Risk Factors Comparison 2024-02-22 to 2023-02-24 Form: 10-K

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We operate in a rapidly changing environment that involves a number of risks, some of which are beyond our control. The following discussion highlights some of the risks that may affect our future operating results. These are the risks and uncertainties that we believe are the most important for you to consider, but the risks described below are not the only risks facing our company. Additional risks and uncertainties not presently known to us, that we currently deem immaterial, or that are similar to those faced by other companies in our industry or in business in general, may also impair our business operations. If any of the following risks or uncertainties occurs, continues, or worsens, our business, financial condition, and operating results would likely suffer. You should carefully consider the risks described below together with the other information set forth in this Annual Report on Form 10- K. Risk Factor Summary Our business is subject to a number of material risks that may adversely affect our company. These risks are discussed in greater detail below, and include, but are not limited to, risks related to: Risks related to our business and operations • Managing our growth effectively, implementing our growth strategy, and opening new branches as planned; • Our convenience check strategy; • Our policies and procedures for underwriting, processing, and servicing loans; • Our ability to collect on our loan portfolio; • Our insurance operations; • Exposure to credit risk and repayment risk, which risks may increase in light of adverse or recessionary economic conditions; • The implementation of evolving underwriting models and processes, including as to the effectiveness of our custom scorecards; • Changes in the competitive environment in which we operate or a decrease in the demand for our products; **• Geographic concentration of our loan portfolio;** Regional Management Corp. | ~~2022~~ **2023** Annual Report on Form 10- K | ~~12 • Geographic concentration of our loan portfolio;~~ • Failure of third- party service providers, including those providing information technology products; • Changes in economic conditions in the markets we serve, including levels of unemployment and bankruptcies; • Our ability to achieve successful acquisitions and strategic alliances; • Our ability to make technological improvements as quickly as our competitors; • Security breaches, cyber- attacks, failures in our information systems, or fraudulent activity; • Our ability to originate loans; • Our reliance on information technology resources and providers, including the risk of prolonged system outages; • Changes in current revenue and expense trends, including trends affecting delinquencies and credit losses; • Any future public health crises (including the resurgence of COVID- 19), including the impact of such crisis on our operations and financial condition; • Changes in operating and administrative expenses; • The departure, transition, or replacement of key personnel; • Our ability to identify and hire qualified personnel; • Our ability to timely and effectively implement, transition to, and maintain the necessary information technology systems, infrastructure, processes, and controls to support our operations and initiatives; • Changes in interest rates; • Existing sources of liquidity become insufficient or access to these sources becomes unexpectedly restricted; and • Exposure to financial risk due to asset- backed securitization transactions. Risks related to regulation and legal proceedings • Our products and activities are strictly and comprehensively regulated; • Changes in laws or regulations or in the interpretation or enforcement of laws or regulations; • Changes in accounting standards, rules, and interpretations and the failure of related assumptions and estimates; and • The impact of changes in tax laws and guidance, including the timing and amount of revenues that we may recognize. Risks related to the ownership of our common stock • Volatility in the market price of shares of our common stock; • The timing and amount of future cash dividend payments; and • Anti- takeover provisions in our charter documents and applicable state law. Risks Related to Our Business and Operations We have grown significantly in recent years, and our delinquency, credit loss rates, and overall results of operations may be adversely affected if we do not manage our growth effectively. We have experienced substantial growth in recent years, increasing the size of our finance receivable portfolio from $ ~~834~~ **951** . ~~0~~ **2** million at the beginning of ~~2018~~ **2019** to $ 1. ~~7~~ **8** billion at the end of ~~2022~~ **2023** , a compound annual growth rate of ~~15~~ **13** . ~~3~~ **2** %. We intend to continue our growth strategy in the future. As we increase the number of branches we operate, we will be required to find new, or relocate existing, employees to operate our branches and allocate resources to train and supervise those employees. The success of a branch depends significantly on the manager overseeing its operations and on our ability to enforce our underwriting standards and implement controls over branch operations. Recruiting suitable managers for new branches can be challenging, particularly in remote areas and in areas where we face significant competition. Furthermore, the annual turnover rate among our branch managers was approximately ~~17 % in 2021 and~~ 23 % in 2022 **and 15 % in 2023** , and turnover rates of managers in our new branches may be similar or higher. Increasing the number of branches that we operate may divide the attention of our senior management or strain our ability to adapt our infrastructure and systems to accommodate our growth. If we are unable to promote, relocate, or recruit suitable managers, oversee their activities effectively, maintain our underwriting and loan servicing standards, and otherwise appropriately ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 13~~ and effectively staff our branches, our delinquency and credit loss rates may increase and our overall results of operations may be adversely impacted. We face significant risks in implementing our growth strategy, some of which are outside of our control. We intend to continue our growth strategy, which is based on opening and acquiring branches in existing and new markets, introducing new products and channels, and increasing the finance receivable portfolios of our existing branches. Our ability to execute this growth strategy is subject to significant risks, some of which are beyond our control, including: • the inherent uncertainty regarding general economic conditions, including the impact of recent elevated inflation **and interest rates** ; • the prevailing laws and regulatory environment of each state in which we operate or seek to operate and federal laws and regulations, all of which are subject to change at any time; • the degree of competition in new markets and its effect on our ability to attract new customers; • our ability to identify attractive locations for new branches; • our ability to recruit qualified personnel, particularly in remote areas and in areas where we face a great deal of competition; and • our ability to obtain adequate financing for our expansion plans. For example, certain states into which we may expand limit the number of lending licenses granted. For instance, Georgia and New Mexico require a “ convenience and advantage ” assessment of a new lending license and location prior to the granting of the license. This assessment adds time and expense to opening new locations and creates risk that our state regulator will deny an application for a new lending license due to a perceived oversaturation of existing licensed lenders in the area in which we seek to expand and operate. There can be no assurance that if we apply for a license for a new branch, whether in one of the states where we currently operate or in a state into which we would like to expand, we will be granted a license to operate. We also cannot be certain that any such license, even if granted, would be obtained in a timely manner or without burdensome conditions or limitations. In addition, we may not be able to obtain and maintain the regulatory approvals, government permits, or licenses that may be required to operate. We are exposed to credit risk in our lending activities. Our ability to collect on loans depends on the willingness and repayment ability of our borrowers. Any material adverse change in the effectiveness of our underwriting models, our implementation of such models (including through our loan origination software and processes), or the ability or willingness of a significant portion of our borrowers to meet their obligations to us, whether due to changes in general economic, political, or social conditions, the cost of consumer goods, interest rates, natural disasters, military conflict or acts of war or terrorism, a prolonged public health crisis, epidemic, or pandemic ~~(such as COVID- 19)~~ , or other causes over which we have no control, or to changes or events affecting our borrowers such as unemployment, major medical expenses, bankruptcy, divorce, or death, would have a material adverse impact on our earnings and financial condition. Further, a substantial majority of our borrowers are non- prime borrowers who are more likely to be affected, and more severely affected, by adverse macroeconomic conditions. We cannot be certain that our credit administration personnel, policies, and procedures will adequately adapt to changes in economic or any other conditions affecting customers and the quality of the loan portfolio. Our convenience check strategy exposes us to certain risks. A significant portion of the growth in our installment loans portfolio has been achieved through direct mail campaigns. One aspect of our direct mail campaigns involves mailing “ convenience checks ” to pre- screened recipients, which recipients can sign and cash or deposit, thereby agreeing to the terms of the proposed loan, which are disclosed on the front and back of the check and in the accompanying disclosures. We use convenience checks to seed new branch openings and to attract new customers to existing branches in our geographic footprint. In ~~2021 and~~ 2022 **and 2023** , loans initiated through convenience checks represented ~~22~~ **27** . ~~8~~ **2** % and 27. ~~2~~ **3** %, respectively, of the value of our originated installment loans. We expect that convenience checks will continue to represent a meaningful portion of our installment loan originations in the future. There are several risks associated with the use or origination of convenience checks, including the following: • it is more difficult to maintain sound underwriting standards with convenience check customers who historically have presented a higher risk of default than customers that originate loans in our branches, as we do not meet convenience check customers prior to soliciting them and extending a loan to them, and we may not be able to verify certain elements of their financial condition, including their current employment status, income, or life circumstances; ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 14~~ • we rely on credit information from a third- party credit bureau that is more limited than a full credit report to pre- screen potential convenience check recipients, which may not be as effective as a full credit report or may be inaccurate or outdated; • we face limitations on the number of potential borrowers who meet our lending criteria within proximity to our branches; • we may not be able to continue to access the demographic and credit file information that we use to generate our mailing lists due to expanded regulatory or privacy restrictions; • convenience checks pose a risk of fraud; • any failure by the bank that issues and processes our convenience checks to properly process the convenience checks could limit the ability of a recipient to cash the check and enter into a loan with us; • customers may opt out of direct mail solicitations and solicitations based on their credit file or may otherwise prohibit us from soliciting them; • postal rates and production costs may continue to rise; • potential changes in federal or state laws may prohibit the practice of directly mailing convenience checks to potential borrowers; and • the bank that issues our convenience checks may exit the business, and we may be unable to find a replacement issuer bank. In the future, we could experience one or more of these issues associated with our direct mail strategy. Any increase in the use of convenience checks will further increase our exposure to, and the magnitude of, these risks. The loans that we generate are generally obligations of non- prime borrowers and will likely have higher default rates than loans constituting primarily obligations of prime borrowers. The loans we generate are generally obligations of “ non- prime ” borrowers who do not qualify for, or have difficulty qualifying for, credit from traditional sources of consumer credit as result of, among other things, moderate income, limited assets, other adverse income characteristics, and / or a limited credit history or an impaired credit record, which may include a history of irregular employment, previous bankruptcy filings, repossessions of property, charged- off loans, and / or garnishment of wages. The average interest rate charged to such “ non- prime ” borrowers generally is higher than that charged by commercial banks and other institutions providing traditional sources of consumer credit. These traditional sources of consumer credit typically impose more stringent credit requirements than the personal loan products that we provide. As a result of the general credit profile of our borrowers and the interest rates on the loans we make, the historical delinquency and default experience on our loans may be higher (and may be significantly higher) than those experienced by financial products arising from traditional sources of consumer credit. Additionally, delinquency and default experience on our loans is likely to be more sensitive to changes in the economic climate in the areas in which our borrowers reside. Social and economic factors may affect repayment of the loans comprising our loan portfolio. The ability of our borrowers to make payments on their loans, as well as the prepayment experience thereon, will be affected by a variety of social and economic factors. Economic factors include interest rates, unemployment levels, gasoline prices, the availability and cost of credit (including mortgages), upward adjustments in monthly mortgage payments **and rents** , real estate values, the rate of inflation, and consumer perceptions of economic conditions generally. Economic conditions may also be impacted by localized weather events and environmental disasters or adverse impacts from public health crises, epidemics, or pandemics ~~(such as COVID- 19)~~ . Social factors include changes in consumer confidence levels and attitudes toward incurring debt and changing attitudes regarding the stigma of personal bankruptcy. Our policies and procedures for underwriting, processing, and servicing loans are subject to potential failure or circumvention, which may adversely affect our results of operations. Except for loans originated by a centralized branch and serviced at a centralized location pursuant to a limited program we operate in select markets, a substantial portion of our underwriting activities and our credit extension decisions are made at our local branches. We rely on certain inputs and verifications in the underwriting process to be performed by individual personnel at the branch level or a centralized location. In addition, pursuant to our operations policies and procedures, exceptions to the general underwriting criteria can be approved by central underwriting employees and certain other senior employees. We train our employees individually onsite in the branch or at a centralized location and through online training modules to make loans that ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 15~~ conform to our underwriting standards. Such training includes critical aspects of state and federal regulatory compliance, cash handling, account management, and customer relations. Although we have standardized employee manuals and online training modules, we primarily rely on our district supervisors, with oversight by our state vice presidents, branch auditors, and headquarters personnel, to train and supervise our branch employees, rather than centralized training programs. Therefore, the quality of training and supervision may vary from district to district and branch to branch depending on the amount of time apportioned to training and supervision and individual interpretations of our operations policies and procedures. There can also be no assurance that we will be able to attract, train, and retain qualified personnel to perform the tasks that are part of the underwriting process. If the training or supervision of our personnel fails to be effective, or if we are unable to attract and retain qualified employees, it is possible that our underwriting criteria would be improperly applied to a greater percentage of such applications. If such improper applications were to increase, delinquency and losses on our loan portfolio could increase and could increase significantly. In addition, we rely on certain third- party service providers in connection with loan underwriting and origination. Any error or failure by a third- party service provider in providing loan underwriting and origination services may cause us to originate loans to borrowers that do not meet our underwriting standards. We cannot be certain that every loan is made in accordance with our underwriting standards and rules. We have experienced instances of loans extended that varied from our underwriting standards. Variances in underwriting standards and lack of supervision could expose us to greater delinquencies and credit losses than we have historically experienced. Due to the general decentralized nature in which the loan application process occurs, employee misconduct or error in the application or closing process could also result in the origination of loans that do not satisfy our underwriting standards, which could in turn have a material adverse effect on our results of operations and financial condition. In addition, in deciding whether to extend credit or enter into other transactions with customers and counterparties, we rely heavily on information provided by customers, counterparties, and other third parties, including credit bureaus and data aggregators, the inaccuracy or incompleteness of which may adversely affect our results of operations. We further rely on representations of customers and counterparties as to the accuracy and completeness of that information. If a significant percentage of our customers were to intentionally or negligently misrepresent any of this information, or provide incomplete information, and our internal processes were to fail to detect such misrepresentations in a timely manner, or any or all of the other components of the underwriting process described above were to fail, it could result in our approval of a loan that, based on our underwriting criteria, we would not have otherwise made. As a result, our earnings and our financial condition could be negatively impacted. We may be limited in our ability to collect on our loan portfolio, and the security interests securing a significant portion of our loan portfolio are not perfected, which may increase our credit losses. Legal and practical limitations may limit our ability to collect on our loan portfolio, resulting in increased credit losses, decreased revenues, and decreased earnings. State and federal laws and regulations restrict our collection efforts. The amounts that we are able to recover from the repossession and sale of collateral typically do not fully cover the outstanding loan balance and costs of recovery. In cases where we repossess a vehicle securing a loan, we generally sell our repossessed automobile inventory through sales conducted by independent automobile auction organizations after the required post- repossession waiting period. In certain instances, we may sell repossessed collateral other than vehicles through our branches after the required post- repossession waiting period and appropriate receipt of valid bids. In either case, such sales are made consistent with applicable state law. The proceeds we receive from such sales depend upon various factors, including the supply of, and demand for, used vehicles and other property at the time of sale. During periods of economic slowdown or recession, there may be less demand for used vehicles and other property that we desire to resell. Most of our loan portfolio is secured, but a significant portion of such security interests have not been and will not be perfected, which means that we cannot be certain that such security interests will be given first priority over other creditors. The lack of perfected security interests is one of several factors that may make it more difficult for us to collect on our loan portfolio. Additionally, for those of our loans that are unsecured, borrowers may choose to repay obligations under other indebtedness before repaying loans to us because such borrowers may feel that they have no collateral at risk. In addition, given the relatively small size of our loans, the costs of collecting loans may be high relative to the amount of the loan. As a result, many collection practices that are legally available, such as litigation, may be financially impracticable. Lastly, there is an inherent risk that a portion of the retail installment ~~contracts~~ **loans** that we hold will be subject to certain claims or defenses that the borrower may assert against the originator of the contract and, by extension, us as the holder of the contract. These factors may increase our credit losses, which would have a material adverse effect on our results of operations and financial condition. ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 16~~ Our insurance operations are subject to a number of risks and uncertainties. We market and sell optional credit life, accident and health, personal property, involuntary unemployment, and vehicle single interest insurance to our borrowers in selected markets as an agent for an unaffiliated third- party insurance company. In addition, on certain loans, we collect a fee from our customers and use such fee to acquire non- file insurance from an unaffiliated insurance company for our benefit in lieu of recording and perfecting our security interest in certain personal property collateral. The unaffiliated insurance company cedes to our wholly- owned insurance subsidiary, RMC Reinsurance, Ltd., all of these insurance policies, the related net insurance premium revenue and the associated insurance claims liability for such insurance products, including the non- file insurance that we purchase. When purchased by a borrower, the optional credit insurance products benefit the borrower by insuring the borrower' s payment obligations on the associated loan in the event of the borrower' s inability to make monthly payments due to death, disability, or involuntary unemployment, or in the event of a casualty event associated with collateral. The borrower finances payment of the associated premium with the financed premium included in the principal balance of the applicable loan. A credit insurance product may be cancelled if, for example, (i) we request cancellation due to the borrower' s default on obligations under the associated loan, (ii) the borrower prepays the principal balance of the associated loan in full, or (iii) the borrower elects to terminate the credit insurance prior to the expiration of the term thereof (which the borrower may do at any time). Generally, upon any cancellation of credit insurance, the borrower will be entitled to a refund of the unearned premium for the cancelled insurance. We typically refund insurance premiums by reducing the principal balance of the associated loan by the required refund amount, following which the unaffiliated insurance company reimburses us for the refunded amount. Our insurance operations are subject to a number of material risks and uncertainties, including changes in laws and regulations, borrower demand for insurance products, claims experience, and insurance carrier relationships; the manner in which we are permitted to offer such products; capital and reserve requirements; the frequency and type of regulatory monitoring and reporting to which we are subject; benefits or loss ratio requirements; insurance producer licensing or appointment requirements; and reinsurance operations. In addition, because our borrowers are not required to purchase the credit insurance products that we offer, we cannot be certain that borrower demand for credit insurance products will not decrease in the future. In addition to adversely impacting our insurance income, net, any decrease in the demand for credit insurance products would negatively impact our interest and fee income because we finance substantially all of our borrowers' insurance premiums. Our insurance operations are also dependent on our lending operations as the sole source of business and product distribution. If our lending operations discontinue offering insurance products, our insurance operations would have no method of distribution. Insurance claims and policyholder liabilities are also difficult to predict and may exceed the related reserves set aside for claims and associated expenses for claims adjudication. We are also dependent on the continued willingness of unaffiliated third- party insurance companies to participate in the credit insurance market and to offer non- file insurance to us. If our insurance provider is for any reason unable or unwilling to meet its claims and premium reimbursement payment obligations or its premium ceding obligations, we would experience increased net credit losses, regulatory scrutiny, litigation, and other losses and expenses. Finally, in recent years, as large loans have become a greater percentage of our portfolio, the severity of non- file insurance claims has increased and non- file insurance claims expenses have exceeded non- file insurance premiums by a material amount. The resulting net loss from the non- file insurance product is reflected in our insurance income, net. It is uncertain whether the non- file insurance product will be available to us in the future on the same terms as it is today, or at all. If the unaffiliated insurance company were to enforce limitations on our non- file loss ratios or otherwise change the terms under which it offers non- file insurance to us, our net credit losses, loss rates, and provision for credit losses could increase. If any of these events, risks, or uncertainties were to occur or materialize, it could have a material adverse effect on our business, financial condition, and results of operations and cash flows. A reduction in demand for our products and a failure by us to adapt to such reduction could adversely affect our business and results of operations. The demand for the products we offer may be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences or financial conditions, regulatory restrictions that decrease customer access to particular products, or the availability of competing products, including through alternative or competing marketing channels. For example, we are highly dependent upon selecting and maintaining attractive branch locations. These locations are subject to local market conditions, including the employment available in the area, housing costs, traffic patterns, crime, and other demographic influences, any of which may quickly change, thereby negatively impacting demand for our products in the area. Should we fail to adapt to significant changes in our customers' demand for, or access to, our products, our revenues could decrease significantly and our operations could be harmed. Even if we do make changes to existing products or introduce new products and channels to fulfill customer demand, customers may resist or may reject such products. Moreover, the effect of any product change on the results of our business may not be fully ascertainable until the change has been in effect for some time, and by that time it may be too late to make further modifications to such product without causing further harm to our business, financial condition, and results of operations. We face strong direct and indirect competition. The consumer finance industry is highly competitive, and the barriers to entry for new competitors are relatively low in the markets in which we operate. We compete for customers, locations, employees, and other important aspects of our business with many other local, regional, national, and international financial institutions, many of which have greater financial resources than we do. Our installment loan operations compete with other installment lenders, as well as with alternative financial services providers (such as payday and title lenders, check advance companies, and pawnshops), online or peer- to- peer lenders, issuers of non- prime credit cards, and other competitors. We believe that future regulatory developments in the consumer finance industry may cause lenders that focus on alternative financial services to begin to offer installment loans. In addition, if companies in the installment loan business attempt to provide more attractive loan terms than is standard across the industry, we may lose customers to those competitors. With respect to installment loans, we compete primarily on the basis of price, breadth of loan product offerings, flexibility of loan terms offered, and the quality of customer service provided. We may attempt to pursue acquisitions or strategic alliances that may be unsuccessful. We may attempt to achieve our business objectives through acquisitions and strategic alliances. We compete with other companies for these opportunities, including companies with greater financial resources, and we cannot be certain that we will be able to effect acquisitions or strategic alliances on commercially reasonable terms, or at all. Furthermore, most acquisition targets that we have pursued previously have been significantly smaller than us. We do not have extensive experience with integrating larger acquisitions. In pursuing these transactions, we may experience, among other things: • overvaluing potential targets; • difficulties in integrating any acquired companies, branches, or products into our existing business, including integration of account data into our information systems; • inability to realize the benefits we anticipate in a timely fashion, or at all; • attrition of key personnel from acquired businesses; • unexpected losses due to the acquisition of loan portfolios with loans originated using less stringent underwriting criteria; • significant costs, charges, or write- downs; or • unforeseen operating difficulties that require significant financial and managerial resources that would otherwise be available for the ongoing development and expansion of our existing operations. Geographic concentration of our loan portfolio may increase the risk of loss. Any concentration of our loan portfolio in a state or region may present unique risk concentrations. Our branches in **Texas, North Carolina, and** South ~~Carolina, Texas, and North~~ Carolina accounted for ~~11~~ **32** %, ~~34~~ **16** %, and ~~15~~ **10** %, respectively, of our finance receivables as of December 31, ~~2022~~ **2023** . Further, as of December 31, ~~2022~~ **2023** , all of our operations were across ~~18~~ **19** states. As a result, we are highly susceptible to adverse economic conditions in these areas. The unemployment and bankruptcy rates in some states in our footprint are among the highest in the country. High unemployment rates may reduce the number of qualified borrowers to whom we will extend loans, which would result in reduced loan originations. In addition, some geographic regions of the United States will, from time to time, experience weaker regional economic conditions and consequently will experience higher rates of loss and delinquency. A regional economy may be affected by the loss of jobs in certain industries, by state and local taxes, or by other factors. A region' s economic condition may be directly, or indirectly, adversely affected by international events such as military conflicts or wars, prolonged public health crises, epidemics, or pandemics ~~(such as COVID- 19)~~ , national events such as civil disturbances, or natural disasters such as hurricanes, wildfires, earthquakes, and other extreme conditions (including an increase in frequency of such conditions and events as a result of climate change). These events and disasters may occur in any area of the country, even places where these events are considered unlikely. In the event that a significant portion of our loan portfolio is comprised of loans owed by borrowers residing in certain jurisdictions, economic conditions, elevated bankruptcy filings, natural disasters, or other factors affecting these jurisdictions ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 18~~ in particular could adversely impact the delinquency and default experience of our loan portfolio, and, we could experience reduced or delayed payments on outstanding loans ~~. For example, in 2017 and 2018, we experienced increases in credit losses as a result of hurricanes impacting customer accounts in our geographic footprint. These losses occurred in states where a substantial majority of our loan portfolio is concentrated — specifically in Texas in 2017 and in South Carolina and North Carolina in 2018~~ . Conversely, an improvement in economic conditions could result in prepayments by our borrowers of their payment obligations on our loans. As a result, we may receive principal payments on the outstanding loans earlier than anticipated, which would reduce our finance receivables and the interest income earned thereon. No prediction can be made and no assurance can be given as to the effect of economic conditions on the rate of delinquencies, prepayments, or losses on our loan portfolio with respect to any part of our geographic footprint. Further, the concentration of our loan portfolio in one or more states would have a disproportionate effect on our business if governmental authorities in any of those states take action against us. In addition, the occurrence of any of the adverse regulatory or legislative events described in this " Risk Factors " section in states with a high concentration of our loan portfolio could materially and adversely affect our business, financial condition, and results of operations. For example, if interest rates in South Carolina, which currently are not capped, were to be capped, our business, financial condition, and results of operations would be materially and adversely affected. Failure of third- party service providers upon which we rely could adversely affect our operations. We rely on certain third- party service providers. In particular, we currently rely on ~~one~~ **two** key ~~vendor~~ **vendors** to print and mail our convenience check and other offers for direct mail marketing campaigns, and on certain other third- party service providers in connection with loan underwriting, origination, and servicing. Our reliance on these third parties can expose us to certain risks ~~. For example, an error by our convenience check vendor in 2015 resulted in check offers being misdirected to the wrong potential customers, requiring us in some cases to notify state regulators and to refund certain interest and fee amounts, and exposing us to increased credit risk~~ . If any of our third- party service providers, including those third parties providing services in connection with loan underwriting, origination, and servicing, are unable to provide their services timely, accurately, and effectively, or at all, it could have a material adverse effect on our business, financial condition, and results of operations and cash flows. A failure of information technology products and services on which we rely could disrupt our business. In the operation of our business, we are highly dependent upon a variety of information technology products, including our loan management system, which allows us to record, document, and manage our loan portfolio. We are party to an agreement with Nortridge pursuant to which Nortridge provides us with loan management software and related services. We have tailored the Nortridge software to meet our specific needs. To a certain extent, we depend on the willingness and ability of Nortridge to continue to provide customized solutions and to support our evolving products and business model. In the future, Nortridge may not be willing or able to provide the services necessary to meet our loan management system needs. If this occurs, we may be forced to migrate to an alternative software package, which could cause an interruption in our operations. Further, the Nortridge platform may in the future fail to perform in a manner consistent with our current expectations and may be inadequate for our needs. As we are dependent upon our ability to gather and promptly transmit accurate information to key decision makers, our business, financial condition, and results of operations may be adversely affected if our loan management system does not allow us to transmit accurate information, even for a short period of time. Failure to properly or adequately address these issues could materially impact our ability to perform necessary business operations. Further, the Nortridge platform and other third- party software vendor products and applications are subject to damage or interruption from: • power loss, computer systems failures, and internet, telecommunications, or data network failures; • operator negligence or improper operation by, or supervision of, employees; • physical and electronic loss of data or security breaches, misappropriation, and similar events; • computer viruses; • cyberterrorism; • intentional acts of vandalism and similar events; and • hurricanes, fires, floods, and other natural disasters. ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 19~~ Any failure of the Nortridge platform or any other third- party software vendor product systems due to any of these causes, if it is not supported by our disaster recovery plan, could cause an interruption in operations. Though we have implemented contingency and disaster recovery processes in the event of one or several technology failures, any unforeseen failure, interruption, or compromise of these systems or security measures could affect our origination, servicing, and collection of loans. The risk of possible failures or interruptions may not be adequately addressed, and such failures or interruptions could occur. For example, in January 2020, we experienced an information technology infrastructure event caused by a system backup that affected our ability to originate branch loans and process certain methods of payment. As a result, our loan management system was not fully operational for a total of approximately seven business days. The outage had an adverse impact on our results of operations. Although the Company, with the assistance of third- party experts, addressed and resolved the issue, there can be no assurance that a similar event will not occur in the future. We also rely on 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. We rely on Amazon Web Services **, Microsoft Azure,** and VMWare for ~~the majority of~~ our computing, storage, networking, and similar services. Any disruption of or interference with our use of the Amazon Web Services **, Microsoft Azure,** and VMWare products and services would negatively impact our operations and adversely affect our business. Amazon Web Services (" AWS ") **, Microsoft Azure,** and VMWare, Inc. (" VMWare ") provide the technology infrastructure we use to run our business operations. The technology infrastructure provided includes data center hosting facilities operated by AWS and **Microsoft Azure and** software defined data center technologies provided by VMWare. Any disruption of or interference with our use of AWS **, Microsoft Azure,** or VMWare products and services would negatively impact our operations and our business would be adversely affected. If our branches or customers encounter difficulties in accessing or are unable to access our platform, we may lose customers and revenue. Due to the nature of the AWS **, Microsoft Azure,** and VMWare products and services provided, we are unable to easily transition from these vendors to other providers, and any such transition could require business downtime that could negatively impact our business. AWS **, Microsoft Azure,** and VMWare also possess broad discretion to interpret and change their terms of services and other policies that apply to us, which may be unfavorable to our business. Our technology platforms may not meet expectations, and we may not be able to make technological improvements as quickly as some of our competitors. The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology- driven products, services, and marketing channels **, including the use of artificial intelligence and machine- learning solutions to interact with customers, sell products and services, and support and grow a customer base** . We rely on our integrated branch network as the foundation of our omni- channel platform and the primary point of contact with our active accounts. In order to serve consumers who want to reach us over the internet, we make an online loan application available on our consumer website, and we provide our customers an online customer portal, giving them online access to their account information and an electronic payment option. Our future success will depend, in part, on our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demand for convenience, as well as to create additional efficiencies in our operations. We expect that new technologies and business processes applicable to the consumer finance industry will continue to emerge, and these new technologies and business processes may be more efficient than those that we currently use. We cannot ensure that we will be able to sustain our investment in new technology, and we may not be able to effectively implement new technology- driven products and services as quickly as some of our competitors or be successful in marketing these products and services to our customers. Failure to successfully keep pace with technological change affecting the financial services industry could cause disruptions in our operations, harm our ability to compete with our competitors, and adversely affect our business, prospects, financial condition, results of operations, and liquidity. Security breaches, cyber- attacks, failures in our information systems, or fraudulent activity could result in damage to our operations or lead to reputational damage. We rely heavily on communications and information systems to conduct our business. Each branch is part of an information network that is designed to permit us to maintain adequate cash inventory, reconcile cash balances on a daily basis, and report revenues and expenses to our headquarters. Our computer systems, software, and networks may be vulnerable to breaches (including via computer hackings), unauthorized access, misuse, computer viruses, malware, phishing, employee error or malfeasance, or other failures or disruptions that could result in disruption to our business or the loss or theft of confidential information, including customer, employee, and business information. Any failure, interruption, or breach in security of these systems, including any failure of our back- up systems, hardware failures, or an inability to access data maintained offsite, could ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 20~~ result in failures or disruptions in our customer relationship management, general ledger, loan, and other systems and could result in a loss of data (including loan portfolio data), a loss of customer business, or a violation of applicable privacy and other laws, subject us to additional regulatory scrutiny, or expose us to civil litigation, possible financial liability, and other adverse consequences, any of which could have a material adverse effect on our financial condition and results of operations. Furthermore, the techniques that are used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are often difficult to detect for long periods of time. Accordingly, we may not be able to detect immediately any such breach, which may increase the losses that we would suffer. In addition, our existing insurance policies would not reimburse us for all of the damages that we might incur as a result of a breach. A security breach or cyber- attack on our computer systems could interrupt or damage our operations or harm our reputation. We have implemented systems and processes designed to protect against unauthorized access to or use of personal information, and rely on encryption and authentication technology to effectively secure transmission of confidential information, including customer bank account, credit card, and other personal information. Despite the implementation of these security measures, there is no guarantee that they are adequate to safeguard against all security breaches and our systems may still be vulnerable to data theft, computer viruses, programming errors, attacks by third parties, or similar disruptive problems. We may also face new or heightened risks related to remote work among certain of our employees and use of digital operations, both of which have become more common ~~as a result~~ **in recent years. The continued evolution and increased usage** of ~~the COVID- 19 pandemic~~ **artificial intelligence technologies may further increase our cybersecurity risks** . If we were to experience a security breach or cyber- attack, we could be required to incur substantial costs and liabilities, including, among other things, the following: • expenses to rectify the consequences of the security breach or cyber- attack; • liability for stolen assets or information; • costs of repairing damage to our systems; • lost revenue and income resulting from any system downtime caused by such breach or attack; • increased costs of ~~cyber security~~ **cybersecurity** protection; • costs of incentives we may be required to offer to our customers or business partners to retain their business; and • damage to our reputation causing customers and investors to lose confidence in our company. Further, any compromise of security or cyber- attack could deter consumers from entering into transactions that require them to provide confidential information to us. In addition, if confidential customer information or information belonging to our business partners is misappropriated from our computer systems, we could be sued by those who assert that we did not take adequate precautions to safeguard our systems and confidential data belonging to our customers or business partners, which could subject us to liability and result in significant legal fees and expenses in defending these claims. As a result, any compromise of security of our computer systems or cyber- attack could have a material adverse effect on our business, financial condition, and results of operations. As part of our business, and subject to applicable privacy laws, we may share confidential customer information and proprietary information with vendors, service providers, and business partners. The information systems of these third parties may also be vulnerable to security breaches, and we may not be able to ensure that these third parties have appropriate security controls in place to protect the information that we share with them. If our proprietary or confidential customer information is intercepted, stolen, misused, or mishandled while in possession of a third party, it could result in reputational harm to us, loss of customer business, and additional regulatory scrutiny, and it could expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition, and liquidity. Although we maintain insurance that is intended to cover certain losses from such events, there can be no assurance that such insurance will be adequate or available. Pandemics, epidemics, and similar public health crises ~~, including the emergence of new novel coronavirus (COVID- 19) variants that result in another pandemic,~~ could adversely impact our business, liquidity, financial condition, and results of operations. The COVID- 19 pandemic resulted in economic disruption and uncertainty within the United States and created significant long- term adverse social, economic, and financial effects in the United States and globally. As a result of the COVID- 19 pandemic, governmental authorities took unprecedented actions in an attempt to limit the spread of the pandemic, including social distancing requirements, stay- at- home orders, mandatory quarantines, closure of non- essential businesses, face mask mandates, and building capacity limitations. While our business was generally classified by government authorities as essential and permitted to remain open during previous government- mandated COVID- 19 business closures, we were required to temporarily close our branches in the state of New Mexico for approximately a month in 2020 when the governor issued an executive order to close non- essential ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 21~~ businesses that excluded consumer finance companies like us from the definition of " essential businesses. " We also experienced temporary closure of certain locations due to company- initiated quarantine measures. If **another public health crisis, epidemic, or pandemic arises, or** there is a resurgence of the COVID- 19 pandemic ~~, or another public health crisis, epidemic, or pandemic arises~~ , governmental authorities could impose new or similar restrictions to those imposed previously during the COVID- 19 pandemic. If a new public health crisis emerges, we could also deem it prudent to reinstate company- initiated quarantines or other restrictions. Any such government- or company- mandated restrictions could have a material and direct adverse consequence on our business. Any negative impacts to our loan growth, collections, and delinquencies caused by a future public health crisis could adversely impact our revenues and other results of operations. During the COVID- 19 pandemic, we ~~have~~ relied more heavily on online operations for customer access. Should there be a **new public health crisis, epidemic, or pandemic, or a** COVID- 19 resurgence ~~or a new public health crisis~~ , ~~epidemic, or pandemic~~ and we experience disruptions in our online operations, including our remote origination capabilities, or are unable to timely expand our remote working infrastructure in response to government or company initiated restrictions, we may be unable to timely and effectively service accounts and perform key business functions. Disruptions in our business could also result from the inability of key personnel and / or a significant portion of our workforce to fulfill their duties due to illness or restriction. We maintain business continuity plans, but there is no assurance that such plans will effectively mitigate the risks posed by any pandemic, epidemic, or similar public health crisis in the future. The extent to which any **new public health crises, epidemics, or pandemics and / or** COVID- 19 resurgence ~~and / or new public health crises, epidemics, or pandemics~~ will ultimately impact our business and financial condition will depend on future events that are difficult to forecast, including, but not limited to, the duration and severity of the event (including as a result of waves of outbreak or variant strains), the success of actions taken to contain, treat, and prevent the pathogen, and the speed at which normal economic and operating conditions return and are sustained. Centralized headquarters' functions and branch operations are susceptible to disruption by catastrophic events, which could have a material adverse effect on our business, financial condition, and results of operations. Our headquarters are in an office building located in Greer, South Carolina, a town located outside of Greenville, South Carolina. Our ~~information systems and~~ administrative and management processes are primarily provided to our branches from this centralized location. Our primary data center ~~facility~~ **facilities** ~~is~~ **are** located in Northern Virginia, and our backup data ~~center~~ **centers** ~~is~~ **are** located in Ohio. ~~These processes~~ **RMC business operations** could be disrupted if a catastrophic event, such as a tornado, power outage, or act of terror, affected Greenville, Greer, Northern Virginia, or Ohio, or the nearby areas. Severe weather events that could cause damage to our facilities or the prolonged loss of power that would disrupt our ability to provide services are occurring more frequently, and there is no guarantee that our facilities will avoid such a weather event. Any such catastrophic event (s) or other unexpected disruption of our headquarters or data center ~~facility~~ **facilities** could have a material adverse effect on our business, financial condition, and results of operations. The " decentralized " nature of our origination and servicing creates additional risks. We utilize a centralized branch structure in **certain** ~~a limited number of~~ markets with the intent that such centralized branch service our customer base; however, we conduct significant operations through our branch offices, including key parts of the underwriting process. There can be no assurance that we will be able to attract and retain qualified personnel to perform these tasks.

Inadequate staffing may result in scenarios where fraud or noncompliance with applicable law is not as readily detected, and also may result in heightened exposure to potential employee misconduct, each of which could adversely affect the quality of the loans that we originate or otherwise acquire. Our branches also serve as an important component of our ongoing servicing and collecting processes. Except for loans originated by a centralized branch and serviced at a centralized location in **certain** ~~a limited number of~~ markets, the primary responsibility for the servicing and collections process generally resides with the applicable local branch, although in the future, we may direct borrowers to remit payments through one or more lockboxes. A certain minimum level of staffing is necessary in order to ensure an adequate level of servicing and collections. For example, we seek to contact our customers soon after a loan becomes delinquent because historically, when collection efforts begin at an earlier stage of delinquency, there is a greater likelihood that the applicable personal loan will not be charged off (though there is no assurance that such historical trend will continue). Consequently, during periods of increased delinquencies, it becomes extremely important that our branches are properly staffed and trained to take appropriate action in an effort to bring delinquent balances current and ultimately avoid a loan from becoming charged off. If we are unable to attract and retain a sufficient number of qualified credit and collection personnel, it could result in increased delinquencies and credit losses on our loan portfolio. Additionally, the " decentralized " nature of our branch model may make it more difficult for us to ensure compliance with our origination, acquisition, and servicing procedures and standards than if our operations were centralized in a single location. Similarly, ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 22~~ given the " decentralized " and largely manual processing of a significant portion of payment on our loans, the possibility of delay or misdirection of payments is greater than with payments through lockboxes or electronic channels. The ability of our customers to make in- branch payments and any future inability to make in- branch payments may result in additional risks. As of December 31, ~~2022~~ **2023** , our integrated branch network consisted of ~~345~~ **346** branches across ~~18~~ **19** states. With respect to our managed portfolio of loan products, during fiscal year ~~2022~~ **2023** , approximately ~~15~~ **13** % (by dollar amount) of our loan payments were made by cash or check and received in branch, although in the future we may direct borrowers to remit payments through one or more lockboxes. Despite a recent trend in favor of payments via electronic channels, a significant number of borrowers may continue to make payments in branches, including in cash, ACH, or by debit. While we cannot estimate the percentage of borrowers without a checking account, should one or more of the branches become unavailable for any reason for the acceptance of payments, the ability to collect payments from these borrowers who would otherwise make payments at such branch may be adversely affected. Such events could result in increased delinquencies and losses on our loan portfolio. Additionally, there can be no assurance that the number of borrowers that make cash payments or payments in person at our branches in the future will not increase over current levels. In the event that such cash payments are no longer accepted, there can be no assurance that the performance of our loan portfolio would not be adversely affected, resulting in increased delinquencies and losses on our loan portfolio. Regular turnover among our managers and other employees at our branches makes it more difficult for us to operate our branches and increases our costs of operations, which could have an adverse effect on our business, financial condition, and results of operations. Our workforce is comprised primarily of employees who work on an hourly basis. In certain areas where we operate, there is significant competition for employees. In the past, we have lost employees and candidates to competitors who have been willing to pay higher compensation. Our ability to continue to expand our operations depends on our ability to attract, train, and retain a large and growing number of qualified employees. The turnover among all of our branch employees has risen in each of our most recent fiscal years, from approximately 37 % in 2019 to approximately ~~58~~ **49** % in ~~2022~~ **2023** . This turnover increases our cost of operations and makes it more difficult to operate our branches. Our account executives and assistant manager roles have historically experienced high turnover. We may not be able to retain and cultivate personnel at these ranks for future promotion to branch manager. If our employee turnover rates continue to increase or remain above historical levels or if unanticipated problems arise from our high employee turnover and we are unable to readily replace such employees, our business, results of operations, financial condition, and ability to continue to expand could be adversely affected. The departure, transition, or replacement of key personnel could significantly impact the results of our operations. If we cannot continue to hire and retain high- quality employees, our business and financial results may be negatively affected. Our future success significantly depends on the continued service and performance of our key management personnel. Competition for these employees is intense. Our operating results could be adversely affected by higher employee turnover or increased salary and benefit costs. Like most businesses, our employees are important to our success and we are dependent in part on our ability to retain the services of our key management, operational, finance, and administrative personnel. We have built our business on a set of core values, and we attempt to hire employees who are committed to these values. We want to hire and retain employees who will fit our culture of compliance and of providing exceptional service to our customers. In order to compete and to continue to grow, we must attract, retain, and motivate employees, including those in executive, senior management, and operational positions. As our employees gain experience and develop their knowledge and skills, they become highly desired by other businesses. Therefore, to retain our employees, we must provide a satisfying work environment and competitive compensation and benefits. If costs to retain our skilled employees increase, then our business and financial results may be negatively affected. Furthermore, we may not be successful in retaining the current members of our executive or senior management team or our other key employees. The loss of the services of any of our executive officers, senior management, or key team members, including state vice presidents, or the inability to attract additional qualified personnel as needed, could have an adverse effect on our business, financial condition, and results of operations. We also depend on our district supervisors to supervise, train, and motivate our branch employees. These supervisors have significant experience with our company and within our industry, and would be difficult to replace. If we lose a district supervisor to a competitor, we could also be at risk of losing other employees and customers. ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 23~~ A nationwide labor shortage may impede our ability to identify and hire new employees. The United States currently faces a pronounced labor shortage. Our business relies on branch and headquarters personnel to oversee the initiation, review, and servicing of our loan products. Without sufficient staffing, our core business functions could be interrupted, which could affect our results of operations. Further, if we are unable to identify and hire qualified personnel, we may be unable to grow our business effectively in current or new markets. Employee misconduct or misconduct by third parties acting on our behalf could harm us by subjecting us to significant legal liability, regulatory scrutiny, and reputational harm. Our reputation is critical to maintaining and developing relationships with our existing and potential customers and third parties with whom we do business. There is a risk that our employees or third- party contractors could engage in misconduct that adversely affects our business. For example, if an employee or third- party contractor were to engage — or be accused of engaging — in illegal or suspicious activities, we could be subject to regulatory sanctions and suffer serious harm to our reputation, financial condition, customer relationships, and ability to attract future customers. Employee or third- party misconduct could prompt regulators to allege or to determine, based upon such misconduct, that we have not established adequate supervisory systems and procedures to inform employees of applicable rules or to detect and deter violations of such rules. It is not always possible to deter employee or third- party misconduct, and the precautions we take to detect and prevent misconduct may not be effective in all cases. Misconduct by our employees or third- party contractors, or even unsubstantiated allegations, could result in a material adverse effect on our reputation and our business. Security breaches in our branches or acts of theft, fraud, or violence could adversely affect our financial condition and results of operations. A portion of our account payments occur at our branches, either in person or by mail, and often consist of cash payments, which we deposit at local banks each day. This business practice exposes us daily to the potential for employee theft of funds or, alternatively, to theft and burglary due to the cash we maintain in our branches. Despite controls and procedures to prevent such losses, we have sustained losses due to employee theft and fraud (including collusion), including from the origination of fraudulent loans. We are also susceptible to break- ins at our branches, where money or customer records necessary for day- to- day operations (which also contain extensive confidential information about our customers, including financial and personally identifiable information) could be taken. A breach in the security of our branches or in the safety of our employees could result in employee injury, loss of funds or records, and adverse publicity, and could result in a loss of customer business or expose us to additional regulatory scrutiny and penalties, civil litigation, and possible financial liability, any of which could have a material adverse effect on our reputation, financial condition, and results of operations. Our branch offices have physical customer records necessary for day- to- day operations that contain extensive confidential information about our customers, including financial and personally identifiable information. The loss or theft of customer information and data from branch offices or other storage locations could subject us to additional regulatory scrutiny and penalties, and could expose us to civil litigation and possible financial liability, which could have a material adverse effect on our business, financial condition, and results of operations. Our risk management efforts may not be effective. We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, and other market- related risks, as well as regulatory and operational risks related to our business, assets, and liabilities. Our risk management policies, procedures, and techniques may not be sufficient to identify all of the risks we are exposed to, mitigate the risks we have identified, or identify additional risks to which we may become subject in the future. We may be unsuccessful in maintaining effective internal controls over financial reporting and disclosure controls and procedures. Controls and procedures are particularly important for consumer finance companies. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud or material error. Any system of controls, however well- designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurance that the objectives of the system are met. Section 404 of the Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act ") requires management of public companies to develop and implement internal controls over financial reporting and evaluate the effectiveness thereof. Under standards established by the Public Company Accounting Oversight Board, a material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting. Any failure to maintain current internal controls or implement required new or improved controls, or difficulties encountered in their maintenance and / or implementation, could cause us to fail to meet our reporting obligations. If material weaknesses or significant deficiencies in our internal control over financial reporting are discovered or occur in the future or if our controls and procedures fail or are circumvented, our consolidated financial statements may contain material misstatements, we could be required to restate our financial results, we may be unable to produce accurate and timely financial statements, and we may be unable to maintain compliance with applicable stock exchange listing requirements, any of which could have a material adverse effect on our business, results of operations, financial condition, and stock price. The discovery of a material weakness and the disclosure of that fact, even if quickly remediated, could reduce the market value of shares of our common stock. Additionally, the existence of any material weakness or significant deficiency requires management to devote significant time and incur significant expense to remediate any such material weaknesses or significant deficiency, and management may not be able to remediate any such material weaknesses or significant deficiency in a timely manner. Undetected material weaknesses in our internal controls could lead to financial statement restatements, which could have a material adverse effect on our business, financial condition, and results of operations. If our estimate of allowance for credit losses is not adequate to absorb actual losses, our provision for credit losses would increase, which would adversely affect our results of operations. We maintain an allowance for credit losses for all loans we make. To estimate the appropriate level of credit loss reserves, we consider known and relevant internal and external factors that affect loan collectability, including the total amount of loans outstanding; delinquency levels, roll rates, and trends; historical credit losses; our current collection patterns; and economic trends. Our methodology for establishing our allowance for credit losses is based on models (probability of default, loss given default), our historical loss experience, and estimates of future macroeconomic environments. If customer behavior changes because of economic, political, social, or other conditions and if we are unable to predict how the unemployment rate and general economic uncertainty may affect our credit loss allowance, our provision for credit losses may be inadequate. As of December 31, ~~2021, our allowance for credit losses was $ 159. 3 million, and we had net credit losses of $ 130. 1 million during fiscal year 2022 that related to our portfolio as of December 31, 2021. As of December 31,~~ 2022, our allowance for credit losses was $ 178. 8 **million, and we had net credit losses of $ 181. 8 million during fiscal year 2023 that related to our portfolio as of December 31, 2022. The increase in net credit losses related to the December 31, 2022 portfolio was the result of sustained macroeconomic stress on our customers related to elevated inflation and interest rates during 2023. As of December 31, 2023, our allowance for credit losses was $ 187. 4** million. Maintaining the adequacy of our allowance for credit losses may require significant and unanticipated changes in our provisions for credit losses, which would materially affect our results of operations. Our allowance for credit losses, however, is an estimate, and if actual credit losses are materially greater than our credit loss allowance, our financial condition and results of operations could be adversely affected. Neither state regulators nor federal regulators regulate our allowance for credit losses. If assumptions or estimates we use in preparing our financial statements are incorrect or are required to change, our reported results of operations and financial condition may be adversely affected. We are required to use certain assumptions and estimates in preparing our financial statements under U. S. Generally Accepted Accounting Principles (" GAAP "), including in determining allowances for credit losses, the fair value of financial instruments, asset impairment, reserves related to litigation and other legal matters, the fair value of share- based compensation, and other taxes and regulatory exposures. In addition, significant assumptions and estimates are involved in determining certain disclosures required under GAAP, including those involving the fair value of our financial instruments. If the assumptions or estimates underlying our financial statements are incorrect, the actual amounts realized on transactions and balances subject to those estimates will be different, and this could have a material adverse effect on our results of operations and financial condition. In addition, the Financial Accounting Standards Board (" FASB ") may from time- to- time review or propose changes to financial accounting and reporting standards that govern key aspects of our financial statements, including areas where assumptions or estimates are required. As a result of any changes to financial accounting or reporting standards, whether promulgated or required by the FASB or other regulators, we could be required to change certain of the assumptions or estimates we previously used in preparing our financial statements, which could negatively impact how we record and report our results of operations and financial condition generally. For additional information on the key areas for which assumptions and estimates are used in preparing our financial statements, see Part II, Item 7, " Management' s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies " and Note 2, " Significant Accounting Policies, " of the Notes to Consolidated Financial Statements in Part II, Item 8, " Financial Statements and Supplementary Data. " ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 25~~ We depend to a substantial extent on borrowings under our senior revolving credit facility to fund our liquidity needs. ~~We have a~~ **As of December 31, 2023, our** senior revolving credit facility **was** committed through September 2024 ~~that~~ **and** ~~allows~~ **allowed** us to borrow up to $ 420. 0 million **. The amount outstanding thereunder was $ 195. 5 million ($ 194. 0 million of outstanding debt and $ 1. 5 million of interest payable) as of December 31** , ~~assuming~~ **2023, and** we ~~are in compliance~~ **had $ 226. 0 million of unused capacity on the credit facility (subject to certain covenants and conditions) at that time. During fiscal 2023, the maximum amount of borrowings outstanding under the facility at any one time was $ 227. 6 million. In February 2024, we extended the facility to September 2025** with ~~a number of covenants and conditions~~ **$ 355. 0 million committed** . The senior revolving credit facility is collateralized by certain of our assets, including substantially all of our finance receivables (other than those held by certain special purpose entities (each, an " SPE "), as described below) and equity interests of the majority of our subsidiaries. ~~As of December 31, 2022, the amount outstanding under our senior revolving credit facility was $ 147. 5 million ($ 146. 4 million of outstanding debt and $ 1. 2 million of interest payable) and we had $ 273. 6 million of unused capacity on the credit facility (subject to certain covenants and conditions). During fiscal 2022, the maximum amount of borrowings outstanding under the facility at any one time was $ 213. 3 million.~~ We use our senior revolving credit facility as a source of liquidity, including for working capital and to fund the loans we make to our customers. If our existing sources of liquidity become insufficient to satisfy our financial needs or our access to these sources becomes unexpectedly restricted, we may need to try to raise additional capital in the future. If such an event were to occur, we can give no assurance that such alternate sources of liquidity would be available to us on favorable terms or at all. In addition, we cannot be certain that we will be able to replace the senior revolving credit facility when it matures on favorable terms or at all. If any of these events occur, our business, financial condition, and results of operations could be adversely affected. The credit agreements governing our debt contain restrictions and limitations that could affect our ability to operate our business. The credit agreements governing our senior revolving credit facility and revolving warehouse credit facilities contain a number of covenants that could adversely affect our business and our flexibility to respond to changing business and economic conditions or opportunities. Among other things, these covenants limit our ability to: • incur or guarantee additional indebtedness; • purchase loan portfolios in bulk; • pay dividends or make distributions on our capital stock or make certain other restricted payments; • sell assets, including our loan portfolio or the capital stock of our subsidiaries; • enter into transactions with our affiliates; • create or incur liens; and • consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets. The credit agreements also impose certain obligations on us relating to our underwriting standards, recordkeeping and servicing of our loans, and our loss reserves and charge- off policies, and they require us to maintain certain financial ratios, including an interest coverage ratio. If we were to breach any covenants or obligations under our credit agreements and such breaches were to result in an event of default, our lenders could cause all amounts outstanding to become due and payable, subject to applicable grace periods. An event of default in any one credit agreement could also trigger cross- defaults under other existing and future credit agreements and other debt instruments, and materially and adversely affect our financial condition and ability to continue operating our business as a going concern. Our securitizations may expose us to financing and other risks, and there can be no assurance that we will be able to access the securitization market in the future, which may require us to seek more costly financing. As of December 31, ~~2022~~ **2023** , we have completed nine securitizations, and we may in the future securitize certain of our finance receivables to generate cash to originate new finance receivables or to pay our outstanding indebtedness. In such transactions, we typically convey a pool of finance receivables to a special purpose entity, which, in turn, conveys the finance receivables to a trust (the issuing entity). Concurrently, the issuing entity issues non- recourse notes or certificates pursuant to the terms of an indenture and / or amended and restated trust agreement, which then are transferred to the special purpose entity in exchange for the finance receivables. The securities issued by the issuing entity are secured by the pool of finance receivables. In exchange for the transfer of finance receivables to the issuing entity, we typically receive the cash proceeds from the sale of the securities issued by the issuing entity, all residual interests, if any, in the cash flows from the finance receivables after payment of the securities, and a 100 % beneficial interest in the issuing entity. Although we successfully completed securitizations during the past five years, we can give no assurances that we will be able to complete additional securitizations, including if, for example, the securitization markets become constrained or events within the Company cause investors to lack confidence in our ability to fulfill our obligations as servicer with respect to the securitizations. ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 26~~ Further, the value of any subordinated securities that we may retain in our securitizations might be reduced or, in some cases, eliminated as a result of an adverse change in economic conditions or other factors. Regional Management Corp. currently acts as the servicer (in such capacity, the " Servicer ") with respect to each securitization. If the Servicer defaults in its servicing obligations, an early amortization event could occur under each securitization and the Servicer could be replaced as servicer. Servicer defaults include, but are not limited to, the failure of the Servicer to make any payment, transfer, or deposit in accordance with applicable securitization documents; breaches of representations, warranties, or certifications made by the Servicer under applicable securitization documents; and the occurrence of certain insolvency events with respect to the Servicer. Such an early amortization event could have materially adverse consequences on our liquidity and cost of funds. Rating agencies may also affect our ability to execute a securitization transaction or increase the costs we expect to incur from executing securitization transactions, not only by deciding not to issue ratings for our securitization transactions, but also by altering the processes and criteria they follow in issuing ratings. Rating agencies could alter their ratings processes or criteria after we have accumulated finance receivables for securitization in a manner that effectively reduces the value of those finance receivables by increasing our financing costs or otherwise requiring that we incur additional costs in order to comply with those processes and criteria. We have no ability to control or predict what actions the rating agencies may take. Further, other matters, such as (i) accounting standards applicable to securitization transactions and (ii) capital and leverage requirements applicable to banks and other regulated financial institutions holding asset- backed securities, could result in decreased investor demand for securities issued through our securitization transactions or increased competition from other institutions that undertake securitization transactions. In addition, compliance with certain regulatory requirements, including the Dodd- Frank Act, may affect the type of securitization transactions that we are able to complete. An inability to consummate further securitization transactions on terms similar to our existing securitization transactions, or at all, could require us to seek more costly financing and / or have a material adverse effect on our business, financial condition, and results of operations. We may be required to indemnify, or repurchase certain finance receivables from, purchasers of finance receivables that we have sold or securitized, or which we will sell or securitize in the future, if our finance receivables fail to meet certain criteria or characteristics or under other circumstances, which could adversely affect our results of operations, financial condition, and liquidity. We have entered into certain financing arrangements, including revolving warehouse credit facilities and securitizations, which are secured by certain retail installment contracts and promissory notes (the " Receivables "). We have securitized Receivables as follows: June 2018 (approximately $ 168. 5 million); December 2018 (approximately $ 135. 5 million); October 2019 (approximately $ 144. 5 million); September 2020 (approximately $ 187. 5 million); February 2021 (approximately $ 260. 4 million); July 2021 (approximately $ 208. 3 million); October 2021 (approximately $ 147. 1 million); February 2022 (approximately $ 264. 6 million); and October 2022 (approximately $ 232. 6 million). The securitizations from June 2018, December 2018, and October 2019 have been redeemed and are no longer outstanding. Our operating subsidiaries originated the Receivables and subsequently transferred the Receivables to certain of our wholly- owned subsidiaries that were established for the special purpose of entering into the financing arrangements and the respective securitizations. The documents governing our financing arrangements and securitizations contain provisions that require us to repurchase the affected Receivables under certain circumstances. While our financing and securitization documents vary, they generally contain customary provisions that require us and the special purpose entities to make certain representations and warranties about the quality and nature of the Receivables. Together with the special purpose entities, we may be required to repurchase the Receivables if a representation or warranty is later determined to be inaccurate. In such a case, we will be required to pay a repurchase price for the release of the affected Receivables. We believe that many purchasers of loans and other counterparties to transactions like those provided for in the revolving warehouse credit facilities, the securitizations, and other similar transactions are particularly aware of the conditions under which originators or sellers of such finance receivables must indemnify for or repurchase finance receivables, and may benefit from enforcing any available repurchase remedies. If we are required to repurchase Receivables that we have sold or pledged, it could adversely affect our results of operations, financial condition, and liquidity. ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 27~~ We are subject to interest rate risk resulting from general economic conditions and policies of various governmental and regulatory agencies. Interest rate risk arises from the possibility that changes in interest rates will affect our results of operations and financial condition. Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies, in particular, the Federal Reserve Board. **The** ~~In response to elevated inflation, the~~ Federal Reserve Board has increased interest rates **materially** ~~eight times~~ since ~~early~~ 2022 ~~, with federal funds rates rising from a range of 0. 00 %- 0. 25 %~~ in ~~early 2022~~ **an effort** to ~~4~~ **combat elevated inflation** . **It remains uncertain what actions the** ~~50 %- 4. 75 % in February 2023. The~~ Federal Reserve Board **may take in 2024** ~~has indicated that it will raise rates further if deemed necessary to combat continued inflation growth~~ . Furthermore, market conditions or regulatory restrictions on interest rates we charge may prevent us from passing any increases in interest rates along to our customers. We originate finance receivables at either prevailing market rates or at statutory limits. Subject to statutory limits, our ability to react to changes in prevailing market rates is dependent upon the speed at which our customers pay off or renew loans in our existing loan portfolio, which allows us to originate new loans at prevailing market rates. Because our large loans have longer maturities than our small loans and typically renew at a slower rate than our small loans, the rate of turnover of the loan portfolio may change as our large loans change as a percentage of our portfolio. In addition, ~~rising~~ **elevated** interest rates ~~will~~ increase our cost of capital by influencing the amount of interest we pay on our senior revolving credit facility, our revolving warehouse credit facilities, or any other floating interest rate obligations that we may incur, which would increase our operating costs and decrease our operating margins. Interest payable on our senior revolving credit facility and our revolving warehouse credit facilities is variable and could increase in the future. For additional information, see Part II, Item 7A, " Quantitative and Qualitative Disclosures About Market Risk. " ~~Replacement of LIBOR as the basis on which our variable rate debt is calculated may harm our cost of capital, financial results, and cash flows. In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. In March 2021, the Intercontinental Exchange Benchmark Administration, the administrator of LIBOR, announced that it will cease publication of U. S. dollar LIBOR tenors as of June 30, 2023 for the most common tenors, and it has already ceased publication of U. S. dollar LIBOR tenors for less common tenors. As a replacement rate, many lenders are using the Secured Overnight Financing Rate (" SOFR "). In September 2022, we amended and restated our senior, RMR II warehouse, and RMR IV warehouse revolving credit facilities, transitioning the benchmark rate for the calculation of interest with a forward- looking term rate from LIBOR to SOFR, effective on October 1, 2022. SOFR is a relatively new reference rate and has a very limited history. The future performance of SOFR cannot be predicted based on its limited historical performance. Since the initial publication of SOFR in April 2018, changes in SOFR have, on occasion, been more volatile than changes in other benchmark or market rates, such as U. S. dollar LIBOR. Additionally, any successor rate to SOFR under our credit facilities may not have the same characteristics as SOFR or LIBOR. As a result, the consequences of the phase- out of LIBOR cannot be entirely predicted at this time.~~ Our use of derivatives exposes us to credit and market risk. From time to time, we **may** enter into derivative transactions for economic hedging purposes, such as managing our exposure to interest rate risk. By using derivative instruments, we are exposed to credit and market risk, including the risk of loss associated with variations in the spread between the asset yield and the funding and / or hedge cost, default risk, and the risk of insolvency or other inability of the counterparty to a particular derivative transaction to perform its obligations. For additional information, see Part II, Item 7A, " Quantitative and Qualitative Disclosures About Market Risk. " Macroeconomic conditions could have a material adverse effect on our business, financial position, results of operations, and cash flows, and may increase loan defaults and affect the value and liquidity of your investment. We are not insulated from the pressures and potentially negative consequences of financial crises and similar risks beyond our control that have in the past and may in the future affect the capital and credit markets, the broader economy, the financial services industry, or the segment of that industry in which we operate. Our financial performance generally, and in particular the ability of our borrowers to make payments on outstanding loans, is highly dependent upon the business and economic environments in the markets where we operate and in the United States as a whole. The U. S. economy is undergoing a period of rapid change and significant uncertainty. Elevated inflation **and** ~~, increasing~~ interest rates, ~~and~~ **as well as** changing U. S. consumer spending patterns are contributing to this change and uncertainty. Inflation hit a 40- year high in June 2022 at 9. 1 % ~~,~~ **.** ~~while~~ **While** the U. S. annual inflation rate was ~~6~~ **3** . ~~5~~ **4** % for the twelve months ended December 31, ~~2022~~ **2023 ,** ~~. In response to Regional Management Corp. | 2022 Annual Report on Form 10- K | 28 elevated~~ inflation ~~,~~ **remains above** the **Federal Reserve Board' s target of 2. 0 %. The** Federal Reserve Board has increased ~~interest~~ rates **materially** ~~eight times~~ since ~~early~~ 2022 ~~, with federal funds rates rising from a range of 0. 00 %- 0. 25 %~~ in ~~early 2022~~ **an effort** to ~~4~~ **combat elevated inflation** . **It remains uncertain what actions the** ~~50 %- 4. 75 % in February 2023. The~~ Federal Reserve Board ~~has indicated~~ **may take in 2024, and there is no guarantee** that ~~it will~~ **the Federal Reserve Board may not** raise **interest** rates further **in the future depending on economic conditions** ~~if deemed necessary to combat continued inflation growth~~ . The ~~recent increases in~~ **elevated levels of** inflation and interest rates are changing lending and spending patterns, leading to fears that the U. S. is currently experiencing (or may soon experience) an economic downturn or period of slow economic growth. During an economic downturn or recession, credit losses in the financial services industry generally increase and demand for credit products often decreases. Declining asset values, defaults on consumer loans, and the lack of market and investor confidence, as well as other factors, all combine to decrease liquidity during an economic downturn. As a result of these factors, some banks and other lenders have suffered significant losses during economic downturns, and the strength and liquidity of many financial institutions worldwide weakened during the most recent economic crisis. Additionally, during an economic downturn, our loan servicing costs and collection costs may increase as we may have to expend greater time and resources on these activities. Our underwriting criteria, policies and procedures, and product offerings may not sufficiently protect our growth and profitability during a sustained period of economic downturn or recession. Any renewed economic downturn will adversely affect the financial resources of our customers and may result in the inability of our customers to make principal and interest payments on, or refinance, the outstanding debt when due. Should economic conditions worsen, they may adversely affect the credit quality of our loans. In the event of increased default by borrowers under the loans, and / or a decrease in the volume of the loans we originate, our business, financial condition, and results of operations could be adversely affected. Failure to maintain, protect, and promote our brand may harm our business. Maintaining, protecting, and promoting our brand is critical to our attracting and retaining customers, investors, and employees. Harm to our brand can arise from many sources, including employee misconduct,

misconduct by outsourced service providers or other counterparties, litigation or regulatory actions, failure by us to meet minimum standards of service and quality, inadequate protection of customer information, and compliance failures. Recently, financial services companies have been experiencing increased reputational risk as consumers take issue with certain of their practices. Negative publicity regarding our company (or others engaged in a similar business or activities), whether or not accurate, may damage our reputation, which could have a material adverse effect on our business, financial condition, and results of operations. Many of our stakeholders possess increased interest in our environmental, social, and governance responsibilities. Our absolute and relative progress, or lack thereof, on environmental, social, and governance matters, along with our disclosure (or lack of disclosure) related thereto, could impact our reputation, brand, and the willingness of individuals and institutions to hold our common stock. If we do not successfully maintain, protect, and promote our brand, we may be unable to maintain and / or expand our customer and / or investor base, which may materially harm our business. Risks Related to Regulation and Legal Proceedings Our business products and activities are strictly and comprehensively regulated at the local, state, and federal levels. The consumer finance industry is extensively regulated by federal, state, and local consumer protection laws and regulations, including consumer protection laws and regulations relating to the creation, collection, and enforcement of consumer contracts, such as consumer loans. Personal loans that do not comply with consumer protection laws may not be enforceable against the borrowers of those loans. These laws and regulations impose significant costs and limitations on the way we conduct and expand our business, and these costs and limitations may increase in the future if such laws and regulations are changed. These laws and regulations govern or affect, among other things: • the interest rates and manner of calculating such rates that we may charge customers; • terms of loans, including fees, maximum amounts, and minimum durations; • origination practices; • disclosure requirements, including posting of fees; • solicitation and advertising practices; • currency and suspicious activity reporting; • recording and reporting of certain financial transactions; • privacy of personal customer information; ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 29~~ • the types of products and services that we may offer; • servicing and collection practices; • approval of licenses; and • locations of our branches. Due to the highly regulated nature of the consumer finance industry, we are required to comply with a wide array of federal, state, and local laws and regulations that affect, among other things, the manner in which we conduct our origination and servicing operations. These laws and regulations directly impact our business and require constant compliance, monitoring, and internal and external audits. Although we have an enterprise- wide compliance framework structured to continuously evaluate our activities, compliance with applicable law is costly and may create operational constraints. At a federal level, these laws and their implementing regulations include, among others, the Truth in Lending Act and Regulation Z, the Consumer Financial Protection Act, the Equal Credit Opportunity Act and Regulation B, the Fair Credit Reporting Act and Regulation V, as amended by the Fair and Accurate Credit Transactions Act, the Gramm- Leach- Bliley Act, the Electronic Funds Transfer Act and Regulation E, the Federal Trade Commission Act, the Servicemembers Civil Relief Act, the Military Lending Act, the Fair Debt Collection Practices Act and Regulation F, and the Telephone Consumer Protection Act, and requirements related to unfair, deceptive, or abusive acts or practices ~~. Additionally, in response to the COVID- 19 pandemic, the Coronavirus Aid, Relief, and Economic Security Act (the " CARES Act ") was signed into law on March 27, 2020~~ . Many states and local jurisdictions have consumer protection laws analogous to, or in addition to, those listed above, such as usury laws and state debt collection practices laws that apply to first-party lenders. These laws affect how loans are made, enforced, and collected. The U. S. government and states may pass new laws, or may amend existing laws, to further regulate the consumer finance industry, installment loans, or to reduce the finance charges or other fees applicable to personal loans. Federal and state consumer protection laws impose requirements, including licensing requirements, and place restrictions on creditors in connection with extensions of credit and collections on personal loans and protection of sensitive customer data obtained in the origination and servicing thereof. Personal loans that do not comply with consumer protection laws may not be valid or enforceable under their terms against the borrowers of those loans. ~~Additionally, the CARES Act includes various provisions, such as requirements affecting credit reporting designed to protect customers.~~ The federal and state consumer protection laws, rules, and regulations applicable to the solicitation and advertising for, underwriting of, granting, servicing, and collection of personal loans, and the protection of sensitive customer data, frequently provide for administrative penalties, as well as civil (and in some cases, criminal) liability resulting from their violation. An administrative proceeding or litigation relating to one or more allegations or findings of the violation of such laws by us could result in modifications to our methods of doing business, which could impair our ability to originate or otherwise acquire new loans or collect on our loan portfolio or result in us having to pay damages and / or cancel the balance or other amount owing under the loan associated with such violations. Our loans are subject to generally standard documentation. Thus, many borrowers may be similarly situated in so far as the provisions of their respective contractual obligations are concerned. Accordingly, allegations of violations of the provisions of applicable federal or state consumer protection laws could potentially result in a large class of claimants asserting claims against us. There is no assurance that such claims will not be asserted against us in the future. Changes to statutes, regulations, or regulatory policies, including the interpretation, implementation, and enforcement of statutes, regulations, or policies, could affect us in substantial and unpredictable ways, including limiting the types of financial services and products that we may offer and increasing the ability of competitors to offer competing financial services and products. Compliance with laws and regulations requires us to invest increasingly significant portions of our resources in compliance planning and training, monitoring tools, and personnel, and requires the time and attention of management. These costs divert capital and focus away from efforts intended to grow our business. Because these laws and regulations are complex and often subject to interpretation, or because of a result of unintended errors, we may, from time to time, inadvertently violate these laws, regulations, and policies, as each is interpreted by our regulators. If we do not successfully comply with laws, regulations, or policies, we could be subject to fines, penalties, lawsuits, or judgments, our compliance costs could increase, our operations could be limited, and we may suffer damage to our reputation. If more restrictive laws, rules, and regulations are enacted or more restrictive judicial and administrative interpretations of current laws are issued, compliance with the laws could become more expensive or difficult. Furthermore, changes in these laws and regulations could require changes in the way we conduct our business, and we cannot predict the impact such changes would have on our profitability. Our primary regulators are the state regulators for the states in which we operate. We operate each of our branches under licenses granted to us by these state regulators. State regulators may enter our branches and conduct audits of our records and practices at any time, with or without notice. If we fail to observe, or are not able to comply with, applicable legal requirements, we may be forced to discontinue certain product offerings, which could adversely affect our business, financial condition, and results of operations. In addition, violation of these laws and regulations could result in fines and other civil and / or criminal penalties, including the suspension or revocation of our branch licenses, rendering us unable to operate in one or more locations. All of the states in which we operate have laws governing the interest rates and fees that we can charge and required disclosure statements, among other restrictions. Violation of these laws could involve penalties requiring the forfeiture of principal and / or interest and fees that we have charged. Depending on the nature and scope of a violation, fines and other penalties for noncompliance of applicable requirements could be significant and could have a material adverse effect on our business, financial condition, and results of operations. While we believe that we maintain all material licenses and permits required for our current operations and are in substantial compliance with all applicable federal, state, and local laws and regulations, we may not be able to maintain all requisite licenses and permits, and the failure to satisfy those and other regulatory requirements could have a material adverse effect on our operations. In addition, changes in laws or regulations applicable to us could subject us to additional licensing, registration, and other regulatory requirements in the future or could adversely affect our ability to operate or the manner in which we conduct business. Licenses to open new branches are granted in the discretion of state regulators. Accordingly, licenses may be denied unexpectedly or for reasons outside of our control. This could hinder our ability to implement our business plans in a timely manner or at all. As we enter new markets and develop new products and services, we may become subject to additional local, state, and federal laws and regulations. For example, although we intend to expand into new states or markets, we may encounter unexpected regulatory or other difficulties in these new states, including as they relate to securing the necessary licenses to operate, which may inhibit our growth. As a result, we may not be able to successfully execute our strategies to grow our revenue and earnings. We are also subject to potential enforcement, supervision, or other actions that may be brought by state attorneys general or other state enforcement authorities and other governmental agencies. For example, the CFPB, state and federal banking regulators, state attorneys general, the Federal Trade Commission, the U. S. Department of Justice, and federal government agencies have imposed sanctions on consumer loan originators for practices including, but not limited to, charging borrowers excessive fees, steering borrowers to loans with higher costs or more onerous terms, imposing higher interest rates than the borrower' s credit risk warrants, failing to disclose material terms of loans to borrowers, and otherwise engaging in discriminatory or unfair lending practices or unfair, deceptive, or abusive acts or practices. While we believe we are in substantial compliance with all applicable federal, state, and local laws and regulations, a contrary determination by a regulator, and any resulting action, could subject us to civil money penalties, customer remediation, and increased compliance costs, as well as damage to our reputation and brand and could limit or prohibit our ability to offer certain products and services or engage in certain business practices. Additionally, Congress, the states, and regulatory agencies could further regulate the consumer credit industry in ways that make it more difficult for us to conduct business. Further, changes in the regulatory application or judicial interpretation of the laws and regulations applicable to financial institutions also could impact the manner in which we conduct our business. The regulatory environment in which financial institutions operate has become increasingly complex and robust, and following the financial crisis of 2008, supervisory efforts to apply relevant laws, regulations, and policies have become more intense. Any of the events described above could have a material adverse effect on all aspects of our business, financial condition, and results of operations. We may become involved in investigations, examinations, and proceedings by government and self- regulatory agencies, which may result in material adverse consequences to our business, financial condition, and results of operations. From time to time, we may become involved in formal and informal reviews, investigations, examinations, proceedings, and information- gathering requests by federal and state government and self- regulatory agencies. Should we become subject to such an investigation, examination, or proceeding, the matter could result in material adverse consequences to us, including, but not limited to, increased compliance costs, adverse judgments, significant settlements, fines, penalties, injunction, or other actions. Changes in laws and regulations or interpretations of laws and regulations could negatively impact our business, financial condition, and results of operations. The laws and regulations directly affecting our lending activities are constantly under review and are subject to change. In addition, consumer advocacy groups and various other media sources continue to advocate for governmental and regulatory action to prohibit or severely restrict various financial products, including the loan products we offer. Any changes in such laws and regulations, or the implementation, interpretation, or enforcement of such laws and regulations, could force us to modify, suspend, or cease part or, in the worst case, all of our existing operations. It is also possible that the scope of federal regulations could change or expand in such a way as to preempt what has traditionally been state law regulation of our business activities. The enactment of one or more of such regulatory changes could materially and adversely affect our business, results of operations, and prospects. State and federal legislatures and regulators may also seek to impose new requirements or interpret or enforce existing requirements in new ways. Changes in current laws or regulations or the implementation of new laws or regulations in the future may restrict our ability to continue our current methods of operation or expand our operations. For example, in 2019, bills were introduced to Congress that sought to prohibit the practice of directly mailing convenience checks to potential borrowers and extend the Military Lending Act' s consumer protections to all consumers, including a 36 percent interest rate cap on all consumer loans. Similarly, in July 2021, the Veterans and Consumers Fair Credit Act was introduced in the Senate seeking to amend the Truth in Lending Act to effectively extend to all consumers the 36 % interest rate cap that is currently only applicable to servicemembers and certain dependents under the Military Lending Act. While these bills have not become law, if similar bills were ultimately to become law, such legislation could materially and adversely affect our business, results of operations, and prospects. Additionally, new laws and regulations could subject us to liability for prior operating activities or lower or eliminate the profitability of operations going forward by, among other things, reducing the amount of interest and fees we charge in connection with our loans or limiting the types of insurance and other ancillary products that we may offer to our customers. If these or other factors lead us to close our branches in a state, in addition to the loss of net revenues attributable to that closing, we would incur closing costs such as lease cancellation payments and we would have to write off assets that we could no longer use. If we were to suspend rather than permanently cease our operations in a state, we would also have continuing costs associated with maintaining our branches and our employees in that state, with little or no revenues to offset those costs. In addition to state and federal laws and regulations, our business is subject to various local rules and regulations, such as local zoning regulations. Local zoning boards and other local governing bodies have been increasingly restricting the permitted locations of consumer finance companies. Any future actions taken to require special use permits for or impose other restrictions on our ability to provide products could adversely affect our ability to expand our operations or force us to attempt to relocate existing branches. If we were forced to relocate any of our branches, in addition to the costs associated with the relocation, we may be required to hire new employees in the new areas, which may adversely impact the operations of those branches. Relocation of an existing branch may also hinder our collection abilities, as our business model relies in part on the location of our branches being close to where our customers live in order to successfully collect on outstanding loans. Changes in laws or regulations may have a material adverse effect on all aspects of our business in a particular state and on our overall business, financial condition, and results of operations, including our ability to generate new loans and the manner in which existing loans are serviced and collected. Financial regulatory reform has created uncertainty and could negatively impact our business, financial condition, and results of operations. In response to the financial crisis in 2008, the Dodd- Frank Act was signed into law on July 21, 2010. The Dodd- Frank Act requires the creation of new federal regulatory agencies and grants additional authorities and responsibilities to existing regulatory agencies to identify and address emerging systemic risks posed by the activities of financial services firms. The Dodd- Frank Act also provides for enhanced regulation of derivatives and mortgage- backed securities offerings, restrictions on executive compensation, and enhanced oversight of credit rating agencies. The Dodd- Frank Act also limits the ability of federal laws to preempt state and local consumer laws. Additionally, the Dodd- Frank Act established the CFPB, as a consumer protection regulator tasked with regulating consumer financial services and products. Since its creation, the CFPB has been the subject of lawsuits challenging its authority. Currently of note, ~~a writ of certiorari has been filed with the U. S. Supreme Court in~~ the case of Community Financial Services Association of America, Limited v. Consumer Financial Protection Bureau, which involves whether the Fifth Circuit Court of Appeals erred in holding that the statute providing funding to the CFPB violates the appropriations clause of the Constitution **, is awaiting decision by the U. S. Supreme Court** . There have also been legislative proposals in Congress from time to time seeking to significantly reform the CFPB’ s structure, authority, and / or mandate. As a result of these judicial and legislative actions, there is, and will continue to be, uncertainty regarding the future of the CFPB and the impact on the lending markets. The Dodd- Frank Act impacts the offering, marketing and regulation of consumer financial products and services offered by financial institutions. The CFPB has supervision, examination, and enforcement authority over the consumer financial products and services offered by certain non- depository institutions and large insured depository institutions. For example, the CFPB may establish supervisory authority over a nonbank covered entity that it has reasonable cause to determine is engaging, or has engaged, in conduct that poses risks to consumers. The CFPB also has broad rulemaking and enforcement authority over providers of credit, ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 32~~ savings, and payment services and products and authority to prevent “ unfair, deceptive or abusive ” practices. The CFPB has the authority to write regulations under federal consumer financial protection laws, and to enforce those laws against and examine large financial institutions for compliance. ~~For example~~ **On March 7** , **2023,** ~~the Dodd- Frank Act gives~~ the CFPB **provided the Company with notice that it sought to establish** supervisory authority over ~~entities~~ **the Company pursuant to section 1024 (a) (1) (C) of the Consumer Financial Protection Act of 2010. Under** that **provision** ~~are designated by rule as “ larger participants ” in certain financial services markets~~ , ~~and~~ the CFPB **may establish supervisory authority over any non- bank covered person** ~~contemplates regulating the traditional installment lending industry in which we participate as part of the “ consumer credit and related activities ” market. In the past, the CFPB has indicated~~ that it ~~may~~ **has reasonable cause to determine is engaging, or has engaged,** in **conduct that poses risks to consumers with regard to** the **offering or provision of consumer financial products or services** ~~future issue a proposed rule defining larger participants in the installment lending market~~ . ~~While~~ **The Company responded to the Notice by voluntarily consenting to** the CFPB ~~has not yet issued~~ **’ s supervisory authority and entering into** a **Consent Agreement dated January 4** ~~“ larger participant ” rule applicable to our company~~ , **2024** ~~certain CFPB commentary has suggested that the CFPB may issue a proposed rule defining larger participants to include installment lending industry participants such as our company~~ . **Pursuant** ~~If in the future we are covered by a final larger participant rule for the installment lending market, we could become subject~~ to **the Consent Agreement and** related CFPB **order,** ~~supervision and examination. In addition to the Dodd- Frank Act’ s grant of regulatory powers to~~ the CFPB **will have supervisory** ~~, the Dodd- Frank Act gives the CFPB~~ authority **over the Company** ~~to pursue administrative proceedings or litigation~~ for ~~violations~~ **a period** of ~~federal consumer financial laws. The CFPB is also authorized to~~ **two years ending January 8** ~~collect fines and provide consumer restitution in the event of violations~~ , **2026** ~~engage in consumer financial education, track consumer complaints, request data, and promote the availability of financial services to underserved consumers and communities~~ . Depending on how the CFPB functions and its areas of focus, ~~it~~ **including but not limited to the period of time covered by the Consent Agreement, our compliance costs** could increase ~~our compliance costs~~ , ~~potentially delay~~ our ability to respond to marketplace changes **may be delayed** , **we may be** ~~require~~ **required** ~~us~~ to alter products and services that would make them less attractive to consumers, and ~~impair~~ our ability to offer products and services profitably **may be impaired** . The CFPB is **also** authorized to pursue administrative proceedings or litigation for violations of federal consumer financial laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties ranging from $ 6, 813 per day for minor violations of federal consumer financial laws (including the CFPB' s own rules) to $ 34, 065 per day for reckless violations and $ 1, 362, 567 per day for knowing violations. Also, where a company has violated Title X of the Dodd- Frank Act or CFPB regulations under Title X, the Dodd- Frank Act empowers state attorneys general and state regulators to bring civil actions for the kind of cease and desist orders available to the CFPB (but not for civil penalties). If the CFPB or one or more state officials find that we have violated the foregoing laws, they could exercise their enforcement powers in ways that would have a material adverse effect on Regional. In addition to pre- existing enforcement rights for state attorneys general, the Dodd- Frank Act gives attorneys general authority to enforce the Dodd- Frank Act and regulations promulgated under the Dodd- Frank Act' s authority. In conducting an investigation, the CFPB or state attorneys general may issue a civil investigative demand requiring a target company to prepare and submit, among other items, documents, written reports, answers to interrogatories, and deposition testimony. If we become subject to investigation, the required response could result in substantial costs and a diversion of management' s attention and resources. In addition, the market price of our common stock could decline as a result of the initiation of a CFPB investigation of our company or even the perception that such an investigation could occur, even in the absence of any finding by the CFPB that we have violated any state or federal law. Although many of the regulations implementing portions of the Dodd- Frank Act have been promulgated, we are still unable to predict how this significant legislation may be interpreted and enforced or the full extent to which implementing regulations and supervisory policies may affect it. The President and current Congress may impact the extent to which new or revised legislation or regulations are adopted, and whether provisions of the Dodd- Frank Act and rules promulgated thereunder, including those provisions establishing the CFPB and the rules and regulations proposed and enacted by the CFPB, may be revised, repealed, or amended. There can be no assurance that future reforms will not significantly and adversely impact our business, financial condition, and results of operations. We sell certain of our loans, including, in some instances, charged- off loans and loans where the borrower is in default, which could subject us to heightened regulatory scrutiny, expose us to legal action, cause us to incur losses, and / or limit or impede our collection activity. As part of our business model, we have purchased and sold, and may in the future purchase and sell, some of our finance receivables, including loans that have been charged- off and loans where the borrower is in default. The CFPB and other regulators recently have significantly increased their scrutiny of debt buyers and sales, especially delinquent and charged- off debt. The CFPB has criticized and / or penalized sellers of debt for insufficient documentation to support and verify the validity or amount of the debt. It has also criticized and / or penalized debt collectors for, among other things, impermissible collection tactics, attempting to collect debts that are no longer valid, misrepresenting the amount of the debt, not having sufficient documentation to verify the validity or amount of the debt, and failing to obtain or maintain proper licenses. Accordingly, our sales of loans could expose us to lawsuits or fines by regulators if we do not have sufficient documentation to support and verify the validity and amount of the loans ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 33~~ underlying the transactions, or if we or purchasers of our loans use collection methods that are viewed as unfair, deceptive, or abusive, or if purchasers of our loans fail to obtain or maintain proper licenses. Our use of third- party vendors is subject to increasing regulatory attention. The CFPB and other regulators have issued regulatory guidance that has focused on the need for financial institutions to oversee their business relationships with service providers in a manner that ensures such service providers comply with applicable law. This results in increased due diligence and ongoing monitoring of third- party vendor relationships, thus increasing the scope of management involvement and decreasing the benefit that we receive from using third- party vendors. Moreover, if regulators conclude that we have not met the heightened standards for oversight of our third- party vendors, we could be subject to enforcement actions, civil monetary penalties, supervisory orders to cease and desist, or other remedial actions, which could have an adverse effect on our business, financial condition, and results of operations. We are subject to government regulations concerning our hourly and our other employees, including minimum wage, overtime, and health care laws. We are subject to applicable rules and regulations relating to our relationship with our employees, including minimum wage and break requirements, pay transparency, leave requirements, health benefits, unemployment and sales taxes, overtime, and working conditions and immigration status. Legislated increases in the federal and state minimum wage and increases in additional labor cost components, such as employee benefit costs, workers' compensation insurance rates, compliance costs and fines, as well as the cost of litigation in connection with these regulations, would increase our labor costs. Unionizing and collective bargaining efforts have received increased attention nationwide in recent periods. Should our employees become represented by unions, we would be obligated to bargain with those unions with respect to wages, hours, and other terms and conditions of employment, which is likely to increase our labor costs. Moreover, as part of the process of union organizing and collective bargaining, strikes and other work stoppages may occur, which would cause disruption to our business. Similarly, many employers nationally in similar retail environments have been subject to actions brought by governmental agencies and private individuals under wage- hour laws on a variety of claims, such as improper classification of workers as exempt from overtime pay requirements and failure to pay overtime wages properly, with such actions sometimes brought as class actions. These actions can result in material liabilities and expenses. Should we be subject to employment litigation, such as actions involving wage- hour, overtime, break, and working time, it may distract our management from business matters and result in increased labor costs. In addition, we currently sponsor employer- subsidized premiums for major medical programs for eligible personnel who elect health care coverage through our insurance programs. As a result of regulatory changes, we may not be able to continue to offer health care coverage to our employees on affordable terms or at all and subsequently may face increased difficulty in hiring and retaining employees. If we are unable to locate, attract, train, or retain qualified personnel, or if our costs of labor increase significantly, our business, financial condition, and results of operations may be adversely affected. Our stock price or results of operations could be adversely affected by media and public perception of installment loans and of legislative and regulatory developments affecting activities within the installment lending sector. Consumer advocacy groups and various media sources continue to criticize alternative financial services providers (such as payday and title lenders, check advance companies, and pawnshops). These critics frequently characterize such alternative financial services providers as predatory or abusive toward consumers. If these persons were to criticize the products that we offer, it could result in further regulation of our business and could negatively impact our relationships with existing borrowers and efforts to attract new borrowers. Furthermore, our industry is highly regulated, and announcements regarding new or expected governmental and regulatory action in the alternative financial services sector may adversely impact our stock price and perceptions of our business even if such actions are not targeted at our operations and do not directly impact us. Legal proceedings to which we may become subject may have a material adverse impact on our financial position and results of operations. Like many companies in our industry, we are from time to time involved in various legal proceedings and subject to claims and other actions related to our business activities brought by borrowers and others. All such legal proceedings are inherently unpredictable and, regardless of the merits of the claims, litigation is often expensive, time-consuming, disruptive to our operations and resources, and distracting to management. If resolved against us, such legal proceedings could result in excessive verdicts and judgments, injunctive relief, equitable relief, and other adverse consequences that may affect our financial condition and how we operate our business. Similarly, if we settle such legal proceedings, it may affect our financial condition and how we operate our business. Future court decisions, alternative dispute resolution awards, business expansion, or legislative activity may increase our exposure to litigation and regulatory investigations. In some cases, substantial non- economic remedies or punitive damages may be ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 34~~ sought. Although we maintain liability insurance coverage, there can be no assurance that such coverage will cover any particular verdict, judgment, or settlement that may be entered against us, that such coverage will prove to be adequate, or that such coverage will continue to remain available on acceptable terms, if at all. If in any legal proceeding we incur liability or defense costs that exceed our insurance coverage or that are not within the scope of our insurance coverage, it could have a material adverse effect on our business, financial condition, and results of operations. Current and proposed ~~regulation~~ **regulations** related to consumer privacy, data protection, and information security could increase our costs. We are subject to a number of federal and state consumer privacy, data protection, and information security laws and regulations. Moreover, various federal and state regulatory agencies require us to notify customers in the event of a security breach. Federal and state legislators and regulators are increasingly pursuing new guidance, laws, and regulations in these areas. Compliance with current or future customer privacy, data protection, and information security laws and regulations could result in higher compliance, technology, or other operating costs. Any violations of these laws and regulations may require us to change our business practices or operational structure, and could subject us to legal claims, monetary penalties, sanctions, and the obligation to indemnify and / or notify customers or take other remedial actions. ~~Federal or state laws issued in response to the COVID- 19 pandemic could have an adverse impact on our company. In response to the COVID- 19 pandemic, on March 27, 2020, the CARES Act was signed into law. The CARES Act is extensive and significant legislation. It is possible that compliance with the CARES Act may impose costs on, or create operational constraints, for us. Further, certain governmental authorities, including federal, state, or local governments, could enact, and in some cases already have enacted, laws, regulations, executive orders, or other guidance as a result of the COVID- 19 pandemic that allow borrowers to forgo making scheduled payments for some period of time, require modifications to loans (e. g. waiving accrued interest), preclude creditors from exercising certain rights or taking certain actions with respect to collateral, or mandate limited operations or temporary closures of our branches or other operations as " non- essential businesses " or otherwise. Additionally, the CARES Act includes various provisions, such as requirements affecting credit reporting, designed to protect consumers.~~ Risks Related to the Ownership of Our Common Stock The market price of shares of our common stock may continue to be volatile, which could cause the value of your investment to decline. The market price of our common stock has been highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market, or political conditions, could reduce the market price of shares of our common stock in spite of our operating performance. In addition, our operating results and the market price of our common stock could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly operating results, additions or departures of key management personnel, failure to meet analysts' earnings estimates, publication of research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies, speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures, or capital commitments, adverse publicity about the industries we participate in, or individual scandals. ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 35~~ There can be no assurance of our ability to declare and pay cash dividends in future periods. On October 29, 2020, we announced that our Board of Directors **(the " Board ")** initiated and declared a quarterly cash dividend of $ 0. 20 per share, which was increased by our Board ~~of Directors~~ to $ 0. 25 per share on June 15, 2021 and to $ 0. 30 per share on February 9, 2022. We intend to continue to pay a quarterly cash dividend for the foreseeable future; however, the declaration, amount, and payment of any future cash dividends on shares of our common stock will be at the discretion of our Board ~~of Directors~~. Our Board ~~of Directors~~ may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions and such other factors as our Board ~~of Directors~~ may deem relevant. In addition, our ability to pay cash dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur, including our senior revolving credit facility. A reduction or elimination of our dividend payments in the future could have a negative effect on our stock price. Your stock ownership may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions, or otherwise. We have approximately ~~986~~ **985** million shares of common stock authorized but unissued, as of February ~~22~~ **20** , ~~2023~~ **2024** . Our amended and restated certificate of incorporation authorizes us to issue these shares of common stock and options, rights, warrants, and appreciation rights relating to common stock for the consideration and on the terms and conditions established by our Board ~~of Directors~~ in its discretion, whether in connection with acquisitions or otherwise. Our stockholders previously approved the Regional Management Corp. 2015 Long- Term Incentive Plan (as amended and / or restated, the " 2015 Plan "). As of December 31, ~~2022~~ **2023** , subject to adjustments as provided in the 2015 Plan, the maximum aggregate number of shares of our common stock that may be issued under the 2015 Plan may not exceed the sum of (a) 2, 600, 000 shares plus (b) any shares remaining available for the grant of awards as of the 2015 Plan effective date under the 2007 Management Incentive Plan (the " 2007 Plan ") or the 2011 Stock Incentive Plan (the " 2011 Plan "), plus (c) any shares subject to an award granted under the 2007 Plan or the 2011 Plan, which award is forfeited, cash- settled, cancelled, terminated, expires, or lapses for any reason without the issuance of shares or pursuant to which such shares are forfeited. We have ~~772~~ **308** , ~~038~~ **182** shares available for issuance under the 2015 Plan, as of February ~~22~~ **20** , ~~2023~~ **2024** . In addition, our Board may recommend in the future that our stockholders approve new stock plans. Any common stock that we issue, including under our 2015 Plan or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by our stockholders. In addition, the market price of our common stock could decline as a result of sales of a large number of shares of common stock in the market or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to issue equity securities in the future at a time and at a price that we deem appropriate. Anti- takeover provisions in our charter documents and applicable state law might discourage or delay acquisition attempts for us that you might consider favorable. Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult without the approval of our Board ~~of Directors~~ . Among other things, these provisions: • authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock; • prohibit stockholder action by written consent, which will require all stockholder actions to be taken at a meeting of our stockholders; • provide that the Board ~~of Directors~~ is expressly authorized to make, alter, or repeal our bylaws and that our stockholders may only amend our bylaws with the approval of 80 % or more of all of the outstanding shares of our capital stock entitled to vote; and • establish advance notice requirements for nominations for elections to our Board ~~of Directors~~ or for proposing matters that can be acted upon by stockholders at stockholder meetings. In addition, certain states require the approval of a state regulator for the acquisition, directly or indirectly, of more than a certain amount of the voting or common stock of a consumer finance company. The overall effect of these laws is to make it more difficult to acquire a consumer finance company than it might be to acquire control of a nonregulated corporation. Furthermore, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti- takeover provisions and other provisions under Delaware law could discourage, delay, or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 36~~ contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. Our amended and restated certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities identified by our non- employee directors and their affiliates. Certain of our non- employee directors and their affiliates are in the business of providing buyout capital and growth capital to developing companies and may acquire interests in businesses that directly or indirectly compete with certain portions of our business. Our amended and restated certificate of incorporation provides for the allocation of certain corporate opportunities between us, on the one hand, and certain of our non- employee directors and their affiliates, on the other hand. As set forth in our amended and restated certificate of incorporation, such non- employee directors and their affiliates shall not have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Therefore, a non- employee director of our company may pursue certain acquisition opportunities that may be complementary to our business and, as a result, such acquisition opportunities may not be available to us. These potential conflicts of interest could have a material adverse effect on our business, financial condition, results of operations, or prospects if attractive corporate opportunities are allocated by such non- employee directors to themselves or their other affiliates instead of us. ~~Regional Management Corp. | 2022 Annual Report on Form 10- K | 37~~