



## **4Q 2017 Earnings Call Presentation**

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February 13, 2018

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## 4Q 17 Highlights – Continued Strong Portfolio Growth

(dollars in millions)	4Q 17	4Q 16	Chg B/(W)	% Chg B/(W)
Total Finance Receivables	\$817.5	\$717.8	\$99.7	13.9%
Core Finance Receivables	723.0	593.8	129.2	21.8%
Total Revenue	72.1	64.0	8.1	12.6%
Provision for Credit Losses	19.5	19.4	(0.0)	(0.2%)
G&A Expense	34.0	28.8	(5.2)	(18.0%)
Interest Expense	6.8	5.3	(1.5)	(28.9%)
<b>Net Income</b>	<b>\$10.9</b>	<b>\$6.5</b>	<b>\$4.4</b>	<b>68.3%</b>
ROA	5.4%	3.7%	1.7%	45.9%
ROE	18.7%	12.7%	6.0%	47.2%
Diluted EPS	\$0.92	\$0.55	\$0.37	67.3%

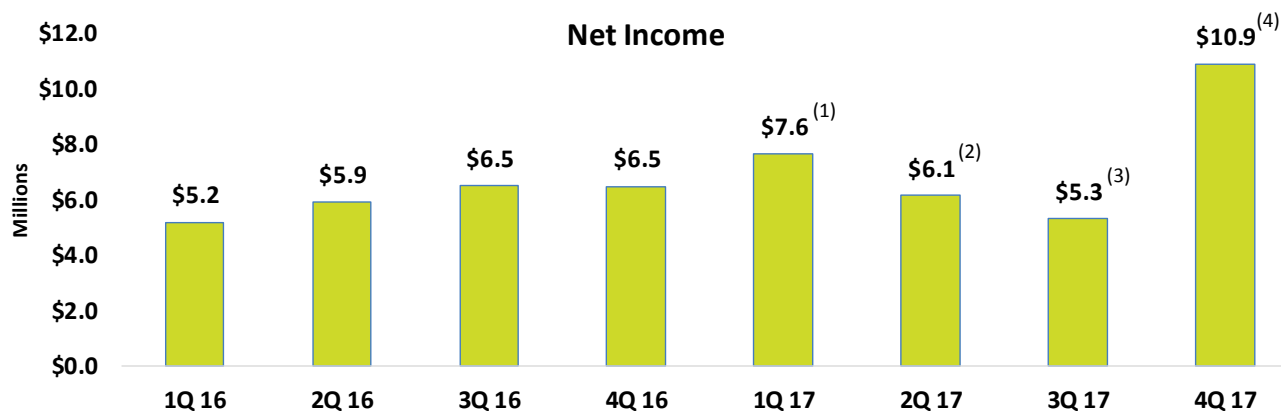
- **GAAP net income of \$10.9 million, or \$0.92 diluted EPS:**
  - Includes \$3.1 million of tax benefit from the corporate tax rate reduction on our net deferred tax liability (\$0.27 cents per diluted share)
  - Includes \$0.4 million of tax benefit from an R&D tax credit (\$0.03 cents per diluted share)
- **Revenue growth of 12.6% driven by \$99.7 million year-over-year loan portfolio growth**
  - Interest and fee income up 11.3% year-over-year on 12.7% increase in average net receivables
  - Core finance receivables up 21.8%
- **G&A expenses increased 18.0%, or \$5.2 million, year-over-year primarily from the expansion of centralized collections, IT infrastructure, and incentive compensation**
- **Higher interest expense due to portfolio growth, Fed rate increases, and higher cost of warehouse financing**

## Strategic Focus in 2018

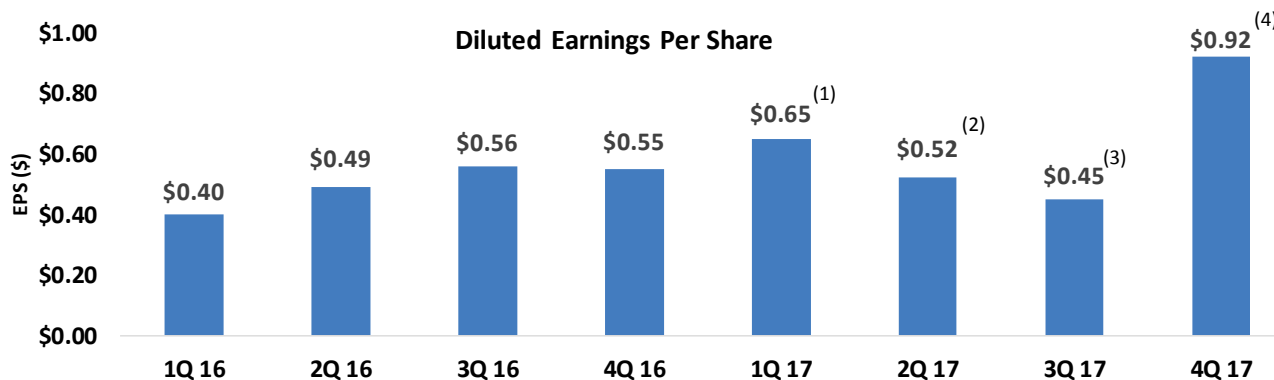
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- **Norridge Loan System (NLS) Implementation**
  - Successfully converted all states to NLS in early 2018
  - Successfully built enhanced functionality (texting, imaging, and customer portal)
  - Continue to build out new capabilities to drive improved business performance
  
- **Credit Scorecards & Centralized Collections**
  - Expect strong results from centralized late stage collections will positively impact loss rates starting in 2Q 18
  - Deploying custom credit scorecards in late 2Q 18 which we expect will increase approved loans and lower net credit losses
  
- **Marketing / De Novo Branches**
  - Hybrid growth model
    - Increase receivable growth within existing branch footprint
    - Increase de novo expansion to 25 – 30 branches in 2018 now that our system conversion is complete
  - Developing next generation risk and response models to improve direct mail targeting
  
- **Digital Channel / Online Lending Update**
  - Enhancing digital foundation through website re-design and improved search engine optimization
  - Continued expansion of Lending Tree relationship driving growth in the channel
  - Actively recruiting and testing of additional affiliate partnerships
  
- **Funding Diversification**
  - Upsized our bank line and implemented a new warehouse facility in June 2017
  - Plan first term ABS transaction in mid-2018

## Net Income and Fully Diluted EPS



	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	4Q 17
GAAP Net Income	\$5.2	\$5.9	\$6.5	\$6.5	\$7.6	\$6.1	\$5.3	\$10.9
Net Non-Operating Items	N/A	N/A	N/A	N/A	\$1.5	(\$0.3)	(\$1.5)	\$3.5



	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	4Q 17
Diluted EPS	\$0.40	\$0.49	\$0.56	\$0.55	\$0.65	\$0.52	\$0.45	\$0.92
Net Non-Operating Items	N/A	N/A	N/A	N/A	\$0.12	(\$0.02)	(\$0.13)	\$0.30

<sup>(1)</sup> 1Q 17 included \$1.5 million tax benefit from exercise of stock options

<sup>(2)</sup> 2Q 17 included \$0.3 million after-tax COO transition costs

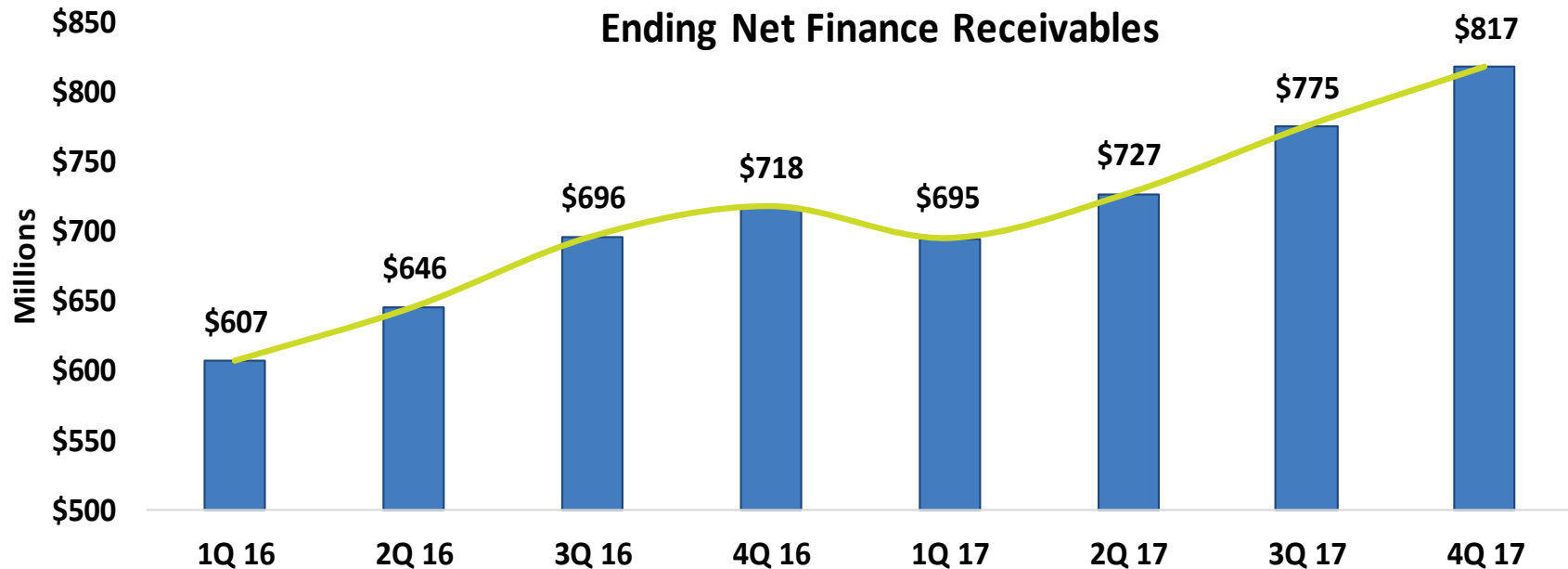
<sup>(3)</sup> 3Q 17 reported results were impacted by the following after-tax non-operating items:

	Net income	Diluted EPS
As reported	\$5.3	\$0.45
Hurricane impact	(\$2.2)	(\$0.18)
Bulk sale impact <sup>(5)</sup>	\$0.7	\$0.05

<sup>(4)</sup> 4Q 17 included \$3.5 million of tax benefits, \$3.1 million of which relate to deferred taxes at the new lower corporate tax rate and \$0.4 million of which relate to a R&D tax credit

<sup>(5)</sup> 3Q 17 results included \$0.7 million of after-tax benefit from the bulk sale of bankrupt accounts

# Continued Net Finance Receivables Growth



YoY Δ	\$81.5	\$73.2	\$94.5	\$89.3	\$87.6	\$81.0	\$78.7	\$99.7
YoY Δ %	15.5%	12.8%	15.7%	14.2%	14.4%	12.5%	11.3%	13.9%

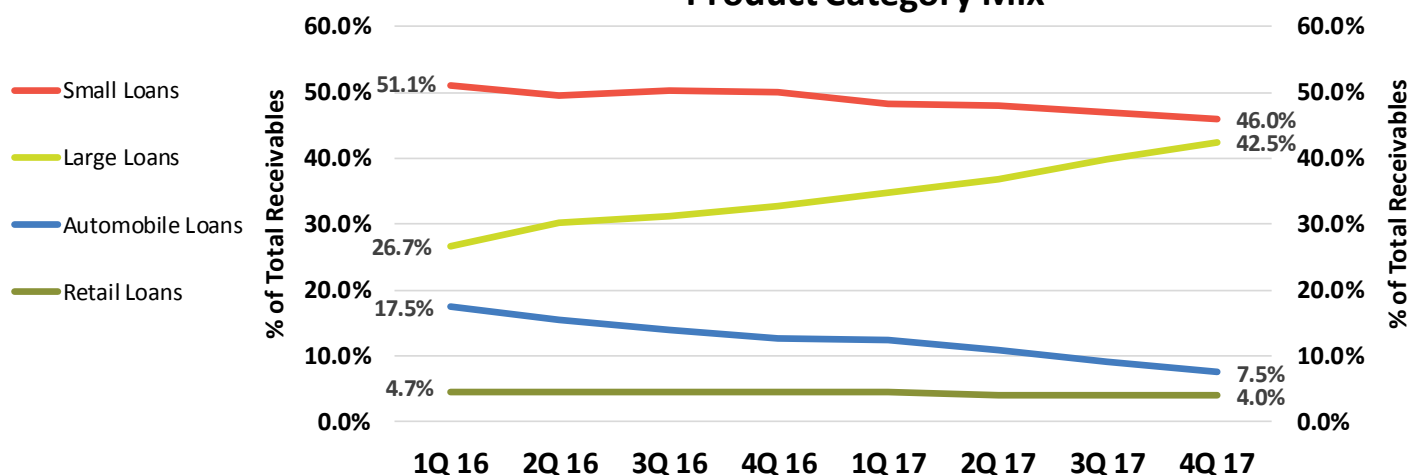
- Strong 4Q 17 ending net finance receivable growth of 13.9% over prior year
- Eleventh consecutive quarter with double-digit ending net finance receivable growth

# Product Category Trends

in millions

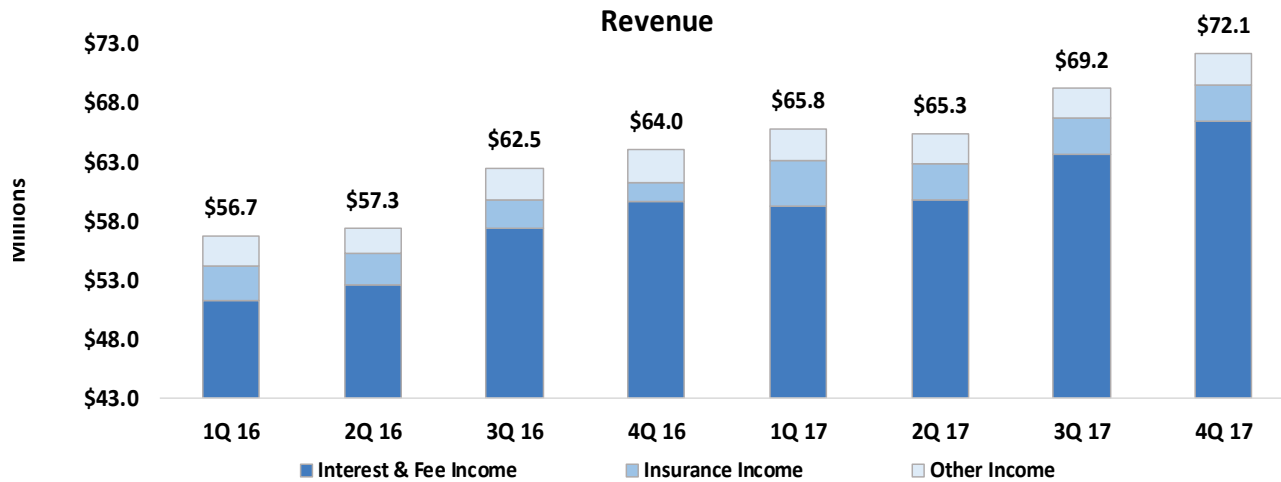
Ending Net Receivables	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	4Q 17	vs. 3Q 17		vs. 4Q 16	
									\$ Chg I/(D)	% Chg I/(D)	\$ Chg I/(D)	% Chg I/(D)
Small Loans (≤ \$2,500)	\$311	\$320	\$349	\$358	\$336	\$349	\$363	\$376	\$13	3.4%	\$17	4.8%
Large Loans (> \$2,500)	\$162	\$195	\$217	\$235	\$242	\$268	\$309	\$347	\$39	12.5%	\$112	47.5%
<b>Core Loan Products</b>	<b>\$473</b>	<b>\$515</b>	<b>\$566</b>	<b>\$594</b>	<b>\$578</b>	<b>\$617</b>	<b>\$672</b>	<b>\$723</b>	<b>\$51</b>	<b>7.6%</b>	<b>\$129</b>	<b>21.8%</b>
Automobile Loans	\$106	\$101	\$97	\$90	\$86	\$80	\$72	\$61	(\$10)	(14.3%)	(\$29)	(32.1%)
Retail Loans	\$28	\$30	\$33	\$34	\$31	\$30	\$31	\$33	\$2	5.6%	(\$0)	(1.4%)
<b>Total</b>	<b>\$607</b>	<b>\$646</b>	<b>\$696</b>	<b>\$718</b>	<b>\$695</b>	<b>\$727</b>	<b>\$775</b>	<b>\$817</b>	<b>\$43</b>	<b>5.5%</b>	<b>\$100</b>	<b>13.9%</b>
<b>Total YoY Δ (\$)</b>	<b>\$81</b>	<b>\$73</b>	<b>\$95</b>	<b>\$89</b>	<b>\$88</b>	<b>\$81</b>	<b>\$79</b>	<b>\$100</b>				
<b>Total YoY Δ (%)</b>	<b>15%</b>	<b>13%</b>	<b>16%</b>	<b>14%</b>	<b>14%</b>	<b>13%</b>	<b>11%</b>	<b>14%</b>				

Product Category Mix



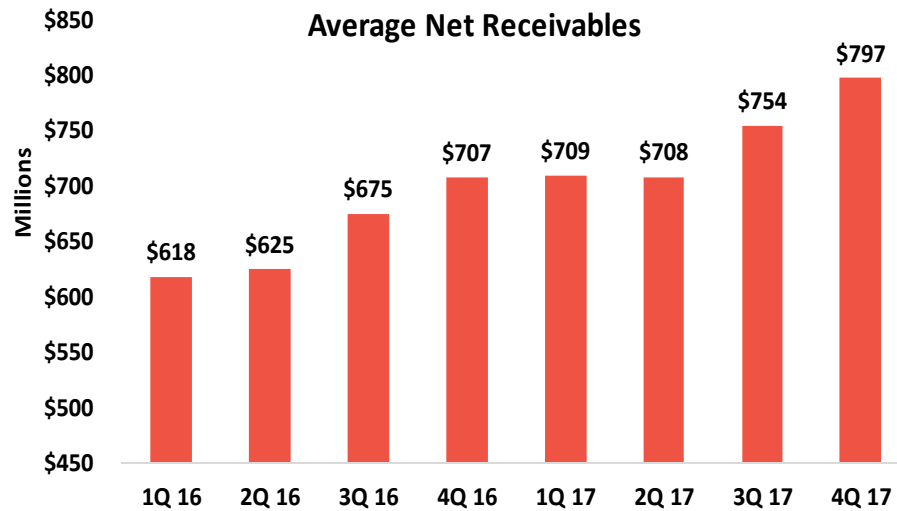
- Large loans continue to grow and now represent 43% of total loan portfolio
- Core loans are 89% of total loan portfolio

# Revenue Driven by Strong Year-Over-Year Portfolio Growth

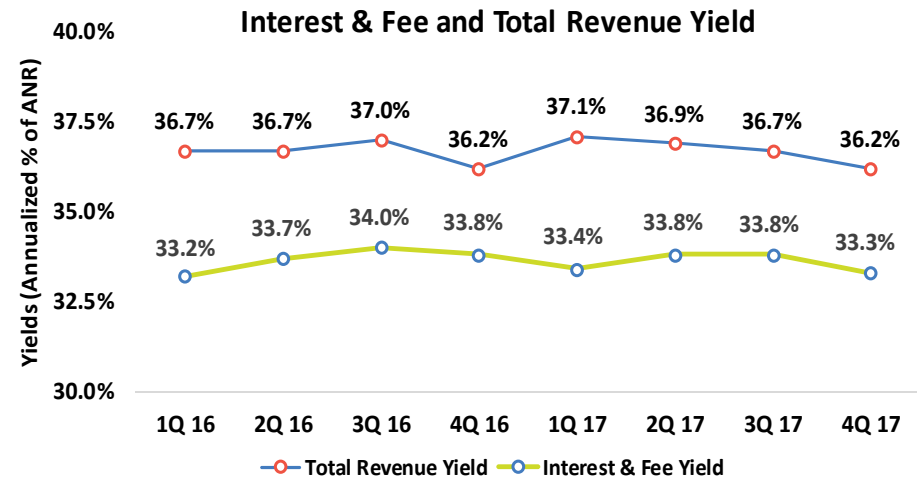


- Revenue increase consistent with increase in ANR
- Yield decrease due to increase in large loans as percent of total portfolio

Total Revenue	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	4Q 17
Sequential Δ	0.0%	1.1%	9.0%	2.5%	2.8%	(0.7%)	5.9%	4.2%
YoY Δ	7.9%	8.2%	13.4%	12.9%	16.1%	14.0%	10.8%	12.6%



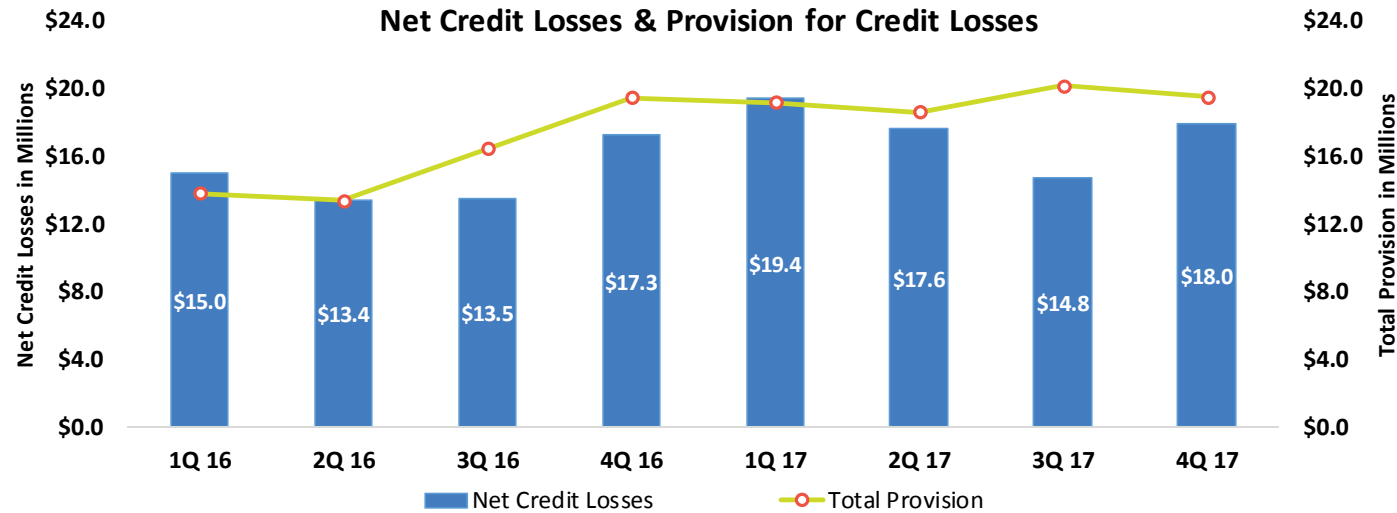
Sequential Δ	0.5%	1.2%	8.0%	4.8%	0.3%	(0.2%)	6.5%	5.7%
YoY Δ	15.7%	13.6%	14.6%	15.1%	14.9%	13.3%	11.8%	12.7%



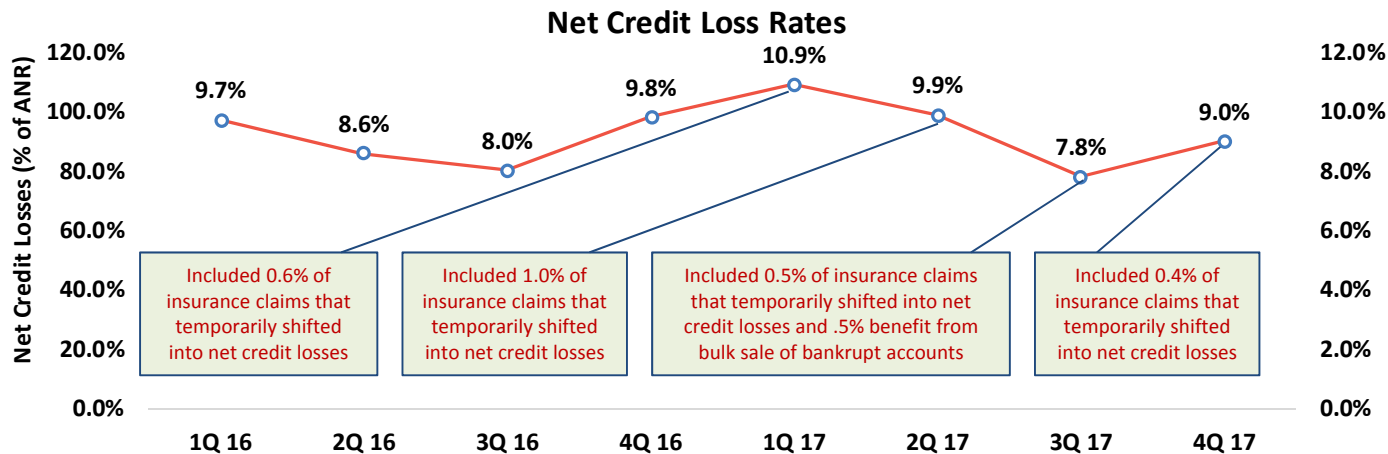
Total Revenue	1Q 16	2Q 16	3Q 16	4Q 16	1Q 17	2Q 17	3Q 17	4Q 17
Sequential Δ	(0.2%)	0.0%	0.3%	(0.8%)	0.9%	(0.2%)	(0.2%)	(0.5%)
YoY Δ	(2.7%)	(1.8%)	(0.4%)	(0.7%)	0.4%	0.2%	(0.3%)	0.0%



# Provision Flat; NCL Rate Down Year-Over-Year



Sequential Δ	27.4%	(10.6%)	0.7%	27.9%	12.2%	(9.3%)	(16.1%)	21.7%
YoY Δ	13.1%	4.2%	8.3%	46.6%	29.1%	31.1%	9.2%	3.9%



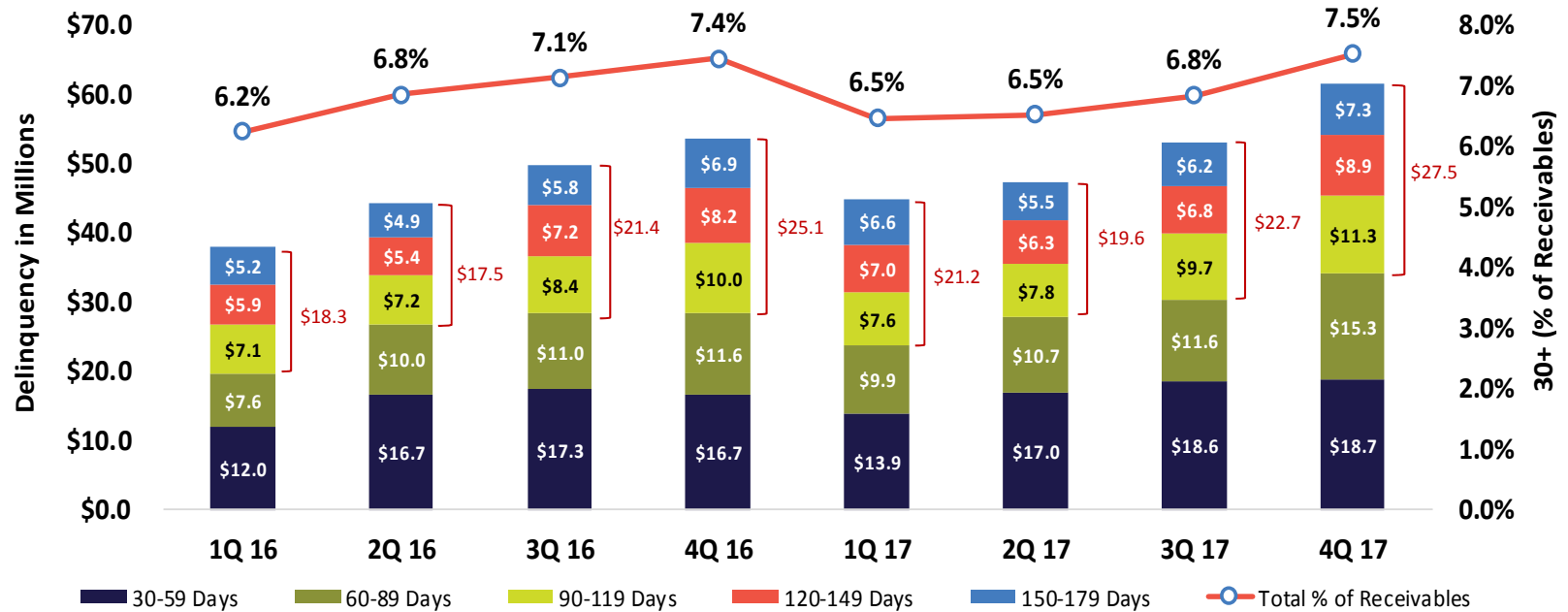
Sequential Δ	2.0%	(1.1%)	(0.6%)	1.8%	1.1%	(1.0%)	(2.1%)	1.2%
YoY Δ	(0.2%)	(0.8%)	(0.5%)	2.1%	1.2%	1.3%	(0.2%)	(0.8%)

- Provision is relatively flat year-over-year as improving credit offset a 14% increase in ending net finance receivables
- 4Q 17 net credit loss rate decreased 0.8% compared to 4Q 16
- Net credit loss rate in 4Q 17 included 0.4% due to a line swing with insurance income

# Seasonal Pattern of Delinquency



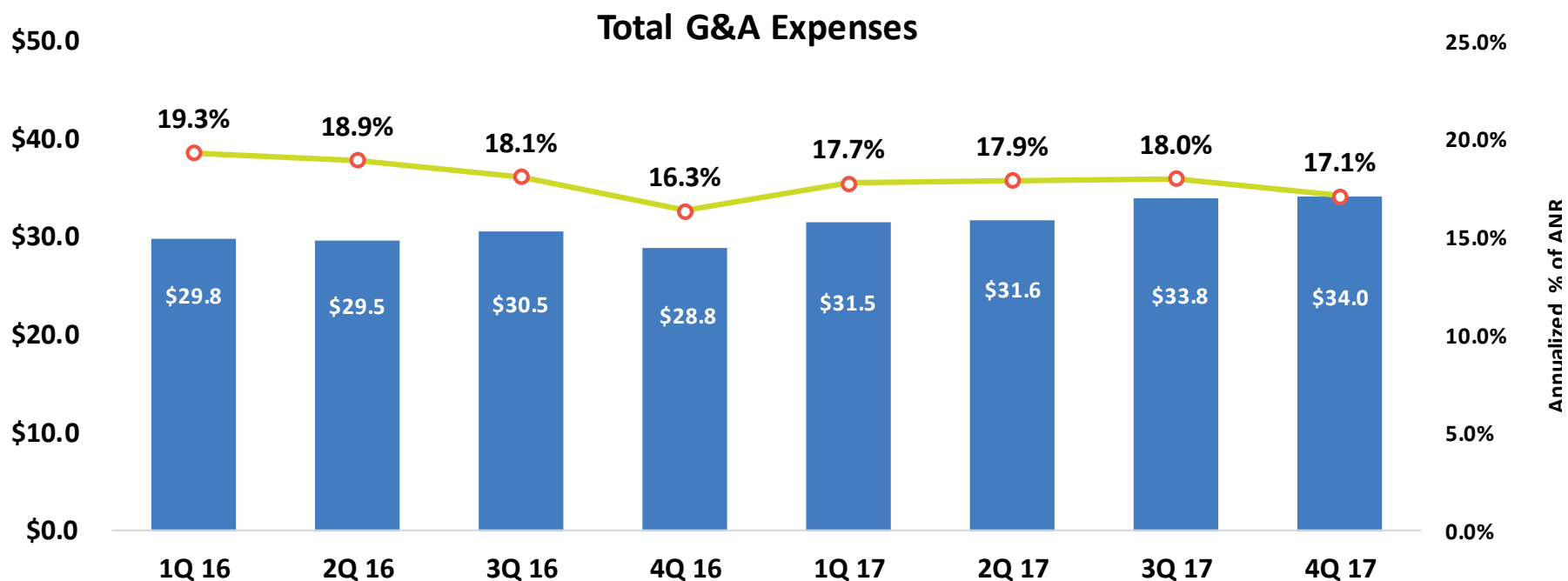
### 30+ Days Past Due Delinquency Trend



30+ days past due %	6.2%	6.8%	7.1%	7.4%	6.5%	6.5%	6.8%	7.5%
90+ days past due %	3.0%	2.7%	3.1%	3.5%	3.0%	2.7%	2.9%	3.4%

- 4Q 17 Delinquency:
  - Total portfolio 30+ DQ is 0.2% higher due to the 3Q 17 hurricanes
  - 30+ days past due of 7.5% is 0.1% higher than 4Q 16
  - 90+ days past due of 3.4% is 0.1% lower than 4Q 16

# G&A Expense Dollars and Ratios



<b>Sequential Δ</b>	4.4%	(0.9%)	3.1%	(5.3%)	9.1%	0.6%	6.9%	0.5%
<b>YoY Δ</b>	(8.6%)	4.6%	16.3%	1.0%	5.5%	7.1%	11.1%	18.0%
<b>As % of ANR</b>	19.3%	18.9%	18.1%	16.3%	17.7%	17.9%	18.0%	17.1%

