281,248
Interest expense	**19,090**	21,504	26,849	23,301	21,195
Total expenses	**447,502**	417,737	419,587	434,183	429,018
Income before income taxes	**101,204**	113,997	137,888	176,030	170,245
Income taxes	**47,514**	40,397	50,493	65,197	63,636
Net income	**$ 53,690**	$ 73,600	$ 87,395	$ 110,833	$ 106,609
Net income per common share (basic)	**$ 6.11**	$ 8.45	$ 10.12	$ 12.12	$ 9.80
Basic weighted average shares	**8,791**	8,706	8,636	9,146	10,877
Net income per common share (diluted)	**$ 5.99**	$ 8.38	$ 10.05	$ 11.90	$ 9.60
Diluted weighted average shares	**8,959**	8,778	8,692	9,317	11,106
Balance Sheet Data (end of period):					
Loans receivable, net of unearned interest, insurance and fees	**$ 806,006**	$ 767,896	$ 776,305	$ 812,743	$ 813,920
Allowance for loan losses	**(80,826)**	(72,195)	(69,566)	(70,438)	(63,255)
Loans receivable, net	**725,180**	695,701	706,739	742,305	750,665
Total assets	**840,987**	800,589	806,219	866,131	850,028
Total debt	**244,900**	295,136	374,685	501,150	505,500
Shareholders' equity	**541,108**	461,064	391,902	315,568	307,355
Other Operating Data:					
As a percentage of average loans receivable, net:					
Provision for loan losses	**15.9%**	16.1%	14.8%	13.9%	15.1%
Net charge-offs	**14.9%**	15.7%	14.8%	12.9%	14.7%
Number of branches open at year-end	**1,308**	1,327	1,339	1,320	1,271

General

The Company's financial performance continues to be dependent in large part upon the growth in its outstanding loans receivable, the maintenance of loan quality and acceptable levels of operating expenses. Since March 31, 2015, gross loans receivable have decreased at a 0.15% annual compounded rate from $1.110 billion to $1.105 billion at March 31, 2018. While our gross loans receivable have decreased from March 31, 2015, we experienced loan growth of 4.3% in fiscal 2018 after a decrease of 0.7% in fiscal 2017 and a decrease of 3.9% in fiscal 2016. We believe we were able to improve our gross loans receivable growth rates through improved marketing processes and analytics. During the three-year period beginning March 31, 2015, the Company has decreased in size from 1,320 branches to 1,308 branches as of March 31, 2018. Our U.S. operations have expanded in size from 1,172 branches to 1,177 branches over the same period. During fiscal 2019, the Company currently plans to open or acquire approximately 25 new branches in the United States and evaluate acquisitions as opportunities arise.

The Company offers an income tax return preparation and electronic filing program in all but a few of its U.S. branches. The Company prepared approximately 77,000, 72,000 and 63,000 returns in each of the fiscal years 2018, 2017 and 2016, respectively. Revenues from the Company's tax preparation business amounted to approximately $16.8 million, a 14.3% increase over the $14.7 million earned during fiscal 2017.

The following table sets forth certain information derived from the Company's consolidated statements of operations and balance sheets, as well as operating data and ratios, for the periods indicated:

	Years Ended March 31,		
	2018	2017	2016
	(Dollars in thousands)		
Gross loans receivable	**$ 1,105,115**	$ 1,059,804	$ 1,066,964
Average gross loans receivable [1]	**$ 1,138,401**	$ 1,100,700	$ 1,147,956
Net loans receivable	**$ 806,007**	$ 767,896	$ 776,305
Average net loans receivable [2]	**$ 823,691**	$ 796,642	$ 834,964
Expenses as a percentage of total revenue:			
Provision for loan losses	**23.9%**	24.2%	22.2%
General and administrative	**54.2%**	50.3%	48.3%
Total interest expense	**3.5%**	4.0%	4.8%
Operating income as a percentage of total revenue [3]	**21.9%**	25.5%	29.6%
Return on average assets (trailing 12 months)	**6.3%**	8.8%	10.1%
Branches opened or acquired (merged or closed), net	**(19)**	(12)	19
Total branches (at period end)	**1,308**	1,327	1,339

(1) Average gross loans receivable have been determined by averaging month-end gross loans receivable over the indicated period.
(2) Average net loans receivable have been determined by averaging month-end gross loans receivable less unearned interest and deferred fees over the indicated period.
(3) Operating income is computed as total revenue less provision for loan losses and general and administrative expenses.

Comparison of Fiscal 2018 Versus Fiscal 2017

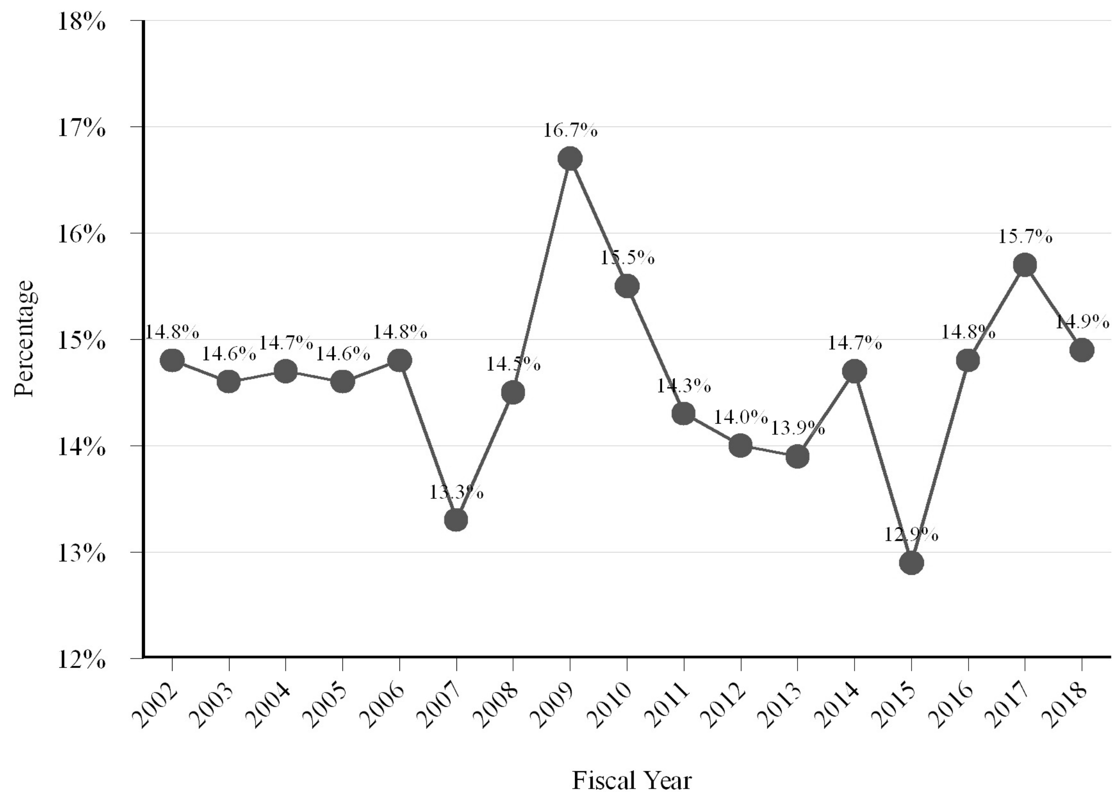
Net income for fiscal 2018 was $53.7 million, a 27.1% decrease from the $73.6 million earned during fiscal 2017. Operating income (revenues less provision for loan losses and general and administrative expenses) decreased $15.2 million. The decreases in net income and operating income were primarily driven by increases in personnel expense ($11.0 million), advertising expense ($4.4 million), and other expense ($12.5 million), partially offset by an increase in total revenues of $17.0 million. Net income was also impacted by a $15.4 million increase in income tax expense related to the Tax Cuts and Jobs Act (TCJA) and a $2.4 million decrease in interest expense.

Total revenues increased to $548.7 million in fiscal 2018, a $17.0 million, or 3.2%, increase from the $531.7 million in fiscal 2017. Revenues from the 1,127 U.S. branches open throughout both fiscal years increased by 2.1%. At March 31, 2018, the Company had 1,308 branches in operation, a decrease of 19 branches from March 31, 2017. The decrease was the result of merging 21 branches into existing branches as well as closing 33 branches associated with the payroll deduct business in Mexico, partially offset by opening 30 new branches and acquiring 5 branches.

Interest and fee income during fiscal 2018 increased by $13.0 million, or 2.8%, from fiscal 2017. The increase was primarily due to a corresponding increase in average earning loans. Net loans outstanding at March 31, 2018 increased 5.0% compared to March 31, 2017, and average net loans outstanding increased 3.4% during fiscal 2018 compared to fiscal 2017. Interest and fee income for the year also benefited from an increase in loan volumes of approximately 3.2%.

Insurance commissions and other income increased by $4.0 million, or 6.3%, over the two fiscal years. Insurance commissions increased by $1.1 million, or 2.7%, when comparing the two fiscal years due to an increase in loan volume in states where we offer our insurance product. Other income increased by $2.9 million, or 13.0%, when comparing the two fiscal years due mainly to an increase in tax return preparation income of $2.1 million.

The provision for loan losses during fiscal 2018 increased by $2.4 million, or 1.9%, from the previous year. This increase resulted from an increase in the amount of loans that were fully reserved during the year. Net charge-offs for fiscal 2018 amounted to $122.8 million, a 2.1% decrease from the $125.4 million charged off during fiscal 2017. Accounts that were 60 days or more past due represented 6.3% and 5.5% of our loan portfolio on a recency basis and 8.8% and 7.8% of our portfolio on a contractual basis at March 31, 2018 and March 31, 2017, respectively. When excluding the impact of payroll deduct loans in Mexico, accounts 60 days or more past due on a contractual basis represented 7.3% and 6.9% of our loan portfolio at March 31, 2018 and March 31, 2017, respectively. The Company's year-over-year charge-off ratio (net charge-offs as a percentage of average net loans receivable) decreased from 15.7% for the year ended March 31, 2017 to 14.9% for the year ended March 31, 2018. The Company's fiscal 2018 charge-off ratio of 14.9% is consistent with the its historical charge-off ratios. Charge-off ratios for the past ten fiscal years averaged 14.5%, with a high of 16.7% (fiscal 2009) and a low of 12.9% (fiscal 2015). The following table presents the Company's charge-off ratios since 2002.



2009 In fiscal 2009 the Company's net charge-off rate increased to 16.7%, the highest in the Company's history due to the difficult economic environment, which put substantial pressure on our customers' ability to repay their loans.

2015 In fiscal 2015 the Company's net charge-off rate decreased to 12.9%. The net charge-off rate benefited from a change in branch level incentives during the year, which allows managers to continue collection efforts on accounts that are 90 days or more past due without having their monthly bonus negatively impacted. As expected, the change resulted in an increase in accounts 90 days or more past due and fewer charge-offs during fiscal 2015. We estimate the net charge-off rate would have been approximately 14.1% for fiscal 2015 excluding the impact of the change.

General and administrative expenses during fiscal 2018 increased by $29.8 million, or 11.1%, over the previous fiscal year. General and administrative expenses, when divided by average open branches, increased 10.8% when comparing the two fiscal years, and, overall, general and administrative expenses as a percent of total revenues increased to 54.2% in fiscal 2018 from 50.3% in fiscal 2017. The change in general and administrative expense is explained in greater detail below.

Personnel expense totaled $182.9 million for fiscal 2018, an $11.0 million, or 6.4%, increase over fiscal 2017. The increase was primarily driven by an increase in regular payroll related to annual pay increases and changes in headcount as well as increased incentive payments in the U.S. due to improved performance, $2.5 million of severance-related expense stemming from the separation agreement with the Company's former CEO, and a $1.8 million expense related to a change in the Company's paid time off policy that accelerated the accrual of time-off within the calendar year. The policy change became effective January 1, 2018.

Occupancy and equipment expense totaled $43.8 million for fiscal 2018, a $1.3 million, or 3.1%, increase over fiscal 2017. Occupancy and equipment expense is generally a function of the number of branches the Company has open throughout the year. In fiscal 2018 the average expense per branch increased slightly to $32.9 thousand, up from $32.0 thousand in fiscal 2017.

Advertising expense totaled $22.3 million for fiscal 2018, a $4.4 million, or 24.8%, increase over fiscal 2017. The Company identified opportunities for customer acquisition during key time frames and, in an effort to capitalize on such opportunities, increased advertising, which resulted in more advertising campaigns being funded in the current year when compared to the prior year. In fiscal 2018 the average expense per branch increased to $16.8 thousand compared to $13.5 thousand in fiscal 2017.

Amortization of intangible assets totaled $1.0 million for fiscal 2018, a $0.5 million, or 102.2%, increase over fiscal 2017, which primarily relates to a corresponding increase in total intangible assets during the comparative periods due to acquisitions during the current and prior year.

Other expense totaled $47.4 million for fiscal 2018, a $12.5 million, or 35.9%, increase over fiscal 2017. The increase was primarily due to approximately $7.2 million of expense related to the Company's Mexico investigation, which began in March 2017, and a $2.3 million increase debit card fees over the prior year. Debit card fees have continued to increase as customers take advantage of the Company's pay-by-phone and on-line payment options. We have also increased our investment in information technology.

Interest expense decreased by $2.4 million, or 11.2%, during fiscal 2018 when compared to the previous fiscal year as a result of a decrease in average debt outstanding of 13.7% partially offset by an increase in the effective interest rate from 5.8% to 6.0%.

Income tax expense increased $7.1 million, or 17.6% for fiscal 2018 compared to the prior fiscal year. The effective tax rate increased to 46.9% for fiscal 2018 compared to 35.4% for fiscal 2017. The increase was primarily due to a $10.5 million charge to tax expense related to the net impact of revaluing the U.S. deferred tax assets and liabilities and a $4.8 million charge to tax expense related to the foreign transition tax in the current fiscal year. The increase was partially offset by a $3.4 million reduction in tax expense due to the reduction of the Company's U.S. federal statutory income tax rate from 35% to 31.55% for fiscal 2018.

Comparison of Fiscal 2017 Versus Fiscal 2016

Net income was $73.6 million during fiscal 2017, a 15.8% decrease from the $87.4 million earned during fiscal 2016. Operating income (revenues less provision for loan losses and general and administrative expenses) decreased $29.2 million due to a $26.4 million decrease in interest and fee income and a $5.0 million increase in provision expense offset by a $1.5 million decrease in general and administrative expenses. Net income was also impacted by a $10.1 million decrease in income tax expense and a $5.3 million decrease in interest expense.

Total revenues decreased to $531.7 million in fiscal 2017, a $25.7 million, or 4.6%, decrease from the $557.5 million in fiscal 2016. Revenues from the 1,258 branches open throughout both fiscal years decreased by 3.38%. At March 31, 2017 the Company had 1,327 branches in operation, a decrease of 12 branches from March 31, 2016. The decrease was the result of merging 44 branches into existing branches, partially offset by opening 18 new branches and acquiring 14 branches.

Interest and fee income during fiscal 2017 decreased by $26.4 million, or 5.3%, from fiscal 2016. We experienced a 4.6% decrease in our average net loans receivable. Interest and fee income for the year was also negatively impacted by a decrease in loan volumes. However, origination volume improved throughout the year and increased when comparing the fourth quarter of 2017 to the fourth quarter of 2016. Revenues from our operations in Mexico were negatively impacted by a fluctuation in the exchange rate year over year. The fluctuation in the exchange rate had a negative impact of approximately $6.4 million on fiscal 2017's revenue compared to the prior year.

Insurance commissions and other income increased by $0.6 million, or 1.0%, over the two fiscal years. Insurance commissions decreased by $2.5 million, or 5.8%, when comparing the two fiscal years due to the decrease in loan volume in states where our insurance product is available to our customers. Other income increased by $3.1 million, or 16.5%, when comparing the two fiscal years due mainly from an increase in tax return income of $2.8 million.

The provision for loan losses during fiscal 2017 increased by $5.0 million, or 4.0%, from the previous year. This increase resulted from an increase in the amount of loans charged off as well as an increase in the amount of loans that were fully reserved during the year. Net charge-offs for fiscal 2017 amounted to $125.4 million, a 1.5% increase over the $123.6 million charged off during fiscal 2016. We believe that the increase in charge-offs is the result of ceasing all in-person visits to delinquent borrowers in December 2015. Accounts that were 60 days or more past due were 5.5% and 4.7% on a recency basis, and were 7.8% and 7.1% on a contractual basis at March 31, 2017 and March 31, 2016, respectively. When excluding the impact of payroll deduct loans in Mexico, the accounts contractually delinquent 60 days or more past due were 6.9% at March 31, 2017 compared to 6.4% at March 31, 2016. During fiscal 2017 the Company also had an increase in year-over-year loan loss ratios. Net charge-offs as a percentage of average net loans increased from 14.8% during fiscal 2016 to 15.7% during fiscal 2017. During fiscal 2017 the Company had a charge-off ratio of 15.7%, which is elevated compared to historical levels. From fiscal 2002 to fiscal 2006, the charge-offs as a percent of average loans ranged from 14.6% to 14.8%. In fiscal 2007 the Company experienced a temporary decline to 13.3%, which was attributed to a change in the bankruptcy law, but returned to 14.5% in fiscal 2008. In fiscal 2009 the ratio increased to 16.7%, the highest in the Company's history as a result of the difficult economic environment and higher energy costs that our customers faced. The ratio steadily declined from 15.5% in fiscal 2010 to 13.9% in fiscal 2013 and increased to 14.7% in fiscal 2014.

General and administrative expenses during fiscal 2017 decreased by $1.5 million, or 0.5%, over the previous fiscal year. Personnel expense only increased $2.4 million despite the prior year benefiting from the release of $11.4 million of expense previously accrued for long-term equity incentive awards. Other expense decreased due to $1.2 million of expense related to a planned bond offering that was not completed being recorded in fiscal 2016 as well as a $1.5 million decrease in mileage expense. Occupancy and equipment expense decreased due to a $1.3 million loss taken as a result of the sale of the corporate jet in fiscal 2016. General and administrative expenses, when divided by average open branches, increased 0.4% when comparing the two fiscal years, and overall, general and administrative expenses as a percent of total revenues increased to 50.3% in fiscal 2017 from 48.3% in fiscal 2016.

Interest expense decreased by $5.3 million, or 19.9%, during fiscal 2017, as compared to the previous fiscal year as a result of a 3.6% decrease in the effective rate and a decrease in average debt outstanding of 24.1%.

Income tax expense decreased $10.1 million, or 20.0%, primarily from a decrease in pre-tax income. The effective tax rate decreased to 35.4% for fiscal 2017 compared to 36.6% for fiscal 2016. The decrease was primarily due to a reduction in state tax expense related to the Company's settlement with a state taxing authority during the current year.

Regulatory Matters

Mexico Investigation

As disclosed in Part I, Item 3, "Legal Proceedings—Mexico Investigation" above, the Company has retained outside counsel and forensic accountants to conduct an investigation of its operations in Mexico, focusing on the legality under the FCPA and certain local laws of certain payments related to loans, the maintenance of the Company's books and records associated with such payments, and the treatment of compensation matters for certain employees.

The investigation continues to address whether and to what extent improper payments, which may violate the FCPA and other local laws, were made approximately between 2010 and 2017 by or on behalf of WAC de México SOFOM, a subsidiary of the Company, to government officials in Mexico relating to loans made to unionized employees. The Company has voluntarily contacted the SEC and the DOJ to advise both agencies that an investigation is underway and that the Company intends to cooperate with both agencies. The SEC has issued a formal order of investigation. A conclusion cannot be drawn at this time as to what potential remedies these agencies may seek. In addition, the Company cannot determine at this time the ultimate effect that the investigation or any remedial measures will have on its operations in Mexico or its decisions with respect thereto.

If violations of the FCPA or other local laws occurred, the Company could be subject to fines, civil and criminal penalties, equitable remedies, including profit disgorgement and related interest, and injunctive relief. In addition, any disposition of these matters could adversely impact our ability to collect on outstanding loans and result in further modifications to our business practices and compliance programs, including significant restructuring or curtailment of, or other effects on, our operations in Mexico. Any disposition could also potentially require that a monitor be appointed to review future business practices with the goal of ensuring compliance with the FCPA and other applicable laws. The Company could also face fines, sanctions, and other penalties from authorities in Mexico, as well as third-party claims by shareholders and/or other stakeholders of the Company. In addition, disclosure of the investigation could adversely affect the Company's reputation and its ability to obtain new business or retain existing business from its current customers and potential customers, to attract and retain employees, and to access the capital markets. If it is determined that a violation of the FCPA has occurred, such violation may give rise to an event of default under the Company's credit agreement if such violation were to have a material adverse effect on the Company's business, operations, properties, assets, or condition (financial or otherwise) or if the amount of any settlement, penalties, fines or other payments resulted in the Company failing to satisfy any financial covenants. Additional potential FCPA violations or violations of other laws or regulations may be uncovered through the investigation. See Part I, Item 1A, "Risk Factors-We may be exposed to liabilities under the FCPA, and any determination that the Company or any of its subsidiaries has violated the FCPA could have a material adverse effect on our business and liquidity," "—Our internal investigation of our operations in Mexico may expose the Company to other potential liabilities in addition to any potential liabilities under the FCPA and cause the Company to incur substantial expenses," "—We depend to a substantial extent on borrowings under our revolving credit agreement to fund our liquidity needs," and "—The terms of our debt limit how we conduct our business" in this Annual Report on Form 10-K for additional information.

CFPB Investigation

As previously disclosed, on March 12, 2014, the Company received a Civil Investigative Demand ("CID") from the Consumer Financial Protection Bureau (the "CFPB"). The stated purpose of the CID is to determine whether the Company has been or is "engaging in unlawful acts or practices in connection with the marketing, offering, or extension of credit in violation of Sections 1031 and 1036 of the Consumer Financial Protection Act, 12 U.S.C. §§ 5531, 5536, the Truth in Lending Act, 15 U.S.C. §§ 1601,

et seq., Regulation Z, 12 C.F.R. pt. 1026, or any other Federal consumer financial law" and "also to determine whether Bureau action to obtain legal or equitable relief would be in the public interest." The Company responded, within the deadlines specified in the CID, to broad requests for production of documents, answers to interrogatories and written reports related to loans made by the Company and numerous other aspects of the Company's business.

By letter dated January 18, 2018, the CFPB informed the Company that it had concluded its investigation and would not be proceeding with an enforcement action against the Company. See Part I, Item 1, "Business - Government Regulation - Federal legislation" and Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K for a further discussion of these matters and federal regulations to which the Company's operations are subject.

CFPB Rulemaking Initiative

On October 5, 2017, the CFPB issued a final rule (the "Rule") imposing limitations on (i) short-term consumer loans, (ii) longer-term consumer installment loans with balloon payments, and (iii) higher-rate consumer installment loans repayable by a payment authorization. The Rule requires lenders originating short-term loans and longer-term balloon payment loans to evaluate whether each consumer has the ability to repay the loan along with current obligations and expenses ("ability to repay requirements"). The Rule also curtails repeated unsuccessful attempts to debit consumers' accounts for short-term loans, balloon payment loans, and installment loans that involve a payment authorization and an Annual Percentage Rate over 36% ("payment requirements"). The final Rule has significant differences from the CFPB's proposed rules announced on June 2, 2016, relating to payday, vehicle title, and similar loans. The Company does not believe that the CFPB's final Rule will have a material impact on the Company's existing lending procedures because the Company currently does not make short-term consumer loans or longer-term consumer installment loans with balloon payments that would subject the Company to the Rule's ability to repay requirements. To the extent that the Rule's payment requirements would apply to the Company's loans, the Company does not believe that these requirements would have a material impact on the Company's lending procedures.

The CFPB has stated that it expects to conduct separate rulemaking to identify larger participants in the installment lending market for purposes of its supervision program. Though the timing of any such rulemaking is uncertain, the Company believes that the implementation of such rules would likely bring the Company's business under the CFPB's supervisory authority which, among other things, would subject the Company to reporting obligations to, and on-site compliance examinations by, the CFPB. See Part I, Item 1, "Business - Government Regulation - Federal legislation," for a further discussion of these matters and the federal regulations to which the Company's operations are subject and Part I, Item 1A, "Risk Factors," for more information regarding these regulatory and related risks.

Critical Accounting Policies

The Company's accounting and reporting policies are in accordance with GAAP and conform to general practices within the finance company industry. The significant accounting policies used in the preparation of the Consolidated Financial Statements are discussed in Note 1 to the Consolidated Financial Statements. Certain critical accounting policies involve significant judgment by the Company's management, including the use of estimates and assumptions which affect the reported amounts of assets, liabilities, revenues, and expenses. As a result, changes in these estimates and assumptions could significantly affect the Company's financial position and results of operations. The Company considers its policies regarding the allowance for loan losses, share-based compensation, and income taxes to be its most critical accounting policies due to the significant degree of management judgment involved.

Allowance for Loan Losses

The Company has developed policies and procedures for assessing the adequacy of the allowance for loan losses that take into consideration various assumptions and estimates with respect to its loan portfolio. The Company's assumptions and estimates may be affected in the future by changes in economic conditions, among other factors. For additional discussion concerning the allowance for loan losses, see "Credit Quality" below.

Share-Based Compensation

The Company measures compensation cost for share-based awards at fair value and recognizes compensation over the service period for awards expected to vest. The fair value of restricted stock is based on the number of shares granted and the quoted price of our common stock at the time of grant, and the fair value of stock options is determined using the Black-Scholes valuation model. The Black-Scholes model requires the input of highly subjective assumptions, including expected volatility, risk-free interest rate and expected life, changes to which can materially affect the fair value estimate. In addition, the estimation of share-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period that the estimates are revised. The

Company considers many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience. Actual results, and future changes in estimates, may differ substantially from our current estimates.

Income Taxes

Management uses certain assumptions and estimates in determining income taxes payable or refundable, deferred income tax liabilities and assets for events recognized differently in its financial statements and income tax returns, and income tax expense. Determining these amounts requires analysis of certain transactions and interpretation of tax laws and regulations. Management exercises considerable judgment in evaluating the amount and timing of recognition of the resulting income tax liabilities and assets. These judgments and estimates are re-evaluated on a periodic basis as regulatory and business factors change.

No assurance can be given that either the tax returns submitted by management or the income tax reported on the Consolidated Financial Statements will not be adjusted by either adverse rulings, changes in the tax code, or assessments made by the Internal Revenue Service or by state or foreign taxing authorities. The Company is subject to potential adverse adjustments including, but not limited to: an increase in the statutory federal or state income tax rates, the permanent non-deductibility of amounts currently considered deductible either now or in future periods, and the dependency on the generation of future taxable income in order to ultimately realize deferred income tax assets.

Under FASB ASC 740, the Company includes the current and deferred tax impact of its tax positions in the financial statements when it is more likely than not (likelihood of greater than 50%) that such positions will be sustained by taxing authorities, with full knowledge of relevant information, based on the technical merits of the tax position. While the Company supports its tax positions by unambiguous tax law, prior experience with the taxing authority, and analysis that considers all relevant facts, circumstances and regulations, management must still rely on assumptions and estimates to determine the overall likelihood of success and proper quantification of a given tax position.

Credit Quality

The Company's delinquency and net charge-off ratios reflect, among other factors, changes in the mix of loans in the portfolio, the quality of receivables, the success of collection efforts, bankruptcy trends and general economic conditions.

Delinquency is computed on the basis of the date of the last full contractual payment on a loan (known as the recency method) and on the basis of the amount past due in accordance with original payment terms of a loan (known as the contractual method). Upon refinancings, the contractual delinquency of a loan is measured based upon the terms of the new agreement, and is not impacted by the refinanced loan's classification as a new loan or modification of the existing loan. Management closely monitors portfolio delinquency using both methods to measure the quality of the Company's loan portfolio and the probability of credit losses.

The following table classifies the gross loans receivable of the Company that were delinquent on a contractual basis for at least 61 days at March 31, 2018, 2017, and 2016:

	At March 31,		
	2018	2017	2016
	(Dollars in thousands)		
Contractual basis:			
61-90 days past due	**$ 27,908**	$ 25,824	$ 27,082
91 days or more past due	**69,835**	56,809	48,495
Total	**$ 97,743**	$ 82,633	$ 75,577
Percentage of period-end gross loans receivable	**8.8%**	7.8%	7.1%

In fiscal 2018 approximately 79.0% of the Company's loans, based on accounts, were generated through refinancings of outstanding loans and the origination of new loans to previous customers. A refinancing represents a new loan transaction with a present customer in which a portion of the new loan proceeds is used to repay the balance of an existing loan and the remaining portion is advanced to the customer. For fiscal 2018, 2017, and 2016, the percentages of the Company's loan originations that were refinancings of existing loans were 65.9%, 66.8%, and 69.4%, respectively. The Company's refinancing policies, while limited by state regulations, in all cases consider the customer's payment history and require that the customer has made multiple payments on the loan being considered for refinancing. A refinancing is considered a current refinancing if the customer is no more than 45 days delinquent on a contractual basis. Delinquent refinancings may be extended to customers who are more than 45 days past due on a contractual basis if the customer completes a new application and the manager believes that the customer's

ability and intent to repay has improved. It is the Company's policy not to refinance delinquent loans in amounts greater than the original amounts financed. In all cases, a customer must complete a new application every two years. During fiscal 2018 and 2017, delinquent refinancings represented 1.1% and 1.2%, respectively, of the Company's total loan volume.

Charge-offs, as a percentage of loans made by category, are greatest on loans made to new borrowers and least on loans made to former borrowers and refinancings. As a percentage of total loans charged off, refinancings represent the greatest percentage due to the volume of loans made in this category. The following table depicts the charge-offs as a percent of loans made by category and as a percent of total charge-offs during fiscal 2018:

	Loan Volume by Category (by No. of Accounts)	Percent of Total Charge-offs (by No. of Accounts)	Charge-off as a Percent of Total Loans Made by Category (by No. of Accounts)
Refinancings	65.9%	62.1%	5.9%
Former borrowers	13.1%	8.4%	5.8%
New borrowers	21.0%	29.5%	15.4%
	100.0%	100.0%	

The Company maintains an allowance for loan losses in an amount that, in management's opinion, is adequate to provide for losses inherent in the existing loan portfolio. The Company charges against current earnings, as a provision for loan losses, amounts added to the allowance to maintain it at levels expected to cover probable losses of principal. When establishing the allowance for loan losses, the Company takes into consideration the growth of the loan portfolio, current levels of charge-offs, current levels of delinquencies, and current economic factors.

The Company uses a mathematical calculation to determine the initial allowance at the end of each reporting period. The calculation originated as management's estimate of future charge-offs and is used to allocate expenses to the branch level. There are two components when calculating the allowance for loan losses, which the Company refers to as the general reserve and the specific reserve. This calculation is a starting point, and over time, and as needed, additional provisions have been added as determined by management to ensure the allowance is adequate.

The general reserve is 4.25% of the gross loan portfolio. The specific reserve generally represents 100% of all loans 91 days or more past due on a recency basis, including bankrupt accounts in that category. This methodology is based on historical data showing that the collection of loans 91 days or more past due and bankrupt loans is remote.

A process is then performed to determine the adequacy of the allowance for loan losses, as well as considering trends in current levels of delinquencies, charge-off levels, and economic trends (such as energy and food prices). The primary tool used is the movement model (on a contractual and recency basis), which considers the rolling twelve months of delinquency to determine expected charge-offs. The sum of expected charge-offs, determined from the movement model (on a contractual and recency basis), plus an amount related to delinquent refinancings is compared to the allowance resulting from the mathematical calculation to determine if any adjustments are required to make the allowance adequate. Management also determines if any adjustments are needed in the event the consolidated annual provision for loan losses is less than total charge-offs. Management uses a precision level of 5% of the allowance for loan losses compared to the aforementioned movement model when determining if any adjustments are needed.

The Company's policy is to charge off at the earlier of when such loans are deemed to be uncollectible or when six months have elapsed since the date of the last full contractual payment. The Company's charge-off policy has been consistently applied and no changes have been made during the periods reported. We believe charge-offs during fiscal 2016 and 2017 were negatively impacted by ceasing all in-person visits to delinquent borrowers in December 2015. The Company's historical annual charge-off rate for the past 10 years has ranged from 12.9% to 16.7% of net loans. Management considers the charge-off policy when evaluating the appropriateness of the allowance for loan losses.

To estimate the losses, the Company uses historical information for net charge-offs and average loan life. This method is based on the fact that many customers refinance their loans prior to the contractual maturity. Average contractual loan terms are approximately 13 months, and the average loan life is approximately 8 months. The Company had an allowance for loan losses that approximated 9 months of average net charge-offs at March 31, 2018. Management believes that the allowance is sufficient to cover estimated losses for its existing loans based on historical charge-offs and average loan life.

A large percentage of loans that are charged off during any fiscal year are not on the Company's books at the beginning of the fiscal year. The Company believes that it is not appropriate to provide for losses on loans that have not been originated, that twelve months of net charge-offs are not needed in the allowance due to the average life of the loan portfolio being less than twelve months and that the method employed is in accordance with GAAP.

The following is a summary of the changes in the allowance for loan losses for the years ended March 31, 2018, 2017, and 2016:

	2018	2017	2016
Balance at beginning of period	**$ 72,194,892**	$ 69,565,804	$ 70,437,988
Provision for loan losses	**130,979,129**	128,572,162	123,598,318
Loan losses	**(138,808,839)**	(141,878,119)	(141,758,366)
Recoveries	**16,047,215**	16,519,929	18,196,110
Translation adjustment	**413,331**	(584,884)	(908,246)
Balance at end of period	**$ 80,825,728**	$ 72,194,892	$ 69,565,804
Allowance as a percentage of loans receivable, net of unearned and deferred fees	**10.0%**	9.4%	9.0%
Net charge-offs as a percentage of average net loans receivable [(1)]	**14.9%**	15.7%	14.8%

[(1)] Average net loans receivable have been determined by averaging month-end gross loans receivable less unearned interest and deferred fees over the indicated period.

Quarterly Information and Seasonality

The Company's loan volume and corresponding loans receivable follow seasonal trends. The Company's highest loan demand typically occurs from October through December, its third fiscal quarter. Loan demand has generally been the lowest and loan repayment highest from January to March, its fourth fiscal quarter. Loan volume and average balances typically remain relatively level during the remainder of the year. This seasonal trend affects quarterly operating performance through corresponding fluctuations in interest and fee income and insurance commissions earned and the provision for loan losses recorded, as well as fluctuations in the Company's cash needs. Consequently, operating results for the Company's third fiscal quarter generally are significantly lower than in other quarters and operating results for its fourth fiscal quarter are significantly higher than in other quarters.

The following table sets forth, on a quarterly basis, certain items included in the Company's unaudited Consolidated Financial Statements and shows the number of branches open during fiscal years 2018 and 2017.

	At or for the Three Months Ended							
	2018				2017			
	June 30,	**September 30,**	**December 31,**	**March 31,**	June 30,	September 30,	December 31,	March 31,
	(Dollars in thousands)							
Total revenues	**$ 128,910**	**$ 131,006**	**$ 136,934**	**$ 151,858**	$ 127,080	$ 129,269	$ 130,815	$ 144,571
Provision for loan losses	**$ 30,840**	**$ 38,976**	**$ 43,755**	**$ 17,408**	$ 32,014	$ 35,871	$ 39,985	$ 20,702
General and administrative expenses	**$ 72,917**	**$ 70,909**	**$ 72,886**	**$ 80,721**	$ 62,949	$ 63,456	$ 71,237	$ 70,020
Net income	**$ 13,068**	**$ 9,799**	**$ 1,680**	**$ 29,143**	$ 16,618	$ 15,491	$ 9,640	$ 31,851
Gross loans receivable	**$1,110,372**	**$ 1,147,641**	**$ 1,229,304**	**$1,105,114**	$1,087,502	$ 1,095,577	$ 1,165,009	$1,059,804
Number of branches open	**1,331**	**1,331**	**1,334**	**1,308**	1,324	1,322	1,323	1,327

Recently Issued Accounting Pronouncements

See Part II, Item 8, Financial Statements and Supplementary Data and Note 1—Summary of Significant Accounting Policies in the Consolidated Financial Statements for the impact of new accounting pronouncements.

Liquidity and Capital Resources

The Company has financed and continues to finance its operations, acquisitions and branch expansion through a combination of cash flows from operations and borrowings from its institutional lenders. The Company has generally applied its cash flows from operations to fund its loan volume, fund acquisitions, repay long-term indebtedness and repurchase its common stock. As the Company's gross loans receivable decreased slightly from $1,110.1 million at March 31, 2015 to $1,105.1 million at March 31, 2018, net cash provided by operating activities for fiscal years 2018, 2017 and 2016 was $218.0 million, $219.4 million and $206.1 million, respectively.

The Company continues to believe stock repurchases are a viable component of the Company's long-term financial strategy and an excellent use of excess cash when the opportunity arises. However, our amended credit facility limits share repurchases to 50% of consolidated adjusted net income in any fiscal year commencing with the fiscal year ending March 31, 2017.

The Company plans to open or acquire approximately 25 branches in the United States during fiscal 2019. Expenditures by the Company to open and furnish new branches averaged approximately $41,000 per branch during fiscal 2018. New branches have generally required $100,000 to $400,000 to fund outstanding loans receivable originated during their first 12 months of operation. During fiscal 2018 the Company opened 30 new branches and merged or closed 54 branches into existing ones.

The Company acquired 5 branches during fiscal 2018. The Company believes that attractive opportunities to acquire new branches or receivables from its competitors or to acquire branches in communities not currently served by the Company will continue to become available as conditions in local economies and the financial circumstances of owners change.

The Company has a revolving credit facility with a syndicate of banks. The revolving credit facility provides for revolving borrowings of up to the lesser of (a) the aggregate commitments under the facility and (b) a borrowing base, and includes a $300,000 letter of credit subfacility. At March 31, 2018 the aggregate commitments under the credit facility were $480.0 million. The borrowing base limitation is equal to the product of (a) the Company's eligible finance receivables, less unearned finance charges, insurance premiums and insurance commissions, and (b) an advance rate percentage that ranges from 79% to 85% based on a collateral performance indicator, as more completely described below. Further, the administrative agent under the revolving credit facility has the right at any time, and from time to time in its permitted discretion (but without any obligation), to set aside reasonable reserves against the borrowing base in such amounts as it may deem appropriate, including, without limitation, reserves with respect to regulatory events or any increased operational, legal or regulatory risk. In May 2017, the credit facility was amended to, among other things, extend the term through June 15, 2019.

Funds borrowed under the revolving credit facility bear interest at the LIBOR rate plus 4.0% per annum, with a minimum rate of 5.0%. For the year ended March 31, 2018, the effective interest rate, including the commitment fee, on borrowings under the revolving credit facility was 6.0%. The Company pays a commitment fee equal to 0.50% per annum of the daily unused portion of the commitments. On March 31, 2018, $244.9 million was outstanding under this facility, and there was $234.8 million of unused borrowing availability under the borrowing base limitations.

The Company's obligations under the revolving credit facility, together with treasury management and hedging obligations owing to any lender under the revolving credit facility or any affiliate of any such lender, are required to be guaranteed by each of the Company's wholly-owned domestic subsidiaries. The obligations of the Company and the subsidiary guarantors under the revolving credit facility, together with such treasury management and hedging obligations, are secured by a first-priority security interest in substantially all assets of the Company and the subsidiary guarantors.

The agreement governing the Company's revolving credit facility contains affirmative and negative covenants, including covenants that restrict the ability of the Company and its subsidiaries to, among other things, incur or guarantee indebtedness, incur liens, pay dividends and repurchase or redeem capital stock, dispose of assets, engage in mergers and consolidations, make acquisitions or other investments, redeem or prepay subordinated debt, amend subordinated debt documents, make changes in the nature of its business, and engage in transactions with affiliates. The agreement also contains financial covenants, including a minimum consolidated net worth of $330.0 million plus 50% of the borrowers' consolidated net income for each fiscal year beginning with 2017, a minimum fixed charge coverage ratio of 2.5 to 1.0, a maximum ratio of total debt to consolidated adjusted net worth of 2.0 to 1.0, and a maximum ratio of subordinated debt to consolidated adjusted net worth of 1.0 to 1.0. The agreement

allows the Company to incur subordinated debt that matures after the termination date for the revolving credit facility and that contains specified subordination terms, subject to limitations on amount imposed by the financial covenants under the agreement.

In addition, the agreement establishes a maximum specified level for the collateral performance indicator.

The collateral performance indicator is equal to the sum of (a) a three-month rolling average rate of receivables at least sixty days past due and (b) an eight-month rolling average net charge-off rate. The Company was in compliance with these covenants at March 31, 2018 and does not believe that these covenants will materially limit its business and expansion strategy.

The agreement contains events of default including, without limitation, nonpayment of principal, interest or other obligations, violation of covenants, misrepresentation, cross-default to other debt, bankruptcy and other insolvency events, judgments, certain ERISA events, actual or asserted invalidity of loan documentation, invalidity of subordination provisions of subordinated debt, certain changes of control of the Company, and the occurrence of certain regulatory events (including the entry of any stay, order, judgment, ruling or similar event related to the Company's or any of its subsidiaries' originating, holding, pledging, collecting or enforcing its eligible finance receivables that is material to the Company or any subsidiary) which remains unvacated, undischarged, unbonded or unstayed by appeal or otherwise for a period of 60 days from the date of its entry and is reasonably likely to cause a material adverse change. If it is determined that a violation of the FCPA has occurred, as described above in Part I, Item 3, "Legal Proceedings—Mexico Investigation," such violation may give rise to an event of default under our credit agreement if such violation were to have a material adverse effect on our business, operations, properties, assets, or condition (financial or otherwise) or if the amount of any settlement, penalties, fines or other payments resulted in the Company failing to satisfy any financial covenants.

The Company believes that cash flow from operations and borrowings under its revolving credit facility or other sources will be adequate to fund the expected cost of opening or acquiring new branches, including funding initial operating losses of new branches and funding loans receivable originated by those branches and the Company's other branches (for the next 12 months and for the foreseeable future beyond that). Except as otherwise discussed in this report including, but not limited to, any discussions in Part 1, Item 1A, "Risk Factors" (as supplemented by any subsequent disclosures in information the Company files with or furnishes to the SEC from time to time), management is not currently aware of any trends, demands, commitments, events or uncertainties that it believes will or could result in, or are or could be reasonably likely to result in, any material adverse effect on the Company's liquidity.

The following table summarizes the Company's contractual obligations by period (in thousands):

	Payments Due by Period				
Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt obligations	$ 261,678,711	$ 13,885,830	$ 247,792,881	$ —	$ —
Capital lease obligations	—	—	—	—	—
Operating lease obligations	54,746,138	25,915,335	25,160,406	3,633,976	36,421
Purchase obligations	—	—	—	—	—
Other long-term liabilities reflected on the balance sheet under GAAP	—	—	—	—	—
Total	$ 316,424,849	$ 39,801,165	$ 272,953,287	$ 3,633,976	$ 36,421

Share Repurchase Program

On March 10, 2015, the Board of Directors authorized the Company to repurchase up to $25.0 million of the Company's common stock. As of March 31, 2018, the Company had $1.9 million in aggregate remaining repurchase capacity under the March 10, 2015 repurchase authorization. The timing and actual number of shares repurchased will depend on a variety of factors, including the stock price, corporate and regulatory requirements and other market and economic conditions. Although the repurchase authorization above has no stated expiration date, the Company's stock repurchase program may be suspended or discontinued at any time. The Company has not repurchased any shares of our common stock since the first quarter of fiscal 2018. At the time of this filing, it is uncertain if or when the Company will recommence share repurchases.

The Company continues to believe stock repurchases are a viable component of the Company's long-term financial strategy and an excellent use of excess cash when the opportunity arises. However, our amended credit facility limits share repurchases to

50% of consolidated adjusted net income in any fiscal year commencing with the fiscal year ending March 31, 2017. Our first priority is to ensure we have enough capital to fund loan growth. To the extent we have excess capital, we may resume repurchasing stock, if appropriate and as authorized by our Board of Directors. As of March 31, 2018 our debt outstanding was $244.9 million and our shareholders' equity was $541.1 million resulting in a debt-to-equity ratio of 0.5:1.0. We will continue to monitor our debt-to-equity ratio and are committed to maintaining a debt level that will allow us to continue to execute our business objectives, while not putting undue stress on our consolidated balance sheet.

Inflation

The Company does not believe that inflation, within reasonably anticipated rates, will have a materially adverse effect on its financial condition. Although inflation would increase the Company's operating costs in absolute terms, the Company expects that the same decrease in the value of money would result in an increase in the size of loans demanded by its customer base. It is reasonable to anticipate that such a change in customer preference would result in an increase in total loan receivables and an increase in absolute revenues to be generated from that larger amount of loans receivable. The Company believes that this increase in absolute revenues should offset any increase in operating costs. In addition, because the Company's loans have a relatively short contractual term and average life, it is unlikely that loans made at any given point in time will be repaid with significantly inflated dollars.

Legal Matters

From time to time the Company is involved in routine litigation relating to claims arising out of its operations in the normal course of business. See Part I, Item 3, "Legal Proceedings" and Note 16 to our audited Consolidated Financial Statements for further discussion of legal matters.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

As of March 31, 2018, the Company's financial instruments consisted of the following: cash and cash equivalents, loans receivable, and senior notes payable. Fair value approximates carrying value for all of these instruments. Loans receivable are originated at prevailing market rates and have an average life of approximately 8 months. Given the short-term nature of these loans, they are continually repriced at current market rates. The Company's outstanding debt under its revolving credit facility was $244.9 million at March 31, 2018. Interest on borrowings under this facility is based on the rate of LIBOR plus 4.0%, with a minimum rate of 5.0%

Based on the outstanding balance under the Company's revolving credit facility at March 31, 2018, a change of 1% in the LIBOR interest rate would cause a change in interest expense of approximately $2.4 million on an annual basis.

Foreign Currency Exchange Rate Risk

The Company has operated branches in Mexico since September 2005, where its local businesses utilize the Mexican peso as their functional currency. The consolidated financial statements of the Company are denominated in U.S. dollars and are, therefore, subject to fluctuation as the U.S. dollar and Mexican peso foreign exchange rate changes. Revenues from our non-U.S. operations accounted for approximately 8.4% and 7.7% of total revenues during the twelve-month periods ended March 31, 2018 and 2017, respectively. There have been, and there may continue to be, period-to-period fluctuations in the relative portions of our international revenues to total consolidated revenues.

Our international operations are subject to risks, including but not limited to differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility when compared to the United States. Accordingly, our future consolidated financial position as well as our consolidated results of operations could be adversely affected by changes in these or other factors. Foreign exchange rate fluctuations may adversely impact our financial position as the assets and liabilities of our foreign operations are translated into U.S. dollars in preparing our consolidated balance sheet. Our exposure to foreign exchange rate fluctuations arises in part from balances in our intercompany accounts included on our subsidiary balance sheets. These intercompany accounts are denominated in the functional currency of the foreign subsidiaries and are translated to U.S. dollars at each reporting period end. Additionally, foreign exchange rate fluctuations may impact our consolidated results from operations as exchange rate fluctuations will impact the amounts reported in our consolidated statement of income. The effect of foreign exchange rate fluctuations on our consolidated financial position is recognized within shareholders' equity through accumulated other comprehensive income (loss). The net translation adjustment for the twelve months ended March 31, 2018 was income of approximately $1.7 million. The Company's foreign currency exchange rate exposure may change over time as business practices evolve and could have a material effect on the Company's financial

results. The Company will continue to monitor and assess the effect of foreign currency fluctuations and may institute hedging strategies.
The Company performs a foreign exchange sensitivity analysis on a quarterly basis, which assumes a hypothetical 10% increase and decrease in the value of the U.S. dollar relative to the Mexican peso. The foreign exchange risk sensitivity of both net loans receivable and consolidated net income is assessed using hypothetical scenarios and assumes that earnings in Mexican pesos are recognized evenly throughout a period. The actual results may differ from the results noted in the tables below, particularly due to assumptions utilized or if events occur that were not included in the method used.

The foreign exchange risk sensitivity of net loans denominated in Mexican pesos and translated into U.S. dollars, which were approximately $60.8 million and $66.2 million at March 31, 2018 and 2017, respectively, on the reported net loans receivable amount is summarized in the following table:

Foreign Exchange Sensitivity Analysis of Loans Receivable, Net of Unearned Amounts

	As of March 31, 2018		
Foreign exchange spot rate, U.S. Dollars to Mexican Pesos	**(10)%**	**0%**	**10%**
Loans receivable, net of unearned	**$ 800,482,329**	**$ 806,006,456**	**$ 812,758,181**
% change from base amount	**(0.69)%**	**—**	**0.84%**
$ change from base amount	**$ (5,524,127)**	**$ —**	**$ 6,751,725**
	As of March 31, 2017		
Foreign exchange spot rate, U.S. Dollars to Mexican Pesos	(10)%	0 %	10 %
Loans receivable, net of unearned	$ 761,880,589	$ 767,895,481	$ 775,247,049
% change from base amount	(0.78)%	—	0.96 %
$ change from base amount	$ (6,014,892)	$ —	$ 7,351,568

The following table summarizes the results of the foreign exchange risk sensitivity analysis on reported net income as of the dates indicated below:

Foreign Exchange Sensitivity Analysis of Net Income

	As of March 31, 2018		
Foreign exchange spot rate, U.S. Dollars to Mexican Pesos	**(10)%**	**0%**	**10%**
Net Income	**$ 53,272,105**	**$ 53,690,018**	**$ 54,200,774**
% change from base amount	**(0.78)%**	**—**	**0.95%**
$ change from base amount	**$ (417,913)**	**$ —**	**$ 510,756**
	As of March 31, 2017		
Foreign exchange spot rate, U.S. Dollars to Mexican Pesos	(10)%	0 %	10 %
Net Income	$ 73,072,121	$ 73,600,294	$ 74,245,840
% change from base amount	(0.72)%	—	0.88 %
$ change from base amount	$ (528,173)	$ —	$ 645,546

CONSOLIDATED BALANCE SHEETS

	March 31,	
	2018	2017
ASSETS		
Cash and cash equivalents	**$ 32,086,304**	15,200,410
Gross loans receivable	**1,105,114,792**	1,059,804,132
Less:		
Unearned interest, insurance and fees	**(299,108,336)**	(291,908,651)
Allowance for loan losses	**(80,825,728)**	(72,194,892)
Loans receivable, net	**725,180,728**	695,700,589
Property and equipment, net	**25,591,418**	24,184,207
Deferred income taxes, net	**30,239,637**	39,025,069
Other assets, net	**14,210,186**	13,797,098
Goodwill	**7,034,463**	6,067,220
Intangible assets, net	**6,644,301**	6,614,182
Total assets	**$ 840,987,037**	800,588,775
LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities:		
Senior notes payable	**244,900,000**	295,136,200
Income taxes payable	**14,534,970**	12,519,417
Accounts payable and accrued expenses	**40,444,215**	31,869,581
Total liabilities	**299,879,185**	339,525,198
Shareholders' equity:		
Preferred stock, no par value Authorized 5,000,000, no shares issued or outstanding	**—**	—
Common stock, no par value Authorized 95,000,000 shares; issued and outstanding 9,119,443 and 8,782,949 shares at March 31, 2018 and March 31, 2017, respectively	**—**	—
Additional paid-in capital	**175,887,227**	144,241,105
Retained earnings	**391,275,705**	344,605,347
Accumulated other comprehensive loss	**(26,055,080)**	(27,782,875)
Total shareholders' equity	**541,107,852**	461,063,577
Commitments and contingencies		
Total liabilities and shareholders' equity	**$ 840,987,037**	800,588,775

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended March 31,		
	2018	2017	2016
Revenues:			
Interest and fee income	**$ 481,734,277**	$ 468,759,262	$ 495,133,436
Insurance income, net and other income	**66,971,857**	62,975,462	62,342,271
Total revenues	**548,706,134**	531,734,724	557,475,707
Expenses:			
Provision for loan losses	**130,979,129**	128,572,162	123,598,318
General and administrative expenses:			
Personnel	**182,947,342**	171,958,682	169,573,039
Occupancy and equipment	**43,772,794**	42,437,711	44,460,905
Advertising	**22,293,705**	17,866,422	16,863,076
Amortization of intangible assets	**990,399**	489,836	528,747
Other	**47,428,625**	34,908,572	37,713,908
Total general and administrative expenses	**297,432,865**	267,661,223	269,139,675
Interest expense	**19,089,635**	21,504,208	26,849,250
Total expenses	**447,501,629**	417,737,593	419,587,243
Income before income taxes	**101,204,505**	113,997,131	137,888,464
Income taxes	**47,514,487**	40,396,837	50,492,907
Net income	**$ 53,690,018**	$ 73,600,294	$ 87,395,557
Net income per common share:			
Basic	**$ 6.11**	$ 8.45	$ 10.12
Diluted	**$ 5.99**	$ 8.38	$ 10.05
Weighted average common shares outstanding:			
Basic	**8,791,168**	8,705,658	8,636,269
Diluted	**8,958,676**	8,778,044	8,692,191

See accompanying notes to Consolidated Financial Statements.

	Years Ended March 31,		
	2018	2017	2016
Net income	**$ 53,690,018**	73,600,294	87,395,557
Foreign currency translation adjustments	**1,727,795**	(4,848,530)	(8,031,995)
Comprehensive income	**$ 55,417,813**	68,751,764	79,363,562

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, net	Total Shareholders' Equity
Balances at March 31, 2015	$	141,864,764	188,605,305	(14,902,350)	315,567,719
Proceeds from exercise of stock options (89,403 shares), including tax benefits of $78,382		3,327,067	—	—	3,327,067
Restricted common stock expense under stock option plan, net of cancellations ($2,289,017)		(10,322,230)	—	—	(10,322,230)
Stock option expense		3,965,463	—		3,965,463
Other comprehensive loss		—	—	(8,031,995)	(8,031,995)
Net income		—	87,395,557	—	87,395,557
Balances at March 31, 2016	$	138,835,064	276,000,862	(22,934,345)	391,901,581
Proceeds from exercise of stock options (32,702 shares), including tax expense of -$565,162		595,343	—	—	595,343
Common stock repurchases (95,703 shares)		—	(4,995,809)	—	(4,995,809)
Restricted common stock expense under stock option plan, net of cancellations ($284,221)		1,320,036	—	—	1,320,036
Stock option expense		3,490,662	—	—	3,490,662
Other comprehensive loss		—	—	(4,848,530)	(4,848,530)
Net income		—	73,600,294	—	73,600,294
Balances at March 31, 2017	$	144,241,105	344,605,347	(27,782,875)	461,063,577
Proceeds from exercise of stock options (389,888 shares)		**25,323,531**	**—**	**—**	**25,323,531**
Common stock repurchases (58,728 shares)		**—**	**(4,614,331)**	**—**	**(4,614,331)**
Restricted common stock expense under stock option plan, net of cancellations ($1,517,357)		**1,564,048**	**—**	**—**	**1,564,048**
Stock option expense		**2,353,214**	**—**	**—**	**2,353,214**
ASU 2016-09 adoption		**2,405,329**	**(2,405,329)**	**—**	**—**
Other comprehensive income		**—**	**—**	**1,727,795**	**1,727,795**
Net income		**—**	**53,690,018**	**—**	**53,690,018**
Balances at March 31, 2018	**$**	**175,887,227**	**391,275,705**	**(26,055,080)**	**541,107,852**

See accompanying notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended March 31,		
	2018	2017	2016
Cash flow from operating activities:			
Net income	**$ 53,690,018**	73,600,294	87,395,557
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of intangible assets	**990,399**	489,836	528,747
Amortization of debt issuance costs	**865,727**	2,029,719	2,769,596
Provision for loan losses	**130,979,129**	128,572,162	123,598,318
Depreciation	**7,339,657**	6,918,525	6,503,561
Loss (gain) on sale of property and equipment	**210,117**	(29,583)	1,401,391
Deferred income tax expense (benefit)	**8,785,432**	(894,086)	(785,377)
Compensation related to stock option and restricted stock plans, net of taxes and adjustments	**5,434,619**	4,810,698	(6,356,767)
Gain on sale of finance receivables, net of buybacks	**—**	—	(1,474,182)
Change in accounts:			
Other assets, net	**(858,817)**	492,233	1,923,196
Income taxes payable	**2,015,553**	4,277,275	(9,945,544)
Accounts payable and accrued expenses	**8,574,634**	(904,326)	511,863
Net cash provided by operating activities	**218,026,468**	219,362,747	206,070,359
Cash flows from investing activities:			
Increase in loans receivable, net	**(143,373,549)**	(104,765,019)	(93,980,511)
Net assets acquired from branch acquisitions, primarily loans	**(15,586,411)**	(16,703,456)	(92,097)
Increase in intangible assets from acquisitions	**(1,987,762)**	(4,133,242)	(81,531)
Purchases of property and equipment	**(9,171,468)**	(6,813,582)	(8,654,804)
Proceeds from sale of property and equipment	**310,542**	801,797	889,946
Proceeds from sale of loan receivable, net of buybacks	**—**	—	26,218
Net cash used in investing activities	**(169,808,648)**	(131,613,502)	(101,892,779)
Cash flow from financing activities:			
Borrowings from senior notes payable	**294,963,800**	274,901,200	295,095,000
Payments on senior notes payable	**(345,200,000)**	(354,450,000)	(421,560,000)
Debt issuance costs associated with senior notes payable	**(420,000)**	(201,200)	(5,500,000)
Proceeds from exercise of stock options	**25,323,531**	1,160,505	3,248,685
Payments for taxes related to net share settlement of equity awards	**(1,517,357)**	—	—
Repurchase of common stock	**(4,614,331)**	(4,995,809)	—
Excess tax benefit (expense) from exercise of stock options	**—**	(565,162)	78,382
Net cash used in financing activities	**(31,464,357)**	(84,150,466)	(128,637,933)
Effects of foreign currency fluctuations on cash and cash equivalents	**132,431**	(775,393)	(1,501,558)
Net change in cash and cash equivalents	**16,885,894**	2,823,386	(25,961,911)
Cash and cash equivalents at beginning of year	**15,200,410**	12,377,024	38,338,935
Cash and cash equivalents at end of year	**$ 32,086,304**	15,200,410	12,377,024
Supplemental Disclosures:			
Interest paid during the year	**$ 17,696,711**	19,251,788	23,811,210
Income taxes paid during the year	**$ 38,741,119**	38,042,020	62,530,594

See accompanying notes to Consolidated Financial Statements.

(1) Summary of Significant Accounting Policies

The Company's accounting and reporting policies are in accordance with U.S. generally accepted accounting principles ("GAAP") and conform to general practices within the finance company industry. The following is a description of the more significant of these policies used in preparing the Consolidated Financial Statements.

Nature of Operations

The Company is a small-dollar consumer finance (installment loan) company headquartered in Greenville, South Carolina that offers short-term small loans, medium-term larger loans, related credit insurance products and ancillary products and services to individuals who have limited access to other sources of consumer credit. It also offers income tax return preparation services to its customer base and to others.

As of March 31, 2018, the Company operated 1,177 branches in Alabama, Georgia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, South Carolina, Tennessee, Texas, and Wisconsin. Branches in the aforementioned states operate under one of the following names: Amicable Finance, Capitol Loans, Colonial Finance, Freeman Finance, General Credit, Local Loans, Midwestern Financial, Midwestern Loans, Personal Credit, People's Finance, World Acceptance, or World Finance. The Company also operated 131 branches in Mexico. Branches in Mexico operate under the name Préstamos Avance or Préstamos Viva. The Company is subject to numerous lending regulations that vary by jurisdiction.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of World Acceptance Corporation and its wholly-owned subsidiaries (the “Company”). Subsidiaries consist of operating entities in various states and Mexico, ParaData Financial Systems (a software company acquired during fiscal 1994), WAC Insurance Company, Ltd. (a captive reinsurance company established in fiscal 1994) and Servicios World Acceptance Corporation de Mexico (a service company established in fiscal 2006). All significant inter-company balances and transactions have been eliminated in consolidation.

The financial statements of the Company’s foreign subsidiaries in Mexico are prepared using the local currency as the functional currency. Assets and liabilities of these subsidiaries are translated into U.S. dollars at the current exchange rate while income and expense are translated at an average exchange rate for the period. The resulting translation gains and losses are recognized as a component of equity in “Accumulated Other Comprehensive Loss, net.”

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The most significant item subject to such estimates and assumptions that could materially change in the near term is the allowance for loan losses.

Reclassification

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

Business Segments

The Company reports operating segments in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 280. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. FASB ASC Topic 280 requires that a public enterprise report a measure of segment profit or loss, certain specific revenue and expense items, segment assets, information about the way that the operating segments were determined and other items.

The Company has two reportable segments, which are the U.S. and Mexico operating segments. The other revenue generating activities of the Company, including the sale of insurance products, income tax preparation, and the automobile club, are done within the existing branch network in conjunction with or as a complement to the lending operations. There is no discrete financial

information available for these activities, and they do not meet the criteria under FASB ASC Topic 280 to be considered operating segments.

At March 31, 2018 and 2017, the Company's Mexico operations accounted for approximately 9.5% and 8.7% of total consolidated assets, respectively. Total revenues for the years ended March 31, 2018, 2017 and 2016 were $46.0 million, $40.9 million, $42.2 million, respectively, which represented 8.4%, 7.7%, and 7.6% of consolidated revenues, respectively.

For additional financial information regarding the results of our two reportable segments for each of the last three fiscal years, refer to Note 17—Segments in Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less from the date of original issuance to be cash equivalents. As of March 31, 2018 and 2017 the Company had $5.5 million and $3.9 million, respectively, in restricted cash associated with its captive insurance subsidiary that reinsures a portion of the credit insurance sold in connection with loans made by the Company.

Loans and Interest and Fee Income

The Company is licensed to originate consumer loans in the states of South Carolina, Georgia, Texas, Oklahoma, Louisiana, Tennessee, Illinois, Missouri, New Mexico, Kentucky, Alabama, Wisconsin, Indiana, Mississippi and Idaho. In addition, the Company also originates consumer loans in Mexico. During fiscal 2018, 2017 and 2016 the Company originated loans generally ranging up to $4,000, with terms of 42 months or fewer. Experience indicates that a majority of the consumer loans are refinanced, and the Company accounts for the majority of the refinancings as new loans. Generally a customer must make multiple payments in order to qualify for refinancing. Furthermore, the Company's lending policy has predetermined lending amounts so that in most cases a refinancing will result in advancing additional funds. The Company believes that the advancement of additional funds constitutes more than a minor modification to the terms of the existing loan if the present value of the cash flows under the terms of the new loan will be 10% or more of the present value of the remaining cash flows under the terms of the original loan.

Gross loans receivable at March 31, 2018 and 2017 consisted of the following:

		2018	2017
Small loans (U.S.)	$	**670,189,211**	630,802,614
Large loans (U.S.)		**334,041,731**	312,458,275
Sales finance loans (U.S.)[1]		**2,217**	54,247
Payroll deduct "Viva" loans (Mexico)[2]		**49,952,025**	69,087,314
Traditional installment loans (Mexico)		**50,929,608**	47,401,682
Total gross loans	$	**1,105,114,792**	1,059,804,132

[1] The Company decided to wind down the World Class Buying Club program during the third quarter of fiscal 2015. As of March 31, 2015, the Company is no longer financing the purchase of products through the program; however, the Company will continue to service the outstanding retail installment sales contracts.
[2] The Company stopped originations of this loan product in fiscal 2018.

Fees received and direct costs incurred for the origination of loans are deferred and amortized to interest income over the contractual lives of the loans using the interest method. Unamortized amounts are recognized in income at the time that loans are refinanced or paid in full except for those refinancings that do not constitute a more than minor modification.

Loans are carried at the gross amount outstanding, reduced by unearned interest and insurance income, net of deferred origination fees and direct costs and an allowance for loan losses. The Company recognizes interest and fee income using the interest method. Charges for late payments are credited to income when collected.

The Company generally offers its loans at the prevailing statutory rates for terms generally not to exceed 42 months. Management believes that the carrying value approximates the fair value of its loan portfolio.

Nonaccrual Policy

The accrual of interest is discontinued when a loan is 61 days or more past the contractual due date. When the interest accrual is discontinued, all unpaid accrued interest is reversed against interest income. While a loan is on nonaccrual status, interest revenue is recognized only when a payment is received. Once a loan moves to nonaccrual status, it remains in nonaccrual status until it is paid out, charged off or refinanced.

Allowance for Loan Losses

The Company maintains an allowance for loan losses in an amount that, in management's opinion, is adequate to provide for incurred losses inherent in the existing loan portfolio. The Company charges against current earnings, as a provision for loan losses, amounts added to the allowance to maintain it at levels expected to cover probable incurred losses of principal. When establishing the allowance for loan losses, the Company takes into consideration the growth of the loan portfolio, current levels of charge-offs, current levels of delinquencies, and current economic factors.

The Company uses a mathematical calculation to determine the initial allowance at the end of each reporting period. The calculation originated as management's estimate of future charge-offs and is used to allocate expenses to the branch level. There are two components when calculating the allowance for loan losses, which the Company refers to as the general reserve and the specific reserve. This calculation is a starting point and over time, and as needed, additional provisions have been added as determined by management to make the allowance adequate.

The general reserve is 4.25% of the gross loan portfolio. The specific reserve represents 100% of the gross loan balance of all loans 91 days or more days past due (151 days or more past due for payroll deduct loans) on a recency basis, including bankrupt accounts in that category. This methodology is based on historical data showing that the collection of loans 91 days or more past due and bankrupt accounts is remote.

A process is then performed to determine the adequacy of the allowance for loan losses, which considers trends in current levels of delinquencies, charge-off levels, and economic trends (such as energy and food prices). The primary tool used is the movement model (on a contractual and recency basis) which considers the rolling twelve months of delinquency to determine expected charge-offs. The sum of expected charge-offs, determined from the movement model (on a contractual and recency basis) plus the amount of delinquent refinancings is compared to the allowance resulting from the mathematical calculation to determine if any adjustments are needed to make the allowance adequate. Management would also determine if any adjustments are needed if the consolidated annual provision for loan losses is less than total charge-offs. Management uses a precision level of 5% of the allowance for loan losses compared to the aforementioned movement model when determining if any adjustments are needed.

The Company's policy is to charge off loans at the earlier of when such loans are deemed to be uncollectible or when six months have elapsed since the date of the last full contractual payment. The Company's charge-off policy has been consistently applied and no changes have been made during the periods reported. The Company's historical annual charge-off rate (net charge-offs as a percentage of average net loans receivable) for the past 10 years has ranged from 12.9% to 16.7% of net loans. Management considers the charge-off policy when evaluating the appropriateness of the allowance for loan losses.

FASB ASC Topic 310-30 prohibits carryover or creation of valuation allowances in the initial accounting of all loans acquired in a transfer that are within the scope of this authoritative literature. The Company believes that loans acquired since the adoption of FASB ASC Topic 310-30 have not shown evidence of deterioration of credit quality since origination, and therefore, are not within the scope of FASB ASC Topic 310-30.

Impaired Loans

The Company defines impaired loans as bankrupt accounts and accounts 91 days or more past due (151 days or more past due for payroll deduct loans). In accordance with the Company’s charge-off policy, once a loan is deemed uncollectible, 100% of the net investment is charged off, except in the case of a borrower who has filed for bankruptcy. As of March 31, 2018, bankrupt accounts that had not been charged off were approximately $5.9 million. Bankrupt accounts 91 days or more past due are reserved at 100% of the gross loan balance. The Company also considers accounts 91 days or more past due (151 days or more past due for payroll deduct loans) as impaired, and the accounts are reserved at 100% of the gross loan balance.

Delinquency is the primary credit quality indicator used to determine the credit quality of the Company's receivables (additional requirements from ASC 310-10 are disclosed in Note 2).

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is recorded using the straight-line method over the estimated useful life of the related asset as follows: buildings, 25 to 40 years; furniture and fixtures, 5 to 10 years; equipment, 3 to 7 years; and vehicles, 3 years. Amortization of leasehold improvements is recorded using the straight-line method over the lesser of the estimated useful life of the asset or the term of the lease. Additions to premises and equipment and major replacements or improvements are added at cost. Maintenance, repairs, and minor replacements are charged to operating expense as incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the consolidated statement of operations.

Operating Leases

The Company's branch leases typically have a lease term of three to five years and contain lessee renewal options and cancellation clauses in the event of regulatory changes. The Company typically renews its leases for one or more option periods. Accordingly, the Company amortizes its leasehold improvements over the shorter of their economic lives, which are generally five years, or the lease term that considers renewal periods that are reasonably assured.

Other Assets

Other assets include cash surrender value of life insurance policies, prepaid expenses, debt issuance costs and other deposits.

Intangible Assets and Goodwill

Intangible assets include the cost of acquiring existing customers ("customer lists"), and the fair value assigned to non-compete agreements. Customer lists are amortized on a straight line or accelerated basis over their estimated period of benefit, ranging from 8 to 23.0 years with a weighted average of approximately 12.9 years. Non-compete agreements are amortized on a straight line basis over the term of the agreement, ranging from 3 to 5.3 years with a weighted average of approximately 4.6 years.

Customer lists are allocated at a branch level and are evaluated for impairment at a branch level when a triggering event occurs, in accordance with FASB ASC Topic 360-10-05. If a triggering event occurs, the impairment loss to the customer list is generally the remaining unamortized customer list balance. In most acquisitions, the original fair value of the customer list allocated to a branch is less than $100,000, and management believes that in the event a triggering event were to occur, the impairment loss to an unamortized customer list would be immaterial.

Non-compete agreements are valued at the stated amount paid to the other party for these agreements, which the Company believes approximates the fair value. The fair value of the customer lists is based on a valuation model that utilizes the Company's historical data to estimate the value of any acquired customer lists. In a business combination, the remaining excess of the purchase price over the fair value of the tangible assets, customer list, and non-compete agreements is allocated to goodwill. The branches the Company acquires are small, privately-owned branches, which do not have sufficient historical data to determine customer attrition. The Company believes that the customers acquired have the same characteristics and perform similarly to its customers. Therefore, the Company utilized the attrition patterns of its customers when developing the estimate of attrition for acquired customers. This estimation method is re-evaluated periodically.

The Company evaluates goodwill annually for impairment in the fourth quarter of the fiscal year using the market value-based approach. The Company has two reporting units (U.S. and Mexico), and the Company has multiple components, the lowest level of which is individual branches. The Company's components are aggregated for impairment testing because they have similar economic characteristics.

Impairment of Long-Lived Assets

The Company assesses impairment of long-lived assets, including property and equipment and intangible assets, whenever changes or events indicate that the carrying amount may not be recoverable. The Company assesses impairment of these assets generally at the branch level based on the operating cash flows of the branch and the Company's plans for branch closings. The Company will write down such assets to fair value if, based on an analysis, the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets. The Company did not record any impairment charges for the fiscal year ended 2018, 2017, or 2016.

Fair Value of Financial Instruments

FASB ASC Topic 825 requires disclosures about the fair value of all financial instruments, regardless of whether the financial instrument is recognized on the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. The Company's financial instruments for the periods reported consist of the following: cash and cash equivalents, loans receivable and senior notes payable. Fair value approximates carrying value for all of these instruments.

Loans receivable are originated at prevailing market rates and have an average life of approximately 8 months. Given the short-term nature of these loans, they are continually repriced at current market rates. The Company's revolving credit facility has a variable rate based on a margin over LIBOR and reprices with any changes in LIBOR.

Insurance Premiums and Commissions

Insurance premiums for credit life, accident and health, property and unemployment insurance written in connection with certain loans, net of refunds and applicable advance insurance commissions retained by the Company, are remitted monthly to an insurance company. All commissions are credited to unearned insurance commissions and recognized as income over the life of the related insurance contracts. The Company recognizes insurance income using the Rule of 78s method for credit life (decreasing term), credit accident and health, unemployment insurance and the Pro Rata method for credit life (level term) and credit property.

Non-filing Insurance

Non-filing insurance premiums are charged on certain loans in lieu of recording and perfecting the Company's security interest in the assets pledged. The premiums and recoveries are remitted to a third party insurance company and are not reflected in the accompanying Consolidated Financial Statements (See Note 8).

Claims paid by the third party insurance company result in a reduction to loan losses. Certain losses related to such loans, which are not recoverable through life, accident and health, property, or unemployment insurance claims are reimbursed through non-filing insurance claims subject to policy limitations. Any remaining losses are charged to the allowance for loan losses.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. 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 effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment related to additional facts and circumstances occurs.

Earnings Per Share

Earnings per share ("EPS") is computed in accordance with FASB ASC Topic 260. Basic EPS includes no dilution and is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of securities that could share in the earnings of the Company. Potential common stock included in the diluted EPS computation consists of stock options and restricted stock, which are computed using the treasury stock method. See Note 11 for the reconciliation of the numerators and denominators for basic and dilutive EPS calculations.

Stock-Based Compensation

FASB ASC Topic 718-10 requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation issued to employees. FASB ASC Topic 718-10 does not change the accounting guidance for share-based payment transactions with parties other than employees provided in FASB ASC Topic 718-10. Under FASB ASC Topic 718-10, the way an award is classified will affect the measurement of compensation cost. Liability-classified awards are remeasured to fair value at each balance-sheet date until the award is settled. Equity-classified awards are measured at grant-date

fair value, amortized over the subsequent vesting period, and are not subsequently remeasured. The fair value of non-vested stock awards for the purposes of recognizing stock-based compensation expense is the market price of the stock on the grant date. The fair value of options is estimated on the grant date using the Black-Scholes option pricing model (see Note 12). At March 31, 2018, the Company had several share-based employee compensation plans, which are described more fully in Note 12.

Share Repurchases

On March 10, 2015, the Board of Directors authorized the Company to repurchase up to $25.0 million of the Company's common stock. As of March 31, 2018, the Company had $1.9 million in aggregate remaining repurchase capacity under the March 10, 2015 repurchase authorization. The timing and actual number of shares repurchased will depend on a variety of factors, including the stock price, corporate and regulatory requirements and other market and economic conditions. Although the repurchase authorization above has no stated expiration date, the Company's stock repurchase program may be suspended or discontinued at any time. The Company has not repurchased any shares of its common stock since the first quarter of fiscal 2018. At the time of this filing, it is uncertain if or when the Company will recommence share repurchases.

The Company continues to believe stock repurchases are a viable component of the Company's long-term financial strategy and an excellent use of excess cash when the opportunity arises. However, our amended credit facility limits share repurchases to 50% of consolidated adjusted net income in any fiscal year commencing with the fiscal year ending March 31, 2017. Our first priority is to ensure we have enough capital to fund loan growth. To the extent we have excess capital, we may resume repurchasing stock, if appropriate and as authorized by our Board of Directors. As of March 31, 2018 our debt outstanding was $244.9 million and our shareholders' equity was $541.1 million resulting in a debt-to-equity ratio of 0.5:1.0. We will continue to monitor our debt-to-equity ratio and are committed to maintaining a debt level that will allow us to continue to execute our business objectives, while not putting undue stress on our consolidated balance sheet.

Comprehensive Income

Total comprehensive income consists of net income and other comprehensive income (loss). The Company's other comprehensive income (loss) and accumulated other comprehensive income (loss) are composed of foreign currency translation adjustments.

Concentration of Risk

The Company generally serves individuals with limited access to other sources of consumer credit such as banks, credit unions, other consumer finance businesses and credit card lenders. During the year ended March 31, 2018, the Company operated in fifteen states in the United States as well as in Mexico. For the years ended March 31, 2018, 2017 and 2016, total revenue within the Company's four largest states (Texas, Georgia, Tennessee, and South Carolina) accounted for approximately 53%, 53% and 53%, respectively, of the Company's total revenues.

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.

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs were approximately $22.3 million, $17.9 million and $16.9 million for fiscal years 2018, 2017 and 2016, respectively.

Recently Adopted Accounting Standards

Improvements to Employee Share-Based Payment Accounting

In March 2016, the FASB issued Accounting Standards Update ("ASU") 2016-09, Improvements to Employee Share-Based Payment Accounting, which simplifies the accounting for share-based payment transactions, income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public companies the amendments in this ASU became effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2016. The Company adopted ASU No. 2016-09 as of April 1, 2017. Adoption of the guidance impacted the Company's accounting practices in the following ways:

- The Company elected to account for forfeitures as they occur, and, in accordance with the modified retrospective approach specified in ASU 2016-09, the Company recorded a cumulative effect reclassification between retained

earnings and additional paid-in capital as of the beginning of the adoption year of approximately $2.4 million. The reclassification was needed to reflect deferred tax expense incurred prior to adoption, which had historically been charged to additional paid-in capital, in retained earnings.

- The Company will recognize all excess tax benefits and deficiencies as income tax benefit or expense, respectively, in the income statement. The Company will recognize excess tax benefits or shortfalls regardless of whether the transaction reduces taxes payable in the current period. The Company did not record a cumulative adjustment related to this guidance, which is consistent with the prospective approach specified in ASU 2016-09.
- The Company will combine excess tax benefits from equity awards with other income tax cash flows and will classify such cash flows as an operating activity. The Company will classify cash paid when directly withholding shares for tax-withholding purposes as a financing activity. The Company will apply this guidance prospectively, as specified in ASU 2016-09.

The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

Recently Issued Accounting Standards to be Adopted

Scope of Modification Accounting

In May 2017, the FASB issued ASU No. 2017-09, Scope of Modification Accounting. The amendments in this Update provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. According to ASU No. 2017-09 an entity should account for the effects of a modification unless all the following are met:

1. The fair value of the modified award is the same as the fair value of the original award immediately before the original award is modified.
2. The vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified.
3. The classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the original award is modified.

The amendments in this Update are effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted. We have completed our evaluation and determined that the adoption of ASU 2017-09 will not have a material impact on our consolidated financial statements.

Simplifying the Test for Goodwill Impairment

In January 2017, the FASB issued ASU No. 2017-04, Simplifying the Test for Goodwill Impairment. ASU No. 2017-04 eliminates Step 2 from the goodwill impairment test. Instead, under the amendments in this Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. ASU No. 2017-04 also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. Therefore, the same impairment assessment applies to all reporting units. The amendments in this Update are effective for public entities who are SEC filers for fiscal years beginning after December 15, 2018. Early adoption is permitted. We are currently evaluating the impact the adoption of this guidance will have on our consolidated financial statements.

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses. The amendment seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For public business entities the amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are currently evaluating the impact the adoption of this guidance will have on our consolidated financial statements. The adoption of this ASU could have a material impact on the provision for loan losses in the consolidated statements of operations and allowance for loan losses in the consolidated balance sheets.

Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing

In April 2016, the FASB issued ASU No. 2016-10, Identifying Performance Obligations and Licensing. The amendments clarify the following two aspects of Topic 606: (a) identifying performance obligations; and (b) the licensing implementation guidance. The amendments do not change the core principle of the guidance in Topic 606. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements in Topic 606. Public entities should apply the amendments for annual reporting periods beginning after December 15, 2017, including interim reporting periods therein. Early application for public entities is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. We have completed our evaluation and concluded that the adoption of ASU 2016-10 will not have a material impact on our consolidated financial statements.

Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The ASU will require lessees to recognize assets and liabilities on leases with terms greater than 12 months and to disclose information related to the amount, timing and uncertainty of cash flows arising from leases, including various qualitative and quantitative requirements. The amendments of this ASU become effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2018. We are currently evaluating the impact the adoption of this guidance will have on our consolidated financial statements. We expect the standard to have an impact on our assets and liabilities for the addition of right-of-use assets and lease liabilities, but we do not expect it to have a material impact to our results of operations or liquidity.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued ASU 2016-01, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for the Company beginning in its first quarter of 2019 and early adoption is not permitted. We have completed our evaluation and determined that the adoption of ASU 2016-01 will not have a material impact on our consolidated financial statements.

Revenue from Contracts with Customers

In May 2014 the FASB issued ASU No. 2014-09, which supersedes the revenue recognition requirements Topic 605 (Revenue Recognition), and most industry-specific guidance. ASU No. 2014-09 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU No. 2014-09, as amended by ASU 2015-14 and ASU 2016-20, is effective for fiscal years, and interim periods, beginning after December 15, 2017, with early adoption permitted for annual reporting periods beginning after December 15, 2016. We have evaluated revenue from contracts with customers and have concluded that the new standard will not have a material impact on the Company's consolidated financial statements. We adopted this new guidance on its effective date, April 1 2018, using the modified retrospective method whereas prior periods are not restated.

We reviewed all other newly issued accounting pronouncements and concluded that they are either not applicable to our business or are not expected to have a material effect on the consolidated financial statements as a result of future adoption.

(2) Allowance for Loan Losses and Credit Quality Indicators

The following is a summary of the changes in the allowance for loan losses for the years ended March 31, 2018, 2017, and 2016:

	2018	2017	2016
Balance at beginning of period	**$ 72,194,892**	69,565,804	70,437,988
Provision for loan losses	**130,979,129**	128,572,162	123,598,318
Loan losses	**(138,808,839)**	(141,878,119)	(141,758,366)
Recoveries	**16,047,215**	16,519,929	18,196,110
Translation adjustment	**413,331**	(584,884)	(908,246)
Balance at end of period	**$ 80,825,728**	72,194,892	69,565,804

The following is a summary of loans individually and collectively evaluated for impairment for the periods indicated:

March 31, 2018	**Loans individually evaluated for impairment (impaired loans)**	**Loans collectively evaluated for impairment**	**Total**
Gross loans in bankruptcy, excluding contractually delinquent	**$ 4,627,599**	**—**	**4,627,599**
Gross loans contractually delinquent	**66,124,368**	**—**	**66,124,368**
Loans not contractually delinquent and not in bankruptcy	**—**	**1,034,362,825**	**1,034,362,825**
Gross loan balance	**70,751,967**	**1,034,362,825**	**1,105,114,792**
Unearned interest and fees	**(19,420,354)**	**(279,687,982)**	**(299,108,336)**
Net loans	**51,331,613**	**754,674,843**	**806,006,456**
Allowance for loan losses	**(46,900,686)**	**(33,925,042)**	**(80,825,728)**
Loans, net of allowance for loan losses	**$ 4,430,927**	**720,749,801**	**725,180,728**

March 31, 2017	Loans individually evaluated for impairment (impaired loans)	Loans collectively evaluated for impairment	Total
Gross loans in bankruptcy, excluding contractually delinquent	$ 4,903,728	—	4,903,728
Gross loans contractually delinquent	54,310,791	—	54,310,791
Loans not contractually delinquent and not in bankruptcy	—	1,000,589,613	1,000,589,613
Gross loan balance	59,214,519	1,000,589,613	1,059,804,132
Unearned interest and fees	(15,336,248)	(276,572,403)	(291,908,651)
Net loans	43,878,271	724,017,210	767,895,481
Allowance for loan losses	(39,182,951)	(33,011,941)	(72,194,892)
Loans, net of allowance for loan losses	$ 4,695,320	691,005,269	695,700,589

The average net balance of impaired loans was $49.1 million, $42.2 million and $41.2 million, respectively, for the years ended March 31, 2018, 2017 and 2016. It is not practicable to compute the amount of interest earned on impaired loans, nor is it practicable to compute the interest income recognized using the cash-basis method during the period such loans are impaired.

The following is an assessment of the credit quality for the fiscal years indicated:

	March 31, 2018	March 31, 2017
Credit risk		
Consumer loans- non-bankrupt accounts	**$ 1,099,180,684**	1,053,769,654
Consumer loans- bankrupt accounts	**5,934,108**	6,034,478
Total gross loans	**$ 1,105,114,792**	1,059,804,132
Consumer credit exposure		
Credit risk profile based on payment activity, performing	**$ 1,007,372,253**	977,171,570
Contractual non-performing, 61 days or more delinquent [1]	**97,742,539**	82,632,562
Total gross loans	**$ 1,105,114,792**	1,059,804,132
Credit risk profile based on customer type		
New borrower	**$ 160,791,141**	168,656,845
Former borrower	**115,141,944**	108,100,688
Refinance	**811,726,005**	765,373,325
Delinquent refinance	**17,455,702**	17,673,274
Total gross loans	**$ 1,105,114,792**	1,059,804,132

1) Loans in non-accrual status

The following is a summary of the past due receivables as of:

	March 31, 2018	March 31, 2017	March 31, 2016
Contractual basis:			
30-60 days past due	**$ 36,372,504**	35,527,103	40,094,824
61-90 days past due	**27,907,869**	25,823,757	27,082,385
91 days or more past due	**69,834,670**	56,808,805	48,495,405
Total	**$ 134,115,043**	118,159,665	115,672,614
Percentage of period-end gross loans receivable	**12.1%**	11.1%	10.8%

(3) Property and Equipment

Property and equipment consist of:

	March 31, 2018	March 31, 2017
Land	**$ 576,977**	576,977
Building and leasehold improvements	**23,281,882**	21,410,067
Furniture and equipment	**48,733,632**	44,377,741
	72,592,491	66,364,785
Less accumulated depreciation and amortization	**(47,001,073)**	(42,180,578)
Total	**$ 25,591,418**	24,184,207

Depreciation expense was approximately $7.3 million, $6.9 million and $6.5 million for the years ended March 31, 2018, 2017 and 2016, respectively.

(4) Intangible Assets

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

	March 31, 2018			March 31, 2017		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Intangible Asset**	Gross Carrying Amount	Accumulated Amortization	Net Intangible Asset
Cost of customer lists	**$ 27,494,510**	**(21,098,875)**	**6,395,635**	$ 26,678,992	(20,161,116)	6,517,876
Value assigned to non-compete agreements	**8,629,643**	**(8,380,977)**	**248,666**	8,424,644	(8,328,338)	96,306
Total	**$ 36,124,153**	**(29,479,852)**	**6,644,301**	$ 35,103,636	(28,489,454)	6,614,182

The estimated amortization expense for intangible assets for future years ended March 31 is as follows: $1.0 million for 2019; $1.0 million for 2020; $1.0 million for 2021; $0.9 million for 2022; $0.9 million for 2023; and an aggregate of $1.8 million for the years thereafter.

(5) Goodwill

The following summarizes the changes in the carrying amount of goodwill for the years ended March 31, 2018 and 2017:

	2018	2017
Balance at beginning of year:		
Goodwill	**$ 6,146,851**	6,146,851
Accumulated goodwill impairment losses	**(79,631)**	(25,393)
Goodwill, net	**$ 6,067,220**	6,121,458
Goodwill acquired during the year[1]	**$ 967,243**	—
Impairment losses	**—**	(54,238)
Balance at end of year:		
Goodwill	**$ 7,114,094**	6,146,851
Accumulated goodwill impairment losses	**(79,631)**	(79,631)
Goodwill, net	**$ 7,034,463**	6,067,220

[1] On February 28, 2017, the Company completed an acquisition of fourteen branches from Mathes Management Enterprises, Inc. As of March 31, 2017 the accounting related to this acquisition was preliminary as allowed by FASB ASC Topic 805-10-25. During the twelve months ended March 31, 2018 the Company made an adjustment to the fair value of the customer lists and goodwill related to the purchase, which resulted in the Company's recording approximately $1.0 million of goodwill and a corresponding reduction of the amount previously allocated to customer lists.

The Company performed an annual impairment test during the fourth quarters of fiscal 2018 and 2017 and determined that none of the recorded goodwill was impaired. However, the Company did merge one branch during fiscal 2017 that had goodwill associated with it. The goodwill associated with that branch, which was immaterial on a consolidated level, was written off.

(6) Notes Payable

Senior Notes Payable; Revolving Credit Facility

At March 31, 2018 the Company's notes payable consist of a $480.0 million senior revolving credit facility with borrowings of $244.9 million outstanding and $0.3 million standby letters of credit related to workers compensation outstanding. To the extent

that the letter of credit is drawn upon, the disbursement will be funded by the credit facility. There are no amounts due related to the letters of credit as of March 31, 2018, and they expire on December 31, 2018. The letters of credit are automatically extended for one year on the expiration date. Subject to a borrowing base formula, the Company may borrow at the rate of LIBOR plus 4.0% with a minimum of 5.0%. For the years ended March 31, 2018, 2017 and 2016 the Company's effective interest rate, including the commitment fee, was 6.0%, 5.8%, and 5.6% respectively, and the unused amount available under the revolver at March 31, 2018 was $234.8 million. The revolving credit facility has a commitment fee of 0.50% per annum on the unused portion of the commitment. Borrowings under the revolving credit facility mature on June 15, 2019.

Substantially all of the Company's assets, excluding the assets of the Company's Mexican subsidiaries, are pledged as collateral for borrowings under the revolving credit agreement.

Debt Covenants

The agreement governing the Company's revolving credit facility contains affirmative and negative covenants, including covenants that restrict the ability of the Company and its subsidiaries to, among other things, incur or guarantee indebtedness, incur liens, pay dividends and repurchase or redeem capital stock, dispose of assets, engage in mergers and consolidations, make acquisitions or other investments, redeem or prepay subordinated debt, amend subordinated debt documents, make changes in the nature of its business, and engage in transactions with affiliates. The agreement also contains financial covenants, including a minimum consolidated net worth of $330.0 million plus 50% of the borrower's consolidated net income for each fiscal year beginning with 2017, a minimum fixed charge coverage ratio of 2.5 to 1.0, a maximum ratio of total debt to consolidated adjusted net worth of 2.0 to 1.0, and a maximum ratio of subordinated debt to consolidated adjusted net worth of 1.0 to 1.0. The agreement allows the Company to incur subordinated debt that matures after the termination date for the revolving credit facility and that contains specified subordination terms, subject to limitations on amount imposed by the financial covenants under the agreement.

In addition, the agreement establishes a maximum specified level for the collateral performance indicator.

The collateral performance indicator is equal to the sum of (a) a three-month rolling average rate of receivables at least sixty days past due and (b) an eight-month rolling average net charge-off rate. The Company was in compliance with these covenants at March 31, 2018 and does not believe that these covenants will materially limit its business and expansion strategy.

The agreement contains events of default including, without limitation, nonpayment of principal, interest or other obligations, violation of covenants, misrepresentation, cross-default to other debt, bankruptcy and other insolvency events, judgments, certain ERISA events, actual or asserted invalidity of loan documentation, invalidity of subordination provisions of subordinated debt, certain changes of control of the Company, and the occurrence of certain regulatory events (including the entry of any stay, order, judgment, ruling or similar event related to the Company's or any of its subsidiaries' originating, holding, pledging, collecting or enforcing its eligible finance receivables that is material to the Company or any subsidiary) which remains unvacated, undischarged, unbonded or unstayed by appeal or otherwise for a period of 60 days from the date of its entry and is reasonably likely to cause a material adverse change. If it is determined that a violation of the FCPA has occurred, as described in Note 16, such violation may give rise to an event of default under the agreement if such violation were to have a material adverse effect on the Company's business, operations, properties, assets, or condition (financial or otherwise) or if the amount of any settlement, penalties, fines or other payments resulted in the Company failing to satisfy any financial covenants.

Debt Maturities

As of March 31, 2018, the aggregate annual maturities of the notes payable for each of the five fiscal years subsequent to March 31, 2018 were as follows:

2019	$	—
2020		244,900,000
2021		—
2022		—
2023		—
Total future debt payments	$	244,900,000

(7) Insurance and Other Income

Insurance and other income for the years ending March 31, 2018, 2017 and 2016 consist of:

	2018	2017	2016
Insurance revenue	$ **41,959,092**	40,848,245	43,346,884
Tax return preparation revenue	**16,801,909**	14,695,633	11,920,669
Auto club membership revenue	**3,373,023**	2,515,282	2,516,634
World Class Buying Club revenue	**—**	136	1,410
Net loss on sale of loans receivable	**—**	—	(1,572,536)
Other	**4,837,833**	4,916,166	6,129,210
Insurance and other income	$ **66,971,857**	62,975,462	62,342,271

The Company has a wholly-owned, captive insurance subsidiary that reinsures a portion of the credit insurance sold in connection with loans made by the Company. Certain coverages currently sold by the Company on behalf of the unaffiliated insurance carrier are ceded by the carrier to the captive insurance subsidiary, providing the Company with an additional source of income derived from the earned reinsurance premiums. Insurance premiums are ceded to the reinsurance subsidiary as written and revenue is recognized over the life of the related insurance contracts. As of March 31, 2018, 2017 and 2016, the amount of net written premiums were $6.2 million, $4.5 million and $3.6 million, respectively, and the amount of earned premiums were $5.3 million, $4.0 million, and $1.7 million, respectively.

The Company maintains a cash reserve for claims in an amount determined by the ceding company, and as of March 31, 2018 and 2017, the cash reserves were $4.9 million and $3.6 million, respectively.

(8) Non-filing Insurance

The Company maintains non-filing insurance coverage with an unaffiliated insurance company. The following is a summary of the non-filing insurance activity for the years ended March 31, 2018, 2017 and 2016:

	2018	2017	2016
Insurance premiums written	$ **5,987,538**	5,673,653	6,197,928
Recoveries on claims paid	$ **1,093,396**	1,165,092	1,125,524
Claims paid	$ **6,540,136**	6,312,511	6,884,185

(9) Leases

The Company conducts most of its operations from leased facilities, except for its owned corporate office building. The Company's leases typically have a lease term of three to five years and contain lessee renewal options. A majority of the leases provide that the lessee pays property taxes, insurance and common area maintenance costs. It is expected that in the normal course of business, expiring leases will be renewed at the Company's option or replaced by other leases or acquisitions of other properties. All of the Company's leases are operating leases.

The future minimum lease payments under noncancelable operating leases as of March 31, 2018, are as follows:

2019	$ 25,915,335
2020	16,842,025
2021	8,318,381
2022	2,564,790
2023	1,069,186
Thereafter	36,421
Total future minimum lease payments	$ 54,746,138

Rental expense for cancelable and noncancelable operating leases for the years ended March 31, 2018, 2017 and 2016, was approximately $28.1 million, $26.9 million and $27.1 million, respectively.

(10) Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "TCJA"). The TCJA included significant changes to existing tax law, including a permanent reduction to the U.S. federal corporate income tax rate from 35% to 21%, a one-time repatriation tax on deferred foreign income ("Transition Tax"), deductions, credits and business-related exclusions.

The permanent reduction to the U.S. federal corporate income tax rate from 35 % to 21% was effective January 1, 2018. When a federal tax rate changes during a fiscal year, the Internal Revenue Code requires taxpayers to compute a weighted daily average rate for the fiscal year of enactment. As a result, the Company has calculated a U.S. federal statutory corporate income tax rate of 31.55% for the fiscal year ended March 31, 2018. The U.S. corporate federal statutory rate of 31.55% is the weighted daily average rate between the pre-enactment federal statutory rate of 35% and the post-enactment federal statutory rate of 21%.

The impact of changes in federal tax rates on deferred tax amounts and the effect of the Transition Tax are significant unusual or infrequent items which are recognized as discrete items in the Company's income tax expense in the period in which the event occurs. The Company recorded $10.5 million as a provisional amount related to the net impact of revaluing the U.S. deferred tax assets and liabilities in the third quarter of fiscal 2018. The final calculation related to the net impact of revaluing the U.S. deferred tax assets and liabilities resulted in an immaterial reduction in the provisional amount. The Company has recorded an increase in tax expense of $4.9 million related to the foreign "Transition Tax" during the final quarter of fiscal 2018.

Income tax expense (benefit) consists of:

	Current	Deferred	Total
Year ended March 31, 2018			
U.S. Federal	**$ 32,398,898**	**12,073,220**	**44,472,118**
State and local	**3,191,525**	**94,165**	**3,285,690**
Foreign	**3,138,632**	**(3,381,953)**	**(243,321)**
	$ 38,729,055	**8,785,432**	**47,514,487**
Year ended March 31, 2017			
U.S. Federal	$ 34,930,677	(14,658)	34,916,019
State and local	3,215,621	25,852	3,241,473
Foreign	3,144,625	(905,280)	2,239,345
	$ 41,290,923	(894,086)	40,396,837
Year ended March 31, 2016			
U.S. Federal	$ 44,781,123	(839,117)	43,942,006
State and local	4,866,596	169,985	5,036,581
Foreign	1,630,565	(116,245)	1,514,320
	$ 51,278,284	(785,377)	50,492,907

Income tax expense was $47.5 million, $40.4 million and $50.5 million, for the years ended March 31, 2018, 2017 and 2016, respectively, and differed from the amounts computed by applying the U.S. federal income tax rate of 31.55% for fiscal 2018 and 35% for fiscal years 2017 and 2016 to pretax income from continuing operations as a result of the following:

	2018	2017	2016
Expected income tax	**$ 31,930,021**	39,898,996	48,260,962
Increase (reduction) in income taxes resulting from:			
State tax, net of federal benefit	**2,249,055**	2,106,957	3,273,778
Revalue deferred tax assets and liabilities	**10,516,827**	—	—
Foreign transition tax	**4,854,640**	—	—
Uncertain tax positions	**(340,993)**	(1,015,222)	1,624,865
State tax adjustment for amended returns	**—**	238,301	(370,659)
Foreign income adjustments	**5,483**	(332,023)	(257,873)
Other, net	**(1,700,546)**	(500,172)	(2,038,166)
	$ 47,514,487	40,396,837	50,492,907

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at March 31, 2018 and 2017 are presented below:

	2018	2017
Deferred tax assets:		
Allowance for loan losses	**$ 24,177,241**	28,125,727
Unearned insurance commissions	**8,711,298**	12,419,811
Accrued expenses primarily related to employee benefits	**8,470,247**	15,849,041
Reserve for uncollectible interest	**795,259**	1,125,188
Foreign tax credit carryforward	**3,254,926**	—
Other	**1,007,786**	—
Gross deferred tax assets	**46,416,757**	57,519,767
Less valuation allowance	**(3,256,200)**	(1,274)
Net deferred tax assets	**43,160,557**	57,518,493
Deferred tax liabilities:		
Fair value adjustment for loans receivable	**(6,556,078)**	(9,450,239)
Property and equipment	**(2,483,487)**	(3,560,296)
Intangible assets	**(1,592,173)**	(2,341,393)
Deferred net loan origination costs	**(1,402,733)**	(1,985,387)
Prepaid expenses	**(886,449)**	(977,906)
Other	**—**	(178,203)
Gross deferred tax liabilities	**(12,920,920)**	(18,493,424)
Deferred income taxes, net	**$ 30,239,637**	39,025,069

The valuation allowance for deferred tax assets as of March 31, 2018, and 2017 was $3.3 million and $1,274, respectively. The valuation allowance against the total deferred tax assets as of March 31, 2018 consisted of $1,274 related to state of Colorado net operating losses in the amount of $54,318, which expire in 2025, and a foreign tax credit carryforward of $3.3 million, arising in relation to the Section 965 calculation ("Transition Tax") during the current fiscal year. The Company does not expect to generate enough foreign source income in future tax years to realize this tax attribute.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. In order to fully realize the deferred tax asset, the Company will need to generate future taxable income prior to the expiration of the deferred tax assets governed by the tax code. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the related temporary differences are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at March 31, 2018. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

The Company is expecting the Mexican subsidiaries to pay the U.S. company a dividend during fiscal 2019. As a result, the Company will no longer claim permanent reinvestment in the respective foreign jurisdiction. At March 31, 2018, because of the Transition Tax, the Company's tax basis in the Mexican subsidiaries is greater than its book basis; therefore, there is no taxable temporary difference.

As of March 31, 2018, 2017 and 2016, the Company had $8.8 million, $8.9 million and $10.7 million of total gross unrecognized tax benefits including interest, respectively. Of these totals, approximately $6.9 million, $7.2 million and $8.2 million,

respectively, represents the amount of net unrecognized tax benefits that are permanent in nature and, if recognized, would affect the annual effective tax rate.

A reconciliation of the beginning and ending amount of unrecognized tax benefits at March 31, 2018, 2017 and 2016 are presented below:

	2018	2017	2016
Unrecognized tax benefit balance beginning of year	**$ 7,264,966**	9,395,413	7,621,327
Gross increases (decreases) for tax positions of current year	**166,375**	(237,746)	783,265
Gross increases for tax positions of prior years	**8,228**	637,166	1,798,505
Settlements with tax authorities	**—**	(2,403,982)	—
Lapse of statute of limitations	**(493,340)**	(125,885)	(807,684)
Unrecognized tax benefit balance end of year	**$ 6,946,229**	7,264,966	9,395,413

At March 31, 2018, approximately $4.2 million of gross unrecognized tax benefits are expected to be resolved during the next 12 months through settlements with taxing authorities or the expiration of the statute of limitations. The Company's continuing practice is to recognize interest and penalties related to income tax matters in income tax expense. As of March 31, 2018, 2017 and 2016, the Company had $1.9 million, $1.6 million and $1.3 million accrued for gross interest, respectively, of which $0.4 million, $0.7 million, and $0.6 million represented the current period expense for the periods ended March 31, 2018, 2017, and 2016.

The Company is subject to U.S. and Mexican income taxes, as well as various other state and local jurisdictions. With the exception of a few states, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2013, although carryforward attributes that were generated prior to 2013 may still be adjusted upon examination by the taxing authorities if they either have been or will be used in a future period.

(11) Earnings Per Share

The following is a reconciliation of the numerators and denominators of the basic and diluted EPS calculations:

	For the year ended March 31, 2018		
	Income (Numerator)	**Shares (Denominator)**	**Per Share Amount**
Basic EPS			
Income available to common shareholders	**$ 53,690,018**	**8,791,168**	**$ 6.11**
Effect of dilutive securities options and restricted stock	**—**	**167,508**	
Diluted EPS			
Income available to common shareholders including dilutive securities	**$ 53,690,018**	**8,958,676**	**$ 5.99**

	For the year ended March 31, 2017		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS			
Income available to common shareholders	$ 73,600,294	8,705,658	$ 8.45
Effect of dilutive securities options and restricted stock	—	72,386	
Diluted EPS			
Income available to common shareholders including dilutive securities	$ 73,600,294	8,778,044	$ 8.38

	For the year ended March 31, 2016		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS			
Income available to common shareholders	$ 87,395,557	8,636,269	$ 10.12
Effect of dilutive securities options and restricted stock	—	55,922	
Diluted EPS			
Income available to common shareholders including dilutive securities	$ 87,395,557	8,692,191	$ 10.05

Options to purchase 299,455, 733,053 and 825,505 shares of common stock at various prices were outstanding during the years ended March 31, 2018, 2017 and 2016, respectively, but were not included in the computation of diluted EPS because the option exercise price was antidilutive.

(12) Benefit Plans

Retirement Plan

The Company provides a defined contribution employee benefit plan (401(k) plan) covering full-time employees, whereby employees can invest up to the maximum designated for that year. The Company matches 50% of each employee's contributions up to the first 6% of the employee's eligible compensation, providing a maximum employer contribution of 3% of compensation. The Company's expense under this plan was $1,358,148, $1,377,371 and $1,453,468, for the years ended March 31, 2018, 2017 and 2016, respectively.

Supplemental Executive Retirement Plan

The Company has instituted a Supplemental Executive Retirement Plan (“SERP”), which is a non-qualified executive benefit plan in which the Company agrees to pay the executive additional benefits in the future, usually at retirement, in return for continued employment by the executive. The SERP is an unfunded plan, and as such, there are no specific assets set aside by the Company in connection with the establishment of the plan. The executive has no rights under the agreement beyond those of a general creditor of the Company. In May 2009 the Company instituted a second Supplemental Executive Retirement Plan to provide to one executive the same type of benefits as are in the original SERP but for which he would not have qualified due to age. This second SERP is also an unfunded plan with no specific assets set aside by the Company in connection with the plan. For the years ended March 31, 2018, 2017 and 2016, contributions of $750,669, $618,013 and $1,796,998, respectively, were charged to expense related to the SERP. The unfunded liability was $8,258,550, $8,447,283 and $8,886,195, as of March 31, 2018, 2017 and 2016, respectively.

For the three years presented, the unfunded liability was estimated using the following assumptions: an annual salary increase of 3.5% for all 3 years; a discount rate of 6.0% for all 3 years; and a retirement age of 65.

Executive Deferred Compensation Plan

The Company has an Executive Deferral Plan. Eligible executives and directors may elect to defer all or a portion of their incentive compensation to be paid under the Executive Deferral Plan. As of March 31, 2018 and 2017 no executive or director had deferred compensation under this plan.

Stock Option Plans

The Company has a 2002 Stock Option Plan, a 2005 Stock Option Plan, a 2008 Stock Option Plan, a 2011 Stock Option Plan and a 2017 Stock Incentive Plan for the benefit of certain directors, officers, and key employees. Under these plans, a total of 4,950,000 shares of authorized common stock have been reserved for issuance pursuant to grants approved by the Compensation and Stock Option Committee of the Board of Directors. Stock options granted under these plans have a maximum duration of ten years, may be subject to certain vesting requirements, which are generally three to five years for officers, directors, and key employees, and are priced at the market value of the Company's common stock on the grant date of the option. At March 31, 2018 there were a total of 1,258,427 shares available for grant under the plans.

Stock-based compensation is recognized as provided under FASB ASC Topic 718-10 and FASB ASC Topic 505-50. FASB ASC Topic 718-10 requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense over the requisite service period (generally the vesting period) in the consolidated financial statements based on their grant date fair values. The Company has applied the Black-Scholes valuation model in determining the grant date fair value of the stock option awards. Compensation expense is recognized only for those options expected to vest.

The weighted-average fair value at the grant date for options issued during the years ended March 31, 2018, 2017 and 2016 was $39.49, $22.25 and $10.82 per share, respectively. This fair value was estimated at grant date using the weighted-average assumptions listed below.

	2018	2017	2016
Dividend yield	**0%**	0%	0%
Expected volatility	**52.97%**	48.90%	41.41%
Average risk-free interest rate	**1.98%**	1.20%	1.38%
Expected life	**5.0 years**	5.0 years	5.0 years

The expected stock price volatility is based on the historical volatility of the Company’s stock for a period approximating the expected life. The expected life represents the period of time that options are expected to be outstanding after the grant date. The risk-free rate reflects the interest rate at grant date on zero coupon U.S. governmental bonds having a remaining life similar to the expected option term.

Option activity for the year ended March 31, 2018 was as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding, beginning of year	860,741	$ 67.28		
Granted	58,070	83.33		
Exercised	(389,888)	64.95		
Forfeited	(16,675)	63.73		
Expired	(14,520)	81.08		
Options outstanding, end of period	497,728	$ 70.69	5.95	$ 17,227,283
Options exercisable, end of period	297,395	$ 72.22	4.71	$ 9,837,009

The aggregate intrinsic value reflected in the table above represents the total pre-tax intrinsic value (the difference between the closing stock price on March 31, 2018 and the exercise price, multiplied by the number of in-the-money options) that would have been received by option holders had all option holders exercised their options as of March 31, 2018. This amount will change as the stock's market price changes. The total intrinsic value of options exercised during the periods ended March 31, 2018, 2017 and 2016 was as follows:

2018	2017	2016
$12,336,156	$661,164	$2,445,011

As of March 31, 2018, total unrecognized stock-based compensation expense related to non-vested stock options amounted to approximately $2.5 million, which is expected to be recognized over a weighted-average period of approximately 2.1 years.

Restricted Stock

During fiscal 2018, the Company granted 24,456 shares of restricted stock (which are equity classified), to certain executive officers, with a grant date weighted average fair value of $107.52. One-third of these awards will vest each October 1 over the next three years.

During fiscal 2014 and 2013 the Company granted 8,590 and 70,800 Group A performance based restricted stock awards to certain officers. Group A awards vested on April 30, 2015 based on the Company's achievement of the following performance goals as of March 31, 2015:

EPS Target	Restricted Shares Eligible for Vesting (Percentage of Award)
$10.29	100%
$9.76	67%
$9.26	33%
Below $9.26	0%

During fiscal 2014 and 2013 the Company granted 56,660 and 443,700 Group B performance based restricted stock awards to certain officers. As of March 31, 2018 no Group B awards remain unforfeited and outstanding. Group B awards would have vested as follows, if the Company achieved the following performance goals during any successive trailing four quarters during the measurement period ending on March 31, 2017:

Trailing 4 quarter EPS Target	Restricted Shares Eligible for Vesting (Percentage of Award)
$13.00	25%
$14.50	25%
$16.00	25%
$18.00	25%

During fiscal 2016 the Company determined that the earnings per share targets associated with the Group B stock awards were not achievable during the measurement period which ended on March 31, 2017. Subsequently, the Compensation and Stock Option Committee of the Board of Directors amended the awards allowing 25% of the Group B awards to vest for certain officers. The officers were required to forfeit their remaining Group B shares as a part of the amendment. FASB Topic ASC 718 defines a grant modification as a change in any of the terms or conditions of a stock-based compensation award to include accelerated vesting. The Company determined that since the Group B awards would not have otherwise vested pre-modification, the accelerated vesting qualified as a Type III modification. During the year ended March 31, 2016, the Company released approximately $9.7 million of compensation expense associated with the Group B awards, including $2.9 million related to the Type III modification.

Compensation expense related to restricted stock is based on the number of shares expected to vest and the fair market value of the common stock on the grant date. The Company recognized compensation expense of $3.1 million, $1.6 million and a net reduction in compensation expense of $8.0 million for the years ended March 31, 2018, 2017 and 2016, respectively, which is included as a component of general and administrative expenses in the Company's Consolidated Statements of Operations.

As of March 31, 2018, there was approximately $3.2 million of unrecognized compensation cost related to unvested restricted stock awards, which is expected to be recognized over the next 2.3 years based on current estimates.

A summary of the status of the Company’s restricted stock as of March 31, 2018 and changes during the year ended March 31, 2018, are presented below:

	Shares	Weighted Average Fair Value at Grant Date
Outstanding at March 31, 2017	111,361	$ 43.11
Granted during the period	24,456	107.52
Vested during the period	(60,787)	41.38
Forfeited during the period	(1,220)	51.41
Outstanding at March 31, 2018	73,810	$ 65.74

Total share-based compensation included as a component of net income during the years ended March 31, 2018, 2017 and 2016 was as follows:

	2018	2017	2016
Share-based compensation related to equity classified units:			
Share-based compensation related to stock options	**$ 2,353,214**	3,490,662	3,965,463
Share-based compensation related to restricted stock	**3,081,405**	1,604,257	(8,033,213)
Total share-based compensation related to equity classified awards	**$ 5,434,619**	5,094,919	(4,067,750)

(13) Acquisitions

The Company evaluates each set of assets and activities it acquires to determine if the set meets the definition of a business according to FASB ASC Topic 805-10-55. Acquisitions meeting the definition of a business are accounted for as business combinations while all other acquisitions are accounted for as asset purchases.

The following table sets forth the acquisition activity of the Company for the years ended March 31, 2018, 2017 and 2016:

	2018	2017	2016
Number of branches acquired through business combinations	**5**	14	—
Number of asset purchases	**34**	—	1
Total acquisitions	**39**	14	1
Purchase price	**$ 17,574,172**	20,836,699	173,628
Tangible assets:			
Loans receivable, net	**15,583,411**	16,617,242	92,097
Property and equipment	**3,000**	86,214	—
	15,586,411	16,703,456	92,097
Excess of purchase prices over carrying value of net tangible assets	**$ 1,987,761**	4,133,243	81,531
Customer lists [1]	**$ 815,518**	4,063,243	76,531
Non-compete agreements	**205,000**	70,000	5,000
Goodwill [1]	**967,243**	—	—

[1] On February 28, 2017, the Company completed an acquisition of fourteen branches from Mathes Management Enterprises, Inc. As of March 31, 2017 the accounting related to this acquisition was preliminary as allowed by FASB ASC Topic 805-10-25. During the twelve months ended March 31, 2018 the Company made an adjustment to the fair value of the customer lists and goodwill related to the purchase, which resulted in the Company's recording approximately $1.0 million of goodwill and a corresponding reduction of the amount previously allocated to customer lists.

Acquisitions that are accounted for as business combinations typically result in one or more new branches. In such cases, the Company typically retains the existing employees and the branch location from the acquisition. The purchase price is allocated to the tangible assets and intangible assets acquired based upon their estimated fair market values at the acquisition date. The remainder is allocated to goodwill. During the year ended March 31, 2018 the Company acquired five branches through three business combinations, as described below.

Acquisitions that are accounted for as asset purchases are typically limited to acquisitions of loan portfolios. The purchase price is allocated to the tangible assets and intangible assets acquired based upon their estimated fair market values at the acquisition date. In an asset purchase, no goodwill is recorded. During the year ended March 31, 2018, the Company recorded 34 acquisitions as asset purchases, as described below.

The Company’s acquisitions include tangible assets (generally loans and furniture and equipment) and intangible assets (generally non-compete agreements, customer lists, and goodwill), both of which are recorded at their fair values, which are estimated pursuant to the processes described below.

Acquired loans are valued at the net loan balance. Given the short-term nature of these loans, generally 8 months, and that these loans are priced at current rates, management believes the net loan balances approximate their fair value.

Furniture and equipment are valued at the specific purchase price as agreed to by both parties at the time of acquisition, which management believes approximates their fair values.

Non-compete agreements are valued at the stated amount paid to the other party for these agreements, which the Company believes approximates the fair value.

Customer lists are valued with a valuation model that utilizes the Company's historical data to estimate the value of any acquired customer lists. Customer lists are allocated at a branch level and are evaluated for impairment at a branch level when a triggering event occurs in accordance with FASB ASC Topic 360-10-05. If a triggering event occurs, the impairment loss to the customer list is generally the remaining unamortized customer list balance. In most acquisitions, the original fair value of the customer list allocated to an office is less than $100,000, and management believes that in the event a triggering event were to occur, the impairment loss to an unamortized customer list would be immaterial.

In a business combination, the remaining excess of the purchase price over the fair value of the tangible assets, customer lists, and non-compete agreements is allocated to goodwill.

On February 15, 2018, the Company completed an acquisition of three branches and nine loan portfolios from Community Finance and Loans, LLC. The acquisition is consistent with the Company's strategy of expansion in areas where demographic profiles and state regulations are attractive. The acquired branches are located in Georgia, and all acquired loan portfolios are located in Georgia and Alabama. Based on its evaluation of the agreement consistent with the framework described above, the Company accounted for the acquisition of the three branches as a business combination and the acquisition of the nine loan portfolios as an asset purchase. In conjunction with the acquisition, the Company allocated the purchase price and intangible assets among the acquired branches (and destination branches in the case of loan portfolios) based on the fair values of their respective acquired assets. The Company recorded no goodwill in its accounting for this acquisition.

On October 23, 2017, the Company completed an acquisition of one loan portfolio from 1st Fidelity Loans. The acquisition is consistent with the Company's strategy of expansion in areas where demographic profiles and state regulations are attractive. The acquired loan portfolio is located in the state of Alabama. Based on its evaluation of the agreement consistent with the framework described above, the Company accounted for the acquisition of the loan portfolio as an asset purchase. In conjunction with the acquisition, the Company assigned the entire purchase price and intangible assets to the destination branch. The Company recorded no goodwill in its accounting for this acquisition.

On September 8, 2017, the Company completed an acquisition of one branch and fifteen loan portfolios from Sun Loan Company Tennessee, Inc., Sun Loan Company New Mexico #3, Inc., and Sun Loan Company Oklahoma Number 3, Inc. The acquisition is consistent with the Company's strategy of expansion in areas where demographic profiles and state regulations are attractive. The acquired branch is located in Tennessee, and all acquired loan portfolios are located in the states of Tennessee, New Mexico, and Oklahoma. Based on its evaluation of the agreement consistent with the framework described above, the Company accounted for the acquisition of the branch as a business combination and the acquisition of the fifteen loan portfolios as an asset purchase. In conjunction with the acquisition, the Company allocated the purchase price and intangible assets among the acquired branch (and destination branches in the case of loan portfolios) based on the fair values of their respective acquired assets. The Company recorded no goodwill in its accounting for this acquisition.

On August 23, 2017, the Company completed an acquisition of one loan portfolio from Alpha Credit of Rockmart LLC. The acquisition is consistent with the Company's strategy of expansion in areas where demographic profiles and state regulations are attractive. The acquired loan portfolio is located in the state of Georgia. Based on its evaluation of the agreement consistent with the framework described above, the Company accounted for the acquisition of the loan portfolio as an asset purchase. In conjunction with the acquisition, the Company assigned the entire purchase price and intangible assets to the destination branch. The Company recorded no goodwill in its accounting for this acquisition.

On July 7, 2017, the Company completed an acquisition of one loan portfolio from Sun Loan Company Missouri, Inc. The acquisition is consistent with the Company's strategy of expansion in areas where demographic profiles and state regulations are attractive. The acquired loan portfolio is located in the state of Missouri. Based on its evaluation of the agreement consistent with the framework described above, the Company accounted for the acquisition of the loan portfolio as an asset purchase. In conjunction with the acquisition, the Company assigned the entire purchase price and intangible assets to the destination branch. The Company recorded no goodwill in its accounting for this acquisition.

On May 8, 2017, the Company completed an acquisition of two branches and eight loan portfolios from Texan Credit Corporation. The acquisition is consistent with the Company's strategy of expansion in areas where demographic profiles and state regulations are attractive. All acquired branches and loan portfolios are located in the state of Texas. Based on its evaluation of the agreement consistent with the framework described above, the Company accounted for the acquisition of the two branches as a business combination and the acquisition of the eight loan portfolios as an asset purchase. In conjunction with the acquisition, the Company allocated the purchase price and intangible assets among the acquired branches (and destination branches in the case of loan portfolios) based on the fair values of their respective acquired assets. The Company recorded no goodwill in its accounting for this acquisition.

The results of all acquisitions have been included in the Company's Consolidated Financial Statements since the respective acquisition date. The pro forma impact of these branches as though they had been acquired at the beginning of the periods presented would not have a material effect on the results of operations as reported.

(14) Fair Value

Fair Value Disclosures

The Company may carry certain financial instruments and derivative assets and liabilities at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its financial instruments based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial assets and liabilities measured at fair value are grouped in three levels. The levels prioritize the inputs used to measure the fair value of the assets or liabilities. These levels are:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in market that are less active.
- Level 3 – Unobservable inputs for assets or liabilities reflecting the reporting entity's own assumptions.

The Company's financial instruments for the periods reported consist of the following: cash and cash equivalents, loans receivable, and senior notes payable. Fair value approximates carrying value for all of these instruments. Loans receivable are originated at prevailing market rates and have an average life of approximately 8 months. Given the short-term nature of these loans, they are continually repriced at current market rates. The Company's revolving credit facility has a variable rate based on a margin over LIBOR and reprices with any changes in LIBOR. The Company also considered its creditworthiness in its determination of fair value.

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

	March 31, 2018		March 31, 2017	
	Carrying Value	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
ASSETS				
Level 1 inputs				
Cash and cash equivalents	**$ 32,086,304**	**$ 32,086,304**	$ 15,200,410	$ 15,200,410
Level 3 inputs				
Loans receivable, net	**725,180,728**	**725,180,728**	695,700,589	695,700,589
LIABILITIES				
Level 3 inputs				
Senior notes payable	**244,900,000**	**244,900,000**	295,136,200	295,136,200

There were no significant assets or liabilities measured at fair value on a non-recurring basis as of March 31, 2018 and 2017.

(15) Quarterly Information (Unaudited)

The following sets forth selected quarterly operating data:

	Fiscal 2018				Fiscal 2017			
	First	**Second**	**Third**	**Fourth**	First	Second	Third	Fourth
	(Dollars in thousands, except for earnings per share data)							
Total revenues	**$ 128,910**	**131,006**	**136,934**	**151,858**	127,080	129,269	130,815	144,571
Provision for loan losses	**30,840**	**38,976**	**43,755**	**17,408**	32,014	35,871	39,985	20,702
General and administrative expenses	**72,917**	**70,909**	**72,886**	**80,721**	62,949	63,456	71,237	70,020
Interest expense	**4,247**	**4,791**	**5,001**	**5,052**	5,586	5,519	5,274	5,125
Income tax expense	**7,838**	**6,531**	**13,612**	**19,534**	9,913	8,932	4,679	16,873
Net income	**$ 13,068**	**9,799**	**1,680**	**29,143**	16,618	15,491	9,640	31,851
Earnings per share:								
Basic	**$ 1.50**	**1.12**	**0.19**	**3.25**	1.91	1.78	1.11	3.67
Diluted	**$ 1.48**	**1.10**	**0.19**	**3.18**	1.89	1.76	1.10	3.64

The Company's highest loan demand occurs generally from October through December, its third fiscal quarter. Loan demand is generally lowest and loan repayment highest from January to March, its fourth fiscal quarter. Consequently, the Company experiences significant seasonal fluctuations in its operating results and cash needs. Operating results from the Company's third fiscal quarter are generally lower than in other quarters and operating results for its fourth fiscal quarter are generally higher than in other quarters.

(16) Litigation

Mexico Investigation

As previously disclosed, the Company has retained outside legal counsel and forensic accountants to conduct an investigation of its operations in Mexico, focusing on the legality under the FCPA and certain local laws of certain payments related to loans, the maintenance of the Company's books and records associated with such payments, and the treatment of compensation matters for certain employees.

The investigation continues to address whether and to what extent improper payments, which may violate the FCPA and other local laws, were made approximately between 2010 and 2017 by or on behalf of WAC de México SOFOM, a subsidiary of the Company, to government officials in Mexico relating to loans made to unionized employees. The Company has voluntarily contacted the SEC and the DOJ to advise both agencies that an investigation is underway and that the Company intends to cooperate with both agencies. The SEC has issued a formal order of investigation. A conclusion cannot be drawn at this time as to what potential remedies these agencies may seek. In addition, the Company cannot determine at this time the ultimate effect that the investigation or any remedial measures will have on its operations in Mexico or its decisions with respect thereto.

If violations of the FCPA or other local laws occurred, the Company could be subject to fines, civil and criminal penalties, equitable remedies, including profit disgorgement and related interest, and injunctive relief. In addition, any disposition of these matters could adversely impact our ability to collect on outstanding loans and result in further modifications to our business practices and compliance programs, including significant restructuring or curtailment of, or other effects on, our operations in Mexico. Any disposition could also potentially require that a monitor be appointed to review future business practices with the goal of ensuring compliance with the FCPA and other applicable laws. The Company could also face fines, sanctions, and other penalties from authorities in Mexico, as well as third-party claims by shareholders and/or other stakeholders of the Company. In addition, disclosure of the investigation could adversely affect the Company's reputation and its ability to obtain new business or retain existing business from its current customers and potential customers, to attract and retain employees, and to access the capital markets. If it is determined that a violation of the FCPA has occurred, such violation may give rise to an event of default under the Company's credit agreement if such violation were to have a material adverse effect on the Company's business, operations, properties, assets, or condition (financial or otherwise) or if the amount of any settlement, penalties, fines or other payments resulted in the Company failing to satisfy any financial covenants. Additional potential FCPA violations or violations of other laws or regulations may be uncovered through the investigation.

In addition to the ultimate liability for disgorgement and related interest, the Company believes that it could be further liable for fines and penalties. The Company is continuing its discussions with the DOJ and SEC regarding the matters under investigation, but the Company cannot reasonably estimate the amount of any fine or penalty that it may have to pay as a part of any possible settlement or assess the potential liability that might be incurred if a settlement is not reached and the government were to litigate the matter. As such, based on the information available at this time, any additional liability related to this matter is not reasonably estimable. The Company will continue to evaluate the amount of its liability pending final resolution of the investigation and any related discussions with the government.

CFPB Investigation

As previously disclosed, on March 12, 2014, the Company received a CID from the Consumer Financial Protection Bureau CFPB. The stated purpose of the CID is to determine whether the Company has been or is "engaging in unlawful acts or practices in connection with the marketing, offering, or extension of credit in violation of Sections 1031 and 1036 of the Consumer Financial Protection Act, 12 U.S.C. §§ 5531, 5536, the Truth in Lending Act, 15 U.S.C. §§ 1601, et seq., Regulation Z, 12 C.F.R. pt. 1026, or any other Federal consumer financial law" and "also to determine whether Bureau action to obtain legal or equitable relief would be in the public interest." The Company responded, within the deadlines specified in the CID, to broad requests for production of documents, answers to interrogatories and written reports related to loans made by the Company and numerous other aspects of the Company's business.

By letter dated January 18, 2018, the CFPB informed the Company that it had concluded its investigation and would not be proceeding with an enforcement action against the Company. See Part I, Item 1, "Business-Government Regulation-Federal Legislation," for a further discussion of these matters and the federal regulations to which the Company's operations are subject and Part I, Item 1A, "Risk Factors," for more information regarding these regulations and related risks.

Shareholder Complaints

As previously disclosed, on April 22, 2014, a shareholder filed a putative class action complaint, Edna Selan Epstein v. World Acceptance Corporation et al., in the United States District Court for the District of South Carolina (case number 6:14-cv-01606) (the "Edna Epstein Putative Class Action"), against the Company and certain of its current and former officers on behalf of all persons who purchased or otherwise acquired the Company's common stock between April 25, 2013 and March 12, 2014. Two amended complaints have been filed by the plaintiffs, and several other motions have been filed in the proceedings. The complaint, as currently amended, alleges that (i) the Company made false and misleading statements in various SEC reports and other public statements in violation of federal securities laws preceding the Company's disclosure in a Form 8-K filed March 13, 2014 that it had received the above-referenced CID from the CFPB, (ii) the Company's loan growth and volume figures were inflated because of a weakness in the Company's internal controls relating to its accounting treatment of certain small-dollar loan re-financings, and (iii) additional allegations regarding, among other things, the Company's receipt of a Notice and Opportunity to Respond and Advise letter from the CFPB on August 7, 2015. The complaint seeks class certification for a class consisting of all persons who

purchased or otherwise acquired the Company's common stock between January 30, 2013 and August 10, 2015, unspecified monetary damages, costs and attorneys' fees. The Company denied that the claims had any merit and opposed certification of the proposed class.

On June 7, 2017, during a court-ordered mediation, the parties reached an agreement in principle to settle the Edna Epstein Putative Class Action. The parties' stipulation setting forth the terms of the settlement was filed with the court on August 25, 2017. The settlement stipulation provides for a settlement payment to the class of $16 million, all of which has been funded by the Company's directors and officers (D&O) liability insurance carriers. The court entered an order preliminarily approving the settlement on August 31, 2017. On December 18, 2017, the court entered a final order and judgment approving the settlement. The court's order approving the settlement resolves the claim asserted against all defendants in the action. Neither the Company nor any of its present or former officers have admitted any wrongdoing or liability in connection with the settlement.

As previously disclosed, on July 15, 2015, a shareholder filed a putative derivative complaint, Irwin J. Lipton, et al. v. McLean, et al., in the United States District Court for the District of South Carolina (case number 6:15-cv-02796-MGL) (the "Lipton Derivative Action"), on behalf of the Company against certain of our current and former officers and directors. On September 21, 2015, another shareholder filed a putative derivative complaint, Paul Parshall, et al. v. McLean, et al., in the United States District Court for the District of South Carolina (case number 6:15-cv-03779-MGL) (the "Parshall Derivative Action"), asserting substantially similar claims on behalf of the Company against certain of our current and former officers and directors. On October 14, 2015, the Court entered an order consolidating the Lipton Derivative Action and the Parshall Derivative Action as In re World Acceptance Corp. Derivative Litigation (Lead Case No. 6:15-cv-02796-MGL). The plaintiffs subsequently filed an amended complaint, and the amended consolidated complaint alleges, among other things:

(i) that the defendants breached their fiduciary duties by disseminating false and misleading information to the Company's shareholders regarding the Company's loan growth, loan renewals, allowances for loan losses, revenue sources, revenue growth, compliance with U.S. generally accepted accounting principles ("GAAP"), and the sufficiency of the Company's internal controls and accounting procedures;
(ii) that the defendants breached their fiduciary duties by failing to ensure that the Company maintained adequate internal controls;
(iii) that the defendants breached their fiduciary duties by failing to exercise prudent oversight and supervision of the Company's officers and other employees to ensure conformity with all applicable laws and regulations;
(iv) that the defendants were unjustly enriched as a result of the compensation they received while allegedly breaching their fiduciary duties owed to the Company;
(v) that the defendants wasted corporate assets by paying excessive compensation to certain of the Company's executive officers, awarding self-interested stock options to certain of the Company's officers and directors, incurring legal liability and legal costs to defend the defendants' unlawful actions, and authorizing the repurchase of Company stock at artificially inflated prices;
(vi) that certain of the defendants breached their fiduciary duty to the Company by selling shares of the Company's stock at artificially inflated prices while in the possession of material, nonpublic information regarding the Company's financial condition;
(vii) that the defendants violated Section 10(b) of the Securities Exchange Act of 1934 by making false and misleading statements regarding the Company's practices regarding loan renewals, loan modifications, and accounting for loans;
(viii) that the defendants violated Section 14(a) of the Securities Exchange Act of 1934 by failing to disclose alleged material facts in the Company's 2014 and 2015 proxy statements; and
(ix) allegations similar to those made in connection with the Edna Epstein Putative Class Action described above.

The consolidated complaint seeks, among other things, unspecified monetary damages and an order directing the Company to take steps to reform and improve its corporate governance and internal procedures to comply with applicable laws and to protect the Company and its shareholders from future wrongdoing such as that described in the consolidated complaint. On February 28, 2017, the Court entered an order dismissing the derivative litigation. The plaintiffs filed a notice of appeal to the U.S. Court of Appeals for the Fourth Circuit on March 27, 2017.

On June 14, 2017, following mediation, the parties reached an agreement in principle to settle the derivative litigation. The parties' stipulation setting forth the terms of the settlement was filed with the court on August 4, 2017. The settlement stipulation provides that the Company will adopt certain corporate governance practices and pay plaintiffs' attorney's fees and expenses in an amount approved by the court not to exceed $475,000, which fees and expenses will be funded by the Company's directors and officers (D&O) liability insurance carriers. The court entered an order preliminarily approving the settlement on August 24, 2017. On November 7, 2017, the court entered a final order and judgment approving the settlement and awarding plaintiffs' attorney's fees and expenses in the amount of $475,000. The court's order approving the settlement resolves the claims asserted against all

defendants in the action. Neither the Company nor any of its present or former directors and officers have admitted any wrongdoing or liability in connection with the settlement.

General

In addition, from time to time the Company is involved in routine litigation matters relating to claims arising out of its operations in the normal course of business, including matters in which damages in various amounts are claimed.

Estimating an amount or range of possible losses resulting from litigation, government actions and other legal proceedings is inherently difficult and requires an extensive degree of judgment, particularly where the matters involve indeterminate claims for monetary damages, may involve fines, penalties or damages that are discretionary in amount, involve a large number of claimants or significant discretion by regulatory authorities, represent a change in regulatory policy or interpretation, present novel legal theories, are in the early stages of the proceedings, are subject to appeal or could result in a change in business practices. In addition, because most legal proceedings are resolved over extended periods of time, potential losses are subject to change due to, among other things, new developments, changes in legal strategy, the outcome of intermediate procedural and substantive rulings and other parties' settlement posture and their evaluation of the strength or weakness of their case against us. For these reasons, we are currently unable to predict the ultimate timing or outcome of, or reasonably estimate the possible losses or a range of possible losses resulting from, the matters described above. Based on information currently available, the Company does not believe that any reasonably possible losses arising from currently pending legal matters will be material to the Company's results of operations or financial conditions. However, in light of the inherent uncertainties involved in such matters, an adverse outcome in one or more of these matters could materially and adversely affect the Company's financial condition, results of operations or cash flows in any particular reporting period.

(17) Segments

The Company evaluates segment reporting in accordance with FASB ASC 280, Segment Reporting each reporting period, including evaluating the reporting package reviewed by the Chief Operation Decision Maker ("CODM"). The Company has concluded the Chief Executive Officer qualifies as the CODM.

Management believes there are four possible approaches to consider when determining the Company's operating segments: by nationality, by division, by business line, and by function. In all, these approaches present a total of 13 unique entity components. Of the 13 unique entity components, Management has determined that only the U.S. and Mexico components meet the tests in ASC 280-10-50-1 to be classified as operating segments. The U.S. component is housed within the Nationality approach while the Mexico component is shared by the Nationality and Division approaches.

At March 31, 2018 only the U.S. operating segment meets one or more of the quantitative thresholds that trigger separately disclosed reporting. However, Management believes separately disclosed information about the Mexico operating segment would be useful to readers of the financial statements. Therefore, the Company has two reportable segments, which are the U.S. and Mexico components.

The following table presents operating results for the Company's two reportable segments:

	For the Year Ended March 31,		
	2018	2017	2016
Revenues:			
U.S.	$ **502,668,332**	490,821,420	515,300,873
Mexico	**46,037,802**	40,913,304	42,174,834
Consolidated revenues	**548,706,134**	531,734,724	557,475,707
Provision for loan losses:			
U.S.	$ **117,620,140**	119,095,712	114,427,629
Mexico	**13,358,989**	9,476,450	9,170,689
Consolidated provision for loan losses	**130,979,129**	128,572,162	123,598,318
General and administrative expenses:[1]			
U.S.	$ **269,107,669**	244,273,626	241,701,490
Mexico	**28,325,196**	23,387,597	27,438,185
Consolidated general and administrative expenses	**297,432,865**	267,661,223	269,139,675
Interest expense:[2]			
U.S.	$ **19,089,635**	21,504,208	26,849,250
Mexico	**—**	—	—
Consolidated interest expense	**19,089,635**	21,504,208	26,849,250
Income tax expense (benefit):			
U.S.	$ **47,757,808**	38,157,492	48,978,587
Mexico	**(243,321)**	2,239,345	1,514,320
Consolidated income tax expense (benefit)	**47,514,487**	40,396,837	50,492,907
Net income:			
U.S.	$ **49,093,080**	67,790,382	83,343,917
Mexico	**4,596,938**	5,809,912	4,051,640
Consolidated net income	**53,690,018**	73,600,294	87,395,557

[1] In accordance with transfer pricing agreements between the segments, the Mexico segment reimburses the U.S. segment for personnel-related and other administrative costs incurred by the U.S. for the benefit of Mexico. For fiscal years 2018, 2017, and 2016 these charges totaled $1.0 million ($5.3 million in charges net of approximately $4.3 million of expense related to the investigation into the Company's Mexico operations), $0.4 million ($1.5 million in charges net of approximately $1.1 million of expense reversal related to the retirement of the previous Senior Vice President of Mexico), and $2.7 million, respectively.

[2] In accordance with the Company's revolving credit facility, substantially all of the Company's assets, excluding the Company's Mexico subsidiaries, are pledged as collateral. Any working capital contributions made by the U.S. to Mexico are treated as contributions of capital. Therefore, the Mexico segment incurs no interest expense.

The following table presents long-lived assets (other than financial instruments, long-term customer relationships of a financial institution, mortgage and other servicing rights, deferred policy acquisition costs, and deferred tax assets) for the Company's two reportable segments:

	March 31,	
	2018	2017
Total long-lived assets		
U.S.	$ **22,785,951**	20,724,777
Mexico	**2,805,467**	3,459,430
Consolidated total assets	**25,591,418**	24,184,207

The following table presents total assets for the Company's two reportable segments:

	March 31,	
	2018	2017
Total assets		
U.S.	$ **761,511,639**	730,985,558
Mexico	**79,475,398**	69,603,217
Consolidated total assets	**840,987,037**	800,588,775

(18) Subsequent Events

Twelfth Amendment to Amended and Restated Revolving Credit Facility

On June 1, 2018, the Company entered into a twelfth amendment (the "Twelfth Amendment") to the Amended and Restated Revolving Credit Agreement, originally dated as of September 17, 2010 (as cumulatively amended, the "Revolving Credit Agreement"), among the Company, the lenders named therein, and Wells Fargo Bank, National Association, as successor Administrative Agent and successor Collateral Agent.

The Twelfth Amendment amends the Revolving Credit Agreement to, among other things: (i) extend the maturity date under the Revolving Credit Agreement from June 15, 2019 to June 15, 2020; (ii) require the use of deposit account control agreements in favor of the administrative agent in certain circumstances; and (iii) require quarterly reports updating the schedule showing the Company's deposit accounts.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of World Acceptance Corporation and subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of World Acceptance Corporation and its subsidiaries (the Company) as of March 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2018, 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 March 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2018, 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 March 31, 2018, 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 June 13, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

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

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

/s/ RSM US LLP

We have served as the Company's auditor since 2014.

Raleigh, North Carolina
June 13, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of World Acceptance Corporation and subsidiaries

Opinion on the Internal Control Over Financial Reporting

We have audited World Acceptance Corporation and subsidiaries' (the Company) internal control over financial reporting as of March 31, 2018, 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 March 31, 2018, 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 of the Company as of March 31, 2018 and 2017 and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2018, and our report dated June 13, 2018 expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control Over Financial Reporting. 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
June 13, 2018

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We are responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a – 15(f) under the Securities Exchange Act of 1934. We have assessed the effectiveness of internal control over financial reporting as of March 31, 2018. Our assessment was based on criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Our 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. Our 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 our transactions and dispositions of our assets;
(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 our receipts and expenditures are being made only in accordance with authorizations of our management and board of directors; and
(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, any assumptions regarding internal control over financial reporting in future periods based on an evaluation of effectiveness in a prior period 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.

Based on using the COSO criteria, we believe our internal control over financial reporting as of March 31, 2018 was effective.

Our independent registered public accounting firm has audited the Consolidated Financial Statements included in this Annual Report and has issued an attestation report on the effectiveness of our internal control over financial reporting, as stated in their report.

By: /s/ James H. Wanserski
James H. Wanserski
President and Chief Executive Officer
Date: June 13, 2018

By: /s/ John L. Calmes, Jr.
John L. Calmes, Jr.
Senior Vice President and Chief Financial Officer
Date: June 13, 2018

BOARD OF DIRECTORS

Ken R. Bramlett Jr.
Private Investor

Darrell E. Whitaker
President and Chief Operating Officer
IMI Resort Holdings, Inc.

R. Chad Prashad
President and Chief Executive Officer
World Acceptance Corporation

Charles D. Way
Private Investor

Scott J. Vassalluzzo
Managing Member
Prescott General Partners LLC

CORPORATE OFFICERS

R. Chad Prashad
President and Chief Executive Officer

John L. Calmes, Jr.
Senior Vice President, Chief Financial Officer and Treasurer

D. Clinton Dyer
Senior Vice President and Chief Branch Operations Officer

Erik T. Brown
Senior Vice President, Central Division

Jackie C. Willyard
Senior Vice President, South Eastern Division

Jeff L. Tinney
Senior Vice President, Western Division

Charles David Minick
Vice President of Operations, Texas Caliente

Scott McIntyre
Vice President, Accounting, US

Stacey K. Estes
Vice President, Leasing Administration

A. Lindsay Caulder
Vice President, Human Resources

Jason E. Childers
Vice President, IT Strategic Solutions

Kristin M. Hand Dunn
Vice President, Marketing

Keith T. Littrell
Vice President, Tax and Assistant Secretary

J. Kevin Gross
President, ParaData Financial Systems

Melissa C. Ulrich
Vice President of Operations, Illinois

Stephen A. Bifano
Vice President of Operations, South Carolina

Rodney D. Ernest
Vice President of Operations, Northeast Texas

Rudolph R. Cruz
Vice President of Operations, Northwest Texas

James W. Littlepage
Vice President of Operations, Tennessee

James Edward Cain
Vice President of Operations, Kentucky

Patrick Williams
Vice President of Operations, Louisiana and Mississippi

Scott H. Mozingo
Vice President of Operations, Georgia

Michael Imig
Vice President of Operations, Missouri

Rodney Owens
Vice President of Operations, Oklahoma

Jose Carreon
Vice President of Operations, Alabama

Willard James Pipkin, Jr.
Vice President of Operations, Wisconsin

Steven E. Holt
Vice President of Operations, Indiana

Common Stock

World Acceptance Corporation's common stock trades on the Nasdaq Global Select Market under the symbol: WRLD. As of June 27, 2018, there were 48 shareholders of record and the Company believes there are a significant number of persons or entities who hold their stock in nominee or "street" names through various brokerage firms. On this date, there were 9,140,273 shares of common stock outstanding.

The table below reflects the stock prices published by Nasdaq by quarter for the last two fiscal years. The last reported sales price on June 27, 2018 was $115.81.

Market Price of Common Stock

Fiscal 2018

Quarter	High	Low
First	$ 88.26	$ 49.26
Second	84.58	71.51
Third	87.87	71.02
Fourth	121.17	80.35

Fiscal 2017

Quarter	High	Low
First	$ 46.24	$ 32.40
Second	55.43	42.33
Third	68.69	43.50
Fourth	68.83	42.01

The Company has never paid a dividend on its Common Stock. The Company presently intends to retain its earnings to finance the growth and development of its business and does not expect to pay cash dividends in the foreseeable future. The Company's debt agreements also contain certain limitations on the Company's ability to pay dividends.

Executive Offices

World Acceptance Corporation
Post Office Box 6429 (29606)
108 Frederick Street (29607)
Greenville, South Carolina
(864) 298-9800

Transfer Agent

American Stock Transfer & Trust Company
10150 Mallard Creek Drive, Suite 307
Charlotte, North Carolina 28262
(718) 921-8522

Legal Counsel

Womble Bond Dickinson (US) LLP 550 South Main Street, Suite 400
Greenville, SC 29601

Independent Registered Public Accounting Firm

RSM US LLP
1201 Edwards Mill Road, Suite 300
Raleigh, North Carolina 27607

Annual Report on Form 10-K

A copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, may be obtained without charge by writing to the Corporate Secretary at the executive offices of the Company. The Form 10-K also can be reviewed or downloaded from the Company's website: http://www.worldacceptance.com.

For Further Information

R. Chad Prashad
President and Chief Executive Officer
World Acceptance
(864) 298-9800

Page Intentionally Left Blank

World Acceptance Corporation
2018 Annual Report