Equity Research
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Giuliano Bologna
(212) 588-6583
gbologna@btig.com
Mark Palmer
(212) 588-6582
mpalmer@btig.com

Financials

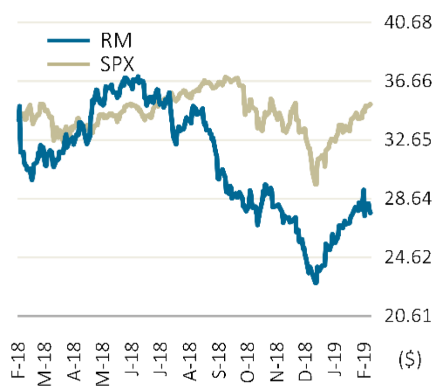
Regional Management Corp.

Initiating at Buy with $36 PT; Compelling Growth Story with High ROE, Low Leverage and Future Potential

Initiating coverage of Regional Management (RM) with a Buy recommendation and a $36 price target based on 9X our FY20E earnings per share estimate of $4.02. The combination of low leverage, an impressive return profile, increased operating efficiency and an attractive runway for continued growth provide a solid foundation for shares of RM. We believe the company will be able to increase earnings per share at a 17.1% CAGR over the next 2 years without adding any leverage beyond the current 2.4X tangible leverage ratio.

RM	$27.67
12 month target	$36.00
BUY	
52 week range	$22.90 - $36.98
Market Cap (m)	$323

Price Performance



Source: IDC

- RM's branch footprint is small at 359 across 11 states. The company's addressable market in states with favorable operating environments where the company operates or plans to expand could support over 1,000 branches. RM plans to open 15 to 30 new branches in FY19
- Strong track record of growing receivables over 10%. We estimate RM's market share of personal loans is approximately 0.63% which provides a significant amount of room for growth.
- RM generates an impressive RORCE and EPS growth with low leverage. We model a ROTCE of 14.6% and 14.5% in FY19E and FY20E while EPS increases by 37%.
- Rollout of the company's scorecard should improve credit performance in 2H19 and into FY20. A successful implementation would be a source of upside in our model.
- Branch-based platform allows the company to develop relationships with clients and extend certain loans that would have been denied based on the underwriting guidelines and deny others that fit the underwriting guidelines.
- Shifting portfolio mix toward large-loans with secured collateral should support improved credit performance.
- **Valuation:** Our $36 price target is based on 9X our FY20E earnings per share estimate of $4.02 per share.

Estimates

	1Q18 A	2Q18 A	3Q18 A	4Q18 A	FY18 A	1Q19 E	2Q19 E	3Q19 E	4Q19 E	FY19 E	FY20 E
Net Income (Adj.)	9	8	7	11	35	10	10	11	12	43	49
Diluted EPS (Adj.)	0.72	0.70	0.61	0.90	2.93	0.79	0.83	0.93	0.99	3.55	4.02
Tangible BVPS	18.03	18.43	18.82	19.74	19.74	20.49	21.25	22.02	23.06	23.06	26.61

Source: BTIG Estimates and Company Documents ($ in millions, except per share amount)

The Company

Regional Management Corp. (RM) was founded in 1987 and operates a branch-based non-prime consumer lending business. The company offers a range of loans and a range of payment and collateral protection insurance products.

Most of the loan products offered by RM are secured, fixed-rate, fixed-term, amortize, have equal monthly payments and can be repaid at any time without penalty.

RM originates all of its loans at branch locations and sources these loans using its consumer website, digital partners and direct mail.

As of 4Q18, the company had 359 branch locations in 11 states.

Regional Management Products:

Small Loans – RM offers amortizing loans with cash proceeds ranging from $500 to $2,500. Term: up to 48 months. At 4Q17, the average balance of outstanding loans was $1,400.

Large Loans – RM offers amortizing loans with cash proceeds ranging from $2,501 to $20,000. Term: 18 to 60 months. At 4Q17, the average balance of outstanding loans was $4,300.

Retail Loans – RM offers indirect loans with balances of up to $7,500 with term ranging from 6 to 48 months. These loans are offered through a network of retailers and are secured by the item purchased from the proceeds of the loan. At 4Q17, the average balance of outstanding loans was $1,500.

Automobile Loans – RM ceased originating automatize loans in November 2017. The remaining loans on the company's balance sheet were originated as direct loans in RM branches or indirect loans through dealerships. The loans had balances of up to $27,500 with terms ranging between 36 and 72 months. At 4Q17, the average balance of outstanding loans was $8,400.

Insurance Products – RM offers a range of optional payment and collateral protection insurance products to its customers.

Investment Thesis Summary

- **Large opportunity for future growth –** At 4Q18, the company had 359 branches in 11 states and believes the company could open an additional 700 branches in markets with favorable operating environment. The largest public competitor, OneMain (OMF, Buy, $43 PT) has over 1,600 branches in 44 states.

- **Serving a large underserved market –** RM operates in and serves a large and underserved population of non-prime consumers who have limited access to credit products. In most cases, the company's installment loans have materially lower interest rates compared to competing financial service providers such as payday lenders and pawn shops.

- **Impressive earnings growth potential –** We model RM's EPS increasing to $4.44 in FY21E, which represents a CAGR of 14.9% from FY18 and 16.4% from FY15.

- **Low leverage –** The company has a tangible leverage ratio of 2.4X at 4Q18. This should allow the company a significant amount of flexibility to continue growing the business and take advantage of inorganic opportunities and/or return capital to shareholders, in our view.

- **Strong capital generation –** In our model, RM will generate a 17.2% EPS CARG over the next two years while reducing its leverage ratio to 2.16X in 4Q20E from 2.42X in 4Q18. If RM were to lever back up to its 4Q18 leverage ratio, it could return $94.5M in capital to shareholders which represents 27.2% of RM's market cap on 02/15/2019.

- **Credit performance –** We are not giving the company credit for the improvement in credit related to the rollout of the custom scorecard. And, we are building in the impact of increased NCO's from the change in business practices related to the company's non-file insurance product.

- **Impressive return on equity –** With a low leverage ratio, RM is able to generate an impressive ROE. In 2018, RM generated a return on tangible equity of 14.2% and we expect the company to generate ROEs of 14.7% and 14.5% in FY19E and FY20E, respectively.

- **Attractive risk/reward –** RM's potential growth, earnings CAGR, high net interest margin (NIM) and low leverage are a powerful combination which we believe sets the company apart from most peers in the consumer finance industry.

- **Mix shift –** We expect the mix of large-loans with secured collateral to continue growing as a percentage of the overall portfolio.

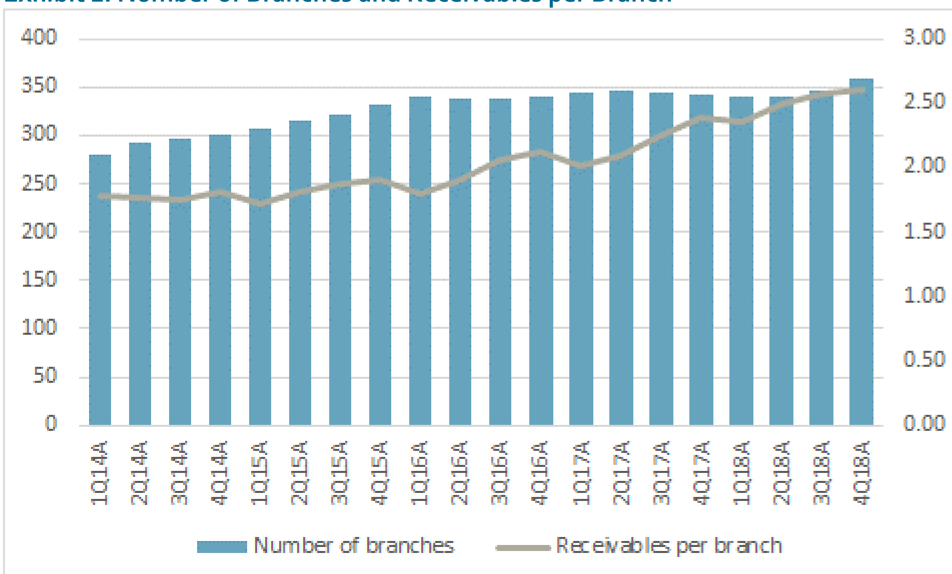
Investment Thesis

Regional Management's core business has impressive operating performance, growth and future potential.

Regional Management had $932.2M of total finance receivables outstanding as of 4Q18, this past quarter was RM's 15th consecutive quarter of double-digit receivables growth. Going forward, we model a CAGR of 9.5% through 2021.

RM's future growth should come from a combination of increasing receivables per branch and by adding *de novo* branches. We believe the company has the potential to grow its branch footprint by nearly 200% over time which supports continued expansion for the next few years and beyond.

Exhibit 1: Number of Branches and Receivables per Branch



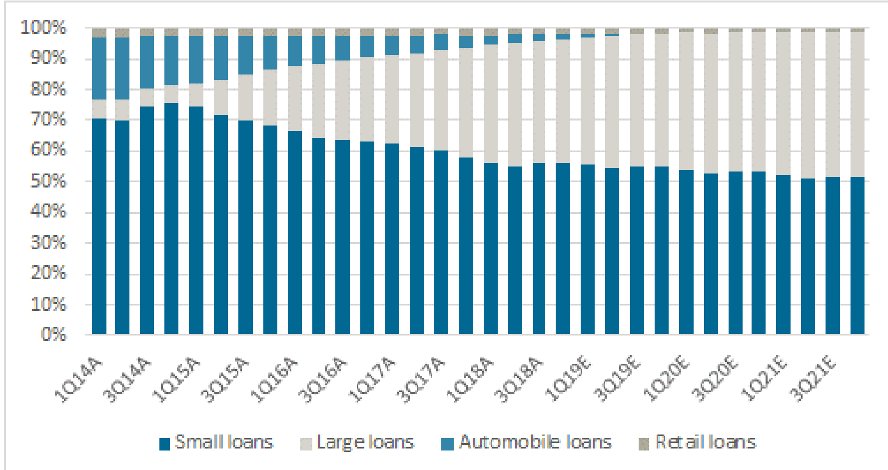
Source: BTIG Estimates and Company Reports

We believe RM can grow earnings materially over the next 2 to 3 years. In our model we estimate an EPS CAGR of 14.9% between 2018 and 2021 compared to the RM's reported EPS CAGR of 17.9% between 2015 and 2018.

We believe RM can achieve these results while maintaining a relatively low leverage ratio and generating excess capital. In our model, the company's leverage ratio falls to 2.2X in 4Q20E from 2.4X in 4Q18.

RM has achieved this performance while improving the company's earning assets mix. We expect interest income generated from large-loans to be the primary driver of growth, offsetting the runoff from the automotive lending portfolio and increasing from 40% in 4Q18 to 45% in 4Q20E while small loans fall from 56% to 53% over the same period.

Exhibit 2: Interest income by loan type excluding insurance and other income



Source: BTIG Estimates and Company Reports

Serving a large market with significant potential for future growth. We believe RM has less than 1% market share and does not need to achieve 1% to meet our FY20 and FY21 estimates

The non-prime consumer lending and alternative financial services industry is highly fragmented with many small operators and different products.

The personal loan asset class is large, and RM has less than 1% share of the market. TransUnion (TRU, Not Rated) estimated there was $132B of personal loans outstanding in 3Q18. Based on that datapoint, RM's core loans represents 0.63% of personal loans outstanding at 3Q18.

If we assume outstanding balances remain stable through FY21, our model implies that RM will increase its market share to 0.84% and 0.91% in FY20 and FY21, respectively. Assuming these balances grow at 3% per year, those figures would fall to 0.81% and 0.85%.

RM's relatively small share of the overall market gives us comfort that the company should be able to continue growing their balance sheet without being forced to reach for growth at the expense of return.

RM has a consistent track record of growing receivables while maintaining a relatively stable NCO rate.

Regional Management is in the process of rolling out its new custom scorecard initiative across the states in which the company operates. As of 4Q18, RM has rolled out the custom scorecard in 9 of 11 states. We view RM's investment in improved underwriting technology as a positive trend for a company that intends to grow its platform over time and effectively compete against a wide range of competitors.

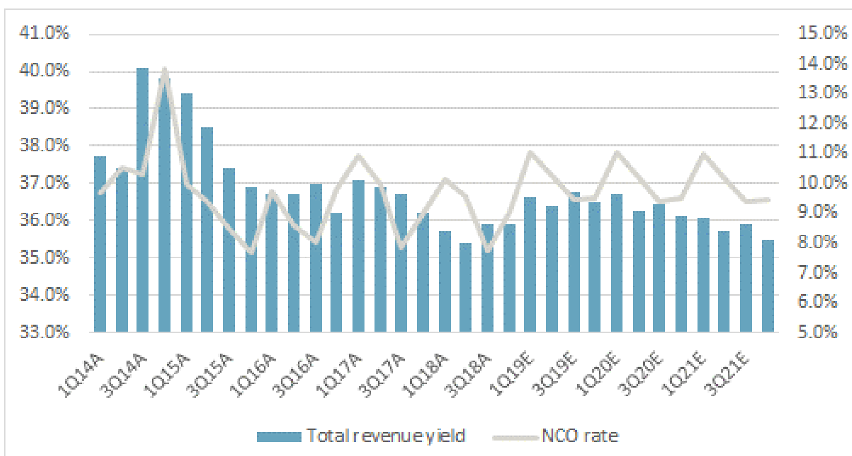
In FY19E, the company expect to see its NCO rate increase by approximately 70 bps to 75 bps due to a change in its use of non-file insurance claims. This change will result in a comparable increase in insurance income as the credit losses would have been incurred by the company's insurance subsidiary.

We model RM's NCO rate increasing by 94 bps to 10% in FY19E which includes the estimated 70 bps to 75 bps impact from managements change in business strategy related to the utilization of non-file insurance. Beyond FY19, we are keeping our estimated NCO rate stable which does not give the company credit for the NCO improvement expected in 2H19 and into FY20 related to the roll out of their custom scorecard.

In FY19, management intends to reduce its utilization of non-file insurance which will have the impact of increasing the company's NCO rate by approximately 70 bps to 75 bps which will be offset by an equal increase in insurance income. The change will increase revenues and increase NCO's with no impact on the bottom line.

Exhibit 3 below presents RM's historical NCO rate and total revenue yield. We include the impact of higher NCOs and higher revenue yield in FY19. Beyond FY19, we continue to model a decreasing total revenue yield but do not give the company credit for improved credit performance. If the company is successful in reducing its NCO rate with the new scorecard, it would be a source of upside not currently factored into our model and valuation.

Exhibit 3: Total revenue yield and net charge-off rate



Source: BTIG Estimates and Company Reports

Expansion into two new states, Missouri and Wisconsin will likely offset some of the credit improvement in other markets for the next few quarters. As RM expands into new markets, the losses associated with those markets often trend above the rate of mature markets with greater numbers of returning customers.

During the build out of a new market, all the customers are new customers which tend to have higher default rates compared to mature markets in which the company has a higher mix of returning customers with materially lower default and loss rates.

Investing in technology and the anticipated rollout of RM's custom scorecard should support credit performance in 2H19 and into FY20.

The company's initiative to roll out a custom scorecard began in 1H18 and as of 4Q18, RM has rolled out the scorecard in 9 of the 11 stated in which the company operates. Based on the initial performance of the program, the company has indicated that they expect the initiative to begin reducing NCO rate in 2H19 with a greater impact on FY20.

We believe the custom scorecard will allow the company to efficiently price risk and continue to grow its receivables balances at 9.8 % CAGR between 2018 and 2021.

In our model, we are increasing our NCO rate by 94 bps in FY19 and remaining stable through FY21. Our estimate is above the 70 bps to 75 bps impact from the company's change in business practice related to the use of non-file insurance. We believe these estimates are conservative and if RM is successful in improving credit performance with the custom scorecard, it could be a source of upside compared to our current model.

Increased exposure to secured loans and collateral with greater recoverable value should support the company's credit performance and valuation in the future.

In 4Q18, both small and large loans accounted for 47% of total loans, a figure we expect to shift to 52% large-loans and 45% small-loans in 4Q20. This transition will continue to expand the percentage of secured loans in the portfolio and reduce the percentage of convenience checks which are almost all small-loans and unsecured.

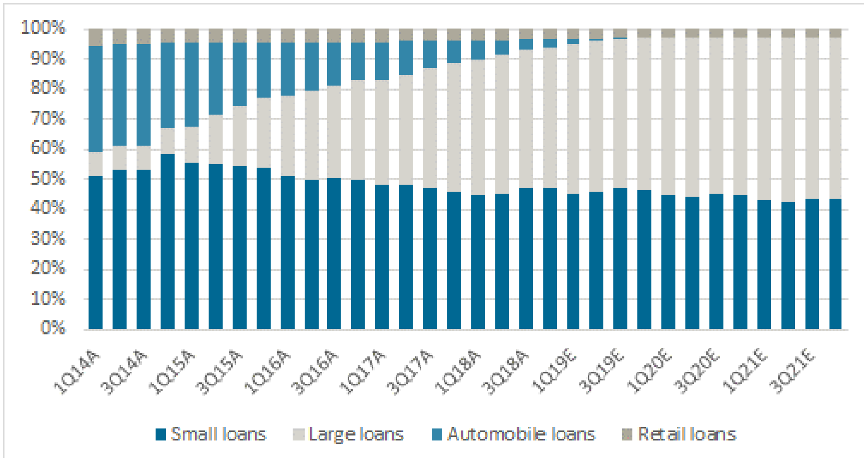
Large-loans – Nearly all large-loans are secured by automobiles, other vehicles or household products. At 3Q18, convenience checks accounted for $8.6M or 2.1% of $410.8M in finance receivables.

Small-loans – Small-loans are usually secured by household good and in some cases a title on a vehicle. At 3Q18, convenience checks accounted for $134.9M or 32.6% of $414.4M in finance receivables.

In many cases, the cost of recovering the secured collateral pledged against small-loans is too small and does not make economic sense for RM to recover, whereas the value of vehicles and other assets pledged against large-loans provide a greater source of credit enhancement if RM decides to repossess the collateral.

A continued mix toward large-loans away from small-loans will not only increase the secured percentage of the portfolio, it will also increase the realizable value of the collateral securing RM's finance receivables.

Exhibit 4: Historical and forecasted distribution of finance receivables by loan type



Source: BTIG Estimates and Company Reports

Continued operating leverage and increased receivables per branch should drive increased profitability.

As RM has expanded its branch footprint, the company has also managed to continue increasing the receivable balances per branch to $2.6M in 4Q18 from 1.8M in 1Q14, an 8.2% CAGR.

RM's primary public competitor has $10.1M or 288% more receivables per branch and posted an operating expense ratio of 8.1% in FY18 compared to 16.4% for RM. While these companies are in different stages of their lifecycles, they provide us with some comfort that RM's runway to increase receivables per branch and reduce its expense ratio can continue for the medium-to-long term.

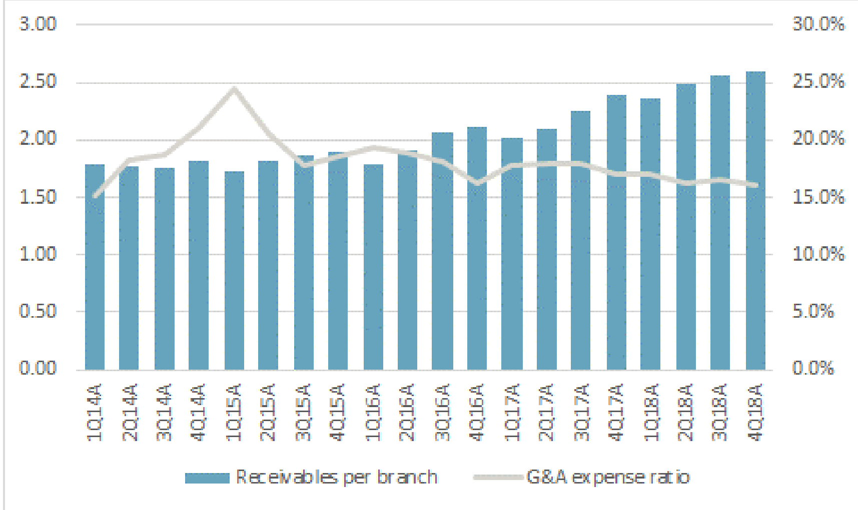
Exhibit 6: Regional Management and OneMain Company Metrics (as of 2/20/2019)

Regional Management and OneMain Comparison		
	Regional Management	OneMain
Number of branches	359	>1,600
Number of states	11	44
Receivables per branch ($ in M)	2.6	10.1
Annualized 4Q18 Opex per branch ($ in K)	408,000	780,000
Tangible leverage ratio (4Q18)	2.4x	5.9x
Return on tangible equity (FY18)	14.2%	22.5%
Multiple of FY20E tangible book value	0.90x	1.47x
Multiple of FY20E GAAP EPS	6.9x	5.9x

Source: BTIG Estimates and Company Documents

Continued branch efficiency should continue to drive general and administrative expense ratio lower. RM's expense ratio has fallen to 16.4% in FY18 compared to 20.2% in FY15, a trend we believe will continue as the company continues to increase its receivables balance per branch.

Exhibit 5: General and Administrative Expenses as a percent of average receivables and receivables per branch ($ in millions)



Source: BTIG Estimates and Company Reports

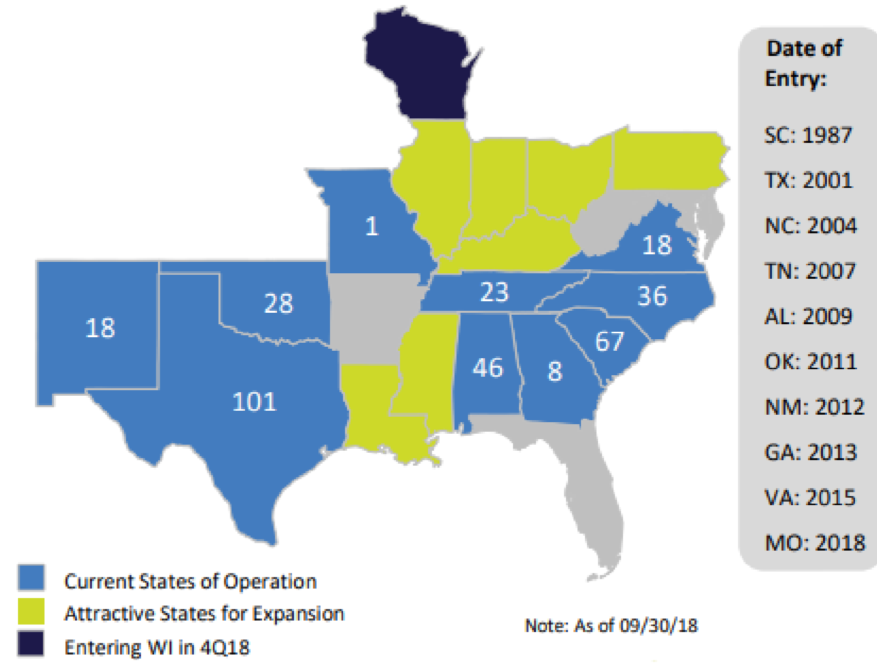
RM's branch footprint is relatively small and we believe the company has room to continue adding branches in current and new states.

As of 4Q18, RM had 359 branch location in 11 states. During 2018, the company opened branches in two new states: Missouri in 3Q18 and Wisconsin in 4Q18. RM has also identified 4 additional states with favorable environments: Illinois, Kentucky, Louisiana and Mississippi.

Management believes that RM has the opportunity to add nearly 700 additional branches beyond the company's current footprint. Those additional branches are located in states where the company views the operating environment as favorable and has plans to expand.

Putting the company's potential growth in perspective, 700 branches represents a 195% increase from the current 359 branch footprint as of 4Q18.

Exhibit 6: Regional Management's branch footprint at 3Q18



Source: Company Reports

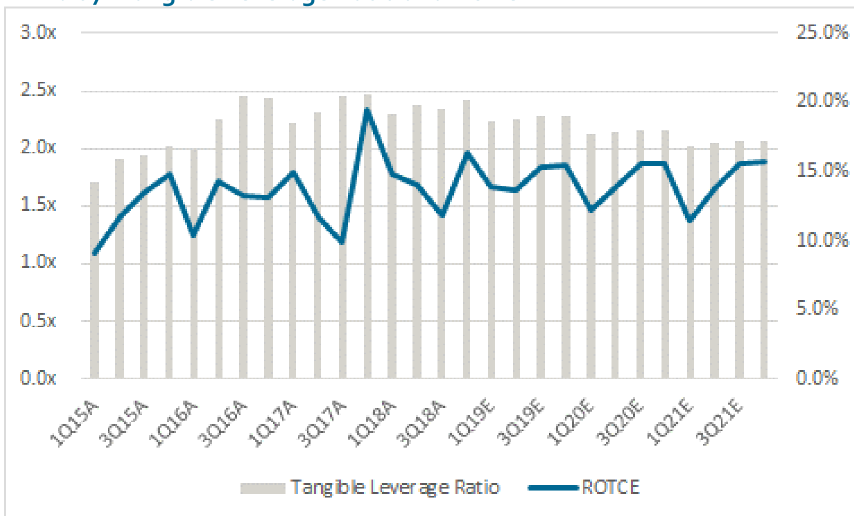
Regional Management operates with a low leverage ratio and we expect the company will create excess capital going forward. This creates optionality for RM to continue investing in growth or to return capital to shareholders.

One of the most impressive attributes of Regional Management's business model is the high return on equity the company generates with a low leverage ratio. In 2018, RM's leverage ratio fluctuated between 2.3X and 2.4X and the company generated a return on tangible equity of 14.2%. of the period.

As the company continues to scale the business and increases receivables per branch, we expect its expense ratio to continue falling which will support the company's strong return on capital.

We model RM's leverage ratio falling to 2.2X in 4Q20. If the company were to lever back up to 2.4X, we estimate RM could return $77.2M to shareholders which represents 23.5% of the company's outstanding market capitalization as of 02/19/2019.

Exhibit 7: Tangible Leverage Ratio and ROTCE



Source: BTIG Estimates and Company Reports

Where does automobile purchase lending fit into RM's business strategy and what should we expect in the future.

RM decided to cease originating auto loans to finance the purchase of new and used vehicle purchases in November 2017 to focus on the company's core products: small-loans and large-loans which account for the vast majority of its interest income and profit. A significant portion of the company's large-loans and to a lesser extent small-loans continue to be secured by auto collateral.

The decision to exit auto makes sense, RM is a significantly smaller operator compared to auto lenders and non-prime lenders offering auto loan products. This lack of scale made it difficult for the company to scale and compete with larger competitors while earning an attractive return on capital.

If the business scales up materially over the next few years, we believe the company may consider re-entering the automotive segment if the growth of the core business slows. Given the current runway and potential for growth in the current business, this initiative may not come back into consideration for the next few years and is not considered in our analysis.

Valuation

Our $36 price target for Regional Management is based on 9X our FY20E earnings per share estimate of $4.02. This implies the company is worth 1.51X 4Q18 tangible book value per share and 1.00X our FY21E tangible book value estimate.

We believe this is a fair valuation for a company with significant prospects for future growth for the next few years, earns an attractive ROE at 14.2% in FY18 with a low leverage ratio at 2.4X. Additionally, our expected EPS CAGR of 17.1% over the next two years supports this multiple.

Risks

Consumer credit risk – RM is exposed to consumer credit risk and could be adversely impacted if the financial health of the consumer is negatively impacted. Additionally, the company could be negatively impacted if the value of collateral securing the company's secured loan products were to fall.

Regulatory risks – RM is subject to numerous federal and state regulations. If the company is unable to comply with all regulations, it could result in exiting certain markets, fines and/or litigation.

Risks executing on the company's growth strategy – RM intends to continue expanding its branch footprint and may encounter execution risks including regulatory changes and higher-than-expected costs to expand into new markets.

Interest rate risk – RM funds its operations with debt, loans, credit facilities, warehouse facilities and securitizations. The company would be negatively impacted if interest rate rise and/or RM is unable to refinance outstanding sources of funding.

Competition – RM operates in a competitive industry and faces competition from banks, non-bank financial institutions and other online lenders. If the environment becomes more competitive in the future, the company may not be able to originate enough new loans with attractive return profiles.

Macroeconomic risk – RM could be adversely impacted if economic growth slows or if we enter a recession.

Management

Peter Knitzer – Knitzer has served as President and Chief Executive Officer of Regional since May 2017. Between August 2016 and May 2017, he served as Chief Executive Officer at RM. He has served as a director since July 2015. Prior to joining RM, Knitzer acted as an advisor to financial services companies since 2013. Prior to 2013, he served as Executive Vice President and head of the

Payments group at CIBC and President and Director at E*TRADE Bank. Prior to joining E*TRADE, Mr. Knitzer spent 14 years at Citigroup in various senior roles, including Chairman and Chief Executive Officer of Citibank North America. Knitzer also previously held senior marketing positions at Chase Manhattan Bank, American Express, and Nabisco Brands. He received an M.B.A. in Marketing and Finance from Columbia University Graduate School of Business and a B.A. in Political Science from Brown University.

Donald E. Thomas – Thomas as served as Executive Vice President and Chief Financial Officer of Regional since January 2013. In conjunction with the company's 4Q18 earnings release, Thomas announced his intention to retire and will continue working as RM's CFO until a replacement is found and to ensure a stable transition.

Thomas has over 30 years of finance and accounting experience in public and private companies. Thomas previously served as Chief Financial Officer of TMX Finance LLC between April 2010 and 2013. Prior to TMX Finance LLC, Thomas spent 17 years with 7-Eleven in various positions Prior to 7-Eleven, Thomas spent 11 years in the audit function of Deloitte & Touche LLP. Thomas earned accounting and finance degrees from Tarleton State University and is a certified public accountant and certified global management accountant.

John D. Schachtel – Schachtel has served as Executive Vice President and Chief Operating Officer of Regional since May 2017. Between 2013 and 2016, Schachtel was the Chief Operating Officer of OneMain Financial. Schachtel also served as OneMain's Executive Vice President, Northeast and Midwest Division for over 10 years. Schachtel also held various other positions at OneMain during his 29-year tenure. Since March 2017, Schachtel has served as a member of the Board of Directors of SilverSun Technologies, Inc. Schachtel received an MBA in Finance from New York University and a B.S. in Industrial Engineering and Economics from Northwestern University.

Daniel J. Taggart – Taggart has served as Executive Vice President and Chief Credit Risk Officer since October 2018. From January 2015 until October 2018, Mr. Taggart served as Senior Vice President and Chief Risk Officer. Prior to joining RM, Mr. Taggart was Executive Vice President of Agility 360. Prior to that, he was Senior Vice President at Wingspan Portfolio Advisors, a specialty mortgage service provider, and also served as Executive Vice President of REDC Default Solutions LLC, a startup division of Auction.com, LLC. Taggart also worked at Citigroup for 11 years, serving in a variety of positions, including Senior Vice President and Senior Credit Officer of CitiMortgage Default Risk Management, Senior Vice President and Senior Credit Officer of Retail Distribution Risk Management, and Senior Vice President and Chief Credit Officer of CitiFinancial (now known as OneMain Financial). Taggart received a B.S. in Finance from Canisius College.

Exhibit 10: RM Operating Model

RM - Operating Model	Dec-14	Dec-15	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Dec-20	Dec-21
$ millions	**2014A**	**2015A**	**2016A**	**1Q17A**	**2Q17A**	**3Q17A**	**4Q17A**	**2017A**	**1Q18A**	**2Q18A**	**3Q18A**	**4Q18A**	**2018A**	**1Q19E**	**2Q19E**	**3Q19E**	**4Q19E**	**2019E**	**1Q20E**	**2Q20E**	**3Q20E**	**4Q20E**	**2020E**	**2021E**
Interest and fee income	184.80	195.79	220.96	59.26	59.79	63.62	66.38	249.03	66.15	66.83	72.13	75.01	280.12	75.27	75.93	79.81	83.06	314.08	83.69	84.10	88.08	91.37	347.23	375.31
Insurance income	10.67	11.65	9.46	3.81	3.09	3.10	3.08	13.06	3.39	2.88	2.90	5.62	14.79	5.86	5.54	5.77	5.65	22.82	6.09	5.75	5.98	5.83	23.65	24.15
Other income	9.25	9.86	10.10	2.76	2.47	2.48	2.65	10.36	3.09	2.71	2.89	3.11	11.79	3.10	2.66	2.76	2.89	11.41	3.30	2.81	2.93	3.05	12.08	12.79
Total revenue	**204.72**	**217.31**	**240.52**	**65.82**	**65.34**	**69.19**	**72.11**	**272.46**	**72.63**	**72.42**	**77.92**	**83.75**	**306.71**	**84.24**	**84.14**	**88.34**	**91.60**	**348.31**	**93.07**	**92.65**	**96.99**	**100.25**	**382.96**	**412.25**
Provision for credit losses	69.06	47.35	63.01	19.13	18.59	20.15	19.46	77.34	19.52	20.20	23.64	23.70	87.06	24.57	24.71	25.23	25.55	100.05	28.65	27.49	27.80	28.00	111.94	121.44
Personnel	55.38	69.25	68.98	18.17	18.39	19.53	19.90	75.99	21.23	19.39	21.38	22.07	84.07	23.03	21.04	23.19	23.95	91.21	24.53	22.41	24.70	25.51	97.14	102.00
Occupancy	15.43	17.36	20.06	5.29	5.42	5.48	5.35	21.53	5.62	5.48	5.49	5.93	22.52	5.96	5.81	5.82	6.29	23.87	6.31	6.16	6.17	6.60	25.24	26.50
Marketing	6.33	7.02	6.84	1.21	1.78	2.30	1.84	7.13	1.45	2.26	2.13	1.90	7.75	1.54	2.39	2.26	2.02	8.21	1.62	2.51	2.37	2.12	8.62	9.05
Other	19.64	21.97	22.76	6.80	6.06	6.52	6.93	26.31	6.29	6.09	6.86	6.71	25.95	6.83	6.61	7.45	7.28	28.16	7.24	7.00	7.89	7.64	29.77	31.26
Total general and administrative	**96.78**	**115.60**	**118.63**	**31.45**	**31.64**	**33.84**	**34.02**	**130.96**	**34.59**	**33.22**	**35.86**	**36.62**	**140.28**	**37.36**	**35.84**	**38.72**	**39.53**	**151.45**	**39.70**	**38.08**	**41.14**	**41.87**	**160.78**	**168.82**
Interest expense	14.95	16.22	18.78	5.21	5.22	6.66	6.82	23.91	7.18	7.92	8.73	9.64	33.46	9.83	9.86	10.41	11.01	41.12	11.09	11.17	11.76	12.36	46.38	51.25
Income before income taxes	**23.94**	**38.14**	**40.09**	**10.02**	**9.89**	**8.54**	**11.81**	**40.26**	**11.34**	**11.08**	**9.69**	**13.79**	**45.90**	**12.48**	**13.72**	**13.98**	**15.51**	**55.69**	**13.63**	**15.92**	**16.29**	**18.02**	**63.86**	**70.74**
Income taxes	9.14	14.77	14.92	2.39	3.75	3.24	0.92	10.29	2.70	2.60	2.24	3.02	10.56	3.00	3.29	3.35	3.72	13.37	3.27	3.82	3.91	4.32	15.33	16.98
Net income	**14.80**	**23.37**	**25.17**	**7.63**	**6.13**	**5.31**	**10.89**	**29.96**	**8.64**	**8.48**	**7.45**	**10.77**	**35.35**	**9.49**	**10.43**	**10.62**	**11.79**	**42.33**	**10.36**	**12.10**	**12.38**	**13.69**	**48.54**	**53.76**
GAAP EPS - Basic	**$1.17**	**$1.82**	**$2.13**	**$0.66**	**$0.53**	**$0.46**	**$0.94**	**$2.59**	**$0.74**	**$0.73**	**$0.64**	**$0.92**	**$3.03**	**$0.81**	**$0.89**	**$0.91**	**$1.01**	**$3.62**	**$0.88**	**$1.03**	**$1.05**	**$1.16**	**$4.13**	**$4.56**
GAAP EPS - Diluted	**$1.14**	**$1.79**	**$2.08**	**$0.65**	**$0.52**	**$0.45**	**$0.92**	**$2.54**	**$0.72**	**$0.70**	**$0.61**	**$0.90**	**$2.93**	**$0.79**	**$0.87**	**$0.88**	**$0.98**	**$3.52**	**$0.86**	**$1.00**	**$1.02**	**$1.13**	**$4.02**	**$4.43**
Common shares	12.70	12.85	11.82	11.49	11.55	11.56	11.59	11.55	11.62	11.66	11.67	11.67	11.66	11.68	11.70	11.71	11.72	11.70	11.73	11.74	11.75	11.77	11.75	11.80
Diluted shares	12.95	13.07	12.09	11.72	11.73	11.81	11.88	11.78	12.03	12.14	12.13	12.01	12.08	12.02	12.03	12.05	12.06	12.04	12.07	12.08	12.09	12.11	12.09	12.14
Book value per share	$13.99	$15.92	$18.19	$18.63	$19.16	$19.70	$20.65	$20.65	$21.43	$22.18	$22.91	$23.92	$23.92	$24.71	$25.57	$26.45	$27.43	$27.43	$28.29	$29.29	$30.32	$31.45	$31.45	$35.88
Tangible book value per share	$13.87	$15.69	$17.62	$18.03	$18.43	$18.82	$19.74	$19.74	$20.49	$21.25	$22.02	$23.06	$23.06	$23.85	$24.72	$25.60	$26.58	$26.58	$27.44	$28.44	$29.46	$30.60	$30.60	$35.03
Tax rate	38.2%	38.7%	37.2%	23.8%	37.9%	37.9%	7.8%	25.6%	23.8%	23.5%	23.1%	21.9%	23.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
ROA	2.8%	3.7%	3.5%	4.4%	3.5%	2.8%	5.4%	3.6%	4.2%	4.0%	3.4%	4.7%	3.7%	4.0%	4.3%	4.2%	4.5%	4.0%	3.9%	4.5%	4.4%	4.7%	4.1%	4.1%
ROE	8.6%	12.2%	12.4%	14.5%	11.3%	9.5%	18.6%	13.5%	14.2%	13.4%	11.3%	15.8%	13.7%	13.4%	14.2%	14.0%	14.9%	14.1%	12.7%	14.3%	14.1%	15.1%	14.1%	13.6%
ROTCE	8.7%	12.4%	12.7%	15.0%	11.7%	9.9%	19.5%	14.0%	14.8%	14.0%	11.8%	16.4%	14.2%	13.9%	14.7%	14.4%	15.4%	14.6%	13.1%	14.8%	14.6%	15.5%	14.5%	13.9%
NIM	32.2%	31.4%	30.8%	30.5%	30.8%	30.2%	29.9%	30.3%	29.0%	28.8%	29.2%	28.7%	28.9%	28.5%	28.6%	28.9%	28.7%	28.7%	28.6%	28.6%	28.7%	28.5%	28.6%	28.1%
Tangible leverage ratio	1.9x	2.0x	2.4x	2.2x	2.3x	2.5x	2.5x	2.5x	2.3x	2.4x	2.4x	2.4x	2.4x	2.2x	2.3x	2.3x	2.3x	2.3x	2.1x	2.2x	2.2x	2.2x	2.2x	2.1x
G&A expense ratio	18.3%	20.2%	18.1%	17.7%	17.9%	18.0%	17.1%	17.7%	17.0%	16.2%	16.5%	16.1%	16.4%	16.2%	15.5%	16.1%	15.7%	15.9%	15.7%	14.9%	15.5%	15.1%	15.3%	14.7%

Source: BTIG Estimates and Company Documents

BTIG Covered Companies Mentioned in this Report

REGIONAL MANAGEMENT CORP. (RM, Buy, $36.00 PT; Current Price: $27.67; Analyst: Giuliano.Bologna)
ONEMAIN HOLDINGS, INC. (OMF, Buy, $43.00 PT; Current Price: $34.58; Analyst: Giuliano.Bologna)

Appendix: Analyst Certification and Other Important Disclosures

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