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OTC PINK Symbol: QCCO

NEWS RELEASE

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QC Holdings, Inc. Reports First Quarter 2017 Results

OVERLAND PARK, KS (May 26, 2017) – QC Holdings, Inc. (OTC PINK: QCCO) reported net income of \$365,000 and revenues of \$23.4 million for the quarter ended March 31, 2017. Net income totaled \$1.2 million and revenues totaled \$31.7 million for the quarter ended March 31, 2016.

Each quarter includes severance charges of approximately \$200,000.

The decline in revenues during 2017 compared to 2016 was attributable to the third quarter 2016 store swap transaction, whereby the company acquired 33 branches operated in Illinois, Kansas, Missouri and Utah and sold its 98 branches operated in Alabama, Arizona, California, Mississippi and Ohio. Loan loss rates were lower in 2017 versus 2016 due to recoveries in the business-to-business portfolio and better-than-expected collections in the branches that were closed.

About QC Holdings, Inc.

Headquartered in Overland Park, Kansas, QC Holdings, Inc. is a leading provider of consumer loans in the United States and Canada. In the United States, QC offers various products, including single-pay, installment and title loans, check cashing, debit cards and money transfer services, through 267 branches in 14 states at March 31, 2017. In Canada, the company, through its subsidiary Direct Credit Holdings Inc., is engaged in short-term, consumer internet lending in various provinces.

Forward Looking Statement Disclaimer: This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on the company's current expectations and are subject to a number of risks and uncertainties, which could cause actual results to differ materially from those forward-looking statements. These risks include (1) changes in laws or regulations or governmental interpretations of existing laws and regulations governing consumer protection or short-term lending practices, (2) uncertainties relating to the interpretation, application and promulgation of regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act, including the impact of proposed rulemaking by the Consumer Financial Protection Bureau (CFPB), (3) ballot referendum initiatives by industry opponents to cap the rates and fees that can be charged to customers, (4) uncertainties related to the examination process by the CFPB and indirect rulemaking through the examination process, (5) litigation or regulatory action directed towards us or the short-term consumer loan industry, (6) volatility in our earnings, primarily as a result of fluctuations in loan loss experience and closures of branches, (7) risks associated with our dependence on cash management banking services and the Automated Clearing House for loan collections, (8) negative media reports and public perception of the short-term consumer loan industry and the impact on federal and state legislatures and federal and state regulators, (9) changes in our key management personnel, (10) risks associated with owning and managing non-U.S. businesses, and (11) other various risks. QC will not update any forward-looking statements made in this press release to reflect future events or developments.

(Financial and Statistical Information Follows)

QC Holdings, Inc.
Consolidated Condensed Statements of Income
(in thousands, except per share amounts)
(Unaudited)

	<u>Quarter Ended</u> <u>March 31,</u>	
	<u>2016</u>	<u>2017</u>
Revenues		
Consumer loan interest and fees	\$ 29,209	\$ 21,157
Other	<u>2,464</u>	<u>2,261</u>
Total revenues	31,673	23,418
Provision for losses	7,242	3,270
Operating expenses	<u>15,873</u>	<u>12,554</u>
Gross profit	8,558	7,594
Corporate and Regional expenses	6,530	6,269
Other expense, net	<u>113</u>	<u>819</u>
Income from continuing operations before income taxes	1,915	506
Provision for income taxes	<u>693</u>	<u>141</u>
Net income	<u>\$ 1,222</u>	<u>\$ 365</u>
Income per share:		
<i>Basic</i>		
Net income	<u>\$ 0.07</u>	<u>\$ 0.02</u>
<i>Diluted</i>		
Net income	<u>\$ 0.07</u>	<u>\$ 0.02</u>
Weighted average number of common shares outstanding:		
Basic	17,333	17,333
Diluted	17,333	17,333

QC Holdings, Inc.
Consolidated Condensed Balance Sheets
(in thousands)

	December 31, <u>2016</u>	March 31, <u>2017</u> <i>(Unaudited)</i>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,660	\$ 25,862
Restricted cash	1,865	1,866
Loans receivable, less allowance for losses of \$9,836 at December 31, 2016 and \$7,537 at March 31, 2017	32,586	25,848
Other current assets	<u>6,500</u>	<u>3,923</u>
Total current assets	57,611	57,499
Non-current loans receivable, less allowance for losses of \$623 at December 31, 2016 and \$331 at March 31, 2017	1,664	916
Property and equipment, net	6,039	5,997
Other assets, net	<u>8,041</u>	<u>7,870</u>
Total assets	<u>\$ 73,355</u>	<u>\$ 72,282</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 10,420	\$ 9,420
Revolving credit facility	2,250	2,250
Subordinated debt	<u>7,736</u>	<u>7,812</u>
Total current liabilities	20,406	19,482
Non-current liabilities	<u>3,361</u>	<u>2,871</u>
Total liabilities	23,767	22,353
Stockholders' equity	<u>49,588</u>	<u>49,929</u>
Total liabilities and stockholders' equity	<u>\$ 73,355</u>	<u>\$ 72,282</u>

QC Holdings, Inc.
Consolidated Condensed Statements of Cash Flows
(in thousands)
(Unaudited)

	<u>Quarter Ended</u> <u>March 31, 2016</u>	<u>Quarter Ended</u> <u>March 31, 2017</u>
Operating activities:		
Net income	\$ 1,222	\$ 365
Adjustments to reconcile net income to net cash	9,514	4,202
Changes in assets and liabilities	<u>(3,695)</u>	<u>5,441</u>
Net operating	<u>7,041</u>	<u>10,008</u>
Investing activities:		
Capital expenditures	(466)	(838)
Other	<u>30</u>	<u>1</u>
Net investing	<u>(436)</u>	<u>(837)</u>
Financing activities:		
Net repayment of borrowings	<u>(6,250)</u>	<u>—</u>
Net financing	<u>(6,250)</u>	<u>—</u>
Effect of exchange rate changes on cash and cash equivalents	<u>208</u>	<u>31</u>
Net increase in cash and cash equivalents	563	9,202
Cash and cash equivalents at beginning of year	<u>16,115</u>	<u>16,660</u>
Cash and cash equivalents at end of period	<u>\$ 16,678</u>	<u>\$ 25,862</u>