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OTC PINK Symbol: QCCO

NEWS RELEASE

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QC Holdings, Inc. Reports Third Quarter 2016 Results

OVERLAND PARK, KS (November 18, 2016) – QC Holdings, Inc. (OTC PINK: QCCO) reported a net loss of \$1.9 million and revenues of \$29.6 million for the third quarter ended September 30, 2016. For the nine months ended September 30, 2016, net loss totaled \$5.1 million and revenues were \$90.5 million. For the three months ended September 30, 2015, net loss totaled \$1.5 million and revenues were \$34.5 million. Net loss totaled \$1.4 million and revenues totaled \$101.0 million for the nine months ended September 30, 2015.

The three months and nine months ended September 30, 2016 include charges of \$1.6 million (approximately \$1.0 million net of income taxes) in connection with recording additional loan loss reserve, severance and lease liability costs in connection with the closure of all of the company's branches in Washington, South Carolina and Virginia. The nine months ended September 30, 2016 include a charge of \$2.7 million (approximately \$1.7 million net of income taxes) due to a loan loss reserve for a business-to-business receivable and approximately \$340,000 (approximately \$206,000 net of income taxes) in severance and other costs. The three months and nine months ended September 30, 2015 include \$1.5 million (approximately \$900,000 net of income taxes) in accrued costs associated with a tentative settlement of an outstanding legal matter.

The decline in revenues during 2016 compared to 2015 reflects lower interest and fees from the company's consumer loan products due to competitive pressures as customers explore alternative loan products and distribution channels. In addition, revenues were affected by 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 higher in 2016 versus 2015 as a result of the business-to-business loan reserve, the additional loan loss reserve associated with the closed branches and an increase in losses during the transition and integration of the branches acquired in the store swap.

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 279 branches in 14 states at October 31, 2016 (after consideration of branches to be closed in South Carolina, Virginia and Washington). 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 Operations
(in thousands, except per share amounts)
(Unaudited)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Revenues				
Consumer loan interest and fees	\$ 32,220	\$ 27,186	\$ 94,173	\$ 83,582
Other	<u>2,259</u>	<u>2,379</u>	<u>6,809</u>	<u>6,878</u>
Total revenues	34,479	29,565	100,982	90,460
Provision for losses	10,525	11,528	29,207	31,146
Operating expenses	<u>17,191</u>	<u>14,565</u>	<u>49,923</u>	<u>46,146</u>
Gross profit	6,763	3,472	21,852	13,168
Corporate and Regional expenses	7,787	7,513	21,221	21,307
Other expense (income), net	<u>819</u>	<u>(942)</u>	<u>2,091</u>	<u>(354)</u>
Loss from continuing operations before income taxes	(1,843)	(3,099)	(1,460)	(7,785)
Benefit for income taxes	<u>(350)</u>	<u>(1,152)</u>	<u>(72)</u>	<u>(2,717)</u>
Net loss	<u>\$ (1,493)</u>	<u>\$ (1,947)</u>	<u>\$ (1,388)</u>	<u>\$ (5,068)</u>
Loss per share:				
<i>Basic</i>				
Net loss	<u>\$ (0.09)</u>	<u>\$ (0.11)</u>	<u>\$ (0.08)</u>	<u>\$ (0.29)</u>
<i>Diluted</i>				
Net loss	<u>\$ (0.09)</u>	<u>\$ (0.11)</u>	<u>\$ (0.08)</u>	<u>\$ (0.29)</u>
Weighted average number of common shares outstanding:				
Basic	17,333	17,333	17,357	17,333
Diluted	17,333	17,333	17,357	17,333

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

	December 31, <u>2015</u>	September 30, <u>2016</u> <i>(Unaudited)</i>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,115	\$ 16,717
Restricted cash	950	950
Loans receivable, less allowance for losses of \$6,395 at December 31, 2015 and \$10,784 at September 30, 2016	50,555	37,021
Other current assets	<u>6,286</u>	<u>10,070</u>
Total current assets	73,906	64,758
Non-current loans receivable, less allowance for losses of \$1,556 at December 31, 2015 and \$782 at September 30, 2016	3,802	1,921
Property and equipment, net	4,797	6,114
Other assets, net	<u>11,486</u>	<u>12,289</u>
Total assets	<u>\$ 93,991</u>	<u>\$ 85,082</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 11,407	\$ 12,482
Revolving credit facility	6,250	
Subordinated debt	<u>3,553</u>	<u>7,661</u>
Total current liabilities	21,210	20,143
Non-current liabilities	4,967	3,411
Subordinated debt	<u> </u>	<u> </u>
Total liabilities	26,177	23,554
Stockholders' equity	<u>67,814</u>	<u>61,528</u>
Total liabilities and stockholders' equity	<u>\$ 93,991</u>	<u>\$ 85,082</u>

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

	Nine Months Ended <u>September 30,</u> <u>2015</u>	Nine Months Ended <u>September 30,</u> <u>2016</u>
Operating activities:		
Net loss	\$ (1,388)	\$ (5,067)
Adjustments to reconcile net loss to net cash	32,215	33,196
Changes in assets and liabilities	<u>(21,681)</u>	<u>(22,523)</u>
Net operating	<u>9,146</u>	<u>5,606</u>
Investing activities:		
Capital expenditures	(928)	(2,973)
Other	<u>1,187</u>	<u>58</u>
Net investing	<u>259</u>	<u>(2,915)</u>
Financing activities:		
Net repayment of borrowings	(9,000)	(2,265)
Other	<u>(1,485)</u>	<u> </u>
Net financing	<u>(10,485)</u>	<u>(2,265)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(317)</u>	<u>176</u>
Net increase (decrease) in cash and cash equivalents	(1,397)	602
Cash and cash equivalents at beginning of year	<u>14,220</u>	<u>16,115</u>
Cash and cash equivalents at end of period	<u>\$ 12,823</u>	<u>\$ 16,717</u>