Regional Management Corp.
Form 424B4
March 29, 2012

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Filed Pursuant to Rule 424(b)(4)
Registration Statement No. 333-174245

PROSPECTUS

4,200,000 Shares

Common Stock

We are offering 2,975,000 shares of our common stock and the selling stockholders identified in this prospectus are offering 1,225,000 shares of our common stock. We will not receive any proceeds from the sale of shares by the selling stockholders. This is our initial public offering and no public market currently exists for our common stock. Our common stock has been approved for listing on the New York Stock Exchange under the symbol RM.

Investing in our common stock involves a high degree of risk. Please read Risk Factors beginning on page 12 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	PER SHARE	TOTAL
Public Offering Price	$ 15.00	$ 63,000,000
Underwriting Discounts and Commissions	$ 1.05	$ 4,410,000
Proceeds to Regional Management Corp. before expenses	$ 13.95	$ 41,501,250
Proceeds to the selling stockholders before expenses	$ 13.95	$ 17,088,750

Delivery of the shares of common stock is expected to be made on or about April 2, 2012. We and the selling stockholders have granted the underwriters an option for a period of 30 days to purchase an additional 175,000 shares of our common stock from us and 455,000 shares of our common stock from the selling stockholders solely to cover over-allotments. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be $3,307,500, and the total proceeds to us, before expenses, will be $43,942,500, and the total underwriting discounts and commissions payable by the selling stockholders will be $1,764,000, and the total proceeds to the selling stockholders, before expenses, will be $23,436,000.

Jefferies **Stephens Inc.**

JMP Securities **BMO Capital Markets**

Prospectus dated March 27, 2012

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We are responsible for the information contained in this prospectus and in any free writing prospectus we may authorize to be delivered to you. Neither we nor any of the selling stockholders have authorized anyone to provide you with additional or different information. We and the underwriters are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our common stock. This prospectus is not an offer to sell or solicitation of an offer to buy these shares of common stock in any circumstances under which the offer or solicitation is unlawful.

Unless the context suggests otherwise, references in this prospectus to Regional, the Company, we, us and our re Regional Management Corp. and its consolidated subsidiaries.

In this prospectus, we refer to Palladium Equity Partners III, L.P. and Parallel 2005 Equity Fund, LP, our current majority owners, as the sponsors, and we refer to the other owners of Regional Management Corp. as the individual owners. We refer the sponsors together with the individual owners as our existing owners. Palladium Equity Partners III, L.P. is an affiliate of Palladium Equity Partners, LLC, which we refer to, together with its affiliates, as Palladium, and Parallel 2005 Equity Fund, LP is an affiliate of Parallel Investment Partners, LLC, which we refer to, together with its affiliates, as Parallel.

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In this prospectus, references to loans (and corresponding references to lending and lender) include both direct loans and indirect loans. Direct loans are loans that are closed and funded directly by the financing provider. Indirect loans are closed and funded by a third party, such as an automobile dealer or a retailer, and subsequently purchased by the financing provider.

This prospectus includes market and industry data and forecasts that we have derived from publicly available information, various industry publications, other published industry sources and our internal data and estimates. Our internal data and estimates are based upon information obtained from trade and business organizations and other contacts in the markets in which we operate and our management s understanding of industry conditions.

Unless indicated otherwise, the information included in this prospectus assumes no exercise by the underwriters of the over-allotment option to purchase up to an additional 175,000 shares of our common stock from us and 455,000 shares of our common stock from the selling stockholders.

Through and including April 21, 2012 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This requirement is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and does not contain all the information you should consider before investing in shares of our common stock. You should read this entire prospectus carefully, including the section entitled Risk Factors and the financial statements and the related notes included elsewhere in this prospectus, before you decide to invest in shares of our common stock.

Regional Management Corp.

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 170 locations with over 174,000 active accounts across South Carolina, Texas, North Carolina, Tennessee, Alabama and Oklahoma as of December 31, 2011. Each of our loan products is secured, structured on a fixed rate, fixed term basis with fully amortizing equal monthly installment payments and is 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, furniture and appliance retailers and our consumer website. We operate an integrated branch model in which 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 Installment Loans* We offer standardized small installment loans ranging from $300 to $2,500, with terms of up to 36 months, which are secured by non-essential household goods. We originate these loans both through our branches and through mailing live checks to pre-screened individuals who are able to enter into a loan by depositing these checks. As of December 31, 2011, we had approximately 137,000 small installment loans outstanding representing $130.3 million in finance receivables.

- *Large Installment Loans* We offer large installment loans through our branches ranging from $2,500 to $20,000, with terms of between 18 and 60 months, which are secured by a vehicle in addition to non-essential household goods. As of December 31, 2011, we had approximately 12,000 large installment loans outstanding representing $36.9 million in finance receivables.

- *Automobile Purchase Loans* We offer automobile purchase loans of up to $30,000, generally with terms of between 36 and 72 months, which are secured by the purchased vehicle. Our automobile purchase loans are offered through a network of dealers in our geographic footprint, including over 2,000 independent and approximately 740 franchise automobile dealerships as of December 31, 2011. Our automobile purchase 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, 2011, we had approximately 15,000 automobile purchase loans outstanding representing $128.7 million in finance receivables.

- *Furniture and Appliance Purchase Loans* We offer indirect furniture and appliance purchase loans of up to $7,500, with terms of between six and 48 months, which are secured by the purchased furniture or appliance. These loans are offered through a network of approximately 250 furniture and appliance retailers. Since launching this product in November 2009, our portfolio has grown to approximately 9,200 furniture and appliance purchase loans outstanding representing $10.7 million in finance receivables at December 31, 2011.

- *Insurance Products* We offer our customers optional payment protection insurance relating to many of our loan products.

Our revenue has grown from $56.6 million in 2007 to $105.2 million in 2011, representing a compound annual growth rate (CAGR) of 16.8%. Our net income from continuing operations has grown even more rapidly from $3.1 million in 2007 to $21.2 million in 2011, representing a CAGR of 61.7%. On a pro forma basis, giving effect to this offering and the application of the estimated net proceeds therefrom as described under Use of Proceeds, our net income would have been $25.0 million in 2011. Our aggregate finance receivables have grown from

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$167.5 million as of December 31, 2007 to $306.6 million as of December 31, 2011, representing a CAGR of 16.3%.

Our Industry

We operate in the consumer finance industry serving the large and growing population of underbanked and other non-prime consumers who have limited access to credit from banks, thrifts, credit card companies and other traditional lenders. According to the FDIC, there were approximately 43 million adults living in underbanked households in the United States in 2009. Furthermore, difficult economic conditions in recent years have resulted in an increase in the number of non-prime consumers in the United States. While the number of non-prime consumers in the United States has grown, the supply of consumer credit to this demographic has contracted since deregulation of the U.S. banking industry in the 1980s. Tightened credit requirements that began during the recession in 2008 and 2009 further reduced the supply of consumer credit. According to the Federal Reserve Bank of New York, $1.4 trillion in consumer credit, including mortgages, home equity lines of credit, auto loans, credit cards and other forms of consumer credit, was removed from the credit markets between the second half of 2008 and the fourth quarter of 2011. We believe the large and growing 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. Installment lending to underbanked and other non-prime consumers is one of the most highly fragmented sectors of the consumer finance industry. We believe that installment loans are provided through approximately 8,000 to 10,000 individually-licensed finance company branches in the United States. 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 (alternative financial services providers).

Automobile Purchase Lending. Automobile finance comprises one of the largest consumer finance markets in the United States. According to CNW Research, originations by borrowers within the subprime market averaged $81.4 billion annually over the past ten years. In recent years, many providers of automobile financing have substantially curtailed their lending to subprime borrowers and as a result, subprime automobile purchase loan approval rates have dropped significantly from approximately 69% in early 2007 to approximately 11% at the end of 2011. This contraction in the supply of financing presents an attractive opportunity to provide a large, underserved population of borrowers with automobile purchase financing.

Furniture and Appliance Purchase Lending. The furniture and appliance industry represents a large consumer market with limited financing options for non-prime consumers. According to the U.S. Department of Commerce s Bureau of Economic Analysis, personal consumption expenditures for household furniture were estimated at approximately $83.9 billion for 2011. Most furniture retailers do not provide their own financing, but instead partner with large banks and credit card companies who 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 demand for furniture and appliances, combined with constraints on the availability of credit for non-prime consumers, presents a growth opportunity for furniture and appliance purchase loans.

Our Strengths

Integrated Branch Model Offers Advantages Over Traditional Lenders. Our branch network, with 170 locations across six states as of December 31, 2011, serves as the foundation of our multiple channel platform and the primary point of contact with our over 174,000 active accounts. 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, which we believe improves our credit performance and customer loyalty. Additionally, with over 70% of monthly payments made in-person at our branches, we have frequent opportunities to assess the borrowing needs of our customers and offer new loan products as their credit profiles evolve.

Multiple Channel Platform. We offer a diversified range of loan products through our multiple channel platform, which included, as of December 31, 2011:

- 170 branches across six states;

- a network of over 2,000 independent and approximately 740 franchise auto dealerships, which offer our loans to their customers;
- our pre-screened live check mailings;
- a network of approximately 250 furniture and appliance retailers, which offer our loans to their customers; and
- our consumer website through which we facilitate loan applications.

We believe that our multiple channel platform provides us with a competitive advantage by giving us broader access to our customers and multiple avenues for attracting new customers, enabling us to grow our finance receivables, revenues and earnings.

Attractive Products for Customers with Limited Access to Credit. Our flexible loan products, ranging from $300 to $30,000 with terms of up to 72 months, incorporate features designed to meet the varied financial needs and credit profiles of a broad array of consumers. We believe that the rates on our products are significantly more attractive than many other available credit options, 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, providing our customers the opportunity to improve their credit score and ultimately gain access to a wider range of credit options, including our own.

Demonstrated Organic Growth. Since December 31, 2007, we have grown our finance receivables by 83.0% from $167.5 million to $306.6 million at December 31, 2011 by expanding our branch network and developing new channels and products. From 2007 to 2011, we grew our year-end branch count from 96 branches to 170 branches, a CAGR of 15.4%, with an average annual same-store revenue growth rate of 14.7% during the same period. Historically, our branches have rapidly increased their outstanding finance receivables during the early years of operations and generally have quickly achieved profitability. We introduced direct automobile purchase loans in 1998, and have recently expanded our product offerings to include indirect automobile purchase loans. We opened two AutoCredit Source branches in early 2011 and two additional AutoCredit Source branches in early 2012, which focus solely on originating, underwriting and servicing indirect automobile purchase loans. As of December 31, 2011, we had established over 480 indirect dealer relationships through our AutoCredit Source branches. Gross loan originations from our live check program have grown from $52.5 million in 2008 to $143.1 million in 2011, a CAGR of 39.7%.

Consistent Portfolio Performance. Through over 24 years of experience in the consumer finance industry, we have established conservative and sound underwriting and lending practices. Our sound underwriting standards focus on our customers ability to affordably make payments out of their discretionary income with the value of pledged collateral serving as a credit enhancement rather than the primary underwriting criterion. Portfolio performance is improved by our regular in-person contact with customers at our branches which helps us to anticipate repayment problems before they occur and allows us to proactively work with customers to develop solutions prior to default, using repossession only as a last option. Despite the challenges posed by the sharp economic downturn beginning in 2008, our annual net charge-offs since January 1, 2007 have remained consistent, ranging from 6.3% to 8.6% of our average finance receivables. In 2011, our net charge-offs as a percentage of average finance receivables were 6.3%. Our loan loss provision as a percentage of total revenue for 2011 was 17.0%. We believe that our consistent portfolio performance demonstrates the resiliency of our business model throughout economic cycles.

Experienced Management Team. Our executive and senior operations management teams consist of individuals highly experienced in installment lending and other consumer finance services. We believe our executive management team s experience has allowed us to consistently grow our business while delivering high-quality service to our customers and carefully managing our credit risk. The 21 members of our field management team average more than 24 years of industry experience.

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.

n *Existing Branches* We intend to continue increasing same-store revenues, which have grown an average of

14.7% per annum for the five years ended December 31, 2011, 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 2007 to 2011, we opened 74 new branches, and we expect revenues at these branches will continue to grow faster than our overall same-store revenue growth rate as these branches mature.

- *New Branches* We believe there is sufficient demand for consumer finance services to continue our pattern of new branch growth and branch acquisitions in the states where we currently operate, allowing us to capitalize on our existing infrastructure and experience in these markets. Opening new branches allows us to generate both direct lending at the branches, as well as to create new origination opportunities by establishing relationships through the branches with automobile dealerships and furniture and appliance retailers in the community.

- *New States* We intend to explore opportunities for growth in several states outside our existing geographic footprint that enjoy favorable interest rate and regulatory environments. In December 2011, we opened our first branch in Oklahoma. In February 2012, we leased a location for a branch in New Mexico, and we are applying for a license to operate in New Mexico.

Continue to Expand and Capitalize on Our Diverse Channels and Products. We intend to continue to reach new customers and offer our existing customers new loan products by expanding and capitalizing on our multiple channel platform and broad array of offerings as follows:

- *Automobile Purchase Loans* We have identified over 11,000 additional dealers in our existing geographic footprint. We have hired dedicated marketing personnel to develop relationships with these additional dealers to expand our network. We will also seek to capture a larger percentage of the financing activity of dealers in our existing network. We intend to continue expanding the number of franchise dealer relationships through our AutoCredit Source branches to grow our loan portfolio through increased penetration, and in January 2012, we opened two new AutoCredit Source branches in Texas.

- *Live Check Program* We continue to refine our screening criteria and tracking for direct mail campaigns, which we believe has enabled us to improve response rates and credit performance and allowed us to triple the annual number of live checks that we mailed from 2007 to 2011. We intend to continue to increase our use of live checks to grow our loan portfolio by adding new customers and creating opportunities to offer new loan products to our existing customers.

- *Furniture and Appliance Purchase Loans* We have identified over 3,400 additional furniture and appliance retail locations in our existing geographic footprint which offers us the opportunity to expand our network.

- *Online Sourcing* 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.

Continue to Focus on Sound Underwriting and Credit Control. We intend to continue to leverage our core competencies in sound underwriting and credit management developed through over 24 years of lending experience as we seek to profitably grow our share of the consumer finance market. In recent years, we have implemented several new programs to continue improving our underwriting standards and loan collection rates, including our branch scorecard program that systematically monitors a range of operating, credit quality and performance metrics. We believe the central oversight provided by our management information system and the scorecard program, combined with our branch-level servicing and collections, improves credit performance. We plan to continue to develop strategies to further improve our sound underwriting standards and loan collection rates as we expand.

Recent Developments

Acquisition of Alabama Branches. On January 20, 2012, we purchased approximately $28 million of consumer loan assets and 23 branches in Alabama. We expect to consolidate four of these branches into our existing locations, resulting in a net gain of 19 branches, which will bring our total number of branches in Alabama to 33 and provides us with locations in many attractive markets in central and Northern Alabama. We believe that the loans we acquired are similar to the loans that we originate in maturity and loan size and will be primarily classified as large installment loans in our financial statements. We believe that the loans that we acquired bear interest at rates that are reasonably comparable to the large installment loans we originate. We plan to expand the products offered through these branches to include our full range of loans, including our automobile purchase loans and furniture and appliance purchase loans.

Senior Revolving Credit Facility. On January 18, 2012, we amended our Third Amended and Restated Loan and Security Agreement dated as of March 21, 2007 (the senior revolving credit facility) to increase our borrowing availability by $30 million and extend its maturity to January 2015. Upon the completion of this offering, the interest rate will be reduced from one-month LIBOR (with a LIBOR floor of 1.00%) plus 3.25% to one-month LIBOR (with a LIBOR floor of 1.00%) plus 3.00%. Aggregate borrowing availability under the senior revolving credit facility now totals $255 million.

Risk Factors

An investment in shares of our common stock involves substantial risks and uncertainties that may adversely affect our business, financial condition and results of operations and cash flows that you should consider before you decide to participate in this offering. Some of the more significant risks relating to an investment in our company include the following:

- 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 face significant risks in implementing our growth strategy some of which are outside our control;
- We face strong direct and indirect competition;
- Our business products and activities are strictly and comprehensively regulated at the local, state and federal level;
- Changes in laws and regulations or interpretations of laws and regulations could negatively impact our 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 newly created 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;
- A substantial majority of our revenue is generated by our branches in South Carolina, Texas and North Carolina;
- Our business could suffer if we are unsuccessful in making, continuing and growing relationships with automobile dealers and furniture and appliance retailers;
- 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 live check direct mail strategy exposes us to certain risks; and
- We face credit risk in our lending activities.

Please see Risk Factors for a discussion of these and other factors you should consider before making an investment in shares of our common stock.

Our Sponsors

On March 21, 2007, the majority of our outstanding common stock was acquired by Palladium Equity Partners III, L.P. and Parallel 2005 Equity Fund, LP, which we refer to as the acquisition transaction. Palladium is a middle market private equity firm with over $1 billion of assets under management focused primarily on growth buyout investments. Palladium principals have been actively involved in the investment of $1.5 billion of capital in approximately 50 portfolio companies since 1989 and have significant experience in financial services, business services, food, restaurants, healthcare, industrial and media businesses, including ABRA Auto Body & Glass, American Gilsonite Holding Company, Capital Contractors, Inc., Castro Cheese Holding Company, Jordan Health Services, Money Transfer Holdings, L.P., Taco Bueno Restaurants and Teasdale Quality Foods. Palladium was founded in 1997 and is headquartered in New York City. Parallel is a sector-focused, lower-middle market private equity firm that invests in entrepreneurial companies in North America. Since 1992, the principals of the firm have participated in investing over $600 million in over 35 companies, including Dollar Tree, Inc. (NASDAQ: DLTR), Hibbett Sports Inc. (NASDAQ: HIBB), Hat World, Inc. and Teavana Holdings, Inc. (NYSE: TEA). Founded in 1999 as an affiliate of middle market buyout firm Saunders Karp & Megrue, Parallel is headquartered in Dallas, Texas.

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Regional Management Corp. was incorporated in South Carolina on March 25, 1987 and converted into a Delaware corporation on August 23, 2011. Our principal executive offices are located at 509 West Butler Road, Greenville, South Carolina 29607 and our telephone number is (864) 422-8011. Our consumer website is located at www.GetRegionalCash.com. Information on or accessible through our website is not part of or incorporated by reference in this prospectus.

Throughout this prospectus, we refer to various trademarks, service marks and trade names that we use in our business. Other trademarks and service marks appearing in this prospectus are the property of their respective holders.

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THE OFFERING

Common stock offered by us	2,975,000 shares (3,150,000 shares if the underwriters exercise their over-allotment option in full).
Common stock offered by the selling stockholders	1,225,000 shares (1,680,000 shares if the underwriters exercise their over-allotment option in full).
Over-allotment option	We and the selling stockholders have granted the underwriters a 30-day option to purchase up to an additional 175,000 shares of our common stock from us and 455,000 shares of our common stock from the selling stockholders at the initial public offering price, solely to cover over-allotments, if any.
Common stock outstanding after this offering	12,311,727 shares (or 12,486,727 shares if the underwriters exercise their over-allotment option in full).
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting the underwriting discount and estimated offering expenses previously paid and payable by us, will be approximately $37.7 million. We intend to use the net proceeds of this offering and cash on hand as follows: n to repay $10.8 million of outstanding borrowings, plus accrued and unpaid interest, under the senior revolving credit facility; n to repay all $25.8 million outstanding as of December 31, 2011, plus accrued and unpaid interest, under our Senior Subordinated Loan and Security Agreement, dated as of August 25, 2010 (the mezzanine debt), which is held by certain of our existing owners; and n $1.1 million to make one-time payments to certain of our existing owners in the aggregate in consideration for the termination of our advisory and consulting agreements with them in accordance with their terms upon consummation of this offering as described under Certain Relationships and Related Person Transactions Advisory and Consulting Fees. Any additional net proceeds will be applied to repay additional outstanding borrowings under our senior revolving credit facility. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders. See Use of Proceeds.
Dividend policy	We have no current plans to pay dividends on our common stock in the foreseeable future.
Risk factors	See Risk Factors for a discussion of risks you should carefully consider before deciding to invest in our common stock.

New York Stock Exchange symbol	RM

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The number of shares of our common stock to be outstanding following this offering is based on 9,336,727 shares of our common stock outstanding as of December 31, 2011. In this prospectus, unless otherwise indicated, the number of shares of common stock outstanding and the other information based thereon does not reflect:

- 589,622 shares of our common stock issuable upon exercise of options at a weighted average exercise price of $5.4623 per share outstanding as of December 31, 2011 under the Regional Management Corp. 2007 Management Incentive Plan (our 2007 Stock Plan) including options granted in 2007 and 2008;

- 950,000 shares of common stock that have been reserved for issuance under the Regional Management Corp. 2011 Stock Incentive Plan (our 2011 Stock Plan) including 280,000 shares issuable upon the exercise of stock options that we intend to grant to our executive officers and directors and 30,000 shares issuable upon the exercise of stock options that we intend to grant to our other employees, each at the time of this offering with an exercise price equal to the initial public offering price. See Management Compensation Discussion and Analysis 2011 Stock Incentive Plan and Actions Taken in 2012 and Anticipated Actions in Connection with the Offering; and

- exercise of the underwriters option to purchase an additional 175,000 shares of our common stock from us solely to cover over-allotments, if any.

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SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL AND OPERATING DATA

The following table sets forth our summary historical and pro forma consolidated financial and operating data as of the dates and for the periods indicated, and should be read together with Unaudited Pro Forma Consolidated Financial Information, Selected Historical Consolidated Financial and Operating Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical financial statements and related notes included elsewhere in this prospectus.

We derived the summary historical consolidated statement of income data for each of the years ended December 31, 2009, 2010 and 2011 and the summary historical consolidated balance sheet data as of December 31, 2010 and 2011 from our audited consolidated financial statements, which are included elsewhere in this prospectus. We have derived the summary historical consolidated statement of income data for each of the years ended December 31, 2007 and 2008 and the summary historical consolidated balance sheet data as of December 31, 2007, 2008 and 2009 from our audited financial statements, which are not included in this prospectus.

The summary unaudited pro forma consolidated statement of income for the fiscal year ended December 31, 2011 presents our consolidated results of operations giving pro forma effect to this offering and the application of the estimated net proceeds therefrom as described under Use of Proceeds, including a reduction in the interest rate under our senior revolving credit facility, which will take effect upon the completion of this offering, as if such transactions occurred on January 1, 2011. The summary unaudited pro forma consolidated balance sheet data as of December 31, 2011 presents our consolidated financial position giving pro forma effect to this offering and the application of the estimated net proceeds therefrom as described under Use of Proceeds, as if such transaction occurred on December 31, 2011. The pro forma adjustments are based on available information and upon assumptions that our management believes are reasonable in order to reflect, on a pro forma basis, the impact of these transactions on our historical financial information. The summary unaudited pro forma consolidated financial information is included for informational purposes only and does not purport to reflect our results of operations or financial position that would have occurred had we operated as a public company during the periods presented. The unaudited pro forma consolidated financial information should not be relied upon as being indicative of our results of operations or financial position had this offering and the application of the estimated net proceeds therefrom as described under Use of Proceeds, occurred on the dates assumed. The unaudited pro forma consolidated financial information also does not project our results of operations or financial position for any future period or date.

	2007[1]	2008	2009	2010	2011	UNAUDITED PRO FORMA YEAR ENDED DECEMBER 31, 2011
		YEAR ENDED DECEMBER 31,				
		(Dollars in thousands, except for per share amounts)				
Consolidated Statements of Income Data:						
Revenue:						
Interest and fee income	$ 49,478	$ 58,471	$ 63,590	$ 74,218	$ 91,286	$ 91,286
Insurance income, net, and other income	7,144	8,271	9,224	12,614	13,933	13,933
Total revenue	56,622	66,742	72,814	86,832	105,219	105,219
Expenses:						
Provision for loan losses[2]	13,665	17,376	19,405	16,568	17,854	17,854
General and administrative expenses	22,950	27,862	29,120	33,525	40,634	40,634
Consulting and advisory fees	2,006	1,644	1,263	1,233	975	
Interest expense:						
Senior and other debt	8,687	7,399	4,846	5,542	8,306	7,413
Mezzanine debt	5,353	3,706	3,835	4,342	4,037	
Total interest expense	14,040	11,105	8,681	9,884	12,343	7,413
Total expenses	52,661	57,987	58,469	61,210	71,806	65,901
Income before taxes and discontinued operations	3,961	8,755	14,345	25,622	33,413	39,318
Income taxes	857	2,276	4,472	9,178	12,169	14,319
Net income from continuing operations	$ 3,104	$ 6,479	$ 9,873	$ 16,444	$ 21,244	$ 24,999
Earnings per Share Data:						
Basic earnings per share[3]		$ 0.69	$ 1.06	$ 1.76	$ 2.28	$ 2.03
		$ 0.68	$ 1.03	$ 1.70	$ 2.21	$ 1.99

Diluted earnings per share(3)						
Weighted average shares used in computing basic earnings per share(3)		9,336,727	9,336,727	9,336,727	9,336,727	12,311,727
Weighted average shares used in computing diluted earnings per share(3)		9,482,604	9,590,564	9,669,618	9,620,967	12,589,252
Consolidated Balance Sheet Data (at period end):						
Finance receivables(4)	$ 167,535	$ 192,289	$ 214,909	$ 247,246	$ 306,594	$ 306,594
Allowance for loan losses(2)	(13,290)	(15,665)	(18,441)	(18,000)	(19,300)	(19,300)
Net finance receivables(5)	$ 154,245	$ 176,624	$ 196,468	$ 229,246	$ 287,294	$ 287,294
Total assets	168,484	192,502	214,447	241,358	304,150	304,073
Total liabilities	159,079	176,095	187,807	197,914	239,271	202,670
Temporary equity(6)	12,000	12,000	12,000	12,000	12,000	
Total stockholders equity	(2,595)	4,407	14,640	31,444	52,879	101,403

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	YEAR ENDED DECEMBER 31,				
	2007[1]	2008	2009	2010	2011
	(Dollars in thousands, except for per share amounts)				
Selected Operational Data:					
Average finance receivables[7]	$ 146,265	$ 178,159	$ 192,981	$ 216,022	$ 264,012
Number of branches (at period end)	96	112	117	134	170
Cash flow from operations	$ 17,990	$ 26,654	$ 31,232	$ 41,215	$ 41,048
Efficiency ratio[8]	40.5%	41.7%	40.0%	38.6%	38.6%
Same-store finance receivables (at period end)[9]	$ 163,945	$ 184,087	$ 212,804	$ 236,717	$ 272,602
Same-store revenue growth rate[9]	15.3%	15.7%	9.0%	17.4%	16.3%
Same-store finance receivables growth rate[9]	16.6%	9.9%	10.7%	10.1%	10.3%
Selected Asset Quality Data:					
Number of loans (at period end)	99,089	110,895	128,285	148,813	174,482
Loan loss provision as a percentage of revenue	24.1%	26.0%	26.7%	19.1%	17.0%
Loan loss provision as a percentage of average finance receivables	9.3%	9.8%	10.1%	7.7%	6.8%
Net charge-offs as a percentage of average finance receivables	7.8%	8.4%	8.6%	7.9%	6.3%
Over 90 days contractual delinquency rate	2.7%	4.5%	3.9%	2.3%	1.7%
Over 180 days contractual delinquency rate	0.6%	1.3%	1.0%	0.4%	0.4%

(1) On March 21, 2007, Palladium Equity Partners III, L.P. and Parallel 2005 Equity Fund, LP 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 pay the sponsors annual advisory fees of $675,000 in the aggregate, and pay certain individual owners annual consulting fees of $450,000 in the aggregate, in each case, plus certain expenses. See Certain Relationships and Related Person Transactions Advisory and Consulting Fees. We intend to repay the mezzanine debt with proceeds from this offering, and we expect to terminate the consulting and advisory agreements concurrent with this offering.

(2) As of January 1, 2010, we changed our loan loss allowance methodology for small installment loans to determine the allowance using losses from the trailing eight months, rather than the trailing nine months, to more accurately reflect the average life of our small installment loans. The change from nine to eight months of average losses reduced the loss allowance for small installment loans by $1.1 million as of January 1, 2010 and reduced the provision for loan losses by $451,000 for 2010.

(3) Prior to the acquisition transaction, we had a different capital structure, including a different number of shares of common stock outstanding. Accordingly, a comparison of earnings before the acquisition transaction is not meaningful.

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

(5) Net finance receivables equal the total amount due from the customer, net of unearned finance charges, insurance premiums and commissions and allowance for loan losses.

(6) The shareholders agreement among us, Regional Holdings LLC, the sponsors and the individual owners, as amended on March 12, 2012, provides that the individual owners have the right to put their stock back to us if an initial public offering does not occur by May 21, 2012. We valued this put option at the original purchase price of $12.0 million. This right will be terminated upon the consummation of this offering.

(7) Average finance receivables are computed using the most recent thirteen month-end balances for the annual periods shown.

(8) Our efficiency ratio is calculated by dividing the sum of general and administrative expenses by total revenue.

(9) All same-store measurements for any period are calculated based on stores that had been open for at least one year as of the end of the period.

RISK FACTORS

An investment in shares of our common stock involves risks. You should carefully consider the following information about these risks, together with the other information contained in this prospectus, before investing in shares of our common stock.

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 six branches in 2009, 17 in 2010 and 36 in 2011, 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 in 2011 among our branch managers was approximately 23%, 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 and oversee their activities effectively, 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 de novo locations. In addition, certain states into which we may expand, such as Georgia, 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.

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 and other important aspects of our business with many other local, regional, national and international financial institutions, many of whom 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 and, to a limited extent, credit unions. Our furniture and appliance purchase loan operations compete with store and third-party credit cards, prime lending sources, rent-to-own finance providers and other competitors. Although the furniture and appliance purchase loan market includes few competitors serving non-prime borrowers, there are numerous competitors offering non-prime automobile purchase loans. For automobile purchase loans and furniture and appliance 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.

A substantial majority of our revenue is generated by our branches in South Carolina, Texas and North Carolina.
Our branches in South Carolina accounted for 50.1% of our revenue in 2011. In addition, our branches in Texas and North Carolina accounted for 21.6% and 15.0%, respectively, of our revenue in 2011. Furthermore, all of our operations are in four Southeastern and two Southwestern states. As a result, we are highly susceptible to adverse economic conditions in those areas. For example, the unemployment rate in South Carolina, which was 9.5% in December 2011, is 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.

Our business could suffer if we are unsuccessful in making, continuing and growing relationships with automobile dealers and furniture and appliance retailers.
Our automobile purchase loans and furniture and appliance purchase loans are reliant on our relationships with automobile dealers and furniture and appliance 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 and some of them are newly established and they may be terminated at any time. As a result of the recent economic downturn and contraction of credit to both dealers and their customers, there has been an increase in dealership closures and our existing dealer base has experienced decreased sales and loan volume in the past and may experience decreased sales and loan volume in the future, which may have an adverse effect on our business, our results of operations and financial condition.

Our furniture and appliance purchase loan business model is based on our ability to enter into agreements with individual furniture and appliance 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 furniture and appliance 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 furniture and appliance 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 and financial condition and ability to continue to expand could be adversely affected.

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

Our workforce is comprised primarily of employees who work on an hourly basis. In certain areas where we operate, there is significant competition for employees. In the past, we have lost employees and candidates to competitors who have been willing to pay higher compensation 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 our all of our branch employees was approximately 43% in 2010 and 37% in 2011. 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 and 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 salaried personnel and mini-medical (limited benefit) programs for eligible hourly employees 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. If we are unable to locate, attract, train or retain qualified personnel, or if our costs of labor increase significantly, our business, results of operations and financial condition may be adversely affected.

Our live 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 live 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. We use live checks to seed new branch openings and attract new customers and those with higher credit in our geographic footprint. Loans initiated through live checks represented approximately one quarter of the value of our originated loans. We expect that live checks will represent a greater percentage of our small installment loans in the future. There are several risks associated with the use of live checks including the following:

- it is more difficult to maintain sound underwriting standards with live 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 live 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 a software-based model and credit information from a third-party credit bureau that is more limited than a full credit report to pre-screen potential live 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;
- live checks pose a greater risk of fraud as the live checks may be fraudulently replicated;
- we depend on one bank to issue and clear our live checks and any failure by that bank to properly process the live checks could limit the ability of a recipient to cash the check and enter into a loan with us;
- we sell clearly disclosed optional credit insurance products as part of our live check mailing campaigns;

however, customers may subsequently claim that they did not receive sufficient explanation or notice of the insurance products that they purchased;

- 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 live 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, the acquisitions that we have pursued previously have been significantly smaller than us. We do not have experience with integrating larger acquisitions, such as the Alabama branch acquisition. In pursuing these transactions, we may experience, among other things:

- overvaluing potential targets due to limitations on our due diligence efforts;
- 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 existing 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 such as those that have persisted over the last few years. We generally consider customers with a Beacon score, a measure of credit provided by Equifax, below 645 to be non-prime borrowers, although we also consider factors other than Beacon 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. These criteria have not changed in the past three years. 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 loan losses.

Legal and practical limitations may limit our ability to collect on our loan portfolio, resulting in increased loan losses, decreased revenues and decreased earnings. State and federal laws and regulations restrict our collection efforts.

All 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 this collateral typically does not cover the outstanding loan balance and costs of recovery. In cases where we repossess a vehicle securing a loan, we 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 few years, there may be less demand for used vehicles and other property.

Further, a significant portion of our loan portfolio is not secured by perfected security interests, including small installment loans and furniture and appliance 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 2011, net charge-offs as a percentage of average finance receivables on our small installment loans, which are secured by unperfected interests in personal property, were 9.1%, while net charge-offs as a percentage of average finance receivables for our large installment loans and automobile purchase loans, which are secured by perfected interests in an automobile or other vehicle, for the same periods were 4.2%. 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 loan losses, which would have a material adverse effect on our results of operations and financial condition.

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.

Most of our underwriting activities and our credit extension decisions are made at our local branches. We train our employees individually on-site 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 17 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. 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.

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

We maintain an allowance for loan losses for all loans we make. To estimate the appropriate level of loan 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, our current collection patterns and economic trends. Our methodology for establishing our reserves for doubtful accounts is based in large part on our historic loss experience. If customer behavior changes as a result of economic conditions and if we are unable to predict how the unemployment rate, housing foreclosures and general economic uncertainty may affect our loan loss reserves, our provision may be inadequate. In 2011, our provision for loan losses was $17.9 million, and we had net charge-offs in 2011 of $16.6 million related to losses on our loans. As of December 31, 2011, our finance receivables were $306.6 million. Maintaining the adequacy of our allowance for loan losses may require that we make significant and unanticipated increases in our provisions for loan losses, which would materially affect our results of operations. Our loan loss reserves, however, are estimates, and if actual loan losses are materially greater than our loan loss reserves, our financial condition and results of operations could be adversely affected. Neither state regulators nor federal regulators regulate our allowance for loan losses. Additional information regarding our allowance for loan losses is included in the section captioned Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Loan Losses.

Interest rates on automobile purchase and furniture and appliance 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 furniture and appliance 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 loans and furniture and appliance 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 a single vendor to print and mail our live checks for our direct mail marketing campaigns. Our reliance on third parties such as this can expose us to risks. For example, an error by our previous live check vendor during 2010 resulted in checks being misdirected, requiring us in some cases to notify state regulators, refund certain interest and fee amounts and exposing us to increased credit risk. In addition, we do not have ongoing contracts with live check vendors, but instead enter into individual purchase orders for each of our campaigns. As a result, we have no contractual assurance that any particular vendor will be able or willing to provide these services to us on favorable terms. If any of our third-party service providers, including our live check vendors, are unable to provide their services timely 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 January 2015 that allows us to borrow up to $255.0 million, assuming we are in compliance with a number of covenants and conditions. As of December 31, 2011, as adjusted to give effect to the offering and the application of the estimated net proceeds therefrom as described under Use of Proceeds and the amendment of the senior revolving credit facility in January 2012, the amount outstanding under our senior revolving credit facility would have been $195.2 million, and we would have had $36.1 million of remaining availability thereunder out of a total availability of $231.3 million based on our borrowing base as of December 31, 2011. During the year ended December 31, 2011, the maximum amount of borrowings outstanding under the facility at one time was $206.4 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.

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.

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 and, 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. Although we have purchased interest rate caps on a $150.0 million notional amount to hedge such increases, these caps expire in

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2014 and we may not be able to replace these instruments when they mature on favorable terms or at all. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources. 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;
- create or incur liens; and
- 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 (calculated as the ratio of our unsubordinated debt to the sum of our adjusted tangible net worth and our subordinated debt).

If we were to breach any covenants or obligations under the credit agreement and such breaches were to result in an event of default, our lenders could cause all amounts outstanding to become due and payable, subject to applicable grace periods. 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. As of December 31, 2011 and upon amendment on January 18, 2012, we were in compliance with the covenants under our senior revolving credit facility and our mezzanine debt agreement.

If we lose the services of any of our key management personnel, our business could suffer.

Our future success significantly depends on the continued service and performance of our key management personnel. Competition for these employees is intense. The loss of the service of members of our senior management or key team members, including our state vice presidents, or the inability to attract additional qualified personnel as needed could materially harm our business. Our success depends, in part, on the continued service of our President and Chief Operating Officer, C. Glynn Quattlebaum, who is 65 years old and our Executive Vice President and Chief Financial Officer, Robert D. Barry, who is 68. Both of these executive officers are nearing the age of retirement.

We also depend on our 17 district supervisors to supervise, train and motivate our branch employees. These supervisors have significant experience with the company and would be difficult to replace. If we lose a district supervisor to a competitor, we could be at risk of losing other employees and customers despite the confidentiality agreements and non-solicitation agreements we have entered into with each employee.

We rely on information technology products developed, owned and supported by third parties, including our competitors.

We use a software package developed and owned by ParaData Financial Systems (ParaData), a wholly owned subsidiary of World Acceptance Corporation, one of our primary competitors, to record, document and manage our loans. Over the years we have tailored this software to meet our specific needs. We depend on the willingness and ability of ParaData to continue to provide customized solutions and support for our evolving products and business model. In the future, ParaData may not be able to modify the loan management software to meet our needs, or they 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 migrate to an alternative software package, which could materially affect our business, 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 loan losses, business, results of operations and financial condition may be adversely affected.

Security breaches in our branches or in our information systems could adversely affect our financial conditions and results of operations.

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 or workplace of a delinquent borrower. Such visits may subject our employees to a variety of dangers including violence, vehicle accidents and other perils. A breach in the security of our branches or in the safety of our employees could result in employee injury 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.

We rely heavily on communications and information systems to conduct our business. Each branch is part of an information network that is designed to permit us to maintain adequate cash inventory, reconcile cash balances on a daily basis and report revenues and expenses to our headquarters. Any failure, interruption or breach in security of these systems, including any failure of our back-up systems, 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 and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations. Furthermore, we may not be able to immediately detect 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.

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, and 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

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 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 or limitations on the way we conduct or expand our business and these costs or limitations may increase in the future if such laws and regulations are changed. These laws and regulations govern or affect, among other things:

- n the interest rates that we may charge customers;
- n terms of loans, including fees, maximum amounts and minimum durations;

- n the number of simultaneous or consecutive loans and required waiting periods between loans;
- n disclosure practices, including posting of fees;
- n currency and suspicious activity reporting;
- n recording and reporting of certain financial transactions;
- n privacy of personal customer information;
- n the types of products and services that we may offer;
- n collection practices;
- n approval of licenses; and
- n locations of our branches.

Our primary regulators are the state regulators for the states in which we operate: South Carolina, Texas, North Carolina, Tennessee, Alabama and Oklahoma. See Business Government Regulation. 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 plan 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 furniture and appliance 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 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 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.

We maintain a relationship with our primary regulator in each of the states in which we operate, participate in national and state industry associations and actively monitor the regulatory environment, and we are currently unaware of any specific proposal that would change the laws and regulations under which we operate in a manner material to our business.

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

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restricting the permitted locations of other consumer finance companies, such as payday lenders and pawn shops. 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 Act authorizes the newly created 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 become 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 that are current and renewals of existing loans that are delinquent, which represented 15.6%, 35.6% and 0.8%, respectively, of our loan originations in 2011. 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. See Business Government Regulation Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

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

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.

Risks Related to this Offering

There may not be an active trading market for shares of our common stock, which may cause shares of our common stock to trade at a discount from the initial offering price and make it difficult to sell the shares of common stock you purchase.
Prior to this offering, there has not been a public trading market for shares of our common stock. It is possible that after this offering an active trading market will not develop or continue or, if developed, that any market will be sustained which would make it difficult for you to sell your shares of common stock at an attractive price or at all. The initial public offering price per share of common stock will be determined by agreement among us and the representatives of the underwriters, and may not be indicative of the price at which shares of our common stock will trade in the public market after this offering.

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

The market price of shares of our common stock may be volatile, which could cause the value of your investment to decline.
Even if a trading market develops, the market price of our common stock may be 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. You may be unable to resell your shares of

common stock at or above the initial public offering price.

In the past few 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 class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management s attention and resources.

Investors in this offering will suffer immediate and substantial dilution.

The initial public offering price per share of common stock will be substantially higher than our pro forma net tangible book value per share immediately after this offering. As a result, you will pay a price per share of common stock that substantially exceeds the per share book value of our tangible assets after subtracting our liabilities. In addition, you will pay more for your shares of common stock than the amounts paid by our existing owners. You will incur immediate and substantial dilution in an amount of $6.84 per share of common stock. See Dilution.

Because we have no current plans to pay cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

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, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

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

After this offering we will have approximately 987.7 million shares of common stock authorized but unissued, or 987.5 million shares of common stock authorized but unissued if the underwriters exercise their over-allotment option in full. Our amended and restated certificate of incorporation to become effective immediately prior to the consummation of this offering 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 our 2011 Stock Plan, including 280,000 shares issuable upon the exercise of stock options that we intend to grant to our executive officers and directors and 30,000 shares issuable upon the exercise of stock options that we intend to grant to our other employees, each at the time of this offering with an exercise price equal to the initial public offering price. See Management Compensation Discussion and Analysis 2011 Stock Incentive Plan and Actions Taken in 2012 and Anticipated Actions in Connection with the Offering. 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 the investors who purchase common stock in this offering.

If we or our existing investors sell additional shares of our common stock after this offering, the market price of our common stock could decline.

The sale of substantial amounts of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Upon consummation of this offering we will have a total of 12,311,727 shares of our common stock outstanding or 12,486,727 shares of common stock outstanding if the underwriters exercise their over-allotment option in full. Of the outstanding shares, the 4,200,000 shares sold in this offering (or 4,830,000 shares if the underwriters exercise their over-allotment option in full) will be freely tradable without restriction or further registration under the Securities Act of 1933, as amended (the Securities Act), except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act, may be sold only in compliance with the limitations described in Shares Eligible for Future Sale.

The remaining 8,111,727 shares, or 7,656,727 shares if the underwriters exercise their over-allotment option in full, representing in excess of 60% of our total outstanding shares of our common stock following this offering, will be subject to certain restrictions on resale following the consummation of this offering. We, our officers, directors and holders of substantially all of our outstanding shares of common stock immediately prior to this offering have signed lock-up agreements with the underwriters that will, subject to certain exceptions, restrict the sale of the shares of our common stock held by them for 180 days following the date of this prospectus, subject to extension in the case of an earnings release or material news or a material event relating to us. Jefferies & Company, Inc. may, in its sole discretion and without notice, release all or any portion of the shares of common stock subject to lock-up agreements. See Underwriting for a description of these lock-up agreements.

Upon the expiration of the lock-up agreements described above, all of such 8,111,727 shares, or 7,656,727 shares if the underwriters exercise their over-allotment option in full, will be eligible for resale in a public market, subject, in the case of shares held by our affiliates, to volume, manner of sale and other limitations under Rule 144. We expect that each of the sponsors will be considered affiliates 180 days after this offering based on their expected share ownership (consisting of 3,905,647 shares owned by Palladium and 2,228,516 shares owned by Parallel assuming no exercise of the underwriters option to purchase additional shares), as well as their board nomination rights. Certain other of our shareholders may also be considered affiliates at that time. In addition, commencing 180 days following this offering, the holders of these shares of common stock will have the right, subject to certain exceptions and conditions, to require us to register their shares of common stock under the Securities Act, and they will have the right to participate in future registrations of securities by us. Registration of any of these outstanding shares of common stock would result in such shares becoming freely tradable without compliance with Rule 144 upon effectiveness of the registration statement. See Shares Eligible for Future Sale.

In addition, 899,622 shares of common stock will be eligible for sale upon exercise of vested options subject to the agreements described above. We have filed a registration statement on Form S-8 under the Securities Act to register shares of common stock or securities convertible into or exchangeable for shares of common stock issued under or covered by our 2011 Stock Plan and our 2007 Stock Plan. The Form S-8 registration statement automatically became effective upon filing. The initial registration statement on Form S-8 covers 1,987,412 shares of common stock. These shares can be sold in the public market upon issuance, subject to restrictions under the securities laws applicable to resales by affiliates.

As restrictions on resale end, the market price of our shares of common stock could drop significantly if the holders of these restricted shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities.

We are controlled by our existing owners and our existing owners will exert significant influence over us after the completion of this offering, and their interests may not coincide with yours.

Immediately following this offering and the application of net proceeds from this offering, our existing owners will control approximately 65.9% of our common stock (or 61.3% if the underwriters exercise in full their over-allotment option). Accordingly, our existing owners will have substantial influence over election of the members of our board of directors, and thereby have substantial influence over our management and affairs. In addition, they will have substantial influence over the outcome of all matters requiring stockholder approval, including mergers and other material transactions, and may be able to cause or prevent a change in the composition of our board of directors or a change in control of our company that could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock. We and our existing owners will also be party to an amended and restated shareholders agreement, as described below in Certain Relationships and Related Person Transactions Shareholders Agreement.

We will be a controlled company within the meaning of the New York Stock Exchange rules and we will qualify for and may rely on exemptions from certain corporate governance requirements.

Our existing owners will continue to control a majority of the combined voting power of all classes of our voting stock upon completion of the offering of our common stock and we will be a controlled company within the meaning of the New York Stock Exchange corporate governance standards. Under these rules, a company of which more than 50% of the voting power is held by an individual, a group or another company is a controlled company and may elect not to comply with certain corporate governance requirements of the New York Stock Exchange, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities and (3) the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities. We intend to elect to rely on these exemptions. As a result, we may not have a majority of independent directors and our compensation and nominating and corporate governance committees may not consist entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the New York Stock Exchange.

Our amended and restated certificate of incorporation will contain a provision renouncing our interest and expectancy in certain corporate opportunities identified by the sponsors.

Our sponsors 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 will provide for the allocation of certain corporate opportunities between us, on the one hand, and the sponsors, on the other hand. As set forth in our amended and restated certificate of incorporation, neither the sponsors, nor any director, officer, stockholder, member, manager or employee of the sponsors 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 the sponsors 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 the sponsors to themselves or their other affiliates instead of to us. The terms of our amended and restated certificate of incorporation are more fully described in Description of Capital Stock Corporate Opportunity.

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

As a public company, we will be 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, 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 additional 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.

We have not completed an assessment of internal controls over financial reporting as contemplated by Section 404 of the Sarbanes-Oxley Act, and failure to achieve and maintain effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and common stock price.

Because currently we do not have comprehensive documentation of our internal controls and have not yet tested our internal controls in accordance with Section 404, we cannot conclude in accordance with Section 404 that we do not have a material weakness in our internal controls or a combination of significant deficiencies that could result in the conclusion that we have a material weakness in our internal controls. If we are not able to complete our initial assessment of our internal controls and otherwise implement the requirements of Section 404 in a timely manner or with adequate compliance, our independent registered public accounting firm may not be able to certify as to the adequacy of our internal controls over financial reporting. We have contracted with a third party to assist us in performing a risk assessment of our internal controls over financial reporting, documenting key controls, determining entity level controls and developing a program for monitoring, testing and remediating internal control deficiencies over financial reporting and coordinating with our external auditors.

Matters impacting our internal controls may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC or violations of applicable stock exchange listing rules, and result in a breach of the covenants under our financing arrangements. There also could be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements also could suffer if we

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or our independent registered public accounting firm were to report a material weakness in our internal controls over financial reporting. This could materially adversely affect us and lead to a decline in the price of our common stock.

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 to become effective immediately prior to the consummation of this offering will contain provisions that may make the acquisition of our company more difficult without the approval of our board of directors. Among other things, these provisions:

- authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;
- prohibit stockholder action by written consent from and after the date on which the parties to our shareholders agreement cease to beneficially own at least 40% of the total voting power of all then outstanding shares of our capital stock, 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 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.

Further, 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.

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FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as outlook, believes, expects, potential, continues, may, will, should, seeks, approxima intends, plans, estimates, anticipates or the negative version of these words or other comparable words. These statements include, but are not limited to, statements about:

- our intention to expand our automobile and furniture purchase loan portfolios, expand our live check campaigns and continue to develop our online marketing;
- our intention to increase volume at our existing branches, open new branches and enter new markets in the future;
- our plans to develop new products in the future;
- our intention to increase the number of customers we serve through expanding our channels and products;
- our ability to maintain the quality of our asset portfolio and our plans to develop new underwriting and credit control strategies;
- our belief that our capital expenditure requirements and liquidity needs will be met; and
- our expectations about future dividends and our plans to retain any future earnings.

Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to those described under Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations Factors Affecting Our Results of Operations. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, actions, levels of activity, performance or achievements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

USE OF PROCEEDS

We estimate that the net proceeds we will receive from this offering, after deducting the underwriting discount and estimated offering expenses previously paid and payable by us, will be approximately $37.7 million.

We intend to use the net proceeds from this offering and cash on hand as follows:

- to repay $10.8 million of outstanding borrowings, plus accrued and unpaid interest, under our senior revolving credit facility;
- to repay all $25.8 million outstanding as of December 31, 2011, plus accrued and unpaid interest, under our mezzanine debt, which is currently held by certain of our existing owners; and
- $1.1 million to make one-time payments to certain of our existing owners in the aggregate in consideration for the termination of our advisory and consulting agreements with them in accordance with their terms upon consummation of this offering as described under Certain Relationships and Related Person Transactions Advisory and Consulting Fees.

Any additional net proceeds will be applied to repay additional outstanding borrowings under our senior revolving credit facility.

As of December 31, 2011, we had $25.8 million aggregate principal amount of mezzanine debt outstanding, which following our January 2012 amendment matures on March 31, 2015 and accrues interest at a rate of 15.25% per annum. The mezzanine debt was refinanced in August 2010, with the proceeds used to retire our previously existing mezzanine debt. As of December 31, 2011, we had $206.0 million aggregate principal amount outstanding under our senior revolving credit facility, which following our January 2012 amendment matures on January 18, 2015. Borrowings under the senior revolving credit facility bear interest at a rate equal to one-month LIBOR (with a LIBOR floor of 1.00%) plus 3.25% as of December 31, 2011 (which will be reduced by 25 basis points upon the completion of this offering). For additional information regarding our liquidity and outstanding indebtedness, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders.

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DIVIDEND POLICY

Following completion of the offering, 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.

We did not declare or pay any dividends on our common stock in 2009, 2010 or 2011.

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CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2011:

- on a historical basis; and
- on an as adjusted basis to give effect to the offering and the application of the estimated net proceeds therefrom as described under Use of Proceeds, as if each had occurred on December 31, 2011.

You should read this table together with the information contained in this prospectus, including Use of Proceeds, Unaudited Pro Forma Consolidated Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated financial statements and related notes included elsewhere in this prospectus.

	AS OF DECEMBER 31, 2011	
	ACTUAL	AS ADJUSTED
	(Dollars in thousands)	
Long-term debt:		
Mezzanine debt	$ 25,814	$
Senior revolving credit facility[1]	206,009	195,222
Total long-term debt	231,823	195,222
Temporary equity[2]:	12,000	
Stockholders equity:		
Common stock, par value $0.10 per share; 25,000,000 shares authorized and 9,336,727 shares issued and outstanding, actual; 1,000,000,000 shares authorized and 12,311,727 shares issued and outstanding, as adjusted	934	1,232
Additional paid-in capital[3]	28,150	77,578
Retained earnings[4]	23,795	22,593
Total stockholders equity	52,879	101,403
Total capitalization	$ 296,702	$ 296,625

(1) Our senior revolving credit facility is a $255.0 million facility, as described under Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Financing Arrangements Senior Revolving Credit Facility. We intend to repay a portion of the borrowings under our senior revolving credit facility with a portion of the net proceeds from this offering.

(2) Reflects the reclassification of temporary equity to additional paid-in capital. The shareholders agreement among us, Regional Holdings LLC, the sponsors and the individual owners, as amended on March 12, 2012, provides that the individual owners have the right to put their stock back to us if an initial public offering does not occur by May 21, 2012. We valued this put option at the original purchase price of $12.0 million. This right will be terminated upon the consummation of this offering.

(3) Reflects (i) an adjustment for the estimated net proceeds to us from the offering less the par value recorded under common stock and (ii) the reclassification of temporary equity to additional paid-in capital as described in footnote 3 above.

(4) Reflects a payment of $1.1 million relating to the termination of our advisory and consulting agreements with our existing owners and the remaining $0.1 million of debt issuance costs associated with the mezzanine debt.

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DILUTION

If you invest in shares of our common stock, your interest will be immediately diluted to the extent of the difference between the initial public offering price per share of common stock and the pro forma net tangible book value per share of common stock after this offering. Dilution results from the fact that the per share offering price of the shares of common stock is substantially in excess of the pro forma net tangible book value per share attributable to our existing owners.

Our net tangible book value as of December 31, 2011 was approximately $49.4 million, or $5.29 per share of common stock. Net tangible book value represents the amount of total tangible assets less total liabilities, and net tangible book value per share of common stock represents net tangible book value divided by the number of shares of common stock outstanding.

After giving effect to this offering and the application of the proceeds therefrom as described in Use of Proceeds, our pro forma net tangible book value as of December 31, 2011 would have been $100.4 million, or $8.16 per share of common stock. This represents an immediate increase in net tangible book value of $2.87 per share of common stock to our existing owners and an immediate dilution in net tangible book value of $6.84 per share of common stock to investors in this offering.

The following table illustrates this dilution on a per share of common stock basis:

Initial public offering price per share of common stock		$ 15.00
Net tangible book value per share of common stock as of December 31, 2011	$ 5.29	
Increase in net tangible book value per share of common stock attributable to investors in this offering	2.87	
Pro forma net tangible book value per share of common stock after the offering		8.16
Dilution in net tangible book value per share of common stock to investors in this offering		$ 6.84

The following table summarizes, on the same pro forma basis as of December 31, 2011, the total number of shares of common stock purchased from us, the total cash consideration paid to us and the average price per share of common stock paid by our existing owners and by new investors purchasing shares of common stock in this offering, assuming the underwriters do not exercise their over-allotment option.

	SHARES OF COMMON STOCK PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE OF COMMON STOCK
	NUMBER	PERCENTAGE	AMOUNT	PERCENTAGE	

			(In thousands)				
Existing owners	8,111,727	66%	$	33,033	34%	$	4.07
Investors in this offering	4,200,000	34		63,000	66		15.00
Total	12,311,727	100%	$	96,033	100%	$	7.80

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The unaudited pro forma consolidated statement of income for the fiscal year ended December 31, 2011 presents our consolidated results of operations giving pro forma effect to this offering and the application of the estimated net proceeds therefrom as described under Use of Proceeds, as if such transactions occurred at January 1, 2011. The unaudited pro forma consolidated balance sheet as of December 31, 2011 presents our consolidated financial position giving pro forma effect to this offering and the application of the estimated net proceeds therefrom as described under Use of Proceeds, as if such transactions occurred on December 31, 2011. The pro forma adjustments are based on available information and upon assumptions that our management believes are reasonable in order to reflect, on a pro forma basis, the impact of these transactions on our historical financial information.

The unaudited pro forma consolidated financial information should be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical financial statements and related notes included elsewhere in this prospectus.

The unaudited pro forma consolidated financial information is included for informational purposes only and does not purport to reflect our results of operations or financial position had we operated as a public company during the periods presented. The unaudited pro forma consolidated financial information should not be relied upon as being indicative of our results of operations or financial position had this offering and the application of the estimated net proceeds therefrom as described under Use of Proceeds occurred on the dates assumed. The unaudited pro forma consolidated financial information also does not project our results of operations or financial position for any future period or date.

The pro forma adjustments give effect to:

n the application of the proceeds from this offering as described under Use of Proceeds including:

  the repayment of a portion of our outstanding indebtedness and the associated reduction in interest expense; and

  the termination of our advisory agreement with the sponsors and consulting agreements with certain of the individual owners and the associated termination of consulting and advisory fees, each in accordance with its terms upon the consummation of this offering as described under Certain Relationships and Related Person Transactions, which termination does not result in any adjustment to our pro forma consolidated balance sheet;

n the termination of the right of the individual owners to sell their stock back to us, which pursuant to the terms of the shareholders agreement among us, Regional Holdings LLC, the sponsors and the individual owners terminates upon the consummation of this offering;

n the reduction in the interest rate on our senior revolving credit facility, which will take effect upon the completion of this offering; and

n a recalculation of weighted average diluted shares outstanding using a value per share of $15.00 rather than the value estimated in the historical financial statements.

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REGIONAL MANAGEMENT CORP.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

	ACTUAL	PRO FORMA ADJUSTMENTS	PRO FORMA
	(In thousands, except share and per share data)		
Revenue:			
Interest and fee income	$ 91,286	$	$ 91,286
Insurance income, net	8,871		8,871
Other income	5,062		5,062
Total revenue	105,219		105,219
Expenses:			
Provision for loan losses	17,854		17,854
General and administrative expenses			
Personnel	25,462		25,462
Occupancy	6,527		6,527
Advertising	2,056		2,056
Other	6,589		6,589
Other expenses			
Consulting and advisory fees	975	(975)(1)	
Interest expense:			
Senior and other debt	8,306	(893)(2)	7,413
Mezzanine debt	4,037	(4,037)(3)	
Total interest expense	12,343	(4,930)	7,413
Total expenses	71,806	(5,905)	65,901
Income before taxes	33,413	5,905	39,318
Income taxes	12,169	2,150(4)	14,319
Net income	$ 21,244	$ 3,755	$ 24,999
Basic earnings per share	$ 2.28		
Diluted earnings per share	$ 2.21		
Pro forma basic earnings per share			$ 2.03
Pro forma diluted earnings per share			$ 1.99
Weighted average basic shares outstanding	9,336,727		
Weighted average diluted shares outstanding	9,620,967		
Pro forma weighted average basic shares outstanding			12,311,727
Pro forma weighted average diluted shares outstanding			12,589,252

(1)

Reflects the termination of the advisory agreement we entered into with each of the sponsors and the consulting agreements we entered into with certain of the individual owners, pursuant to which we paid the sponsors and the individual owners an aggregate of $1.0 million for the year ended December 31, 2011. These agreements will be terminated upon the consummation of this offering in accordance with their terms upon payment of one-time aggregate termination fees of $1.1 million.

(2) Reflects reduction in interest expense of $0.9 million as a result of repayment of $10.8 million in aggregate principal amount of our senior revolving credit facility, offset in part by an unused line fee associated with our senior revolving credit facility of 0.50%. Also reflects a reduction in the interest rate under our senior revolving credit facility from one-month LIBOR (with a LIBOR floor of 1.00%) plus 3.25% to one-month LIBOR (with a LIBOR floor of 1.00%) plus 3.00%, which will take effect upon the completion of this offering.

(3) Reflects reduction in interest expense of $4.0 million as a result of repayment of the $25.8 million in aggregate principal amount of our mezzanine debt. Our mezzanine debt accrues interest at a rate of 15.25% per annum.

(4) Reflects an increase in income taxes of $2.2 million as a result of the increase in income before taxes.

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REGIONAL MANAGEMENT CORP.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2011

	ACTUAL	PRO FORMA ADJUSTMENTS	PRO FORMA
	(In thousands, except share and per share data)		
Assets			
Cash	$ 4,849	$ 2,567(1)	$ 7,416
Gross finance receivables	387,494		387,494
Less unearned finance charges, insurance premiums and commissions	(80,900)		(80,900)
Finance receivables	306,594		306,594
Allowance for loan losses	(19,300)		(19,300)
Net finance receivables	287,294		287,294
Premises and equipment, net of accumulated depreciation	4,446		4,446
Deferred tax asset, net	15		15
Repossessed assets at net realizable value	409		409
Other assets	7,137	(2,644)(1)(2)	4,493
Total assets	$ 304,150	$ (77)	$ 304,073
Liabilities and Stockholders Equity			
Liabilities:			
Cash overdraft	$ 1	$	$ 1
Accounts payable and accrued expenses	7,447		7,447
Senior revolving credit facility	206,009	(10,787)(3)	195,222
Mezzanine debt	25,814	(25,814)(4)	
Total liabilities	239,271	(36,601)	202,670
Temporary equity	12,000	(12,000)(5)	
Stockholders equity:			
Common stock, par value $0.10 per share; 25,000,000 shares authorized, and 9,336,727 shares issued and outstanding, actual; 1,000,000,000 shares authorized and 12,311,727 shares issued and outstanding, as adjusted	934	298(6)	1,232
Additional paid-in capital	28,150	49,428(7)	77,578
Retained earnings	23,795	(1,202)(2)(8)	22,593
Total stockholders equity	52,879	48,524	101,403

Total liabilities and equity	$ 304,150	$ (77)	$ 304,073

(1) Reflects a reclassification of prepaid expenses of $2.6 million related to this offering to additional paid-in capital. These $2.6 million in offering expenses were paid in cash on or before December 31, 2011 and reduced cash in our actual balance sheet as of December 31, 2011. Therefore, a portion of the proceeds of this offering is reflected as an increase in cash in our pro forma balance sheet as of December 31, 2011.

(2) Reflects the expense of unamortized debt issuance costs related to the mezzanine debt.

(3) Reflects the repayment of $10.8 million in aggregate principal amount under our senior revolving credit facility as described under Use of Proceeds.

(4) Reflects the repayment of $25.8 million in aggregate principal amount of mezzanine debt as described under Use of Proceeds.

(5) Reflects the reclassification of temporary equity to additional paid-in capital. The shareholders agreement between us, Regional Holdings LLC, the sponsors and the individual owners, as amended on March 12, 2012, provides that the individual owners have the right to put their stock back to us if an initial public offering does not occur by May 21, 2012. This right will be terminated upon the consummation of this offering.

(6) Reflects an adjustment to common stock reflecting the par value for the common stock to be issued in this offering.

(7) Reflects (i) an adjustment for the estimated net proceeds to us from this offering less the par value recorded under common stock as described in footnote 6 above and (ii) the reclassification of temporary equity to additional paid-in capital as described in footnote 5 above.

(8) Reflects a payment of $1.1 million relating to the termination of our advisory and consulting agreements with our existing owners.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

The table sets forth our selected historical consolidated financial and operating data as of the dates and for the periods indicated, and should be read together with Unaudited Pro Forma Consolidated Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated financial statements and related notes included elsewhere in this prospectus.

We derived the selected historical consolidated statement of income data for each of the years ended December 31, 2009, 2010 and 2011 and the selected historical consolidated balance sheet data as of December 31, 2010 and 2011 from our audited consolidated financial statements, which are included elsewhere in this prospectus. We have derived the selected historical consolidated statement of income data for each of the years ended December 31, 2007 and 2008 and the selected historical consolidated balance sheet data as of December 31, 2007, 2008 and 2009 from our audited financial statements, which are not included in this prospectus.

	YEAR ENDED DECEMBER 31, (Dollars in thousands, except per share data)				
	2007[1]	**2008**	**2009**	**2010**	**2011**
Consolidated Statements of Income Data:					
Revenue:					
Interest and fee income	$ 49,478	$ 58,471	$ 63,590	$ 74,218	$ 91,286
Insurance income, net, and other income	7,144	8,271	9,224	12,614	13,933
Total revenue	56,622	66,742	72,814	86,832	105,219
Expenses:					
Provision for loan losses[2]	13,665	17,376	19,405	16,568	17,854
General and administrative expenses	22,950	27,862	29,120	33,525	40,634
Consulting and advisory fees	2,006	1,644	1,263	1,233	975
Interest expense:					
Senior and other debt	8,687	7,399	4,846	5,542	8,306
Mezzanine debt	5,353	3,706	3,835	4,342	4,037
Total interest expense	14,040	11,105	8,681	9,884	12,343
Total expenses	52,661	57,987	58,469	61,210	71,806
Income before taxes and discontinued operations	3,961	8,755	14,345	25,622	33,413
Income taxes	857	2,276	4,472	9,178	12,169
Net income from continuing operations	$ 3,104	$ 6,479	$ 9,873	$ 16,444	$ 21,244
Earnings per Share Data:					

Basic earnings per share		$ 0.69	$ 1.06	$ 1.76	$ 2.28
Diluted earnings per share[3]		$ 0.68	$ 1.03	$ 1.70	$ 2.21
Weighted average shares used in computing basic earnings per share[3]		9,336,727	9,336,727	9,336,727	9,336,727
Weighted average shares used in computing diluted earnings per share[3]		9,482,604	9,590,564	9,669,618	9,620,967
Consolidated Balance Sheet Data (at period end):					
Finance receivables[4]	$ 167,535	$ 192,289	$ 214,909	$ 247,246	$ 306,594
Allowance for loan losses[2]	(13,290)	(15,665)	(18,441)	(18,000)	(19,300)
Net finance receivables[5]	$ 154,245	$ 176,624	$ 196,468	$ 229,246	$ 287,294
Total assets	168,484	192,502	214,447	241,358	304,150
Total liabilities	159,079	176,095	187,807	197,914	239,271
Temporary equity[6]	12,000	12,000	12,000	12,000	12,000
Total stockholders equity	(2,595)	4,407	14,640	31,444	52,879

(1) On March 21, 2007, Palladium Equity Partners III, L.P. and Parallel 2005 Equity Fund, LP 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 pay the sponsors annual advisory fees of $675,000, in the aggregate and pay certain individual owners annual consulting fees of $450,000 in the aggregate, in each case, plus certain expenses. See Certain Relationships and Related Person Transactions Advisory and Consulting Fees. We intend to repay the mezzanine debt in full with proceeds from this offering, and we expect to terminate the consulting and advisory agreements concurrent with this offering.

(2) As of January 1, 2010, we changed our loan loss allowance methodology for small installment loans to determine the allowance using losses from the trailing eight months, rather than the trailing nine months, to more accurately reflect the average life of our small installment loans. The change from nine to eight months of average losses reduced the loss allowance for small installment loans by $1.1 million as of January 1, 2010 and reduced the provision for loan losses by $451,000 for 2010.

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(3) Prior to the acquisition transaction, we had a different capital structure, including a different number of shares of common stock outstanding. Accordingly, a comparison of earnings before the acquisition transaction is not meaningful.

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

(5) Net finance receivables equal the total amount due from the customer, net of unearned finance charges, insurance premiums and commissions and allowance for loan losses.

(6) The shareholders agreement among us, Regional Holdings LLC, the sponsors and the individual owners, as amended on March 12, 2012, provides that the individual owners have the right to put their stock back to us if an initial public offering does not occur by May 21, 2012. We valued this put option at the original purchase price of $12.0 million. This right will be terminated upon the consummation of this offering.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this discussion together with the consolidated financial statements, related notes and other financial information included in this prospectus. The following discussion may contain predictions, estimates and other forward-looking statements that involve a number of risks and uncertainties, including those discussed under Risk Factors and elsewhere in this prospectus. These risks could cause our actual results to differ materially from any future performance suggested below. Accordingly, you should read Forward-Looking Statements and Risk Factors.

As a result of a change in our methodology regarding the allowance for loan losses on January 1, 2010, the presentation of allowance for loan losses and provisions for loan losses for dates and periods prior to January 1, 2010 differs from later dates and periods. See Critical Accounting Policies Loan Losses.

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 170 locations with over 174,000 active accounts across South Carolina, Texas, North Carolina, Tennessee, Alabama and Oklahoma as of December 31, 2011. Each of our loan products is secured, structured on a fixed rate, fixed term basis with fully amortizing equal monthly installment payments and is 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, furniture and appliance retailers and our consumer website. We operate an integrated branch model in which 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 Installment Loans* As of December 31, 2011, we had approximately 137,000 small installment loans outstanding representing $130.3 million in finance receivables.

- *Large Installment Loans* As of December 31, 2011, we had approximately 12,000 large installment loans outstanding representing $36.9 million in finance receivables.

- *Automobile Purchase Loans* As of December 31, 2011, we had approximately 15,000 automobile purchase loans outstanding representing $128.7 million in finance receivables.

- *Furniture and Appliance Purchase Loans* As of December 31, 2011, we had approximately 9,200 furniture and appliance purchase loans outstanding representing $10.7 million in finance receivables.

- *Insurance Products* We offer our customers optional payment protection insurance options relating to many of our loan products.

Our primary sources of revenue are interest and fee income from our loan products, of which interest and fees relating to installment loans and automobile purchase loans have historically been the largest component. In 2009, we introduced furniture and appliance purchase loans and expanded our automobile purchase loans to offer loans through online credit application networks. In addition to interest and fee income from loans, we derive revenue from insurance products sold to 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 number of loans that we originate. Average finance receivables grew 8.3% from $178.2 million in 2008 to $193.0 million in 2009, grew 11.9% to $216.0 million in 2010, and grew 22.2% to $264.0 million in 2011. We originated 47,400, 55,300 and 67,300 new loans during 2009, 2010 and 2011, respectively. We source our loans

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through our branches and our live check program, as well as through automobile dealerships and furniture and appliance retailers that partner with us. Our loans are made 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 six, 17 and 36 new branches in 2009, 2010 and 2011, respectively. We opened two AutoCredit Source branches in early 2011 and two additional AutoCredit Source branches in Texas in January 2012. We have grown more rapidly in Tennessee and Alabama than in the other states in which we operate. We opened our first branch in Tennessee in 2007 and our first branch in Alabama in 2009. As of December 31, 2011, we operated 18 branches with a total of $15.2 million in finance receivables in Tennessee and 14 branches with a total of $11.9 million in finance receivables in Alabama.

Product Mix. We offer a number of different loan products, including small installment loans, large installment loans, automobile purchase loans and furniture and appliance purchase 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. For example, in recent years, we have sought to increase our product diversification by growing our automobile purchase and furniture and appliance purchase loans, which have lower interest rates and fees than our small and large installment loans but also have longer maturities and lower charge-off rates. Our product mix also varies to some extent by state. For example, small installment loans make up a smaller percentage of our loan portfolio in North Carolina than in the other states in which we operate because the rate structure in North Carolina is more favorable for larger loans. Small installment loans make up a larger percentage of our loan portfolio in Texas than our other loan products because our branches in Texas have historically focused on small installment loans. However, we expect to diversify our product mix in Texas in the future. The following table sets forth the finance receivables for each of our loan products as of the dates indicated:

	AS OF DECEMBER 31,			
	2010		2011	
	FINANCE RECEIVABLES	% OF TOTAL FINANCE RECEIVABLES	FINANCE RECEIVABLES	% OF TOTAL FINANCE RECEIVABLES
	(Dollars in thousands)			
Small installment loans	$ 117,599	47.6%	$ 130,257	42.5%
Large installment loans	33,653	13.6%	36,938	12.0%
Automobile purchase loans	93,232	37.7%	128,660	42.0%
Furniture and appliance purchase loans	2,762	1.1%	10,739	3.5%
Total	$ 247,246	100.0%	$ 306,594	100.0%

Asset Quality. Our results of operations are highly dependent upon the strength of our asset portfolio. We recorded $19.4 million of provisions for loan losses during 2009 (or 10.1% as a percentage of average finance receivables), $16.6 million of provisions for loan losses during 2010 (or 7.7% as a percentage of average finance receivables) and $17.9 million of provisions for loan losses during 2011 (or 6.8% as a percentage of average finance receivables). The quality of our asset portfolio is the result of our ability to enforce sound underwriting standards, maintain diligent portfolio oversight and respond to changing economic conditions as we grow our loan portfolio.

Allowance for Loan Losses

Prior to January 1, 2010, management analyzed losses in the loan portfolio using two categories of loans: small installment loans (which included all loans of less than $2,500) and large loans (which included all other loans). Beginning January 1, 2010, we have evaluated losses in each of the four categories of loans in establishing the allowance for loan losses. The following tables provide reconciliations of the allowance for loan losses by portfolio segment for the years ended December 31, 2009, 2010 and 2011:

	BALANCE JANUARY 1, 2009	PROVISION	CHARGE-OFFS	RECOVERIES	BALANCE DECEMBER 31, 2009	FINANCE RECEIVABLES DECEMBER 31, 2009	ALLOWANCE AS PERCENTAGE OF FINANCE RECEIVABLES DECEMBER 31, 2009
Small installment loans	$ 4,685	$ 9,577	$ (6,345)	$ 166	$ 8,083	$ 102,651	7.9%
Large loans	10,980	9,828	(10,657)	207	10,358	112,258	9.2%
Total	$ 15,665	$ 19,405	$ (17,002)	$ 373	$ 18,441	$ 214,909	8.6%

	BALANCE JANUARY 1, 2010	PROVISION	CHARGE-OFFS	RECOVERIES	BALANCE DECEMBER 31, 2010	FINANCE RECEIVABLES DECEMBER 31, 2010	ALLOWANCE AS PERCENTAGE OF FINANCE RECEIVABLES DECEMBER 31, 2010
Small installment loans	$ 8,083	$ 10,664	$ (10,068)	$ 295	$ 8,974	$ 117,599	7.6%
Large installment loans	2,719	2,780	(2,588)	61	2,972	33,653	8.8%
Automobile purchase loans	7,629	2,915	(4,738)	103	5,909	93,232	6.3%
Furniture and appliance purchase loans	10	209	(75)	1	145	2,762	5.2%
Total	$ 18,441	$ 16,568	$ (17,469)	$ 460	$ 18,000	$ 247,246	7.3%

ALLOWANCE AS

	BALANCE JANUARY 1, 2011	PROVISION	CHARGE-OFFS	RECOVERIES	BALANCE DECEMBER 31, 2011	FINANCE RECEIVABLES DECEMBER 31, 2011	PERCENTAGE OF FINANCE RECEIVABLES DECEMBER 31, 2011
Small installment loans	$ 8,974	$ 9,998	$ (10,522)	$ 388	$ 8,838	$ 130,257	6.8%
Large installment loans	2,972	1,442	(2,042)	76	2,448	36,938	6.6%
Automobile purchase loans	5,909	6,014	(4,430)	125	7,618	128,660	5.9%
Furniture and appliance purchase loans	145	400	(153)	4	396	10,739	3.7%
Total	$ 18,000	$ 17,854	$ (17,147)	$ 593	$ 19,300	$ 306,594	6.3%

Provisions for Loan Losses

In evaluating our allowance for loan losses, we currently separate our portfolio of receivables into four components based on loan type: small installment, large installment, automobile purchase, and furniture and appliance purchase. The allowance for small installment loans is based on the historic loss percentage computed by using the most recent eight months of losses applied to the most recent month-end balance of loans. The allowance for each other loan type is based on the historic loss percentage computed by using the most recent 12 months of losses applied to the most recent month-end balance of loans for each such loan type. We believe, therefore, that the primary underlying factor driving the provision for loan losses for each of these loan types is the same: general economic conditions in the areas in which we conduct business. In addition, gasoline prices and the market for repossessed automobiles at auction are an additional underlying factor that we believe influences the provision for loan losses for automobile purchase loans and, to a lesser extent, large installment loans. We monitor these factors

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and the monthly trend of delinquencies and the slow file (which consists of all loans one or more days past due) to identify trends that might require an increased provision and modify the provision for loan losses accordingly.

Distribution of Finance Receivables

The following table presents the distribution of our finance receivables by loan product and segregated by the final maturity of the loan as of December 31, 2011:

	WITHIN ONE YEAR	ONE YEAR TO FIVE YEARS	AFTER FIVE YEARS	TOTAL
	(Dollars in thousands)			
Small installment loans	$ 69,769	$ 60,488	$	$ 130,257
Large installment loans	4,571	32,367		36,938
Automobile purchase loans	5,650	114,035	8,975	128,660
Furniture and appliance purchase loans	2,174	8,565		10,739
Total	$ 82,164	$ 215,455	$ 8,975	$ 306,594

The following table presents the distribution of our finance receivables by state and segregated by the final maturity of the loan as of December 31, 2011:

	WITHIN ONE YEAR	ONE YEAR TO FIVE YEARS	AFTER FIVE YEARS	TOTAL
	(Dollars in thousands)			
South Carolina	$ 30,828	$ 110,106	$ 1,229	$ 142,163
Texas	24,651	35,100	4,409	64,160
North Carolina	12,833	57,091	3,211	73,135
Tennessee	7,607	7,490	58	15,155
Alabama	6,156	5,665	68	11,889
Oklahoma	89	3		92
Total	$ 82,164	$ 215,455	$ 8,975	$ 306,594

All of our finance receivables have predetermined, or fixed, interest rates.

Interest Rates. Our costs of funds are affected by changes in interest rates. In particular, the interest rate that we pay on our senior revolving credit facility is a floating rate based on LIBOR. Although we have purchased interest rate caps to protect a notional amount of $150.0 million of our outstanding senior revolving credit facility should the three-month LIBOR exceed 6.0%, our cost of funding will increase if LIBOR increases. The interest rates that we charge on our loans are not significantly impacted by changes in market interest rates.

Efficiency Ratio. 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. Our efficiency ratio has improved from 40.5% in 2007 to 38.6% in 2011 as a result of our focus on operating efficiencies and gains in productivity. Following this offering, we expect to incur new expenses associated with operating as a public company and potentially increased personnel expenses, which will tend to adversely affect our efficiency ratio.

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. Accrual resumes when the customer makes at least one full payment and the account is less than 90 days contractually past due.

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 accreted to income over the life of the loan on the constant yield method and are included in the customer s truth in lending disclosure. For the periods prior to January 1, 2010, management evaluated interest and fee income on an aggregate basis as opposed to by each loan product as management has done since January 1, 2010.

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The following table sets forth the composition of our average finance receivables and average yield for each of our loan products for the years ended December 31, 2010 and December 31, 2011:

	FOR THE YEAR ENDED DECEMBER 31, 2010		FOR THE YEAR ENDED DECEMBER 31, 2011	
	AVERAGE FINANCE RECEIVABLES	AVERAGE YIELD	AVERAGE FINANCE RECEIVABLES	AVERAGE YIELD
	(Dollars in thousands)			
Small installment loans	$ 96,014	47.6%	$ 111,440	49.3%
Large installment loans	32,507	26.6%	34,371	27.6%
Automobile purchase loans	85,911	22.7%	112,508	22.9%
Furniture and appliance purchase loans	1,590	22.8%	5,693	19.5%
Total	$ 216,022	34.4%	$ 264,012	34.6%

Insurance Income

Our insurance income consists of revenue from the sale of various 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 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 (such as homeowners or renters insurance) 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 collateral 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 paid out or renewed loans). 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 to RMC Reinsurance as earned. As of December 31, 2011, we had pledged an $1.3 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 (except on direct loans in North Carolina, which does not permit late charges on consumer loans). Other income also includes 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. Less than 1% of scheduled payments were deferred in 2011.

Provision for Loan Losses

Provisions for loan losses are charged to income in amounts that we judge as sufficient to maintain an allowance for loan losses at an adequate level to provide for losses on the related finance receivables portfolio. Loan loss experience, contractual 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 loan losses. Our provision for loan losses fluctuates so that we maintain an adequate loan loss allowance that accurately reflects our estimates of losses in our loan portfolio. Therefore changes in our charge-off rates may result in changes to our provision for loan losses. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions or portfolio performance.

As of January 1, 2010, we changed our loan loss allowance methodology for small installment loans to determine the allowance using losses from the trailing eight months, rather than the trailing nine months, to more accurately reflect the average life of our small installment loans. The change in accounting estimate from nine to eight months of average losses reduced the loss allowance for small installment loans by $1.0 million as of January 1, 2010 and reduced the provision for loan losses by $0.5 million for 2010.

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General and Administrative Expenses

Our general and administrative expenses are comprised of four categories: personnel, occupancy, advertising and other. We typically measure our general and administrative expenses as a percentage of total revenue, which we refer to as our efficiency ratio.

Our personnel expenses are the largest component of our general and administrative expenses and consist primarily of the salaries, bonuses and benefits associated with all of our branch, field and headquarters employees and related payroll taxes. As described in Management Compensation Discussion and Analysis Actions Taken in 2012 and Anticipated Actions in Connection with the Offering, at the time of this offering, we intend to grant awards of stock options to purchase an aggregate of 280,000 shares of our common stock to our executive officers and directors and stock options to purchase an aggregate of 30,000 shares of our common stock to our other employees, each pursuant to the 2011 Stock Plan. Each stock option will have an exercise price equal to the initial public offering price per share in this offering, and will vest in five equal annual installments beginning on the first anniversary of the grant date. We expect to record deferred stock-based compensation expense equal to the grant-date fair value of the stock options issued of $2.8 million, which will be recognized over the vesting period.

Our occupancy expenses consist primarily of the cost of renting our branches, all of which are leased, as well as the costs associated with operating our branches.

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

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

We expect that our general and administrative expenses will increase as a result of the additional legal, accounting, insurance and other expenses associated with being a public company.

Consulting and Advisory Fees

Consulting and advisory fees consist of amounts payable to the sponsors and certain former major shareholders, who were members of our management before our acquisition by the sponsors, pursuant to the agreements described under Certain Relationships and Related Party Transactions Advisory and Consulting Fees. These agreements will be terminated upon consummation of this offering.

Interest Expense

Our interest expense consists primarily of interest payable and amortization of debt issuance costs in respect of borrowings under our senior revolving credit facility and our mezzanine debt. Interest expense also includes costs attributable to the interest rate caps we enter 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 and other debt. We intend to repay the mezzanine debt and a portion of the borrowings under our senior revolving credit facility with proceeds from this offering. We entered into an amended and restated senior revolving credit facility in January 2012. See Recent Developments Senior Revolving Credit Facility and Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

Income Taxes

Incomes 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 table summarizes key components of our results of operations for the periods indicated both in dollars and as a percentage of total revenue:

	YEAR ENDED DECEMBER 31,					
	2009		2010		2011	
	AMOUNT	% OF REVENUE	AMOUNT	% OF REVENUE	AMOUNT	% OF REVENUE
	(In thousands, except percentages)					
Revenue:						
Interest and fee income	$ 63,590	87.3%	$ 74,218	85.5%	$ 91,286	86.8%
Insurance income, net	5,229	7.2%	8,252	9.5%	8,871	8.4%
Other income	3,995					