UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2016

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to to

Commission File Number: 001-35537

COMMUNITY CHOICE FINANCIAL INC.
(Exact name of registrant as specified in its charter)

Ohio (State or other jurisdiction of incorporation or organization)	**45-1536453** (IRS Employer Identification No.)
6785 Bobcat Way, Suite 200, Dublin, Ohio (Address of principal executive offices)	**43016** (Zip Code)

(614) 798-5900
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

There is no market for the registrant's equity. As of June 30, 2016, there were 7,981,536 shares outstanding.

Community Choice Financial Inc. and Subsidiaries

Form 10-Q for the Quarterly Period Ended June 30, 2016

Table of Contents

Table of Contents

Community Choice Financial Inc. and Subsidiaries

Consolidated Balance Sheets

June 30, 2016 and December 31, 2015

(In thousands, except per share data)

	June 30, 2016 (unaudited)	December 31, 2015
Assets		
Current Assets		
Cash and cash equivalents	$ 89,748	$ 98,941
Restricted cash	3,300	3,460
Finance receivables, net of allowance for loan losses of $15,200 and $20,552	101,258	119,704
Short-term investments, certificates of deposit	400	1,115
Card related pre-funding and receivables	1,702	1,674
Other current assets	17,551	17,024
Total current assets	213,959	241,918
Noncurrent Assets		
Finance receivables, net of allowance for loan losses of $3,102 and $3,340	7,967	8,797
Property, leasehold improvements and equipment, net	40,154	46,085
Goodwill	146,877	152,568
Other intangible assets	1,336	1,913
Security deposits	2,741	3,098
Deferred tax asset, net	1,424	5,165
Total assets	$ 414,458	$ 459,544
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 29,096	$ 34,616
Money orders payable	7,106	11,233
Accrued interest	4,805	6,707
Current portion of capital lease obligation	1,387	1,567
Current portion of line of credit, net of deferred issuance costs of $341 and $-0-	31,359	—
Current portion of related party Florida seller notes	—	10,097
Current portion of subsidiary notes payable, net of deferred issuance costs of $101 and $3	8,110	211
Deferred revenue	2,759	3,154
Total current liabilities	84,622	67,585
Noncurrent Liabilities		
Lease termination payable	1,400	1,322
Capital lease obligation	783	1,485
Stock repurchase obligation	—	3,130
Lines of credit, net of deferred issuance costs of $26 and $575	2,224	26,625
Subsidiary notes payable, net of deferred issuance costs of $951 and $434	40,565	35,506
Senior secured notes, net of deferred issuance costs of $3,522 and $5,803	250,905	347,913
Deferred revenue	9,900	—
Total liabilities	390,399	483,566
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, par value $.01 per share, 3,000 shares authorized, no shares issued and outstanding	—	—
Common stock, par value $.01 per share, 300,000 authorized shares and 7,982 outstanding shares at June 30, 2016 and 8,982 outstanding shares at December 31, 2015	90	90
Additional paid-in capital	129,601	128,331
Retained deficit	(105,582)	(152,443)
Treasury stock	(50)	—
Total stockholders' equity (deficit)	24,059	(24,022)
Total liabilities and stockholders' equity	$ 414,458	$ 459,544

See Notes to Unaudited Consolidated Financial Statements.

Table of Contents

Community Choice Financial Inc. and Subsidiaries

Consolidated Statements of Operations

Three Months and Six Months Ended June 30, 2016 and 2015

(In thousands)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	**2015**	**2016**	**2015**
Revenues:				
Finance receivable fees	**$ 57,952**	$ 80,410	**$ 121,836**	$ 163,029
Credit service fees	**21,170**	25,547	**43,273**	52,934
Check cashing fees	**11,975**	16,261	**25,330**	33,438
Card fees	**2,040**	2,191	**4,188**	4,483
Other	**5,192**	5,855	**11,259**	12,814
Total revenues	**98,329**	130,264	**205,886**	266,698
Operating expenses:				
Salaries and benefits	**17,069**	20,575	**35,348**	41,136
Provision for loan losses	**30,272**	51,916	**56,747**	91,826
Occupancy	**6,578**	7,719	**13,238**	15,296
Advertising and marketing	**2,539**	7,501	**5,217**	12,303
Lease termination	**1,101**	826	**1,101**	826
Depreciation and amortization	**2,540**	2,491	**5,274**	4,884
Other	**15,324**	14,793	**27,936**	28,837
Total operating expenses	**75,423**	105,821	**144,861**	195,108
Operating gross profit	**22,906**	24,443	**61,025**	71,590
Corporate and other expenses				
Corporate expenses	**22,801**	21,702	**44,386**	42,521
Depreciation and amortization	**1,222**	1,395	**2,431**	2,810
Interest expense, net	**10,847**	15,151	**22,310**	29,359
Loss on sale of subsidiary	**—**	—	**1,569**	—
Gain on debt extinguishment	**—**	—	**(62,852)**	—
Market value of stock repurchase obligation	**—**	1,020	**—**	1,010
Total corporate and other expenses	**34,870**	39,268	**7,844**	75,700
Income (loss) from operations, before tax	**(11,964)**	(14,825)	**53,181**	(4,110)
Provision (benefit) for income taxes	**(3,024)**	(5,911)	**6,320**	(1,639)
Net income (loss)	**$ (8,940)**	$ (8,914)	**$ 46,861**	$ (2,471)

See Notes to Unaudited Consolidated Financial Statements.

Table of Contents

Community Choice Financial Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity

Six Months Ended June 30, 2016

(Dollars in thousands)

(Unaudited)

	Common Stock		Treasury	Additional Paid-In	Retained	
	Shares	Amount	Stock	Capital	Deficit	Total
Balance, December 31, 2015	8,981,536	$ 90	$ —	$ 128,331	$ (152,443)	$ (24,022)
Reacquired stock	(1,000,000)		(50)			(50)
Stock-based compensation expense	—	—	—	1,270	—	1,270
Net income	—	—	—	—	46,861	46,861
Balance, June 30, 2016	7,981,536	$ 90	$ (50)	$ 129,601	$ (105,582)	$ 24,059

See Notes to Unaudited Consolidated Financial Statements.

Table of Contents

Community Choice Financial Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Six months Ended June 30, 2016 and 2015

(In thousands)

(Unaudited)

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Cash flows from operating activities		
Net income (loss)	**$ 46,861**	$ (2,471)
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	**56,747**	91,826
Loss on disposal of assets	**1,283**	354
Gain on debt extinguishment	**(62,852)**	—
Loss on sale of subsidiary	**1,569**	—
Depreciation	**7,288**	6,582
Amortization of note discount and deferred debt issuance costs	**1,280**	1,471
Amortization of intangibles	**417**	1,111
Deferred (benefit from) income taxes	**3,741**	(748)
Change in fair value of stock repurchase obligation	**—**	1,010
Stock-based compensation	**1,270**	372
Changes in assets and liabilities:		
Short term investments	**715**	—
Card related pre-funding and receivables	**(28)**	59
Restricted cash	**160**	(896)
Other assets	**(2,581)**	1,408
Deferred revenue	**9,505**	(1,419)
Accrued interest	**(1,779)**	10
Money orders payable	**(4,127)**	3,384
Lease termination payable	**78**	—
Accounts payable and accrued expenses	**(5,273)**	(4,776)
Net cash provided by operating activities	**54,274**	97,277
Cash flows from investing activities		
Net receivables originated	**(42,058)**	(81,480)
Net acquired assets, net of cash	**(296)**	(810)
Purchase of leasehold improvements and equipment	**(4,904)**	(11,624)
Net cash used in investing activities	**(47,258)**	(93,914)
Cash flows from financing activities		
Repurchase of senior secured notes	**(36,437)**	—
Proceeds from subsidiary note	**13,765**	2,400
Payments on subsidiary note	**(192)**	(200)
Payments on related party Florida seller notes	**—**	(1,500)
Payments on capital lease obligations	**(717)**	(998)
Proceeds on lines of credit	**6,750**	31,700
Debt issuance costs	**622**	(1,084)
Net cash provided by (used in) financing activities	**(16,209)**	30,318
Net increase (decrease) in cash and cash equivalents	**(9,193)**	33,681
Cash and cash equivalents:		
Beginning	**98,941**	77,734
Ending	**$ 89,748**	$ 111,415

See Notes to Unaudited Consolidated Financial Statements.

Community Choice Financial Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(Dollars in thousands, except per share data)

Note 1. Ownership, Nature of Business, and Significant Accounting Policies

Nature of business: Community Choice Financial Inc. (together with its consolidated subsidiaries, "CCFI" or "the Company") was formed on April 6, 2011, under the laws of the State of Ohio. As of June 30, 2016, the Company owned and operated 466 retail locations in 15 states and is licensed to deliver similar financial services over the internet in 31 states. Through its network of retail locations and over the internet, the Company provides customers a variety of financial products and services, including secured and unsecured, short and medium-term consumer loans, check cashing, prepaid debit cards, and other services that address the specific needs of its individual customers.

A summary of the Company's significant accounting policies follows:

Basis of presentation: The accompanying interim unaudited consolidated financial statements of the Company have been prepared in accordance with the instructions to Form 10-Q and accounting principles generally accepted in the United States ("GAAP") for interim financial information. They do not include all information and footnotes required by GAAP for complete financial statements. Although management believes that the disclosures are adequate to prevent the information from being misleading, the interim unaudited consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2015, included in the Company's Annual Report on Form 10-K filed with the Securities & Exchange Commission on March 30, 2016. In the opinion of the Company's management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement of the Company's financial condition, have been included. The results for any interim period are not necessarily indicative of results to be expected for the year ending December 31, 2016.

Basis of consolidation: The accompanying consolidated financial statements include the accounts of CCFI. All significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications: Certain amounts reported in the consolidated financial statements for the three months and six months ended June 30, 2015, have been reclassified to conform to classifications presented in the consolidated financial statements for the three months and six months ended June 30, 2016, without affecting the previously reported net income or stockholders' equity.

Business segments: FASB Accounting Standards Codification ("ASC") Topic 280 *Segment Reporting* requires that a public enterprise report a measure of segment profit or loss, certain specific revenue and expense items, segment assets, information about the way operating segments were determined and other items. The Company reports operating segments in accordance with FASB ASC Topic 280. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in determining how to allocate resources and assess performance. The Company operates in two segments: Retail financial services and Internet financial services.

Revenue recognition: Transactions include loans, credit service fees, check cashing, bill payment, money transfer, money order sales, and other miscellaneous products and services. The full amount of the check cashing fee is recognized as revenue at the time of the transaction. Fees and direct costs incurred for the origination of loans are deferred and amortized over the loan period using the interest method. The Company acts in an agency capacity regarding bill payment services, money transfers, card products, and money orders offered and sold at its branches. The Company records the net amount retained as revenue because the supplier is the primary obligor in the arrangement, the amount earned by the Company is fixed, and the supplier is determined to have the ultimate credit risk. Revenue on loans determined to be troubled debt restructurings are recognized at the impaired loans' original interest rates until the impaired loans are charged off or paid by the customer. Credit service organization ("CSO") fees are recognized over the arranged credit service period.

Finance receivables: Finance receivables consist of short term and medium-term consumer loans.

Short-term consumer loans can be unsecured or secured with a maturity up to ninety days. Unsecured short-term loan products typically range in principal from $100 to $1,000, with a maturity between fourteen and thirty days, and include a written agreement to defer the presentment of the customer's personal check or preauthorized debit for the aggregate amount of the advance plus fees. This form of lending is based on applicable laws and regulations, which vary by state. State statutes vary from charging fees of 15% to 20%, to charging interest at 25% per annum plus origination fees. The customers repay the cash advance by making cash payments or allowing a check or preauthorized debit to be presented. Secured consumer loans with a maturity of ninety days or less are included in this category and represented 17.8% and 17.7% of short-term consumer loans at June 30, 2016 and December 31, 2015, respectively.

Medium-term consumer loans can be unsecured or secured with a maturity greater than ninety days up to thirty-six months. Unsecured medium-term products typically range from $100 to $5,000, and are evidenced by a promissory note with a maturity between three and thirty-six months. These consumer loans vary in structure depending upon the applicable laws and regulations where they are offered. The medium-term consumer loans are payable in installments or provide for a line of credit with periodic payments. Secured consumer loans with a maturity greater than ninety days are included in this category and represented 13.2% and 13.7% of medium-term consumer loans at June 30, 2016, and December 31, 2015, respectively.

Allowance for loan losses: Provisions for loan losses are charged to income in amounts sufficient to maintain an adequate allowance for loan losses and an adequate accrual for losses related to guaranteed loans processed for third-party lenders. The factors used in assessing the overall adequacy of the allowance for loan losses, the accrual for losses related to guaranteed loans made by third-party lenders and the resulting provision for loan losses include an evaluation by product by market based on historical loan loss experience and delinquency of certain medium-term consumer loans. The Company evaluates various qualitative factors that may or may not affect the computed initial estimate of the allowance for loan losses, by using internal valuation inputs including historical loan loss experience, delinquency, overall portfolio quality, and current economic conditions.

For short term unsecured consumer loans, the Company's policy is to charge off loans when they become past due. The Company's policy dictates that, where a customer has provided a check or ACH authorization for presentment upon the maturity of a loan, if the customer has not paid off the loan by the due date, the Company will deposit the customer's check or draft the customer's bank account for the amount due. If the check or draft is returned as unpaid, all accrued fees and outstanding principal are charged-off as uncollectible. For short term secured loans, the Company's policy requires that balances be charged off when accounts are thirty days past due.

For medium term secured and unsecured consumer loans which have a term of one year or less, the Company's policy requires that balances be charged off when accounts are sixty days past due. For medium term secured and unsecured consumer loans which have an initial maturity of greater than one year, the Company's policy requires that balances be charged off when accounts are ninety-one days past due.

In certain markets, the Company reduced interest rates and favorably changed payment terms for medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. These reduced interest rates and changed payment terms were limited to loans that the Company believed the customer had the ability to pay in the foreseeable future. These loans were accounted for as troubled debt restructurings and represent the only loans considered impaired due to the nature of the Company's charge-off policy.

Recoveries of amounts previously charged off are recorded to the allowance for loan losses or the accrual for third-party losses in the period in which they are received.

Change in accounting principle: As of January 1, 2016, the Company adopted new guidance related to the presentation of deferred debt issuance costs in its balance sheet. Under the new guidance, deferred debt issuance costs are reported as a direct deduction from the carrying amount of the related debt. Previously, deferred debt issuance costs were presented as a noncurrent asset. The new presentation requirements have been applied retrospectively and amounts reported in the December 2015 consolidated balance sheet have been adjusted to apply the new guidance. The change in accounting principle resulted in a reduction of noncurrent assets of $6,828, an increase in current assets of $13, a reduction of current liabilities of $3, and a reduction of noncurrent liabilities of $6,812 in the December 31, 2015 balance sheet.

Fair value of financial instruments: Financial assets and liabilities measured at fair value are grouped in three levels. The levels prioritize the inputs used to measure the fair value of the assets or liabilities. These levels are:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are less attractive.
- Level 3—Unobservable inputs for assets and liabilities reflecting the reporting entity's own assumptions.

The Company follows the provisions of ASC 820-10, which applies to all assets and liabilities that are being measured and reported on a fair value basis. ASC 820-10 requires a disclosure that establishes a framework for measuring fair value within GAAP and expands the disclosure about fair value measurements. This standard enables a reader of consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The standard requires that assets and liabilities carried at fair value be classified and disclosed in one of the three categories.

In determining the appropriate levels, the Company performed a detailed analysis of the assets and liabilities that are subject to ASC 820-10. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. The Company's financial instruments consist primarily of cash and cash equivalents, finance receivables, short-term investments, and lines of credit. For all such instruments, other than senior secured notes, notes payable, and stock repurchase obligation at June 30, 2016, and December 31, 2015, the carrying amounts in the consolidated financial statements approximate their fair values. Finance receivables are short term in nature and are originated at prevailing market rates and lines of credit bear interest at current market rates. The fair value of finance receivables at June 30, 2016 and December 31, 2015 approximates carrying value and is measured using internal valuation inputs including historical loan loss experience, delinquency, overall portfolio quality, and current economic conditions.

The fair value of the Company's 10.75% senior secured notes due 2019 (the "2019 notes") and the 12.75% senior secured notes due 2020 (the "2020 notes") were determined based on market yield on trades of the 2019 notes at the end of the recent reporting period.

The fair value of related party Florida seller notes payable was determined based on applicable market yields of similar debt and the fair value of the stock repurchase obligation was determined based on a probability-adjusted Black Scholes option valuation model.

	June 30, 2016		
	Carrying Amount	**Fair Value**	**Level**
Financial assets:			
Cash and cash equivalents	**$ 89,748**	$ 89,748	1
Restricted cash	**3,300**	3,300	1
Finance receivables	**109,225**	109,225	3
Short-term investments, certificates of deposit	**400**	400	2
Financial liabilities:			
10.75% Senior secured notes	**241,927**	98,585	1
12.75% Senior secured notes	**12,500**	6,041	2
Subsidiary Note payable	**49,727**	49,727	2
Lines of Credit	**33,950**	33,950	2

	December 31, 2015		
	Carrying Amount	**Fair Value**	**Level**
Financial assets:			
Cash and cash equivalents	**$ 98,941**	$ 98,941	1
Restricted cash	**3,460**	3,460	1
Finance receivables	**128,501**	128,501	3
Short-term investments, certificates of deposit	**1,115**	1,115	2
Financial liabilities:			
10.75% Senior secured notes	**328,716**	77,248	1
12.75% Senior secured notes	**25,000**	9,063	2
Related party Florida seller notes	**10,097**	10,097	2
Subsidiary Note payable	**36,154**	36,154	2
Lines of Credit	**27,200**	27,200	2
Stock repurchase obligation	**3,130**	3,130	2

Treasury Stock: Treasury stock is reported at cost and consists of one million common shares at June 30, 2016. There were no shares held in treasury at December 31, 2015.

Subsequent events: The Company has evaluated its subsequent events (events occurring after June 30, 2016) through the issuance date of August 12, 2016.

Note 2. Finance Receivables, Credit Quality Information and Allowance for Loan Losses

Finance receivables representing amounts due from customers for advances at June 30, 2016, and December 31, 2015, consisted of the following:

	June 30, 2016	December 31, 2015
Short-term consumer loans	**$ 64,479**	**$ 76,631**
Medium-term consumer loans	**65,210**	**78,665**
Gross receivables	**129,689**	**155,296**
Unearned advance fees, net of deferred loan origination costs	**(2,162)**	**(2,903)**
Finance receivables before allowance for loan losses	**127,527**	**152,393**
Allowance for loan losses	**(18,302)**	**(23,892)**
Finance receivables, net	**$ 109,225**	**$ 128,501**
Finance receivables, net		
Current portion	**$ 101,258**	**$ 119,704**
Non-current portion	**7,967**	**8,797**
Total finance receivables, net	**$ 109,225**	**$ 128,501**

Changes in the allowance for loan losses by product type for the three months ended June 30, 2016, are as follows:

	Balance 4/1/2016	Provision	Charge-Offs	Recoveries	Balance 6/30/2016	Receivables 6/30/2016	Allowance as a percentage of receivable
Short-term consumer loans	$ 2,838	$ 10,968	$ (26,600)	$ 15,555	$ 2,761	$ 64,479	4.28%
Medium-term consumer loans	16,444	10,357	(14,389)	3,129	15,541	65,210	23.83%
	$ 19,282	$ 21,325	$ (40,989)	$ 18,684	$ 18,302	$ 129,689	14.11%

The provision for loan losses for the three months ended June 30, 2016, also includes losses from returned items from check cashing of $1,412.

The provision for short-term consumer loans of $10,968 is net of debt sales of $527 for the three months ended June 30, 2016.

The provision for medium-term consumer loans of $10,357 is net of debt sales of $1,850 for the three months ended June 30, 2016.

The Company evaluates all short-term and medium-term consumer loans collectively for impairment, except for medium-term loans that have been modified and classified as troubled debt restructurings, which are individually evaluated for impairment. In certain markets, the Company reduced interest rates and favorably changed payment terms for medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. The provision and subsequent charge off related to these loans totaled $33 and is included in the provision for medium-term consumer loans for the three months ended June 30, 2016. For these loans evaluated for impairment, there were $391 of payment defaults during the three months ended June 30, 2016. The troubled debt restructurings during the three months ended June 30, 2016 are subject to an allowance of $18 with a net carrying value of $47 at June 30, 2016.

Changes in the allowance for loan losses by product type for the six months ended June 30, 2016, are as follows:

	Balance 1/1/2016	Provision	Charge-Offs	Recoveries	Balance 6/30/2016	Receivables 6/30/2016	Allowance as a percentage of receivable
Short-term consumer loans	$ 3,676	$ 18,699	$ (53,518)	$ 33,904	$ 2,761	$ 64,479	4.28%
Medium-term consumer loans	20,216	22,335	(32,369)	5,359	15,541	65,210	23.83%
	$ 23,892	$ 41,034	$ (85,887)	$ 39,263	$ 18,302	$ 129,689	14.11%

The provision for loan losses for the six months ended June 30, 2016, also includes losses from returned items from check cashing of $2,977.

The provision for short-term consumer loans of $18,699 is net of debt sales of $944 for the six months ended June 30, 2016.

The provision for medium-term consumer loans of $22,335 is net of debt sales of $1,850 for the six months ended June 30, 2016.

The Company evaluates all short-term and medium-term consumer loans collectively for impairment, except for medium-term loans that have been modified and classified as troubled debt restructurings, which are individually evaluated for impairment. In certain markets, the Company reduced interest rates and favorably changed payment terms for medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. The provision and subsequent charge off related to these loans totaled $389 and is included in the provision for medium-term consumer loans for the six months ended June 30, 2016. For these loans evaluated for impairment, there were $768 of payment defaults during the six months ended June 30, 2016. The troubled debt restructurings during the six months ended June 30, 2016 are subject to an allowance of $114 with a net carrying value of $335 at June 30, 2016.

Changes in the allowance for loan losses by product type for the three months ended June 30, 2015 are as follows:

	Balance 4/1/2015	Provision	Charge-Offs	Recoveries	Balance 6/30/2015	Receivables 6/30/2015	Allowance as a percentage of receivable
Short-term consumer loans	$ 4,024	$ 18,635	$ (37,156)	$ 18,959	$ 4,462	$ 86,431	5.16%
Medium-term consumer loans	21,734	21,644	(20,394)	1,837	24,821	94,989	26.13%
	$ 25,758	$ 40,279	$ (57,550)	$ 20,796	$ 29,283	$ 181,420	16.14%

The provision for loan losses for the three months ended June 30, 2015, also includes losses from returned items from check cashing of $2,283.

The Company evaluates all short-term and medium-term consumer loans collectively for impairment, except for medium-term loans that have been modified and classified as troubled debt restructurings, which are individually evaluated for impairment. In certain markets, the Company reduced interest rates and favorably changed payment terms for medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. The provision and subsequent charge off related to these loans totaled $163 and is included in the provision for medium-term consumer loans for the three months ended June 30, 2015. For these loans evaluated for impairment, there were $502 of payment defaults during the three months ended June 30, 2015. The troubled debt restructurings during the three months ended June 30, 2015 are subject to an allowance of $68 with a net carrying value of $182 at June 30, 2015.

Changes in the allowance for loan losses by product type for the six months ended June 30, 2015 are as follows:

	Balance 1/1/2015	Provision	Charge-Offs	Recoveries	Balance 6/30/2015	Receivables 6/30/2015	Allowance as a percentage of receivable
Short-term consumer loans	$ 5,141	$ 30,277	$ (72,717)	$ 41,761	$ 4,462	$ 86,431	5.16%
Medium-term consumer loans	25,222	39,682	(44,580)	4,497	24,821	94,989	26.13%
	$ 30,363	$ 69,959	$ (117,297)	$ 46,258	$ 29,283	$ 181,420	16.14%

The provision for loan losses for the six months ended June 30, 2015, also includes losses from returned items from check cashing of $4,539.

The provision for short-term consumer loans of $30,277 is net of debt sales of $631 for the six months ended June 30, 2015.

The Company evaluates all short-term and medium-term consumer loans collectively for impairment, except for medium-term loans that have been modified and classified as troubled debt restructurings, which are individually evaluated for impairment. In certain markets, the Company reduced interest rates and favorably changed payment terms for medium-term consumer loans to assist borrowers in avoiding default and to mitigate risk of loss. The provision and subsequent charge off related to these loans totaled $667 and is included in the provision for medium-term consumer loans for the six months ended June 30, 2015. For these loans evaluated for impairment, there were $1,754 of payment defaults during the six months ended June 30, 2015. The troubled debt restructurings during the six months ended June 30, 2015 are subject to an allowance of $270 with a net carrying value of $652 at June 30, 2015.

The Company has subsidiaries that facilitate third party lender loans. Changes in the accrual for third-party lender losses for the three months and six months ended June 30, 2016, and 2015 were as follows:

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Balance, beginning of period	**$ 2,216**	$ 3,103	**$ 2,610**	$ 4,434
Provision for loan losses	**7,535**	9,354	**12,736**	17,328
Charge-offs, net	**(6,477)**	(9,428)	**(12,072)**	(18,733)
Balance, end of period	**$ 3,274**	$ 3,029	**$ 3,274**	$ 3,029

Total gross finance receivables for which the Company has recorded an accrual for third-party lender losses totaled $36,773 and $40,552 at June 30, 2016, and December 31, 2015, respectively, and the corresponding guaranteed consumer loans are disclosed as an off-balance sheet arrangement. The provision for third party lender losses of $7,535 and $12,736 for the three months and six months ended June 30, 2016 is net of debt sales of $109 and $460, respectively.

The Company considers the near term repayment performance of finance receivables as its primary credit quality indicator. The Company performs credit checks through consumer reporting agencies on certain borrowers. If a third-party lender provides the advance, the applicable third-party lender decides whether to approve the loan and establishes all of the underwriting criteria and terms, conditions, and features of the customer's loan agreement.

The aging of receivables at June 30, 2016, and December 31, 2015, are as follows:

	June 30, 2016		December 31, 2015	
Current finance receivables	**$ 117,763**	**90.9%**	$ 138,346	89.1%
Past due finance receivables (1 - 30 days)				
Short-term consumer loans	**945**	**0.7%**	1,268	0.8%
Medium-term consumer loans	**6,606**	**5.1%**	9,433	6.1%
Total past due finance receivables (1 - 30 days)	**7,551**	**5.8%**	10,701	6.9%
Past due finance receivables (31 - 60 days)				
Medium-term consumer loans	**2,394**	**1.8%**	3,225	2.1%
Total past due finance receivables (31 - 60 days)	**2,394**	**1.8%**	3,225	2.1%
Past due finance receivables (61 - 90 days)				
Medium-term consumer loans	**1,981**	**1.5%**	3,024	1.9%
Total past due finance receivables (61 - 90 days)	**1,981**	**1.5%**	3,024	1.9%
Total delinquent	**11,926**	**9.1%**	16,950	10.9%
	$ 129,689	**100.0%**	$ 155,296	100.0%

Note 3. Related Party Transactions and Balances

Certain senior members of management have an interest in a vendor from which the Company purchases telecommunications services. Hardware and services were provided to the Company by the vendor at a reduced rate for the three months ended June 30, 2016 and 2015 were $958 and $233, and for the six months ended June 30, 2016 and 2015, were $1,746 and $373, respectively. If the Company were to source the services from another vendor, the overall cost of the services would likely increase.

The Company has a consulting agreement with a related party for information technology consulting services. Consulting services provided to the Company for the three months ended June 30, 2016 and 2015, were $128 and $66 and for the six months ended June 30, 2016 and 2015, were $266 and $147, respectively.

There were no additional significant new, or changes to existing, related party transactions during the six months ended June 30, 2016.

Table of Contents

Note 4. Goodwill and Other Intangible Assets

The Company performed a goodwill impairment test for the Retail services segment as required when a portion of a segment is sold. See the Sale of Subsidiary described in Note 10. The test resulted in no impairment of goodwill as of February 1, 2016.

Intangible amortization expense for the three months ended June 30, 2016, and 2015 were $146 and $519, respectively, and for the six months ended June 30, 2016 and 2015 were $417 and $1,111, respectively. There were no additional significant changes to goodwill and other intangible assets during the six months ended June 30, 2016.

Note 5. Pledged Assets and Debt

Lines of credit at June 30, 2016 and December 31, 2015, consisted of the following:

	June 30, 2016			December 31, 2015		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Net Principal
$7,000 Revolving credit, secured, prime plus 1.00% with 5.00% floor, due July 2017, collateralized by all of Insight Capital, LLC's assets	**$ 2,250**	**$ 26**	**$ 2,224**	$ —	$ —	$ —
$31,700 Revolving credit, secured, interest rate as defined below, due March 2017, collateralized by all Guarantor Company assets	**31,700**	**341**	**31,359**	27,200	575	26,625
	33,950	**367**	**33,583**	27,200	575	26,625
Less current maturities	**31,700**	**341**	**31,359**	—	—	—
Long-term portion	**$ 2,250**	**$ 26**	**$ 2,224**	$ 27,200	$ 575	$ 26,625

The deferred issuance costs of $13 were greater than the carrying value of the $7,000 Revolving credit facility as of December 31, 2015 and is included in Other Current Assets on the Consolidated Balance Sheet.

The interest rate is one-month LIBOR plus 14% with a 15% floor, and there is a make-whole payment if the revolving principal balance falls below 85% of the aggregate commitment on or before September 27, 2016. The 1-month LIBOR was 0.47% and 0.24% at June 30, 2016 and December 31, 2015, respectively, and the prime rate was 3.5% and 3.25% at June 30, 2016 and December 31, 2015, respectively.

Senior secured notes payable at June 30, 2016, and December 31, 2015, consisted of the following:

	June 30, 2016			December 31, 2015		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Net Principal
$395,000 Senior Note payable, 10.75 %, collateralized by all Guarantor Company assets, semi-annual interest payments with principal due April 2019	**$ 241,927**	**$ 3,258**	**$ 238,669**	$ 328,716	$ 5,207	$ 323,509
$25,000 Senior Note payable, 12.75 %, collateralized by all Guarantor Company assets, semi-annual interest payments with principal due May 2020	**12,500**	**264**	**12,236**	25,000	596	24,404
	254,427	**3,522**	**250,905**	353,716	5,803	347,913
Less current maturities	**—**	**—**	**—**	—	—	—
Long-term portion	**$ 254,427**	**$ 3,522**	**$ 250,905**	$ 353,716	$ 5,803	$ 347,913

For the six months ended June 30, 2016, the Company repurchased $99,289 of our senior secured notes resulting in a $62,852 gain on debt extinguishment. The Company may continue to repurchase its outstanding debt, including in the open market through privately negotiated transactions, by exercising redemption rights, or otherwise and any such repurchases may be material.

Non-guarantor notes payable at June 30, 2016, and December 31, 2015, consisted of the following related party Florida seller notes:

	June 30, 2016			December 31, 2015		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Principal
$8,000 non-guarantor term note, secured, 10.00%, quarterly interest payments with principal due August 2016	**$ —**	**$ —**	**$ —**	$ 7,905	$ —	$ 7,905
$9,000 non-guarantor term note, secured, 10.00%, quarterly principal and interest payments due August 2016	**—**	**—**	**—**	2,192	—	2,192
	—	**—**	**—**	10,097	—	10,097
Less current maturities	**—**	**—**	**—**	10,097	—	10,097
Long-term portion	**$ —**	**$ —**	**$ —**	$ —	$ —	$ —

As part of the consideration of the Company's sale of its Buckeye Check Cashing of Florida II LLC ("Florida II") subsidiary on January 31, 2016, the Company was released from its liability for the two previously outstanding non-guarantor notes payable totaling $10,097. The notes were incurred in connection with the Company's initial acquisition of this entity.

Subsidiary notes payable at June 30, 2016, and December 31, 2015, consisted of the following:

	June 30, 2016			December 31, 2015		
	Principal	Deferred Issuance Costs	Net Principal	Principal	Deferred Issuance Costs	Net Principal
$40,000 Note, secured, 16.5%, collateralized by acquired loans, due January 2018	**$ 39,500**	**$ 922**	**$ 38,578**	$ 35,000	$ 425	$ 34,575
$8,100 Note, secured, 18.5%, collateralized by acquired loans, due December 2016	**8,100**	**99**	**8,001**	—	—	—
$1,425 Term note, secured, 4.25%, collateralized by financed asset, due July 2019	**967**	**10**	**957**	995	12	983
$1,165 Term note, secured, 4.5%, collateralized by financed asset, due May 2021	**1,160**	**21**	**1,139**	—	—	—
$489 Term note, secured, 8.50%, collateralized by financed asset, due July 2016, paid in full June 2016	**—**	**—**	**—**	159	—	159
	49,727	**1,052**	**48,675**	36,154	437	35,717
Less current maturities	**8,211**	**101**	**8,110**	214	3	211
Long-term portion	**$ 41,516**	**$ 951**	**$ 40,565**	**$ 35,940**	$ 434	$ 35,506

The January 2018 subsidiary note was amended on June 1, 2016 to increase the maximum credit facility to $40,000 and extend the maturity date to January 2018.

The December 2016 subsidiary note was amended on April 20, 2016 to increase the maximum credit facility to $8,100. The proceeds from the subsidiary note were used by a non-guarantor subsidiary for consumer loan acquisitions from guarantor subsidiaries.

On May 24, 2016, a guarantor subsidiary of the Company entered in to a $1,165 term note for the acquisition of a share of an airplane.

There were no additional significant changes to pledged assets or debt during the six months ended June 30, 2016.

Note 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2016, and December 31, 2015, consisted of the following:

	June 30, 2016	December 31, 2015
Accounts payable	**$ 2,558**	$ 4,403
Accrued payroll and compensated absences	**6,227**	7,673
Wire transfers payable	**1,457**	1,795
Accrual for third-party losses	**3,274**	2,610
Unearned CSO Fees	**4,558**	4,990
Deferred rent	**1,058**	1,229
Bill payment	**1,777**	4,611
Lease termination	**1,554**	1,180
Federal and state tax	**2,190**	—
Other	**4,443**	6,125
	$ 29,096	$ 34,616

Note 7. Operating and Capital Lease Commitments and Total Rental Expense

Rental expense, including common area maintenance and real estate tax expense, totaled $6,997 and $8,047 for the three months ended June 30, 2016, and 2015, and $14,051 and $15,956 for the six months ended June 30, 2016 and 2015, respectively.

Lease termination expense totaled $1,101 and $826 for the three months and six months ended June 30, 2016, and 2015, respectively.

There were no additional significant changes to operating and capital lease commitments during the six months ended June 30, 2016.

Note 8. Concentrations of Credit Risks

The Company's portfolio of finance receivables is comprised of loan agreements with customers living in thirty-four states and consequently such customers' ability to honor their contracts may be affected by economic conditions in those states. Additionally, the Company is subject to regulation by federal and state governments that affect the products and services provided by the Company. To the extent that laws and regulations are passed that affect the Company's ability to offer loans or similar products in any of the states in which it operates, the Company's financial position could be adversely affected.

The following table summarizes the allocation of the portfolio balance by state at June 30, 2016 and December 31, 2015:

	June 30, 2016		December 31, 2015	
State	Balance Outstanding	Percentage of Total Outstanding	Balance Outstanding	Percentage of Total Outstanding
Alabama	**$ 14,129**	**10.9%**	$ 16,375	10.6%
Arizona	**10,871**	**8.4**	14,137	9.1
California	**51,029**	**39.3**	56,586	36.4
Florida	**4,012**	**3.1**	8,052	5.2
Virginia	**12,557**	**9.7**	14,726	9.4
Other retail segment states	**23,497**	**18.1**	25,412	16.4
Other internet segment states	**13,594**	**10.5**	20,008	12.9
Total	**$ 129,689**	**100.0%**	$ 155,296	100.0%

The other retail segment states are: Illinois, Indiana, Kansas, Kentucky, Michigan, Missouri, Ohio, Oregon, Tennessee, and Utah.

The other internet segment states are: Alabama, Alaska, California, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Kansas, Louisiana, Maine, Minnesota, Mississippi, Missouri, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming. In the third quarter of 2015, the Company ceased all international operations in order to focus on its domestic operations.

In certain markets, the Company offers a CSO product to assist consumers in obtaining credit with unaffiliated third-party lenders. Total gross finance receivables for which the Company has recorded an accrual for third-party lender losses totaled $36,773 and $40,552 at June 30, 2016, and December 31, 2015, respectively, and the corresponding guaranteed consumer loans are disclosed as an off-balance sheet arrangement.

Note 9. Contingencies

From time-to-time the Company is a defendant in various lawsuits and administrative proceedings wherein certain amounts are claimed or violations of law or regulations are asserted. In the opinion of the Company's management, these claims are without substantial merit and should not result in judgments which in the aggregate would have a material adverse effect on the Company's financial statements.

Note 10. Sale of Subsidiary

On February 1, 2016, Buckeye Check Cashing of Florida, Inc., a wholly-owned subsidiary of CCFI, completed the sale of the membership interests of Florida II to Buckeye Check Cashing of Florida III, LLC ("Buyer"). Florida II most recently operated 43 stores in the South Florida market and was part of the Company's Retail financial service operating segment. Florida II was an unrestricted subsidiary under the Company's outstanding senior secured debt instruments.

The consideration for the sale of Florida II included the following:

- 1,000,000 shares of common stock of the Company held by Check Cashing USA Holdings, Inc., an affiliate of the Buyer, were assigned to the Company and recorded as treasury stock of $50. In addition, stock repurchase rights associated with the shares were cancelled, resulting in the elimination of a stock repurchase obligation of $3,130.

- The Company was released from liability for two promissory notes totaling $10,112 that were incurred in connection with the Company's original acquisition of Florida II (the "related party Florida seller notes").

In connection with the sale, the Company has also provided the Buyer with a short-term $6,000 line of credit, substantially all of which was drawn by the Buyer as part of, or concurrent with, the sale. As a result of uncertainties associated with repayment of the line of credit, the Company also recognized a $3,000 loan loss reserve that has been included in the loss on sale of Florida II.

The Company recognized a pre-tax loss of $1,569 on the sale of Florida II, including the goodwill of $5,691 allocated to the Florida II transaction based on relative fair value. The difference between the pre-tax loss of $1,569 and tax loss of $24,062 on the sale of Florida II reflects the difference in GAAP and tax treatment of goodwill associated with an individual acquisition.

Note 11. Business Combination

On May 18, 2016, Buckeye Check Cashing of Florida, Inc. ("BCC Florida"), a wholly-owned subsidiary of CCFI, re-acquired five south Florida retail locations, previously owned by Florida II, from the subsequent purchaser of Florida II, as described in Note 10.

BCC Florida agreed to accept the assets of the five retail locations in exchange for satisfying the Buyer's remaining obligation of the line of credit from the sale of Florida II, which had a balance of $4,821. The transaction resulted in a pre-tax gain of $296 which is included with corporate expenses on the consolidated statement of operations.

Note 12. Stock Based Compensation

On May 16, 2016, the Company cancelled 1,270,106 options and re-issued 1,243,299 options with a per share exercise price of $2.25 with 1,233,499 options vesting immediately and 9,800 options vesting on specific dates defined in the award agreements.

The following weighted average assumptions were used by the Company for awards re-issued during the six months ended June 30, 2016:

Risk-free interest rate	1.30%
Dividend yield	0.00%
Expected volatility	65.00%
Expected term (years)	5.00
Weighted average fair value of options granted	$ 1.23

For the six months ended June 30, 2016 and 2015, the Company recorded stock-based compensation costs in the amount of $1,270 and $372, respectively. As of June 30, 2016 and December 31, 2015, unrecognized stock-based compensation costs to be recognized over future periods approximated $44 and $942, respectively. At June 30, 2016, the remaining unrecognized compensation expense is $44 for certain awards that vest over the requisite service period. The remaining compensation expense of $44 is expected to be recognized over a weighted-average period of 1.25 years. The total income tax benefit recognized in the income statement for the stock-based compensation arrangements was $508 and $149 for the six months ended June 30, 2016 and 2015, respectively.

Stock option activity for the six months ended June 30, 2016 is as follows (these amounts have not been rounded in thousands):

	Shares	Weighted-Average Exercise Price (actual per share price)	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (thousands)
Outstanding at December 31, 2015	1,662,614	$ 7.54	4.8	N/A
Granted	1,243,299	2.25	9.8	N/A
Exercised	—	—	—	N/A
Forfeited or expired	1,614,652	—	—	N/A
Outstanding at June 30, 2016	1,291,261	$ 2.40	9.8	N/A
Exercisable at June 30, 2016	1,267,111	$ 2.41	9.8	$ —
Vested or expected to vest at June 30, 2016	1,291,261	$ 2.40	9.8	$ —

As of June 30, 2016, there are 24,150 un-vested stock options with a weighted-average fair value at grant date of $0.89.

Note 13. Business Segments

The Company has elected to organize and report on its operations as two operating segments: Retail financial services and Internet financial services.

The following tables present summarized financial information for the Company's segments:

	As of and for the three months ended June 30, 2016						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 336,767		$ 77,691		$ —	$ 414,458	
Goodwill	146,877		—		—	146,877	
Other Intangible Assets	286		1,050		—	1,336	
Total Revenues	$ 74,326	100.0%	$ 24,003	100.0%	$ —	$ 98,329	100.0%
Provision for Loan Losses	17,112	23.0%	13,160	54.8%	—	30,272	30.8%
Other Operating Expenses	41,316	55.6%	3,835	16.0%	—	45,151	45.9%
Operating Gross Profit	15,898	21.4%	7,008	29.2%	—	22,906	23.3%
Interest Expense, net	6,720	9.0%	4,127	17.2%	—	10,847	11.0%
Depreciation and Amortization	1,008	1.4%	214	0.9%	—	1,222	1.2%
Other Corporate Expenses (a)	—	—	—	—	22,801	22,801	23.2%
Income (loss) from Operations, before tax	8,170	11.0%	2,667	11.1%	(22,801)	(11,964)	(12.2)%

(a) Represents expenses not associated directly with operations that are not allocated between reportable segments. Therefore, the Company has elected to disclose other corporate expenses as unallocated.

There were no intersegment revenues for the three months ended June 30, 2016.

As of and for the six months ended June 30, 2016	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 336,767		$ 77,691		$ —	$ 414,458	
Goodwill	146,877		—		—	146,877	
Other Intangible Assets	286		1,050		—	1,336	
Total Revenues	$ 155,695	100.0%	$ 50,191	100.0%	$ —	$ 205,886	100.0%
Provision for Loan Losses	29,677	19.1%	27,070	53.9%	—	56,747	27.6%
Other Operating Expenses	80,054	51.4%	8,060	16.1%	—	88,114	42.8%
Operating Gross Profit	45,964	29.5%	15,061	30.0%	—	61,025	29.6%
Interest Expense, net	14,034	9.0%	8,276	16.5%	—	22,310	10.8%
Depreciation and Amortization	1,975	1.3%	456	0.9%	—	2,431	1.2%
Loss on Sale of Subsidiary	1,569	1.0%	—	—	—	1,569	0.8%
Gain on Debt Extinguishment (a)	—	—	—	—	(62,852)	(62,852)	(30.5)%
Other Corporate Expenses (a)	—	—	—	—	44,386	44,386	21.6%
Income from Operations, before tax	28,386	18.2%	6,329	12.6%	18,466	53,181	25.8%

(a) Represents income and expenses not associated directly with operations that are not allocated between reportable segments. Therefore, the Company has elected to disclose the gain on debt extinguishment and all other corporate expenses as unallocated.

There were no intersegment revenues for the six months ended June 30, 2016.

As of and for the three months ended June 30, 2015	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 524,703		$ 82,602		$ —	$ 607,305	
Goodwill	221,667		—		—	221,667	
Other Intangible Assets	1,058		1,511		—	2,569	
Total Revenues	$ 97,145	100.0%	$ 33,119	100.0%	$ —	$ 130,264	100.0%
Provision for Loan Losses	29,555	30.5%	22,361	67.6%	—	51,916	39.9%
Other Operating Expenses	46,661	48.0%	7,244	21.9%	—	53,905	41.3%
Operating Gross Profit	20,929	21.5%	3,514	10.5%	—	24,443	18.8%
Interest Expense, net	10,041	10.3%	5,110	15.4%	—	15,151	11.6%
Depreciation and Amortization	1,109	1.1%	286	0.9%	—	1,395	1.1%
Market Value of Stock Repurchase Obligation	1,020	1.0%	—	—	—	1,020	0.8%
Other Corporate Expenses (a)	—	—	—	—	21,702	21,702	16.7%
Income (loss) from Operations, before tax	8,759	9.0%	(1,882)	(5.7)%	(21,702)	(14,825)	(11.4)%

(a) Represents expenses not associated directly with operations that are not allocated between reportable segments. Therefore, the Company has elected to disclose all other corporate expenses as unallocated.

Intersegment revenues of $697 for the three months ended June 30, 2015, have been eliminated.

As of and for the six months ended June 30, 2015	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 524,703		$ 82,602		$ —	$ 607,305	
Goodwill	221,667		—		—	221,667	
Other Intangible Assets	1,058		1,511		—	2,569	
Total Revenues	$ 200,527	100.0%	$ 66,171	100.0%	$ —	$ 266,698	100.0%
Provision for Loan Losses	51,039	25.5%	40,787	61.7%	—	91,826	34.4%
Other Operating Expenses	90,718	45.2%	12,564	19.0%	—	103,282	38.8%
Operating Gross Profit	58,770	29.3%	12,820	19.3%	—	71,590	26.8%
Interest Expense, net	19,333	9.6%	10,026	15.2%	—	29,359	11.0%
Depreciation and Amortization	2,240	1.1%	570	0.9%	—	2,810	1.1%
Market Value of Stock Repurchase Obligation	1,010	0.5%	—	—	—	1,010	0.4%
Other Corporate Expenses (a)	—	—	—	—	42,521	42,521	15.9%
Income (loss) from Operations, before tax	36,187	18.0%	2,224	3.4%	(42,521)	(4,110)	(1.5)%

(a) Represents expenses not associated directly with operations that are not allocated between reportable segments. Therefore, the Company has elected to disclose all other corporate expenses as unallocated.

Intersegment revenues of $1,237 for the six months ended June 30, 2015, have been eliminated.

Note 14. Income Taxes

The Company files a consolidated federal income tax return. The Company files consolidated or separate state income tax returns as permitted by the individual states in which it operates. The differences between our effective rate and U.S. statutory rate is primarily due to non-deductible expenses, state taxes and changes in valuation allowance. The Company had unrecognized tax benefits of $191 at June 30, 2016 and $-0- at December 31, 2015.

At June 30, 2016, the Company had gross deferred tax assets of $32,280 and a net deferred tax asset of $1,424. At December 31, 2015, the Company had gross deferred tax assets of $46,441 and a net deferred tax asset of $1,565. A valuation allowance of $30,856 and $41,276 was recognized at June 30, 2016 and December 31, 2015, respectively, to reduce the deferred tax assets to the amount that was more likely than not expected to be realized. In evaluating whether a valuation allowance was needed for the deferred tax assets, the Company considered the ability to carry net operating losses back to prior periods, reversing taxable temporary differences, and estimates of future taxable income. There have been no credits or net operating losses that have expired. In addition, the Company's projections of future taxable income are expected to result in the realization of the remaining deferred tax assets. The projections were evaluated in light of past operating results and considered the risks associated with future taxable income related to macroeconomic conditions in the markets in which the Company operates, regulatory developments and cost containment. The Company will continue to evaluate the need for a valuation allowance against deferred tax assets in future periods and will adjust the allowance as necessary if it determines that it is not more likely than not that some or all of the deferred tax assets are expected to be realized.

The Company's 2013 and 2014 federal income tax returns are currently under examination by the Internal Revenue Service ("IRS"). It expects the audit of its 2013 and 2014 federal income tax returns to be completed within the next three months. It is reasonably possible that the amount of the unrecognized tax benefits could change during that time; however, the Company does not anticipate that the liability will be materially different than the amount currently reserved.

Note 15. Transactions with Variable Interest Entities

The Company has limited agency agreements with unaffiliated third-party lenders. The agreements govern the terms by which the Company refers customers to that lender, on a non-exclusive basis, for a possible extension of credit, processes loan applications and commits to reimburse the lender for any loans or related fees that were not collected from such customers. As of June 30, 2016, and December 31, 2015, the outstanding amount of active consumer loans guaranteed by the Company, which represents the Company's maximum exposure, was $36,773 and $40,552, respectively. This obligation is recorded as a current liability on the Company's consolidated balance sheet. The accrual for third party lender losses related to these obligations totaled $3,274 and $2,610 as of June 30, 2016 and December 31, 2015, respectively. The Company has determined that the lenders are VIEs but that the Company is not the primary beneficiary of the VIEs. Therefore, the Company has not consolidated either lender.

The Company provided a $6,000 temporary line of credit to the Buyer of Florida II as part of the consideration. The line of credit is a form of subordinated financial support that represents a variable interest in Florida II. The Company did not have the power to direct of the activities that most significantly impact the performance of Florida II, therefore, the Company has determined that it is not the primary beneficiary of Florida II and did not consolidate Florida II. The remaining obligation was satisfied in May 2016 as part of the transaction described in Note 11.

Note 16. Supplemental Guarantor Information

The 2019 notes and the 2020 notes contain various covenants that, subject to certain exceptions defined in the indentures governing the notes (the "Indentures"), limit the Company's ability to, among other things, engage in certain transactions with affiliates, pay dividends or distributions, redeem or repurchase capital stock, incur or assume liens or additional debt, and consolidate or merge with or into another entity or sell substantially all of its assets. The Company has optional redemption features on the 2019 notes and the 2020 notes prior to their maturity which, depending on the date of the redemption, would require premiums to be paid in addition to all principal and interest due.

The 2019 notes and 2020 notes are guaranteed by all of the Company's guarantor subsidiaries existing as of April 29, 2011 (the date the Company issued the 2019 notes) and any subsequent guarantor subsidiaries that guarantee the Company's indebtedness or the indebtedness of any other subsidiary guarantor (the "Subsidiary Guarantors"), in accordance with the Indentures. The Company is a holding company and has no independent assets or operations of its own. The guarantees under the 2019 notes and 2020 notes are full, unconditional, and joint and several. There are no restrictions on the ability of the Company or any of the Subsidiary Guarantors to obtain funds from its restricted subsidiaries by dividend or loan, except for net worth requirements of certain states in which the Company operates and certain requirements relating to the Company's Alabama subsidiary, Insight Capital, LLC, as a result of its separate revolving credit facility (the "Alabama Revolving Credit Agreement"). Certain Subsidiary Guarantors are required to maintain net worth ranging from $5 to $1,000. The total net worth requirements of these Subsidiary Guarantors is $6.75 million. The

Indentures contain certain affirmative and negative covenants applicable to the Company and its Subsidiary Guarantors, including restrictions on their ability to incur additional indebtedness, consummate certain asset sales, make investments in certain entities that create liens on their assets, enter into certain affiliate transactions and make certain restricted payments, including restrictions on the Company's ability to pay dividends on, or repurchase, its common stock.

As long as the $7,000 Alabama Revolving Credit Agreement remains outstanding, the guarantee provided by Insight Capital, LLC is secured on a second-priority basis by the shared Alabama collateral held by such subsidiary. As a result, any obligations under the Alabama Revolving Credit Agreement must first be satisfied before the Alabama subsidiary can make any payments with respect to the 2019 notes and 2020 notes.

Note 17. Supplemental Condensed Consolidating Guarantor and Non- Guarantor Financial Information

The following presents the condensed consolidating guarantor financial information as of June 30, 2016, and December 31, 2015, and for the six months ended June 30, 2016, and 2015, for the subsidiaries of the Company that serve as guarantors of the 2019 notes and the 2020 notes, and for the subsidiaries that do not serve as a guarantor. The non-guarantor subsidiaries are Florida II, CCFI Funding LLC, CCFI Funding II LLC, Direct Financial Solutions of UK Limited and its subsidiary Cash Central UK Limited, Direct Financial Solutions of Canada, Inc and its subsidiaries DFS-CC Financial Services LLC, DFS-CC Financial Services (Calgary) LLC and DFS-CC Financial Services (Toronto) LLC, and Direct Financial Solutions of Australia Pty Ltd and its subsidiary Cash Central of Australia Pty Ltd. Each of the Company's guarantor subsidiaries are 100% owned by the Company or its subsidiaries, and all guarantees are full, unconditional, and joint and several.

Of the entities under "Non-Guarantor Subsidiaries" in the tables below, Florida II, CCFI Funding, and CCFI Funding II are "Unrestricted Subsidiaries" as defined in the Indentures. Buckeye Check Cashing of Florida II, LLC was acquired on July 31, 2012 and was sold on February 1, 2016, CCFI Funding was created on December 20, 2013, and CCFI Funding II was established on September 19, 2014. Refer to the "Non-Guarantor Subsidiaries" columns in the following condensed consolidating schedules. Florida II is not included in the June 30, 2016 Balance Sheet as the entity was sold on February 1, 2016, and is included in the Statement of Operations for only the month ended January 31, 2016. The remainder of the entities included under "non-Guarantor Subsidiaries" in the tables below are "Restricted Subsidiaries" as defined in the Indentures governing the 2019 notes and the 2020 notes and, for the periods specified, did not have material assets, liabilities, revenue or expenses.

The supplemental guarantor information required by GAAP distinguishes between non-guarantor and guarantor financial information based on the legal entities and the guarantor requirements contained in the Indentures governing the 2019 notes, 2020 notes, and the Company's revolving credit agreement. ASC 350-20, Intangibles — Goodwill and Other, however, requires that goodwill be allocated to reporting units irrespective of which legal entity the goodwill is associated with. When a portion of a reporting unit is sold, goodwill is allocated to the business disposed of based on the relative fair values of the business sold and the retained portion of the reporting unit. The sale of Florida II results in a reduction of goodwill of $5,691 for the Company's Retail services segment, with the remaining goodwill of approximately $25,344 allocated to Florida II's guarantor parent. The book loss on the sale of Florida II is $1,569 whereas the tax loss on the sale of Florida II is $24,062. For tax purposes, all of the goodwill associated with the original Florida II acquisition is written off, which reflects the difference in the book and tax treatment of goodwill associated with an individual acquisition.

Table of Contents

Community Choice Financial Inc. and Subsidiaries
Condensed Consolidating Balance Sheet (unaudited)
June 30, 2016

	Community Choice Financial	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current Assets					
Cash and cash equivalents	$ —	$ 51,898	$ 37,850	$ —	$ 89,748
Restricted cash	—	3,300	—	—	3,300
Finance receivables, net	—	79,227	22,031	—	101,258
Short-term investments, certificates of deposit	—	400	—	—	400
Card related pre-funding and receivables	—	1,702	—	—	1,702
Other current assets	—	25,984	1,827	(10,260)	17,551
Total current assets	—	162,511	61,708	(10,260)	213,959
Noncurrent Assets					
Investment in Subsidiaries	347,308	—	—	(347,308)	—
Finance receivables, net	—	7,967	—	—	7,967
Leasehold improvements and equipment, net	—	40,154	—	—	40,154
Goodwill	—	146,877	—	—	146,877
Other intangible assets	—	1,336	—	—	1,336
Security deposits	—	2,741	—	—	2,741
Deferred tax asset, net	—	1,424	—	—	1,424
Total assets	$ 347,308	$ 363,010	$ 61,708	$ (357,568)	$ 414,458
Liabilities and Stockholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities	$ —	$ 30,935	$ (67)	$ (1,772)	$ 29,096
Money orders payable	—	7,106	—	—	7,106
Accrued interest	4,600	526	2,314	(2,635)	4,805
Current portion of capital lease obligation	—	1,387	—	—	1,387
Current portion of lines of credit	31,359	—	—		31,359
Current portion of subsidiary note payable	—	109	8,001	—	8,110
CCFI funding notes	—	—	5,853	(5,853)	—
Deferred revenue	—	2,759	—	—	2,759
Total current liabilities	35,959	42,822	16,101	(10,260)	84,622
Noncurrent Liabilities					
Lease termination payable	—	1,400	—	—	1,400
Capital lease obligation	—	783	—	—	783
Lines of credit	—	2,224	—	—	2,224
Subsidiary note payable	—	1,987	38,578	—	40,565
Senior secured notes	250,905	—	—	—	250,905
Deferred Revenue	—	9,900	—	—	9,900
Total liabilities	286,864	59,116	54,679	(10,260)	390,399
Stockholders' Equity	60,444	303,894	7,029	(347,308)	24,059
Total liabilities and stockholders' equity	$ 347,308	$ 363,010	$ 61,708	$ (357,568)	$ 414,458

Community Choice Financial Inc. and Subsidiaries
Condensed Consolidating Balance Sheet
December 31, 2015

	Community Choice Financial	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current Assets					
Cash and cash equivalents	$ —	$ 69,986	$ 28,955	$ —	$ 98,941
Restricted cash	—	3,460	—	—	3,460
Finance receivables, net	—	96,088	23,616	—	119,704
Short-term investments, certificates of deposit	—	1,115	—	—	1,115
Card related pre-funding and receivables	—	1,674	—	—	1,674
Other current assets	—	33,292	2,661	(18,929)	17,024
Total current assets	—	205,615	55,232	(18,929)	241,918
Noncurrent Assets					
Investment in Subsidiaries	378,548	17,156	—	(395,704)	—
Finance receivables, net	—	8,797	—	—	8,797
Leasehold improvements and equipment, net	—	43,300	2,785	—	46,085
Goodwill	—	121,533	31,035	—	152,568
Other intangible assets	—	1,748	165	—	1,913
Security deposits	—	2,943	155	—	3,098
Deferred tax asset, net	—	5,165	—	—	5,165
Total assets	$ 378,548	$ 406,257	$ 89,372	$ (414,633)	$ 459,544
Liabilities and Stockholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities	$ —	$ 35,612	$ 11,012	$ (12,008)	$ 34,616
Money orders payable	—	10,486	747	—	11,233
Accrued interest	6,420	6	1,849	(1,568)	6,707
Current portion of capital lease obligation	—	1,447	120	—	1,567
Current portion of related party Florida seller notes	—	—	10,097	—	10,097
Current portion of subsidiary note payable	—	211	—	—	211
CCFI funding notes	—	—	5,353	(5,353)	—
Deferred revenue	—	3,154	—	—	3,154
Total current liabilities	6,420	50,916	29,178	(18,929)	67,585
Noncurrent Liabilities					
Accrued liabilities	—	—	—	—	—
Lease termination payable	—	1,266	56	—	1,322
Capital lease obligation	—	1,430	55	—	1,485
Stock repurchase obligation	—	—	3,130	—	3,130
Lines of credit	26,625	—	—	—	26,625
Subsidiary note payable	—	931	34,575	—	35,506
Senior secured notes	347,913	—	—	—	347,913
Total liabilities	380,958	54,543	66,994	(18,929)	483,566
Stockholders' Equity (Deficit)	(2,410)	351,714	22,378	(395,704)	(24,022)
Total liabilities and stockholders' equity	$ 378,548	$ 406,257	$ 89,372	$ (414,633)	$ 459,544

Community Choice Financial Inc. and Subsidiaries
Condensed Consolidating Statements of Income (unaudited)
Six Months Ended June 30, 2016

	Community Choice Financial	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:					
Finance receivable fees	$ —	$ 93,282	$ 28,554	$ —	$ 121,836
Credit service fees	—	43,273	—	—	43,273
Check cashing fees	—	24,785	545	—	25,330
Card fees	—	4,150	38	—	4,188
Dividend	—	3,000	—	(3,000)	—
Other	—	11,541	297	(579)	11,259
Total revenues	—	180,031	29,434	(3,579)	205,886
Operating expenses:					
Salaries and benefits	—	34,735	613	—	35,348
Provision for loan losses	—	39,337	17,410	—	56,747
Occupancy	—	12,998	251	(11)	13,238
Advertising and marketing	—	5,213	4	—	5,217
Lease termination	—	1,097	4	—	1,101
Depreciation and amortization	—	5,196	78	—	5,274
Other	—	27,436	500	—	27,936
Total operating expenses	—	126,012	18,860	(11)	144,861
Operating gross profit	—	54,019	10,574	(3,568)	61,025
Corporate expenses	—	44,061	325	—	44,386
Intercompany management fee	—	(1,381)	1,381	—	—
Depreciation and amortization	—	2,423	8	—	2,431
Interest expense, net	17,996	442	4,440	(568)	22,310
Interest expense allocation	(17,996)	17,996	—	—	—
Loss on sale of subsidiary	—	1,569	—	—	1,569
Gain on debt extinguishment	(62,852)	—	—	—	(62,852)
Total corporate and other expenses	(62,852)	65,110	6,154	(568)	7,844
Income (loss) before income taxes	62,852	(11,091)	4,420	(3,000)	53,181
Provision (benefit) for income taxes	7,469	(1,318)	525	(356)	6,320
Net income (loss)	$ 55,383	$ (9,773)	$ 3,895	$ (2,644)	$ 46,861

Community Choice Financial Inc. and Subsidiaries
Condensed Consolidating Statements of Income (unaudited)
Six Months Ended June 30, 2015

	Community Choice Financial	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:					
Finance receivable fees	$ —	$ 124,451	$ 38,578	$ —	$ 163,029
Credit service fees	—	52,934	—	—	52,934
Check cashing fees	—	30,893	7,145	(4,600)	33,438
Card fees	—	4,213	270	—	4,483
Dividend	—	10,000	—	(10,000)	—
Other	—	13,087	1,616	(1,889)	12,814
Total revenues	—	235,578	47,609	(16,489)	266,698
Operating expenses:					
Salaries and benefits	—	37,740	3,396	—	41,136
Provision for loan losses	—	72,065	19,761	—	91,826
Occupancy	—	13,531	1,765	—	15,296
Advertising and marketing	—	13,099	441	(1,237)	12,303
Lease termination costs	—	788	38	—	826
Depreciation and amortization	—	4,405	479	—	4,884
Other	—	31,235	2,202	(4,600)	28,837
Total operating expenses	—	172,863	28,082	(5,837)	195,108
Operating gross profit	—	62,715	19,527	(10,652)	71,590
Corporate expenses	—	41,711	931	(121)	42,521
Intercompany management fee	—	(1,794)	1,794	—	—
Depreciation and amortization	—	2,390	420	—	2,810
Interest expense, net	25,239	949	3,702	(531)	29,359
Interest expense allocation	(25,239)	23,878	1,361	—	—
Market value of stock repurchase obligation	—	—	1,010	—	1,010
Total corporate and other expenses	—	67,134	9,218	(652)	75,700
Income (loss) before income taxes	—	(4,419)	10,309	(10,000)	(4,110)
Provision (benefit) for income taxes	—	(1,763)	4,111	(3,987)	(1,639)
Net income (loss)	$ —	$ (2,656)	$ 6,198	$ (6,013)	$ (2,471)

Community Choice Financial Inc. and Subsidiaries
Condensed Consolidating Statement of Cash Flows (unaudited)
Six Months Ended June 30, 2016

	Community Choice Financial	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Net cash provided by operating activities	$ 30,283	$ 3,252	$ 20,739	$ 54,274
Cash flows from investing activities				
Net receivables originated	—	(20,100)	(21,958)	(42,058)
Net acquired assets, net of cash	—	(296)	—	(296)
Purchase of leasehold improvements and equipment	—	(4,895)	(9)	(4,904)
Net cash used in investing activities	—	(25,291)	(21,967)	(47,258)
Cash flows from financing activities				
Repurchase of senior secured notes	(36,437)	—	—	(36,437)
Proceeds from subsidiary note	—	1,165	12,600	13,765
Payments on subsidiary note	—	(192)	—	(192)
Proceeds on CCFI Funding Notes	—	(500)	500	—
Payments on capital lease obligations	—	(707)	(10)	(717)
Proceeds on lines of credit	4,500	2,250	—	6,750
Debt issuance costs	1,654	(46)	(986)	622
Net cash provided by (used in) financing activities	(30,283)	1,970	12,104	(16,209)
Net increase in cash and cash equivalents	—	(20,069)	10,876	(9,193)
Cash and cash equivalents:				
Beginning	—	69,986	28,955	98,941
Ending	$ —	$ 49,917	$ 39,831	$ 89,748

Community Choice Financial Inc. and Subsidiaries
Condensed Consolidating Statement of Cash Flows (unaudited)
Six Months Ended June 30, 2015

	Community Choice Financial	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Net cash provided by operating activities	$ 1,157	$ 61,545	$ 34,575	$ 97,277
Cash flows from investing activities				
Net receivables originated	—	(64,021)	(17,459)	(81,480)
Net acquired assets, net of cash	—	(810)	—	(810)
Purchase of leasehold improvements and equipment	—	(11,114)	(510)	(11,624)
Net cash used in investing activities	—	(75,945)	(17,969)	(93,914)
Cash flows from financing activities				
Proceeds from subsidiary note	—	—	2,400	2,400
Payments on subsidiary note	—	(200)	—	(200)
Payments on related party Florida seller notes	—	—	(1,500)	(1,500)
Payments on capital lease obligations, net	—	(946)	(52)	(998)
Proceeds from lines of credit	31,700	—	—	31,700
Intercompany activities	(31,985)	31,985	—	—
Debt issuance costs	(872)	(144)	(68)	(1,084)
Net cash provided by (used in) financing activities	(1,157)	30,695	780	30,318
Net increase in cash and cash equivalents	—	16,295	17,386	33,681
Cash and cash equivalents:				
Beginning	—	63,372	14,362	77,734
Ending	$ —	$ 79,667	$ 31,748	$ 111,415

Note 18. Subsequent Events

On June 30, 2016, Community Choice Financial Inc.'s indirect subsidiaries, Checksmart Financial Company, Cash Central of Mississippi, LLC, Buckeye Check Cashing of Alabama, LLC, Buckeye Check Cashing of Arizona, Inc., and Buckeye Check Cashing, Inc., entered into a swap transaction with QC Holdings, Inc., and QC Financial Services, Inc. (collectively "QC"). As part of the transaction, the Company acquired QC Financial Services of California, Inc., which operates sixty retail locations, and thirty-eight retail locations in Ohio, Mississippi, Arizona and Alabama from QC. These new stores will be accounted for by us as an acquisition. Also as part of the transaction, the Company sold to QC, Buckeye Check Cashing of Illinois LLC, Buckeye Check Cashing of Kansas LLC, Buckeye Title Loans of Kansas LLC, Buckeye Check Cashing of Missouri LLC, Buckeye Title Loans of Missouri LLC, Buckeye Check Cashing of Utah, Inc., and Buckeye Title Loans of Utah LLC, and the thirty-three retail locations operated by these entities.

Other than the transfer of the equity interests and assets, the transaction did not provide for the payment or receipt of any other consideration by the Company or by QC, other than customary post-closing adjustments. In entering into the transaction, the Company and QC each concluded that the net value of the equity interests and other assets received by QC are substantially equal to the net value of the equity interests and other assets received by the Company. The carrying value of the assets acquired by QC from the Company was $28,035. The transaction was consummated effective at 12:01:00 a.m. on July 1, 2016.

The fair market value of the assets acquired or disposed of has not yet been determined. Please see the Form 8-K filed with the Securities and Exchange Commission on July 7, 2016 for more details.

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

The following discussion contains management's discussion and analysis of Community Choice Financial Inc's financial condition and results of operations. References to "CCFI", "the company", "us", "we", "our" and "ours" refer to Community Choice Financial Inc, together with its subsidiaries. This discussion contains forward-looking statements and involves numerous risks and uncertainties. Actual results may differ materially from those contained in any forward-looking statements.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 ("Act") provides a safe harbor for forward-looking statements. Certain statements in this report are forward-looking statements within the meaning of the Act, and such statements are intended to qualify for the protection of the safe harbor provided by the Act. The words "anticipate," "estimate," "expect," "objective," "goal," "project," "intend," "plan," "believe," "will," "should," "may," "target," "forecast," "guidance," "outlook," and similar expressions generally identify forward-looking statements. Similarly, descriptions of our objectives, strategies, plans, goals or targets are also forward-looking statements. Forward-looking statements relate to the expectations of management as to future occurrences and trends, including statements expressing optimism or pessimism about future operating results or events and projected revenues, earnings, capital expenditures and business strategy. Forward-looking statements are based upon a number of assumptions concerning future conditions that may ultimately prove to be inaccurate. Forward-looking statements are and will be based upon management's then current views and assumptions regarding future events and operating performance, and are applicable only as of the dates of such statements. Although we believe the expectations expressed in forward-looking statements are based on reasonable assumptions within the bounds of our knowledge, forward-looking statements, by their nature, involve risks, uncertainties and other factors, any one or a combination of which could materially affect our business, financial condition, results of operations or liquidity.

Forward-looking statements that we make herein and in other reports and releases are not guarantees of future performance and actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including, but not limited to, the ongoing impact of the economic and credit crisis, leveling demand for our products, our inability to successfully execute strategic initiatives, our ability to recognize the expected benefits from recently undertaken strategic initiatives, including those described under "-Factors Affecting Our Results of Operations—Recent Strategic Initiatives," integration of acquired businesses, competitive pressures, economic pressures on our customers and us, regulatory and legislative changes, the impact of legislation, the risks discussed under Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015, and other factors discussed from time to time. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made. We undertake no obligation to publicly update forward-looking statements whether as a result of new information, future events or otherwise.

Readers are advised, however, to consult any further disclosures we make on related subjects in our public announcements, releases, and reports.

Overview

We are a leading provider of alternative financial services to unbanked and under banked consumers. We provide our customers a variety of financial products and services, including short-term and medium-term consumer loans, check cashing, prepaid debit cards, and other services that address the specific needs of our customers. Through our retail focused business model, we provide our customers immediate access to high quality financial services at competitive rates through the channel most convenient for them. As of June 30, 2016, we operated 466 retail locations across 15 states and were licensed in 31 states via the internet.

Our retail business model provides a broad array of financial products and services whether through a retail location or over the internet, whichever distribution channel satisfies the target customer's needs or desires. We want to achieve a superior level of customer satisfaction, resulting in increased market penetration and value creation. An important part of our retail model is investing in and creating a premier brand presence, supported by a well-trained and motivated workforce with the aim of enhancing the customer's experience, generating increased traffic and introducing our customers to our diversified set of products.

Table of Contents

Factors Affecting Our Results of Operations

Sale of Subsidiary

On February 1, 2016, BCC Florida, a wholly-owned subsidiary of the Company, completed the sale of the membership interests of Florida II to Buckeye Check Cashing of Florida III, LLC ("Buyer"). Florida II operated 43 stores in the south Florida market at the transaction date and was part of the Company's Retail financial service operating segment. Florida II was an unrestricted subsidiary under the Company's outstanding senior secured debt instruments.

In connection with the sale, the Company had provided the Buyer with a short-term $6.0 million line of credit, substantially all of which was drawn by the Buyer as part of, or concurrent with, the sale. As a result of uncertainties associated with repayment of the line of credit, the Company also recognized a $3.0 million loan loss reserve that has been included in the loss on sale of Florida II. As described below, the line of credit is no longer available as of May 2016.

Recent Acquisition

On May 18, 2016, BCC Florida, a wholly-owned subsidiary of CCFI, acquired five south Florida retail locations, previously owned by Florida II, from the subsequent purchaser of Florida II.

BCC Florida agreed to accept the assets of the five retail locations in exchange for satisfying the Buyer's remaining obligation of the line of credit, net of loan loss reserve, from the sale of Florida II. The transaction resulted in a pre-tax gain of $0.3 million which is which is included with corporate expenses on the consolidated statement of operations.

Retail Platform

During the six months ended June 30, 2016, the Company re-acquired five retail locations, closed twenty-one retail locations, and sold forty-three retail locations. The closed or sold retail locations had direct costs of $20.7 million for the prior twelve months.

The chart below sets forth certain information regarding our retail presence and number of states served via the internet as of and for the year ended December 31, 2015, and the six months ended June 30, 2016.

	Year Ended December 31 2015	Six Months Ended June 30, 2016
# of Locations		
Beginning of Period	530	525
Opened	31	—
Re-acquired	—	5
Closed	36	21
Sold	—	43
End of Period	525	466
Number of states licensed to be served by our internet operations	30	31

The following table provides the geographic composition of our physical locations as of December 31, 2015, and June 30, 2016:

	December 31, 2015	June 30, 2016
Alabama	42	39
Arizona	33	33
California	149	143
Florida	61	19
Indiana	21	21
Illinois	12	12
Kansas	5	5
Kentucky	15	15
Michigan	14	14
Missouri	7	7
Ohio	95	91
Oregon	2	2
Tennessee	27	25
Utah	10	9
Virginia	32	31
	525	466

In addition, the Company is licensed to provide internet financial services in the following states: Alabama, Alaska, California, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Kansas, Louisiana, Maine, Minnesota, Mississippi, Missouri, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming. In the third quarter of 2015, the Company ceased all international operations in order to focus on its domestic operations.

Changes in Legislation

In July 2010, the Dodd-Frank Act was signed into law. Among other things, this act created the Consumer Financial Protection Bureau ("CFPB") and granted it the authority to regulate companies that provide consumer financial services. The CFPB has examined both our retail and internet operations. We do not expect the findings from these exams to result in a material change to our business practices. We expect to be periodically examined in the future by the CFPB as well as other regulatory agencies. On June 2, 2016, the CFPB released its proposed rules addressing payday, vehicle title and certain high-cost installment loans. The CFPB will accept comments on the proposed rules through October 7, 2016. The CFPB proposal anticipates that the final rules will become effective fifteen months after publication in the Federal Register. When publication will occur in the Federal Register will be determined by the number and substance of the comments that the CFPB receives on the proposed rules, but we expect that the final rules will be effective in late 2017 or in 2018.

Product Characteristics and Mix

As the Company expands its product offerings to meet our customers' needs, the characteristics of our overall loan portfolio shift to reflect the terms of these new products. Our various lending products have different terms. The shift to a CSO program in certain markets has reduced our portfolios and may result in changes to the accrual for third party lender losses. We believe that our prepaid debit card direct deposit offering has reduced our check cashing fees, however, the availability of direct deposit to the Insight prepaid card as an alternative to check cashing extends the customer relationship and increases our revenues associated with the Insight prepaid card.

Expenses

Our operating expenses relate primarily to the operation of our retail locations and internet presence, including salaries and benefits, retail location occupancy costs, call center costs, internet advertising, loan loss provisions, and depreciation of assets. We also incur corporate and other expenses on a company-wide basis, including interest expense and other financing costs related to our indebtedness, advertising, insurance, salaries, benefits, occupancy costs, professional expenses and management fees paid to our majority stockholders.

We view our compliance, collections and information technology groups as core competencies. We have invested in each of these areas and believe we will benefit from increased economies of scale and satisfy the increased regulatory scrutiny of the CFPB.

Recent Strategic Initiatives

On June 2, 2016, the CFPB released its proposed rules addressing payday, vehicle title and certain high-cost installment loans which the Company expects to be final in late 2017 or in 2018. In anticipation of the effectiveness of these rules, the Company enacted several strategic initiatives during the second half of 2015. These strategic initiatives include a reduction in new retail location openings and consolidation of underperforming retail locations, along with a heightened focus on expense and portfolio rationalization. Operating labor costs decreased as a result of the retail consolidation, workforce reductions, and reduced operating hours. The Company also slowed the growth of its portfolios during the second half of 2015. Through the first half of 2016, we continued to see improving trends in portfolio performance. We expect that benefits from these strategic initiatives to continue.

Critical Accounting Policies

Consistent with accounting principles generally accepted in the United States of America, our management makes certain estimates and assumptions to determine the reported amounts of assets, liabilities, revenue and expenses in the process of preparing our financial statements. These estimates and assumptions are based on the best information available to management at the time the estimates or assumptions are made. The most significant estimates made by our management include allowance for loan losses, goodwill, stock based compensation, and our determination for recording the amount of deferred income tax assets and liabilities, because these estimates and assumptions could change materially as a result of conditions both within and beyond management's control.

Management believes that among our significant accounting policies, the following involve a higher degree of judgment:

Finance Receivables, Net

Finance receivables consist of short-term and medium-term consumer loans.

Short-term consumer loans can be unsecured or secured with a maturity up to ninety days. Unsecured short-term products typically range in size from $100 to $1,000, with a maturity between fourteen and thirty days, and an agreement to defer the presentment of the customer's personal check or preauthorized debit for the aggregate amount of the advance plus fees. This form of lending is based on applicable laws and regulations which vary by state. Statutes vary from charging fees of 15% to 20%, to charging interest at 25% per annum plus origination fees. The customers repay the cash advances by making cash payments or allowing the check or preauthorized debit to be presented. Secured short-term products typically range from $750 to $5,000, and are asset-based consumer loans whereby the customer obtains cash and grants a security interest in the collateral that may become a lien against that collateral. Secured consumer loans represented 17.7% and 17.8% of short-term consumer loans at December 31, 2015 and June 30, 2016, respectively.

Medium-term consumer loans can be unsecured or secured with a maturity of three months up to thirty-six months. Unsecured medium-term products typically range from $100 to $5,000. These consumer loans vary in structure depending upon the regulatory environment where they are offered. The consumer loans are due in installments or provide for a line of credit with periodic monthly payments. Secured medium-term products typically range from $750 to $5,000, and are asset-based consumer loans whereby the customer obtains cash and grants a security interest in the collateral that may become a lien against that collateral. Secured consumer loans represented 13.7% and 13.2% of medium-term consumer loans at December 31, 2015, and June 30, 2016, respectively.

In some instances, the Company maintains debt-purchasing arrangements with third-party lenders. The Company accrues for these obligations through management's estimation of anticipated purchases based on expected losses in the third-party lender's portfolio. This obligation is recorded as a current liability on our balance sheet.

Total finance receivables, net of unearned advance fees and allowance for loan losses on the consolidated balance sheet as of December 31, 2015, and June 30, 2016, were $128.5 million and $109.2 million, respectively. The allowance for loan losses as of December 31, 2015, and June 30, 2016, were $23.9 million and $18.3 million, respectively. At December 31, 2015, and June 30, 2016, the allowance for loan losses was 15.7% and 14.4%, respectively, of total finance receivables, net of unearned advance fees, reflecting a higher mix of medium-term loans, which have higher allowances for loan losses.

Finance receivables, net as of December 31, 2015, and June 30, 2016, are as follows (in thousands):

	December 31, 2015	June 30, 2016
Finance receivables, net of unearned advance fees	$ 152,393	$ 127,527
Less: Allowance for loan losses	23,892	18,302
Finance receivables, net	$ 128,501	$ 109,225

The total changes to the allowance for loan losses for the three months ended June 30, 2015 and 2016 and the six months ended June 30, 2015 and 2016, were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Allowance for loan losses				
Beginning of period	$ 25,758	$ 19,282	$ 30,363	$ 23,892
Provisions for finance receivable losses	40,279	21,325	69,959	41,034
Charge-offs, net	(36,754)	(22,305)	(71,039)	(46,624)
End of period	$ 29,283	$ 18,302	$ 29,283	$ 18,302
Allowance as percentage of finance receivables, net of unearned advance fees	16.4%	14.4%	16.4%	14.4%

The provision for loan losses for the three months ended June 30, 2015, and 2016 includes losses from returned items from check cashing of $2.3 million and $1.4 million, respectively, and third party lender losses of $9.4 million and $7.5 million, respectively. The provision for loan losses for the six months ended June 30, 2015, and 2016 includes losses from returned items from check cashing of $4.5 million and $3.0 million, respectively, and third party lender losses of $17.3 million and $12.7 million, respectively.

Goodwill

Management evaluates all long-lived assets for impairment annually as of December 31, or whenever events or changes in business circumstances indicate an asset might be impaired, including goodwill and equity method investments. Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets at the date of the acquisition and the excess of purchase price over identified net assets acquired.

One of the methods that management employs in the review of such assets uses estimates of future cash flows. If the carrying value is considered impaired, an impairment charge is recorded for the amount by which the carrying value exceeds its fair value. For equity method investments, an impairment charge is recorded if the decline in value is other than temporary. Management believes that its estimates of future cash flows and fair value are reasonable. Changes in estimates of such cash flows and fair value, however, could impact the estimated value of such assets.

The Company performed a goodwill impairment test for the Retail services segment as required when a portion of a segment is sold. See the Sale of Subsidiary described in Note 10. The test resulted in no impairment of goodwill as of February 1, 2016.

There was no impairment loss charged to operations for goodwill for Retail financial services during the six months ended June 30, 2015.

Income Taxes

We record income taxes as applicable under generally accepted accounting standards. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is recorded to reduce the deferred tax asset if it is more likely than not that some portion of the asset will not be realized.

As of December 31, 2015, the Company recorded a partial valuation allowance on its existing deferred tax assets as it was more likely than not that approximately $8.2 million of deferred tax assets would be realized in 2016. Based on pre-tax income of $53.2 million for the six months ended June 30, 2016 and the reversal of temporary items, the Company had support to realize approximately $6.3 million of deferred tax assets. After recording $3.7 million of deferred tax expense, the Company has a remaining deferred tax asset of $1.4 million as of June 30, 2016.

Primarily as a result of the acquisition of CheckSmart (our predecessor in 2006) and California Check Cashing Stores (which we acquired in 2011), by their respective private equity sponsors at the time, we benefit from the tax amortization of the goodwill resulting from those transactions. For tax purposes this goodwill amortizes over a 15-year period from the date of the acquisitions. We expect the goodwill amortization of $24.9 million to result in future tax savings of approximately $10.0 million at the expected combined rate of 40%. Under GAAP, our income tax expense for accounting purposes, however, does not reflect the impact of this deduction for the amortization of goodwill. This difference between our cash tax expense and our accrued income tax expense results in the creation of deferred income tax items on our balance sheet.

The Company's 2013 and 2014 federal income tax returns are currently under examination by the Internal Revenue Service ("IRS"). It expects the audit of its 2013 and 2014 federal income tax returns to be completed within the next three months. It is reasonably possible that the amount of the unrecognized tax benefits could change during that time; however, the Company does not anticipate that the liability will be materially different than the amount currently reserved.

Non-Guarantor Subsidiaries and Unrestricted Subsidiaries

As described in more detail under Note 17 to the unaudited financial statements for the six months ended June 30, 2016, we had six non-guarantor subsidiaries. As of June 30, 2016, of the entities classified as "Non-Guarantor Subsidiaries", Florida II, CCFI Funding, and CCFI Funding II are "Unrestricted Subsidiaries" as defined in the indentures governing the 2019 notes and 2020 notes. Florida II was acquired on July 31, 2012, and sold on February 1, 2016, CCFI Funding was created on December 20, 2013, and CCFI Funding II was established on September 19, 2014. As of June 30, 2016 and December 31, 2015, these unrestricted subsidiaries had total assets of $61.7 million and $89.4 million and total liabilities of $54.7 million and $67.0 million, respectively. For the six months ended June 30, 2016 and 2015, they had total revenues of $29.4 million and $47.6 million, total operating expenses of $18.9 million and $28.1 million, and income before income taxes of $4.4 million and $10.3 million, respectively.

Florida II is not included in the June 30, 2016, Balance Sheet as the entity was sold on February 1, 2016, and is included in the Statement of Operations for only the month ended January 31, 2016. The remainder of the entities included under "non-Guarantor Subsidiaries" are "Restricted Subsidiaries" as defined in the indentures governing the 2019 notes and the 2020 notes and do not have material assets, liabilities, revenue or expenses.

Table of Contents

Results of Operations

Three Months Ended June 30, 2016, Compared to the Three Months Ended June 30, 2015

The following table sets forth key operating data for the three months ended June 30, 2015 and 2016 (dollars in thousands):

	Three Months Ended June 30,					
	2015	2016	Increase (Decrease)		2015	2016
				(Percent)	(Percent of Revenue)	
Total Revenues	$ 130,264	$ 98,329	$ (31,935)	(24.5)%	100.0%	100.0%
Operating Expenses						
Salaries and benefits	20,575	17,069	(3,506)	(17.0)%	15.8%	17.4%
Provision for losses	51,916	30,272	(21,644)	(41.7)%	39.9%	30.8%
Occupancy	7,719	6,578	(1,141)	(14.8)%	5.9%	6.7%
Advertising and marketing	7,501	2,539	(4,962)	(66.2)%	5.8%	2.6%
Lease termination costs	826	1,101	275	33.3%	0.6%	1.1%
Depreciation and amortization	2,491	2,540	49	2.0%	1.9%	2.6%
Other operating expenses	14,793	15,324	531	3.6%	11.3%	15.5%
Total Operating Expenses	105,821	75,423	(30,398)	(28.7)%	81.2%	76.7%
Income from Operations	24,443	22,906	(1,537)	(6.3)%	18.8%	23.3%
Corporate and other expenses						
Corporate expenses	21,458	22,617	1,159	5.4%	16.5%	23.1%
Depreciation and amortization	1,395	1,222	(173)	(12.4)%	1.1%	1.2%
Interest expense, net	15,151	10,847	(4,304)	(28.4)%	11.6%	11.0%
Market value of stock repurchase obligation	1,020	—	(1,020)	(100.0)%	0.8%	0.0%
Income tax benefit	(5,911)	(3,024)	2,887	(48.8)%	(4.5)%	(3.1)%
Total corporate and other expenses	33,113	31,662	(1,451)	(4.4)%	25.4%	32.2%
Net loss before management fee	(8,670)	(8,756)	(86)	(1.0)%	(6.7)%	(8.9)%
Sponsor Management Fee	244	184	(60)	(24.6)%	0.2%	0.2%
Net Loss	$ (8,914)	$ (8,940)	$ (26)	(0.3)%	(6.8)%	(9.2)%

Table of Contents

Operating Metrics

The following tables set forth key loan and check cashing operating data as of and for the three months ended June 30, 2015 and 2016:

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2016
Short-term Loan Operating Data (unaudited):		
Loan volume (originations and refinancing) (in thousands)	$ 359,189	$ 251,644
Number of loan transactions (in thousands)	938	718
Average new loan size	$ 383	$ 350
Average fee per new loan	$ 47.30	$ 47.25
Loan loss provision	$ 18,635	$ 10,968
Loan loss provision as a percentage of loan volume	5.2%	4.4%
Secured loans as percentage of total at June 30th	16.2%	17.8%
Medium-term Loan Operating Data (unaudited):		
Balance outstanding (in thousands)	$ 94,989	$ 65,210
Number of loans outstanding	70,664	52,262
Average balance outstanding	$ 1,344	$ 1,235
Weighted average monthly percentage rate	16.7%	17.0%
Allowance as a percentage of finance receivables	26.1%	22.6%
Loan loss provision	$ 21,644	$ 10,357
Secured loans as percentage of total at June 30th	12.3%	13.2%
Check Cashing Data (unaudited):		
Face amount of checks cashed (in thousands)	$ 671,098	$ 526,263
Number of checks cashed (in thousands)	1,154	1,037
Face amount of average check	$ 582	$ 507
Average fee per check	$ 14.09	$ 11.54
Returned check expense	$ 2,283	$ 1,412
Returned check expense as a percent of face amount of checks cashed	0.3%	0.3%

Table of Contents

Revenue

(dollars in thousands)	Three Months Ended June 30, 2015	2016	Increase (Decrease)	(Percent)	2015 (Percent of Revenue)	2016
Short-term Consumer Loan Fees and Interest	$ 44,347	$ 33,946	$ (10,401)	(23.5)%	34.0%	34.5%
Medium-term Consumer Loan Fees and Interest	36,063	24,006	(12,057)	(33.4)%	27.7%	24.4%
Credit Service Fees	25,547	21,170	(4,377)	(17.1)%	19.6%	21.5%
Check Cashing Fees	16,261	11,975	(4,286)	(26.4)%	12.5%	12.2%
Prepaid Debit Card Services	2,191	2,040	(151)	(6.9)%	1.7%	2.1%
Other Income	5,855	5,192	(663)	(11.3)%	4.5%	5.3%
Total Revenue	**$ 130,264**	**$ 98,329**	**$ (31,935)**	**(24.5)%**	**100.0%**	**100.0%**

For the three months ended June 30, 2016, total revenue decreased by $31.9 million, or 24.5%, compared to the same period in 2015. The decrease is primarily due to a heightened focus on portfolio performance including more restrictive underwriting standards, the consolidation of underperforming stores in the second half of 2015, and the sale of Florida II.

Revenue from short-term consumer loan fees and interest for the three months ended June 30, 2016, decreased $10.4 million, or 23.5%, compared to the same period in 2015. The decrease is primarily due to the consolidation of underperforming retail locations, the sale of Florida II in the first quarter of 2016, and changes to the regulations and products offered in a certain market.

Revenue from medium-term consumer loans for the three months ended June 30, 2016, decreased $12.1 million, or 33.4%, compared to the same period in 2015. The decrease is primarily due to the expansion of the internet installment portfolio during the first half of 2015 and a heightened focus on portfolio performance, which began in the second half of 2015 and continued through the first half of 2016.

Revenue from credit service fees for the three months ended June 30, 2016, decreased $4.4 million, or 17.1%, compared to the same period in 2015. Credit service fee revenue decreased as the result of a strategic emphasis on portfolio performance during the second half of 2015 and in the first half of 2016.

Revenue from check cashing fees for the three months ended June 30, 2016, decreased $4.3 million, or 26.4%, compared to the same period in 2015. The decrease is primarily due to the sale of Florida II in the first quarter of 2016.

Operating Expenses

(dollars in thousands)	Three Months Ended June 30, 2015	2016	Increase (Decrease)	(Percent)	2015 (Percent of Revenue)	2016
Salaries and Benefits	$ 20,575	$ 17,069	$ (3,506)	(17.0)%	15.8%	17.4%
Provision for Loan Losses	51,916	30,272	(21,644)	(41.7)%	39.9%	30.8%
Occupancy	7,719	6,578	(1,141)	(14.8)%	5.9%	6.7%
Depreciation & Amortization	2,491	2,540	49	2.0%	1.9%	2.6%
Advertising & Marketing	7,501	2,539	(4,962)	(66.2)%	5.8%	2.6%
Lease termination costs	826	1,101	275	33.3%	0.6%	1.1%
Bank Charges	1,408	1,321	(87)	(6.2)%	1.1%	1.3%
Store Supplies	734	465	(269)	(36.6)%	0.6%	0.5%
Collection Expenses	764	680	(84)	(11.0)%	0.6%	0.7%
Telecommunications	1,709	2,435	726	42.5%	1.3%	2.5%
Security	830	633	(197)	(23.7)%	0.6%	0.6%
License & Other Taxes	414	375	(39)	(9.4)%	0.3%	0.4%
Other Operating Expenses	8,934	9,415	481	5.4%	6.8%	9.5%
Total Operating Expenses	**105,821**	**75,423**	**(30,398)**	**(28.7)%**	**81.2%**	**76.7%**
Income from Operations	**$ 24,443**	**$ 22,906**	**$ (1,537)**	**(6.3)%**	**18.8%**	**23.3%**

Total operating expenses have decreased as a percentage of revenue from 81.2% to 76.7% and income from operations has increased as a percentage of revenue from 18.8% to 23.3% for the three months ended June 30, 2016 as compared to the same period in the prior year, primarily a result of the benefit of more restrictive underwriting, the closure of underperforming retail locations in the second half of 2015, and the sale of Florida II.

Salaries and benefits decreased $3.5 million, or 17.0%, for the three months ended June 30, 2016 as compared to the same period in the prior year, primarily due to consolidating underperforming retail locations, the sale of Florida II, workforce reduction, and decreasing operating hours.

The provision for loan losses decreased $21.6 million, or 41.7%, for the three months ended June 30, 2016 as compared to the same period in the prior year. Provision for loan losses decreased as a percentage of revenue from 39.9% to 30.8% during the same period, which reflects the benefits of more restrictive underwriting, which was initially implemented during the second half of 2015.

Occupancy costs decreased $1.1 million, or 14.8%, for the three months ended June 30, 2016 as compared to the same period in the prior year, primarily due to consolidating underperforming retail locations and the sale of Florida II.

Advertising and marketing expense decreased by $5.0 million, or 66.2%, for the three months ended June 30, 2016, as compared to the prior period, and decreased from 5.8% to 2.6% of revenue, reflecting a reduced focus on market share expansion.

Corporate and Other Expenses

	Three Months Ended June 30,					
(dollars in thousands)	**2015**	**2016**	**Increase (Decrease)**		**2015**	**2016**
				(Percent)	**(Percent of Revenue)**	
Corporate Expenses	$ 21,458	$ 22,617	$ 1,159	5.4%	16.4%	23.1%
Depreciation & Amortization	1,395	1,222	(173)	(12.4)%	1.1%	1.2%
Sponsor Management Fee	244	184	(60)	(24.6)%	0.2%	0.2%
Interest expense, net	15,151	10,847	(4,304)	(28.4)%	11.6%	11.0%
Stock Repurchase Obligation	1,020	—	(1,020)	(100.0)%	0.8%	0.0%
Income tax benefit	(5,911)	(3,024)	2,887	(48.8)%	(4.5)%	(3.1)%
Total Corporate and Other Expenses	**$ 33,357**	**$ 31,846**	**$ (1,511)**	**(4.5)%**	**25.6%**	**32.4%**

The increase in corporate expenses for the three months ended June 30, 2016 as compared to the prior year period, is primarily the result of expansion of our risk management and information technology functions, stock compensation, and health care costs.

Interest expense decreased $4.3 million, or 28.4%, for the three months ended June 30, 2016 as compared to the same period in the prior year, primarily as a result of the decrease in the aggregate principal amount of our senior secured notes outstanding.

Income tax benefit increased by $2.9 million for the three months ended June 30, 2016 as compared to the same period in 2015 due to a decrease in the loss from operations and the effective tax rate.

The $1.0 million stock repurchase obligation was part of the consideration for the sale of the unrestricted subsidiary, Florida II.

Business Segment Results of Operations for the Three Months Ended June 30, 2016, and June 30, 2015

The following tables present summarized financial information for our segments:

	As of and for the three months ended June 30, 2016						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 336,767		$ 77,691		$ —	$ 414,458	
Goodwill	146,877		—		—	146,877	
Other Intangible Assets	286		1,050		—	1,336	
Total Revenues	$ 74,326	100.0%	$ 24,003	100.0%	$ —	$ 98,329	100.0%
Provision for Loan Losses	17,112	23.0%	13,160	54.8%	—	30,272	30.8%
Other Operating Expenses	41,316	55.6%	3,835	16.0%	—	45,151	45.9%
Operating Gross Profit	15,898	21.4%	7,008	29.2%	—	22,906	23.3%
Interest Expense, net	6,720	9.0%	4,127	17.2%	—	10,847	11.0%
Depreciation and Amortization	1,008	1.4%	214	0.9%	—	1,222	1.2%
Other Corporate Expenses (a)	—	—	—	—	22,801	22,801	23.2%
Income (loss) from Operations, before tax	8,170	11.0%	2,667	11.1%	(22,801)	(11,964)	(12.2)%

(a) Represents expenses not associated directly with operations that are not allocated between reportable segments. Therefore, the Company has elected to disclose other corporate expenses as unallocated.

There were no intersegment revenues for the three months ended June 30, 2016.

	As of and for the three months ended June 30, 2015						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 524,703		$ 82,602		$ —	$ 607,305	
Goodwill	221,667		—		—	221,667	
Other Intangible Assets	1,058		1,511		—	2,569	
Total Revenues	$ 97,145	100.0%	$ 33,119	100.0%	$ —	$ 130,264	100.0%
Provision for Loan Losses	29,555	30.5%	22,361	67.6%	—	51,916	39.9%
Other Operating Expenses	46,661	48.0%	7,244	21.9%	—	53,905	41.3%
Operating Gross Profit	20,929	21.5%	3,514	10.5%	—	24,443	18.8%
Interest Expense, net	10,041	10.3%	5,110	15.4%	—	15,151	11.6%
Depreciation and Amortization	1,109	1.1%	286	0.9%	—	1,395	1.1%
Market Value of Stock Repurchase Obligation	1,020	1.0%	—	—	—	1,020	0.8%
Other Corporate Expenses (a)	—	—	—	—	21,702	21,702	16.7%
Income (loss) from Operations, before tax	8,759	9.0%	(1,882)	(5.7)%	(21,702)	(14,825)	(11.4)%

(a) Represents expenses not associated directly with operations that are not allocated between reportable segments. Therefore, the Company has elected to disclose all other corporate expenses as unallocated.

Intersegment revenues of $0.7 million for the three months ending June 30, 2015, have been eliminated.

Retail Financial Services

Retail financial services represented 75.6%, or $74.3 million, of consolidated revenues for the three months ended June 30, 2016, which was a decrease of $22.8 million, or 23.5%, over the prior period, primarily due to heightened underwriting standards, the consolidation of underperforming retail locations, and the sale of Florida II. The provision for loan losses decreased as a percentage of revenue from 30.5% to 23.0% for the three months ended June 30, 2016 over the prior period reflecting the benefits of our focus on portfolio performance.

Internet Financial Services

For the three months ended June 30, 2016, total revenues contributed by our Internet financial services segment was $24.0 million, a decrease of $9.1 million, or 27.5%, over the prior year comparable period. The provision for loan losses decreased as a percentage of revenue from 67.6% to 54.8% and operating gross profit increased as a percentage of revenue from 10.5% to 29.2% for the three months ended June 30, 2016 over the prior period reflecting the benefits of our heightened underwriting standards.

Table of Contents

Six Months Ended June 30, 2016, Compared to the Six Months Ended June 30, 2015

The following table sets forth key operating data for the six months ended June 30, 2015 and 2016 (dollars in thousands):

	Six Months Ended June 30,					
	2015	2016	Increase (Decrease)		2015	2016
				(Percent)	(Percent of Revenue)	
Total Revenues	$ 266,698	$ 205,886	$ (60,812)	(22.8)%	100.0%	100.0%
Operating Expenses						
Salaries and benefits	41,136	35,348	(5,788)	(14.1)%	15.4%	17.2%
Provision for losses	91,826	56,747	(35,079)	(38.2)%	34.4%	27.6%
Occupancy	15,296	13,238	(2,058)	(13.5)%	5.7%	6.4%
Advertising and marketing	12,303	5,217	(7,086)	(57.6)%	4.6%	2.5%
Lease termination costs	826	1,101	275	33.3%	0.3%	0.5%
Depreciation and amortization	4,884	5,274	390	8.0%	1.8%	2.6%
Other operating expenses	28,837	27,936	(901)	(3.1)%	11.0%	13.6%
Total Operating Expenses	195,108	144,861	(50,247)	(25.8)%	73.2%	70.4%
Income from Operations	71,590	61,025	(10,565)	(14.8)%	26.8%	29.6%
Corporate and other expenses						
Corporate expenses	42,000	44,021	2,021	4.8%	15.7%	21.3%
Depreciation and amortization	2,810	2,431	(379)	(13.5)%	1.1%	1.2%
Interest expense, net	29,359	22,310	(7,049)	(24.0)%	11.0%	10.8%
Market value of stock repurchase obligation	1,010	—	(1,010)	(100.0)%	0.4%	0.0%
Loss on sale of subsidiary	—	1,569	1,569	100.0%	0.0%	0.8%
Gain on Debt Extinguishment	—	(62,852)	(62,852)	(100.0)%	0.0%	(30.5)%
Income tax expense (benefit)	(1,639)	6,320	7,959	(485.6)%	(0.6)%	3.1%
Total corporate and other expenses	73,540	13,799	(59,741)	(81.2)%	27.6%	6.7%
Net income (loss) before management fee	(1,950)	47,226	49,176	(2521.8)%	(0.7)%	23.0%
Sponsor Management Fee	521	365	(156)	(29.9)%	0.2%	0.2%
Net Income (Loss)	$ (2,471)	$ 46,861	$ 49,332	(1996.4)%	(0.9)%	22.8%

Table of Contents

Operating Metrics

The following tables set forth key loan and check cashing operating data as of and for the six months ended June 30, 2015 and 2016:

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2016
Short-term Loan Operating Data (unaudited):		
Loan volume (originations and refinancing) (in thousands)	$ 710,626	$ 516,829
Number of loan transactions (in thousands)	1,835	1,408
Average new loan size	$ 387	$ 367
Average fee per new loan	$ 48.86	$ 49.88
Loan loss provision	$ 30,277	$ 18,699
Loan loss provision as a percentage of loan volume	4.3%	3.6%
Secured loans as percentage of total at June 30th	16.2%	17.8%
Medium-term Loan Operating Data (unaudited):		
Balance outstanding (in thousands)	$ 94,989	$ 65,210
Number of loans outstanding	70,664	52,262
Average balance outstanding	$ 1,344	$ 1,235
Weighted average monthly percentage rate	16.7%	17.0%
Allowance as a percentage of finance receivables	26.1%	22.6%
Loan loss provision	$ 39,682	$ 22,335
Secured loans as percentage of total at June 30th	12.3%	13.2%
Check Cashing Data (unaudited):		
Face amount of checks cashed (in thousands)	$ 1,347,916	$ 1,090,360
Number of checks cashed (in thousands)	2,226	2,067
Face amount of average check	$ 606	$ 527
Average fee per check	$ 15.02	$ 12.25
Returned check expense	$ 4,539	$ 2,977
Returned check expense as a percent of face amount of checks cashed	0.3%	0.3%

Table of Contents

Revenue

(dollars in thousands)	Six Months Ended June 30, 2015	2016	Increase (Decrease)	(Percent)	2015 (Percent of Revenue)	2016
Short-term Consumer Loan Fees and Interest	$ 89,651	$ 70,253	$ (19,398)	(21.6)%	33.7%	34.1%
Medium-term Consumer Loan Fees and Interest	73,378	51,583	(21,795)	(29.7)%	27.5%	25.1%
Credit Service Fees	52,934	43,273	(9,661)	(18.3)%	19.8%	21.0%
Check Cashing Fees	33,438	25,330	(8,108)	(24.2)%	12.5%	12.3%
Prepaid Debit Card Services	4,483	4,188	(295)	(6.6)%	1.7%	2.0%
Other Income	12,814	11,259	(1,555)	(12.1)%	4.8%	5.5%
Total Revenue	**$ 266,698**	**$ 205,886**	**$ (60,812)**	**(22.8)%**	**100.0%**	**100.0%**

For the six months ended June 30, 2016, total revenue decreased by $60.8 million, or 22.8%, compared to the same period in 2015. The decrease is primarily due to a heightened focus on portfolio performance including more restrictive underwriting standards, the consolidation of underperforming stores, and the sale of Florida II.

Revenue from short-term consumer loan fees and interest for the six months ended June 30, 2016, decreased $19.4 million, or 21.6%, compared to the same period in 2015. The decrease is primarily due to the consolidation of underperforming retail locations during the second half of 2015, the sale of Florida II in the first quarter of 2016, and changes to the regulations and products offered in a certain market.

Revenue from medium-term consumer loans for the six months ended June 30, 2016, decreased $21.8 million, or 29.7%, compared to the same period in 2015. The decrease is primarily due to the expansion of the internet installment portfolio during the first half of 2015 and a strategic shift towards portfolio performance during the remainder of the year and through the first half of 2016.

Revenue from credit service fees for the six months ended June 30, 2016, decreased $9.7 million, or 18.3%, compared to the same period in 2015. Credit service fee revenue decreased reflecting the outcome of a focus on portfolio performance during the second half of 2015 and in the first half of 2016.

Revenue from check cashing fees for the six months ended June 30, 2016, decreased $8.1 million, or 24.2%, compared to the same period in 2015. The decrease is primarily due to the consolidation of underperforming retail locations during the second half of 2015 and the sale of Florida II in the first quarter of 2016.

Operating Expenses

(dollars in thousands)	Six Months Ended June 30, 2015	2016	Increase (Decrease)	(Percent)	2015 (Percent of Revenue)	2016
Salaries and Benefits	$ 41,136	$ 35,348	$ (5,788)	(14.1)%	15.4%	17.2%
Provision for Loan Losses	91,826	56,747	(35,079)	(38.2)%	34.4%	27.6%
Occupancy	15,296	13,238	(2,058)	(13.5)%	5.7%	6.4%
Depreciation & Amortization	4,884	5,274	390	8.0%	1.8%	2.6%
Advertising & Marketing	12,303	5,217	(7,086)	(57.6)%	4.6%	2.5%
Lease termination costs	826	1,101	275	33.3%	0.3%	0.5%
Bank Charges	2,881	2,699	(182)	(6.3)%	1.1%	1.3%
Store Supplies	1,534	1,002	(532)	(34.7)%	0.6%	0.5%
Collection Expenses	1,608	1,451	(157)	(9.8)%	0.6%	0.7%
Telecommunications	3,387	4,418	1,031	30.4%	1.3%	2.1%
Security	1,505	1,128	(377)	(25.0)%	0.6%	0.6%
License & Other Taxes	951	870	(81)	(8.5)%	0.4%	0.4%
Other Operating Expenses	16,971	16,368	(603)	(3.6)%	6.4%	8.0%
Total Operating Expenses	**195,108**	**144,861**	**(50,247)**	**(25.8)%**	**73.2%**	**70.4%**
Income from Operations	**$ 71,590**	**$ 61,025**	**$ (10,565)**	**(14.8)%**	**26.8%**	**29.6%**

Total operating expenses have decreased as a percentage of revenue from 73.2% to 70.4% and income from operations has increased as a percentage of revenue from 26.8% to 29.6% for the six months ended June 30, 2016 as compared to the same period in the prior year, primarily as a result of the benefit of changes in underwriting and the closure of underperforming retail locations and the sale of Florida II.

Salaries and benefits decreased $5.8 million, or 14.1%, for the six months ended June 30, 2016 as compared to the same period in the prior year, primarily due to consolidating underperforming retail locations, the sale of Florida II, workforce reduction, and decreased operating hours.

The provision for loan losses decreased $35.1 million, or 38.2%, for the six months ended June 30, 2016 as compared to the same period in the prior year. Provision for loan losses decreased as a percentage of revenue from 34.4% to 27.6% during the same period, which reflects the benefits of more restrictive underwriting and resulting contraction of the portfolio.

Occupancy costs decreased $2.1 million, or 13.5%, for the six months ended June 30, 2016 as compared to the same period in the prior year, primarily due to consolidating underperforming retail locations and the sale of Florida II.

Advertising and marketing expense decreased by $7.1 million, or 57.6%, for the six months ended June 30, 2016, as compared to the prior period, and decreased from 4.6% to 2.5% of revenue, reflecting a reduced focus on market share expansion.

Corporate and Other Expenses

	Six Months Ended June 30,					
(dollars in thousands)	**2015**	**2016**	**Increase (Decrease)**	**(Percent)**	**2015 (Percent of Revenue)**	**2016 (Percent of Revenue)**
Corporate Expenses	$ 42,000	$ 44,021	$ 2,021	4.8%	15.7%	21.4%
Depreciation & Amortization	2,810	2,431	(379)	(13.5)%	1.1%	1.2%
Sponsor Management Fee	521	365	(156)	(29.9)%	0.2%	0.2%
Interest expense, net	29,359	22,310	(7,049)	(24.0)%	11.0%	10.8%
Stock Repurchase Obligation	1,010	—	(1,010)	(100.0)%	0.4%	0.0%
Loss on Sale of Subsidiary	—	1,569	1,569	100.0%	—	0.8%
Gain on Debt Extinguishment	—	(62,852)	(62,852)	(100.0)%	—	(30.5)%
Income tax expense (benefit)	(1,639)	6,320	7,959	(485.6)%	(0.6)%	3.0%
Total Corporate and Other Expenses	**$ 74,061**	**$ 14,164**	**$ (59,897)**	**(80.9)%**	**27.8%**	**6.9%**

The increase in corporate expenses for the six months ended June 30, 2016, as compared to the prior year period, is primarily the result of expansion of our corporate risk management and information technology functions, stock compensation, and health care costs.

Interest expense decreased $7.0 million, or 24.0%, for the six months ended June 30, 2016 as compared to the same period in the prior year, primarily as a result of the decrease in the aggregate principal amount of our senior secured notes outstanding.

The $1.0 million stock repurchase obligation is part of the consideration for the sale of the unrestricted subsidiary, Florida II.

The $1.6 million loss on sale of subsidiary is the sale of the unrestricted subsidiary, Florida II.

The $62.9 million gain on debt extinguishment is the result of the Company repurchasing $99.3 million of its outstanding senior secured notes during the six months ended June 30, 2016.

Income tax expense increased by $8.0 million for the six months ended June 30, 2016 as compared to the same period in 2015 due to the gain on debt extinguishment effect on the income tax provision.

Business Segment Results of Operations for the Six Months Ended June 30, 2016, and June 30, 2015

The following tables present summarized financial information for our segments:

	As of and for the six months ended June 30, 2016						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 336,767		$ 77,691		$ —	$ 414,458	
Goodwill	146,877		—		—	146,877	
Other Intangible Assets	286		1,050		—	1,336	
Total Revenues	$ 155,695	100.0%	$ 50,191	100.0%	$ —	$ 205,886	100.0%
Provision for Loan Losses	29,677	19.1%	27,070	53.9%	—	56,747	27.6%
Other Operating Expenses	80,054	51.4%	8,060	16.1%	—	88,114	42.8%
Operating Gross Profit	45,964	29.5%	15,061	30.0%	—	61,025	29.6%
Interest Expense, net	14,034	9.0%	8,276	16.5%	—	22,310	10.8%
Depreciation and Amortization	1,975	1.3%	456	0.9%	—	2,431	1.2%
Loss on Sale of Subsidiary	1,569	1.0%	—	—	—	1,569	0.8%
Gain on Debt Extinguishment (a)	—	—	—	—	(62,852)	(62,852)	(30.5)%
Other Corporate Expenses (a)	—	—	—	—	44,386	44,386	21.6%
Income from Operations, before tax	28,386	18.2%	6,329	12.6%	18,466	53,181	25.8%

(a) Represents income and expenses not associated directly with operations that are not allocated between reportable segments. Therefore, the Company has elected to disclose the gain on debt extinguishment and all other corporate expenses as unallocated.

There were no intersegment revenues for the six months ended June 30, 2016.

	As of and for the six months ended June 30, 2015						
	Retail Financial Services	% of Revenue	Internet Financial Services	% of Revenue	Unallocated (Income) Expenses	Consolidated	% of Revenue
Total Assets	$ 524,703		$ 82,602		$ —	$ 607,305	
Goodwill	221,667		—		—	221,667	
Other Intangible Assets	1,058		1,511		—	2,569	
Total Revenues	$ 200,527	100.0%	$ 66,171	100.0%	$ —	$ 266,698	100.0%
Provision for Loan Losses	51,039	25.5%	40,787	61.7%	—	91,826	34.4%
Other Operating Expenses	90,718	45.2%	12,564	19.0%	—	103,282	38.8%
Operating Gross Profit	58,770	29.3%	12,820	19.3%	—	71,590	26.8%
Interest Expense, net	19,333	9.6%	10,026	15.2%	—	29,359	11.0%
Depreciation and Amortization	2,240	1.1%	570	0.9%	—	2,810	1.1%
Market Value of Stock Repurchase Obligation	1,010	0.5%	—	—	—	1,010	0.4%
Other Corporate Expenses (a)	—	—	—	—	42,521	42,521	15.9%
Income (loss) from Operations, before tax	36,187	18.0%	2,224	3.4%	(42,521)	(4,110)	(1.5)%

(a) Represents expenses not associated directly with operations that are not allocated between reportable segments. Therefore, the Company has elected to disclose all other corporate expenses as unallocated.

Intersegment revenues of $1.2 million for the six months ending June 30, 2015, have been eliminated.

Retail Financial Services

Retail financial services represented 75.6%, or $155.7 million, of consolidated revenues for the six months ended June 30, 2016, which was a decrease of $44.8 million, or 22.3%, over the prior period, primarily due to heightened underwriting standards, the consolidation of underperforming retail locations in the second half of 2015, and the sale of Florida II. The provision for loan losses decreased as a percentage of revenue from 25.5% to 19.1% and operating gross profit increased as a percentage of revenue from 29.3% to 29.5% for the six months ended June 30, 2016 over the prior period reflecting the benefits of our focus on portfolio performance.

Internet Financial Services

For the six months ended June 30, 2016, total revenues contributed by our Internet financial services segment was $50.2 million, a decrease of $16.0 million, or 24.1%, over the prior year comparable period. The provision for loan losses decreased as a percentage of revenue from 61.7% to 53.9% and operating gross profit increased as a percentage of revenue from 19.3% to 30.0% for the six months ended June 30, 2016 over the prior period reflecting the benefits of our heightened underwriting standards.

Liquidity and Capital Resources

We have historically funded our liquidity needs through cash flow from operations and borrowings under our revolving credit facilities and subsidiary notes. We believe that cash flow from operations and available cash, together with availability of existing and future credit facilities, will be adequate to meet our liquidity needs for the foreseeable future. Beyond the immediate future, funding capital expenditures, working capital and debt requirements will depend on our future financial performance, which is subject to many economic, commercial, regulatory, financial and other factors that are beyond our control. In addition, these factors may require us to pursue alternative sources of capital such as asset-specific financing, incurrence of additional indebtedness, or asset sales.

Six Month Cash Flow Analysis

The table below summarizes our cash flows for the six months ended June 30, 2015, and 2016.

	Six Months Ended June 30,	
(in thousands)	**2015**	**2016**
Net Cash Provided by Operating Activities	$ 97,277	$ 54,274
Net Cash Used in Investing Activities	(93,914)	(47,258)
Net Cash Provided by (Used in) Financing Activities	30,318	(16,209)
Net Increase (Decrease) in Cash and Cash Equivalents	$ 33,681	$ (9,193)

Cash Flows from Operating Activities. During the six months ended June 30, 2016, net cash provided by operating activities was $54.3 million compared to $97.3 million during the prior year comparable period, a decrease of $43.0 million. Cash flows from operating activities decreased primarily due to net income, net of the non-cash impact of provisioning and gain on debt extinguishment.

Cash Flows from Investing Activities. During the six months ended June 30, 2016, net cash used in investing activities was $47.3 million. The primary uses of cash were loan originations of $42.1 million and $4.9 million in capital expenditures. During the six months ended June 30, 2015, net cash used in investing activities was $93.9 million, primarily due to loan originations and capital expenditures.

Cash Flows from Financing Activities. During the six months ended June 30, 2016, net cash used in financing activities was $16.2 million. The primary use of cash was $36.4 million in repurchases of the Company’s outstanding senior secured notes off set by $13.8 million in proceeds from subsidiary notes and $6.7 million on lines of credit. During the six months ended June 30, 2015, net cash provided by financing activities was $30.3 million, primarily due to draws on the Company’s revolving credit facility.

Financing Instruments

The Indentures governing our senior secured notes contain certain covenants and events of default that are customary with respect to non-investment grade debt securities, including limitations on our ability to incur additional indebtedness, pay dividends on or make other distributions or repurchase our capital stock, make certain investments, enter into certain types of transactions with affiliates, create liens and sell certain assets or merge with or into other companies. The agreement governing our $31.7 million revolving credit facility contains restrictive covenants that limit our ability to incur additional indebtedness, pay dividends on or make other distributions or repurchase our capital stock, make certain investments, enter into certain types of transactions with affiliates, create liens and sell certain assets or merge with or into other companies, in each case to the same extent as the indentures governing our notes. As of June 30, 2016, and December 31, 2015, we were in compliance with these covenants.

The revolving credit facility due April 2015 was amended in March 2015 and is now structured as a $31.7 million revolving credit facility with an accordion feature that allows us to request an increase in the revolving credit facility of up to $40.0 million in total availability, so long as no event of default exists. The revolving credit facility is a two-year facility scheduled to mature on March 27, 2017. The interest rate is one-month LIBOR plus 14% with a 15% floor, and there is a make-whole payment if the revolving principal balance falls below 85% of the aggregate commitment on or before September 27, 2016. The 1-month LIBOR rate was 0.47% and 0.24% at June 30, 2016, and December 31, 2015, respectively, and the prime rate was 3.50% and 3.25% at June 30, 2016, and December 31, 2015, respectively. The revolving credit facility includes an undrawn line fee of 3.0% of the unused commitments.

The Alabama revolving credit facility was renewed in February 2016 with a maturity of July 2017.

For the six months ended June 30, 2016, we repurchased $99.3 million of our senior secured notes resulting in a $62.9 million gain on debt extinguishment. We may continue to repurchase our outstanding debt, including in the open market through privately negotiated transactions, by exercising redemption rights or otherwise and any such repurchases may be material.

Capital Expenditures

During the six months ended June 30, 2015, the Company spent $11.6 million on capital expenditures to fund new store growth. During the comparable period in 2016, the Company had ceased opening new stores and focused on maintaining existing stores.

Seasonality

Our business is seasonal based on the liquidity and cash flow needs of our customers. Customers cash tax refund checks primarily in the first calendar quarter of each year which is traditionally our strongest check cashing quarter. We typically see our loan portfolio decline in the first quarter as a result of the consumer liquidity created through income tax refunds. Following the first quarter, we typically see our loan portfolio expand through the remainder of the year with the third and fourth quarters showing the strongest loan demand due to the holiday season.

Contractual Obligations and Commitments

On December 20, 2013 and September 19, 2014, we created non-guarantor subsidiaries in order to fund growth in our internet portfolios. The non-guarantor subsidiary funding came from $35.0 million and $7.4 million subsidiary notes, which were used to purchase loans from guarantor subsidiaries. The $35.0 million subsidiary note was amended to $40.0 million and extended to January 2018 on June 1, 2016, and the $7.4 million subsidiary note was amended to $8.1 million on April 20, 2016.

On July 19, 2014, a guarantor subsidiary of ours entered in to a $1.4 million term note with a non-related entity for the acquisition of a share of an airplane. We recorded our $1.1 million share of the joint note, but both parties are joint and severally liable. The joint note had an outstanding balance of $1.3 million at June 30, 2016 and our share of the note was $1.0 million.

On May 24, 2016, a guarantor subsidiary of the Company entered in to a $1.2 million term note for a fractional share of an airplane.

Impact of Inflation

Our results of operations are not materially impacted by fluctuations in inflation.

Balance Sheet Variations

Cash and cash equivalents, accounts payable, accrued liabilities, money orders payable and revolving advances vary because of seasonal and day-to-day requirements resulting primarily from maintaining cash for cashing checks and making loans, and the receipt and remittance of cash from the sale of prepaid debit cards, wire transfers, money orders and the processing of bill payments.

Loan Portfolio

As of June 30, 2016, we offered loans in 34 states and had ceased all foreign operations in order to focus on our domestic operations. We have established a loan loss allowance in respect of our loans receivable at a level that our management believes to be adequate to absorb known or probable losses from loans made by us and accruals for losses in respect of loans made by third parties. Our policy for determining the loan loss allowance is based on historical experience, as well as our management’s review and analysis of the payment and collection of the loans within prior periods. All loans and services, regardless of type, are made in accordance with state regulations, and, therefore, the terms of the loans and services may vary from state to state. Loan fees and interest are earned on loans. Products which allow for an upfront fee are recognized over the loan term. Other products’ interest is earned over the term of the loan.

As of June 30, 2016, and December 31, 2015, our total finance receivables net of unearned advance fees were approximately $127.5 million and $152.4 million, respectively.

Off-Balance Sheet Arrangements

In certain markets, we arrange for consumers to obtain consumer loan products from one of several independent third-party lenders whereby we act as a facilitator. For consumer loan products originated by third-party lenders under these programs, each lender is responsible for providing the criteria by which the consumer's application is underwritten and, if approved, determining the amount of the consumer loan. We are responsible for assessing whether or not we will guarantee such loans. When a consumer executes an agreement with us under these programs, we agree, for a fee payable to us by the consumer, to provide certain services to the consumer, one of which is to guarantee the consumer's obligation to repay the loan received by the consumer from the third-party lender if the consumer fails to do so. The guarantee represents an obligation to purchase specific loans that go into default. As of June 30, 2016, and December 31, 2015, the outstanding amount of active consumer loans guaranteed by us was $36.8 million and $40.6 million, respectively. The accrual for third party loan losses, which represents the estimated fair value of the liability for estimated losses on consumer loans guaranteed by us, was $3.3 million and $2.6 million as of June 30, 2016, and December 31, 2015, respectively.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As of June 30, 2016, we have no material market risk sensitive instruments entered into for trading or other purposes, as defined by GAAP.

Interest rate risk

The cash and cash equivalents reflected on our balance sheet represent largely uninvested cash in our branches and cash-in-transit. The amount of interest income we earn on these funds will decline with a decline in interest rates. However, due to the short-term nature of short-term investment grade securities and money market accounts, an immediate decline in interest rates would not have a material impact on our financial position, results of operations or cash flows.

As of June 30, 2016, we had $340.3 million of indebtedness, of which, $33.95 million outstanding under our revolving credit facilities is subject to variable interest rates based on Prime and LIBOR rates. In addition, we have an additional $4.1 million of undrawn availability under the lines of credit which are subject to variable interest rates.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures, as defined in Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the "Exchange Act," that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company's management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of June 30, 2016.

Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting, as defined in Rule 15d-15(f) under the Exchange Act, during the quarter ended June 30, 2016, that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We and our subsidiaries are party to a variety of legal, administrative, regulatory and government proceedings, claims and inquiries arising in the normal course of business. While the results of these proceedings, claims and inquiries cannot be predicted with certainty, we believe that the final outcome of the foregoing will not have a material adverse effect on our financial condition, results of operations or cash flows. Further, legal proceedings have and may in the future be instituted against us that purport to be class actions or multiparty litigation. In most of these instances, we believe that these actions are subject to arbitration agreements and that the plaintiffs are compelled to arbitrate with us on an individual basis. In the event that a lawsuit purports to be a class action, the amount of damages for which we might be responsible is uncertain. In addition, any such amount would depend upon proof of the allegations and on the number of persons who constitute the class of affected persons.

ITEM 1A. RISK FACTORS.

There has been no material changes with respect to the risk factors disclosed under the “Item 1A Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015.

ITEM 6. EXHIBITS.

The following exhibits are filed or furnished as part of this report:

Exhibit No.	Description of Exhibit
10.1	The Assignment and Assumption Agreement, dated as of May 18, 2016, by and between Taso Group LLC, a Florida limited liability company, and Buckeye Check Cashing of Florida, Inc.
31.1	Certification Pursuant to Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by the Chief Executive Officer
31.2	Certification Pursuant to Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by the Chief Financial Officer
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by the Chief Executive Officer
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by the Chief Financial Officer
101	Interactive Data File: (i) Consolidated Balance Sheets as of June 30, 2016 (unaudited) and December 31, 2015; (ii) Consolidated Statements of Operations for the Three Months and Six Months Ended June 30, 2016 (unaudited) and June 30, 2015 (unaudited); (iii) Consolidated Statements of Stockholders’ Equity for the Six Months Ended June 30, 2016 (unaudited); (iv) Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2016 (unaudited) and June 30, 2015 (unaudited); and (v) Notes to Consolidated Financial Statements (unaudited)—submitted herewith pursuant to Rule 406T

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 12, 2016

Community Choice Financial Inc. and Subsidiaries
(registrant)

/s/ MICHAEL DURBIN
Michael Durbin
Chief Financial Officer
Principal Financial and
Principal Accounting Officer

Exhibit 10.1

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this “Agreement”), dated as of May 18, 2016, and is by and between Taso Group LLC, a Florida limited liability company (“Seller”), and (ii) Buckeye Check Cashing of Florida, Inc., an Ohio corporation (“Buyer”). The Buyer and Seller are sometimes referred to collectively herein as the “Parties” and, individually, as a “Party”. In addition, for purposes of the provisions contained in Section 9 hereof, Buckeye Check Cashing of Florida II, LLC, a Delaware limited liability company (“BCCOF II”), hereby executes and delivers this Agreement.

BACKGROUND

A. Pursuant to that certain Secured Revolving Note dated as of January 31, 2016 to which Buyer and Seller are party (the “Note”), Seller is indebted to Buyer.

B. An Event of Default under the Note has occurred and is continuing.

C. Seller does not believe that it can repay its obligations in full under the Note on the dates required therein.

D. To maximize its recovery of amounts advanced under the Note, to avoid costs of associated with the possible exercise of remedies and to facilitate an orderly transition of business to Buyer, Buyer has agreed to accept, on the conditions more particularly described herein, the assets more particularly described herein in satisfaction of the obligations under the Note (such acceptance, the “Purchase”).

E. In connection with the Purchase, Buyer is willing to accept and assume, and Seller desires to assign and delegate, certain liabilities of the Seller as more particularly described herein. Buyer and Seller now desire to execute this Agreement pursuant to the terms and conditions set forth below.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Definitions.

“Effective Date” means the date on which the Purchase is consummated.

“Employees” means those natural persons employed by Seller who worked for the Business immediately prior to the Purchase.

“Excluded Assets” means (a) any books and records which Seller is prohibited from disclosing or transferring to Buyer under applicable law and is required by applicable law to retain, (b) Past Due Accounts and (c) items deposited into an account of Seller prior to the consummation of the Purchase.

"Past Due Accounts" means any payday loans for which a check was deposited before the consummation of the Purchase and which check is returned unpaid. and any check cashing transactions consummated prior to consummation of the Purchase where the check is returned unpaid.

2. Assignment and Transfer.

(a) Upon the payment of the Purchase Price, (i) all of Seller's right, title' and interest in all assets (including cash and cash equivalents), properties, records (including records relating to Employees to be retained by Buyer), contractual rights, goodwill, going concern value, rights and claims related to, used or useful in or held for use in the check-cashing, payday lending and related business operations conducted by Seller at the locations (the "Locations") listed on Schedule A hereto (the "Business"), wherever situated and of whatever nature, kind and description, whether tangible or intangible, owned, leased or licensed, real, personal or mixed, whether or not reflected on the books and records of Seller (collectively, the "Acquired Assets") except Excluded Assets, shall be sold, conveyed and otherwise transferred to Buyer and (b) Buyer shall assume: (i) lease obligations arising and payable after the Effective Date with respect to the Locations (excluding any obligations in such leases (the "Business Leases") pertaining to locations other than the Locations), (ii) obligations to Estrella (or Estrella sublessees) arising out of activities conducted at the Locations after the Effective Date and (iii) obligations arising and payable after the Effective Date with respect to personal property leases for equipment (the "Assumed Liabilities") and no other liabilities or obligations with respect to the Acquired Assets, including, without limitation, any liabilities or obligations to remittees, such as Western Union, Florida Power & Light, Insight Credit Card Services, other like persons and any individual or with respect to any money order sales, bill payments or like transactions.

(b) The aggregate purchase price for the Purchased Assets shall be $4,820,000 (the "**Purchase Price**"), which Purchase Price may be paid, (a) at Buyer's election, with an offset to the amounts owing under the Note), or (b) by wire transfer on the date that the Purchase is consummated. In addition, it is understood and agreed that the Buyer will assume the Assumed Liabilities.

3. **Seller Representations:** Seller makes the following representations and warranties:

(a) Seller is a limited liability organization duly organized, validly existing and in good standing under the laws of the state of Florida. Seller is duly authorized to, and has the power and authority to enter into this Agreement and consummate the transactions contemplated hereby. This Agreement is enforceable against the Seller in accordance with its terms.

(b) Seller has all licenses necessary or appropriate to conduct the Business as presently conducted.

(c) Seller has good and valid title to all the Acquired Assets.

(d) Other than the security interest granted pursuant to the Loan Documents immediately prior to the Purchase, there are no liens or other security interests on the Acquired Assets; this representation and warranty does not address any purported lien that may be asserted by Landmark Bank against the Acquired Assets through Check Cashing U.S.A. Inc. or any of its affiliates.

(e) With respect to the Locations, no payment of rent or equipment lease obligation is past due.

(f) With respect to the Employees at the Locations, all such Employees have been paid for all work performed through the Effective Date. No employee that worked at any Location prior to the Effective Date has any unused or accrued vacation for which such employee has not been fully reimbursed.

(g) The Acquired Assets include $1,700,000 in cash and net current consumer receivables.

(h) After the consummation of the Purchase and giving effect to the offset of the obligations under the Note, the Seller shall be solvent (in that both the fair value of its assets will not be less than the sum of its liabilities and that the present saleable value of its assets will not be less than the amount required to pay its probable liabilities as they become absolute and matured); (b) will have adequate capital with which to engage in its business; and (c) will not have incurred and will not plan to incur liabilities beyond its ability to pay as they become absolute and matured.

(i) Seller has the right to deal generally with the customers at the Locations, and the assets at the Locations belong to Seller and are sufficient to operate the Business at the Locations.

(j) Seller shall have substantially complete information relating to its customers and customer accounts.

(k) Seller has not solicited any employee who performs substantial work with respect to the Business to remain with Seller after the Purchase.

(l) Except as described Exhibit B, there is no suit, claim, action or litigation, or governmental, administrative, arbitral or other similar proceeding, investigation or inquiry, pending or, to the knowledge of Seller, threatened against the Seller which, individually or in the aggregate, will have a materially adverse effect on the Seller, its results of operations, assets, or condition, financial or otherwise.

(m) Since January 31, 2016, there have been no material additions to or dispositions of fixed assets at the Locations.

4. Buyer Representations. Buyer makes the following representations and warranties:

Buyer is a corporation duly organized, validly existing and in good standing under the laws of the state of Florida. Buyer is duly authorized to, and has the power and authority to, enter into this Agreement and consummate the transactions contemplated hereby. This Agreement is enforceable against the Buyer in accordance with its terms.

5. Conditions to Closing. The obligation of the Buyer to purchase the Acquired Assets and assume the Assumed Liabilities is subject to the following conditions precedent:

(a) Each of the representations and warranties of Seller are true and correct immediately prior to the Purchase.

(b) Each of the parties (other than affiliates of Buyer) to that certain Membership Interest Purchase Agreement dated as of January 31, 2016 have executed and delivered acknowledgments, UCC financing statement authorizations and releases satisfactory to Buyer with respect to the Acquired Assets.

(c) Seller shall have delivered evidence of the approval of the Purchase by the members (or sole member) of Seller.

(d) A Bill of Sale shall have been executed and delivered by Seller.

6. Termination of Loan Documents. Upon the Purchase, the Note and each other Loan Document (as defined in the Note) shall terminate, and the security interests granted thereunder shall be released. Seller shall be entitled to file UCC-3 termination statements upon consummation of the Purchase reflecting the termination of the security interest under the Loan Documents, and Buyer agrees to execute and deliver such documentation reasonably necessary to release its control over any deposit account of Seller subject to a deposit account control agreement. Nothing in this document is intended to limit, terminate or otherwise affect the indemnification rights under the Membership Interest Purchase Agreement dated January 31, 2016 between Buyer and Buckeye Check Cashing of Florida III, LLC.

Notwithstanding anything contained to the contrary contained in this Agreement, the Seller shall continue to be bound by its obligations under Section 7.13 of the Secured Note, and the Seller hereby ratifies and confirms its obligations thereunder; provided, however that (a) iQ Ventures shall no longer be a Retained Vendor (as defined in the Note). (b) Seller's obligations under such Section 7.13 to the extent any liabilities thereunder are caused by volume reductions attributable to the Purchase by the Buyer shall be reduced by such extent, and (c) to the extent a Retained Vendor executes and delivers an agreement with Seller that releases Buyer from any obligations with respect to a Retained Vendor Agreement (as defined in the Note).

7. Further Acts and Assurances.

(a) The Seller will execute and deliver (or will cause the execution and delivery) from time to time hereafter, at the request of Buyer and at the sole cost and expense of the Seller, all such further instruments of conveyance, assignment and further assurances (including the procuring of any assignment of leases by BCCOF II to Buyer) as may reasonably be required by Buyer in order to vest in and confirm to the Buyer all of the Seller's right, title and interest in and to the Acquired Assets and the Buyer's assumption of the Assumed Liabilities, and to otherwise carry out the provisions of this Agreement.

(b) Seller shall reasonably cooperate with any inquiry, audit or examination by any governmental entity with respect to transactions or other business activity at the Locations that occurred prior to the Purchase and after January 31, 2016. Seller shall remit any collections with respect to Acquired Assets forthwith to Buyer.

(c) Buyer shall remit any collections with respect to Past Due Accounts forthwith to Seller.

(d) The Buyer will execute and deliver (or will cause the execution and delivery) from time to time hereafter, at the request of Seller and at the sole cost and expense of the Seller, all such further instruments and further assurances as may reasonably be required by Seller in order to terminate, satisfy or otherwise eliminate all liens, deposit account agreements or other lien, claims or encumbrances Buyer may have against Seller or its assets (other than the Acquired Assets) as a result of the Note or related Loan Documents, and to otherwise carry out the provisions of this Agreement.

(e) The Buyer shall diligently pursue the acquisition of license or licenses necessary to operate the business at the Locations.

8. Transition Fee; Buyer True-up; Use of Store. (I) Buyer will pay Seller $180,000 (the "Transition Fee") in exchange for Seller's cooperation in the transition of the Business to Buyer, with such cooperation to include, but not be limited to, assistance with conversion of data relating to the Business to the operating

systems of Buyer. The Transition Fee shall be paid in two installments: (a) one Business Day after the date of the Purchase, Buyer shall pay $100,000 to Seller, and (b) on or before 45 days after the Purchase, Buyer shall pay $80,000 to Seller, provided however, that the amount described in this clause 8(b) shall be reduced dollar-for-dollar to the extent Buyer has paid or is required to pay any amounts for the account of Seller after April 15, 2016, and it is understood and agreed that to the extent such items are billed to Buyer after May 12, 2016 (and not subject to a standing electronic funds transfer authorization), Buyer will use commercially reasonable efforts to provide such bills to Seller prior to payment of such bills, but failure to provide such bills timely shall not affect the right of Buyer to reduce the amount described in this clause 8(I)(b) unless such failure shall have caused Seller a loss in excess of $5,000.00.

(II)(a) To the extent Seller has paid amounts related to remittances, money order purchases, money transfers and like transactions occurring after the date the Purchase is consummated to vendors such as Western Union, within one (1) business day of notice thereof by Seller to Buyer, Buyer shall reimburse Seller for such amounts.

(b) Within five (5) business days after the date the Purchase is consummated, the Buyer shall, to the extent current consumer receivables transferred to Buyer exceed $1,700,000 immediately prior to the Purchase, pay to Seller an amount equal to (i) 80% of the amount of the total current consumer receivables transferred to Buyer pursuant to the terms hereof exceeds $1,700,000 and (ii) 100% of the cash transferred to Buyer pursuant to the terms hereof. By way of example, if the Seller shall have transferred $1,800,000 in current consumer receivables and $100,000 in cash to Buyer, then Buyer shall owe Seller $180,000. If transferred current consumer receivables and cash in the aggregate exceed $1,700,000, but current consumer receivables transferred is less than $1,700,000, then Buyer shall pay an amount in cash that would have reduced the aggregate amount of cash and net current consumer receivables to $1,700,000.

(c) Within five (5) business days after the Effective Date, the Buyer shall pay to Seller the amount of rent paid by Seller with respect to the Locations for the month of May (or June, if applicable) pro-rated based on days occupied by Buyer.

(d) Within five (5) business days after the date the Purchase is consummated, the Buyer shall pay to Seller the equivalent amount of any security deposits held for any utilities (electric, water, etc.), and by any landlords pursuant to the Business Leases; each of BCCOF II and Seller hereby assign, set over and transfer all of its right, title and interest in and to such security deposits, and agree to (a) turn over any security deposit refund paid and (b) execute and deliver any documentation reasonably requested by Buyer to disclaim any interest in such security deposits.

(III) Seller shall have the right to use the Location commonly known as 899 NW 37th Avenue, Miami, Florida 33125 as its headquarters/collections suite (it being understood that such use shall be limited to the second floor and the space to be provided for its collections function) until July 16, 2016; provided, however, that such right shall immediately terminate if (a) Seller materially interferes with the Buyer's use and enjoyment of such Location, (b) Seller materially damages the Location (and Seller hereby agrees to indemnify and hold harmless Buyer from any loss, damages or other liability relating to Seller's use of the Location, including, without limitation, any disposal costs or charges) or (c) if Seller shall inform Buyer that it has moved its headquarters and collections functionality to another location at an earlier date. To the extent Seller remains at such Location after its right to use the Location, Buyer shall be entitled to liquidated damages of $500 per week until Seller vacates the premises; provided, however, that the payment of such amounts does not extend Seller's right to occupy the premises.

9. Trademark. The Buyer's right to use the Check Cashing USA mark under the terms of agreements in effect as of January 31, 2016 until September 30, 2017 is hereby ratified and confirmed, and the Second Amended and Restated Trademark License Agreement dated as of January 22, 2016 by and between Buyer and BCCOF II is hereby deemed to be amended to include the Locations on Exhibit B thereof. Notwithstanding anything else in any agreement between the Parties, on September 30, 2017, the Buyer's right to use such mark shall terminate.

10. Bulk Sales Law. The Parties hereby waive compliance with the provisions of any bulk sales, bulk transfer or similar laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Acquired Assets to Buyer.

11. Amendment; Waiver. This Agreement may be amended, modified or supplemented only by a written instrument executed by the Parties. No waiver of compliance with any provision or condition hereof will be effective unless evidenced by an instrument in writing duly executed by the Party sought to be charged therewith. No failure on the part of any Party to exercise, and no delay in exercising, any of its rights hereunder will not operate as a waiver thereof, nor will any single or partial exercise by any Party of any right preclude any other or future exercise thereof or the exercise of any other right.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio applicable to contracts made and performed entirely in Ohio, without regard to any law that would result in the application of the laws of another jurisdiction.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Delivery of an executed signature page to this Agreement by facsimile or electronic transmission (including PDF) will be effective as delivery of a manually executed counterpart to this Agreement.

14. Successors and Assigns. This Agreement and the obligations of the Parties hereunder shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither this Agreement, the

Acquired Assets, the Assumed Liabilities, nor any of the rights, duties or obligations may be assigned to any Person without the written consent of the Parties. This Agreement and the Exhibits hereto and the other documents delivered by the Parties in connection herewith, and each transaction contemplated hereby, contain the complete agreement between the Parties with respect to the transactions contemplated hereby and thereby and supersede all prior agreements and understandings among the Parties with respect thereto.

15. Specific Performance. Each Pasty's obligation under this Agreement is unique. If any Party should breach its covenants or agreements under this Agreement, the Parties each acknowledge that it would be extremely impracticable to measure the resulting damages; accordingly, the non-breaching Party or Parties, in addition to any other available rights or remedies they may have under the terms of this Agreement, may sue in equity for specific performance or to obtain an injunction or injunctions to prevent breaches of this Agreement, and each Party expressly waives the defense that a remedy in damages will be adequate.

16. Indemnity of Seller. From and after the Purchase, the Buyer and its respective successors and permitted assigns (collectively, the "Buyer Indemnitees") will be entitled to reimbursement for any and all losses actually incurred by any of the Buyer Indemnitees following the Closing as a result of: (a) any breach of or inaccuracy in the representations and warranties of the Seller contained in this Agreement (including the Exhibits attached); and (b) any breach of the covenants or agreements of the Seller contained in this Agreement. However, the Buyer Indemnitees will not be entitled to indemnification for lost income, revenues or profits, multiples of earnings, diminution in value, consequential damages, indirect damages, exemplary damages, incidental damages, punitive damages, special damages or any other similar damages.

17. No Third Party Beneficiaries. Nothing in this Agreement is intended to or shall be construed to confer upon or give to any Person other than the Parties and their respective successors and permitted assigns any rights or remedies under or by reason of this Agreement.

18. Headings. The headings in this Agreement are for reference purposes only, and shall not in any way affect the meaning or interpretation of this Agreement.

19. Jurisdiction. Seller hereby irrevocably submits to the jurisdiction of the state or federal courts located in the State of Ohio, County of Franklin in connection with any suit, action or other proceeding arising out of or relating to this Agreement and the transactions contemplated thereby, and hereby agrees not to assert, by way of motion, as a defense, or otherwise in any such suit, action or proceeding that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof and thereof may not be enforced by such courts.

20. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute but one and the same Agreement.

21. WAIVER OF JURY TRIAL. THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS AGREEMENTOR UNDER ANY OTHER DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR ARISING FROM ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREE THAT ANY SUCH ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

22. Buyer agrees to keep the facts recited in the recitals hereto confidential for a period of 90 days, except as disclosure may be required by (a) law, regulation or legal process or (b) its public disclosure obligations.

[Signature Page Follows]

IN WITNESS WHEREOF, the Buyer and the Seller have duly executed this Agreement as of the date firs therein above set forth

BUYER:

BUCKEYE CHECK CASHING OF FLORIDA, INC.

By: /s/ Kyle Hanson
Name: Kyle Hanson
Title: President

SELLER:

TASO GROUP LLC

By: /s/ Brian Socolow
Name: Brian Socolow
Title: MGR

BUCKEYE CHECK CASHING OF FLORIDA II, LLC

By: /s/ Martin Osman
Name: Martin Osman
Title: Managing Member

[Signature Page to Bill of Sale, Assignment and Assumption Agreement]

SCHEDULE A

Locations

9500 NW 27th Ave	Miami FL	33142	
795-B West 49th St	Hialeah	FL	33012
13825 SW 88th St	Miami FL	33186	
899 NW 37th Ave	Miami FL	33125	
18545 S. Dixie Hwy	Cutler Bay FL	33157	

Exhibit B

NONE

EXHIBIT 31.1

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William E. Saunders, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Community Choice Financial Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 12, 2016

By: /s/ WILLIAM E. SAUNDERS, JR.
William E. Saunders, Jr.
Chief Executive Officer
Principal Executive Officer

EXHIBIT 31.2

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Durbin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Community Choice Financial Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 12, 2016

By: /s/ MICHAEL DURBIN
Michael Durbin
Chief Financial Officer
Principal Financial and
Principal Accounting Officer

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Community Choice Financial Inc. (the "Company") on Form 10-Q for the period ended June 30, 2016 (the "Report"), I, William E. Saunders, Jr., Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes- Oxley Act"), that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 12, 2016

/s/ WILLIAM E. SAUNDERS, JR.
William E. Saunders, Jr.
Chief Executive Officer
Principal Executive Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act and shall not, except to the extent required by such Sarbanes-Oxley Act, be deemed filed by the Company for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

EXHIBIT 32.2

**CERTIFICATION REQUIRED BY 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Community Choice Financial Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2016 (the “Report”), I, Michael Durbin, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 12, 2016

/s/ MICHAEL DURBIN
Michael Durbin
Chief Financial Officer
Principal Financial and
Principal Accounting Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act and shall not, except to the extent required by such Sarbanes-Oxley Act, be deemed filed by the Company for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

ccfi-20160630.xml

ccfi-20160630.xsd

ccfi-20160630_cal.xml

ccfi-20160630_lab.xml

ccfi-20160630_pre.xml

ccfi-20160630_def.xml