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

FORM 10-Q

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

For the quarterly period ended March 31, 2018

OR

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

For the transition period ended

Commission File Number: 001-35477

Regional Management Corp.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

979 Batesville Road, Suite B
Greer, South Carolina
(Address of principal executive offices)

57-0847115
(I.R.S. Employer
Identification No.)

29651
(Zip Code)

(864) 448-7000
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Accelerated filer ☒

Smaller reporting company ☐

Emerging growth company ☐

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

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

As of April 30, 2018, the registrant had outstanding 11,748,378 shares of Common Stock, \$0.10 par value.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2018 (Unaudited)	December 31, 2017
Assets		
Cash	\$ 3,247	\$ 5,230
Gross finance receivables	1,056,425	1,066,650
Unearned finance charges and insurance premiums	(251,469)	(249,187)
Finance receivables	804,956	817,463
Allowance for credit losses	(47,750)	(48,910)
Net finance receivables	757,206	768,553
Restricted cash	19,064	16,787
Property and equipment	12,214	12,294
Intangible assets	10,922	10,607
Other assets	12,156	16,012
Total assets	\$ 814,809	\$ 829,483
Liabilities and Stockholders' Equity		
Liabilities:		
Long-term debt	\$ 550,377	\$ 571,496
Unamortized debt issuance costs	(4,512)	(4,950)
Net long-term debt	545,865	566,546
Accounts payable and accrued expenses	15,994	18,565
Deferred tax liability	3,999	4,961
Total liabilities	565,858	590,072
Commitments and Contingencies (Note 9)		
Stockholders' equity:		
Preferred stock (\$0.10 par value, 100,000 shares authorized, no shares issued or outstanding)	—	—
Common stock (\$0.10 par value, 1,000,000 shares authorized, 13,294 shares issued and 11,748 shares outstanding at March 31, 2018 and 13,205 shares issued and 11,659 shares outstanding at December 31, 2017)	1,329	1,321
Additional paid-in-capital	95,272	94,384
Retained earnings	177,396	168,752
Treasury stock (1,546 shares at March 31, 2018 and December 31, 2017)	(25,046)	(25,046)
Total stockholders' equity	248,951	239,411
Total liabilities and stockholders' equity	\$ 814,809	\$ 829,483

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

Assets		
Cash	\$ 70	\$ 70
Finance receivables	153,747	137,239
Allowance for credit losses	(7,784)	(7,129)
Restricted cash	12,403	10,734
Other assets	171	119
Total assets	\$ 158,607	\$ 141,033
Liabilities		
Net long-term debt	\$ 131,716	\$ 116,658
Accounts payable and accrued expenses	12	53
Total liabilities	\$ 131,728	\$ 116,711

See accompanying notes to consolidated financial statements.

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Regional Management Corp. and Subsidiaries
Consolidated Statements of Income
(Unaudited)
(in thousands, except per share amounts)

	Three Months Ended	
	March 31,	
	2018	2017
Revenue		
Interest and fee income	\$66,151	\$59,255
Insurance income, net	3,389	3,805
Other income	3,085	2,760
Total revenue	<u>72,625</u>	<u>65,820</u>
Expenses		
Provision for credit losses	19,515	19,134
Personnel	21,228	18,168
Occupancy	5,618	5,285
Marketing	1,453	1,205
Other	6,293	6,796
Total general and administrative expenses	34,592	31,454
Interest expense	<u>7,177</u>	<u>5,213</u>
Income before income taxes	11,341	10,019
Income taxes	2,697	2,385
Net income	<u>\$ 8,644</u>	<u>\$ 7,634</u>
Net income per common share:		
Basic	<u>\$ 0.74</u>	<u>\$ 0.66</u>
Diluted	<u>\$ 0.72</u>	<u>\$ 0.65</u>
Weighted average shares outstanding:		
Basic	<u>11,618</u>	<u>11,494</u>
Diluted	<u>12,030</u>	<u>11,715</u>

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(Unaudited)
(in thousands)

	<u>Common Stock</u>		<u>Additional Paid-in-Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Balance, December 31, 2016	12,996	\$ 1,300	\$ 92,432	\$138,789	\$(25,046)	\$207,475
Issuance of restricted stock awards	74	7	(7)	—	—	—
Exercise of stock options	289	29	305	—	—	334
Shares withheld related to net share settlement	(154)	(15)	(2,006)	—	—	(2,021)
Share-based compensation	—	—	3,660	—	—	3,660
Net income	—	—	—	29,963	—	29,963
Balance, December 31, 2017	13,205	\$ 1,321	\$ 94,384	\$168,752	\$(25,046)	\$239,411
Issuance of restricted stock awards	68	7	(7)	—	—	—
Exercise of stock options	60	6	—	—	—	6
Shares withheld related to net share settlement	(39)	(5)	(313)	—	—	(318)
Share-based compensation	—	—	1,208	—	—	1,208
Net income	—	—	—	8,644	—	8,644
Balance, March 31, 2018	<u>13,294</u>	<u>\$ 1,329</u>	<u>\$ 95,272</u>	<u>\$177,396</u>	<u>\$(25,046)</u>	<u>\$248,951</u>

See accompanying notes to consolidated financial statements.

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Regional Management Corp. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Three Months Ended	
	March 31,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 8,644	\$ 7,634
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	19,515	19,134
Depreciation and amortization	2,024	1,603
Loss on disposal of property and equipment	8	12
Share-based compensation	1,585	822
Fair value adjustment on interest rate caps	(121)	35
Deferred income taxes, net	(962)	(692)
Changes in operating assets and liabilities:		
Decrease in other assets	3,975	298
Decrease in accounts payable and accrued expenses	(2,874)	(20)
Net cash provided by operating activities	31,794	28,826
Cash flows from investing activities:		
Net repayments (originations) of finance receivables	(8,168)	3,387
Purchases of intangible assets	(814)	(1,049)
Purchases of property and equipment	(844)	(1,545)
Proceeds from disposal of property and equipment	—	558
Net cash provided by (used in) investing activities	(9,826)	1,351
Cash flows from financing activities:		
Net payments on senior revolving credit facility	(35,924)	(22,056)
Payments on amortizing loan	(10,765)	(6,628)
Net advances on revolving warehouse credit facility	25,570	—
Payments for debt issuance costs	(58)	(195)
Taxes paid related to net share settlement of equity awards	(497)	(1,647)
Net cash used in financing activities	(21,674)	(30,526)
Net change in cash and restricted cash	294	(349)
Cash and restricted cash at beginning of period	22,017	12,743
Cash and restricted cash at end of period	<u>\$ 22,311</u>	<u>\$ 12,394</u>
Supplemental cash flow information		
Interest paid	<u>\$ 6,565</u>	<u>\$ 4,980</u>
Income taxes paid	<u>\$ —</u>	<u>\$ —</u>

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

<i>In thousands</i>	March 31, 2018	December 31, 2017	March 31, 2017	December 31, 2016
Cash	\$ 3,247	\$ 5,230	\$ 3,505	\$ 4,446
Restricted cash	19,064	16,787	8,889	8,297
Total cash and restricted cash	<u>\$ 22,311</u>	<u>\$ 22,017</u>	<u>\$ 12,394</u>	<u>\$ 12,743</u>

See accompanying notes to consolidated financial statements.

Regional Management Corp. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1. Nature of Business

Regional Management Corp. (the “Company”) was incorporated and began operations in 1987. The Company is engaged in the consumer finance business, offering small loans, large loans, retail loans, and related payment and collateral protection insurance products. The Company previously offered automobile loans, but ceased such originations in November 2017. As of March 31, 2018, the Company operated branches in 341 locations in the states of Alabama (47 branches), Georgia (8 branches), New Mexico (18 branches), North Carolina (37 branches), Oklahoma (28 branches), South Carolina (67 branches), Tennessee (21 branches), Texas (98 branches), and Virginia (17 branches) under the name Regional Finance. The Company consolidated one branch during the three months ended March 31, 2018.

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

Note 2. Basis of Presentation and Significant Accounting Policies

Basis of presentation: The consolidated financial statements of the Company have been prepared in accordance with the instructions to the Quarterly Report on Form 10-Q adopted by the Securities and Exchange Commission (the “SEC”) and generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information and, accordingly, do not include all information and note disclosures required by GAAP for complete financial statements. The interim financial statements in this Quarterly Report on Form 10-Q have not been audited by an independent registered public accounting firm in accordance with standards of the Public Company Accounting Oversight Board (United States), but in the opinion of management, the interim financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the Company’s financial position, results of operations, and cash flows in accordance with GAAP. These consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the SEC.

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

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

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

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

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

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

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Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (“FASB”) issued an accounting update on the recognition of revenue from contracts with customers. The update is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the update specifies the accounting for certain costs to obtain or fulfill a contract with a customer and expands disclosure requirements for revenue recognition. The update applies to all contracts with customers, except leases, insurance contracts, financial instruments, guarantees, and certain nonmonetary exchanges. In August 2015, the FASB issued an additional update on revenue recognition, which deferred the effective date of the update to annual and interim reporting periods beginning after December 15, 2017. The Company adopted the new standard effective in 2018. As substantially all of the Company’s revenues are generated from activities that are outside the scope of the new standard, the adoption does not have a material impact on the Company’s consolidated financial statements or disclosure requirements.

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

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

In August 2016, the FASB issued an accounting update to provide specific guidance on certain cash flow classification issues to reduce diversity in practice. These issues include debt prepayment or extinguishment costs, contingent consideration payments after business combinations, beneficial interest in securitization transactions, and proceeds from insurance claims. This update is effective for annual and interim periods beginning after December 15, 2017, and early adoption was permitted. The Company adopted the new standard effective in 2018, and implementation of the accounting update had no impact on the Company’s consolidated financial statements.

In November 2016, the FASB issued an accounting update to address diversity in the classification of restricted cash transfers on the statement of cash flows. The amendment requires that the statements of cash flows explain the change during the period in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents. This update is effective for annual and interim periods beginning after December 15, 2017, and early adoption was permitted. The Company adopted the new standard effective in 2018. As a result, the Company no longer reports the changes in restricted cash as an investing activity. Instead, restricted cash is included in the beginning and ending cash balances on the consolidated statements of cash flows.

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

Finance receivables for the periods indicated consisted of the following:

<i>In thousands</i>	March 31, 2018	December 31, 2017
Small loans	\$ 360,470	\$ 375,772
Large loans	363,931	347,218
Automobile loans	48,704	61,423
Retail loans	31,851	33,050
Finance receivables	<u>\$ 804,956</u>	<u>\$ 817,463</u>

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

<i>In thousands</i>	March 31, 2018									
	Small		Large		Automobile		Retail		Total	
	\$	%	\$	%	\$	%	\$	%	\$	%
Current	\$299,917	83.2%	\$319,849	87.9%	\$37,138	76.3%	\$26,302	82.6%	\$683,206	84.9%
1 to 29 days past due	30,967	8.6%	26,359	7.2%	8,434	17.3%	3,274	10.3%	69,034	8.6%
Delinquent accounts										
30 to 59 days	7,595	2.1%	5,541	1.6%	1,127	2.2%	595	1.9%	14,858	1.8%
60 to 89 days	6,360	1.8%	4,055	1.1%	658	1.4%	422	1.3%	11,495	1.4%
90 to 119 days	5,426	1.5%	3,148	0.8%	671	1.4%	411	1.2%	9,656	1.2%
120 to 149 days	4,700	1.3%	2,451	0.7%	401	0.8%	353	1.1%	7,905	1.0%
150 to 179 days	5,505	1.5%	2,528	0.7%	275	0.6%	494	1.6%	8,802	1.1%
Total delinquency	\$ 29,586	8.2%	\$ 17,723	4.9%	\$ 3,132	6.4%	\$ 2,275	7.1%	\$ 52,716	6.5%
Total finance receivables	\$360,470	100.0%	\$363,931	100.0%	\$48,704	100.0%	\$31,851	100.0%	\$804,956	100.0%
Finance receivables in nonaccrual status	\$ 15,631	4.3%	\$ 8,127	2.2%	\$ 1,347	2.8%	\$ 1,258	3.9%	\$ 26,363	3.3%

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

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

<i>In thousands</i>	Three Months Ended March 31,	
	2018	2017
Balance at beginning of period	\$ 48,910	\$ 41,250
Provision for credit losses	19,515	19,134
Credit losses	(22,020)	(20,994)
Recoveries	1,345	1,610
Balance at end of period	\$ 47,750	\$ 41,000

In September 2017, the Company recorded a \$3.0 million increase to the allowance for credit losses related to estimated incremental credit losses on customer accounts impacted by hurricanes. As of March 31, 2018, the allowance for credit losses included \$1.8 million of remaining incremental hurricane allowance.

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

	Balance January 1, 2018	Provision	Credit Losses	Recoveries	Balance March 31, 2018	Finance Receivables March 31, 2018	Allowance as Percentage of Finance Receivables March 31, 2018
<i>In thousands</i>							
Small loans	\$ 24,749	\$ 11,283	\$ (13,375)	\$ 709	\$ 23,366	\$ 360,470	6.5%
Large loans	17,548	6,878	(6,195)	358	18,589	363,931	5.1%
Automobile loans	4,025	521	(1,467)	237	3,316	48,704	6.8%
Retail loans	2,588	833	(983)	41	2,479	31,851	7.8%
Total	\$ 48,910	\$ 19,515	\$ (22,020)	\$ 1,345	\$ 47,750	\$ 804,956	5.9%

	Balance January 1, 2017	Provision	Credit Losses	Recoveries	Balance March 31, 2017	Finance Receivables March 31, 2017	Allowance as Percentage of Finance Receivables March 31, 2017
<i>In thousands</i>							
Small loans	\$ 21,770	\$ 11,164	\$ (13,202)	\$ 843	\$ 20,575	\$ 335,552	6.1%
Large loans	11,460	5,602	(4,629)	242	12,675	242,380	5.2%
Automobile loans	5,910	1,739	(2,333)	459	5,775	85,869	6.7%
Retail loans	2,110	629	(830)	66	1,975	31,203	6.3%
Total	\$ 41,250	\$ 19,134	\$ (20,994)	\$ 1,610	\$ 41,000	\$ 695,004	5.9%

Impaired finance receivables as a percentage of total finance receivables were 2.5% and 2.1% as of March 31, 2018 and December 31, 2017, respectively. The following is a summary of finance receivables evaluated for impairment for the periods indicated:

	March 31, 2018				
<i>In thousands</i>	Small	Large	Automobile	Retail	Total
Impaired receivables specifically evaluated	\$ 6,095	\$ 11,987	\$ 1,600	\$ 92	\$ 19,774
Finance receivables evaluated collectively	354,375	351,944	47,104	31,759	785,182
Finance receivables outstanding	<u>\$360,470</u>	<u>\$363,931</u>	<u>\$ 48,704</u>	<u>\$31,851</u>	<u>\$804,956</u>
Impaired receivables in nonaccrual status	\$ 739	\$ 1,046	\$ 119	\$ 13	\$ 1,917
Amount of the specific reserve for impaired accounts	<u>\$ 1,434</u>	<u>\$ 2,533</u>	<u>\$ 355</u>	<u>\$ 18</u>	<u>\$ 4,340</u>
Amount of the general component of the allowance	<u>\$ 21,932</u>	<u>\$ 16,056</u>	<u>\$ 2,961</u>	<u>\$ 2,461</u>	<u>\$ 43,410</u>

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

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The average recorded investment in impaired finance receivables and the amount of interest income recognized on impaired loans for the periods indicated are as follows:

	Three Months Ended March 31,		
	2018		2017
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment
<i>In thousands</i>			
Small loans	\$ 5,521	\$ 324	\$ 2,997
Large loans	11,142	446	7,034
Automobile loans	1,669	48	2,387
Retail loans	94	7	101
Total	<u>\$ 18,426</u>	<u>\$ 825</u>	<u>\$ 12,519</u>

It was not practical to compute the amount of interest income recognized on impaired loans prior to fiscal year 2018.

Note 4. Long-Term Debt

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

	March 31, 2018			December 31, 2017		
	Long-Term Debt	Unamortized Debt Issuance Costs	Net Long-Term Debt	Long-Term Debt	Unamortized Debt Issuance Costs	Net Long-Term Debt
<i>In thousands</i>						
Senior revolving credit facility	\$ 416,126	\$ (1,977)	\$ 414,149	\$ 452,050	\$ (2,162)	\$ 449,888
Amortizing loan	42,615	(440)	42,175	53,380	(547)	52,833
Revolving warehouse credit facility	91,636	(2,095)	89,541	66,066	(2,241)	63,825
Total	<u>\$ 550,377</u>	<u>\$ (4,512)</u>	<u>\$ 545,865</u>	<u>\$ 571,496</u>	<u>\$ (4,950)</u>	<u>\$ 566,546</u>
Unused amount of revolving credit facilities (subject to borrowing base)	<u>\$ 255,238</u>			<u>\$ 244,884</u>		

In June 2017, the Company amended and restated its senior revolving credit facility to, among other things, increase the availability under the facility from \$585 million to \$638 million and extend the maturity of the facility from August 2019 to June 2020. The facility has an accordion provision that allows for the expansion of the facility to \$700 million. Excluding the receivables held by the Company's VIEs, the senior revolving credit facility is secured by substantially all of the Company's finance receivables and equity interests of the majority of its subsidiaries. Borrowings under the facility bear interest, payable monthly, at rates equal to LIBOR of a maturity the Company elects between one and six months, with a LIBOR floor of 1.00%, plus a 3.00% margin, increasing to 3.25% when the availability percentage is below 10%. The one-month LIBOR rate was 1.88% and 1.56% at March 31, 2018 and December 31, 2017, respectively. Alternatively, the Company may pay interest at the prime rate, plus a 2.00% margin, increasing to 2.25% when the availability percentage is below 10%. The prime rate was 4.75% and 4.50% at March 31, 2018 and December 31, 2017, respectively. The Company pays an unused line fee of 0.50% per annum, payable monthly, decreasing to 0.375% when the average outstanding balance exceeds \$413.0 million. Advances on the senior revolving credit facility are capped at 85% of eligible secured finance receivables, plus 70% of eligible unsecured finance receivables. These rates are subject to adjustment at certain credit quality levels (81% of eligible secured finance receivables and 66% of eligible unsecured finance receivables as of March 31, 2018). As of March 31, 2018, the Company had \$56.3 million of eligible borrowing capacity under the facility.

In June 2017, the Company and its wholly-owned subsidiary, Regional Management Receivables II, LLC ("RMR II"), entered into a credit agreement providing for a \$125 million revolving warehouse credit facility to RMR II (expandable to \$150 million). RMR II purchases large loan finance receivables, net of the related allowance for credit losses, from the Company's affiliates using the proceeds of the facility and equity investments from the Company. The facility is secured by the finance receivables owned by RMR II. RMR II held \$1.1 million in a restricted cash reserve account as of March 31, 2018 to satisfy provisions of the credit agreement. Through October 1, 2017, borrowings under the facility bore interest, payable monthly, at a blended rate equal to three-month LIBOR, plus a margin of 3.50%. Effective October 2, 2017 and February 5, 2018, the margin decreased to 3.25% and 3.00%, respectively, following the satisfaction of milestones associated with the Company's conversion to a new loan origination and servicing system. The three-month LIBOR was 2.31% and 1.69% at March 31, 2018 and December 31, 2017, respectively. RMR II pays an unused commitment fee of between 0.35% and 0.85% per annum, payable monthly, based upon the average daily utilization of the facility. Advances on the facility are capped at 80% of eligible finance receivables.

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In November 2017, the Company and its wholly-owned subsidiary, Regional Management Receivables, LLC (“RMR”), amended and restated the December 2015 credit agreement that provided for a \$75.7 million asset-backed, amortizing loan to RMR. The amended and restated credit agreement, among other things, provides for an additional loan advance in the amount of \$37.8 million and extends the maturity date to December 2024. The loan is secured by the finance receivables owned by RMR. RMR held \$1.3 million in a restricted cash reserve account as of March 31, 2018 to satisfy provisions of the credit agreement. RMR paid interest of 3.00% per annum on the loan balance. In February 2018, the Company agreed to lower the advance rate on the loan from 88% to 85% and to increase the interest rate from 3.00% to 3.25%. The amended and restated credit agreement allows RMR to prepay the loan when the outstanding balance falls below 20% of the original loan amount.

These debt agreements contain certain restrictive covenants requiring monthly and annual reporting to the banks and include maintenance of specified interest coverage and debt ratios, restrictions on distributions, limitations on other indebtedness, maintenance of a minimum allowance for credit losses, and certain other restrictions. At March 31, 2018, the Company was in compliance with all debt covenants.

Both the amortizing loan and warehouse credit facility are supported by the expected cash flows from the underlying collateralized finance receivables. Collections on these accounts are remitted to restricted cash collection accounts, which totaled \$10.0 million and \$8.6 million as of March 31, 2018 and December 31, 2017, respectively. Cash inflows from the finance receivables are distributed to the lenders and service providers in accordance with a monthly contractual priority of payments and, as such, the inflows are directed first to servicing fees. RMR and RMR II pay a 4% servicing fee to the Company, which is eliminated in consolidation. Next, all cash inflows are directed to interest, principal, and any adjustments to the reserve accounts and, thereafter, to the residual interest that the Company owns. Distributions from RMR and RMR II to the Company are permitted under the credit agreements.

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

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

<i>In thousands</i>	March 31, 2018	December 31, 2017
Assets		
Cash	\$ 70	\$ 70
Finance receivables	153,747	137,239
Allowance for credit losses	(7,784)	(7,129)
Restricted cash	12,403	10,734
Other assets	171	119
Total assets	\$ 158,607	\$ 141,033
Liabilities		
Net long-term debt	\$ 131,716	\$ 116,658
Accounts payable and accrued expenses	12	53
Total liabilities	\$ 131,728	\$ 116,711

Note 5. Disclosure About Fair Value of Financial Instruments

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

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

Finance receivables: Finance receivables are originated at prevailing market rates. The Company’s finance receivable portfolio turns approximately 1.3 times per year. The portfolio turnover is calculated by dividing cash payments, renewals, and net credit losses by the average finance receivables. Management believes that the carrying amount approximates the fair value of its finance receivable portfolio.

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

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

Long-term debt: The Company's long-term debt is frequently renewed, amended, or recently originated. As a result, the Company believes that the fair value of long-term debt approximates carrying amounts. The Company also considered its creditworthiness in its determination of fair value.

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

<i>In thousands</i>	March 31, 2018		December 31, 2017	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Level 1 inputs				
Cash	\$ 3,247	\$ 3,247	\$ 5,230	\$ 5,230
Restricted cash	19,064	19,064	16,787	16,787
Level 2 inputs				
Interest rate caps	219	219	98	98
Level 3 inputs				
Net finance receivables	757,206	757,206	768,553	768,553
Repossessed assets	302	302	431	431
Liabilities				
Level 3 inputs				
Long-term debt	550,377	550,377	571,496	571,496

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

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

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

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

In determining the appropriate levels, the Company performs an analysis of the assets and liabilities that are carried at fair value. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Note 6. Income Taxes

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

<i>In thousands</i>	Three Months Ended March 31,			
	2018		2017	
	\$	%	\$	%
Federal tax expense at statutory rate	\$2,382	21.0%	\$ 3,507	35.0%
Increase (reduction) in income taxes resulting from:				
State tax, net of federal benefit	379	3.3%	246	2.5%
Excess tax benefits from share-based awards	(138)	(1.2)%	(1,452)	(14.5)%
Other	74	0.7%	84	0.8%
	<u>\$2,697</u>	<u>23.8%</u>	<u>\$ 2,385</u>	<u>23.8%</u>

In December 2017, the Tax Cuts and Jobs Act (the "Tax Act") was signed into law. The Tax Act made changes to U.S. tax law, including a reduction in the federal tax rate from 35.0% to 21.0%. The 14.0% rate decrease for the three months ended March 31, 2018 was offset by a decrease in excess tax benefits from share-based awards compared to the three months ended March 31, 2017. As a result, the Company's total effective tax rate remained 23.8% for the three months ended March 31, 2018 and 2017.

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As of December 31, 2017, the Company was required to revalue deferred tax assets and liabilities at the enacted rate as a result of the Tax Act. Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, the Company made reasonable estimates of the effects of the Tax Act and recorded provisional amounts in its consolidated financial statements as of December 31, 2017. As the Company collects and prepares necessary data and interprets the Tax Act and any additional guidance issued by the U.S. Treasury Department, the Internal Revenue Service, the SEC, and other standard-setting bodies, it may make adjustments to the provisional amounts. The accounting for the tax effects of the Tax Act will be completed in 2018.

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

Note 7. Earnings Per Share

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

<i>In thousands, except per share amounts</i>	Three Months Ended	
	March 31,	
	2018	2017
Numerator:		
Net income	<u>\$ 8,644</u>	<u>\$ 7,634</u>
Denominator:		
Weighted average shares outstanding for basic earnings per share	11,618	11,494
Effect of dilutive securities	<u>412</u>	<u>221</u>
Weighted average shares adjusted for dilutive securities	<u>12,030</u>	<u>11,715</u>
Earnings per share:		
Basic	<u>\$ 0.74</u>	<u>\$ 0.66</u>
Diluted	<u>\$ 0.72</u>	<u>\$ 0.65</u>

Options to purchase 138 thousand and 231 thousand shares of common stock were outstanding during the three months ended March 31, 2018 and 2017, respectively, but were not included in the computation of diluted earnings per share because they were anti-dilutive.

Note 8. Share-Based Compensation

The Company previously adopted the 2007 Management Incentive Plan (the "2007 Plan") and the 2011 Stock Incentive Plan (the "2011 Plan"). On April 22, 2015, the stockholders of the Company approved the 2015 Long-Term Incentive Plan (the "2015 Plan"), and on April 27, 2017, the stockholders of the Company re-approved the 2015 Plan, as amended and restated. As of March 31, 2018, subject to adjustments as provided in the 2015 Plan, the maximum aggregate number of shares of the Company's common stock that could be issued under the 2015 Plan could not exceed the sum of (i) 1.6 million shares plus (ii) any shares (A) remaining available for the grant of awards as of the 2015 Plan effective date (April 22, 2015) under the 2007 Plan or the 2011 Plan, and/or (B) subject to an award granted under the 2007 Plan or the 2011 Plan, which award is forfeited, cancelled, terminated, expires, or lapses without the issuance of shares or pursuant to which such shares are forfeited. As of the effectiveness of the 2015 Plan (April 22, 2015), there were 922 thousand shares available for grant under the 2015 Plan, inclusive of shares previously available for grant under the 2007 Plan and the 2011 Plan that were rolled over to the 2015 Plan. No further grants will be made under the 2007 Plan or the 2011 Plan. However, awards that are outstanding under the 2007 Plan and the 2011 Plan will continue in accordance with their respective terms. As of March 31, 2018, there were 1.1 million shares available for grant under the 2015 Plan.

For each of the three months ended March 31, 2018 and 2017, the Company recorded share-based compensation expense of \$1.6 million and \$0.8 million, respectively. As of March 31, 2018, unrecognized share-based compensation expense to be recognized over future periods approximated \$9.8 million. This amount will be recognized as expense over a weighted-average period of 2.2 years. Share-based compensation expenses are recognized on a straight-line basis over the requisite service period of the agreement. All share-based compensation is classified as equity awards except for cash-settled performance units, which are classified as liabilities.

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

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Long-term incentive program: The Company issues nonqualified stock options, performance-contingent restricted stock units (“RSUs”), and cash-settled performance units (“CSPUs”) to certain members of senior management under a long-term incentive program. Recurring annual grants are made at the discretion of the Company’s Board of Directors (the “Board”). The annual grants are subject to cliff- and graded-vesting, generally concluding at the end of the third calendar year and subject to continued employment or as otherwise provided in the underlying award agreements. The actual value of the RSUs and CSPUs that may be earned can range from 0% to 150% of target based on the percentile ranking of the Company’s compound annual growth rate of net income and net income per share compared to a public company peer group over a three-year performance period.

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

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

Non-employee director compensation program: In 2016, the Company awarded its non-employee directors a cash retainer, committee meeting fees, shares of restricted common stock, and nonqualified stock options. The Board revised the compensation program in April 2017 to provide that the value of each director’s equity-based award be allocated solely to restricted stock, rather than split evenly between restricted stock and nonqualified stock options. The restricted stock awards are granted on the fifth business day following the Company’s annual meeting of stockholders and fully vest upon the earlier of the first anniversary of the grant date or the completion of the directors’ annual service to the Company. In 2016, the nonqualified stock option awards were granted on the fifth business day following the Company’s annual meeting of stockholders and were immediately vested on the grant date.

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

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

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

	Three Months Ended March 31,	
	2018	2017
Expected volatility	41.63%	44.17%
Expected dividends	0.00%	0.00%
Expected term (in years)	5.99	5.97
Risk-free rate	2.66%	2.17%

Expected volatility is based on the Company’s historical stock price volatility. The expected term is calculated by using the simplified method (average of the vesting and original contractual terms) due to insufficient historical data to estimate the expected term. The risk-free rate is based on the zero coupon U.S. Treasury bond rate over the expected term of the awards.

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The following table summarizes the stock option activity for the three months ended March 31, 2018:

<i>In thousands, except per share amounts</i>	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Options outstanding at January 1, 2018	958	\$ 17.39		
Granted	111	28.25		
Exercised	(60)	16.82		
Forfeited	—	—		
Expired	—	—		
Options outstanding at March 31, 2018	1,009	\$ 18.62	7.3	\$ 13,396
Options exercisable at March 31, 2018	731	\$ 17.00	6.7	\$ 10,901
Available for grant at March 31, 2018	1,144			

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

<i>In thousands, except per share amounts</i>	Three Months Ended March 31,	
	2018	2017
Weighted-average grant date fair value per share	\$ 12.39	\$ 8.97
Intrinsic value of options exercised	\$ 1,030	\$ 4,725
Fair value of stock options that vested	\$ 199	\$ 302

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

The following table summarizes RSU activity during the three months ended March 31, 2018:

<i>In thousands, except per unit amounts</i>	Units	Weighted-Average Grant Date Fair Value Per Unit
Non-vested units at January 1, 2018	201	\$ 17.33
Granted	59	28.25
Vested	—	—
Forfeited	(78)	14.92
Non-vested units at March 31, 2018	182	\$ 21.89

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

	Three Months Ended March 31,	
	2018	2017
Weighted-average grant date fair value per unit	\$ 28.25	\$ 19.99

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

The following table summarizes CSPU activity during the three months ended March 31, 2018:

<i>In thousands, except per unit amounts</i>	Units	Weighted-Average Grant Date Fair Value Per Unit
Non-vested units at January 1, 2018	3,484	\$ 1.00
Granted	1,660	1.00
Vested	—	—
Forfeited	(1,162)	1.00
Non-vested units at March 31, 2018	3,982	\$ 1.00

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

The following table summarizes restricted stock activity during the three months ended March 31, 2018:

<i>In thousands, except per share amounts</i>	Shares	Weighted-Average Grant Date Fair Value Per Share
Non-vested shares at January 1, 2018	53	\$ 19.36
Granted	68	20.56
Vested	(3)	19.83
Forfeited	—	—
Non-vested shares at March 31, 2018	<u>118</u>	<u>\$ 20.04</u>

The following table provides additional restricted stock information:

<i>In thousands, except per share amounts</i>	Three Months Ended March 31,	
	2018	2017
Weighted-average grant date fair value per share	\$ 20.56	\$ 16.65
Fair value of restricted stock awards that vested	\$ 60	\$ 45

Note 9. Commitments and Contingencies

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

The Company contests liability and the amount of damages, as appropriate, in each pending matter. Where available information indicates that it is probable that a liability has been incurred and the Company can reasonably estimate the amount of that loss, the Company accrues the estimated loss by a charge to net income. As of March 31, 2018, the Company had accrued \$0.2 million for these matters. In many actions, however, it is inherently difficult to determine whether any loss is probable or even reasonably possible or to estimate the amount of loss. In addition, even where a loss is reasonably possible or an exposure to loss exists in excess of the liability already accrued, it is not always possible to reasonably estimate the size of the possible loss or range of loss.

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

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

The Company expenses legal costs as they are incurred.

Note 10. Subsequent Events

In April 2018, as a component of its strategy to manage the interest rate risk associated with future interest payments on variable-rate debt, the Company purchased two interest rate cap contracts for \$0.6 million with an aggregate notional principal amount of \$300.0 million. The interest rate caps have maturities of April 2020 (\$100.0 million) and April 2021 (\$200.0 million) with 3.25% and 3.50% strike rates, respectively, against the one-month LIBOR.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by reference to, our unaudited consolidated financial statements and the related notes that appear elsewhere in this Quarterly Report on Form 10-Q. These discussions contain forward-looking statements that reflect our current expectations and that include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, expectations regarding demand and acceptance for our financial products, growth opportunities and trends in the market in which we operate, prospects, and plans and objectives of management. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements involve risks and uncertainties that could cause actual results or events to differ materially from the plans, intentions, and expectations disclosed in the forward-looking statements. Such risks and uncertainties include, without limitation, the risks set forth in our filings with the Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (which was filed with the SEC on February 23, 2018) and this Quarterly Report on Form 10-Q. The forward-looking information we have provided in this Quarterly Report on Form 10-Q pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 should be evaluated in the context of these factors. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or revise such statements, except as required by the federal securities laws.

Overview

We are a diversified consumer finance company providing a broad array of loan products primarily to customers with limited access to consumer credit from banks, thrifts, credit card companies, and other traditional lenders. We began operations in 1987 with four branches in South Carolina and have expanded our branch network to 341 locations in the states of Alabama, Georgia, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia as of March 31, 2018. Most of our loan products are secured, and each is structured on a fixed rate, fixed term basis with fully amortizing equal monthly installment payments, repayable at any time without penalty. Our loans are sourced through our multiple channel platform, which includes our branches, direct mail campaigns, retailers, digital partners, and our consumer website. We operate an integrated branch model in which nearly all loans, regardless of origination channel, are serviced through our branch network, providing us with frequent in-person contact with our customers, which we believe improves our credit performance and customer loyalty. Our goal is to consistently and soundly grow our finance receivables and manage our portfolio risk while providing our customers with attractive and easy-to-understand loan products that serve their varied financial needs.

Our diversified products include:

- *Small Loans ($\leq \$2,500$)* – As of March 31, 2018, we had 250.4 thousand small installment loans outstanding, representing \$360.5 million in finance receivables. This included 97.6 thousand small loan convenience checks, representing \$121.3 million in finance receivables.
- *Large Loans ($> \$2,500$)* – As of March 31, 2018, we had 84.8 thousand large installment loans outstanding, representing \$363.9 million in finance receivables. This included 1.8 thousand large loan convenience checks, representing \$5.0 million in finance receivables.
- *Automobile Loans* – As of March 31, 2018, we had 6.0 thousand automobile purchase loans outstanding, representing \$48.7 million in finance receivables. This included 3.5 thousand indirect automobile loans and 2.5 thousand direct automobile loans, representing \$31.2 million and \$17.5 million in finance receivables, respectively.
- *Retail Loans* – As of March 31, 2018, we had 22.0 thousand retail purchase loans outstanding, representing \$31.9 million in finance receivables.
- *Optional Insurance Products* – We offer optional payment and collateral protection insurance to our direct loan customers.

Small and large installment loans are our core loan products and will be the drivers of our future growth. We ceased originating automobile loans in November 2017 to focus on growing our core loan portfolio, though we will continue to own and service our current automobile loans. Our primary sources of revenue are interest and fee income from our loan products, of which interest and fees relating to small and large installment loans are the largest component. In addition to interest and fee income from loans, we derive revenue from optional insurance products purchased by customers of our direct loan products.

Factors Affecting Our Results of Operations

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

Quarterly Information and Seasonality. Our loan volume and contractual delinquency follow seasonal trends. Demand for our small and large loans is typically highest during the second, third, and fourth quarters, which we believe is largely due to customers borrowing money for vacation, back-to-school, and holiday spending. With the exception of retail loans, loan demand has generally been the lowest during the first quarter, which we believe is largely due to the timing of income tax refunds. Delinquencies generally reach their lowest point in the first quarter of the year and rise throughout the remainder of the fiscal year. Consequently, we experience seasonal fluctuations in our operating results and cash needs.

Growth in Loan Portfolio. The revenue that we derive from interest and fees is largely driven by the balance of loans that we originate and purchase. Average finance receivables grew 13.2% from \$657.4 million in 2016 to \$744.2 million in 2017. Average finance receivables grew 14.8% from \$709.3 million in the first three months of 2017 to \$814.5 million in the first three months of 2018. We source our loans through our branches, direct mail program, retail partners, digital partners, and our consumer website. Our loans are made almost exclusively in geographic markets served by our network of branches. Increasing the number of loans per branch and the number of branches we operate allows us to increase the number of loans that we are able to service. We opened 5 new branches in the first three months of 2017 and consolidated one branch during the first three months of 2018. We believe that we have the opportunity to add as many as 700 additional branches in states where it is currently favorable for us to conduct business, and we have plans to continue to grow our branch network.

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

Asset Quality and Allowance for Credit Losses. Our results of operations are highly dependent upon the credit quality of our loan portfolio. The credit quality of our loan portfolio is the result of our ability to enforce sound underwriting standards, maintain diligent servicing of the portfolio, and respond to changing economic conditions as we grow our loan portfolio. The allowance for credit losses calculation uses the current delinquency profile and historical delinquency roll rates as key data points in estimating the allowance. We believe that the primary underlying factors driving the provision for credit losses for each loan type are our underwriting standards, the general economic conditions in the areas in which we conduct business, portfolio growth, and the effectiveness of our collection efforts. In addition, the market for repossessed automobiles at auction is another underlying factor that we believe influences the provision for credit losses for automobile purchase loans and, to a lesser extent, large loans. We monitor these factors, and the amount and past due status of delinquencies for all loans one or more days past due, to identify trends that might require us to modify the allowance for credit losses.

Interest Rates. Our costs of funds are affected by changes in interest rates, as the interest rates that we pay on our revolving credit facilities are variable. As a component of our strategy to manage the interest rate risk associated with future interest payments on our variable-rate debt, we have purchased interest rate cap contracts. As of March 31, 2018, we held interest rate cap contracts with an aggregate notional principal amount of \$250.0 million and 2.50% strike rates against the one-month LIBOR (1.88% as of March 31, 2018). The interest rate caps have maturities of April 2018 (\$150.0 million), March 2019 (\$50.0 million), and June 2020 (\$50.0 million). When the one-month LIBOR exceeds 2.50%, the counterparty reimburses us for the excess over 2.50%. No payment is required by us or the counterparty when the one-month LIBOR is below 2.50%. In addition, the interest rate on a portion of our long-term debt (the amortizing loan) is fixed. As of March 31, 2018, 53.6% of our long-term debt was at a fixed rate or covered by interest rate cap contracts.

In April 2018, we purchased two additional interest rate cap contracts with an aggregate notional principal amount of \$300.0 million. The interest rate caps have maturities of April 2020 (\$100.0 million) and April 2021 (\$200.0 million), with 3.25% and 3.50% strike rates, respectively, against the one-month LIBOR.

Operating Costs. Our financial results are impacted by the costs of operations and home office functions. Those costs are included in general and administrative expenses on our consolidated statements of income. Our receivable efficiency ratio (annualized sum of general and administrative expenses divided by average finance receivables) was 17.0% for the first three months of 2018, compared to 17.7% for the same period of 2017. We believe this ratio is generally in line with industry standards for companies of our size, and we expect that it will continue to decline in future years as we continue to grow our loan portfolio and control expense growth.

Components of Results of Operations

Interest and Fee Income. Our interest and fee income consists primarily of interest earned on outstanding loans. Accrual of interest income on finance receivables is suspended when an account becomes 90 days delinquent. If the account is charged off, the accrued interest income is reversed as a reduction of interest and fee income.

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

Insurance Income, Net. Our insurance income, net consists primarily of revenue, net of expenses, from the sale of various optional payment and collateral protection insurance products offered to customers who obtain loans directly from us. We do not sell insurance to non-borrowers. Our primary insurance products include optional credit life insurance, accident and health insurance, involuntary unemployment insurance, and personal property insurance. The type and terms of our optional insurance products vary from state to state based on applicable laws and regulations. We require that customers maintain property insurance on any personal property securing loans, and we offer customers the option of providing proof of such insurance purchased from a third party in lieu of purchasing property insurance from us. We also require proof of insurance on any vehicles securing loans, and in select markets, we offer vehicle single interest insurance on vehicles used as collateral on small and large loans. In addition, before we ceased originating automobile loans in November 2017, we offered a Guaranteed Asset Protection (“GAP”) waiver product, which provides for the forgiveness of any loan balance remaining if the automobile collateral is determined to be a total loss by the primary insurance carrier and insurance proceeds are insufficient to pay off the customer’s loan in full.

Apart from the various optional payment and collateral protection insurance products that we offer to our customers, on certain loans, we also collect a fee from our customers and in turn purchase non-file insurance from an unaffiliated insurance company for our benefit in lieu of recording and perfecting our security interest in personal property collateral. Non-file insurance protects us from credit losses where, following an event of default, we are unable to take possession of personal property collateral because our security interest is not perfected (for example, in certain instances where a customer files for bankruptcy). In such circumstances, non-file insurance generally will pay an amount equal to the lesser of the loan balance or the collateral value. In recent years, as large loans have become a larger percentage of our portfolio, the severity of non-file claims has increased and non-file claims expenses have exceeded non-file insurance premiums. The resulting net loss from the non-file insurance product is reflected in insurance income, net. We are considering various ways to lower our non-file insurance claims expense, and it is uncertain whether the non-file insurance product will be available to us in the future on the same terms as it is today. If the unaffiliated insurance company were to enforce limitations on our non-file loss ratios, our net credit losses and insurance income, net would both increase.

We issue insurance certificates as agents on behalf of an unaffiliated insurance company and then remit to the unaffiliated insurance company the premiums we collect, net of refunds on prepaid loans and net of commission on new business. The unaffiliated insurance company then cedes to our wholly-owned insurance subsidiary, RMC Reinsurance, Ltd., the net insurance premium revenue and the associated insurance claims liability for all insurance products, including the non-file insurance that we purchase. Life insurance premiums are ceded as written and non-life insurance premiums are ceded as earned. In accepting the premium revenue and associated claims liability, RMC Reinsurance acts as reinsurer for all insurance products that we sell to our customers and for the non-file insurance that we purchase. RMC Reinsurance pays the unaffiliated insurance company a ceding fee for the continued administration of all insurance products.

As reinsurer, we maintain cash reserves for life insurance claims in an amount determined by the unaffiliated insurance company. As of March 31, 2018, the restricted cash balance for these cash reserves was \$6.7 million. The unaffiliated insurance company maintains the reserves for non-life claims. Insurance income, net includes all of the above-described insurance premiums, claims, and expenses.

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

Provision for Credit Losses. Provisions for credit losses are charged to income in amounts that we estimate as sufficient to maintain an allowance for credit losses at an adequate level to provide for estimated losses on the related finance receivable portfolio. Credit loss experience, delinquency of finance receivables, portfolio growth, the value of underlying collateral, and management’s judgment are factors used in assessing the overall adequacy of the allowance and the resulting provision for credit losses. Our provision for credit losses fluctuates so that we maintain an adequate credit loss allowance that reflects forecasted future credit losses over the estimated loss emergence period (the interval of time between the event which caused a borrower to default and our recording of the credit loss) for each finance receivable type. Changes in our delinquency and net credit loss rates may result in changes to our provision for credit losses. Substantial adjustments to the allowance may be necessary if there are significant changes in economic conditions or portfolio performance.

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

Our personnel expenses are the largest component of our general and administrative expenses and consist primarily of the salaries and wages, overtime, contract labor, relocation costs, bonuses, benefits, and related payroll taxes associated with all of our operations and home office employees.

Our occupancy expenses consist primarily of the cost of renting our facilities, all of which are leased, as well as the utility, depreciation of leasehold improvements and furniture and fixtures, telecommunication, data processing, and other non-personnel costs associated with operating our business.

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

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Other expenses consist primarily of legal, compliance, audit, consulting, non-employee director compensation, amortization of software licenses and implementation costs, electronic payment processing costs, bank service charges, office supplies, and credit bureau charges. We expect legal and compliance costs to remain elevated due to the regulatory environment in the consumer finance industry. For a discussion regarding how risks and uncertainties associated with legal proceedings and the current regulatory environment may impact our future expenses, net income, and overall financial condition, see Part II, Item 1A. “Risk Factors” and the filings referenced therein.

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

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

Results of Operations

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

<i>In thousands</i>	1Q 18		1Q 17	
	Amount	% of Average Receivables	Amount	% of Average Receivables
Revenue				
Interest and fee income	\$66,151	32.5%	\$59,255	33.4%
Insurance income, net	3,389	1.7%	3,805	2.1%
Other income	3,085	1.5%	2,760	1.6%
Total revenue	<u>72,625</u>	<u>35.7%</u>	<u>65,820</u>	<u>37.1%</u>
Expenses				
Provision for credit losses	19,515	9.6%	19,134	10.8%
Personnel	21,228	10.4%	18,168	10.2%
Occupancy	5,618	2.8%	5,285	3.0%
Marketing	1,453	0.7%	1,205	0.7%
Other	6,293	3.1%	6,796	3.8%
Total general and administrative	<u>34,592</u>	<u>17.0%</u>	<u>31,454</u>	<u>17.7%</u>
Interest expense	<u>7,177</u>	<u>3.5%</u>	<u>5,213</u>	<u>2.9%</u>
Income before income taxes	11,341	5.6%	10,019	5.7%
Income taxes	<u>2,697</u>	<u>1.4%</u>	<u>2,385</u>	<u>1.4%</u>
Net income	<u>\$ 8,644</u>	<u>4.2%</u>	<u>\$ 7,634</u>	<u>4.3%</u>

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

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The following table summarizes the quarterly trend of our financial results:

<i>In thousands, except per share amounts</i>	Quarterly Trend					QoQ \$ B(W)	YoY \$ B(W)
	1Q 17	2Q 17	3Q 17	4Q 17	1Q 18		
Revenue							
Interest and fee income	\$ 59,255	\$ 59,787	\$ 63,615	\$ 66,377	\$ 66,151	\$ (226)	\$ 6,896
Insurance income, net	3,805	3,085	3,095	3,076	3,389	313	(416)
Other income	2,760	2,466	2,484	2,654	3,085	431	325
Total revenue	65,820	65,338	69,194	72,107	72,625	518	6,805
Expenses							
Provision for credit losses	19,134	18,589	20,152	19,464	19,515	(51)	(381)
Personnel	18,168	18,387	19,534	19,903	21,228	(1,325)	(3,060)
Occupancy	5,285	5,419	5,480	5,346	5,618	(272)	(333)
Marketing	1,205	1,779	2,303	1,841	1,453	388	(248)
Other	6,796	6,057	6,523	6,929	6,293	636	503
Total general and administrative	31,454	31,642	33,840	34,019	34,592	(573)	(3,138)
Interest expense	5,213	5,221	6,658	6,816	7,177	(361)	(1,964)
Income before income taxes	10,019	9,886	8,544	11,808	11,341	(467)	1,322
Income taxes	2,385	3,751	3,235	923	2,697	(1,774)	(312)
Net income	\$ 7,634	\$ 6,135	\$ 5,309	\$ 10,885	\$ 8,644	\$ (2,241)	\$ 1,010
Net income per common share:							
Basic	\$ 0.66	\$ 0.53	\$ 0.46	\$ 0.94	\$ 0.74	\$ (0.20)	\$ 0.08
Diluted	\$ 0.65	\$ 0.52	\$ 0.45	\$ 0.92	\$ 0.72	\$ (0.20)	\$ 0.07
Weighted-average shares outstanding:							
Basic	11,494	11,554	11,563	11,592	11,618	(26)	(124)
Diluted	11,715	11,730	11,812	11,875	12,030	(155)	(315)
Net interest margin	\$ 60,607	\$ 60,117	\$ 62,536	\$ 65,291	\$ 65,448	\$ 157	\$ 4,841
Net credit margin	\$ 41,473	\$ 41,528	\$ 42,384	\$ 45,827	\$ 45,933	\$ 106	\$ 4,460
	1Q 17	2Q 17	3Q 17	4Q 17	1Q 18	QoQ \$ Inc (Dec)	YoY \$ Inc (Dec)
Total assets	\$690,432	\$727,533	\$779,850	\$829,483	\$814,809	\$(14,674)	\$124,377
Finance receivables	\$695,004	\$726,767	\$774,856	\$817,463	\$804,956	\$(12,507)	\$109,952
Allowance for credit losses	\$ 41,000	\$ 42,000	\$ 47,400	\$ 48,910	\$ 47,750	\$ (1,160)	\$ 6,750
Long-term debt	\$462,994	\$497,049	\$538,351	\$571,496	\$550,377	\$(21,119)	\$ 87,383

Comparison of March 31, 2018, Versus March 31, 2017

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

- *Small Loans ($\leq \$2,500$)* – Small loans outstanding increased by \$24.9 million, or 7.4%, to \$360.5 million at March 31, 2018, from \$335.6 million at March 31, 2017. The increase was primarily due to increased marketing and receivables growth in branches opened during 2016 and 2017.
- *Large Loans ($> \$2,500$)* – Large loans outstanding increased by \$121.6 million, or 50.1%, to \$363.9 million at March 31, 2018, from \$242.4 million at March 31, 2017. The increase was primarily due to increased marketing and the up-sell of small loan customers to large loans.
- *Automobile Loans* – Automobile loans outstanding decreased by \$37.2 million, or 43.3%, to \$48.7 million at March 31, 2018, from \$85.9 million at March 31, 2017. We ceased originating automobile loans in November 2017 to focus on growing our core loan portfolio. We expect the automobile loan portfolio to liquidate at a slightly faster rate in 2018 compared to 2017.
- *Retail Loans* – Retail loans outstanding increased \$0.6 million, or 2.1%, to \$31.9 million at March 31, 2018, from \$31.2 million at March 31, 2017.

In thousands	Finance Receivables by Product						
	1Q 18	4Q 17	QoQ \$ Inc (Dec)	QoQ % Inc (Dec)	1Q 17	YoY \$ Inc (Dec)	YoY % Inc (Dec)
Small loans	\$360,470	\$375,772	\$(15,302)	(4.1)%	\$335,552	\$ 24,918	7.4%
Large loans	363,931	347,218	16,713	4.8%	242,380	121,551	50.1%
Total core loans	724,401	722,990	1,411	0.2%	577,932	146,469	25.3%
Automobile loans	48,704	61,423	(12,719)	(20.7)%	85,869	(37,165)	(43.3)%
Retail loans	31,851	33,050	(1,199)	(3.6)%	31,203	648	2.1%
Total finance receivables	\$804,956	\$817,463	\$(12,507)	(1.5)%	\$695,004	\$109,952	15.8%
Number of branches at period end	341	342	(1)	(0.3)%	344	(3)	(0.9)%
Average finance receivables per branch	\$ 2,361	\$ 2,390	\$ (29)	(1.2)%	\$ 2,020	\$ 341	16.9%

Comparison of the Three Months Ended March 31, 2018, Versus the Three Months Ended March 31, 2017

Net Income. Net income increased \$1.0 million, or 13.2%, to \$8.6 million during the three months ended March 31, 2018, from \$7.6 million during the prior-year period. The increase was primarily due to an increase in revenue of \$6.8 million, offset by an increase in provision for credit losses of \$0.4 million, an increase in general and administrative expenses of \$3.1 million, an increase in interest expense of \$2.0 million, and an increase in income taxes of \$0.3 million.

Revenue. Total revenue increased \$6.8 million, or 10.3%, to \$72.6 million during the three months ended March 31, 2018, from \$65.8 million during the prior-year period. The components of revenue are explained in greater detail below.

Interest and Fee Income. Interest and fee income increased \$6.9 million, or 11.6%, to \$66.2 million during the three months ended March 31, 2018, from \$59.3 million during the prior-year period. The increase was primarily due to a 14.8% increase in average finance receivables, offset by a 0.9% decrease in average yield.

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

In thousands	Average Finance Receivables for the Quarter Ended			Average Yields for the Quarter Ended		
	1Q 18	1Q 17	YoY % Inc (Dec)	1Q 18	1Q 17	YoY % Inc (Dec)
Small loans	\$370,513	\$349,521	6.0%	40.1%	42.3%	(2.2)%
Large loans	355,784	239,033	48.8%	28.5%	28.7%	(0.2)%
Automobile loans	55,515	88,150	(37.0)%	15.4%	16.6%	(1.2)%
Retail loans	32,657	32,560	0.3%	18.5%	18.7%	(0.2)%
Total interest and fee yield	\$814,469	\$709,264	14.8%	32.5%	33.4%	(0.9)%
Total revenue yield	\$814,469	\$709,264	14.8%	35.7%	37.1%	(1.4)%

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Small loan yields decreased 2.2% compared to the prior-year period as more of our small loan customers have originated loans with larger balances and longer maturities, which typically are priced at lower interest rates. Automobile loan yields decreased 1.2% compared to the prior-year period. We anticipate that the automobile loan yields will remain at the current level or decline due to higher yielding loans paying off or renewing into large loans, leaving the lower yielding loans in the liquidating automobile loan portfolio. Since we began focusing on large loan growth in early 2015, the large loan portfolio has grown faster than the rest of our loan products, and we expect that this trend will continue in the future. Over time, large loan growth will change our product mix, which will reduce our total interest and fee yield.

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

	Net Loans Originated						
<i>In thousands</i>	1Q 18	4Q 17	QoQ \$ Inc (Dec)	QoQ % Inc (Dec)	1Q 17	YoY \$ Inc (Dec)	YoY % Inc (Dec)
Small loans	\$123,756	\$149,299	\$(25,543)	(17.1)%	\$115,359	\$ 8,397	7.3%
Large loans	88,773	106,680	(17,907)	(16.8)%	57,020	31,753	55.7%
Automobile loans	—	1,927	(1,927)	(100.0)%	8,789	(8,789)	(100.0)%
Retail loans	7,302	8,363	(1,061)	(12.7)%	6,264	1,038	16.6%
Total net loans originated	\$219,831	\$266,269	\$(46,438)	(17.4)%	\$187,432	\$32,399	17.3%

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

<i>In thousands</i>	Components of Increase in Interest and Fee Income 1Q 18 compared to 1Q 17 Increase (Decrease)			
	Volume	Rate	Volume & Rate	Net
Small loans	\$ 2,218	\$(1,847)	\$ (111)	\$ 260
Large loans	8,380	(154)	(74)	8,152
Automobile loans	(1,351)	(248)	92	(1,507)
Retail loans	5	(13)	(1)	(9)
Product mix	(463)	613	(150)	—
Total increase in interest and fee income	<u>\$ 8,789</u>	<u>\$(1,649)</u>	<u>\$ (244)</u>	<u>\$ 6,896</u>

The \$6.9 million increase in interest and fee income during the three months ended March 31, 2018 from the prior-year period was primarily driven by finance receivables growth, offset by a decrease in yield, as illustrated in the table above. We expect future increases in interest and fee income to continue to be driven primarily from growth in our average receivables.

Insurance Income, Net. Insurance income, net decreased \$0.4 million, or 10.9%, to \$3.4 million during the three months ended March 31, 2018, from \$3.8 million during the prior-year period. Annualized insurance income, net represented 1.7% and 2.1% of average receivables during the three months ended March 31, 2018 and the prior-year period, respectively. The decrease was primarily due to a transition in insurance carriers that caused \$0.6 million and \$1.0 million of non-file insurance claims to impact net credit losses instead of insurance income, net during the three months ended March 31, 2018 and the prior-year period, respectively.

Other Income. Other income increased \$0.3 million, or 11.8%, to \$3.1 million during the three months ended March 31, 2018, from \$2.8 million during the prior-year period, due to a \$0.4 million increase in commissions earned from the sale of our new auto club product, offset by a \$0.1 million decrease in late charges. The decrease in late charges was primarily due to large loans comprising a greater percentage of our total portfolio during the three months ended March 31, 2018 compared to the prior-year period. The most significant driver of other income is average active accounts. Average active accounts increased 5.0% since March 31, 2017, while average receivables increased 14.8% since March 31, 2017. Annualized other income represented 1.5% of average receivables during the three months ended March 31, 2018 compared to 1.6% of average receivables during the prior-year period. As large loans continue to represent a greater percentage of our total portfolio, we expect the better credit quality of our large loan customers to result in lower other income per active account.

Provision for Credit Losses. Our provision for credit losses increased \$0.4 million, or 2.0%, to \$19.5 million during the three months ended March 31, 2018, from \$19.1 million during the prior-year period. The increase was due to an increase in net credit losses of \$1.3 million, offset by a \$0.9 million increase in the amount of allowance for credit losses released in the current-year period compared to the prior-year period. The provision for credit losses represented 9.6% of average receivables during the three months ended March 31, 2018 compared to 10.8% of average receivables during the prior-year period. The increase in the provision for credit losses is explained in greater detail below.

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Net Credit Losses. Net credit losses increased \$1.3 million, or 6.7%, to \$20.7 million during the three months ended March 31, 2018, from \$19.4 million during the prior-year period. The increase was primarily due to a \$105.2 million increase in average finance receivables over the prior-year period. Annualized net credit losses as a percentage of average receivables were 10.2% during the three months ended March 31, 2018 compared to 10.9% during the prior-year period. The current-year period included 0.4% attributable to a \$0.7 million increase in net credit losses as a result of the hurricanes that impacted our branches in August 2017 and 0.3% from the temporary shift of \$0.6 million in non-file insurance claims into net credit losses. The prior-year period included 0.6% from the temporary shift of \$1.0 million in non-file insurance claims into net credit losses. We believe that the improvement in annualized net credit losses as a percentage of average receivables is attributable in part to the positive results generated by our new centralized late-stage collections department, and we expect that these results will continue throughout 2018.

Delinquency Performance. Our March 31, 2018 contractual delinquency as a percentage of total finance receivables was 6.5% (inclusive of an increase of 0.2% attributable to the impact of the hurricanes), consistent with the same measure as of March 31, 2017.

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

<i>In thousands</i>	Contractual Delinquency by Aging			
	1Q 18		1Q 17	
Allowance for credit losses	\$ 47,750	5.9%	\$ 41,000	5.9%
Current	683,206	84.9%	586,085	84.3%
1 to 29 days past due	69,034	8.6%	63,978	9.2%
Delinquent accounts:				
30 to 59 days	14,858	1.8%	13,860	2.1%
60 to 89 days	11,495	1.4%	9,889	1.4%
90 to 119 days	9,656	1.2%	7,569	1.0%
120 to 149 days	7,905	1.0%	6,975	1.0%
150 to 179 days	8,802	1.1%	6,648	1.0%
Total contractual delinquency	\$ 52,716	6.5%	\$ 44,941	6.5%
Total finance receivables	\$804,956	100.0%	\$695,004	100.0%

<i>In thousands</i>	Contractual Delinquency by Product			
	1Q 18		1Q 17	
Small loans	\$ 29,586	8.2%	\$ 26,573	7.9%
Large loans	17,723	4.9%	12,142	5.0%
Automobile loans	3,132	6.4%	4,513	5.3%
Retail loans	2,275	7.1%	1,713	5.5%
Total contractual delinquency	\$ 52,716	6.5%	\$ 44,941	6.5%

Allowance for Credit Losses. We evaluate delinquency and losses in each of our loan products in establishing the allowance for credit losses. The following table sets forth our allowance for credit losses compared to the related finance receivables as of the end of the periods indicated:

<i>In thousands</i>	1Q 18			1Q 17		
	Finance Receivables	Allowance for Credit Losses	Allowance as Percentage of Related Finance Receivables	Finance Receivables	Allowance for Credit Losses	Allowance as Percentage of Related Finance Receivables
Small loans	\$ 360,470	\$ 23,366	6.5%	\$ 335,552	\$ 20,575	6.1%
Large loans	363,931	18,589	5.1%	242,380	12,675	5.2%
Total core loans	724,401	41,955	5.8%	577,932	33,250	5.8%
Automobile loans	48,704	3,316	6.8%	85,869	5,775	6.7%
Retail loans	31,851	2,479	7.8%	31,203	1,975	6.3%
Total	\$ 804,956	\$ 47,750	5.9%	\$ 695,004	\$ 41,000	5.9%

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In September 2017, the Company recorded a \$3.0 million increase to the allowance for credit losses related to estimated incremental credit losses on customer accounts impacted by hurricanes. As of March 31, 2018, the allowance for credit losses included \$1.8 million of remaining incremental hurricane allowance.

General and Administrative Expenses. Our general and administrative expenses, comprising expenses for personnel, occupancy, marketing, and other expenses, increased \$3.1 million, or 10.0%, to \$34.6 million during the three months ended March 31, 2018 from \$31.5 million during the prior-year period. Our receivable efficiency ratio (annualized general and administrative expenses as a percentage of average finance receivables) decreased to 17.0% during the three months ended March 31, 2018 from 17.7% during the prior-year period. We believe that our receivable efficiency ratio will continue to decline in future years as we continue to grow our portfolio and control expense growth. The absolute dollar increase in general and administrative expenses is explained in greater detail below.

Personnel. The largest component of general and administrative expenses is personnel expense, which increased \$3.1 million, or 16.8%, to \$21.2 million during the three months ended March 31, 2018 from \$18.2 million during the prior-year period. Salary expense increased \$1.4 million due to added headcount in our information technology department, costs related to building the centralized late-stage collections department, and an increase in branch headcount to effectively service active account growth since March 31, 2017. Branch incentive expense increased \$1.0 million due to a historically low branch incentive payout in the prior-year period and the implementation of a revised branch incentive plan during the three months ended March 31, 2018 that rewards branch personnel more heavily for loan production. We expect annual 2018 branch incentive expense as a percentage of average receivables to be lower than in 2017. Corporate incentive compensation expense increased \$0.7 million compared to the prior-year period primarily due to the 2018 annual grant of awards (which have three-year performance targets) under our long-term incentive plan.

Occupancy. Occupancy expenses increased \$0.3 million, or 6.3%, to \$5.6 million during the three months ended March 31, 2018 from \$5.3 million during the prior-year period. The increase was due to costs related to branch relocations, remodels, and maintenance. Additionally, we frequently experience increases in rent, leasehold improvements, and computer equipment as we renew existing branch leases.

Marketing. Marketing expenses increased \$0.2 million, or 20.6%, to \$1.5 million during the three months ended March 31, 2018 from \$1.2 million during the prior-year period. The increase was due to more convenience check mailings and expanded digital marketing.

Other Expenses. Other expenses decreased \$0.5 million, or 7.4%, to \$6.3 million during the three months ended March 31, 2018 from \$6.8 million during the prior-year period. The decrease was primarily due to a \$0.6 million decrease in legal and settlement costs and a \$0.3 million decrease in costs related to the implementation of our new loan management system, offset by a \$0.4 million increase in electronic payment processing costs.

Interest Expense. Interest expense on long-term debt increased \$2.0 million, or 37.7%, to \$7.2 million during the three months ended March 31, 2018 from \$5.2 million during the prior-year period. The increase was primarily due to increases in the average balance of our long-term debt facilities from finance receivable growth, an increase in interest rates, an increase in unused line fees, and additional debt issuance cost amortization related to both the amended senior revolving credit facility and our new warehouse credit facility. The average cost of our combined revolving credit facilities increased 0.77% to 5.14% during the three months ended March 31, 2018 from 4.37% during the prior-year period. The average cost of our long-term debt has increased as we have diversified our long-term funding sources.

Income Taxes. Income taxes increased \$0.3 million, or 13.1%, to \$2.7 million during the three months ended March 31, 2018 from \$2.4 million during the prior-year period. The increase was primarily due to an increase in income before income taxes of \$1.3 million and \$1.5 million in tax benefits related to the exercise of stock options during the prior-year period, offset by a reduction in our effective tax rate during the three months ended March 31, 2018 as a result of the Tax Act. This legislation makes changes to U.S. tax law, including a reduction in the corporate tax rate from 35% to 21%. Our effective tax rate was 23.8% for both the three months ended March 31, 2018 and the prior-year period. As a result of the passage of the Tax Act, we estimate that our effective tax rate for 2018 will be approximately 25%.

Liquidity and Capital Resources

Our primary cash needs relate to the funding of our lending activities and, to a lesser extent, expenditures relating to improving our technology infrastructure and expanding and maintaining our branch locations. In connection with our plans to improve our technology infrastructure and to expand our branch network in future years, we will incur approximately \$7.0 million to \$10.0 million of expenditures annually. We have historically financed, and plan to continue to finance, our short-term and long-term operating liquidity and capital needs through a combination of cash flows from operations and borrowings under our senior revolving credit facility, our revolving warehouse credit facility, and our amortizing loan, each of which is described below. We believe that cash flow from our operations and borrowings under our long-term debt facilities will be adequate to fund our business for the next twelve

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months, including initial operating losses of new branches and finance receivable growth of new and existing branches. From time to time, we have increased the borrowing limits under our senior revolving credit facility. While we have successfully obtained such increases in the past, there can be no assurance that additional funding will be available (or available on reasonable terms) if and when needed in the future. We continue to seek ways to diversify our long-term funding sources, including through the securitization of certain finance receivables. We expect that new funding sources will be more expensive than our senior revolving credit facility.

Cash Flow.

Operating Activities. Net cash provided by operating activities increased by \$3.0 million, or 10.3%, to \$31.8 million during the three months ended March 31, 2018 from \$28.8 million during the prior-year period. The increase was primarily due to the growth in the business described above, which produced higher net income, before provision for credit losses.

Investing Activities. Investing activities consist of finance receivables originated and purchased, the purchase of intangible assets, and the purchase of property and equipment for new and existing branches. Net cash used in investing activities during the three months ended March 31, 2018 was \$9.8 million, compared to the net cash provided by investing activities of \$1.4 million during the prior-year period, a net increase of \$11.2 million. The increase in cash used was primarily due to increased net originations of finance receivables.

Financing Activities. Financing activities consist of borrowings and payments on our outstanding indebtedness and issuances and repurchases of common stock. During the three months ended March 31, 2018, net cash used in financing activities was \$21.7 million, a decrease of \$8.9 million compared to the \$30.5 million net cash used in financing activities during the prior-year period. The decrease was primarily a result of a decrease in net payments on long-term debt of \$7.7 million and a \$1.2 million decrease in taxes paid related to net share settlements of equity awards.

Financing Arrangements.

Senior Revolving Credit Facility. We entered into a sixth amended and restated senior revolving credit facility with a syndicate of banks in June 2017. The facility provides for up to \$638.0 million in availability, with a borrowing base of up to 85% of eligible secured finance receivables and 70% of eligible unsecured finance receivables, in each case, subject to adjustment at certain credit quality levels (81% of eligible secured finance receivables and 66% of eligible unsecured finance receivables as of March 31, 2018). The facility matures in June 2020 and has an accordion provision that allows for the expansion of the facility to \$700.0 million. Borrowings under the facility bear interest, payable monthly, at rates equal to LIBOR of a maturity we elect between one and six months, with a LIBOR floor of 1.00%, plus a margin of 3.00%. The margin increases to 3.25% if the availability percentage under the facility decreases below 10%. Alternatively, we may pay interest at a rate based on the prime rate (which was 4.75% as of March 31, 2018) plus a margin of 2.00%. The margin increases to 2.25% if the availability percentage under the facility decreases below 10%. We also pay an unused line fee of 0.50% per annum, payable monthly. This fee decreases to 0.375% when the average outstanding balance on the credit facility exceeds \$413.0 million. Excluding the receivables held by RMR and RMR II, the senior revolving credit facility is secured by substantially all of our finance receivables and the equity interests of the majority of our subsidiaries. The credit agreement contains certain restrictive covenants, including maintenance of specified interest coverage and debt ratios, restrictions on distributions, limitations on other indebtedness, maintenance of a minimum allowance for credit losses, and certain other restrictions.

Our long-term debt under the senior revolving credit facility was \$416.1 million at March 31, 2018, and the amount available for borrowing, but not yet advanced, was \$56.3 million. At March 31, 2018, we were in compliance with our debt covenants. A year or more in advance of its June 2020 maturity date, we intend to extend the maturity date of the amended and restated senior revolving credit facility or take other appropriate action to address repayment upon maturity. See Part II, Item 1A. "Risk Factors" and the filings referenced therein for a discussion of risks related to our amended and restated senior revolving credit facility, including refinancing risk.

Revolving Warehouse Credit Facility. In June 2017, we entered into a credit agreement providing for a \$125.0 million revolving warehouse credit facility. The facility is expandable to \$150.0 million, is secured by certain large loan receivables, converts to an amortizing loan in December 2018, and terminates in December 2019. Through October 1, 2017, borrowings under the revolving warehouse credit facility bore interest, payable monthly, at a blended rate equal to three-month LIBOR, plus a margin of 3.50%. Effective October 2, 2017 and February 5, 2018, the revolving warehouse credit facility margin decreased to 3.25% and 3.00%, respectively, following the satisfaction of milestones associated with our conversion to a new loan origination and servicing system. We pay an unused commitment fee of between 0.35% and 0.85% per annum, payable monthly, based upon the average daily utilization of the facility. Advances on the facility are capped at 80% of eligible finance receivables. On each sale of receivables, we make certain representations and warranties about the quality and nature of the collateralized receivables. The credit agreement requires us to pay the administrative agent a release fee for the release of receivables in certain circumstances, including circumstances in which the representations and warranties made by us concerning the quality and characteristics of the receivables are inaccurate. As of March 31, 2018, our long-term debt under the facility was \$91.6 million and we were in compliance with our debt covenants. We intend to seek an extension of the maturity date of the facility before December 2018.

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Amortizing Loan. We entered into a credit agreement in December 2015 providing for a \$75.7 million amortizing loan that is secured by certain of our automobile loan receivables. The amortizing loan was amended and restated in November 2017, providing for an additional loan advance of \$37.8 million that is secured by certain of our automobile loan receivables. We paid interest of 3.00% per annum on the loan balance. In February 2018, we agreed to lower the advance rate on the loan from 88% to 85% and to increase the interest rate from 3.00% to 3.25%. The amortizing loan terminates in December 2024, and the credit agreement allows us to prepay the loan when the outstanding balance falls below 20% of the original loan amount. On the closing dates of the amortizing loan, we made certain representations and warranties about the quality and nature of the collateralized receivables. The credit agreement requires us to pay the administrative agent a release fee for the release of receivables in certain circumstances, including circumstances in which the representations and warranties made by us concerning the quality and characteristics of the receivables are inaccurate. As of March 31, 2018, our long-term debt under the credit agreement was \$42.6 million and we were in compliance with our debt covenants.

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

Restricted Cash Reserve Accounts.

The credit agreement for the revolving warehouse credit facility requires that we maintain a 1% cash reserve based upon the ending finance receivables balance of the facility. As of March 31, 2018, the warehouse facility cash reserve requirement totaled \$1.1 million. The warehouse facility is supported by the expected cash flows from the underlying collateralized finance receivables. Collections are remitted to a restricted cash collection account, which totaled \$7.1 million as of March 31, 2018.

As required under the credit agreement for the amortizing loan, we deposited \$3.7 million of cash proceeds into a restricted cash reserve account at closing. The reserve requirement decreased to \$1.7 million in June 2016 following our satisfaction of certain provisions of the credit agreement. The credit agreement was amended and restated in November 2017 with a cash reserve requirement of \$1.3 million, which will remain until the termination of the facility. The amortizing loan is supported by the expected cash flows from the underlying collateralized finance receivables. Collections are remitted to a restricted cash collection account, which totaled \$2.9 million as of March 31, 2018.

In addition, our wholly-owned subsidiary, RMC Reinsurance, Ltd., is required to maintain cash reserves (\$6.7 million as of March 31, 2018) against life insurance policies ceded to it, as determined by the ceding company, and has also purchased a \$0.3 million cash-collateralized letter of credit in favor of the ceding company.

Interest Rate Caps.

As a component of our strategy to manage the interest rate risk associated with future interest payments on our variable-rate debt, we have purchased interest rate cap contracts. As of March 31, 2018, we held interest rate cap contracts with an aggregate notional principal amount of \$250.0 million and 2.50% strike rates against the one-month LIBOR. The interest rate caps have maturities of April 2018 (\$150.0 million), March 2019 (\$50.0 million), and June 2020 (\$50.0 million). When the one-month LIBOR exceeds 2.50%, the counterparty reimburses us for the excess over 2.50%. No payment is required by us or the counterparty when the one-month LIBOR is below 2.50%.

In April 2018, we purchased two additional interest rate cap contracts with an aggregate notional principal amount of \$300.0 million. The interest rate caps have maturities of April 2020 (\$100.0 million) and April 2021 (\$200.0 million), with 3.25% and 3.50% strike rates, respectively, against the one-month LIBOR.

Off-Balance Sheet Arrangements

Our wholly-owned subsidiary, RMC Reinsurance, Ltd., is required to maintain cash reserves against life insurance policies ceded to it, as determined by the ceding company. As of March 31, 2018, the cash reserves were \$6.7 million. We have also purchased a cash collateralized letter of credit in favor of the ceding company. As of March 31, 2018, the letter of credit was \$0.3 million.

Impact of Inflation

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

Critical Accounting Policies

Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with GAAP and conform to general practices within the consumer finance industry. The preparation of these financial statements requires estimates and assumptions that affect the reported amounts of assets

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and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities for the periods indicated in the financial statements. Management bases estimates on historical experience and other assumptions it believes to be reasonable under the circumstances and evaluates these estimates on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions.

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

Credit Losses.

Provisions for credit losses are charged to income as losses are estimated to have occurred and in amounts sufficient to maintain an allowance for credit losses at an adequate level to provide for future losses on our finance receivables. We charge credit losses against the allowance when the account becomes 180 days delinquent, subject to certain exceptions. Our policy for non-titled accounts in a confirmed bankruptcy is to charge them off at 60 days delinquent, subject to certain exceptions. Deceased borrower accounts are charged off in the month following the proper notification of passing, with the exception of borrowers with credit life insurance. Subsequent recoveries, if any, are credited to the allowance. Loss experience, the loss emergence period, contractual delinquency of finance receivables by loan type, the value of underlying collateral, and management's judgment are factors used in assessing the overall adequacy of the allowance and the resulting provision for credit losses. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions or portfolio performance. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revisions as more information becomes available.

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

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

We adjust the computed roll rate forecast as described above for qualitative factors based on an assessment of internal and external influences on credit quality that are not fully reflected in the roll rate forecast. Those qualitative factors include trends in growth in the loan portfolio, delinquency, unemployment, bankruptcy, operational risks, and other economic trends.

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

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

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

The FASB issued an accounting update in June 2016 to change the impairment model for estimating credit losses on financial assets. The current incurred loss impairment model requires the recognition of credit losses when it is probable that a loss has been incurred. The incurred loss model will be replaced by an expected loss model, which requires entities to estimate the lifetime expected credit loss on such instruments and to record an allowance to offset the amortized cost basis of the financial asset. This update is

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effective for annual and interim periods beginning after December 15, 2019, and early adoption is permitted. We believe the implementation of the accounting update will have a material adverse effect on our consolidated financial statements, and we are in the process of quantifying the potential impacts.

Income Recognition.

Interest income is recognized using the interest method (constant yield method). Therefore, we recognize revenue from interest at an equal rate over the term of the loan. Unearned finance charges on pre-compute contracts are rebated to customers utilizing statutory methods, which in many cases is the sum-of-the-years' digits method. The difference between income recognized under the constant yield method and the statutory method is recognized as an adjustment to interest income at the time of rebate. Accrual of interest income on finance receivables is suspended when an account becomes 90 days delinquent. If the account is charged off, the accrued interest income is reversed as a reduction of interest and fee income.

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

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

Charges for late fees are recognized as income when collected.

Share-Based Compensation.

We measure compensation cost for share-based awards at estimated fair value and recognize compensation expense over the service period for awards expected to vest. We use the closing stock price on the date of grant as the fair value of restricted stock awards. The fair value of stock options is determined using the Black-Scholes valuation model. The Black-Scholes model requires the input of highly subjective assumptions, including expected volatility, risk-free interest rate, and expected life, changes to which can materially affect the fair value estimate. We estimate volatility using our historical stock prices. The risk-free rate is based on the zero coupon U.S. Treasury bond rate for the expected term of the award on the grant date. The expected term is calculated by using the simplified method (average of the vesting and original contractual terms) due to insufficient historical data to estimate the expected term. In addition, the estimation of share-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised.

Income Taxes.

We record a tax provision for the anticipated tax consequences of our reported operating results. The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effects of future tax rate changes are recognized in the period when the enactment of new rates occurs.

We recognize the financial statement effects of a tax position when it is more likely than not that, based on technical merits, the position will be sustained upon examination. The tax benefits of the position recognized in the consolidated financial statements are then measured based on the largest amount of benefit that is greater than 50% likely to be realized upon settlement with a taxing authority. As of March 31, 2018, we had not taken any tax position that exceeds the amount described above.

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

Recently Issued Accounting Standards

See Note 2, "Basis of Presentation and Significant Accounting Policies," of the Notes to Consolidated Financial Statements in Part I, Item 1. "Financial Statements" for a discussion of recently issued accounting pronouncements, including information on new accounting standards and the future adoption of such standards.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect our results of operations and financial condition. We originate finance receivables at either prevailing market rates or at statutory limits. Our finance receivables are structured on a fixed rate, fixed term basis. Accordingly, subject to statutory limits, our ability to react to changes in prevailing market rates is dependent upon the speed at which our customers pay off or renew loans in our existing loan portfolio, which allows us to originate new loans at prevailing market rates. Our loan portfolio turns over approximately 1.3 times per year from payments, renewals, and net credit losses. Because our automobile loans have longer maturities and typically are not refinanced prior to maturity, the rate of turnover of the loan portfolio may change as these loans change as a percentage of our portfolio.

We also are exposed to changes in interest rates as a result of our borrowing activities. We maintain liquidity and fund our business operations in large part through borrowings under a senior revolving credit facility and a revolving warehouse credit facility. At March 31, 2018, the outstanding balances under the senior revolving credit facility and the revolving warehouse credit facility were \$416.1 million and \$91.6 million, respectively. The interest rate that we pay on each credit facility is a variable rate.

Borrowings under the senior revolving credit facility bear interest, payable monthly, at a rate equal to LIBOR of a maturity we elect between one and six months, with a LIBOR floor of 1.00%, plus a margin of 3.00%, increasing to 3.25% when the availability percentage is below 10%. Alternatively, we may pay interest under the senior revolving credit facility at a rate based on the prime rate, plus a margin of 2.00%, increasing to 2.25% when the availability percentage is below 10%. Through October 1, 2017, borrowings under the revolving warehouse credit facility bore interest, payable monthly, at a blended rate equal to three-month LIBOR, plus a margin of 3.50%. Effective October 2, 2017 and February 5, 2018, the revolving warehouse credit facility margin decreased to 3.25% and 3.00%, respectively, following the satisfaction of milestones associated with our conversion to a new loan origination and servicing system. As of March 31, 2018, our LIBOR rates under the senior revolving credit facility and warehouse revolving credit facility were 1.88% and 2.31%, respectively.

Interest rates on borrowings under the senior revolving credit facility and the revolving warehouse credit facility were approximately 4.89% and 4.98%, respectively, for the three months ended March 31, 2018, including, in each case, an unused line fee. Based on the LIBOR rates and the outstanding balances at March 31, 2018, an increase of 100 basis points in LIBOR rates would result in approximately \$5.1 million of increased interest expense on an annual basis, in the aggregate, under these LIBOR-based borrowings. The nature and amount of our debt may vary as a result of future business requirements, market conditions, and other factors.

As of March 31, 2018, we had purchased interest rate caps to manage interest rate risk associated with a notional \$250.0 million of our LIBOR-based borrowings. These interest rate caps are based on the one-month LIBOR and reimburse us for the difference when the one-month LIBOR exceeds 2.50%. The interest rate caps have maturities of April 2018 (\$150.0 million), March 2019 (\$50.0 million), and June 2020 (\$50.0 million).

In April 2018, we purchased two additional interest rate cap contracts with an aggregate notional principal amount of \$300.0 million. The interest rate caps have maturities of April 2020 (\$100.0 million) and April 2021 (\$200.0 million), with 3.25% and 3.50% strike rates, respectively, against the one-month LIBOR.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2018. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based on the evaluation of our disclosure controls and procedures as of March 31, 2018, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. *LEGAL PROCEEDINGS*

On May 30, 2014, a securities class action lawsuit was filed in the United States District Court for the Southern District of New York (the "District Court") against the Company and certain of its current and former directors, executive officers, and stockholders (collectively, the "Defendants"). The complaint alleged violations of the Securities Act of 1933 (the "1933 Act Claims") and sought unspecified compensatory damages and other relief on behalf of a purported class of purchasers of the Company's common stock in the September 2013 and December 2013 secondary public offerings. On August 25, 2014, Waterford Township Police & Fire Retirement System and City of Roseville Employees' Retirement System were appointed as lead plaintiffs (collectively, the "Plaintiffs"). An amended complaint was filed on November 24, 2014. In addition to the 1933 Act Claims, the amended complaint also added claims for violations of the Securities Exchange Act of 1934 (the "1934 Act Claims") seeking unspecified compensatory damages on behalf of a purported class of purchasers of the Company's common stock between May 2, 2013 and October 30, 2014, inclusive.

On January 26, 2015, the Defendants filed a motion to dismiss the amended complaint in its entirety. In response, the Plaintiffs sought and were granted leave to file an amended complaint. On February 27, 2015, the Plaintiffs filed a second amended complaint. Like the prior amended complaint, the second amended complaint asserts 1933 Act Claims and 1934 Act Claims and seeks unspecified compensatory damages. The Defendants filed a motion to dismiss the second amended complaint on April 28, 2015, and on March 30, 2016, the District Court granted the Defendants' motion to dismiss the second amended complaint in its entirety. On May 23, 2016, the Plaintiffs moved for leave to file a third amended complaint. On January 27, 2017, the District Court denied the Plaintiffs' motion for leave to file a third amended complaint and directed entry of final judgment in favor of the Defendants. On January 30, 2017, the District Court entered final judgment in favor of the Defendants.

On March 1, 2017, the Plaintiffs filed a notice of appeal to the United States Court of Appeals for the Second Circuit (the "Appellate Court"). After hearing oral arguments on November 17, 2017, the Appellate Court issued a summary order on January 26, 2018 affirming the District Court's order denying Plaintiffs leave to file a third amended complaint. The deadline for Plaintiffs to file a petition for a writ of certiorari with the United States Supreme Court was April 26, 2018. The Plaintiffs did not pursue an appeal with the United States Supreme Court, and therefore, this matter is fully resolved and concluded.

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

ITEM 1A. *RISK FACTORS*

Other than with respect to the risk factors set forth below, there have been no material changes to our risk factors from those included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. In addition to the other information set forth in this report and in our other reports and statements that we file with the SEC, you should carefully consider the factors discussed in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (which was filed with the SEC on February 23, 2018), which could materially affect our business, financial condition, and/or future operating results. The risks described in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q are not the only risks facing our company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially and adversely affect the Company's business, financial condition, and/or operating results.

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ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.1	Cooperation Agreement, dated as of January 26, 2018, between Basswood Capital Management, L.L.C. and the Company	8-K	001-3547	10.1	01/29/2018	
10.2	Second Amendment to Sixth Amended and Restated Loan and Security Agreement, dated as of February 20, 2018, by and among Regional Management Corp. and its subsidiaries named as borrowers therein, the financial institutions named as lenders therein, and Bank of America, N.A., as agent	—	—	—	—	X
10.3	Amendment No. 1 to the Amended and Restated Credit Agreement, dated as of February 20, 2018, by and among Regional Management Receivables, LLC, as borrower, Regional Management Corp., as servicer, Wells Fargo Bank, National Association, as lender, and Wells Fargo Securities, LLC, as administrative agent	—	—	—	—	X
31.1	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Executive Officer	—	—	—	—	X
31.2	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Financial Officer	—	—	—	—	X
32.1	Section 1350 Certifications	—	—	—	—	X
101	The following materials from our Quarterly Report on Form 10-Q for the three months ended March 31, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets as of March 31, 2018 and December 31, 2017; (ii) the Consolidated Statements of Income for the three months ended March 31, 2018 and 2017; (iii) the Consolidated Statements of Stockholders' Equity for the three months ended March 31, 2018 and the year ended December 31, 2017; (iv) the Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and 2017; and (v) the Notes to the Consolidated Financial Statements.	—	—	—	—	X

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 1, 2018

REGIONAL MANAGEMENT CORP.

By: /s/ Donald E. Thomas

Donald E. Thomas, Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

SECOND AMENDMENT TO SIXTH AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This Second Amendment to Sixth Amended and Restated Loan and Security Agreement (this "Amendment") is made as of February 20, 2018, among Regional Management Corp. ("Regional"), Regional Finance Corporation of South Carolina, Regional Finance Corporation of Georgia, Regional Finance Corporation of Texas, Regional Finance Corporation of North Carolina, Regional Finance Corporation of Alabama, Regional Finance Corporation of Tennessee, Regional Finance Company of New Mexico, LLC, Regional Finance Company of Oklahoma, LLC, Regional Finance Company of Missouri, LLC, Regional Finance Company of Georgia, LLC, RMC Financial Services of Florida, LLC, Regional Finance Company of Louisiana, LLC, Regional Finance Company of Mississippi, LLC, Regional Finance Company of Kentucky, LLC and Regional Finance Company of Virginia, LLC (each individually a "Borrower" and collectively the "Borrowers"), the financial institutions listed as lenders on the signature pages to this Amendment (such financial institutions, together with their respective successors and assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders") and Bank of America, N.A. as agent for the Lenders (in its capacity as agent, the "Agent").

RECITALS

WHEREAS, the Borrowers, the Lenders and the Agent are parties to that certain Sixth Amended and Restated Loan and Security Agreement, dated as of June 20, 2017, as amended by that certain First Amendment to Sixth Amended and Restated Loan and Security Agreement, dated as of November 21, 2017 (as amended and as may be further amended, restated, modified, substituted, extended, or renewed from time to time, and together with all of its exhibits, schedules and attachments thereto, collectively the "Loan Agreement");

WHEREAS, the Borrowers acknowledge that as of the close of business on February 16, 2018, there was outstanding the aggregate principal amount of \$457,000,045.03 under the Loan Agreement in respect of the outstanding principal amount of Revolving Loans and the undrawn face amount of all outstanding Letters of Credit;

WHEREAS, the Borrowers have requested that the Agent and the Lenders modify certain provisions of the Loan Agreement and the Agent and the Lenders have agreed to do so subject to the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1 **DEFINED TERMS; RECITALS.**

Each defined term used herein and not otherwise defined herein shall have the meaning ascribed to such term in the Loan Agreement. The Borrowers, the Lenders and the Agent agree that the Recitals above are a part of this Amendment.

Section 2 **AMENDMENTS.** The Loan Agreement is hereby amended as follows:

-
- a. Section 1.1 of the Loan Agreement is hereby amended by deleting the definition of “Existing Term Loan Transaction” and replacing it with the following:
- “Existing Term Loan Transaction shall mean that certain Credit Agreement, subject to the Intercreditor Agreement, originally dated as of December 11, 2015 and as amended and restated pursuant to that certain Amended and Restated Credit Agreement dated as of November 21, 2017 (and amended by that certain Amendment No. 1 to the Amended and Restated Credit Agreement to be dated on or about February 20, 2018), by and among Regional Management Receivables, LLC, as borrower, Regional Management Corp., as servicer, the lenders from time to time party thereto, Wells Fargo Securities, LLC, as administrative agent for the lenders, and Wells Fargo Bank, National Association, as account bank, collateral custodian, and backup servicer.”
- b. Section 1.1 of the Loan Agreement is hereby amended by deleting subsection (f) of the definition of “Eligible Contracts” and replacing it with the following:
- “(f) (i) are secured by Property located solely in the continental United States or (ii) if unsecured, (A) the aggregate Net Balance of such unsecured Contracts does not exceed \$120,000,000, in the aggregate, at any given time and (B) such unsecured Contracts shall only remain Eligible Contracts if, upon a refinancing thereof, such unsecured Contracts are then secured by Property located solely in the continental United States;”
- c. The second paragraph (starting with “provided, however,”) of Section 11.1 is hereby deleted in its entirety and replaced with the following:
- “provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by (i) all the Lenders (and Borrowers and Agent), or (ii) by Agent (at the written request of all the Lenders) and Borrowers, do any of the following...”
- d. Subsection (j) of Section 11.1 is hereby deleted in its entirety and replaced with the following:
- “(j) change the definitions of “Availability”, “Majority Lenders”, “Required Lenders”, “Non-Warehouse Facility Securitization”, “Warehouse Securitization”, “Warehouse Facility”, “Non-Warehouse Facility Permitted Securitization Transfers”, “Warehouse Facility Permitted Securitization Transfers”, “Warehouse Facility Permitted Transfers” or “Securitization;”
- e. The Schedules attached to the Loan Agreement are hereby replaced with the Schedules attached hereto as Exhibit A.

Section 3 REPRESENTATIONS AND WARRANTIES.

Each of the Borrowers hereby represents and warrants to the Agent, as of the Amendment Effective Date, as follows:

3.1 **Authorization; Enforceability; Ratification.** This Amendment has been duly and validly executed by an authorized officer of such Borrower and constitutes the legal, valid and binding obligation of such Borrower enforceable against such Borrower in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally. The Loan Agreement remains in full force and effect and remains the valid and binding obligation of each such Borrower enforceable against such Borrower in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

3.2 **No Default or Event of Default.** No Default or Event of Default is existing under the Loan Agreement and no Default or Event of Default will occur as a result of the effectiveness of this Amendment.

3.3 **Restatement of Representations and Warranties; Schedules.** The representations and warranties of such Borrower contained in the Loan Agreement and the other Loan Documents are true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty shall be true and correct in all respects) on and as of the date of this Amendment as though made on the date of this Amendment (except for representations and warranties that expressly relate to an earlier date). The Schedules to the Loan Agreement are accurate and complete on and as of the date of this Amendment (except for Schedules that expressly relate to an earlier date).

Section 4 **CONDITIONS TO EFFECTIVENESS.**

This Amendment shall become effective (the "Amendment Effective Date") when and only when (a) this Amendment shall be executed and delivered by each Borrower, the Agent and the Lenders, (b) the Agent shall have received a certificate of the Secretary of each Borrower as to (x) resolutions of its board of directors, or applicable governing body, then in full force and effect authorizing the execution, delivery and performance of this Amendment and (y) the incumbency signatures of those of its officers authorized to act with respect to this Amendment, and (c) the Agent shall have received an executed Reaffirmation from the Guarantors.

Section 5 **CONSENT**

The Agent and the Lenders hereby consent for all purposes under the Loan Agreement and the other Loan Documents, to Regional's entering into that certain Amendment No. 1 to Amended and Restated Credit Agreement dated on or about February 20, 2018, and among Regional Management Receivables, LLC, as borrower, Regional Management Corp., as servicer, the lenders from time to time party thereto, Wells Fargo Securities, LLC, as administrative agent for the lenders, and Wells Fargo Bank, National Association, as account bank, collateral custodian, and backup servicer, and to consummating the transactions contemplated thereby; provided, however, that such consent shall not be interpreted as constituting a waiver of any other Events of Default that might arise from the consummation of such transaction pursuant to the terms of the Loan Documents.

Section 6 **MISCELLANEOUS.**

6.1 **Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any conflict of law principles that would cause the laws of another jurisdiction to apply (except federal laws relating to national banks).

6.2 **Severability.** Any provision of this Amendment which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment.

6.3 **Counterparts.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, and all of which taken together shall constitute but one and the same instrument, and counterparts hereof may be delivered by facsimile or .PDF electronic transmission which shall be effective as a manually signed original counterpart.

6.4 **Headings.** Section headings used in this Amendment are for the convenience of reference only and are not a part of this Amendment for any other purpose.

6.5 **Negotiations.** By accepting this Amendment, each Borrower acknowledges and agrees that all of the provisions contained herein were negotiated and agreed to in good faith after discussion with the Agent.

6.6 **Nonwaiver.** Except as set forth in Sections 2 and 5 above or as otherwise expressly set forth herein, the execution, delivery, performance and effectiveness of this Amendment shall not operate as, or be deemed or construed to be, a waiver: (a) of any right, power or remedy of the Agent under the Loan Agreement or the other Loan Documents or (b) of any term, provision, representation, warranty or covenant contained in the Loan Agreement or any other Loan Document. Further, none of the provisions of this Amendment shall constitute, or be deemed to be or construed as, a waiver of any Default or Event of Default under the Loan Agreement.

6.7 Reference to and Effect on the Loan Agreement; Successor and Assigns. Upon the effectiveness of this Amendment, each reference in the Loan Agreement to “this Agreement,” “hereunder,” “hereof,” “herein,” or words of like import shall mean and be a reference to the Loan Agreement, as modified by this Amendment and each reference to the Loan Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Loan Agreement shall mean and be a reference to the Loan Agreement, as modified by this Amendment. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

6.8 Acknowledgment; Release of Claims. No Borrower is aware of any claim or offset against, or defense or counterclaim to, such Borrower’s obligations or liabilities under the Loan Agreement or any Loan Document to which it is a party. In consideration of the Lenders’ agreements contained in this Amendment, each Borrower hereby irrevocably releases and forever discharges the Agent and its Affiliates, subsidiaries, successors, assigns, directors, officers, employees, agents, consultants and attorneys (each, a “Released Person”) of and from any and all claims, suits, actions, investigations, proceedings or demands, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law of any kind or character, known or unknown, which such Borrower ever had or now has against the Agent or any other Released Person which relates, directly or indirectly, to any acts or omissions of the Agent or any other Released Person relating to the Loan Agreement or any Loan Document on or prior to the date hereof.

6.9 Reaffirmation. Each of the parties hereto (as debtor, grantor, pledgor, guarantor, assignor, or in any other similar capacity in which such party grants liens or security interests in its property or otherwise acts as accommodation party or guarantor, as the case may be, under the Loan Documents) hereby: (i) ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, under the Loan Agreement and the other Loan Documents to which it is a party and (ii) to the extent such party has granted liens on or security interests in any of its property pursuant to the Loan Agreement or any other Loan Document as security for or otherwise guaranteed the Obligations, ratifies and reaffirms such guarantee and grant of security interests and liens and confirms and agrees that such security interests and liens hereafter secure all of the Obligations. Each of the parties hereto hereby consents to this Amendment and hereby ratifies and affirms the Loan Agreement and the other Loan Documents, as modified hereby.

6.10 Waiver of Jury Trial. Each party hereto waives to the fullest extent permitted by law, any right it may have to a trial by jury of any claim, counterclaim, action or other proceeding arising under or relating to this amendment or the transactions contemplated hereby.

6.11 Loan Document. This Amendment is a Loan Document.

6.12 Fees and Expenses. The Borrowers shall pay all outstanding costs, expenses and fees of the Agent and its advisors, service providers and legal counsels incurred in connection with the documentation of this Amendment, in the manner and to the extent set forth in the Loan Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective officers or agents thereunto duly authorized as of the date first written above.

BORROWERS

**REGIONAL MANAGEMENT CORP.
REGIONAL FINANCE CORPORATION OF SOUTH
CAROLINA
REGIONAL FINANCE CORPORATION OF GEORGIA
REGIONAL FINANCE CORPORATION OF TEXAS
REGIONAL FINANCE CORPORATION OF NORTH
CAROLINA
REGIONAL FINANCE CORPORATION OF ALABAMA
REGIONAL FINANCE CORPORATION OF TENNESSEE
REGIONAL FINANCE COMPANY OF OKLAHOMA, LLC
REGIONAL FINANCE COMPANY OF NEW MEXICO,
LLC
REGIONAL FINANCE COMPANY OF MISSOURI, LLC
REGIONAL FINANCE COMPANY OF GEORGIA, LLC
REGIONAL FINANCE COMPANY OF MISSISSIPPI, LLC
REGIONAL FINANCE COMPANY OF LOUISIANA, LLC
RMC FINANCIAL SERVICES OF FLORIDA, LLC
REGIONAL FINANCE COMPANY OF KENTUCKY, LLC
REGIONAL FINANCE COMPANY OF VIRGINIA, LLC,
as Regional Borrowers**

By: /s/ Donald E. Thomas

Name: Donald E. Thomas

Title: EVP and CFO

Address: 979 Batesville Road, Suite B, Greer, South Carolina
29651 (with a mailing address of Post Office Box 776,
Mauldin, South Carolina 296662)

AGENT

BANK OF AMERICA, N.A., as Agent

By: /s/ Bruce Jenks
Name: Bruce Jenks
Title: Senior Vice President
Address: 4 Sentry Parkway, Suite 200
Blue Bell, PA 19422
Attn: Bruce Jenks

LENDERS

BANK OF AMERICA, N.A.,
as a Lender and Letter of Credit Issuer

By: /s/ Bruce Jenks
Name: Bruce Jenks
Title: Senior Vice President

Commitment = \$215,000,000.00

BMO HARRIS FINANCING, INC.,
as a Lender

By: /s/ Michael S. Cameli
Name: Michael S. Cameli
Title: Director

Commitment = \$108,000,000.00

FIRST TENNESSEE BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Blake Chandler
Name: Blake Chandler
Title: Vice President

Commitment = \$40,000,000.00

SYNOVUS BANK

as a Lender

By: /s/ Michael Sawicki

Name: Michael Sawicki

Title: Director, Corporate Banking

Commitment = \$25,000,000.00

TEXAS CAPITAL BANK, N.A.

as a Lender

By: /s/ Stephanie Bowman

Name: Stephanie Bowman

Title: Senior Vice President

Commitment = \$35,000,000.00

WELLS FARGO BANK, NATIONAL ASSOCIATION

as a Lender

By: /s/ William M. Laird

Name: William M. Laird

Title: Senior Vice President

Commitment = \$165,000,000.00

First Tennessee Bank National Association

(successor by merger to Capital Bank, N.A.) as a Lender

By: /s/ Blake Chandler

Name: Blake Chandler

Title: Vice President

Commitment = \$20,000,000.00

BANKUNITED, N.A.

as a Lender

By: /s/ Stephen Derby

Name: Stephen Derby

Title: Senior Vice President

Commitment = \$30,000,000.00

EXHIBIT A

See attached.

SCHEDULE 4.4

LOCATIONS OF BOOKS AND RECORDS AND COLLATERAL

The following is a correct and complete list of the locations of all books and records concerning the Collateral, the locations of the Collateral, and the locations of all Borrowers' places of business as of the Closing Date:

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

The following branch locations:

Branch #	Street Address	City	State	Zip
0101	101 Verdae Boulevard, Suite 130	Greenville	SC	29607-3887
0103	1544 West Floyd Baker Blvd.	Gaffney	SC	29341-1204
0104	7800 Rivers Ave, Suite 1450	North Charleston	SC	29406-4072
0105	120 Highway 14, Suite C	Simpsonville	SC	29681-6056
0106	2303 Boundary Street, Suite 3	Beaufort	SC	29902-3720
0107	1200 Sam Rittenberg Blvd, Suite B	Charleston	SC	29407-5006
0108	6729 Two Notch Road, Suite L	Columbia	SC	29223-7535
0109	161 South Aiken Lane, Suite 420	Aiken	SC	29803-8084
0110	110 A North Memorial Avenue	Walterboro	SC	29488-3908
0111	1641 Springdale Dr, Suite C	Camden	SC	29020-2091
0112	592 North Anderson Road	Rock Hill	SC	29730-7300
0113	251 Broad Street	Sumter	SC	29150-4146
0114	1450 W.O. Ezell Boulevard, Suite 950	Spartanburg	SC	29301-1500
0115	716 B Montague Avenue	Greenwood	SC	29649-1439
0118	1610 Church Street, Suite D	Conway	SC	29526-2960
0119	1113 N. Fraser Street	Georgetown	SC	29440-2851
0121	2705 C North Main Street	Anderson	SC	29621-3283
0122	1136 Orangeburg Mall Circle	Orangeburg	SC	29115-3439
0123	810 Dutch Square Blvd, Suite 102	Columbia	SC	29210-7318
0124	145 Hwy 15-401 Bypass West, Suite 7	Bennettsville	SC	29512-4359
0125	112 East Carolina Avenue	Hartsville	SC	29550-4214
0126	115 E. Richardson Avenue	Summerville	SC	29483-6332
0127	2889 Main Street	Newberry	SC	29108-4133
0128	109 East Main Street	Lake City	SC	29560-2626
0129	410 D North Duncan Bypass	Union	SC	29379-8641
0130	517 Radford Blvd, Suite D	Dillon	SC	29536-2469
0131	1309 B West Poinsett Street	Greer	SC	29650-1251
0132	605 Broadway Street	Myrtle Beach	SC	29577-3814
0133	5809 Calhoun Memorial Hwy, Suite K	Easley	SC	29640-3876
0134	1137-B Hwy 9 Bypass W	Lancaster	SC	29720-4781
0135	1107 East Godbold Street	Marion	SC	29571-3907
0136	129 Lee Avenue	Hampton	SC	29924-3439
0137	1612 State Rd, Suite A-14	Cheraw	SC	29520-5106
0139	141 E. Church Street, Suite M	Batesburg-Leesville	SC	29070-7066
0140	104 Bi-Lo Way, Suite A2	Moncks Comer	SC	29461-3975
0141	197 Main Street	Barnwell	SC	29812-1847
0142	721 U.S. Hwy 321 BYP South, Unit 11	Winnsboro	SC	29180-6326

Branch #	Street Address	City	State	Zip
0143	3720 Boiling Springs Rd, Suite F	Boiling Springs	SC	29316-5760
0144	211 Oconee Square Drive	Seneca	SC	29678-2546
0145	507 N. Harper Street, Suite D	Laurens	SC	29360-2337
0146	348 North Highway 701, Unit 1	Loris	SC	29569-2464
0147	404 E. Martintown Road, Suite D	North Augusta	SC	29841-4236
0148	938 E. Liberty Street	York	SC	29745-1662
0149	200 West Mill Street	Kingstree	SC	29556-3340
0153	229 Apple Square Plaza	Edgefield	SC	29824-4203
0154	218 City Square	Belton	SC	29627-1433
0155	1035 Johnnie Dodds Blvd., Suite C-7	Mt. Pleasant	SC	29464-6154
0156	867 U.S. Highway 17 South	North Myrtle Beach	SC	29582-3428
0157	7509 Garners Ferry Road, Suite F	Columbia	SC	29209-2664
0158	3405 White Horse Road, Suite C	Greenville	SC	29611-5947
0160	7249 Saint Andrews Road, Suite B	Columbia	SC	29212-1178
0161	400 N. Dobys Bridge Rd, Suite 103	Fort Mill	SC	29715-6805
0180	2523 S. Cashua Drive	Florence	SC	29501-5350
0187	475 N. Main Street, Suite D	Hemingway	SC	29554-9191
0189	103 South Brooks Street	Manning	SC	29102-3111
0190	509 12th Street	West Columbia	SC	29169-6334
0301	2301 Wade Hampton Blvd., Suite 3	Greenville	SC	29615-1059
0303	100 Forum Drive, Suite 4	Columbia	SC	29229-7945
0304	110 Garner Road, Suite 10	Spartanburg	SC	29303-3155
0305	1884 Columbia Road	Orangeburg	SC	29115-3365
0306	1222 West Evans Street	Florence	SC	29501-3322
0307	8600 Dorchester Road, Suite 203	North Charleston	SC	29420-7383
0308	479 Bypass 72 NW, Suite 111	Greenwood	SC	29649-1405
0309	5175 Sunset Boulevard, Suite 4	Lexington	SC	29072-7320
0311	124 Commons Parkway	Anderson	SC	29621-4133
0312	1300 Savannah Highway, Suite 11	Charleston	SC	29407-7849
0313	708 Bultman Drive	Sumter	SC	29150-2517
0501	2523 East 5th Street	Tyler	TX	75701-3544
0502	500 8th Avenue, Suite 100	Fort Worth	TX	76104-2065
0503	217 S. Oklahoma Avenue, Suite D	Weslaco	TX	78596-7970
0504	2912 North Laurent Street	Victoria	TX	77901-4141
0505	2501 N. 23rd Street, Suite 30	McAllen	TX	78501-7891
0506	318 East Jackson Street	Harlingen	TX	78550-6850
0507	502 West Calton Road, Suite 109	Laredo	TX	78041-6631
0508	2200 Boca Chica Blvd, Suite 104	Brownsville	TX	78521-2241
0509	1121 SW Military Drive, Suite 103	San Antonio	TX	78221-1672
0510	4918 Ayers Road, Suite 136	Corpus Christi	TX	78415-1431
0511	530 S Zapata Highway, Suite 3	Laredo	TX	78043-5037
0512	2400 Veterans Blvd, Suite 10	Del Rio	TX	78840-3136
0513	4761 E. Highway 83, Suite B	Rio Grande City	TX	78582-6494
0514	2708 H East Griffin Parkway	Mission	TX	78572-3309
0515	206 B West San Antonio Street	San Marcos	TX	78666-5585
0516	14145 Nacogdoches Road, Suite 1	San Antonio	TX	78247-1931

Branch #	Street Address	City	State	Zip
0517	220 Jefferson Street	Eagle Pass	TX	78852-4820
0518	2551 Judson Road, Suite C	Longview	TX	75605-4645
0519	8868 Research Blvd, Suite 705	Austin	TX	78758-8522
0520	3221 Wurzbach Road	San Antonio	TX	78238-4002
0521	218 East Kleberg Avenue	Kingsville	TX	78363-4573
0522	840 Secretary Drive	Arlington	TX	76015-1640
0523	817 West Pioneer Parkway, Suite 156	Grand Prairie	TX	75051-4738
0524	1615 North Valley Mills Drive	Waco	TX	76710-2552
0525	3655 Fredericksburg Road, Suite 119	San Antonio	TX	78201-3859
0526	1919 South Texas Ave	Bryan	TX	77802-1832
0527	2314 C West Adams Avenue	Temple	TX	76504-3931
0528	2725 NE 28th Street, Suite 130	Fort Worth	TX	76111-2966
0529	1918 North Story Road	Irving	TX	75061-1936
0530	3115 South 1st, Suite 300	Garland	TX	75041-3422
0531	719 West William Cannon Drive, Suite 112	Austin	TX	78745-3981
0532	1645 E. Canton Road	Edinburg	TX	78542-2925
0533	1804 Wirt Road	Houston	TX	77055-2407
0534	5517 Airline Drive, Suite E	Houston	TX	77076-4946
0535	3910 Fairmont Parkway, Suite D	Pasadena	TX	77504-3066
0536	12220 Murphy Road, Suite H	Stafford	TX	77477-2410
0537	6240 Phelan Blvd	Beaumont	TX	77706-6120
0538	4525 Rigsby Avenue, Suite 106	San Antonio	TX	78222-1275
0539	459 Uvalde Road	Houston	TX	77015-3717
0540	3401 W. Davis Street, Suite A1	Conroe	TX	77304-1841
0541	6003 Bellaire Blvd., Suite G	Houston	TX	77081-5421
0542	500 N. Oregon, Suite E	El Paso	TX	79901-1124
0543	8720 Alameda Avenue, Suite A	El Paso	TX	79907-6275
0544	10755 N. Loop Drive, Suite P	Socorro	TX	79927-4694
0545	3333 N. Yarbrough Drive, Suite V	El Paso	TX	79925-1739
0546	9861 Dyer Street, Suite 4	El Paso	TX	79924-4747
0547	6920 Delta Drive, Suite 2	El Paso	TX	79905-5519
0548	1605 George Dieter Drive, Suite 302	El Paso	TX	79936-6586
0549	3806 Avenue I, Suite 22	Rosenberg	TX	77471-3951
0550	7500 Eckhert Road, Suite 460	San Antonio	TX	78240-3068
0551	5015 FM 2920 Road, Suite B	Spring	TX	77388-3114
0552	230 W. Parker Road, Suite 190	Plano	TX	75075-2383
0553	11819 West Avenue, Suite 2	San Antonio	TX	78216-2533
0554	3465 W. Walnut Street, Suite 107	Garland	TX	75042-7169
0555	1015 S. Mays Street, Suite 101	Round Rock	TX	78664-6745
0556	6242 Rufe Snow Drive, Suite 230	North Richland Hills	TX	76148-3347
0557	1703 Shaver Street	Pasadena	TX	77502-2027
0558	2550 Broadway Street	Pearland	TX	77581-4904
0559	11925 Southwest Freeway, Suite 6	Stafford	TX	77477-2300
0560	4485 North Freeway	Houston	TX	77022-6229
0561	873 S. Mason Road, Suite 324	Katy	TX	77450-3882
0562	3917 W. Camp Wisdom Road, Suite 107	Dallas	TX	75237-2468

Branch #	Street Address	City	State	Zip
0563	2506 25th Avenue North, Suite 2	Texas City	TX	77590-4666
0564	2901 Alta Mere Drive, Suite 1000	Fort Worth	TX	76116-4180
0565	1700 N. Zaragoza Road, Suite 103	El Paso	TX	79936-7964
0566	14181 Northwest Freeway	Houston	TX	77040-5013
0567	1931 Texas Parkway	Missouri City	TX	77489-3121
0568	1101 E. Highway 6, Suite A	Alvin	TX	77511-2878
0569	2364 E. Southcross Boulevard	San Antonio	TX	78223-2263
0570	1420 FM 1960 Bypass Rd E, Suite 118	Humble	TX	77338-3934
0571	5488 Walzem Road	San Antonio	TX	78218-2125
0572	2301 N. Collins Street, Suite 116	Arlington	TX	76011-2645
0573	901 N. Raul Longoria Rd, Suite 4	San Juan	TX	78589-3747
0574	4010 W. Commerce Street, Suite 101	San Antonio	TX	78207-3650
0575	4902 Holly Road, Suite 112	Corpus Christi	TX	78411-4767
0576	16876 Stuebner Airline Road	Spring	TX	77379-6207
0577	713 W. Wheatland Road	Duncanville	TX	75116-4520
0578	3719 N. Fry Road, Suite O	Katy	TX	77449-6740
0579	4509 50th Street	Lubbock	TX	79414-3611
0580	4070 N. Belt Line Road, Suite 153	Irving	TX	75038-5010
0581	12637 Westheimer Rd, Suite 150	Houston	TX	77077-5746
0582	9714 Potranco Road, Suite 113	San Antonio	TX	78251-9617
0583	2400 E. Oltorf Street, Suite 12A	Austin	TX	78741-4567
0584	2644 SW 34th Avenue	Amarillo	TX	79109-4806
0585	1607 East 8th Street, Suite A	Odessa	TX	79761-4806
0586	2252 E. Main Street	Uvalde	TX	78801-4947
0587	1645 Pat Booker Road, Suite 115	Universal City	TX	78148-3400
0588	810 E. Veterans Boulevard, Suite F	Palmview	TX	78572-5019
0589	3552 Sherwood Way	San Angelo	TX	76901-3533
0590	7097 N. Expressway 77, Suite 4	Olmito	TX	78575-9808
0591	3482 Catclaw Drive	Abilene	TX	79606-8224
0592	1909 Texoma Parkway, Suite G	Sherman	TX	75090-2668
0593	3301 E. Rancier Ave., Suite 103G	Killeen	TX	76543-7855
0594	601 Sunset Street	Denton	TX	76201-2665
0595	1812 Santa Fe Drive, Suite D	Weatherford	TX	76086-6429
0596	2708 Southwest Pkwy., Suite 114	Wichita Falls	TX	76308-3727
0597	386 Landa Street, Suite B	New Braunfels	TX	78130-5401
0598	120 FM 2821 Road W, Suite C	Huntsville	TX	77320-8414
0601	11 Crispin Ct, Suite 103	Asheville	NC	28803-8208
0602	2367 Highway 70 SE	Hickory	NC	28602-8300
0650	2568 West Franklin Blvd.	Gastonia	NC	28052-1250
0651	7309 East Independence Blvd, Suite 24	Charlotte	NC	28227-9439
0652	1897 E. Broad Street	Statesville	NC	28625-4307
0653	3733 B Farmington Drive	Greensboro	NC	27407-6246
0654	2108 N. Centennial Street, Suite 114	High Point	NC	27262-7742
0655	3193 D Peters Creek Parkway	Winston Salem	NC	27127-4710
0656	811 South Jake Alexander Boulevard	Salisbury	NC	28147-9058
0657	9601 North Tryon Street, Suite H	Charlotte	NC	28262-8460

Branch #	Street Address	City	State	Zip
0658	3306 Highway 74 West, Unit D	Monroe	NC	28110-8695
0659	6407 South Blvd, Suite J	Charlotte	NC	28217-4401
0660	638 Spartanburg Hwy, Suite 30	Hendersonville	NC	28792-5921
0661	2140 South Church Street	Burlington	NC	27215-5328
0662	1231 Rockingham Rd.	Rockingham	NC	28379-4958
0663	1337 C East Dixie Drive	Asheboro	NC	27203-8889
0664	3379 Cloverleaf Parkway	Kannapolis	NC	28083-6991
0665	1941 Hoffman Road, Suite 10	Gastonia	NC	28054-7524
0667	2403 Battleground Avenue, Suite 10	Greensboro	NC	27408-4035
0668	420 Eastwood Road, Suite 101	Wilmington	NC	28403-1866
0669	1829 Capital Boulevard, Suite 105	Raleigh	NC	27604-2177
0670	5410 NC Highway 55, Suite R	Durham	NC	27713-7802
0671	4964 Martin View Lane	Winston Salem	NC	27104-5066
0672	1111 Ireland Drive, Suite 102	Fayetteville	NC	28304-3329
0673	5069 Fayetteville Road	Lumberton	NC	28358-2107
0674	3250 Wilkinson Blvd, Suite H	Charlotte	NC	28208-5667
0675	1330 Fifth Avenue, Suite 250	Gamer	NC	27529-3638
0676	2630 S. Main Street, Suite 103	High Point	NC	27263-1941
0677	12265 Capital Boulevard	Wake Forest	NC	27587-6200
0678	4731 Ramsey Street	Fayetteville	NC	28311-1614
0679	260 Summit Square Boulevard, Unit A6	Winston Salem	NC	27105-1461
0680	2316 S. 17th Street, Suite 120	Wilmington	NC	28401-7913
0681	1331 Mebane Oaks Road	Mebane	NC	27302-9681
0682	5539 W. Market Street	Greensboro	NC	27409-2525
0683	3607 Matthews Mint Hill Road, Suite 10	Matthews	NC	28105-4146
0684	460 Moyer Blvd., Suite 103	Greenville	NC	27834-2886
0685	5279 N. Roxboro Rd, Suite E, Box 8	Durham	NC	27712-2800
0701	7118 Maynardville Highway	Knoxville	TN	37918-5738
0702	3014 Bristol Highway, Suite 3	Johnson City	TN	37601-1512
0703	421 West Stone Drive, Suite 3	Kingsport	TN	37660-3270
0704	1135 Volunteer Parkway, Suite 1	Bristol	TN	37620-4658
0705	5716 Ringgold Road, Unit 106	Chattanooga	TN	37412-3597
0706	891 Keith Street NW, Suite 6	Cleveland	TN	37311-1879
0707	126 The Crossings	Crossville	TN	38555-8754
0708	1645 Downtown West Blvd, Unit 11	Knoxville	TN	37919-5411
0709	516 S. Willow Avenue	Cookeville	TN	38501-3727
0710	1631 E. Andrew Johnson Highway	Morristown	TN	37814-5401
0711	1240 NW Broad Street	Murfreesboro	TN	37129-1713
0712	224 West Main Street, Suite D	Lebanon	TN	37087-2680
0713	136 Bear Creek Pike, Suite E	Columbia	TN	38401-2484
0714	2565 East Andrew Johnson Hwy.	Greeneville	TN	37745-0951
0715	319 Vann Drive, Suite B	Jackson	TN	38305-6032
0716	2021 Gallatin Pike North, Suite 240	Madison	TN	37115-2029
0717	200 Able Drive, Suite 16	Dayton	TN	37321-6034
0718	121 Henslee Drive, Suite H	Dickson	TN	37055-2076
0719	1321 Bell Road	Antioch	TN	37013-3730

Branch #	Street Address	City	State	Zip
0720	371 West Church Street	Lexington	TN	38351-2096
0721	7444 Winchester Road, Suite 104	Memphis	TN	38125-2206
0801	449 George Wallace Drive	Gadsden	AL	35903-2282
0802	2314 6th Avenue SE, Suite B	Decatur	AL	35601-6565
0803	4925 University Drive, Suite 110	Huntsville	AL	35816-1849
0804	2801 Mall Road, Suite 9	Florence	AL	35630-1676
0805	8144 U.S. Hwy 431	Albertville	AL	35950-1135
0806	1225 Snow Street, Suite 4	Oxford	AL	36203-1964
0807	1710 2nd Avenue SW, Suite 5	Cullman	AL	35055-5337
0808	1845 Montgomery Hwy, Suite 221	Hoover	AL	35244-2501
0809	2001 Skyland Blvd. East, Suite C-1	Tuscaloosa	AL	35405-1545
0810	1930 Edwards Lake Road, Suite 120	Birmingham	AL	35235-3719
0811	246 Interstate Commercial Park Loop	Prattville	AL	36066-7361
0812	3074 Ross Clark Circle, Suite 8	Dothan	AL	36301-1194
0813	2140 E. University Drive, Suite E	Auburn	AL	36830-1853
0814	6144 Atlanta Highway	Montgomery	AL	36117-2800
0815	3304 U.S. Highway 80 West, Suite E	Phenix City	AL	36870-6405
0816	220 Town Mart	Clanton	AL	35045-3784
0817	792 Commerce Drive, Suite 101	Alexander City	AL	35010-4213
0818	5238 U.S. Highway 90 W, Suite D	Mobile	AL	36619-4220
0819	5031 Ford Parkway, Suite 104	Bessemer	AL	35022-5284
0820	6345 Airport Boulevard, Suite G	Mobile	AL	36608-3127
0821	1237 Highway 231 South	Troy	AL	36081-3054
0822	631 Willow Lane, Suite K	Greenville	AL	36037-8028
0823	1605 S. Broad Street	Scottsboro	AL	35768-2610
0824	458 1st Street SW	Alabaster	AL	35007-9703
0825	4405 N. College Avenue, Suite C	Jackson	AL	36545-2045
0826	1123 N. McKenzie Street	Foley	AL	36535-3550
0827	1209 N. Main Avenue	Sylacauga	AL	35150-1648
0828	33208 Highway 43, Suite A	Thomasville	AL	36784-1631
0829	906 McMeans Avenue, Suite B	Bay Minette	AL	36507-3308
0830	306 Palisades Blvd., Suite 4	Homewood	AL	35209-5148
0831	632 Boll Weevil Circle	Enterprise	AL	36330-2734
0870	1310 Quintard Avenue	Anniston	AL	36201-4620
0871	959 Gilbert Ferry Road SE, Suite M	Attalla	AL	35954-3335
0872	3186 Alabama Highway 157	Cullman	AL	35058-0686
0873	841 Odum Road, Suite 105	Gardendale	AL	35071-4112
0875	1811 Highway 78 East, Suite 110	Jasper	AL	35501-4081
0876	2206 Village Drive	Moody	AL	35004-3241
0881	583 Brindlee Mountain Pkwy	Arab	AL	35016-1054
0882	920 Highway 72 E	Athens	AL	35611-4318
0883	981 U.S. Highway 431 South	Boaz	AL	35957-1749
0886	2003 Avalon Ave	Muscle Shoals	AL	35661-3188
0887	2308 Gault Avenue North	Fort Payne	AL	35967-3644
0888	587 Highway 31 NW, Suite A	Hartselle	AL	35640-4470
0889	700 Airport Road, Suite E	Huntsville	AL	35802-4360

Branch #	Street Address	City	State	Zip
0891	80 McFarland Boulevard, Suite 2	Northport	AL	35476-3332
0893	305 East Battle Street, Suite A	Talladega	AL	35160-2421
0894	2401 Stemley Bridge Road, Suite 13	Pell City	AL	35128-2393
0901	9200 S. Pennsylvania Avenue	Oklahoma City	OK	73159-6902
0902	2108 A W. Lindsey Street	Norman	OK	73069-4108
0903	6221 N. Meridian Avenue	Oklahoma City	OK	73112-1249
0904	1300 West Vandament Avenue, Suite 2301	Yukon	OK	73099-4575
0905	1510 N. Kickapoo Avenue, Suite 1	Shawnee	OK	74804-4331
0906	7505 SE 15th Street	Midwest City	OK	73110-5425
0907	1915 W. Gore Boulevard, Suite 3	Lawton	OK	73501-3661
0908	1208 North York Street, Suite B	Muskogee	OK	74403-2562
0909	3202 S. Memorial Drive, Suite 7A	Tulsa	OK	74145-1322
0910	1231 SE Frank Phillips Blvd	Bartlesville	OK	74003-4321
0911	806 S. Aspen Avenue, Suite B	Broken Arrow	OK	74012-4884
0912	305 W. Taft Road	Sapulpa	OK	74066-5436
0913	1942 S. Highway 66	Claremore	OK	74019-4371
0914	1500 Hoppe Boulevard, Suite 6	Ada	OK	74820-2309
0915	120 N. 5th Street	Chickasha	OK	73018-2406
0916	302 W. Edmond Road	Edmond	OK	73003-5600
0917	1212 Merrick Drive, Suite 5	Ardmore	OK	73401-1824
0918	2329 W. Willow Road	Enid	OK	73703-2433
0919	639 NW 7th Street	Moore	OK	73160-3803
0920	701 N. Main Street	Stillwater	OK	74075-5410
0921	200 East Choctaw Avenue	McAlester	OK	74501-5026
0922	111 S. Main Street	Miami	OK	74354-7024
0923	3040 S. Muskogee Avenue, Suite 101	Tahlequah	OK	74464-5485
0924	2135 NW 23rd Street	Oklahoma City	OK	73107-2401
0925	512 Plaza Court	Sand Springs	OK	74063-7915
0926	2501 N. 14th Street	Ponca City	OK	74601-1734
0927	1519 N. Highway 81	Duncan	OK	73533-1407
0928	6961 S. Lewis Avenue	Tulsa	OK	74136-3914
1001	2300 N Main Street, Suite 205	Las Cruces	NM	88001-1117
1002	1215 Anthony Drive, Suite D	Anthony	NM	88021-9371
1003	5504 Menaul Boulevard NE, Suite G-East	Albuquerque	NM	87110-3184
1004	5300 Sequoia Rd NW, Suite L	Albuquerque	NM	87120-1418
1005	1001 Golf Course Road SE, Suite 103	Rio Rancho	NM	87124-2575
1006	200 1st Street, Suite C	Alamogordo	NM	88310-6517
1007	3000 E. 20th Street, Suite B	Farmington	NM	87402-5350
1008	2404 Cerrillos Road	Santa Fe	NM	87505-3392
1009	1698 Rio Bravo Blvd SW, Suite C	Albuquerque	NM	87105-6000
1010	2013 N. Prince Street	Clovis	NM	88101-4858
1011	101 W. Broadway Street	Hobbs	NM	88240-6001
1012	107 E. 5th Street	Roswell	NM	88201-6205
1013	1331 Juan Tabo Blvd NE, Suite 2C	Albuquerque	NM	87112-4463
1014	1405 S. Valley Drive, Suite 700	Las Cruces	NM	88005-3132
1015	601 Main Street SE, Suite 23A	Los Lunas	NM	87031-4309

Branch #	Street Address	City	State	Zip
1017	1900 E. Historic Hwy 66, Suite E	Gallup	NM	87301-4883
1018	2514 7th Street, Suite E	Las Vegas	NM	87701-4988
1019	3301 Coors Blvd NW, Suite 16	Albuquerque	NM	87120-1292
1101	6409 Abercom Street, Suite A	Savannah	GA	31405-5796
1102	3421-6 Cypress Mill Road	Brunswick	GA	31520-2876
1103	2768 Cumberland Blvd SE	Smyrna	GA	30080-3048
1104	3412 Wrightsboro Rd, Suite 902	Augusta	GA	30909-1099
1105	1200 Ernest W. Barrett Pkwy NW, Suite 216	Kennesaw	GA	30144-4513
1106	690 Hwy 29 N, Suite 135	Athens	GA	30601-1545
1107	322 Oak Street, Suite 4	Gainesville	GA	30501-3580
1108	755 Lawrenceville Suwanee Rd, Suite 1520	Lawrenceville	GA	30043-7344
1201	3260 Electric Road, Suite 501	Roanoke	VA	24018-6400
1202	165 Holt Garrison Pkwy, Unit 560B	Danville	VA	24540-5949
1203	3920 Wards Road, Suite E	Lynchburg	VA	24502-3569
1204	4511 John Tyler Highway, Suite A	Williamsburg	VA	23185-2415
1205	614 Albemarle Square	Charlottesville	VA	22901-7406
1206	5694 Brook Road	Richmond	VA	23227-2274
1207	65 Conston Avenue	Christiansburg	VA	24073-1164
1208	340 Town Center Dr	Abingdon	VA	24210-3248
1209	7225 Bell Creek Rd, Suite 268	Mechanicsville	VA	23111-3503
1210	932 Edwards Ferry Road NE, Suite B1	Leesburg	VA	20176-3324
1211	9668 Liberia Avenue	Manassas	VA	20110-1700
1212	241 Charles H. Dimmock Pkwy, Suite 1	Colonial Heights	VA	23834-2915
1213	14516 Smoketown Rd	Woodbridge	VA	22192-4719
1214	3940 Plank Rd, Suite K	Fredericksburg	VA	22407-6869
1215	14260-M Centreville Square	Centreville	VA	20121-2364
1216	2516 S. Pleasant Valley Road	Winchester	VA	22601-7010
1217	6810-A Bland Street	Springfield	VA	22150-2612

SCHEDULE 7.6

GAAP EXCEPTIONS

None.

SCHEDULE 7.9

PERMITTED LIENS

None.

SCHEDULE 7.10

LICENSES

None.

SCHEDULE 7.13

COMPLIANCE WITH LAWS

None.

SCHEDULE 7.16

SUBSIDIARIES

Each of the entities listed below is a direct or indirect wholly-owned Subsidiary of Regional Management Corp. Unless otherwise indicated, the equity interests of each Subsidiary are owned directly by Regional Management Corp.

Regional Finance Corporation of Alabama
Regional Finance Corporation of Georgia
Regional Finance Corporation of North Carolina
Regional Finance Corporation of South Carolina
Regional Finance Corporation of Tennessee
Regional Finance Corporation of Texas
Regional Finance Company of Oklahoma, LLC (wholly-owned by Regional Finance Corporation of North Carolina)
Regional Finance Company of New Mexico, LLC (wholly-owned by Regional Finance Corporation of South Carolina)
Regional Finance Company of Missouri, LLC
Regional Finance Company of Louisiana, LLC (wholly-owned by Regional Finance Corporation of North Carolina)
Regional Finance Company of Mississippi, LLC (wholly-owned by Regional Finance Corporation of North Carolina)
RMC Financial Services of Florida, LLC (wholly-owned by Regional Finance Corporation of North Carolina)
Regional Finance Company of Georgia, LLC (wholly-owned by Regional Finance Corporation of North Carolina)
Regional Finance Company of Kentucky, LLC (wholly-owned by Regional Finance Corporation of North Carolina)
Regional Finance Company of Virginia, LLC (wholly-owned by Regional Finance Corporation of North Carolina)
Upstate Motor Company
Credit Recovery Associates, Inc.
RMC Reinsurance, LTD
Regional Management Receivables, LLC
Regional Management Receivables II, LLC
Regional Management North Carolina Receivables Trust 2017-1

SCHEDULE 7.19

BANK ACCOUNTS

<u>Bank Name</u>	<u>Account Number</u>	<u>City</u>	<u>State</u>	<u>Purpose</u>	<u>Company Name</u>	<u>Sweep Account</u>
Arvest Bank	XXXXXXXXXX	Bartlesville	OK	Depository	Regional Finance Company of Oklahoma, LLC	
BancFirst	XXXXXXXXXX	Ardmore	OK	Depository	Regional Finance Company of Oklahoma, LLC	
Bank Independent	XXXXXXXXXX	Athens	AL	Depository	Regional Finance Corporation of Alabama	
Bank of America	XXXXXXXXXX	Charlotte	NC	Master Funding	Regional Management Corp.	
Bank of America	XXXXXXXXXX	Charlotte	NC	Master Depository	Regional Management Corp.	
Bank of America	XXXXXXXXXX	Charlotte	NC	Accounts Payable	Regional Finance Company of New Mexico, LLC	Sweep
Bank of America	XXXXXXXXXX	Charlotte	NC	Payroll	Regional Management Corp.	Sweep
Bank of America	XXXXXXXXXX	Charlotte	NC	OK Checking	Regional Management Corp.	Sweep
Bank of America	XXXXXXXXXX	Charlotte	NC	Depository	Regional Finance Corporation of South Carolina	Sweep
Bank of America	XXXXXXXXXX	Charlotte	NC	Depository	Regional Finance Corporation of Texas	Sweep
Bank of America	XXXXXXXXXX	Charlotte	NC	Depository	Regional Finance Corporation of Texas	Sweep
Bank of America	XXXXXXXXXX	Charlotte	NC	Depository	Regional Finance Company of Oklahoma, LLC	Sweep
Bank of America	XXXXXXXXXX	Charlotte	NC	Depository	Regional Finance Company of New Mexico, LLC	Sweep
Bank of America	XXXXXXXXXX	Charlotte	NC	Depository	Regional Finance Corporation of North Carolina	Sweep
Bank of America	XXXXXXXXXX	Minneapolis	MN	Depository	Regional Management Receivables, LLC	
BB & T	XXXXXXXXXX	Winston Salem	NC	Depository	Regional Finance Corporation of Tennessee	
BB & T	XXXXXXXXXX	Winston Salem	NC	Depository	Regional Finance Corporation of North Carolina	
BB & T	XXXXXXXXXX	Winston Salem	NC	Depository	Regional Management Corp.	
First Bank (NC)	XXXXXXXXXX	Rockingham	NC	Depository	Regional Finance Corporation of North Carolina	
First Bank (TN)	XXXXXXXXXX	Dickson	TN	Depository	Regional Finance Corporation of Tennessee	
First Bank AL	XXXXXXXXXX	Talladega	AL	Depository	Regional Finance Corporation of Alabama	
First Citizens	XXXXXXXXXX	Columbia	SC	Depository	Regional Finance Corporation of South Carolina	
First National Bank of TX	XXXXXXXXXX	Killeen	TX	Depository	Regional Finance Corporation of Texas	
First State Bank (AL)	XXXXXXXXXX	Fort Payne	AL	Depository	Regional Finance Corporation of Alabama	
First Tennessee	XXXXXXXXXX	Memphis	TN	Depository	Regional Finance Corporation of Tennessee	
FNB Community Bank	XXXXXXXXXX	Midwest City	OK	Depository	Regional Finance Company of Oklahoma, LLC	
International Bank and Commerce	XXXXXXXXXX	Zapata	TX	Depository	Regional Finance Corporation of Texas	

Bank Name	Account Number	City	State	Purpose	Company Name	Sweep Account
Liberty Federal Savings Bank	XXXXXXXXXX	Enid	OK	Depository	Regional Finance Company of Oklahoma, LLC	
Merchants	XXXXXXXXXX	Jackson	AL	Depository	Regional Finance Corporation of Alabama	
Prosperity	XXXXXXXXXX	Abilene	TX	Depository	Regional Finance Corporation of Texas	
RCB	XXXXXXXXXX	Ponca City	OK	Depository	Regional Finance Company of Oklahoma, LLC	
Southside	XXXXXXXXXX	Tyler	TX	Depository	Regional Finance Corporation of Texas	
Synovus	XXXXXXXXXX	Columbus	GA	Depository	Regional Finance Company of Georgia, LLC	
Synovus	XXXXXXXXXX	Columbus	GA	Depository	Regional Finance Corporation of South Carolina	
Wells Fargo	XXXXXXXXXX	Greenville	SC	Master Funding	Regional Management Corp.	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	Insurance Refunds	Regional Management Corp.	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	Tax Payments/Other ACH Debits	Regional Management Corp.	
Wells Fargo	XXXXXXXXXX	Greenville	SC	Depository	Regional Management Receivables, LLC	
Wells Fargo	XXXXXXXXXX	Greenville	SC	Depository	Regional Management Receivables II, LLC	
Wells Fargo	XXXXXXXXXX	Greenville	SC	CRA Depository	Credit Recovery Associates, Inc.	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	RMC (Insurance ACH Credits)	Regional Management Corp.	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	RMC Reinsurance Depository	RMC Reinsurance, Ltd.	
Wells Fargo	XXXXXXXXXX	Greenville	SC	CRA Licensing	Credit Recovery Associates, Inc.	
Wells Fargo	XXXXXXXXXX	Greenville	SC	Georgia Licensing	Regional Finance Company of Georgia, LLC	
Wells Fargo	XXXXXXXXXX	Greenville	SC	Missouri Licensing	Regional Finance Company of Missouri, LLC	
Wells Fargo	XXXXXXXXXX	Greenville	SC	VA Licensing	Regional Finance Company of Virginia, LLC	
Wells Fargo	XXXXXXXXXX	Greenville	SC	AL Checking	Regional Finance Corporation of Alabama	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	GA Checking	Regional Finance Company of Georgia, LLC	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	NC Checking	Regional Finance Corporation of North Carolina	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	AL Checking	Regional Finance Corporation of Alabama	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	NM Checking	Regional Finance Company of New Mexico, LLC	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	SC Checking	Regional Finance Corporation of South Carolina	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	TN Checking	Regional Finance Corporation of Tennessee	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	TX Checking	Regional Finance Corporation of Texas	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	VA Checking	Regional Finance Company of Virginia, LLC	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	AL Depository	Regional Finance Corporation of Alabama	
Wells Fargo	XXXXXXXXXX	Greenville	SC	GA Depository	Regional Finance Company of Georgia, LLC	

Bank Name	Account Number	City	State	Purpose	Company Name	Sweep Account
Wells Fargo	XXXXXXXXXX	Greenville	SC	NM Depository	Regional Finance Company of New Mexico, LLC	
Wells Fargo	XXXXXXXXXX	Greenville	SC	NC Depository	Regional Finance Corporation of North Carolina	
Wells Fargo	XXXXXXXXXX	Greenville	SC	TN Depository	Regional Finance Corporation of Tennessee	
Wells Fargo	XXXXXXXXXX	Greenville	SC	SC Depository	Regional Finance Corporation of South Carolina	
Wells Fargo	XXXXXXXXXX	Greenville	SC	TX Depository	Regional Finance Corporation of Texas	
Wells Fargo	XXXXXXXXXX	Greenville	SC	VA Depository	Regional Finance Company of Virginia, LLC	
Wells Fargo	XXXXXXXXXX	Greenville	SC	AL Loan Solicitation	Regional Finance Corporation of Alabama	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	GA Loan Solicitation	Regional Finance Company of Georgia, LLC	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	NM Loan Solicitation	Regional Finance Company of New Mexico, LLC	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	NC Loan Solicitation	Regional Finance Corporation of North Carolina	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	OK Loan Solicitation	Regional Finance Company of Oklahoma, LLC	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	SC Loan Solicitation	Regional Finance Corporation of South Carolina	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	TN Loan Solicitation	Regional Finance Corporation of Tennessee	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	TX Loan Solicitation	Regional Finance Corporation of Texas	Sweep
Wells Fargo	XXXXXXXXXX	Greenville	SC	VA Checking	Regional Finance Company of Virginia, LLC	Sweep
Wells Fargo	XXXXXXXXXX	Minneapolis	MN	Collection	Regional Management Receivables II, LLC	
Wells Fargo	XXXXXXXXXX	Minneapolis	MN	Reserve	Regional Management Receivables II, LLC	
Wells Fargo	XXXXXXXXXX	Minneapolis	MN	Reserve	RMC Reinsurance Ltd.	
Wells Fargo	XXXXXXXXXX	Minneapolis	MN	Collection	Regional Management Receivables, LLC	
Wells Fargo	XXXXXXXXXX	Minneapolis	MN	Reserve	Regional Management Receivables, LLC	

SCHEDULE 8.3

GUARANTIES

None.

SCHEDULE 8.6

DEBT

None.

AMENDMENT NO. 1 TO
THE AMENDED AND RESTATED CREDIT AGREEMENT

This Amendment No. 1 to the Amended and Restated Credit Agreement, is entered into as of February 20, 2018 (this “Amendment”), among Regional Management Receivables, LLC, a Delaware limited liability company, as borrower (the “Borrower”), Regional Management Corp., a Delaware corporation, as servicer (the “Servicer”), Wells Fargo Bank, National Association (“Wells Fargo Bank”), as the sole lender, and Wells Fargo Securities, LLC, as administrative agent for the Lenders (the “Administrative Agent”), and relates to the Amended and Restated Credit Agreement, dated as of November 21, 2017 (the “Original Credit Agreement” and, as amended by this Amendment, the “Credit Agreement”), among the Borrower, the Servicer, the Lenders, the Administrative Agent and Wells Fargo Bank, as account bank (in such capacity, the “Account Bank”), collateral custodian (in such capacity, the “Collateral Custodian”) and backup servicer (in such capacity, the “Backup Servicer”).

Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Original Credit Agreement.

RECITALS

WHEREAS, pursuant to Section 15.01 of the Original Credit Agreement, no amendment, waiver or other modification of any provision of the Original Credit Agreement shall be effective without the written agreement of the Borrower and the Administrative Agent and the consent of the Required Lenders; provided, however, that no such amendment, waiver or other modification shall, without the written consent of all Lenders, amend certain definitions and provisions in the Original Credit Agreement;

WHEREAS, Wells Fargo Bank, as the sole Lender, constitutes all Lenders and consents to this Amendment; and

WHEREAS, the parties hereto desire to amend the Original Credit Agreement on the terms and in the manner set forth herein.

NOW, THEREFORE, in reliance upon the foregoing facts and in consideration of the mutual agreements of the parties hereto, the parties hereby agree as follows:

Section 1.01. Amendment. Effective as of the date hereof, and subject to the satisfaction of the conditions precedent set forth in Section 1.03, the Original Credit Agreement is hereby amended as follows:

(a) The definition of “Defaulted Receivable” appearing in Section 1.01 of the Original Credit Agreement is hereby deleted and replaced with the following:

“Defaulted Receivable” means any Receivable (i) with respect to which any portion of a Scheduled Payment thereon remains unpaid for 180 days or more after the related due date for such payment, (ii) with respect to which the related Financed Vehicle (a) has been surrendered or repossessed and the redemption period, if any, granted the related Obligor by Applicable Law has expired, (b) is to be repossessed but is unable to

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be located or is otherwise subject to being repossessed or (c) has been repossessed by the Servicer and held in its inventory for 90 days or more, (iii) which has been settled for less than the Principal Balance of such Receivable, (iv) which has been liquidated by the Servicer through the sale of the related Financed Vehicle, (v) for which Liquidation Proceeds have been received which, in the Servicer's judgment, constitute the final amounts recoverable in respect of such Receivable or (vi) which has been charged-off (or should have been charged-off) or is deemed uncollectible in accordance with the Collection Policy. For purposes of computing the Pool Balance, the Principal Balance of any Receivable that becomes a "Defaulted Receivable" will be deemed to be zero as of the date it becomes a "Defaulted Receivable".

(b) The definition of "Effective Date Fee Letter" appearing in Section 1.01 of the Original Credit Agreement is hereby deleted and replaced with the following:

"Effective Date Fee Letter" means, (i) prior to February 20, 2018, the fee letter, dated as of the Effective Date, and (ii) on and after February 20, 2018, the amended and restated fee letter dated February 20, 2018, among the Borrower, the Servicer and the Administrative Agent, setting forth, among other things, the Structuring Fee.

(c) The definition of "Interest Rate" appearing in Section 1.01 of the Original Credit Agreement is hereby deleted and replaced with the following:

"Interest Rate" means 3.25% per annum, computed on the basis of a 360-day year consisting of twelve 30-day months with the exception of the first Interest Period, which will be computed on the basis of the actual number of days elapsed and a 360-day year.

Section 1.02. Representation and Warranties.

(a) Each of the Borrower and the Servicer, by executing this Amendment, hereby represents and warrants to the other parties hereto as of the date hereof that (i) each of its representations and warranties set forth in the Original Credit Agreement is true and correct in all material respects as if made on the date hereof (except to the extent any such representation and warranty expressly refers to an earlier date) and (ii) no Termination Event, Unmatured Termination Event or Servicer Termination Event has occurred and is continuing.

(b) Each of the Borrower and the Servicer, by executing this Amendment, hereby represents and warrants to the other parties hereto as of the date hereof that (i) the individual executing this Amendment on behalf of such party is duly authorized to do so, (ii) such party has full right and authority to enter into this Amendment and to consummate the transactions described in this Amendment and (iii) each of this Amendment, the Original Credit Agreement and the Credit Agreement constitutes the valid and legally binding obligation of such party, enforceable against such party in accordance with its terms.

(c) Each of the Borrower and the Servicer hereby represents and certifies that this Amendment does not amend, modify or otherwise affect the rights or duties of the Account Bank, the Collateral Custodian or the Backup Servicer.

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Section 1.03. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof, immediately upon satisfaction of the following conditions: (a) receipt by each of the parties hereto of an executed counterpart of this Amendment and (b) receipt of such other documents, certificates and opinions as the Lender or the Administrative Agent may reasonably request.

Section 1.04. Full Force and Effect. Except as hereby modified pursuant to this Amendment, the Original Credit Agreement shall continue in full force and effect. Each of the parties hereto, acknowledge and agree that the Amendments set forth in Section 1.01 hereof, shall have no retroactive effect on the terms set forth in the Original Credit Agreement.

Section 1.05. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS CONFLICTS OF LAW PROVISIONS (OTHER THAN § 5-1401 AND § 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW). EACH OF THE PARTIES HERETO HEREBY AGREES TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, LOCATED IN THE BOROUGH OF MANHATTAN AND THE FEDERAL COURTS LOCATED WITHIN THE STATE OF NEW YORK IN THE BOROUGH OF MANHATTAN. EACH OF THE PARTIES HERETO HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

Section 1.06. WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN ANY OF THEM IN CONNECTION WITH THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. INSTEAD, ANY SUCH DISPUTE RESOLVED IN COURT WILL BE RESOLVED IN A BENCH TRIAL WITHOUT A JURY.

Section 1.07. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Amendment. By execution of this Amendment, the Lender acknowledges and consents to this Amendment pursuant to Section 15.01 of the Original Credit Agreement.

Section 1.08. Delivery to the Account Bank, Collateral Custodian and Backup Servicer. The Borrower shall promptly provide an executed copy of this Amendment to the Account Bank, the Collateral Custodian and the Backup Servicer.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective officers thereunto duly authorized, as of the date first above written.

THE BORROWER:

REGIONAL MANAGEMENT RECEIVABLES, LLC

By: /s/ Donald E. Thomas

Name: Donald E. Thomas

Title: EVP and CFO

THE SERVICER:

REGIONAL MANAGEMENT CORP.

By: /s/ Donald E. Thomas

Name: Donald E. Thomas

Title: EVP and CFO

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THE ADMINISTRATIVE AGENT:

WELLS FARGO SECURITIES, LLC

By: /s/ Brian Grushkin

Name: Brian Grushkin

Title: Director

LENDER:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Brian Grushkin

Name: Brian Grushkin

Title: Director

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A&R Credit Agreement*

CERTIFICATION

I, Peter R. Knitzer, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q of Regional Management Corp.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2018

/s/ Peter R. Knitzer

Peter R. Knitzer
President and Chief Executive Officer

CERTIFICATION

I, Donald E. Thomas, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q of Regional Management Corp.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2018

/s/ Donald E. Thomas

Donald E. Thomas

Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned hereby certifies that to his knowledge: (i) the Quarterly Report on Form 10-Q of Regional Management Corp. (the “Company”) for the quarter ended March 31, 2018 (the “Report”), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company on the dates and for the periods presented therein.

Date: May 1, 2018

/s/ Peter R. Knitzer

Peter R. Knitzer
President and Chief Executive Officer

Date: May 1, 2018

/s/ Donald E. Thomas

Donald E. Thomas
Executive Vice President and Chief Financial Officer