

Regional Management Corp.

Form 10-K

March 16, 2015

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2014

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File Number: 001-35477

Regional Management Corp.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

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

509 West Butler Road

Greenville, South Carolina
(Address of principal executive offices)

29607
(Zip Code)

(864) 422-8011
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.10 par value	New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act: None	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K. ☒

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

Large accelerated filer ☐ Accelerated filer ☒

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

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

As of June 30, 2014 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the common stock held by non-affiliates of the registrant was \$181,021,880 based upon the closing sale price as reported on the New York Stock Exchange. See Part II, Item 5 of this Annual Report on Form 10-K for additional information.

As of March 9, 2015, there were 12,853,743 shares of the registrant's common stock outstanding.

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Documents Incorporated by Reference

Certain information required by Part III of this Annual Report on Form 10-K is incorporated herein by reference to the Proxy Statement for the registrant's 2015 Annual Meeting of Stockholders, which is expected to be filed pursuant to Regulation 14A within 120 days after the end of the registrant's fiscal year ended December 31, 2014.

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REGIONAL MANAGEMENT CORP.

ANNUAL REPORT ON FORM 10-K

Fiscal Year Ended December 31, 2014

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including, but not limited to, certain statements and disclosures contained in Item 1, Business, Item 1A, Risk Factors, and Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations. These forward-looking statements include, but are not limited to, statements about our strategies, future operations, future financial position, future revenues, projected costs, expectations regarding demand and acceptance for our financial products, growth opportunities and trends in the market in which we operate, prospects, plans and objectives of management, representations, and contentions, and are not historical facts. Forward-looking statements typically are identified by the use of terms such as may, will, should, could, expect, plan, anticipate, believe, estimate, predict, potential, continue, and similar words, although some forward-looking statements are expressed differently. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Forward-looking statements included herein represent management's current judgment and expectations, but our actual results, events, and performance could differ materially from the plans, intentions, and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including without limitation, the risks set forth in Item 1A, Risk Factors in this Annual Report on Form 10-K. We do not intend to update any of these forward-looking statements or publicly announce the results of any revisions to these forward-looking statements, other than as is required under the federal securities laws.

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements, including the notes thereto.

PART I

ITEM 1. BUSINESS.

Overview

Regional Management Corp. (together with its subsidiaries, Regional, the Company, we, us, and our) was incorporated in South Carolina on March 25, 1987, and converted into a Delaware corporation on August 23, 2011. We are a diversified specialty 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 300 locations with approximately 345,500 active accounts primarily across Alabama, Georgia, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, and Texas as of December 31, 2014. 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, including in our branches, through direct mail campaigns, independent and franchise automobile dealerships, online credit application networks, retailers, and our consumer website. We operate an integrated branch model in which nearly all loans, regardless of origination channel, are serviced and collected through our branch network, providing us with frequent in-person contact with our customers, which we believe improves our credit performance and customer loyalty. Our goal is to consistently and soundly grow our finance receivables and manage our portfolio risk while providing our customers with attractive and easy-to-understand loan products that serve their varied financial needs.

Our diversified product offerings include:

Small Loans We offer standardized small installment loans ranging from \$500 to \$2,500, with terms of up to 36 months, which are typically secured by non-essential household goods. We originate these

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loans through our branches, via our consumer website, by customer referrals, and through direct mail campaigns, including by mailing convenience checks to pre-screened individuals who are able to enter into a loan by depositing these checks. As of December 31, 2014, we had approximately 289,700 small loans outstanding representing \$319.5 million in finance receivables or an average of approximately \$1,100 per loan. In 2014, 2013, and 2012, interest and fee income from small loans contributed \$134.7 million, \$98.0 million, and \$65.9 million, respectively, to our total revenue.

Large Loans We offer large installment loans through our branches ranging from \$2,501 to \$20,000, with terms of between 18 and 60 months. Our large loans are secured by either a vehicle, which may be an automobile, motorcycle, boat, or all-terrain vehicle, and/or non-essential household goods. As of December 31, 2014, we had approximately 12,600 large loans outstanding representing \$46.1 million in finance receivables or an average of approximately \$3,700 per loan. In 2014, 2013, and 2012, interest and fee income from large loans contributed \$11.5 million, \$12.5 million, and \$16.3 million, respectively, to our total revenue.

Automobile Loans We offer automobile loans of up to \$27,500, generally with terms of between 36 and 72 months, which are secured by the purchased vehicle. Our automobile loans are offered through a network of dealers in our geographic footprint. Our automobile loans include both direct loans, which are sourced through a dealership and closed at one of our branches, and indirect loans, which are originated and closed at a dealership in our network without the need for the customer to visit one of our branches. As of December 31, 2014, we had approximately 17,300 automobile loans outstanding representing \$154.4 million in finance receivables or an average of approximately \$8,900 per loan. In 2014, 2013, and 2012, interest and fee income from automobile loans contributed \$33.4 million, \$36.2 million, and \$32.7 million, respectively, to our total revenue.

Retail Loans We offer indirect retail loans of up to \$7,500, with terms of between 6 and 48 months, which are secured by the purchased item. These loans are offered through a network of retailers within and, to a limited extent, outside of our geographic footprint. As of December 31, 2014, we had approximately 25,900 retail loans outstanding representing \$26.1 million in finance receivables or an average of approximately \$1,000 per loan. In 2014, 2013, and 2012, interest and fee income from retail loans contributed \$5.2 million, \$5.6 million, and \$4.2 million, respectively, to our total revenue.

Optional Insurance Products We offer our customers optional payment protection insurance relating to many of our loan products. In 2014, insurance income, net, was \$10.7 million, or 5.2% of our total revenue.

We report operating segments in accordance with generally accepted accounting principles in the United States of America (GAAP). We have one reportable segment, which is the consumer finance segment. Our other revenue generating activities, including insurance operations, are performed in the existing branch network in conjunction with or as a complement to the lending operations. For financial information regarding the results of our only reportable segment, the consumer finance segment, for each of the last three fiscal years, refer to Item 6, *Selected Financial Data* and Item 8, *Financial Statements and Supplementary Data* of this Annual Report on Form 10-K.

Our Industry

We operate in the consumer finance industry serving the large population of non-prime and underbanked consumers who have limited access to credit from banks, thrifts, credit card companies, and other traditional lenders. According to the Federal Deposit Insurance Corporation (FDIC), there were approximately 51 million adults living in underbanked households in the United States in 2013, up from 43 million in 2009. While the number of non-prime consumers in the United States has grown, the supply of consumer credit to this demographic has contracted. Following deregulation of the U.S. banking industry in the 1980s, many banks and finance companies that traditionally provided small denomination consumer credit refocused their businesses on larger loans with lower comparative origination costs and lower charge-off rates. Tightened credit requirements imposed by banks, thrifts, credit card companies, and other traditional lenders that began during the recession in

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2008 and 2009 have further reduced the supply of consumer credit for the growing number of non-prime and underbanked individuals. We believe the large number of potential customers in our target market, combined with the decline in available consumer credit, provides an attractive market opportunity for our diversified product offerings installment lending, automobile lending, and retail lending.

Installment Lending. Installment lending to underbanked and other non-prime consumers is one of the most highly fragmented sectors of the consumer finance industry. Providers of installment loans, such as Regional, generally offer loans with longer terms and lower interest rates than other alternatives available to underbanked consumers, such as title, payday, and pawn lenders.

Automobile Lending. Automobile finance comprises one of the largest consumer finance markets in the United States. The automobile loan sector is generally segmented by the credit characteristics of the borrower. Automobile loans are typically initiated or arranged through automobile dealers nationwide who rely on financing to drive their automobile sales.

Retail Lending. The retail industry represents a large consumer market in which retailers often do not provide their own financing, but instead partner with large banks and credit card companies that generally limit their lending activities to prime borrowers. As a result, non-prime customers often do not qualify for financing from these traditional lenders. Continued consumer demand from non-prime consumers presents a growth opportunity for retail loans.

Our Business Model and Operations

Integrated Branch Model. Our branch network, with 300 locations across eight states as of December 31, 2014, serves as the foundation of our multiple channel platform and the primary point of contact with our approximately 345,500 active accounts. By integrating underwriting, servicing, and collections at the branch level, our employees are able to maintain a relationship with our customers throughout the life of a loan. For loans originated at a branch, underwriting decisions are typically made by our local branch manager. Our branch managers combine our company-wide underwriting standards and flexibility within our guidelines to consider each customer's unique circumstances. This tailored branch-level underwriting approach allows us to both reject certain marginal loans that would otherwise be approved solely based on a credit report or automated loan approval system, as well as to selectively extend loans to customers with prior credit challenges who might otherwise be denied credit. In addition, nearly all loans, regardless of origination channel, are serviced and collected through our branches, which allows us to maintain frequent, in-person contact with our customers. We believe this frequent-contact, relationship-driven lending model provides greater insight into potential payment difficulties and allows us to more effectively pursue payment solutions, which improves our overall credit performance. It also provides us with frequent opportunities to assess the borrowing needs of our customers and to offer new loan products as their credit profiles evolve.

Multiple Channel Platform. We offer a diversified range of loan products through our multiple channel platform, which enables us to efficiently reach existing and new customers throughout our markets. We began building our strategically located branch network over 25 years ago and have expanded to 300 branches as of December 31, 2014. Our automobile loans are offered through a network of dealers in our geographic footprint. We offer direct automobile loans, which are sourced through a dealership and closed at one of our branches, and indirect automobile loans, which are closed at the dealership without the need for the customer to visit a branch. In addition, we have relationships with retailers that offer our retail loans in their stores at the point of sale. Our direct mail campaigns include pre-screened convenience check mailings and mailings of preapproved offers, prequalified offers, and invitations to apply, which enable us to market our products to hundreds of thousands of customers on a cost-effective basis. Finally, we have developed our consumer website to promote our products and facilitate loan applications. We believe that our multiple channel platform provides us with a competitive advantage by giving us broad access to our existing customers and multiple avenues for attracting new customers.

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Attractive Products for Customers with Limited Access to Credit. Our flexible loan products, ranging from \$500 to \$27,500 with terms of up to 72 months, are competitively priced, easy to understand, and incorporate features designed to meet the varied financial needs and credit profiles of a broad array of consumers. This product diversity distinguishes us from monoline competitors and provides us with the ability to offer our customers new loan products as their credit profiles evolve, building customer loyalty.

We believe that the rates on our products are significantly more attractive than many other credit options available to our customers, such as payday, pawn, or title loans. We also differentiate ourselves from such alternative financial service providers by reporting our customers payment performance to credit bureaus. This practice provides our customers with the opportunity to improve their credit score by establishing a responsible payment history with us and ultimately to gain access to a wider range of credit options, including our own. We believe this opportunity for our customers to improve their credit history, combined with our diversity of products and competitive pricing and terms, distinguishes us in the consumer finance market and provides us with a competitive advantage.

Demonstrated Organic Growth. We have grown our finance receivables by 120% from \$247.7 million at December 31, 2010 to \$546.2 million at December 31, 2014. Our growth has come from both expanding our branch network and developing new channels and products. From 2010 to 2014, we grew our year-end branch count from 134 branches to 300 branches, a compound annual growth rate (CAGR) of 22.3%. We opened or acquired 36 net new branches in 2014, and we have also grown our existing branch revenues. Historically, our branches have rapidly increased their outstanding finance receivables during the early years of operations and generally have quickly achieved profitability.

We have also grown by adding new channels and products, which are serviced at the local branch level. We introduced direct automobile purchase loans in 1998, and in late 2010, we expanded our product offerings to include indirect automobile purchase loans. Indirect automobile purchase loans allow customers to obtain a loan at a dealership without visiting one of our branches. Net loan originations from our convenience check program have grown from \$34.3 million in 2010 to \$134.5 million in 2014, a CAGR of 40.8%, as we have increased the volume of our convenience check marketing campaigns. We also introduced a consumer website enabling customers to complete a loan application online. Since the launch of our website in late 2008, we have received more than 117,000 web applications resulting in \$26.0 million of gross finance receivables.

Established Portfolio Performance. Despite the challenges posed by the sharp economic downturn beginning in 2008, our annual net charge-off rates between 2008 and 2013 remained consistent, ranging from 6.3% to 8.6% of our average finance receivables. In 2014, due to branch staffing issues in the first half of the year and convenience check credit quality deterioration in our mail campaigns between April and September, we experienced an uncharacteristically high annual net charge-off rate of 11.1% of our average finance receivables. In 2015, we seek to return to and improve upon our historical portfolio performance. In late 2014 and early 2015, we hired a Chief Risk Officer and other personnel focused on credit risk management, established a Credit Committee to oversee direct mail campaign underwriting and origination processes, implemented additional policies and internal control procedures related to the audit of direct mail campaign files, and improved upon early-stage delinquency reporting and communication. Through these initiatives and others, we plan to carefully manage our credit exposure in 2015 and beyond as we grow our business, develop new products, and enter new markets.

We generally do not make loans to customers with limited stability as represented by length of time at their current employer and at their current residence, although we consider numerous other factors in evaluating a potential customer's creditworthiness, such as unencumbered income, debt-to-income ratios, and a credit report detailing the applicant's credit history. Our underwriting standards focus on our customers' ability to affordably make loan payments out of their discretionary income, with the value of pledged collateral serving as a credit enhancement rather than the primary underwriting criterion. Portfolio performance is improved by our regular in-person contact with customers at our branches, which helps us to anticipate repayment problems before they

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occur and allows us to work with customers to develop solutions prior to default, using repossession only as a last option. In addition, our centralized management information system enables regular monitoring of branch portfolio metrics. Our state operations vice presidents and district supervisors monitor loan underwriting, delinquencies, and charge-offs of each branch in their respective regions. In addition, the compensation received by our branch managers and assistant managers has a significant performance component and is closely tied to credit quality, among other defined performance targets. We believe our frequent-contact, relationship-driven lending model, combined with regular monitoring and alignment of employee incentives, improves our overall credit performance.

Experienced Management Team. Our executive and senior operations management teams consist of individuals highly experienced in installment lending and other consumer finance services. In 2014, we appointed a new Chief Executive Officer and a new President and Chief Operating Officer with more than 30 years and 25 years, respectively, of consumer finance experience. Also in 2015, we appointed a Chief Risk Officer with nearly 20 years of financial and consumer lending experience, including significant expertise in credit risk management. As of December 31, 2014, our state operations vice presidents averaged more than 24 years of industry experience and more than 10 years of service at Regional, while our district supervisors averaged 25 years of industry experience and more than four years of service with Regional. Our executive and senior operations management team members intend to leverage their experience and expertise in consumer lending to grow our business, deliver high-quality service to our customers, and carefully manage our credit risk.

Our Strategies

Grow Our Branch Network. We intend to continue growing the revenue and profitability of our branch network by increasing volume at our existing branches, opening new branches within our existing geographic footprint, and expanding our operations into new states. Establishing local contact with our customers through the expansion of our branch network is key to our frequent-contact, relationship-driven lending model and is embodied in our marketing tagline: Your Hometown Credit Source.

Existing Branches We intend to continue increasing same-store revenues by further building relationships in the communities in which we operate and capitalizing on opportunities to offer our customers new loan products as their credit profiles evolve. From 2010 to 2014, we opened or acquired 183 new branches, and we expect revenues at these branches will grow faster than our overall same-store revenue growth rate as they mature.

New Branches We believe there is sufficient demand for consumer finance services to continue our pattern of new branch openings and branch acquisitions in the states where we currently operate, allowing us to capitalize on our existing infrastructure and experience in these markets. We also analyze detailed demographic and market data to identify favorable locations for new branches. Opening new branches allows us to generate both direct lending at the branches, as well as to create new origination opportunities by establishing relationships with automobile dealerships and retailers in the community.

New States We intend to explore opportunities for growth in several states outside of our existing geographic footprint that enjoy favorable operating environments, such as Kentucky, Louisiana, Mississippi, Missouri, and Virginia. We do not expect to expand into states with unfavorable operating environments even if those states are demographically attractive for our business. In 2011, we opened our first branch in Oklahoma; in 2012, we opened our first branch in New Mexico; and in 2013, we opened our first branch in Georgia.

We also believe that the highly fragmented nature of the consumer finance industry and the evolving competitive, regulatory, and economic environment provide attractive opportunities for growth through branch acquisitions.

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Expand and Capitalize on Our Diverse Channels and Products. We intend to continue to expand and capitalize on our multiple channel platform and broad array of offerings as follows:

Direct Mail Programs We plan to continue to improve our screening criteria and tracking for direct mail campaigns, which we believe will enable us to improve response rates and credit performance. Since 2007, we have more than tripled the annual number of convenience checks that we have mailed, and we have diversified our direct mail campaign efforts. In 2014, we mailed over 3.1 million convenience checks, 2.0 million prequalified loan offers, and 1.7 million invitations to apply. We intend to continue increasing the size of our direct mail campaigns to grow our loan portfolio. This effort will add new customers, increase volume at our branches, and create opportunities to offer new loan products to our existing customers. In addition, we mail convenience checks in new markets as soon as new branches are open, which we believe helps our new branches more quickly develop a customer base and build finance receivables.

Automobile Loans We source our automobile loans through a network of dealers in our geographic footprint. We have hired dedicated marketing personnel to develop relationships with these dealers and to expand our automobile financing network. We will also seek to capture a larger percentage of the financing activity of dealers in our existing network by continuing to improve our relationships with dealers, maintaining the competitiveness of the products we offer, and reducing our response time to loan applications.

Retail Loans Our retail loans are offered through a network of retailers. We intend to continue to grow our network of retailers by having our dedicated marketing personnel continue to solicit new retailers, obtain referrals through relationships with our existing retail partners, and to a lesser extent, reach retailers through trade shows and industry associations.

Online Sourcing To serve customers who want to reach us over the Internet, we developed a new channel in late 2008 by making an online loan application available on our consumer website. We intend to continue to develop and expand our online marketing efforts and increase traffic to our consumer website through the use of tools such as search engine optimization and paid online advertising. We believe the expansion of our channels and products, supported by the growth of our branch network, will provide us with opportunities to reach new customers as well as to offer new loan products to our existing customers as their credit profiles evolve. We plan to continue to develop and introduce new products that are responsive to the needs of our customers in the future.

Focus on Sound Underwriting and Credit Control. In response to the credit quality deterioration in our convenience check mail campaigns in 2014, we have renewed our focus on sound underwriting and credit control. In late 2014 and early 2015, we hired a Chief Risk Officer and other personnel focused on credit risk management, established a Credit Committee to oversee direct mail campaign underwriting and origination processes, implemented additional policies and internal control procedures related to the audit of direct mail campaigns, and improved upon early-stage delinquency reporting and communication. We expect that, once fully implemented, these and other efforts will improve our delinquency and charge-off experience in 2015 and beyond.

Our philosophy is to emphasize sound underwriting standards focused on a customer's prior credit payment history and ability to affordably make loan payments, to work with customers experiencing payment difficulties, and to use repossession only as a last option. For example, we permit customers to defer payments or refinance delinquent loans under limited circumstances, although we generally do not offer customers experiencing payment difficulties the opportunity to modify their loans to reduce the amount of principal that they owe. A deferral extends the due date of the loan by one month and allows the customer to maintain his or her credit rating in good standing. In addition to deferrals, we also allow customers to refinance loans. We limit the refinancing of delinquent loans to those customers who otherwise satisfy our credit standards (other than with respect to the delinquency). We believe that refinancing delinquent loans for certain deserving customers who

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have made periodic payments allows us to help customers resolve temporary financial setbacks and repair or sustain their credit. During 2014, we refinanced only \$6.6 million of loans that were 60 days or more contractually past due, representing approximately 0.7% of our total loan volume for fiscal 2014. As of December 31, 2014, the outstanding gross balance of such refinancings was only \$3.7 million, or less than 0.6% of gross finance receivables as of such date.

In accordance with this philosophy, we intend to continue to refine our underwriting standards to assess an individual's creditworthiness and ability to repay a loan. In recent years, we have implemented several new programs to continue to improve our underwriting standards and loan collection rates, including those initiatives described above. Our management information system enables us to regularly review loan volumes, collections, and delinquencies. We believe this central oversight, combined with our branch-level servicing and collections, improves credit performance. We plan to continue to develop strategies and custom credit models utilizing our historical loan performance data and credit bureau attributes to further improve our underwriting standards and loan collection rates as we expand.

Our Products

Small Loans. We originate small loans ranging from \$500 to \$2,500 through our branches, which we refer to as our branch small loans, and through our convenience check program, which we refer to as our convenience checks. Our small loans are standardized by amount, rate, and maturity to reduce documentation and related processing costs and to comply with federal and state lending laws. They are payable in fixed rate, fully amortizing equal monthly installments with terms of up to 36 months, and are repayable at any time without penalty. In 2014, the average originated net loan size and term for our small installment loans were \$1,143 and 14 months, respectively. The weighted-average yield we earned on our portfolio of small loans was 46.7% in 2014. The interest rates, fees and other charges, maximum principal amounts, and maturities for our small loans vary from state to state, depending upon relevant laws and regulations.

Branch Small Loans. Our branch small loans are made to customers who visit one of our branches and complete a standardized credit application. Customers may also complete and submit a loan application by phone or on our consumer website before closing the loan in one of our branches. We carefully evaluate each potential customer's creditworthiness by examining the individual's unencumbered income, length of current employment, duration of residence, and a credit report detailing the applicant's credit history. Our branch small loan approval process is based on the customer's creditworthiness rather than the value of collateral pledged. Loan amounts are established based on underwriting standards designed to allow customers to affordably make their loan payments out of their discretionary income. We require our customers to submit a list of non-essential household goods and pledge these goods as collateral. We do not perfect our security interests by filing UCC financing statements with respect to these goods and instead typically collect a non-file insurance fee and obtain non-file insurance.

Each of our branches is equipped to perform immediate background, employment, and credit checks, and approve loan applications promptly while the customer waits. Our employees verify the applicant's employment and credit histories through telephone checks with employers, other employment references, supporting documentation, such as paychecks and earnings summaries, and a variety of third-party credit reporting agencies.

Convenience Checks. Our convenience check loans are originated through direct mail campaigns to pre-screened individuals. These campaigns are often timed to coincide with seasonal demand for loans to finance vacations, back-to-school needs, and holiday spending. We also launch convenience check campaigns in conjunction with opening new branches to help build an initial customer base. Customers can cash or deposit convenience checks at their convenience, thereby agreeing to the terms of the loan as prominently set forth on the check and accompanying disclosures. Each individual we solicit for a convenience check loan has been pre-screened through a major credit bureau or data aggregator against our underwriting criteria. In addition to screening each potential convenience check recipient's credit score and bankruptcy history, we also use a

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proprietary model that assesses approximately 25 to 30 different attributes of potential recipients. When a customer enters into a loan by cashing or depositing the convenience check, our personnel gather additional contact and other information on the borrower to assist us in servicing the loan and offering other products to meet the customer's financing needs.

The following table sets forth the composition of our finance receivables for small loans by state at December 31st of each year from 2010 through 2014:

	At December 31,				
	2010	2011	2012	2013	2014
South Carolina	43%	40%	31%	26%	25%
Texas	29%	29%	31%	29%	29%
North Carolina	20%	21%	21%	16%	15%
Alabama	3%	4%	9%	14%	13%
Tennessee	5%	6%	7%	8%	8%
Oklahoma			1%	5%	7%
New Mexico				2%	3%
Georgia					
Total	100%	100%	100%	100%	100%

The following table sets forth the total number of small loans, finance receivables, and average per loan for our small loans by state at December 31, 2014:

	Total Number of Loans	Finance Receivables (In thousands)	Average Per Loan
South Carolina	70,734	\$ 78,553	\$ 1,111
Texas	90,351	90,716	1,004
North Carolina	36,337	48,225	1,327
Alabama	40,399	42,583	1,054
Tennessee	22,584	24,374	1,079
Oklahoma	18,829	23,778	1,263
New Mexico	8,161	9,858	1,208
Georgia	2,257	1,446	641
Total	289,652	\$ 319,533	\$ 1,103

Large Loans. We also offer large loans through our branches in amounts ranging from \$2,501 to \$20,000. Our large loans are payable in fixed rate, fully amortizing equal monthly installments with terms of 18 to 60 months, and are repayable at any time without penalty. We require our large loans to be secured by a vehicle, which may be an automobile, motorcycle, boat, or all-terrain vehicle, or non-essential household goods. In 2014, our average originated net loan size and term for large loans were \$3,915 and 29 months, respectively. The weighted-average yield we earned on our portfolio of large loans was 26.9% for 2014.

A potential customer applies for a large loan by visiting one of our branches, where he or she is interviewed by one of our employees who evaluates the customer's creditworthiness, including a review of a credit bureau report, before extending a loan. As with our branch small loans, large loans are made based on the customer's gross income, debt-to-income ratios, length of current employment, duration of residence, and prior credit experience and credit report history. Loan amounts are established based on underwriting standards designed to allow customers to affordably make their loan payments out of their discretionary income. Our branches perform the same immediate verifications that we perform for branch small loans in order to approve large loan applications promptly.

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Our branch employees will perform an in-person appraisal of any vehicle collateral pledged for a large loan using our multipoint checklist and will use one or more third-party valuation sources, such as the National Automobile Dealers Association Appraisal Guides, to determine an estimate of the collateral's value. Regardless of the value of the vehicle or other collateral, we will not lend in excess of our assessment of the borrower's ability to repay.

We perfect all first-lien security interests in each pledged vehicle by retaining the title to the collateral in our files until the loan is fully repaid. In certain states, we offer large loans secured by second-lien security interests on vehicles, in which case we instead seek to perfect our security interest by recording our lien on the title. We work with customers experiencing payment difficulties to help them find a solution and view repossession only as a last option. In the event we do elect to repossess a vehicle, we use third-party vendors in the vast majority of circumstances. We then sell our repossessed vehicle inventory through public sales conducted by independent automobile auction organizations or, to a lesser extent, private sales after the required post-repossession waiting period. Any excess proceeds from the sale of the collateral are returned to the customer.

The following table sets forth the composition of our finance receivables for large loans by state at December 31st of each year from 2010 through 2014:

	At December 31,				
	2010	2011	2012	2013	2014
South Carolina	57%	49%	30%	28%	25%
Texas	9%	9%	6%	4%	10%
North Carolina	26%	27%	22%	28%	27%
Alabama	4%	7%	35%	30%	26%
Tennessee	4%	8%	7%	9%	8%
Oklahoma				1%	2%
New Mexico					2%
Georgia					
Total	100%	100%	100%	100%	100%

The following table sets forth the total number of large loans, finance receivables, and average per loan for our large loans by state at December 31, 2014:

	Total Number of Loans	Finance Receivables (In thousands)	Average Per Loan
South Carolina	2,757	\$ 11,731	\$ 4,255
Texas	1,425	4,402	3,089
North Carolina	4,118	12,237	2,972
Alabama	2,975	12,088	4,063
Tennessee	882	3,783	4,289
Oklahoma	266	1,102	4,143
New Mexico	197	804	4,081
Georgia			
Total	12,620	\$ 46,147	\$ 3,657

Automobile Loans. Our automobile loans are offered through a network of dealers in our geographic footprint. These loans are offered in amounts up to \$27,500 and are secured by the purchased vehicle. They are payable in fixed rate, fully amortizing equal monthly installments with terms generally of 36 to 72 months, and are repayable at any time without penalty. In 2014, our average originated net loan size and term for automobile loans were \$11,567 and 53 months, respectively. The weighted-average yield we earned on our portfolio of automobile loans was 19.7% for 2014.

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Direct Automobile Loans. We have business relationships with dealerships throughout our geographic footprint that offer our loans to their customers in need of financing. These dealers will contact one of our local branches to initiate a loan application when they have identified a customer who meets our written underwriting standards. Applications for direct automobile loans may also be received through one of the online credit application networks in which we participate, such as DealerTrack and RouteOne. We will review the application and requested loan terms and propose modifications, if necessary, before providing initial approval and inviting the dealer and the customer to come to a local branch to close the loan. Our branch employees interview the customer to verify information in the dealer's credit application, obtain a credit bureau report on the customer, and inspect the vehicle to confirm that the customer's order accurately describes the vehicle before closing the loan. Our branch employees will perform the same in-person appraisal of the pledged vehicle that they would perform for a vehicle securing a large loan.

Indirect Automobile Loans. Since late 2010, we have also offered indirect automobile loans, which allow customers and dealers to complete a loan at the dealership without the need to visit one of our branches. We typically offer indirect loans through larger franchise and independent dealers within our geographic footprint. These larger dealers collect credit applications from their customers and either forward the applications to us specifically or, more commonly, submit the applications to numerous potential lenders through online credit application networks, such as DealerTrack and RouteOne. After receiving an indirect automobile loan application, it is processed by our centralized underwriting department or, to a lesser extent, our branches and supervisors. Once the loan is approved, the dealer closes the loan on a standardized retail installment sales contract at the point of sale. Subsequently, we purchase the loan and then service and collect on it locally through our nearest branch.

Automobile loans are made to individuals based on the customer's gross income, debt-to-income ratios, length of current employment, duration of residence, prior credit experience and credit report history, and the loan-to-value ratio. Loan amounts are established based on underwriting standards designed to allow customers to affordably make their loan payments out of their discretionary income. We perfect our collateral by recording our lien and retaining the vehicle's title. Our underwriting standards, however, are primarily based on the creditworthiness of the borrower, and we view repossession only as a last option.

The following table sets forth the composition of our finance receivables for automobile loans by state at December 31st of each year from 2010 through 2014:

	2010	2011	At December 31,		
			2012	2013	2014
South Carolina	64%	55%	48%	42%	42%
Texas	5%	13%	19%	22%	23%
North Carolina	27%	26%	26%	26%	24%
Alabama	1%	2%	4%	5%	5%
Tennessee	3%	4%	3%	3%	2%
Oklahoma				1%	2%
New Mexico					
Georgia				1%	2%
Total	100%	100%	100%	100%	100%

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The following table sets forth the total number of automobile loans, finance receivables, and average per loan for our automobile loans by state at December 31, 2014:

	Total Number of Loans	Finance Receivables (In thousands)	Average Per Loan
South Carolina	7,933	\$ 63,874	\$ 8,052
Texas	3,167	35,627	11,249
North Carolina	4,324	37,552	8,685
Alabama	856	7,886	9,213
Tennessee	457	3,533	7,731
Oklahoma	316	2,598	8,222
New Mexico	13	111	8,538
Georgia	277	3,201	11,556
Total	17,343	\$ 154,382	\$ 8,902

Retail Loans. We began offering loans to finance the purchase of furniture, appliances, and other retail products in late 2009. Our retail loans are indirect installment loans structured as retail installment sales contracts that are offered in amounts of up to \$7,500. They are payable in fixed rate, fully amortizing equal monthly installments with terms of between six and 48 months, and are repayable at any time without penalty. In 2014, our average originated net loan size and term for retail loans were \$1,398 and 21 months, respectively. The weighted-average yield we earned on our portfolio of retail loans was 18.3% for 2014.

Our retail loans provide financing to customers who may not qualify for prime financing from traditional lenders. As compared to other sources of non-prime financing, our retail loans often offer more attractive interest rates and terms to customers. Our retail loans are indirect loans made through a retailer at the point of sale without the need for the customer to visit one of our branches, similar to our indirect automobile loans. We partner with retailers who offer our retail loans directly to their customers. In recent years, in an effort to expand our relationship with existing retailer partners, we began offering retail loans in states outside of our eight-state brick-and-mortar footprint that are serviced centrally from our headquarters in Greenville, South Carolina. By providing a source of non-prime financing, we are often able to help our retail partners complete sales to customers who otherwise may not have been able to finance their purchase.

Our retail partners typically submit applications to us online while the customer waits. If a customer is not accepted by a retailer's prime financing provider, we will evaluate the customer's credit based on the same application data, without the need for the customer to complete an additional application. Underwriting for our retail loans is conducted through RMC Retail, a centralized underwriting team.

We individually evaluate the creditworthiness of potential retail loan customers using the same information and resources used for our other loan products, including a credit bureau report, before providing a credit decision to the retailer within ten minutes. If we approve the loan, the retailer completes our standardized retail installment sales contract, which includes a security interest in the purchased item. Loan amounts are established based on underwriting standards designed to allow customers to affordably make their loan payments out of their discretionary income. The servicing of nearly all such loans are performed within our branches, with only out-of-footprint retail loans being serviced centrally from our headquarters in Greenville, South Carolina. We work with customers experiencing payment difficulties to help them find a solution and view repossession of the collateral only as a last option.

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The following table sets forth the composition of our finance receivables for retail loans by state at December 31st of each year from 2010 through 2014:

	At December 31,				
	2010	2011	2012	2013	2014
South Carolina	15%	10%	8%	6%	6%
Texas	29%	59%	63%	61%	62%
North Carolina	56%	25%	15%	15%	14%
Alabama		3%	5%	5%	3%
Tennessee		1%	4%	4%	2%
Oklahoma				3%	7%
New Mexico				1%	1%
Georgia					
Other		2%	5%	5%	5%
Total	100%	100%	100%	100%	100%

The following table sets forth the total number of retail loans, the finance receivables, and average per loan for our retail loans by state at December 31, 2014:

	Total Number of Loans	Finance Receivables (In thousands)	Average Per Loan
South Carolina	1,143	\$ 1,271	\$ 1,112
Texas	16,255	16,288	1,002
North Carolina	3,535	3,560	1,007
Alabama	928	870	938
Tennessee	688	530	770
Oklahoma	1,628	1,897	1,165
New Mexico	333	329	988
Georgia			
Other States	1,360	1,385	1,018
Total	25,870	\$ 26,130	\$ 1,010

Optional Credit Insurance Products. We offer our customers a number of different optional insurance products in connection with our loans. The insurance products we offer customers are voluntary and not a condition of the loan. Our insurance products, including the types of products offered and their terms and conditions, vary from state to state in compliance with applicable laws and regulations. Premiums and other charges for credit insurance and similar payment protection products are set at authorized statutory rates and are stated separately in our disclosure to customers, as required by the federal Truth in Lending Act and by various applicable state laws. We do not sell insurance to non-borrowers. In 2014, insurance income, net, was \$10.7 million, or 5.2% of our total revenue.

We market and sell insurance policies as an agent for an unaffiliated third-party insurance company. The policies are then ceded to our wholly-owned reinsurance subsidiary, RMC Reinsurance, Ltd., which then bears the full risk of the policy. For the sale of insurance policies, we, as agent, write policies only within the limitations established by our agency contracts with the unaffiliated third-party insurance company.

Credit Life Insurance, Credit Accident and Health Insurance, and Involuntary Unemployment Insurance. We market and sell optional credit life insurance, credit accident and health insurance, and involuntary unemployment insurance in connection with our loans in selected markets. Credit life insurance provides for the payment in full of the borrower's credit obligation to the lender in the event of the borrower's

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death. Credit accident and health insurance, which is only offered in conjunction with credit life insurance, provides for the repayment of loan installments to the lender that come due during an insured's period of income interruption resulting from disability from illness or injury. Involuntary unemployment insurance provides for repayment of loan installments in the event the borrower is no longer employed as the result of a layoff or reduction in workforce. All customers purchasing these types of insurance from us sign a statement affirming that they understand that their purchase of insurance is not a condition of our granting the loan. In addition, customers may cancel purchased insurance within 30 days of the date of purchase and receive a full refund of the insurance premium. Customers are paid a partial refund in the event of an early payoff or loan refinancing.

Collateral Protection Collision Insurance. Before we originate an automobile loan, we require the borrower to provide proof of acceptable liability and collision insurance on the vehicle securing the loan. While we do not offer automobile insurance to our customers, we will obtain collateral protection collision insurance (CPI) on behalf of customers who permit their other insurance coverage to lapse. If we obtain CPI for a vehicle, the customer has the opportunity to provide proof of insurance to cancel the CPI and receive a refund of all unearned premiums.

Property Insurance. We also require that our customers provide proof of acceptable insurance for any personal property securing a loan. Customers can provide proof of such insurance purchased from a third party (such as homeowners or renters insurance) or can purchase the property insurance that we offer.

Our Branches

Our branches are generally conveniently located in visible, high traffic locations, such as shopping centers. We do not need to keep large amounts of cash at our branches because we disburse loan proceeds over \$200 by check, rather than by cash payment. As a result, our branches have an open, welcoming, and hospitable layout.

The following table sets forth the number of branches as of the dates indicated:

	At December 31,				
	2010	2011	2012	2013	2014
South Carolina	61	69	69	70	70
Texas	35	44	56	67	83
North Carolina	19	24	26	29	34
Alabama	9	14	42	49	49
Tennessee	10	18	20	21	21
Oklahoma		1	6	21	27
New Mexico			2	4	13
Georgia				3	3
Total	134	170	221	264	300

During the period presented in the table above, we grew by 166 net branches. In 2014, we opened or acquired 36 new branches. In evaluating whether to locate a branch in a particular community, we examine several factors, including the demographic profile of the community, demonstrated demand for consumer finance, the regulatory and political climate, and the availability of suitable employees to staff, manage, and supervise the new branch. We also look for a concentration of automobile dealers and retailers to build our sales finance business.

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The following table sets forth the average finance receivables per branch based on maturity, excluding acquired branches:

Age of Branch (As of December 31, 2014)	Average Finance Receivables Per Branch as of December 31, 2014 (In thousands)	Percentage Increase From Prior Age Category	Number of Branches
Branches open less than one year	\$ 925		36
Branches open one to three years	\$ 1,458	57.6%	95
Branches open three to five years	\$ 1,903	30.5%	52
Branches open five years or more	\$ 2,284	20.0%	117

The average contribution to operating income from our branches has historically increased as our branches mature. The following table sets forth the average operating income contribution per branch for the twelve months ended December 31, 2014, based on maturity of the branch, excluding acquired branches.

Age of Branch (As of December 31, 2014)	Average Branch Operating Income Contribution (In thousands)	Percentage Increase From Prior Age Category	Number of Branches
Branches open less than one year	\$ 78		36
Branches open one to three years	\$ 167	114.1%	95
Branches open three to five years	\$ 262	56.9%	52
Branches open five years or more	\$ 455	73.7%	117

We calculate the average branch contribution as total revenues generated by the branch less the expenses directly attributable to the branch, including the provision for losses and operating expenses such as personnel, lease, and interest expenses. General corporate overhead, including management salaries, are not attributable to any individual branch. Accordingly, the sum of branch contributions from all of our branches is greater than our income before taxes.

Payment and Loan Collections

We have implemented company-wide payment and loan collection policies and practices, which are designed to maintain consistent portfolio performance and to facilitate regulatory compliance. Our district supervisors and state vice presidents oversee the training of each branch employee in these policies and practices, which include standard procedures for communicating with customers in person, over the telephone, and by mail. Our corporate procedures require the maintenance of a log of collection activity for each account. Our state vice presidents, district supervisors, and internal audit teams regularly review these records to ensure compliance with our company procedures, which are designed to comply with applicable regulatory requirements.

Our corporate policies also include encouraging customers to visit our branches to make payments. Encouraging payment at the branch allows us to maintain regular contact with our customers and further develop our overall relationship with them. We believe that the development and continual reinforcement of personal relationships with customers improves our ability to monitor their creditworthiness, reduces credit risk, and generates opportunities to offer them new loan products as their credit profiles evolve. To reduce late payment risk, branch employees encourage customers to inform us in advance of expected payment problems.

Branch employees also promptly contact customers following the first missed payment and thereafter remain in close contact with such customers, including through phone calls and letters. Our branch employees also contact a delinquent customer at his or her home and contact other references listed on the customer's loan application. We use third-party skip tracing services to locate delinquent customers in the event that our branch employees are unable to do so. In certain cases, we seek a legal judgment against delinquent customers.

We obtain security interests for most of our loans, and we perfect the security interests in vehicles securing large loans and automobile loans. Our district supervisors and internal audit teams regularly review collateral

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documentation to confirm compliance with our guidelines. We perfect all first-lien security interests in each pledged vehicle by retaining the title to the collateral in our files until the loan is fully repaid. In certain states, we offer large loans secured by second-lien security interests on vehicles, in which case we instead seek to perfect our security interest by recording our lien on the title. We only initiate repossession efforts when an account is seriously delinquent, we have exhausted other means of collection, and in the opinion of management, the customer is unlikely to make further payments. Since 2010, we have sold substantially all repossessed vehicles through public sales conducted by independent automobile auction organizations, after the required post-repossession waiting period. Losses on the sale of repossessed collateral are charged to the allowance for credit losses.

In certain cases, we permit our existing customers to refinance their loans. Our refinancings of existing loans are divided into three categories: refinancings of loans in an amount greater than the original loan amount, renewals of existing loans at or below the original loan amount, and renewals of existing loans that are 60 or more days contractually past due, which represented 21.1%, 35.8%, and 0.7%, respectively, of our loan originations in 2014. Any refinancing of a loan in an amount greater than the original amount generally requires an underwriting review to determine a customer's qualification for the increased loan amount. Furthermore, we obtain a new credit report and may complete a new application on renewals of existing loans if they have not completed one within the prior two years. We allow customers to refinance delinquent loans on a limited basis if those customers otherwise satisfy our credit standards (other than with respect to the delinquency). We believe that refinancing delinquent loans for certain deserving customers who have made periodic payments allows us to help customers resolve temporary financial setbacks and repair or sustain their credit. During 2014, we refinanced only \$6.6 million of loans that were 60 or more days contractually past due, and as of December 31, 2014, the outstanding balance of such refinancings was only \$3.7 million, or less than 0.6% of gross finance receivables as of such date.

Accounts are charged off at 180 days contractually delinquent. We continue to attempt to collect on charged-off loans centrally, and historically, we have not sold any of our charged-off accounts to third-party debt purchasers, nor have we placed any debt with third-party collection agencies. We updated our charge-off policy during the fourth quarter of 2014, and we will continue to review our practices relating to our handling of charged-off accounts.

Information Technology

Since 1999, we have used a data processing software package developed and owned by ParaData Financial Systems and have invested in customizing the ParaData software to improve the management of our specific processes and product types. The ParaData software is also used by many of our competitors. With this software package, we are able to fully automate all of our loan account processing and servicing. The system provides thorough management information and control capabilities, including monitoring of all loans made, collections, delinquencies, and other functions. While we believe that the ParaData loan management system is adequate for our current business needs, we determined in 2013 to transition to a competing loan management and data processing software platform offered by DHI Computing Service, Inc. d/b/a GOLDPoint Systems. We anticipate that the transition to the GOLDPoint Systems platform will be complete in 2015. With the GOLDPoint Systems platform, we expect enhanced functionality and efficiency in the processing and servicing of our diverse product portfolio and growing loan account base.

Competition

The consumer finance industry is highly fragmented, with numerous competitors. The competition we face for each of our loan products is distinct.

Small and Large Loans. The installment loan industry is highly fragmented in the eight states in which we operate. Our largest installment loan competitors in most of the markets in which we operate are World Acceptance Corp., Security Finance Corporation, OneMain Financial, and Springleaf Financial Services, each of

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which has greater than 800 branch locations. We also compete with a handful of private competitors, such as Lendmark Financial Services and Mariner Finance, with between 100 and 250 branches in certain of the states in which we operate. We believe that the majority of our competitors are independent operators with generally less than 100 branches. We believe that competition between installment consumer loan companies occurs primarily on the basis of price, breadth of loan product offerings, flexibility of loan terms offered, and the quality of customer service provided. While underbanked customers may also use alternative financial services providers, such as title lenders, payday lenders, and pawn shops, their products offer different terms and typically carry substantially higher interest rates and fees than our installment loans. Accordingly, we believe alternative financial services providers are not an attractive alternative for customers who meet our underwriting standards, which are generally stricter than the underwriting standards of alternative financial services providers. Our small and large loans also compete with online or peer-to-peer lenders and issuers of non-prime credit cards.

Automobile Loans. In the automobile loan industry, we compete with numerous financial service companies, including non-prime auto lenders, dealers that provide financing, captive finance companies owned by automobile manufacturers, banks, and credit unions. Competition among automobile lenders is fierce and is largely on the basis of interest rates charged, the quality of credit accepted, the flexibility of loan terms offered, the speed of approval, and the quality of customer service provided. Much of the automobile loan marketplace has evolved to processing loan applications generated at dealers through online credit application networks such as DealerTrack or RouteOne where prompt service and response times to dealers and their customers are essential to compete in this market.

Retail Loans. In recent years, the retail loan industry has seen an increasing number of lenders dedicated to serving non-prime retail loans enter the market. We also face competition from rent-to-own financing providers and credit card companies. Our retail loans are typically made at competitive rates, and competition is largely on the same basis as automobile loans. Point-of-sale financing decisions must be made rapidly while the customer is on the sales floor. We endeavor to provide responses to customers in less than ten minutes, and we staff RMC Retail, our centralized retail loan underwriting team, with multiple shifts seven days per week during peak retail shopping hours to ensure rapid response times.

Seasonality

Our loan volume and corresponding finance receivables balances follow seasonal trends. Demand for our loans is typically highest during the third and fourth quarters, largely due to customers borrowing money for back-to-school and holiday spending. With the exception of automobile loans, loan demand has generally been the lowest during the first quarter, largely due to the timing of income tax refunds. During the remainder of the year, we typically experience loan growth from general operations. In addition, we typically generate higher loan volumes in the second half of the year from our direct mail campaigns, which are timed to coincide with seasonal consumer demand. Consequently, we experience significant seasonal fluctuations in our operating results and cash needs.

Employees

As of December 31, 2014, we had 1,443 employees, none of whom were represented by labor unions. We consider our relations with our personnel to be good. We experience a high level of turnover among our entry-level employees, which we believe is typical of the consumer finance industry.

Staff and Training. Local branches are generally staffed with three to four employees. The branch manager oversees operations of the branch and is responsible for approving loan applications. Each branch has one or two assistant managers who contact delinquent customers, review loan applications, and prepare operational reports. Generally, each branch also has a customer service representative who takes loan applications, processes loan applications, processes payments, and assists in the preparation of operational reports, collection efforts, and marketing activities. Larger volume branches may employ additional assistant managers and customer service representatives. New employees train on an operating manual that outlines our operating policies and procedures.

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during the first year of employment. In addition, each employee is required to complete a curriculum of compliance training modules within the first 180 days of employment. Beginning in July 2015, employees are also required to re-certify on certain compliance modules each year. Our training of assistant managers focuses on developing the skills necessary to allow for the future promotion of the assistant managers to branch managers.

Monitoring and Supervision. We have oversight structures and procedures in place to ensure compliance with our operational standards and policies and the applicable regulatory requirements in each state. All of our loans, other than indirect automobile and retail loans, are prepared using our loan management software, which is programmed to compute fees, interest rates, and other loan terms in compliance with our underwriting standards and applicable regulations. We work with our regulatory counsel to develop standardized forms and agreements for each state, ensuring consistency and compliance.

Our loan operations are organized by geography. As of March 2015, we have two state vice presidents to oversee Texas; one state vice president to oversee North Carolina and Tennessee; one state vice president to oversee South Carolina and Georgia; one state vice president to oversee New Mexico and Oklahoma; and one state vice president to oversee Alabama. Several levels of management monitor and supervise the operations of each of our branches. Branch managers are directly responsible for the performance of their respective branches. District supervisors are responsible for the performance of between 8 and 13 branches in their districts, communicating with the branch managers of each of their branches at least weekly, and visiting each branch at least monthly. Our state vice presidents monitor the performance of all of the branches in their respective states, primarily through communications with district supervisors. These state vice presidents communicate with the district supervisors of each of their districts at least weekly and visit each of their branches at least annually, or more often as necessary. Our information technology platform enables us to monitor our portfolio regularly, which we believe improves our credit performance.

The majority of our branches undergo an internal audit every year, and every branch undergoes an internal audit at least every two years. These audits include a review of compliance with state and federal laws and regulations, as well as a review of operations. The review of operations includes a review of adherence to policies and procedures concerning cash management, loan approval processes, and all other policies and procedures concerning branch operations, such as collection procedures. Branches are rated at four different levels, and the timing of audits is impacted by the rating received. Other factors impacting the timing of branch audits include, but are not limited to, the date the branch opened, the timing of new managers commencing employment at the branch, and the results of branch examinations conducted by state regulators. Our branch employees' compensation is directly impacted by the internal audit rating assigned to the branch.

We have a scorecard program to systematically monitor a range of operating metrics at each branch. Our scorecard system currently tracks different dimensions of operations, including the performance and compliance of each branch on a series of credit metrics. Senior management receives daily delinquency, loan volume, charge-off, and other statistical reports consolidated by state and has access to these daily reports for each branch. On at least a quarterly basis, district supervisors audit the operations of each branch in their geographic area and submit standardized reports detailing their findings to senior management. State vice presidents meet with the executive management team once per quarter to review branch scorecard results as well as to discuss other operational and financial performance results against our targets and historical standards. Remedial plans are put in place to correct any underperformance.

Government Regulation

Consumer finance companies are subject to extensive regulation, supervision, and licensing under various state and federal statutes, ordinances, and regulations. Many of these regulations impose detailed constraints on the terms of our loans and the retail installment sales contracts that we purchase, lending forms, and operations. The software that we use to originate loans is designed to ensure compliance with all applicable lending regulations.

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State Lending Regulation. In general, state statutes establish maximum loan amounts and interest rates and the types and maximum amounts of fees and insurance premiums that may be charged for both direct and indirect lending. Specific allowable charges vary by state. For example, statutes in Texas allow for indexing the maximum small loan amounts to the Consumer Price Index and set maximum rates for automobile loans based on the age of the vehicle. Except in the states of North Carolina and New Mexico, our direct loan products are pre-computed loans in which the finance charge is determined at the time of the loan origination and is a combination of origination or acquisition fees, account maintenance fees, monthly account handling fees, and other charges permitted by the relevant state laws. Direct loans in North Carolina and New Mexico are structured as simple interest loans as prescribed by state law.

In addition, state laws regulate the keeping of books and records and other aspects of the operation of consumer finance companies, and state and federal laws regulate account collection practices. Generally, state regulations also establish minimum capital requirements for each local branch. State agency approval is required to open new branches, and each of our branches is separately licensed under the laws of the state in which the branch is located. Licenses granted by the regulatory agencies in these states are subject to renewal every year and may be revoked for failure to comply with applicable state and federal laws and regulations. In the states in which we currently operate, licenses may be revoked only after an administrative hearing. We believe we are in compliance with state law and regulations applicable to our lending operations in each state.

We and our operations are regulated by several state agencies, including the Consumer Finance Division of the South Carolina State Board of Financial Institutions, the South Carolina Department of Consumer Affairs, the North Carolina Office of the Commissioner of Banks, the Texas Office of the Consumer Credit Commissioner, the Tennessee Department of Financial Institutions, the Alabama State Banking Department, the Oklahoma Department of Consumer Credit, the New Mexico Regulation and Licensing Department, Financial Institutions Division, and the Georgia Industrial Loan Division of the Office of Insurance and Safety Fire Commissioner. These state regulatory agencies audit our branches and operations from time to time.

Insurance Regulation. Premiums and charges for credit insurance and similar payment protection products are set at authorized statutory rates and are stated separately in our disclosure to customers, as required by the federal Truth in Lending Act and by various applicable state laws.

We are also subject to state regulations governing insurance agents in the states in which we sell insurance. State insurance regulations require that insurance agents be licensed and limit the premium amount charged for such insurance. Our captive insurance subsidiary is regulated by the insurance authorities of the Turks and Caicos Islands of the British West Indies, where the subsidiary is organized and domiciled.

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act). At the federal level, Congress enacted comprehensive financial regulatory reform legislation on July 21, 2010. A significant focus of the new law, known as the Dodd-Frank Act, is heightened consumer protection. The Dodd-Frank Act established a new body, called the Consumer Financial Protection Bureau (the CFPB), which has regulatory, supervisory, and enforcement powers over providers of consumer financial products and services, including explicit supervisory authority to examine and require registration of non-depository lenders and promulgate rules that can affect the practices and activities of lenders.

Although the Dodd-Frank Act expressly provides that the CFPB has no authority to establish usury limits, some consumer advocacy groups have suggested that various forms of alternative financial services or specific features of consumer loan products should be a regulatory priority, and it is possible that at some time in the future the CFPB could propose and adopt rules making such lending services materially less profitable or impractical, which may include installment finance loans or other products that we offer.

The Dodd-Frank Act also gives the CFPB the authority to examine and regulate large nondepository financial companies and gives the CFPB authority over anyone deemed by rule to be a larger participant of a

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market for other consumer financial products or services. The CFPB contemplates regulating the installment lending industry as part of the consumer credit and related activities market. However, this so-called larger participant rule will not impose substantive consumer protection requirements, but rather will provide to the CFPB the authority to supervise larger participants in certain markets, including by requiring reports and conducting examinations to ensure, among other things, that they are complying with existing federal consumer financial law. While the CFPB has defined a larger participant standard for certain markets, such as the debt collection and consumer reporting markets, it has not yet acted to define larger participant in the consumer credit and related activities market. The rule will likely cover only the largest installment lenders, and we do not yet know whether the definition of larger participant will cover us.

In addition to the grant of certain regulatory powers to the CFPB, the Dodd-Frank Act gives the CFPB authority to pursue administrative proceedings or litigation for violations of federal consumer financial laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties.

Other Federal Laws and Regulations. In addition to the Dodd-Frank Act and state and local laws and regulations, numerous other federal laws and regulations affect our lending operations. These laws include the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Gramm-Leach-Bliley Act, and in each case the regulations thereunder, and the Federal Trade Commission's Credit Practices Rule. These laws require us to provide complete disclosure of the principal terms of each loan to the borrower, prior to the consummation of the loan transaction, prohibit misleading advertising, protect against discriminatory lending practices, and proscribe unfair credit practices.

Under the Truth in Lending Act and Regulation Z promulgated thereunder, we must disclose certain material terms related to a credit transaction, including, but not limited to, the annual percentage rate, finance charge, amount financed, total of payments, the number and amount of payments, and payment due dates to repay the indebtedness. Under the Equal Credit Opportunity Act and Regulation B promulgated thereunder, we cannot discriminate against any credit applicant on the basis of any protected category, such as race, color, religion, national origin, sex, marital status, or age. We are also required to make certain disclosures regarding consumer rights and advise customers whose credit applications are not approved of the reasons for the rejection. Under the Fair Credit Reporting Act, we must provide certain information to customers whose credit applications are not approved on the basis of a report obtained from a consumer reporting agency, promptly update any credit information reported to a credit reporting agency about a customer, and have a process by which customers may inquire about credit information furnished by us to a consumer reporting agency. Under the Gramm-Leach-Bliley Act, we must protect the confidentiality of our customers' nonpublic personal information and disclose information on our privacy policy and practices, including with regard to the sharing of customers' nonpublic personal information with third parties. This disclosure must be made to customers at the time the customer relationship is established and, in some cases, at least annually thereafter. The Federal Trade Commission's Credit Practices Rule limits the types of property we may accept as collateral to secure a consumer loan. Violations of these statutes and regulations may result in actions for damages, claims for refund of payments made, certain fines and penalties, injunctions against certain practices, and the potential forfeiture of rights to repayment of loans.

Additional Information

The Company's principal internet address is www.regionalmanagement.com. The information contained on, or that can be accessed through, the Company's website is not incorporated by reference into this Annual Report on Form 10-K. The Company has included its website address as a factual reference and does not intend it as an active link to its website. The Company provides its annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and all amendments to those reports, free of charge on www.regionalmanagement.com, as soon as reasonably practicable after they are electronically filed, or furnished to, the Securities and Exchange Commission.

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ITEM 1A. RISK FACTORS.

We operate in a rapidly changing environment that involves a number of risks, some of which are beyond our control. This discussion highlights some of the risks which may affect future operating results. These are the risks and uncertainties we believe are most important for you to consider, but the risks described below are not the only risks facing our company. Additional risks and uncertainties not presently known to us, which we currently deem immaterial, or which are similar to those faced by other companies in our industry or business in general, may also impair our business operations. If any of the following risks or uncertainties occurs, continues, or worsens, our business, financial condition, and operating results would likely suffer. You should carefully consider the risks described below together with the other information set forth in this Annual Report on Form 10-K.

Risks Related to Our Business

We have grown significantly in recent years and our delinquency and charge-off rates and overall results of operations may be adversely affected if we do not manage our growth effectively.

We have experienced substantial growth in recent years, opening or acquiring a net 51 branches in 2012, 43 in 2013, and 36 in 2014, and we intend to continue our growth strategy in the future. As we increase the number of branches we operate, we will be required to find new, or relocate existing, employees to operate our branches and allocate resources to train and supervise those employees. The success of a branch depends significantly on the manager overseeing its operations and on our ability to enforce our underwriting standards and implement controls over branch operations. Recruiting suitable managers for new branches can be challenging, particularly in remote areas and areas where we face significant competition. Furthermore, the annual turnover among our branch managers was approximately 21% in 2013 and 26% in 2014, and turnover rates of managers in our new branches may be similar or higher. Increasing the number of branches that we operate may divide the attention of our senior management or strain our ability to adapt our infrastructure and systems to accommodate our growth. If we are unable to promote, relocate, or recruit suitable managers, oversee their activities effectively, and otherwise appropriately and effectively staff our branches, our delinquency and charge-off rates may increase and our overall results of operations may be adversely impacted.

We face significant risks in implementing our growth strategy, some of which are outside our control.

We intend to continue our growth strategy, which is based on opening and acquiring branches in existing and new markets and introducing new products and channels. Our ability to execute this growth strategy is subject to significant risks, some of which are beyond our control, including:

the prevailing laws and regulatory environment of each state in which we operate or seek to operate and, to the extent applicable, federal laws and regulations, which are subject to change at any time;

the degree of competition in new markets and its effect on our ability to attract new customers;

our ability to identify attractive locations for new branches;

our ability to recruit qualified personnel, in particular in remote areas and areas where we face a great deal of competition; and

our ability to obtain adequate financing for our expansion plans.

For example, North Carolina requires a needs and convenience assessment of a new lending license and location prior to the granting of the license, which adds time and expense to opening new locations. In addition, certain states into which we may expand limit the number of lending licenses granted. There can be no assurance that if we apply for a license for a new branch, whether in one of the states where we currently operate or in a state into which we would like to expand, we would be granted a license to operate. We also cannot be certain that any such license, even if granted, would be obtained in a timely manner or without burdensome conditions or limitations. In addition, we may not be able to obtain and maintain any regulatory approvals, government permits, or licenses that may be required.

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We face strong direct and indirect competition.

The consumer finance industry is highly competitive, and the barriers to entry for new competitors are relatively low in the markets in which we operate. We compete for customers, locations, employees, and other important aspects of our business with many other local, regional, national, and international financial institutions, many of which have greater financial resources than we do.

Our installment loan operations compete with other installment lenders as well as with alternative financial services providers (such as payday and title lenders, check advance companies, and pawnshops), online or peer-to-peer lenders, issuers of non-prime credit cards, and other competitors. We believe that future regulatory developments in the consumer finance industry may cause lenders that currently focus on alternative financial services to begin to offer installment loans. In addition, if companies in the installment loan business attempt to provide more attractive loan terms than is standard across the industry, we may lose customers to those competitors. In installment loans, we compete primarily on the basis of price, breadth of loan product offerings, flexibility of loan terms offered, and the quality of customer service provided.

Our automobile purchase loan operations compete with numerous financial services providers, including non-prime auto lenders, dealers that provide financing, captive finance companies owned by automobile manufacturers, banks, and credit unions. Our retail purchase loan operations compete with non-prime retail lenders, store and third-party credit cards, prime lending sources, rent-to-own finance providers, and other competitors. For automobile purchase loans and retail purchase loans, we compete primarily on the basis of interest rates charged, the quality of credit accepted, the flexibility of loan terms offered, the speed of approval, and the quality of customer service provided.

If we fail to compete successfully, we could face lower sales and may decide or be compelled to materially alter our lending terms to our customers, which could result in decreased profitability.

Our business could suffer if we are unsuccessful in making, continuing, and growing relationships with automobile dealers and retailers.

Our automobile purchase loans and retail purchase loans are reliant on our relationships with automobile dealers and retailers. In particular, our automobile purchase loan operations depend in large part upon our ability to establish and maintain relationships with reputable dealers who direct customers to our branches or originate loans at the point of sale, which we subsequently purchase. Although we have relationships with certain automobile dealers, none of our relationships are exclusive, some of them are newly established, and they may be terminated at any time. If, due to economic reasons, competition, or otherwise, we are unable to establish and maintain relationships with reputable dealers, our business, results of operations, and financial condition may be adversely affected.

Our retail purchase loan business model is based on our ability to enter into agreements with individual retailers to provide financing to customers in their stores. Although our relationships with independent licensees of a major U.S. furniture retailer are currently a significant source of our retail purchase loans, we do not have a relationship with the retailer itself or its manufacturing affiliate and instead depend on non-exclusive relationships with individual licensees of the retailer, each of which may be terminated at any time. If a competitor were to offer better service or more attractive loan products to our retailer partners, it is possible that our retail partners would terminate their relationships with us. If we are unable to continue to grow our existing relationships and develop new relationships, our results of operations, financial condition, and ability to continue to expand could be adversely affected.

A substantial majority of our revenue is generated by our branches in South Carolina, Texas, and North Carolina.

Our branches in South Carolina, Texas, and North Carolina accounted for 31.1%, 29.4%, and 13.1%, respectively, of our revenue in 2014. Furthermore, all of our operations are in five Southeastern and three

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Southwestern states. As a result, we are highly susceptible to adverse economic conditions in those areas. The unemployment rates in some states in our footprint are among the highest in the country. High unemployment rates may reduce the number of qualified borrowers to whom we will extend loans, which would result in reduced loan originations. Adverse economic conditions may increase delinquencies and charge-offs and decrease our overall loan portfolio quality. If any of the adverse regulatory or legislative events described in this Risk Factors section were to occur in South Carolina, Texas, or North Carolina, it could materially adversely affect our business, results of operations, and financial condition. For example, if interest rates in South Carolina, which are currently not capped, were to be capped, our business, results of operations, and financial condition would be materially and adversely affected.

Regular turnover among our managers and other employees at our branches makes it more difficult for us to operate our branches and increases our costs of operations, which could have an adverse effect on our business, results of operations, and financial condition.

Our workforce is comprised primarily of employees who work on an hourly basis. In certain areas where we operate, there is significant competition for employees. In the past, we have lost employees and candidates to competitors who have been willing to pay higher compensation than we pay. Our ability to continue to expand our operations depends on our ability to attract, train, and retain a large and growing number of qualified employees. The turnover among all of our branch employees was approximately 38% in 2012, 38% in 2013, and 44% in 2014. This turnover increases our cost of operations and makes it more difficult to operate our branches. Our customer service representative and assistant manager roles have historically experienced high turnover. We may not be able to retain and cultivate personnel at these ranks for future promotion to branch manager. If our employee turnover rates increase above historical levels or if unanticipated problems arise from our high employee turnover and we are unable to readily replace such employees, our business, results of operations, financial condition, and ability to continue to expand could be adversely affected.

We are subject to government regulations concerning our hourly and our other employees, including minimum wage, overtime, and health care laws.

We are subject to applicable rules and regulations relating to our relationship with our employees, including minimum wage and break requirements, health benefits, unemployment and sales taxes, overtime, and working conditions and immigration status. Legislated increases in the federal minimum wage and increases in additional labor cost components, such as employee benefit costs, workers' compensation insurance rates, compliance costs and fines, as well as the cost of litigation in connection with these regulations, would increase our labor costs. Unionizing and collective bargaining efforts have received increased attention nationwide in recent periods. Should our employees become represented by unions, we would be obligated to bargain with those unions with respect to wages, hours, and other terms and conditions of employment, which is likely to increase our labor costs. Moreover, as part of the process of union organizing and collective bargaining, strikes and other work stoppages may occur, which would cause disruption to our business. Similarly, many employers nationally in similar retail environments have been subject to actions brought by governmental agencies and private individuals under wage-hour laws on a variety of claims, such as improper classification of workers as exempt from overtime pay requirements and failure to pay overtime wages properly, with such actions sometimes brought as class actions, and these actions can result in material liabilities and expenses. Should we be subject to employment litigation, such as actions involving wage-hour, overtime, break, and working time, it may distract our management from business matters and result in increased labor costs. In addition, we currently sponsor employer-subsidized premiums for major medical programs for eligible personnel who elect health care coverage through our insurance programs. As a result of regulatory changes, we may not be able to continue to offer health care coverage to our employees on affordable terms or at all and subsequently may face increased difficulty in hiring and retaining employees. If we are unable to locate, attract, train, or retain qualified personnel, or if our costs of labor increase significantly, our business, results of operations, and financial condition may be adversely affected.

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The departure, transition, or replacement of key personnel could significantly impact the results of our operations. If we cannot continue to hire and retain high quality employees, our business and financial results may be negatively affected.

In September 2014, we announced the appointment of Jody L. Anderson as our President and Chief Operating Officer, succeeding C. Glynn Quattlebaum, who was a co-founder and served as President and Chief Operating Officer since 2007. In October 2014, we announced that Thomas F. Fortin resigned as our Chief Executive Officer and from our Board of Directors. Our Board of Directors appointed Michael R. Dunn to serve as our interim Chief Executive Officer, effective as of October 30, 2014, and on November 20, 2014, we announced that Mr. Dunn would serve as the permanent Chief Executive Officer. Mr. Fortin and Mr. Quattlebaum had been with the Company for over seven years and 27 years, respectively, and made valuable contributions to our Company's growth and emergence as a publicly traded company. We cannot be certain what impact the loss of Mr. Fortin and Mr. Quattlebaum or the transition to Mr. Dunn and Mr. Anderson will have on our business or that additional changes in senior management will not occur.

Our future success significantly depends on the continued service and performance of our key management personnel. Competition for these employees is intense. Our operating results could be adversely affected by higher employee turnover or increased salary and benefit costs. Like most businesses, our employees are important to our success and we are dependent in part on our ability to retain the services of our key management, operational, finance, and administrative personnel. We have built our business on a set of core values, and we attempt to hire employees who are committed to these values. We want to hire and retain employees who will fit our culture of providing exceptional service to our customers. In order to compete and to continue to grow, we must attract, retain, and motivate employees, including those in executive, senior management, and operational positions. As our employees gain experience and develop their knowledge and skills, they become highly desired by other businesses. Therefore, to retain our employees, we must provide a satisfying work environment and competitive compensation and benefits. If our costs to retain our skilled employees increase, then our business and financial results may be negatively affected.

Our continued growth is also dependent, in part, on the skills, experience, and efforts of our senior management, including but not limited to, Mr. Dunn, our Chief Executive Officer, and Mr. Anderson, our President and Chief Operating Officer. We may not be successful in retaining the members of our senior management team or our other key employees. While we have entered into employment agreements with Mr. Dunn and Mr. Anderson, the loss of the services of Mr. Dunn, Mr. Anderson, or any member of our senior management or key team members, including state vice presidents, or the inability to attract additional qualified personnel as needed, could have an adverse effect on our business, financial condition, and results of operations. We also depend on our district supervisors to supervise, train, and motivate our branch employees. These supervisors have significant experience with our company and would be difficult to replace. If we lose a district supervisor to a competitor, we could also be at risk of losing other employees and customers. In addition, the process of identifying management successors creates uncertainty and could become a distraction to our senior management and our Board of Directors, and we may not be successful in attracting qualified candidates to replace key positions when necessary. The identification and recruitment of candidates to fill senior management positions, when necessary, and the resulting transition process may be disruptive to our business and operations.

Our convenience check direct mail strategy exposes us to certain risks.

A significant portion of our growth in our small installment loans has been achieved through our direct mail campaigns, which involve mailing to pre-screened recipients convenience checks, which customers can sign and cash or deposit, thereby agreeing to the terms of the loan, which are disclosed on the front and back of the check and in the accompanying disclosures. We use convenience checks to seed new branch openings and attract new customers and those with higher credit in our geographic footprint. In 2013 and 2014, loans initiated through convenience checks represented 22.1% and 18.8%, respectively, of the value of our originated loans. We expect

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that convenience checks will represent a greater percentage of our small installment loans in the future. There are several risks associated with the use of convenience checks, including the following:

it is more difficult to maintain sound underwriting standards with convenience check customers, and these customers have historically presented a higher risk of default than customers that originate loans in our branches, as we do not meet a convenience check customer prior to soliciting them and extending a loan to them, and we may not be able to verify certain elements of their financial condition, including their current employment status or life circumstances;

we rely on credit information from a third-party credit bureau that is more limited than a full credit report to pre-screen potential convenience check recipients, which may not be as effective or may be inaccurate or outdated;

we face limitations on the number of potential borrowers who meet our lending criteria within proximity to our branches;

we may not be able to continue to access the demographic and credit file information that we use to generate our mailing lists due to expanded regulatory or privacy restrictions;

convenience checks pose a greater risk of fraud;

we depend on one bank to issue and clear our convenience checks and any failure by that bank to properly process the convenience checks could limit the ability of a recipient to cash the check and enter into a loan with us;

customers may opt out of direct mail solicitations and solicitations based on their credit file or may otherwise prohibit us from soliciting them; and

postal rates and piece printing rates may continue to rise.

Our expected increase in the use of convenience checks will further increase our exposure to, and the magnitude of, these risks.

A reduction in demand for our products and failure by us to adapt to such reduction could adversely affect our business and results of operations.

The demand for the products we offer may be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences or financial conditions, regulatory restrictions that decrease customer access to particular products, or the availability of competing products. For example, we are highly dependent upon selecting and maintaining attractive branch locations. These locations are subject to local market conditions, including the employment available in the area, housing costs, traffic patterns, crime, and other demographic influences, any of which may quickly change. Should we fail to adapt to significant changes in our customers' demand for, or access to, our products, our revenues could decrease significantly and our operations could be harmed. Even if we do make changes to existing products or introduce new products to fulfill customer demand, customers may resist or may reject such products. Moreover, the effect of any product change on the results of our business may not be fully ascertainable until the change has been in effect for some time, and by that time it may be too late to make further modifications to such product without causing further harm to our business, results of operations, and financial condition.

We may attempt to pursue acquisitions or strategic alliances which may be unsuccessful.

We may attempt to achieve our business objectives through acquisitions and strategic alliances. We compete with other companies for these opportunities, including companies with greater financial resources, and we cannot be certain that we will be able to effect acquisitions or strategic alliances on commercially reasonable terms, or at all. Furthermore, most acquisitions that we have pursued previously have been

significantly smaller

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than us. We do not have extensive experience with integrating larger acquisitions. In pursuing these transactions, we may experience, among other things:

overvaluing potential targets;

difficulties in integrating any acquired companies, branches, or products into our existing business, including integration of account data into our information systems;

inability to realize the benefits we anticipate in a timely fashion, or at all;

attrition of key personnel from acquired businesses;

unexpected losses due to the acquisition of loan portfolios with loans originated using less stringent underwriting criteria;

significant costs, charges, or writedowns; or

unforeseen operating difficulties that require significant financial and managerial resources that would otherwise be available for the ongoing development and expansion of our existing operations.

We are exposed to credit risk in our lending activities.

Our ability to collect on loans depends on the willingness and repayment ability of our borrowers. Any material adverse change in the ability or willingness of a significant portion of our borrowers to meet their obligations to us, whether due to changes in economic conditions, the cost of consumer goods, interest rates, natural disasters, acts of war or terrorism, or other causes over which we have no control, would have a material adverse impact on our earnings and financial condition. Further, a substantial majority of our borrowers are non-prime borrowers, who are more likely to be affected, and more severely affected, by adverse macroeconomic conditions. We generally consider customers with a FICO score below 645 to be non-prime borrowers, although we also consider factors other than FICO scores in evaluating a potential customer's credit, such as length of employment and duration of current residence. There is no industry standard definition of non-prime and, consequently, other lenders may use different criteria to identify non-prime customers. We cannot be certain that our credit administration personnel, policies, and procedures will adequately adapt to changes in economic or any other conditions affecting customers and the quality of the loan portfolio.

We may be limited in our ability to collect on our loan portfolio, and the security interests securing a significant portion of our loan portfolio are not perfected, which may increase our credit losses.

Legal and practical limitations may limit our ability to collect on our loan portfolio, resulting in increased credit losses, decreased revenues, and decreased earnings. State and federal laws and regulations restrict our collection efforts. Most of our loan portfolio is secured, but a significant portion of such security interests have not been and will not be perfected. The amounts that we are able to recover from the repossession and sale of collateral typically does not cover the outstanding loan balance and costs of recovery. In cases where we repossess a vehicle securing a loan, we generally sell our repossessed automobile inventory through public sales conducted by independent automobile auction organizations after the required post-repossession waiting period. There is approximately a 30-day period between the time we repossess a vehicle or other property and the time it is sold at auction. In certain instances, we may sell repossessed collateral other than vehicles through our branches after the required post-repossession waiting period and appropriate receipt of valid bids. The proceeds we receive from such sales depend upon various factors, including the supply of, and demand for, used vehicles and other property at the time of sale. During periods of economic slowdown or recession, such as have existed in the United States for much of the past several years, there may be less demand for used vehicles and other property that we desire to resell.

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Further, a significant portion of our loan portfolio is not secured by perfected security interests, including small installment loans and retail purchase loans. The lack of perfected security interests is one of several factors that may make it more difficult for us to collect on our loan portfolio. During 2014, net charge-offs as a

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percentage of average finance receivables on our small installment loans, which are typically secured by unperfected interests in personal property, were 14.4%, while net charge-offs as a percentage of average finance receivables for our large installment loans and automobile purchase loans, which are typically secured by perfected interests in an automobile or other vehicle, for the same periods were 5.2% and 7.8%, respectively. Additionally, for those of our loans which are unsecured, borrowers may choose to repay obligations under other indebtedness before repaying loans to us because such borrowers have no collateral at risk. Lastly, given the relatively small size of our loans, the costs of collecting loans may be high relative to the amount of the loan. As a result, many collection practices that are legally available, such as litigation, may be financially impracticable. These factors may increase our credit losses, which would have a material adverse effect on our results of operations and financial condition.

In addition, there is an inherent risk that a portion of the retail installment contracts that we hold will be in default or be subject to certain claims or defenses that the borrower may assert against the originator of the contract, or us as the holder of the contract. We face the risk that if high unemployment or adverse economic developments occur or continue in one or more of our markets, a large number of retail installment contracts will become defaulted. In addition, most of the borrowers under these contracts have some negative credit history. There can be no assurance that our allowance for credit losses will prove sufficient to cover actual losses in the future on these contracts.

Our policies and procedures for underwriting, processing, and servicing loans are subject to potential failure or circumvention, which may adversely affect our results of operations.

A substantial portion of our underwriting activities and our credit extension decisions are made at our local branches. We train our employees individually onsite in the branch to make loans that conform to our underwriting standards. Such training includes critical aspects of state and federal regulatory compliance, cash handling, account management, and customer relations. Although we have standardized employee manuals, we primarily rely on our district supervisors, with oversight by our state vice presidents, branch auditors, and headquarters personnel, to train and supervise our branch employees, rather than centralized or standardized training programs. Therefore, the quality of training and supervision may vary from district to district and branch to branch depending upon the amount of time apportioned to training and supervision and individual interpretations of our operations policies and procedures. In addition, we sometimes rely on third-party service providers in connection with loan underwriting and origination. Any error or failure by a third-party service provider in providing loan underwriting and origination services may cause us to originate loans to borrowers that do not meet our underwriting standards. We cannot be certain that every loan is made in accordance with our underwriting standards and rules. We have in the past experienced some instances of loans extended that varied from our underwriting standards. Variances in underwriting standards and lack of supervision could expose us to greater delinquencies and charge-offs than we have historically experienced.

In addition, underwriting decisions are based on information provided by customers, counterparties, and other third parties, including credit bureaus and data aggregators, the inaccuracy or incompleteness of which may adversely affect our results of operations. In deciding whether to extend credit or enter into other transactions with customers and counterparties, we rely on information furnished to us by or on behalf of customers, counterparties, and other third parties, including financial information. We also rely on representations of customers and counterparties as to the accuracy and completeness of that information. Our earnings and our financial condition could be negatively impacted to the extent the information furnished to us by and on behalf of customers, counterparties, and other third parties is not correct or complete.

Employee misconduct could harm us by subjecting us to significant legal liability, regulatory scrutiny, and reputational harm.

Our reputation is critical to maintaining and developing relationships with our existing and potential customers and third parties with whom we do business. There is a risk that our employees could engage in

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misconduct that adversely affects our business. For example, if an employee were to engage or be accused of engaging in illegal or suspicious activities, we could be subject to regulatory sanctions and suffer serious harm to our reputation, financial condition, customer relationships, and ability to attract future customers. Employee misconduct could prompt regulators to allege or to determine, based upon such misconduct, that we have not established adequate supervisory systems and procedures to inform employees of applicable rules or to detect and deter violations of such rules. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent misconduct may not be effective in all cases. Misconduct by our employees, or even unsubstantiated allegations, could result in a material adverse effect on our reputation and our business.

Our risk management efforts may not be effective.

We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, and other market-related risks, as well as operational risks related to our business, assets, and liabilities. Our risk management policies, procedures, and techniques may not be sufficient to identify all of the risks we are exposed to, mitigate the risks we have identified, or identify additional risks to which we may become subject in the future.

We may be unsuccessful in maintaining effective internal controls over financial reporting.

Controls and procedures are particularly important for consumer finance companies. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud or material error. Any system of controls, however well-designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurance that the objectives of the system are met. Section 404 of the Sarbanes-Oxley Act of 2002 requires management of public companies to develop and implement internal controls over financial reporting and evaluate the effectiveness thereof. Under standards established by the Public Company Accounting Oversight Board, a material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting. Any failure to implement current internal controls or required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations.

In November 2014, we identified a material weakness in our internal control over financial reporting related to controls over the credit risk associated with the origination of direct mail loans. In addition, we have in the past identified significant deficiencies in our internal control over financial reporting. We remediated the material weakness identified in November 2014 effective as of December 31, 2014.

If additional material weaknesses or significant deficiencies in our internal control over financial reporting are discovered or occur in the future or if our controls and procedures fail or are circumvented, our consolidated financial statements may contain material misstatements, we could be required to restate our financial results, we may be unable to produce accurate and timely financial statements, and we may be unable to maintain compliance with applicable stock exchange listing requirements, any of which could have a material adverse effect on our business, results of operations, financial condition, and stock price. The discovery of a material weakness and the disclosure of that fact, even if quickly remediated, could reduce the market value of shares of our common stock. Additionally, the existence of any material weakness or significant deficiency requires management to devote significant time and incur significant expense to remediate any such material weaknesses or significant deficiency, and management may not be able to remediate any such material weaknesses or significant deficiency in a timely manner. Undetected material weaknesses in our internal controls could lead to financial statement restatements, which could have a material adverse effect on our business, financial condition, and results of operation.

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If our estimates of reserves for credit losses are not adequate to absorb actual losses, our provision for credit losses would increase, which would adversely affect our results of operations.

We maintain an allowance for credit losses for all loans we make. To estimate the appropriate level of credit loss reserves, we consider known and relevant internal and external factors that affect loan collectability, including the total amount of loans outstanding, historical loan charge-offs, delinquency rates and trends, our current collection patterns, and economic trends. Our methodology for establishing our reserves for credit losses is based in large part on our historic loss experience. If customer behavior changes as a result of economic or other conditions and if we are unable to predict how the unemployment rate, housing foreclosures, and general economic uncertainty may affect our credit loss reserves, our provision may be inadequate. During fiscal 2014, our provision for credit losses was \$69.1 million, and we had net charge-offs of \$58.6 million related to losses on our loans. As of December 31, 2014, our finance receivables were \$546.2 million. Maintaining the adequacy of our allowance for credit losses may require that we make significant and unanticipated increases in our provisions for credit losses, which would materially affect our results of operations. Our credit loss reserves, however, are estimates, and if actual credit losses are materially greater than our credit loss reserves, our financial condition and results of operations could be adversely affected. Neither state regulators nor federal regulators regulate our allowance for credit losses.

If assumptions or estimates we use in preparing our financial statements are incorrect or are required to change, our reported results of operations and financial condition may be adversely affected.

We are required to use certain assumptions and estimates in preparing our financial statements under U.S. Generally Accepted Accounting Principles (GAAP), including in determining allowances for loan losses, fair value of financial instruments, asset impairment, reserves related to litigation and other legal matters, valuation of income and other taxes and regulatory exposures. In addition, significant assumptions and estimates are involved in determining certain disclosures required under GAAP, including those involving the fair value of our financial instruments. If the assumptions or estimates underlying our financial statements are incorrect, the actual amounts realized on transactions and balances subject to those estimates will be different, and this could have a material adverse effect on our results of operations and financial condition.

In addition, the Financial Accounting Standards Board (FASB) is currently reviewing or proposing changes to several financial accounting and reporting standards that govern key aspects of our financial statements, including areas where assumptions or estimates are required. As a result of changes to financial accounting or reporting standards, whether promulgated or required by the FASB or other regulators, we could be required to change certain of the assumptions or estimates we previously used in preparing our financial statements, which could negatively impact how we record and report our results of operations and financial condition generally. For additional information on the key areas for which assumptions and estimates are used in preparing our financial statements, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Note 1 (Nature of Business and Significant Accounting Policies) of our audited Consolidated Financial Statements.

Our use of derivatives exposes us to credit and market risk.

From time to time, we may use derivatives to manage our exposure to interest rate risk. By using derivative instruments, we are exposed to credit and market risk.

Interest rates on automobile purchase and retail purchase loans are determined at competitive market interest rates, and we may fail to adequately set interest rates, which may adversely affect our business.

In recent years, we have expanded our automobile purchase loan business and our retail purchase loan business, and we plan to continue to expand those businesses in the future. Unlike installment loans, which in certain states are typically made at or near the maximum interest rates permitted by law, automobile purchase

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loans and retail purchase loans are often made at competitive market interest rates, which are governed by laws for installment sales contracts. We have limited experience in determining interest rates in these markets. If we fail to set interest rates at a level that adequately reflects the credit risks of our customers, or if we set interest rates at a level too low to sustain our profitability, our business, results of operations, and financial condition could be adversely affected.

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

We rely on certain third-party service providers. In particular, we currently rely on one key vendor to print and mail our convenience checks for our direct mail marketing campaigns, and we rely on certain other third-party service providers in connection with loan underwriting and origination. Our reliance on third parties such as these can expose us to risks. For example, an error by our former convenience check vendor during 2010 resulted in checks being misdirected, requiring us in some cases to notify state regulators and to refund certain interest and fee amounts, and exposing us to increased credit risk. If any of our third-party service providers, including our convenience check vendors and those third parties providing services in connection with loan underwriting and origination, are unable to provide their services timely, accurately, and effectively, or at all, it could have a material adverse effect on our business, financial condition, and results of operations and cash flows.

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

We have a senior revolving credit facility committed through May 2016 that allows us to borrow up to \$500.0 million, assuming we are in compliance with a number of covenants and conditions. As of December 31, 2014, the amount outstanding under our senior revolving credit facility was \$341.4 million and we had \$158.6 million of unused capacity on the credit facility, subject to the borrowing base of 85% of eligible finance receivables. During fiscal 2014, the maximum amount of borrowings outstanding under the facility at one time was \$362.8 million. We use our senior revolving credit facility as a source of liquidity, including for working capital and to fund the loans we make to our customers. If our existing sources of liquidity become insufficient to satisfy our financial needs or our access to these sources becomes unexpectedly restricted, we may need to try to raise additional debt or equity in the future. If such an event were to occur, we can give no assurance that such alternate sources of liquidity would be available to us on favorable terms or at all. In addition, we cannot be certain that we will be able to replace the amended and restated senior revolving credit facility when it matures on favorable terms or at all. If any of these events occur, our business, results of operations, and financial condition could be adversely affected.

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

We are not insulated from the pressures and potentially negative consequences of the recent financial crisis and similar risks beyond our control that have and may continue to affect the capital and credit markets, the broader economy, the financial services industry, or the segment of that industry in which we operate.

Over the past several years, the global economy experienced a significant recession, as well as a severe, ongoing disruption in the credit markets and a material and adverse effect on the jobs market and individual borrowers. While the United States economy may technically have come out of the recession, the recovery is fragile and may not be sustainable for any specific period of time, and could slip back into an even more significant recession. Our financial performance generally, and in particular the ability of our borrowers to make payments on outstanding loans, is highly dependent upon the business and economic environments in the markets where we operate and in the United States as a whole.

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During an economic downturn or recession, credit losses in the financial services industry generally increase and demand for credit products often decreases. Declining asset values, defaults on consumer loans, and the lack of market and investor confidence, as well as other factors, all combine to decrease liquidity during an economic downturn. As a result of these factors, some banks and other lenders have suffered significant losses during economic downturns, and the strength and liquidity of many financial institutions worldwide has weakened due to the most recent economic crisis. Additionally, during an economic downturn, our loan servicing costs and collection costs may increase as we may have to expend greater time and resources on these activities. Our underwriting criteria, policies and procedures, and product offerings may not sufficiently protect our growth and profitability during a sustained period of economic downturn or recession. Any renewed economic downturn will adversely affect the financial resources of our customers and may result in the inability of our customers to make principal and interest payments on, or refinance, the outstanding debt when due.

Economic conditions remain historically weak, and there can be no assurance that they will improve in the near term. Should such conditions worsen or continue to remain weak, they may adversely affect the credit quality of our loans. In the event of increased default by borrowers under the loans, our business, results of operations, and financial condition could be adversely affected.

We are subject to interest rate risk resulting from general economic conditions and policies of various governmental and regulatory agencies.

Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies, in particular, the Federal Reserve Board. Changes in monetary policy, including changes in interest rates, could influence the amount of interest we pay on our senior revolving credit facility or any other floating interest rate obligations we may incur, which would increase our operating costs and decrease our operating margins. Interest payable on our senior revolving credit facility is variable, based on LIBOR with a LIBOR floor of 1.00%, and could increase in the future. Furthermore, market conditions or regulatory restrictions on interest rates we charge may prevent us from passing any increases in interest rates along to our customers.

Our revolving credit agreement contains restrictions and limitations that could affect our ability to operate our business.

The credit agreement governing our senior revolving credit facility contains a number of covenants that could adversely affect our business and the flexibility to respond to changing business and economic conditions or opportunities. Among other things, these covenants limit our ability to:

incur or guarantee additional indebtedness;

purchase large loan portfolios in bulk;

pay dividends or make distributions on our capital stock or make certain other restricted payments;

sell assets, including our loan portfolio or the capital stock of our subsidiaries;

enter into transactions with our affiliates;

offer certain loan products;

create or incur liens; and

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consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets.

In addition, the credit agreement imposes certain obligations on us relating to our underwriting standards, recordkeeping and servicing of our loans, and our loss reserves and charge-off policies. It also requires us to maintain certain financial ratios, including an interest coverage ratio and a borrowing base ratio. If we were to breach any covenants or obligations under the credit agreement and such breaches were to result in an event of

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default, our lenders could cause all amounts outstanding to become due and payable, subject to applicable grace periods. This could trigger cross-defaults under any future debt instruments and materially and adversely affect our financial condition and ability to continue operating our business as a going concern.

We rely on information technology products developed, owned, and supported by third parties, including our competitors. Our ability to manage our business and monitor results is highly dependent upon these information technology products. A failure of these products and systems or of the implementation of new information technology products and systems could disrupt our business.

In the operation of our business, we are highly dependent upon a variety of information technology products, including our loan management system, which allows us to record, document, and manage our loan portfolio. We currently use a loan management software package developed and owned by ParaData Financial Systems (ParaData), a wholly owned subsidiary of World Acceptance Corporation, one of our primary competitors. In October 2013, we entered into a ten-year agreement with DHI Computing Service, Inc. d/b/a GOLDPoint Systems (GOLDPoint) pursuant to which GOLDPoint will provide us with loan management software and related data processing services. We expect that the full transition from the ParaData software to the GOLDPoint platform will occur in 2015, following which we expect that we will no longer use the ParaData software.

Over the years, we have tailored the ParaData software to meet certain of our specific needs. Prior to the conversion to the GOLDPoint platform, we will continue to depend on the willingness and ability of ParaData to provide customized solutions and support for our evolving products and business model. In the future, ParaData may not be willing or able to modify the loan management software to meet our needs, or it could alter the program without notice to us or cease to adequately support it. ParaData could also decide in the future to refuse to provide support for its software to us on commercially reasonable terms, or at all. If any of these events were to occur, we would be forced to transition to the GOLDPoint platform more quickly than originally contemplated, which could materially affect our business, results of operations, and financial condition.

Our transition to the GOLDPoint platform has been a lengthy and expensive process that has resulted in a diversion of resources from other operations. Continued execution of a transition project plan, or a divergence from it, may result in further cost overruns, project delays, or business interruptions. In addition, further divergence from our project plan could further impact the timing and/or extent of benefits we expect to achieve from the GOLDPoint system and process efficiencies. Any further disruptions, delays, or deficiencies in the design and/or implementation of the GOLDPoint system, or in the performance of our legacy ParaData software, particularly any disruptions, delays, or deficiencies that impact our operations, could adversely affect our ability to effectively run and manage our business. Further, following the transition, the GOLDPoint platform may not perform in a manner consistent with our current expectations and may be inadequate for our needs. As we are dependent upon our ability to gather and promptly transmit accurate information to key decision makers, our business, results of operations, and financial condition may be adversely affected if our loan management systems do not allow us to transmit accurate information, even for a short period of time. Failure to properly or adequately address these issues could impact our ability to perform necessary business operations, which could adversely affect our competitive position, business, results of operations, and financial condition. In addition, we have capitalized certain costs associated with our licensing of and transition to the GOLDPoint system. If we are unable to accomplish a transition to the GOLDPoint platform, we will be required immediately to expense some or all of those capitalized costs, which could adversely affect our results of operations and financial condition.

We rely on DealerTrack, Route One, Teledata Communications Inc., and other third-party software vendors to provide access to loan applications and/or screen applications. There can be no assurance that these third party providers will continue to provide us information in accordance with our lending guidelines or that they will continue to provide us lending leads at all. If this occurs, our credit losses, business, results of operations, and financial condition may be adversely affected.

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

Nearly all of our account payments occur at our branches, either in person or by mail, and frequently consist of cash payments, which we deposit at local banks throughout the day. This business practice exposes us daily to the potential for employee theft of funds or, alternatively, to theft and burglary due to the cash we maintain in the branch. Despite controls and procedures to prevent such losses, we have in the past sustained losses due to employee fraud and theft. In addition, our employees field call delinquent accounts by visiting the home of a delinquent borrower. Such visits may subject our employees to a variety of dangers, including violence, vehicle accidents, and other perils. We are also susceptible to break-ins at our branches, where money and/or customer records could be taken. A breach in the security of our branches or in the safety of our employees could result in employee injury, loss of funds or records, and adverse publicity, and could result in a loss of customer business or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

Security breaches, cyber-attacks, failures in our information systems, or fraudulent activity could result in damage to our operations or lead to reputational damage.

We also rely heavily on communications and information systems to conduct our business. Each branch is part of an information network that is designed to permit us to maintain adequate cash inventory, reconcile cash balances on a daily basis, and report revenues and expenses to our headquarters. Any failure, interruption, or breach in security of these systems, including any failure of our back-up systems, hardware failures, or an inability to access data maintained offsite, could result in failures or disruptions in our customer relationship management, general ledger, loan, and other systems and could result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation, possible financial liability, and other adverse consequences, any of which could have a material adverse effect on our financial condition and results of operations. Furthermore, we may not be able to detect immediately any such breach, which may increase the losses that we would suffer. In addition, our existing insurance policies would not reimburse us for all of the damages that we might incur as a result of a breach.

A security breach or cyber-attack of our computer systems could interrupt or damage our operations or harm our reputation. Despite the implementation of security measures, our systems may still be vulnerable to data theft, computer viruses, programming errors, attacks by third parties, or similar disruptive problems. If we were to experience a security breach or cyber-attack, we could be required to incur substantial costs and liabilities, including, among other things, the following:

expenses to rectify the consequences of the security breach or cyber-attack;

liability for stolen assets or information;

costs of repairing damage to our systems;

lost revenue and income resulting from any system downtime caused by such breach or attack;

increased costs of cyber security protection;

costs of incentives we may be required to offer to our customers or business partners to retain their business; and

damage to our reputation causing customers and investors to lose confidence in our company.

In addition, any compromise of security or a cyber-attack could deter consumers from entering into transactions that require them to provide confidential information to us. Further, if confidential customer information or information belonging to our business partners is misappropriated from our computer systems, we could be sued by those who assert that we did not take adequate precautions to safeguard our systems and

confidential data belonging to our customers or business partners, which could subject us to liability and result in

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significant legal fees and expenses of defending these claims. As a result, any compromise of security of our computer systems or cyber-attack could have a material adverse effect on our business, prospects, results of operations, and financial condition.

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

Our headquarters buildings are located in Greenville, South Carolina. Our information systems and administrative and management processes are primarily provided to our branches from this centralized location, and our separate data management facility is located in the same city. These processes could be disrupted if a catastrophic event, such as a tornado, power outage, or act of terror, affected Greenville. Any such catastrophic event or other unexpected disruption of our headquarters or data management facility could have a material adverse effect on our business, results of operations, and financial condition.

Risks Related to Regulation and Legal Proceedings

Our business products and activities are strictly and comprehensively regulated at the local, state, and federal level. Changes in current laws and regulations or in the interpretation of such laws and regulations, or our failure to comply with such laws and regulations, could have a material adverse effect on our business, results of operations, and financial condition.

Our business is subject to numerous local, state, and federal laws and regulations. These regulations impose significant costs and limitations on the way we conduct and expand our business, and these costs and limitations may increase in the future if such laws and regulations are changed. These laws and regulations govern or affect, among other things:

the interest rates that we may charge customers;

terms of loans, including fees, maximum amounts, and minimum durations;

the number of simultaneous or consecutive loans and required waiting periods between loans;

disclosure practices, including posting of fees;

currency and suspicious activity reporting;

recording and reporting of certain financial transactions;

privacy of personal customer information;

the types of products and services that we may offer;

collection practices;

approval of licenses; and

locations of our branches.

Changes to statutes, regulations, or regulatory policies, including the interpretation, implementation, and enforcement of statutes, regulations, or policies, could affect us in substantial and unpredictable ways, including limiting the types of financial services and products that we may offer and increasing the ability of competitors to offer competing financial services and products. Compliance with these regulations is expensive and requires the time and attention of management. These costs divert capital and focus away from efforts intended to grow our business. Because these laws and regulations are complex and often subject to interpretation, or because of a result of unintended errors, we may, from time to time, inadvertently violate these laws, regulations, and policies, as each is interpreted by our regulators. If we do not successfully comply with laws, regulations, or policies, our compliance costs could increase, our operations could be limited, and we may suffer damage to our reputation. If more restrictive laws, rules, and regulations are enacted or more restrictive judicial and administrative

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interpretations of those laws are issued, compliance with the laws could become more expensive or difficult. Furthermore, changes in these laws and regulations could require changes in the way we conduct our business, and we cannot predict the impact such changes would have on our profitability.

Our primary regulators are the state regulators for the states in which we operate: South Carolina, Texas, North Carolina, Tennessee, Alabama, Oklahoma, New Mexico, and Georgia. We operate each of our branches under licenses granted to us by these state regulators. State regulators may enter our branches and conduct audits of our records and practices at any time, with or without notice. If we fail to observe, or are not able to comply with, applicable legal requirements, we may be forced to discontinue certain product offerings, which could adversely impact our business, results of operations, and financial condition. In addition, violation of these laws and regulations could result in fines and other civil and/or criminal penalties, including the suspension or revocation of our branch licenses, rendering us unable to operate in one or more locations. All the states in which we operate have laws governing the interest rate and fees that we can charge and required disclosure statements, among other restrictions. Violation of these laws could involve penalties requiring the forfeiture of principal and/or interest and fees that we have charged. Depending on the nature and scope of a violation, fines and other penalties for noncompliance of applicable requirements could be significant and could have a material adverse effect on our business, results of operation, and financial condition.

Licenses to open new branches are granted in the discretion of state regulators. Accordingly, licenses may be denied unexpectedly or for reasons outside our control. This could hinder our ability to implement our business plans in a timely manner or at all.

As we enter new markets and develop new products, we may become subject to additional state and federal regulations. For example, although we intend to expand into new states, we may encounter unexpected regulatory or other difficulties in these new states or markets, which may prevent us from growing in new states or markets. Similarly, while we intend to grow our retail purchase and indirect automobile purchase loan operations, we may encounter unexpected regulatory or other difficulties. As a result, we may not be able to successfully execute our strategies to grow our revenue and earnings.

Changes in laws and regulations or interpretations of laws and regulations could negatively impact our business, results of operations, and financial condition.

Although many of the laws and regulations applicable to our business have remained substantially unchanged for many years, the laws and regulations directly affecting our lending activities are under review and are subject to change, especially as a result of current economic conditions, changes in the make-up of the current executive and legislative branches, and the political focus on issues of consumer and borrower protection. In addition, consumer advocacy groups and various other media sources continue to advocate for governmental and regulatory action to prohibit or severely restrict various financial products, including the loan products we offer.

Any changes in such laws and regulations, or the implementation, interpretation, or enforcement of such laws and regulations, could force us to modify, suspend, or cease part or, in the worst case, all of our existing operations. It is also possible that the scope of federal regulations could change or expand in such a way as to preempt what has traditionally been state law regulation of our business activities. The enactment of one or more of such regulatory changes could materially and adversely affect our business, results of operations, and prospects.

States may also seek to impose new requirements or interpret or enforce existing requirements in new ways. Changes in current laws or regulations or the implementation of new laws or regulations in the future may restrict our ability to continue our current methods of operation or expand our operations. Additionally, these laws and regulations could subject us to liability for prior operating activities or lower or eliminate the profitability of operations going forward by, among other things, reducing the amount of interest and fees we charge in connection with our loans. If these or other factors lead us to close our branches in a state, in addition to the loss

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of net revenues attributable to that closing, we would incur closing costs such as lease cancellation payments and we would have to write off assets that we could no longer use. If we were to suspend rather than permanently cease our operations in a state, we would also have continuing costs associated with maintaining our branches and our employees in that state, with little or no revenues to offset those costs.

In addition to state and federal laws and regulations, our business is subject to various local rules and regulations, such as local zoning regulations. Local zoning boards and other local governing bodies have been increasingly restricting the permitted locations of consumer finance companies. Any future actions taken to require special use permits for, or impose other restrictions on, our ability to provide products could adversely affect our ability to expand our operations or force us to attempt to relocate existing branches. If we were forced to relocate any of our branches, in addition to the costs associated with the relocation, we may be required to hire new employees in the new areas, which may adversely impact the operations of those branches. Relocation of an existing branch may also hinder our collection abilities, as our business model relies on the location of our branches being close to where our customers live in order to successfully collect on outstanding loans.

Changes in laws or regulations may have a material adverse effect on all aspects of our business in a particular state and on our overall business, results of operations, and financial condition.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) authorizes the Consumer Financial Protection Bureau (the CFPB) to adopt rules that could potentially have a serious impact on our ability to offer short-term consumer loans and have a material adverse effect on our operations and financial performance.

Title X of the Dodd-Frank Act establishes the CFPB, which became operational on July 21, 2011. Under the Dodd-Frank Act, the CFPB has regulatory, supervisory, and enforcement powers over providers of consumer financial products that we offer, including explicit supervisory authority to examine and require registration of installment lenders such as ourselves. Included in the powers afforded to the CFPB is the authority to adopt rules describing specified acts and practices as being unfair, deceptive, or abusive, and hence unlawful. Specifically, the CFPB has the authority to declare an act or practice abusive if it, among other things, materially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service or takes unreasonable advantage of a lack of understanding on the part of the consumer of the product or service. Although the Dodd-Frank Act expressly provides that the CFPB has no authority to establish usury limits, some consumer advocacy groups have suggested that certain forms of alternative consumer finance products, such as installment loans, should be a regulatory priority, and it is possible that at some time in the future, the CFPB could propose and adopt rules making such lending or other products that we may offer materially less profitable or impractical. Further, the CFPB may target specific features of loans or loan practices, such as refinancings, by rulemaking that could cause us to cease offering certain products or engaging in certain practices. It is possible that the CFPB will adopt rules that specifically restrict refinancings of existing loans. Our refinancings of existing loans are divided into three categories: refinancings of loans in an amount greater than the original loan amount, renewals of existing loans at or below the original loan amount, and renewals of existing loans that are 60 or more days past due, which represented 21.1%, 35.8%, and 0.7%, respectively, of our loan originations in 2014. Any such rules could have a material adverse effect on our business, results of operation, and financial condition. The CFPB could also adopt rules imposing new and potentially burdensome requirements and limitations with respect to any of our current or future lines of business, which could have a material adverse effect on our operations and financial performance. The Dodd-Frank Act also gives the CFPB the authority to examine and regulate entities it classifies as a larger participant of a market for other consumer financial products or services. The rule will likely cover only the largest installment lenders. We do not yet know whether the definition of larger participant will cover us.

In addition to the Dodd-Frank Act's grant of regulatory powers to the CFPB, the Dodd-Frank Act gives the CFPB authority to pursue administrative proceedings or litigation for violations of federal consumer financial laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution

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or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties ranging from a maximum of \$5,000 per day for minor violations of federal consumer financial laws (including the CFPB's own rules) to \$25,000 per day for reckless violations and \$1 million per day for knowing violations. If we are subject to such administrative proceedings, litigation, orders, or monetary penalties in the future, this could have a material adverse effect on our operations and financial performance. Also, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations under Title X, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions for the kind of cease and desist orders available to the CFPB (but not for civil penalties). If the CFPB or one or more state officials find that we have violated the foregoing laws, they could exercise their enforcement powers in ways that would have a material adverse effect on us.

In January 2012, President Obama appointed Richard Cordray as director of the CFPB, and in July 2013, he was confirmed by the United States Senate. On January 5, 2012, the CFPB launched a federal supervision program for nonbanks that offer or provide consumer financial products or services. Under the CFPB's nonbank supervision program, the CFPB will conduct individual examinations and may also require reports from businesses to determine what businesses require greater focus by the CFPB. The frequency and scope of any such examinations will depend on the CFPB's analysis of risks posed to consumers based on factors such as a particular nonbank's volume of business, types of products or services, and the extent of state oversight. In conducting an investigation, the CFPB may issue a civil investigative demand (a CID) requiring a target company to prepare and submit, among other items, documents, written reports, answers to interrogatories, and deposition testimony. If the CFPB issues a CID to us or otherwise commences an investigation of our company, the required response could result in substantial costs and a diversion of our management's attention and resources. In addition, the market price of our common stock could decline as a result of the initiation of a CFPB investigation of our company or even the perception that such an investigation could occur, even in the absence of any finding by the CFPB that we have violated any state or federal law.

In the future, we may sell loans, including charged off loans and loans where the borrower is in default. This practice could subject us to heightened regulatory scrutiny, which may expose us to legal action, cause us to incur losses, and/or limit or impede our collection activity.

We may in the future sell loans, including those that may have been charged off as uncollectible. The CFPB and other regulators recently have significantly increased their scrutiny of debt sales, especially delinquent and charged-off debt. The CFPB has criticized sellers of debt for insufficient documentation to support and verify the validity or amount of the debt. It has also criticized debt collectors for, among other things, collection tactics, attempting to collect debts that are no longer valid, misrepresenting the amount of the debt, and not having sufficient documentation to verify the validity or amount of the debt. Future loan sales could expose us to lawsuits or fines by regulators if we do not have sufficient documentation to support and verify the validity and amount of the loans underlying the transactions, or if we or purchasers of our loans use collection methods that are viewed as unfair or abusive. In addition, our collections could suffer and we may incur additional expenses if we are required to change collection practices or stop collecting on certain debts as a result of a lawsuit or action on the part of regulators.

Rising health care costs and continuing uncertainties concerning the effect of implementation of the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010 and similar laws may have a material adverse effect on our business and financial performance.

Despite our efforts to control costs while still providing competitive health care benefits to our employees, significant increases in health care costs continue to occur, and we can provide no assurance that our cost containment efforts in this area will be effective. In March 2010, the federal Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Affordability Reconciliation Act of 2010 became law. While we have performed an analysis regarding the anticipated impact of these laws on our cost structure, we may be unable to accurately predict the impact of this federal health care legislation on our health care benefit costs due to continued uncertainty with respect to implementation of such legislation. Significant increases in

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costs due either to the PPACA or general health care cost increases are likely and could adversely impact our operating results, as there is no assurance that we will be able to absorb, pass through, and/or offset the costs of such legislation.

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

Consumer advocacy groups and various media sources continue to criticize alternative financial services providers (such as payday and title lenders, check advance companies, and pawnshops). These critics frequently characterize such alternative financial services providers as predatory or abusive toward consumers. If these persons were to criticize the products that we offer, it could result in further regulation of our business. Furthermore, our industry is highly regulated, and announcements regarding new or expected governmental and regulatory action in the alternative financial services sector may adversely impact our stock price and perceptions of our business even if such actions are not targeted at our operations and do not directly impact us.

Legal proceedings to which we are subject or may become subject may have a material adverse impact on our financial position and results of operations.

Like many companies in our industry, we are from time to time involved in various legal proceedings and subject to claims and other actions related to our business activities brought by borrowers and others, including, for example, the securities class action lawsuit described in Item 3, Legal Proceedings of this Annual Report on Form 10-K. All such legal proceedings are inherently unpredictable and, regardless of the merits of the claims, litigation is often expensive, time-consuming, disruptive to our operations and resources, and distracting to management. If resolved against us, such legal proceedings could result in excessive verdicts and judgments, injunctive relief, equitable relief, and other adverse consequences that may affect our financial condition and how we operate our business. Similarly, if we settle such legal proceedings, it may affect our financial condition and how we operate our business. Future court decisions, alternative dispute resolution awards, business expansion, or legislative activity may increase our exposure to litigation and regulatory investigations. In some cases, substantial non-economic remedies or punitive damages may be sought. Although we maintain liability insurance coverage, there can be no assurance that such coverage will cover any particular verdict, judgment, or settlement that may be entered against us, that such coverage will prove to be adequate, or that such coverage will continue to remain available on acceptable terms, if at all. We and our primary insurance carrier are in the process of negotiating an allocation between denied and acknowledged claims in the securities class action lawsuit. If in the securities class action lawsuit or any other legal proceeding we incur liability that exceeds our insurance coverage or that is not within the scope of the coverage in legal proceedings brought against us, it could have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to the Ownership of Our Common Stock

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our common stock, our stock price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us downgrades our common stock or publishes inaccurate or unfavorable research about our business, our common stock price may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our common stock price or trading volume to decline and our common stock to be less liquid.

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The market price of shares of our common stock may continue to be volatile, which could cause the value of your investment to decline.

The market price of our common stock has been highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market, or political conditions, could reduce the market price of shares of our common stock in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly operating results, additions or departures of key management personnel, failure to meet analysts' earnings estimates, publication of research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures, or capital commitments, adverse publicity about the industries we participate in, or individual scandals, and in response the market price of shares of our common stock could decrease significantly.

In the past several years, stock markets have experienced extreme price and volume fluctuations. In the past, following periods of volatility in the overall market and the market price of a company's securities, Securities and Exchange Commission investigations and securities class action litigation is sometimes instituted against these companies. We currently are subject to a securities class action lawsuit described in Item 3, Legal Proceedings of this Annual Report on Form 10-K. The securities class action lawsuit and any further legal proceedings of this nature that may be instituted against us could result in substantial costs and a diversion of our management's attention and resources.

We have no current plans to pay cash dividends on our common stock for the foreseeable future.

We intend to retain future earnings, if any, for future operation, expansion, and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. The declaration, amount, and payment of any future dividends on shares of common stock will be at the sole discretion of our Board of Directors. Our Board of Directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our Board of Directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur, including our senior revolving credit facility. As a result, investors may need to rely on sales of their common stock after price appreciation, which may not occur, as the only way to realize future gains on their investment.

You may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions, or otherwise.

We have approximately 987 million shares of common stock authorized but unissued. Our amended and restated certificate of incorporation authorizes us to issue these shares of common stock and options, rights, warrants, and appreciation rights relating to common stock for the consideration and on the terms and conditions established by our Board of Directors in its sole discretion, whether in connection with acquisitions or otherwise. We have reserved 950,000 shares for issuance under the Regional Management Corp. 2011 Stock Incentive Plan (the 2011 Stock Plan), and we have 101,034 shares available for issuance under the 2011 Stock Plan, as of March 13, 2015. In addition, our Board may recommend in the future that our stockholders approve new stock plans. Any common stock that we issue, including under our 2011 Stock Plan or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by our stockholders. In addition, the market price of our common stock could decline as a result of sales of a large number of shares of common stock.

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in the market or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to issue equity securities in the future at a time and at a price that we deem appropriate.

We are an emerging growth company, and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result of these exemptions, our stockholders may not have access to certain information that they may deem important.

We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our common stock held by non-affiliates exceeds \$700 million as of any June 30th before that time, in which case we would no longer be an emerging growth company as of the following December 31st. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

The requirements of being a public company may strain our resources and distract our management.

As a public company, we are subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (the Exchange Act), and requirements of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act). These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly, and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures and internal controls over financial reporting, we will need to commit significant resources, hire additional staff, and provide additional management oversight. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. In addition, sustaining our growth also will require us to commit additional management, operational, and financial resources to identify new professionals to join our firm and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows. We expect to incur significant annual expenses related to these steps and, among other things, additional directors and officers liability insurance, director fees, reporting requirements, transfer agent fees, hiring additional accounting, legal, and administrative personnel, increased auditing and legal fees, and similar expenses.

Anti-takeover provisions in our charter documents and applicable state law might discourage or delay acquisition attempts for us that you might consider favorable.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult without the approval of our Board of Directors. Among other things, these provisions:

authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;

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prohibit stockholder action by written consent, which will require all stockholder actions to be taken at a meeting of our stockholders;

provide that the Board of Directors is expressly authorized to make, alter, or repeal our bylaws and that our stockholders may only amend our bylaws with the approval of 80% or more of all of the outstanding shares of our capital stock entitled to vote; and

establish advance notice requirements for nominations for elections to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In addition, a Texas regulation requires the approval of the Texas Consumer Credit Commissioner for the acquisition, directly or indirectly, of 10% or more of the voting or common stock of a consumer finance company. The overall effect of this law, and similar laws in other states, is to make it more difficult to acquire a consumer finance company than it might be to acquire control of a nonregulated corporation.

Furthermore, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay, or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

Our amended and restated certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities identified by our affiliates.

Certain of our stockholders, directors, and their affiliates are in the business of providing buyout capital and growth capital to developing companies and may acquire interests in businesses that directly or indirectly compete with certain portions of our business. Our amended and restated certificate of incorporation provides for the allocation of certain corporate opportunities between us, on the one hand, and certain of our stockholders, on the other hand. As set forth in our amended and restated certificate of incorporation, neither such stockholders, nor any director, officer, stockholder, member, manager, or employee of such stockholders, will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Therefore, a director or officer of our company who also serves as a director, officer, member, manager, or employee of such stockholders may pursue certain acquisition opportunities that may be complementary to our business and, as a result, such acquisition opportunities may not be available to us. These potential conflicts of interest could have a material adverse effect on our business, financial condition, results of operations, or prospects if attractive corporate opportunities are allocated by such stockholders to themselves or their other affiliates instead of to us.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Our home office buildings are located in Greenville, South Carolina. Of the approximately 24,500 total square feet comprising our home office buildings, we own approximately 8,100 square feet and we lease approximately 16,400 square feet. Each of our 301 branches, as of March 5, 2015, is leased under fixed term lease agreements. As of March 5, 2015, our branches are located throughout South Carolina, Texas, North Carolina, Tennessee, Alabama, Oklahoma, New Mexico, and Georgia, and the average branch size is approximately 1,500 square feet.

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In the opinion of management, our properties have been well-maintained, are in sound operating condition, and contain all equipment and facilities necessary to operate at present levels. We believe all of our facilities are suitable and adequate for our present purposes. Our only reportable segment, which is our consumer finance segment, uses the properties described in this Item 2, Properties.

ITEM 3. LEGAL PROCEEDINGS.

On May 30, 2014, a securities class action lawsuit was filed in the United States District Court for the Southern District of New York against the Company and certain of its current and former directors, executive officers, and shareholders (collectively, the Defendants). The complaint alleged violations of the Securities Act of 1933 (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 (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, Defendants filed motions to dismiss the amended complaint in its entirety. In response, Plaintiffs sought and were granted leave to file an amended complaint. On February 27, 2015, 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. Defendants' motion to dismiss is due on or about April 28, 2015. The Company believes that the claims against it are without merit and intends to defend against the litigation vigorously.

The Company's primary insurance carrier during the applicable time period has (i) denied coverage for the 1933 Act Claims and (ii) acknowledged coverage of the Company and other insureds for the 1934 Act Claims under a reservation of rights and subject to the terms and conditions of the applicable insurance policy. The parties are in the process of negotiating an allocation between denied and acknowledged claims.

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

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

Table of Contents**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.****Market Information**

Our common stock has been listed on the New York Stock Exchange (the "NYSE ") under the symbol RM since March 28, 2012. Prior to that time, there was no public market for our common stock. The following table sets forth for the periods indicated the high and low intra-day sale prices of our common stock on the NYSE. The last reported sale price of our common stock on the NYSE on March 13, 2015, was \$15.55 per share.

	High	Low
Fiscal Year Ended December 31, 2014		
First Quarter	\$ 36.23	\$ 23.77
Second Quarter	25.07	13.93
Third Quarter	19.60	14.75
Fourth Quarter	18.37	11.16
Fiscal Year Ended December 31, 2013		
First Quarter	\$ 20.88	\$ 15.54
Second Quarter	25.99	19.23
Third Quarter	32.74	24.58
Fourth Quarter	34.83	29.38

Holders

As of March 9, 2015, there were 12 registered holders of our common stock. As of March 9, 2015, there were approximately 1,594 beneficial holders of our common stock.

Non-Affiliate Ownership

For purposes of calculating the aggregate market value of shares of our common stock held by non-affiliates as set forth on the cover page of this Annual Report on Form 10-K, we have assumed that all outstanding shares are held by non-affiliates, except for shares held by each of our executive officers, directors, and 5% or greater stockholders as of June 30, 2014. In the case of 5% or greater stockholders, we have not deemed such stockholders to be affiliates unless there are facts and circumstances which would indicate that such stockholders exercise any control over our company or unless they hold 10% or more of our outstanding common stock. These assumptions should not be deemed to constitute an admission that all executive officers, directors, and 5% or greater stockholders are, in fact, affiliates of our company, or that there are not other persons who may be deemed to be affiliates of our company. Further information concerning shareholdings of our officers, directors, and principal stockholders is included or incorporated by reference in Part III, Item 12 of this Annual Report on Form 10-K.

Dividend Policy

We did not pay any dividends in fiscal 2014, 2013, or 2012. We have no current plans to pay any dividends on our common stock for the foreseeable future and instead currently intend to retain earnings, if any, for future operations and expansion and debt repayment.

The declaration, amount, and payment of any future dividends on shares of common stock will be at the sole discretion of our Board of Directors. Our Board of Directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our Board of Directors may deem relevant. In addition, our amended and restated senior revolving credit facility includes a restricted payment covenant, which restricts our ability to pay dividends on our common stock.

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The following table gives information about the common stock that may be issued upon the exercise of options, warrants, and rights under all of our existing equity compensation plans as of December 31, 2014.

Plan Category	(a) Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights (\$)	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity Compensation Plans Approved by Security Holders			
2007 Management Incentive Plan ⁽¹⁾	417,527	5.46	447,790
2011 Management Incentive Plan ⁽²⁾	531,264 ⁽³⁾	17.02 ⁽⁴⁾	296,483
Equity Compensation Plans Not Approved by Security Holders			
Total:	948,791	11.63	744,273

- (1) Regional Management Corp. 2007 Management Incentive Plan, as amended. We no longer intend to grant awards under the Regional Management Corp. 2007 Management Incentive Plan.
- (2) Regional Management Corp. 2011 Stock Incentive Plan, as amended. At March 13, 2015, 101,034 shares remain available for issuance under the Regional Management Corp. 2011 Stock Incentive Plan, which allows for grants of incentive stock options, non-qualified stock options, stock appreciation rights, unrestricted shares, restricted shares, restricted stock units, and awards that are valued in whole or in part by reference to, or otherwise based on the fair market value of shares, including performance-based awards.
- (3) Includes 53,133 restricted stock units outstanding under the Regional Management Corp. 2011 Stock Incentive Plan. There is no exercise price associated with these restricted stock units.
- (4) Calculation excludes shares subject to restricted stock unit awards.

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Stock Performance Graph

This performance graph shall not be deemed soliciting material or to be filed with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended (the Securities Act).

The following graph shows a comparison from March 28, 2012 (the date our common stock commenced trading on the NYSE) through December 31, 2014, of the cumulative total return for our common stock, the NYSE Composite Index, and the NYSE Financial Sector Index. The graph assumes that \$100 was invested at the market close on March 28, 2012, in the common stock of the Company, the NYSE Composite Index, and the NYSE Financial Sector Index, and data for the NYSE Composite Index and the NYSE Financial Sector Index assumes reinvestments of dividends. The stock price performance of the following graph is not necessarily indicative of future stock price performance.

Table of Contents**ITEM 6. SELECTED FINANCIAL DATA.**

The selected consolidated historical financial data set forth below for the years ended December 31, 2010, 2011, 2012, 2013, and 2014 are derived from audited consolidated financial statements. We derived the selected historical consolidated statement of income data for each of the years ended December 31, 2012, 2013, and 2014 and the selected historical consolidated balance sheet data as of December 31, 2013 and 2014 from our audited consolidated financial statements, which appear in Item 8, Financial Statements and Supplementary Data of this Annual Report on Form 10-K. We have derived the selected historical consolidated statement of income data for the years ended December 31, 2010 and 2011 and the selected historical consolidated balance sheet data as of December 31, 2010, 2011, and 2012 from our audited financial statements, which do not appear elsewhere in this Annual Report on Form 10-K.

The following selected consolidated financial data should be read in conjunction with our consolidated financial statements, the related notes, and Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this Annual Report on Form 10-K. The historical results are not necessarily indicative of the results to be expected for any future period.

	2014	2013	Year Ended December 31,		2011	2010
			2012			
(in thousands, except per share data)						
Consolidated Statements of Income Data:						
Revenue						
Interest and fee income	\$ 184,786	\$ 152,343	\$ 119,025	\$ 91,513	\$ 74,218	
Insurance income, net, and other income	19,933	18,286	16,672	13,824	12,297	
Total revenue	204,719	170,629	135,697	105,337	86,515	
Expenses						
Provision for credit losses	69,057	39,192	27,765	17,854	16,568	
General and administrative expenses	96,776	71,039	55,558	40,835	33,881	
Consulting and advisory fees ⁽¹⁾			1,451	975	1,233	
Interest expense						
Senior and other debt	14,947	14,144	10,580	8,306	5,720	
Mezzanine debt ⁽¹⁾			1,030	4,037	4,342	
Total interest expense	14,947	14,144	11,610	12,343	10,062	
Total expenses	180,780	124,375	96,384	72,007	61,744	
Income before income taxes	23,939	46,254	39,313	33,330	24,771	
Income taxes	9,137	17,460	14,561	12,290	8,873	
Net income	\$ 14,802	\$ 28,794	\$ 24,752	\$ 21,040	\$ 15,898	
Earnings per Share Data:						
Basic earnings per share	\$ 1.17	\$ 2.29	\$ 2.12	\$ 2.25	\$ 1.70	
Diluted earnings per share	\$ 1.14	\$ 2.23	\$ 2.07	\$ 2.19	\$ 1.64	
Weighted-average shares used in computing basic earnings per share	12,701,083	12,572,298	11,694,924	9,336,727	9,336,727	
Weighted-average shares used in computing diluted earnings per share	12,951,441	12,893,693	11,980,748	9,620,967	9,669,618	
Consolidated Balance Sheet Data (at period end):						
Finance receivables ⁽²⁾	\$ 546,192	\$ 544,684	\$ 439,474	\$ 307,373	\$ 247,728	
Allowance for credit losses	(40,511)	(30,089)	(23,616)	(19,300)	(18,000)	
Net finance receivables ⁽³⁾	\$ 505,681	\$ 514,595	\$ 415,858	\$ 288,073	\$ 229,728	
Total assets	530,270	533,888	434,517	303,988	241,048	
Long-term debt	341,419	362,750	292,380	231,823	189,115	
Total liabilities	351,947	372,715	305,313	239,859	198,150	

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Temporary equity ⁽⁴⁾				12,000	12,000
Total stockholders' equity	178,323	161,173	129,204	52,129	30,898

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- (1) On March 21, 2007, Palladium Equity Partners III, L.P. and Parallel 2005 Equity Fund, LP (which we sometimes refer to herein as our sponsors) acquired the majority of our outstanding common stock. In connection with the acquisition transaction, we issued \$25.0 million of mezzanine debt at an interest rate of 18.375%, plus related fees, which we refinanced in 2007 and again in 2010 with Palladium Equity Partners III, L.P. and certain of our individual owners. Additionally, we paid the sponsors annual advisory fees of \$675,000 in the aggregate and paid certain individual owners annual consulting fees of \$450,000 in the aggregate, in each case, plus certain expenses. Following the closing of our initial public offering on April 2, 2012, we repaid the mezzanine debt in full with proceeds from the initial public offering and we terminated the consulting and advisory agreements following the payment of certain termination fees.
- (2) Finance receivables equal the total amount due from the customer, net of unearned finance charges and insurance premiums and commissions.
- (3) Net finance receivables equal the total amount due from the customer, net of unearned finance charges, insurance premiums and commissions, and allowance for credit losses.
- (4) That certain Shareholders Agreement, among us and certain of our stockholders, dated March 21, 2007, as amended on March 12, 2012, provided that the individual owners had the right to put their stock back to us if an initial public offering did not occur by May 21, 2012. We valued the put option at the original purchase price of \$12.0 million. The put option terminated upon the consummation of our initial public offering.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the related notes that appear elsewhere in this Annual Report on Form 10-K. These discussions contain forward-looking statements reflecting our current expectations that involve risks and uncertainties. These forward-looking statements 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. Actual results or events could differ materially from the plans, intentions, and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including without limitation, the risks set forth elsewhere in this Annual Report on Form 10-K. The forward-looking information we have provided in this Annual Report on Form 10-K pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 should be evaluated in the context of these factors. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or revise such statements, except as required by the federal securities laws.

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements, including the notes thereto.

Overview

We are a diversified specialty 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 300 locations in the states of Alabama, Georgia, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, and Texas as of December 31, 2014. 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, including in our branches, through direct mail campaigns, independent and franchise automobile dealerships, online credit application networks, retailers, and our consumer website. We operate an integrated branch model in which nearly all loans, regardless of origination channel, are serviced through our branch network, providing us with frequent in-person contact with our customers, which we believe improves our credit performance and customer loyalty. Our goal is to consistently and soundly grow our finance receivables and manage our portfolio risk while providing our customers with attractive and easy-to-understand loan products that serve their varied financial needs.

Our diversified product offerings include:

Small Loans Our small loan portfolio is comprised of branch small loan receivables and convenience check receivables. As of December 31, 2014, we had approximately 289,700 small loans outstanding, representing \$319.5 million in finance receivables. This includes 115,000 branch small installment loans and 174,700 convenience check loans, representing \$128.2 million and \$191.3 million in finance receivables, respectively.

Large Loans As of December 31, 2014, we had approximately 12,600 large installment loans outstanding, representing \$46.1 million in finance receivables.

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Automobile Loans As of December 31, 2014, we had approximately 17,300 automobile purchase loans outstanding, representing \$154.4 million in finance receivables. This includes 9,200 indirect automobile loans and 8,100 direct automobile loans, representing \$93.2 million and \$61.2 million in finance receivables, respectively.

Retail Loans As of December 31, 2014, we had approximately 25,900 retail purchase loans outstanding, representing \$26.1 million in finance receivables.

Insurance Products We offer our customers optional payment protection insurance options relating to many of our loan products. Branch small loans, convenience checks, and large loans are our core products and will be the drivers of our future growth. Our primary sources of revenue are interest and fee income from our loan products, of which interest and fees relating to branch small loans, convenience checks, and automobile loans have historically been the largest component. We also offer automobile loans and retail loans through online credit application networks. 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:

Growth in Loan Portfolio. The revenue that we derive from interest and fees from our loan products is largely driven by the amount of loans that we originate. We originated or purchased approximately 143,500, 172,900, and 120,900 new loan accounts during 2014, 2013, and 2012, respectively. Average finance receivables grew 36.5% from \$264.5 million in 2011 to \$361.1 million in 2012, grew 32.2% to \$477.4 million in 2013, and grew 10.9% to \$529.5 million in 2014. We source our loans through our branches and our direct mail program, as well as through automobile dealerships and retailers that partner with us. Our loans are made almost exclusively in geographic markets served by our network of branches. Increasing the number of branches we operate allows us to increase the number of loans that we are able to service. We opened or acquired 36, 43, and 51 new branches in 2014, 2013, and 2012, respectively. We believe we have the opportunity to add as many as 700 additional branches over time in the 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 offer a number of different loan products, including small loans (comprised of branch small loans and convenience checks), large loans, automobile loans, and retail loans. We charge different interest rates and fees and are exposed to different credit risks with respect to the various types of loans we offer. Our product mix also varies to some extent by state, and we expect to continue to diversify our product mix in the future.

Asset Quality. Our results of operations are highly dependent upon the quality of our asset portfolio. We recorded a \$69.1 million provision for credit losses during 2014 (or 13.0% as a percentage of average finance receivables), a \$39.2 million provision for credit losses during 2013 (or 8.2% of average finance receivables), and a \$27.8 million provision for credit losses during 2012 (or 7.7% of average finance receivables). The quality of our asset portfolio is the result of our ability to enforce sound underwriting standards, maintain diligent service and collection of the portfolio, and respond to changing economic conditions as we grow our loan portfolio.

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Allowance for Credit Losses. We evaluate losses in each of our categories of loans in establishing the allowance for credit losses. The following table sets forth our allowance for credit losses compared to the related finance receivables (in thousands):

	As of December 31, 2014			As of December 31, 2013		
	Finance Receivables	Allowance for Credit Losses	Allowance as Percentage of Related Finance Receivables (Dollars in thousands)	Finance Receivables	Allowance for Credit Losses	Allowance as Percentage of Related Finance Receivables
Branch small loans	\$ 128,217	\$ 6,960	5.4%	\$ 109,776	\$ 5,166	4.7%
Convenience checks	191,316	18,320	9.6%	179,203	10,204	5.7%
Large loans	46,147	1,980	4.3%	43,311	2,233	5.2%
Automobile loans	154,382	11,776	7.6%	181,126	10,827	6.0%
Retail loans	26,130	1,475	5.6%	31,268	1,659	5.3%
Total	\$ 546,192	\$ 40,511	7.4%	\$ 544,684	\$ 30,089	5.5%

The allowance for credit losses uses the net charge-off rate for the most recent six months (branch small loans and convenience checks), ten months (large and retail loans), and twelve months (automobile loans) as a percentage of the most recent month-end balance of loans as a key data point in estimating the allowance. Based on our 2014 annual evaluation of the effective lives of our loan categories, retail loans have been updated to use a ten month effective life rather than eleven. This had a negligible impact on the allowance due to the relative size of the retail loan portfolio. We believe that the primary underlying factors driving the provision for credit losses for each of these loan types are our underwriting standards, the general economic conditions in the areas in which we conduct business, and the effectiveness of our collection efforts. In addition, gasoline prices and the market for repossessed automobiles at auction are additional underlying factors that we believe influence the provision for credit losses for automobile purchase loans and, to a lesser extent, large loans. We monitor these factors, the amount and past due status of delinquencies, and the slow file (which consists of all loans one or more days past due) to identify trends that might require us to modify the allowance for credit losses accordingly.

The allowance as a percentage of finance receivables increased from December 31, 2013 to December 31, 2014 for convenience checks due to increased delinquency and net charge-offs that resulted from a higher-than-normal proportion of lower credit quality loans originated during the summer direct mail campaigns.

Interest Rates. Our costs of funds are affected by changes in interest rates, and the interest rate that we pay on our senior revolving credit facility is a floating rate. Our interest rate cap matured unused on March 4, 2014. We are evaluating interest rate management options and intend to enter into another interest rate management transaction or arrangement to replace the matured interest rate cap.

Operating Costs. Our financial results are impacted by the costs of operating our branch offices and corporate functions. Those costs are included in general and administrative expenses on our consolidated statements of income. One of our key operating metrics is our efficiency ratio, which is calculated by dividing the sum of general and administrative expenses by total revenue or average finance receivables. Our revenue efficiency ratio was 47.3% in 2014, compared to 41.6% in 2013, and our receivable efficiency ratio was 18.3% in 2014, compared to 14.9% in 2013.

Components of Results of Operations

Interest and Fee Income. Our interest and fee income consists primarily of interest earned on outstanding loans. We cease accruing interest on a loan when the customer is contractually past due 90 days. Interest accrual resumes when the customer makes at least one full payment and the account is less than 90 days contractually past due. If the account is charged off, the interest accrual is reversed as a reduction of interest and fee income.

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Loan fees are additional charges to the customer, such as loan origination fees, acquisition fees, and maintenance fees, as permitted by state law. 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 and are included in the truth in lending disclosure we make to our customers.

Insurance Income. Our insurance income consists of revenue from the sale of various optional credit insurance products and other payment protection options offered to customers who obtain loans directly from us. We do not sell insurance to non-borrowers. The type and terms of our optional credit insurance products vary from state to state based on applicable laws and regulations. We offer optional credit life insurance, credit accident and health insurance, and involuntary unemployment insurance. We require property insurance on any personal property securing loans and offer customers the option of providing proof of such insurance purchased from a third party in lieu of purchasing property insurance from us. We also require proof of liability and collision insurance for any vehicles securing loans, and we obtain automobile collision insurance on behalf of customers who permit their other insurance coverage to lapse.

We issue insurance certificates as agents on behalf of an unaffiliated insurance company and then remit to the unaffiliated insurance company the premiums we collect (net of refunds on prepaid loans and net of commission on new business). The unaffiliated insurance company cedes life insurance premiums to our wholly-owned insurance subsidiary, RMC Reinsurance, Ltd. (RMC Reinsurance), as written and non-life premiums as earned. As of December 31, 2014, we had pledged a \$1.9 million letter of credit to the unaffiliated insurance company to secure payment of life insurance claims. We maintain a cash reserve for life insurance claims in an amount determined by the unaffiliated insurance company. The unaffiliated insurance company maintains the reserves for non-life claims.

Other Income. Our other income consists primarily of late charges assessed on customers who fail to make a payment within a specified number of days following the due date of the payment, fees for extending the due date of a loan, and returned check charges. Due date extensions are only available to a customer once every thirteen months, are available only to customers who are current on their loans, and must be approved by personnel at our headquarters.

Provision for Credit Losses. Provisions for credit losses are charged to income in amounts that we judge as sufficient to maintain an allowance for credit losses at an adequate level to provide for losses on the related finance receivables portfolio. Credit loss experience, delinquency of finance receivables, the value of underlying collateral, and management's judgment are factors used in assessing the overall adequacy of the allowance and the resulting provision for credit losses. Our provision for credit losses fluctuates so that we maintain an adequate credit loss allowance that reflects our estimate of losses in our loan portfolio. Therefore, changes in our charge-off rates may result in changes to our provision for credit losses. Future adjustments to the allowance may be necessary if there are significant changes in economic conditions or portfolio performance.

In September 2014, the Company changed the time-based element of the charge-off policy from 365 days contractually delinquent to 180 days. The updated policy improves consistency and creates better alignment with industry practice. The policy change generated a one-time charge-off of \$2.1 million as of September 2014. The amount was charged against the allowance for credit losses which included a full specific valuation allowance for these delinquent accounts and, therefore, did not impact the provision for loan losses.

The charge-off policy change modified our historic loss rate and the resulting general reserve. In addition, we converted bankrupt accounts with confirmed plans from the bankruptcy court from delinquent to current status. The bankrupt accounts continue to be accounted for as troubled debt restructurings and considered impaired finance receivables. As a net result of these changes, the provision for credit losses increased by \$318,000 in September 2014.

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In addition to the time-based element, we previously charged credit losses against the allowance when management believed the finance receivable was no longer collectible. The factors used to determine whether a finance receivable is uncollectible were the age of the account, supervisory review of collection efforts, and other factors such as customers relocating to an area where collection is not practical. This discretionary element was eliminated from the policy in December 2014, subject to certain exceptions.

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 total revenue, which we refer to as our efficiency ratio, and as a percentage of average finance receivables.

Our personnel expenses are the largest component of our general and administrative expenses and consist primarily of the salaries, bonuses, benefits, and related payroll taxes associated with all of our branch, field, and headquarters employees.

Our occupancy expenses consist primarily of the cost of renting our branches, all of which are leased, as well as the utility, telecommunication, software, data processing, and other non-personnel costs associated with operating our branches.

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

Other expenses consist primarily of legal, audit, consulting, office supplies, credit bureau charges, and postage.

Our general and administrative expenses have increased as a result of the additional legal, accounting, insurance, and other expenses associated with being a public company. We expect compliance costs to increase due to the regulatory environment in the consumer finance industry, and we expect legal costs to increase as a result of the securities class action lawsuit. For a discussion regarding how risks and uncertainties associated with the legal proceedings and current regulatory environment may impact our future expenses, net income, and overall financial condition, see Item 1A, Risk Factors.

Consulting and Advisory Fees. Consulting and advisory fees consisted of amounts payable to Palladium Equity Partners III, L.P. and Parallel 2005 Equity Fund, LP (which we sometimes refer to herein as our sponsors) and certain former major stockholders, who were members of our management before our acquisition by the sponsors, pursuant to certain agreements that were terminated in connection with our initial public offering that closed in April 2012.

Interest Expense. Our interest expense consists primarily of interest payable, unused line fees, and amortization of debt issuance costs in respect of borrowings under our senior revolving credit facility and our mezzanine debt, which was repaid with the proceeds of our initial public offering. Interest expense also includes costs attributable to the interest rate cap we entered into to manage our interest rate risk. Changes in the fair value of the interest rate cap are reflected in interest expense for the senior revolving credit facility and other debt.

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

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Results of Operations

The following tables summarize key components of our results of operations for the periods indicated, both in dollars and as a percentage of total revenue:

	2014		Year Ended December 31, 2013		2012	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenue						
Interest and fee income	\$ 184,786	90.3%	\$ 152,343	89.3%	\$ 119,025	87.7%
Insurance income, net	10,673	5.2%	11,470	6.7%	10,681	7.9%
Other income	9,260	4.5%	6,816	4.0%	5,991	4.4%
Total revenue	204,719	100.0%	170,629	100.0%	135,697	100.0%
Expenses						
Provision for credit losses	69,057	33.7%	39,192	23.0%	27,765	20.5%
General and administrative expenses						
Personnel	55,383	27.1%	39,868	23.4%	33,492	24.7%
Occupancy	15,427	7.5%	11,640	6.8%	8,655	6.4%
Marketing	6,330	3.1%	3,980	2.3%	2,767	2.0%
Other	19,636	9.6%	15,551	9.1%	10,644	7.8%
Total general and administrative	96,776					