

Regional Management Corp.
Form S-3/A
August 14, 2013
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As filed with the U.S. Securities and Exchange Commission on August 14, 2013

Registration No. 333-190453

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

AMENDMENT NO. 1
TO
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Regional Management Corp.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

57-0847115
(I.R.S. Employer
Identification Number)

509 West Butler Road

Greenville, South Carolina 29607

(864) 422-8011

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Brian J. Fisher

Vice President and General Counsel

Regional Management Corp.

509 West Butler Road

Greenville, South Carolina 29607

(864) 422-8011

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

Betty O. Temple

Sudhir N. Shenoy

Womble Carlyle Sandridge & Rice, LLP

550 South Main Street

Suite 400

Greenville, South Carolina 29601

(864) 255-5400

Approximate date of commencement of proposed sale to the public: From time to time on or after the effective date of this registration statement.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (Do not check if smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 14, 2013

PRELIMINARY PROSPECTUS

7,263,599 Shares of Common Stock

This prospectus relates to the 7,263,599 shares of our common stock, \$0.10 par value per share, that may be offered for sale from time to time by the persons named in this prospectus (and their transferees) identified under the heading "Selling Stockholders" on page 26 of this prospectus who currently own such common stock.

You should carefully read this prospectus before you invest. Investing in our common stock involves risks. See Risk Factors beginning on page 5, and the section entitled "Risk Factors" beginning on page 21 of our Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on March 18, 2013, which is incorporated herein by reference in its entirety, and as updated in any future filings made with the Securities and Exchange Commission that are incorporated by reference herein.

This prospectus describes the general manner in which the shares of common stock may be offered and sold by the Selling Stockholders. If necessary, the specific manner in which shares of common stock may be offered and sold will be described in a supplement to this prospectus. We provide more information about how the Selling Stockholders may sell their shares of common stock in the section entitled "Plan of Distribution" on page 31 of this prospectus. The Selling Stockholders will bear all commissions and discounts, if any, attributable to the sale or disposition of the shares. We will bear all costs, expenses and fees in connection with the registration of the shares.

We will not receive any proceeds from the sale of our common stock by the Selling Stockholders.

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "RM". On August 13, 2013, the last reported sales price of our common stock as quoted on the NYSE was \$30.09 per share.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated _____, 2013.

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ABOUT THIS PROSPECTUS

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to Regional, the Company, we, us, our, similar references, mean Regional Management Corp. and, where applicable, its consolidated subsidiaries, and Selling Stockholders refers to those of our stockholders described in Selling Stockholders beginning on page 26 of this prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus. Neither we nor the Selling Stockholders authorize any person to provide information other than that provided in this prospectus and the documents incorporated by reference. The Selling Stockholders are not making an offer to sell the common stock in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on its cover page and that any information previously filed with the Securities and Exchange Commission (the SEC) that is incorporated by reference is accurate only as of the date such document is incorporated by reference.

WHERE YOU CAN FIND MORE INFORMATION

As required by the Securities Act of 1933, as amended (the Securities Act), we filed a registration statement relating to the securities offered by this prospectus with the SEC. This prospectus is a part of that registration statement, which includes additional information.

We file annual, quarterly and current reports, proxy statements and other information with the SEC pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act). You may read and copy any materials that we file with the SEC at the SEC Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC maintains an Internet site that contains the reports, proxy and information statements and other information that we and other issuers file electronically with the SEC. The SEC's Internet website address is <http://www.sec.gov>. You can also obtain information about our Company at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

As permitted by SEC rules, this prospectus does not contain all of the information we have included in the registration statement and the accompanying exhibits and schedules we file with the SEC. You may refer to the registration statement, exhibits and schedules for more information about us and the securities. The registration statement, exhibits and schedules are available through the SEC's website or at its Public Reference Room.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference into this prospectus the information we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus. If we subsequently provide updating or superseding information in this prospectus or in a document that is incorporated by reference into this prospectus, the subsequent information will also become part of this prospectus and will supersede the earlier information.

We are incorporating by reference the following documents that we have filed with the SEC (other than any filing or portion thereof that is furnished, rather than filed, under applicable SEC rules):

our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, filed with the SEC on March 18, 2013;

our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2013, filed with the SEC on May 13, 2013;

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our Quarterly Report on Form 10-Q for the fiscal quarter and six month period ended June 30, 2013, filed with the SEC on August 9, 2013;

our Current Reports on Form 8-K filed with the SEC on February 26, 2013, March 21, 2013, April 4, 2013, April 29, 2013, and May 14, 2013; and

the description of our common stock contained in the prospectus, constituting part of our Registration Statement on Form S-1 (File No. 333-174245) filed with the SEC on March 29, 2012.

We are also incorporating by reference into this prospectus all of our filings with the SEC (other than any filing or portion thereof that is furnished, rather than filed, under applicable SEC rules) under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act after the date of the initial registration statement and prior to effectiveness of the registration statement and after the date of this prospectus and before the termination of the offering.

The documents incorporated by reference into this prospectus are available from us upon request. We will provide a copy of any and all of the information that is incorporated by reference in this prospectus to any person, without charge, upon written or oral request. If exhibits to the documents incorporated by reference in this prospectus are not themselves specifically incorporated by reference in this prospectus, then the exhibits will not be provided. Requests for such copies should be directed to the following:

Regional Management Corp.

Attn.: Corporate Secretary

509 West Butler Road

Greenville, South Carolina 29607

(864) 422-8011

Except as expressly provided above, no other information, including none of the information on our website, is incorporated by reference into this prospectus.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference into this prospectus contain certain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 with respect to our financial condition, results of operations, and business. Words such as anticipates, expects, intends, plans, predicts, believes, seeks, estimates, could, would, continue, potential, should, and the negative of these terms or other comparable terminology often identify forward-looking statements. Statements in this prospectus and the other documents incorporated by reference that are not historical facts are hereby identified as forward-looking statements for the purpose of the safe harbor provided by Section 21E of the Exchange Act and Section 27A of Securities Act. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements, including the risks discussed in this prospectus, in our Annual Report on Form 10-K for fiscal year ended December 31, 2012 in Item 1A under Risk Factors, and the risks detailed from time to time in our future SEC reports. Many of the important factors that will determine these results are beyond our ability to control or predict. You are cautioned not to put undue reliance on any forward-looking statements, which speak only as of the date of this prospectus or, in the case of documents incorporated by reference, as of the date of such documents. Except as otherwise required by law, we do not assume any obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

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PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus and may not contain all the information that you need to consider in making your investment decision. You should carefully read this entire prospectus, as well as the information to which we refer you and the information incorporated by reference herein, before deciding whether to invest in our common stock. You should pay special attention to the Risk Factors section of this prospectus to determine whether an investment in our common stock is appropriate for you.

Our Company

We are a diversified specialty consumer finance company providing a broad array of loan products primarily to customers with limited access to consumer credit from banks, thrifts, credit card companies, and other traditional lenders. We began operations in 1987 with four branches in South Carolina, and as of June 30, 2013, we have expanded our branch network to 263 locations with over 265,000 active accounts across the states of Alabama (49 offices), Georgia (3 office), New Mexico (4 offices), North Carolina (29 offices), Oklahoma (21 offices), South Carolina (70 offices), Tennessee (21 offices), and Texas (66 offices) operating under the names Regional Finance, RMC Financial Services, Anchor Finance, Superior Financial Services, First Community Credit, AutoCredit Source, RMC Retail, and Sun Finance.

Most of our loan products are secured and each is structured on a fixed rate, fixed term basis with fully amortizing equal monthly installment payments, repayable at any time without penalty. Our loans are sourced through our multiple channel platform, including in our branches, through direct mail campaigns, independent and franchise automobile dealerships, online credit application networks, retailers, and our consumer website. We operate an integrated branch model in which nearly all loans, regardless of origination channel, are serviced and collected through our branch network, providing us with frequent in-person contact with our customers, which we believe improves our credit performance and customer loyalty. Our goal is to consistently and soundly grow our finance receivables and manage our portfolio risk while providing our customers with attractive and easy-to-understand loan products that serve their varied financial needs.

Our diversified product offerings include:

Small Installment Loans We offer standardized small installment loans ranging from \$300 to \$2,500, with terms of up to 36 months, which are secured by non-essential household goods. We originate these loans through our branches, via our consumer website, by customer referrals, and by mailing live checks to pre-screened individuals who are able to enter into a loan by depositing these checks. As of June 30, 2013, we had approximately 202,000 small installment loans outstanding, representing \$206.7 million in finance receivables.

Large Installment Loans We offer large installment loans through our branches ranging from \$2,500 to \$20,000, with terms of between 18 and 60 months, which are secured by a vehicle in addition to non-essential household goods. As of June 30, 2013, we had approximately 14,000 large installment loans outstanding, representing \$44.4 million in finance receivables.

Automobile Purchase Loans We offer automobile purchase loans of up to \$27,500, generally with terms of between 36 and 72 months, which are secured by the purchased vehicle. Our automobile purchase loans are offered through a network of dealers in our geographic footprint, including over 2,200 independent and 1,200 franchise automobile dealerships. Our automobile purchase loans include both direct loans, which are sourced through a dealership and closed at one of our branches, and indirect loans, which are originated and closed at a dealership in our network without the need for the customer to visit one of our branches. As of June 30, 2013, we had approximately 19,000 automobile purchase loans outstanding, representing \$178.9 million in finance receivables.

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Retail Purchase Loans We offer indirect retail purchase loans of up to \$7,500, with terms of between six and 48 months, which are secured by the purchased retail products. These loans are offered through a network of approximately 800 retailers. Since launching this product in November 2009, our portfolio has grown to approximately 30,000 retail purchase loans outstanding, representing \$30.6 million in finance receivables as of June 30, 2013.

Insurance Products We offer our customers optional payment protection insurance relating to many of our loan products. We were incorporated in South Carolina on March 25, 1987, and we converted into a Delaware corporation on August 23, 2011. Our common stock trades on the New York Stock Exchange under the symbol **RM**.

Additional Information

For a description of our business, financial condition, results of operations, and other important information regarding our company, we refer you to our filings with the SEC incorporated by reference in this prospectus. For instructions on how to find copies of these documents, see **Where You Can Find More Information**.

Our principal executive offices are located at 509 West Butler Road, Greenville, South Carolina 29607. The telephone number for our principal executive office is (864) 422-8011.

The Offering

*The following summary of the offering contains basic information about the offering and our common stock and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of our common stock, please refer to the section of this prospectus entitled **Description of Common Stock**.*

Maximum number of shares of Common Stock offered by the Selling Stockholders	7,263,599 shares of common stock
Shares Outstanding as of August 1, 2013	12,584,942 shares of common stock
Use of Proceeds	All common stock sold pursuant to this prospectus will be sold by the Selling Stockholders. We will not receive any of the proceeds from such sales.
NYSE Trading Symbol	RM
Risk Factors	An investment in our common stock involves certain risks. You should carefully consider the risks described under Risk Factors beginning on page 5 of this prospectus, as well as other information included or incorporated by reference into this prospectus, including our financial statements and the notes thereto, before making an investment decision.

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RISK FACTORS

Risks Related to Our Business

We have grown significantly in recent years, and our delinquency and charge-off rates and overall results of operations may be adversely affected if we do not manage our growth effectively.

We have experienced substantial growth in recent years, opening or acquiring 17 branches in 2010, 36 in 2011, a net 51 in 2012, and 42 in 2013 through June 30, 2013, and we intend to continue our growth strategy in the future. As we increase the number of branches we operate, we will be required to find new, or relocate existing, employees to operate our branches and allocate resources to train and supervise those employees. The success of a branch depends significantly on the manager overseeing its operations and on our ability to enforce our underwriting standards and implement controls over branch operations. Recruiting suitable managers for new branches can be challenging, particularly in remote areas and areas where we face significant competition. Furthermore, the annual turnover in 2012 among our branch managers was approximately 24%, and turnover rates of managers in our new branches may be similar or higher. Increasing the number of branches that we operate may divide the attention of our senior management or strain our ability to adapt our infrastructure and systems to accommodate our growth. If we are unable to promote, relocate, or recruit suitable managers and oversee their activities effectively, our delinquency and charge-off rates may increase and our overall results of operations may be adversely impacted.

We face significant risks in implementing our growth strategy, some of which are outside our control.

We intend to continue our growth strategy, which is based on opening and acquiring branches in existing and new markets and introducing new products and channels. Our ability to execute this growth strategy is subject to significant risks, some of which are beyond our control, including:

the prevailing laws and regulatory environment of each state in which we operate or seek to operate and, to the extent applicable, federal laws and regulations, which are subject to change at any time;

the degree of competition in new markets and its effect on our ability to attract new customers;

our ability to identify attractive locations for new branches;

our ability to recruit qualified personnel, in particular in remote areas and areas where we face a great deal of competition; and

our ability to obtain adequate financing for our expansion plans.

For example, North Carolina requires a needs and convenience assessment of a new lending license and location prior to the granting of the license, which adds time and expense to opening de novo locations. In addition, certain states into which we may expand limit the number of lending licenses granted. There can be no assurance that if we apply for a license for a new branch, whether in one of the states where we currently operate or in a state into which we would like to expand, we would be granted a license to operate. We also cannot be certain that any such license, even if granted, would be obtained in a timely manner or without burdensome conditions or limitations. In addition, we may not be able to obtain and maintain any regulatory approvals, government permits, or licenses that may be required.

We face strong direct and indirect competition.

The consumer finance industry is highly competitive, and the barriers to entry for new competitors are relatively low in the markets in which we operate. We compete for customers, locations, and other important aspects of our business with many other local, regional, national, and international financial institutions, many of which have greater financial resources than we do.

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Our installment loan operations compete with other installment lenders as well as with alternative financial services providers (such as payday and title lenders, check advance companies, and pawnshops), online or peer-to-peer lenders, issuers of non-prime credit cards, and other competitors. We believe that future regulatory developments in the consumer finance industry may cause lenders that currently focus on alternative financial services to begin to offer installment loans. In addition, if companies in the installment loan business attempt to provide more attractive loan terms than is standard across the industry, we may lose customers to those competitors. In installment loans, we compete primarily on the basis of price, breadth of loan product offerings, flexibility of loan terms offered, and the quality of customer service provided.

Our automobile purchase loan operations compete with numerous financial services providers, including non-prime auto lenders, dealers that provide financing, captive finance companies owned by automobile manufacturers, banks, and to a limited extent, credit unions. Our retail purchase loan operations compete with store and third-party credit cards, prime lending sources, rent-to-own finance providers, and other competitors. Although the retail purchase loan market includes few competitors serving non-prime borrowers, there are numerous competitors offering non-prime automobile purchase loans. For automobile purchase loans and retail purchase loans, we compete primarily on the basis of interest rates charged, the quality of credit accepted, the flexibility of loan terms offered, the speed of approval, and the quality of customer service provided.

If we fail to compete successfully, we could face lower sales and may decide or be compelled to materially alter our lending terms to our customers, which could result in decreased profitability.

A substantial majority of our revenue is generated by our branches in South Carolina, Texas, and North Carolina.

Our branches in South Carolina accounted for 45% of our revenue in 2012. In addition, our branches in Texas and North Carolina accounted for 24% and 16%, respectively, of our revenue in 2012. Furthermore, all of our operations are in five Southeastern and three Southwestern states. As a result, we are highly susceptible to adverse economic conditions in those areas. For example, the unemployment rate in South Carolina, which was 8.1% in June 2013, is among the highest in the country. High unemployment rates may reduce the number of qualified borrowers to whom we will extend loans, which would result in reduced loan originations. Adverse economic conditions may increase delinquencies and charge-offs and decrease our overall loan portfolio quality. If any of the adverse regulatory or legislative events described in this Risk Factors section were to occur in South Carolina, Texas, or North Carolina, it could materially adversely affect our business, results of operations, and financial condition. For example, if interest rates in South Carolina, which are currently not capped, were to be capped, our business, results of operations, and financial condition would be materially and adversely affected.

Our business could suffer if we are unsuccessful in making, continuing, and growing relationships with automobile dealers and retailers.

Our automobile purchase loans and retail purchase loans are reliant on our relationships with automobile dealers and retailers. In particular, our automobile purchase loan operations depend in large part upon our ability to establish and maintain relationships with reputable dealers who direct customers to our branches or originate loans at the point of sale, which we subsequently purchase. Although we have relationships with certain automobile dealers, none of our relationships are exclusive, some of them are newly established, and they may be terminated at any time. As a result of the recent economic downturn and contraction of credit to both dealers and their customers, there has been an increase in dealership closures and our existing dealer base has experienced decreased sales and loan volume in the past and may experience decreased sales and loan volume in the future, which may have an adverse effect on our business, our results of operations, and financial condition.

Our retail purchase loan business model is based on our ability to enter into agreements with individual furniture, appliance, and other retailers to provide financing to customers in their stores. Although our relationships with independent licensees of a major U.S. furniture retailer are currently a significant source of our

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retail purchase loans, we do not have a relationship with the retailer itself or its manufacturing affiliate and instead depend on non-exclusive relationships with individual licensees of the retailer, each of which may be terminated at any time. If a competitor were to offer better service or more attractive loan products to our retailer partners, it is possible that our retail partners would terminate their relationships with us. If we are unable to continue to grow our existing relationships and develop new relationships, our results of operations, financial condition, and ability to continue to expand could be adversely affected.

Regular turnover among our managers and other employees at our branches makes it more difficult for us to operate our branches and increases our costs of operations, which could have an adverse effect on our business, results of operations, and financial condition.

Our workforce is comprised primarily of employees who work on an hourly basis. In certain areas where we operate, there is significant competition for employees. In the past, we have lost employees and candidates to competitors who have been willing to pay higher compensation than we pay. Our ability to continue to expand our operations depends on our ability to attract, train, and retain a large and growing number of qualified employees. The turnover among all of our branch employees was approximately 43% in 2010, 37% in 2011, and 38% in 2012. This turnover increases our cost of operations and makes it more difficult to operate our branches. Our customer service representative and assistant manager roles have historically experienced high turnover. We may not be able to retain and cultivate personnel at these ranks for future promotion to branch manager. If our employee turnover rates increase above historical levels or if unanticipated problems arise from our high employee turnover and we are unable to readily replace such employees, our business, results of operations, financial condition, and ability to continue to expand could be adversely affected.

We are subject to government regulations concerning our hourly and our other employees, including minimum wage, overtime, and health care laws.

We are subject to applicable rules and regulations relating to our relationship with our employees, including minimum wage and break requirements, health benefits, unemployment and sales taxes, overtime, and working conditions and immigration status. Legislated increases in the federal minimum wage and increases in additional labor cost components, such as employee benefit costs, workers' compensation insurance rates, compliance costs and fines, as well as the cost of litigation in connection with these regulations, would increase our labor costs. Unionizing and collective bargaining efforts have received increased attention nationwide in recent periods. Should our employees become represented by unions, we would be obligated to bargain with those unions with respect to wages, hours, and other terms and conditions of employment, which is likely to increase our labor costs. Moreover, as part of the process of union organizing and collective bargaining, strikes, and other work stoppages may occur, which would cause disruption to our business. Similarly, many employers nationally in similar retail environments have been subject to actions brought by governmental agencies and private individuals under wage-hour laws on a variety of claims, such as improper classification of workers as exempt from overtime pay requirements and failure to pay overtime wages properly, with such actions sometimes brought as class actions, and these actions can result in material liabilities and expenses. Should we be subject to employment litigation, such as actions involving wage-hour, overtime, break, and working time, it may distract our management from business matters and result in increased labor costs. In addition, we currently sponsor employer-subsidized premiums for major medical programs for eligible salaried personnel and mini-medical (limited benefit) programs for eligible hourly employees who elect health care coverage through our insurance programs. As a result of regulatory changes, we may not be able to continue to offer health care coverage to our employees on affordable terms or at all. If we are unable to locate, attract, train, or retain qualified personnel, or if our costs of labor increase significantly, our business, results of operations, and financial condition may be adversely affected.

Our live check direct mail strategy exposes us to certain risks.

A significant portion of our growth in our small installment loans has been achieved through our direct mail campaigns, which involve mailing to pre-screened recipients live checks, which customers can sign and cash or

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deposit thereby agreeing to the terms of the loan, which are disclosed on the front and back of the check. We use live checks to seed new branch openings and attract new customers and those with higher credit in our geographic footprint. For the six months ended June 30, 2013, loans initiated through live checks represented 36.6% of the value of our originated loans. We expect that live checks will represent a greater percentage of our small installment loans in the future. There are several risks associated with the use of live checks, including the following:

it is more difficult to maintain sound underwriting standards with live check customers, and these customers have historically presented a higher risk of default than customers that originate loans in our branches, as we do not meet a live check customer prior to soliciting them and extending a loan to them, and we may not be able to verify certain elements of their financial condition, including their current employment status or life circumstances;

we rely on a software-based model and credit information from a third-party credit bureau that is more limited than a full credit report to pre-screen potential live check recipients, which may not be as effective as fully underwriting a loan application or may be inaccurate or outdated;

we face limitations on the number of potential borrowers who meet our lending criteria within proximity to our branches;

we may not be able to continue to access the demographic and credit file information that we use to generate our mailing lists due to expanded regulatory or privacy restrictions;

live checks pose a greater risk of fraud as the live checks may be fraudulently replicated;

we depend on one bank to issue and clear our live checks and any failure by that bank to properly process the live checks could limit the ability of a recipient to cash the check and enter into a loan with us;

we sell clearly disclosed optional credit insurance products as part of our live check mailing campaigns; however, customers may subsequently claim that they did not receive sufficient explanation or notice of the insurance products that they purchased;

customers may opt out of direct mail solicitations and solicitations based on their credit file or may otherwise prohibit us from soliciting them; and

postal rates and piece printing rates may continue to rise.

Our expected increase in the use of live checks will further increase our exposure to, and the magnitude of, these risks.

A reduction in demand for our products and failure by us to adapt to such reduction could adversely affect our business and results of operations.

The demand for the products we offer may be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences or financial conditions, regulatory restrictions that decrease customer access to particular products, or the availability of competing products. For example, we are highly dependent upon selecting and maintaining attractive branch locations. These locations are subject to local market conditions, including the employment available in the area, housing costs, traffic patterns, crime, and other demographic influences, any of which may quickly change. Should we fail to adapt to significant changes in our customers' demand for, or access to, our products, our revenues could decrease significantly and our operations could be harmed. Even if we do make changes to existing products or introduce new products to fulfill customer demand, customers may resist or may reject such products. Moreover, the effect of any product change on the results of our business may not be fully ascertainable until the change has been in effect for some time, and by that time it may be too late to make further

modifications to such product without causing further harm to our business, results of operations, and financial condition.

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We may attempt to pursue acquisitions or strategic alliances, which may be unsuccessful.

We may attempt to achieve our business objectives through acquisitions and strategic alliances. We compete with other companies for these opportunities, including companies with greater financial resources, and we cannot be certain that we will be able to effect acquisitions or strategic alliances on commercially reasonable terms, or at all. Furthermore, the acquisitions that we have pursued previously have been significantly smaller than us. We do not have extensive experience with integrating larger acquisitions. In pursuing these transactions, we may experience, among other things:

overvaluing potential targets due to limitations on our due diligence efforts;

difficulties in integrating any acquired companies, branches, or products into our existing business, including integration of account data into our information systems;

inability to realize the benefits we anticipate in a timely fashion, or at all;

attrition of key personnel from acquired businesses;

unexpected losses due to the acquisition of existing loan portfolios with loans originated using less stringent underwriting criteria;

significant costs, charges, or writedowns; or

unforeseen operating difficulties that require significant financial and managerial resources that would otherwise be available for the ongoing development and expansion of our existing operations.

We are exposed to credit risk in our lending activities.

Our ability to collect on loans depends on the willingness and repayment ability of our borrowers. Any material adverse change in the ability or willingness of a significant portion of our borrowers to meet their obligations to us, whether due to changes in economic conditions, the cost of consumer goods, interest rates, natural disasters, acts of war or terrorism, or other causes over which we have no control, would have a material adverse impact on our earnings and financial condition. Further, a substantial majority of our borrowers are non-prime borrowers, who are more likely to be affected, and more severely affected, by adverse macroeconomic conditions such as those that have persisted over the last few years. We generally consider customers with a Beacon score, a measure of credit provided by Equifax, below 645 to be non-prime borrowers, although we also consider factors other than Beacon scores in evaluating a potential customer's credit, such as length of employment and duration of current residence. There is no industry standard definition of non-prime and, consequently, other lenders may use different criteria to identify non-prime customers. We cannot be certain that our credit administration personnel, policies, and procedures will adequately adapt to changes in economic or any other conditions affecting customers and the quality of the loan portfolio.

We may be limited in our ability to collect on our loan portfolio, and the security interests securing a significant portion of our loan portfolio are not perfected, which may increase our credit losses.

Legal and practical limitations may limit our ability to collect on our loan portfolio, resulting in increased credit losses, decreased revenues, and decreased earnings. State and federal laws and regulations restrict our collection efforts. Most of our loan portfolio is secured, but a significant portion of such security interests have not been and will not be perfected. The amounts that we are able to recover from the repossession and sale of collateral typically does not cover the outstanding loan balance and costs of recovery. In cases where we repossess a vehicle securing a loan, we sell our repossessed automobile inventory through public sales conducted by independent automobile auction organizations after the required post-repossession waiting period. There is approximately a 30-day period between the time we repossess a vehicle or other property and the time it is sold at auction. In certain instances, we may sell repossessed collateral other than vehicles through our branches after the required

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post-repossession waiting period and appropriate receipt of valid bids. The proceeds we receive from such sales depend upon various factors, including the supply of, and demand for, used vehicles and other

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property at the time of sale. During periods of economic slowdown or recession, such as have existed in the United States for much of the past several years, there may be less demand for used vehicles and other property.

Further, a significant portion of our loan portfolio is not secured by perfected security interests, including small installment loans and retail purchase loans. The lack of perfected security interests is one of several factors that may make it more difficult for us to collect on our loan portfolio. During 2012, net charge-offs as a percentage of average finance receivables on our small installment loans, which are typically secured by unperfected interests in personal property, were 9.2%, while net charge-offs as a percentage of average finance receivables for our large installment loans and automobile purchase loans, which are typically secured by perfected interests in an automobile or other vehicle, for the same periods were 5.0%. Additionally, for those of our loans which are unsecured, borrowers may choose to repay obligations under other indebtedness before repaying loans to us because such borrowers have no collateral at risk. Lastly, given the relatively small size of our loans, the costs of collecting loans may be high relative to the amount of the loan. As a result, many collection practices that are legally available, such as litigation, may be financially impracticable. These factors may increase our credit losses, which would have a material adverse effect on our results of operations and financial condition.

In addition, there is an inherent risk that a portion of the retail installment contracts that we hold will be in default or be subject to certain claims or defenses that the borrower may assert against the originator of the contract, or us as the holder of the contract. We face the risk that if high unemployment or adverse economic developments occur or continue in one or more of our markets, a large number of retail installment contracts will become defaulted. In addition, most of the borrowers under these contracts have some negative credit history. There can be no assurance that our allowance for credit losses will prove sufficient to cover actual losses in the future on these contracts.

Our policies and procedures for underwriting, processing, and servicing loans are subject to potential failure or circumvention, which may adversely affect our results of operations.

Most of our underwriting activities and our credit extension decisions are made at our local branches. We train our employees individually on-site in the branch to make loans that conform to our underwriting standards. Such training includes critical aspects of state and federal regulatory compliance, cash handling, account management, and customer relations. Although we have standardized employee manuals, we primarily rely on our district supervisors, with oversight by our state vice presidents, branch auditors, and headquarters personnel, to train and supervise our branch employees, rather than centralized or standardized training programs. Therefore, the quality of training and supervision may vary from district to district and branch to branch depending upon the amount of time apportioned to training and supervision and individual interpretations of our operations policies and procedures. We cannot be certain that every loan is made in accordance with our underwriting standards and rules. We have in the past experienced some instances of loans extended that varied from our underwriting standards. Variances in underwriting standards and lack of supervision could expose us to greater delinquencies and charge-offs than we have historically experienced.

In addition, underwriting decisions are based on information provided by customers and counterparties, the inaccuracy or incompleteness of which may adversely affect our results of operations. In deciding whether to extend credit or enter into other transactions with customers and counterparties, we rely on information furnished to us by or on behalf of customers and counterparties, including financial information. We also rely on representations of customers and counterparties as to the accuracy and completeness of that information. Our earnings and our financial condition could be negatively impacted to the extent the information furnished to us by and on behalf of customers and counterparties is not correct or complete.

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If our estimates of reserves for credit losses are not adequate to absorb actual losses, our provision for credit losses would increase, which would adversely affect our results of operations.

We maintain an allowance for credit losses for all loans we make. To estimate the appropriate level of credit loss reserves, we consider known and relevant internal and external factors that affect loan collectability, including the total amount of loans outstanding, historical loan charge-offs, our current collection patterns, and economic trends. Our methodology for establishing our reserves for credit losses is based in large part on our historic loss experience. If customer behavior changes as a result of economic conditions and if we are unable to predict how the unemployment rate, housing foreclosures, and general economic uncertainty may affect our credit loss reserves, our provision may be inadequate. During fiscal 2012, our provision for credit losses was \$27.8 million, and we had net charge-offs of \$23.4 million related to losses on our loans. As of June 30, 2013, our finance receivables were \$460.4 million. Maintaining the adequacy of our allowance for credit losses may require that we make significant and unanticipated increases in our provisions for credit losses, which would materially affect our results of operations. Our credit loss reserves, however, are estimates, and if actual credit losses are materially greater than our credit loss reserves, our financial condition and results of operations could be adversely affected. Neither state regulators nor federal regulators regulate our allowance for credit losses.

Interest rates on automobile purchase and retail purchase loans are determined at competitive market interest rates and we may fail to adequately set interest rates, which may adversely affect our business.

In recent years, we have expanded our automobile purchase loan business and our retail purchase loan business, and we plan to continue to expand those businesses in the future. Unlike installment loans, which in certain states are typically made at or near the maximum interest rates permitted by law, automobile purchase loans and retail purchase loans are often made at competitive market interest rates, which are governed by laws for installment sales contracts. We have limited experience in determining interest rates in these markets. If we fail to set interest rates at a level that adequately reflects the credit risks of our customers, or if we set interest rates at a level too low to sustain our profitability, our business, results of operations, and financial condition could be adversely affected.

Failure of third-party service providers upon which we rely could adversely affect our business.

We rely on certain third-party service providers. In particular, we currently rely on two key vendors to print and mail our live checks for our direct mail marketing campaigns. Our reliance on third parties such as these can expose us to risks. For example, an error by our former live check vendor during 2010 resulted in checks being misdirected, requiring us in some cases to notify state regulators and to refund certain interest and fee amounts, and exposing us to increased credit risk. If any of our third-party service providers, including our live check vendors, are unable to provide their services timely and effectively, or at all, it could have a material adverse effect on our business, financial condition, and results of operations and cash flows.

We depend to a substantial extent on borrowings under our senior revolving credit facility to fund our liquidity needs.

We have a senior revolving credit facility committed through May 2016 that allows us to borrow up to \$500.0 million, assuming we are in compliance with a number of covenants and conditions. As of June 30, 2013, the amount outstanding under our senior revolving credit facility was \$302.3 million, and we had \$68.0 million of remaining availability thereunder out of a total availability of \$370.2 million based on our borrowing base as of June 30, 2013. During fiscal 2012, the maximum amount of borrowings outstanding under the facility at one time was \$292.4 million. We use our senior revolving credit facility as a source of liquidity, including for working capital and to fund the loans we make to our customers. If our existing sources of liquidity become insufficient to satisfy our financial needs or our access to these sources becomes unexpectedly restricted, we may need to try to raise additional debt or equity in the future. If such an event were to occur, we can give no assurance that such alternate sources of liquidity would be available to us on favorable terms or at all. In

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addition, we cannot be certain that we will be able to replace the amended and restated senior revolving credit facility when it matures on favorable terms or at all. If any of these events occur, our business, results of operations, and financial condition could be adversely affected.

We are not insulated from the pressures and potentially negative consequences of the recent financial crisis and similar risks beyond our control that have and may continue to affect the capital and credit markets, the broader economy, the financial services industry, or the segment of that industry in which we operate.

Continued or worsening general business and economic conditions could have a material adverse effect on our business, financial position, results of operations, and cash flows, and may increase loan defaults and affect the value and liquidity of your investment.

Over the past several years, the global economy has experienced a significant recession, as well as a severe, ongoing disruption in the credit markets and a material and adverse effect on the jobs market and individual borrowers. While the United States economy may technically have come out of the recession, the recovery is fragile and may not be sustainable for any specific period of time, and could slip into an even more significant recession. Our financial performance generally, and in particular the ability of our borrowers to make payments on outstanding loans, is highly dependent upon the business and economic environments in the markets where we operate and in the United States as a whole.

During an economic downturn or recession, credit losses in the financial services industry generally increase and demand for credit products often decreases. Declining asset values, defaults on consumer loans, and the lack of market and investor confidence, as well as other factors, have all combined to decrease liquidity. As a result of these factors, some banks and other lenders have suffered significant losses, and the strength and liquidity of many financial institutions worldwide has weakened. Additionally, our loan servicing costs and collection costs may increase as we may have to expend greater time and resources on these activities. Our underwriting criteria, policies and procedures, and product offerings may not sufficiently protect our growth and profitability during a sustained period of economic downturn or recession. Any continued or further economic downturn will adversely affect the financial resources of our customers and may result in the inability of our customers to make principal and interest payments on, or refinance, the outstanding debt when due.

Economic conditions remain historically weak, and there can be no assurance that they will improve in the near term. Should such conditions worsen or continue to remain weak, they may adversely affect the credit quality of our loans. In the event of increased default by borrowers under the loans, our business, results of operations, and financial condition could be adversely affected.

We are subject to interest rate risk resulting from general economic conditions and policies of various governmental and regulatory agencies.

Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Federal Reserve Board. Changes in monetary policy, including changes in interest rates, could influence the amount of interest we pay on our senior revolving credit facility or any other floating interest rate obligations we may incur, which would increase our operating costs and decrease our operating margins. Interest payable on our senior revolving credit facility is variable, based on LIBOR with a LIBOR floor of 1.00%, and could increase in the future. Although we have purchased interest rate caps on a \$150.0 million notional amount to hedge such increases, these caps expire in 2014 and we may not be able to replace these instruments when they mature on favorable terms or at all. Furthermore, market conditions or regulatory restrictions on interest rates we charge may prevent us from passing any increases in interest rates along to our customers.

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Our revolving credit agreement contains restrictions and limitations that could affect our ability to operate our business.

The credit agreement governing our senior revolving credit facility contains a number of covenants that could adversely affect our business and the flexibility to respond to changing business and economic conditions or opportunities. Among other things, these covenants limit our ability to:

incur or guarantee additional indebtedness;

purchase large loan portfolios in bulk;

pay dividends or make distributions on our capital stock or make certain other restricted payments;

sell assets, including our loan portfolio or the capital stock of our subsidiaries;

enter into transactions with our affiliates;

create or incur liens; and

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets.

In addition, the credit agreement imposes certain obligations on us relating to our underwriting standards, recordkeeping and servicing of our loans, and our loss reserves and charge-off policies. It also requires us to maintain certain financial ratios, including an interest coverage ratio and a borrowing base ratio (calculated as the ratio of our unsubordinated debt to the sum of our adjusted tangible net worth and our subordinated debt). If we were to breach any covenants or obligations under the credit agreement and such breaches were to result in an event of default, our lenders could cause all amounts outstanding to become due and payable, subject to applicable grace periods. This could trigger cross-defaults under any future debt instruments and materially and adversely affect our financial condition and ability to continue operating our business as a going concern. As of June 30, 2013, we were in material compliance with the covenants under our senior revolving credit facility.

If we lose the services of any of our key management personnel, our business could suffer.

Our future success significantly depends on the continued service and performance of our key management personnel. Competition for these employees is intense. The loss of the service of members of our senior management or key team members, including our state vice presidents, or the inability to attract additional qualified personnel as needed, could materially harm our business. Our success depends, in part, on the continued service of our President and Chief Operating Officer, C. Glynn Quattlebaum, who is 66 years old and is nearing the age of retirement.

We also depend on our district supervisors to supervise, train, and motivate our branch employees. These supervisors have significant experience with our company and would be difficult to replace. If we lose a district supervisor to a competitor, we could be at risk of losing other employees and customers.

We rely on information technology products developed, owned, and supported by third parties, including our competitors.

We use a software package developed and owned by ParaData Financial Systems, or ParaData, a wholly owned subsidiary of World Acceptance Corporation, one of our primary competitors, to record, document, and manage our loans. Over the years we have tailored this software to meet our specific needs. We depend on the willingness and ability of ParaData to continue to provide customized solutions and support for our evolving products and business model. In the future, ParaData may not be willing or able to modify the loan management software to meet our needs, or it could alter the program without notice to us or cease to adequately support it. ParaData could also decide in the future to refuse to provide support for its software to us on commercially reasonable terms, or at all. If any of these events were to occur, we would be forced to

migrate to an alternative software package, which could materially affect our business, results of operations, and financial condition.

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We rely on DealerTrack, Route One, Teledata Communications Inc., and other third-party software vendors to provide access to loan applications and/or screen applications. There can be no assurance that these third party providers will continue to provide us information in accordance with our lending guidelines or that they will continue to provide us lending leads at all. If this occurs, our credit losses, business, results of operations, and financial condition may be adversely affected.

Security breaches in our branches or failures in our information systems could adversely affect our financial condition and results of operations.

Nearly all of our account payments occur at our branches, either in person or by mail, and frequently consist of cash payments, which we deposit at local banks throughout the day. This business practice exposes us daily to the potential for employee theft of funds or, alternatively, to theft and burglary due to the cash we maintain in the branch. Despite controls and procedures to prevent such losses, we have in the past sustained losses due to employee fraud and theft. In addition, our employees field call delinquent accounts by visiting the home or workplace of a delinquent borrower. Such visits may subject our employees to a variety of dangers, including violence, vehicle accidents, and other perils. A breach in the security of our branches or in the safety of our employees could result in employee injury and adverse publicity and could result in a loss of customer business or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

We rely heavily on communications and information systems to conduct our business. Each branch is part of an information network that is designed to permit us to maintain adequate cash inventory, reconcile cash balances on a daily basis, and report revenues and expenses to our headquarters. Any failure, interruption, or breach in security of these systems, including any failure of our back-up systems, hardware failures, or an inability to access data maintained offsite, could result in failures or disruptions in our customer relationship management, general ledger, loan and other systems and could result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations. Furthermore, we may not be able to detect immediately any such breach, which may increase the losses that we would suffer. In addition, our existing insurance policies would not reimburse us for all of the damages that we might incur as a result of a breach.

Security breaches, cyber-attacks, or fraudulent activity could result in damage to our operations or lead to reputational damage.

A security breach or cyber-attack of our computer systems could interrupt or damage our operations or harm our reputation. Despite the implementation of security measures, our systems may still be vulnerable to data theft, computer viruses, programming errors, attacks by third parties, or similar disruptive problems. If we were to experience a security breach or cyber-attack, we could be required to incur substantial costs and liabilities, including, among other things, the following:

expenses to rectify the consequences of the security breach or cyber-attack;

liability for stolen assets or information;

costs of repairing damage to our systems;

lost revenue and income resulting from any system downtime caused by such breach or attack;

increased costs of cyber security protection;

costs of incentives we may be required to offer to our customers or business partners to retain their business; and

damage to our reputation causing customers and investors to lose confidence in our company.

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In addition, any compromise of security or a cyber-attack could deter consumers from entering into transactions that require them to provide confidential information to us. Further, if confidential customer information or information belonging to our business partners is misappropriated from our computer systems, we could be sued by those who assert that we did not take adequate precautions to safeguard our systems and confidential data belonging to our customers or business partners, which could subject us to liability and result in significant legal fees and expenses of defending these claims. As a result, any compromise of security of our computer systems or cyber-attack could have a material adverse effect on our business, prospects, results of operations, and financial condition.

Our centralized headquarters functions are susceptible to disruption by catastrophic events, which could have a material adverse effect on our business, results of operations, and financial condition.

Our headquarters buildings are located in Greenville, South Carolina. Our information systems and administrative and management processes are primarily provided to our branches from this centralized location, and our separate data management facility is located in the same city. These processes could be disrupted if a catastrophic event, such as a tornado, power outage, or act of terror, affected Greenville. Any such catastrophic event or other unexpected disruption of our headquarters or data management facility could have a material adverse effect on our business, results of operations, and financial condition.

Risks Related to Regulation

Our business products and activities are strictly and comprehensively regulated at the local, state, and federal level. Changes in current laws and regulations or in the interpretation of such laws and regulations, or our failure to comply with such laws and regulations, could have a material adverse effect on our business, results of operations, and financial condition.

Our business is subject to numerous local, state and federal laws and regulations. These regulations impose significant costs and limitations on the way we conduct and expand our business, and these costs and limitations may increase in the future if such laws and regulations are changed. These laws and regulations govern or affect, among other things:

the interest rates that we may charge customers;

terms of loans, including fees, maximum amounts, and minimum durations;

the number of simultaneous or consecutive loans and required waiting periods between loans;

disclosure practices, including posting of fees;

currency and suspicious activity reporting;

recording and reporting of certain financial transactions;

privacy of personal customer information;

the types of products and services that we may offer;

collection practices;

approval of licenses; and

locations of our branches.

Changes to statutes, regulations, or regulatory policies, including interpretation, implementation, and enforcement of statutes, regulations, or policies, could affect us in substantial and unpredictable ways, including limiting the types of financial services and products that we may offer and increasing the ability of competitors to offer competing financial services and products. Compliance with these regulations is expensive and requires the time and attention of management. These costs divert capital and focus away from efforts intended to grow our

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business. Because these laws and regulations are complex and often subject to interpretation, or because of a result of unintended errors, we may, from time to time, inadvertently violate these laws, regulations, and policies, as each is interpreted by our regulators. If we do not successfully comply with laws, regulations, or policies, our compliance costs could increase, our operations could be limited, and we may suffer damage to our reputation. If more restrictive laws, rules, and regulations are enacted or more restrictive judicial and administrative interpretations of those laws are issued, compliance with the laws could become more expensive or difficult. Furthermore, changes in these laws and regulations could require changes in the way we conduct our business and we cannot predict the impact such changes would have on our profitability.

Our primary regulators are the state regulators for the states in which we operate: South Carolina, Texas, North Carolina, Tennessee, Alabama, Oklahoma, New Mexico, and Georgia. We operate each of our branches under licenses granted to us by these state regulators. State regulators may enter our branches and conduct audits of our records and practices at any time, with or without notice. If we fail to observe, or are not able to comply with, applicable legal requirements, we may be forced to discontinue certain product offerings, which could adversely impact our business, results of operations, and financial condition. In addition, violation of these laws and regulations could result in fines and other civil and/or criminal penalties, including the suspension or revocation of our branch licenses, rendering us unable to operate in one or more locations. All the states in which we operate have laws governing the interest rate and fees that we can charge and required disclosure statements, among other restrictions. Violation of these laws could involve penalties requiring the forfeiture of principal and/or interest and fees that we have charged. Depending on the nature and scope of a violation, fines and other penalties for noncompliance of applicable requirements could be significant and could have a material adverse effect on our business, results of operation, and financial condition.

Licenses to open new branches are granted in the discretion of state regulators. Accordingly, licenses may be denied unexpectedly or for reasons outside our control. This could hinder our ability to implement our business plan in a timely manner or at all.

As we enter new markets and develop new products, we may become subject to additional state and federal regulations. For example, although we intend to expand into new states, we may encounter unexpected regulatory or other difficulties in these new states or markets, which may prevent us from growing in new states or markets. Similarly, while we intend to grow our retail purchase and indirect automobile purchase loan operations, we may encounter unexpected regulatory or other difficulties. As a result, we may not be able to successfully execute our strategies to grow our revenue and earnings.

Changes in laws and regulations or interpretations of laws and regulations could negatively impact our business, results of operations, and financial condition.

Although many of the laws and regulations applicable to our business have remained substantially unchanged for many years, the laws and regulations directly affecting our lending activities are under review and are subject to change, especially as a result of current economic conditions, changes in the make-up of the current executive and legislative branches, and the political focus on issues of consumer and borrower protection. In addition, consumer advocacy groups and various other media sources continue to advocate for governmental and regulatory action to prohibit or severely restrict various financial products, including the loan products we offer.

Any changes in such laws and regulations, or the implementation, interpretation, or enforcement of such laws and regulations, could force us to modify, suspend or cease part or, in the worst case, all of our existing operations. It is also possible that the scope of federal regulations could change or expand in such a way as to preempt what has traditionally been state law regulation of our business activities. The enactment of one or more of such regulatory changes could materially and adversely affect our business, results of operations, and prospects.

States may also seek to impose new requirements or interpret or enforce existing requirements in new ways. Changes in current laws or regulations or the implementation of new laws or regulations in the future may restrict

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our ability to continue our current methods of operation or expand our operations. Additionally, these laws and regulations could subject us to liability for prior operating activities or lower or eliminate the profitability of operations going forward by, among other things, reducing the amount of interest and fees we charge in connection with our loans. If these or other factors lead us to close our branches in a state, in addition to the loss of net revenues attributable to that closing, we would incur closing costs such as lease cancellation payments and we would have to write off assets that we could no longer use. If we were to suspend rather than permanently cease our operations in a state, we would also have continuing costs associated with maintaining our branches and our employees in that state, with little or no revenues to offset those costs.

We maintain a relationship with our primary regulator in each of the states in which we operate, participate in national and state industry associations, and actively monitor the regulatory environment, and we are currently unaware of any specific proposal that would change the laws and regulations under which we operate in a manner material to our business.

In addition to state and federal laws and regulations, our business is subject to various local rules and regulations, such as local zoning regulations. Local zoning boards and other local governing bodies have been increasingly restricting the permitted locations of consumer finance companies. Any future actions taken to require special use permits for, or impose other restrictions on, our ability to provide products could adversely affect our ability to expand our operations or force us to attempt to relocate existing branches. If we were forced to relocate any of our branches, in addition to the costs associated with the relocation, we may be required to hire new employees in the new areas, which may adversely impact the operations of those branches. Relocation of an existing branch may also hinder our collection abilities, as our business model relies on the location of our branches being close to where our customers live in order to successfully collect on outstanding loans.

Changes in laws or regulations may have a material adverse effect on all aspects of our business in a particular state and on our overall business, results of operations, and financial condition.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) authorizes the newly created Consumer Finance Protection Bureau (the CFPB) to adopt rules that could potentially have a serious impact on our ability to offer short-term consumer loans and have a material adverse effect on our operations and financial performance.

Title X of the Dodd-Frank Act establishes the CFPB, which became operational on July 21, 2011. Under the Dodd-Frank Act, the CFPB has regulatory, supervisory, and enforcement powers over providers of consumer financial products that we offer, including explicit supervisory authority to examine and require registration of installment lenders such as ourselves. Included in the powers afforded to the CFPB is the authority to adopt rules describing specified acts and practices as being unfair, deceptive, or abusive, and hence unlawful. Specifically, the CFPB has the authority to declare an act or practice abusive if it, among other things, materially interferes with the ability of a consumer to understand a term or condition of a consumer financial product or service or takes unreasonable advantage of a lack of understanding on the part of the consumer of the product or service. Although the Dodd-Frank Act expressly provides that the CFPB has no authority to establish usury limits, some consumer advocacy groups have suggested that certain forms of alternative consumer finance products, such as installment loans, should be a regulatory priority and it is possible that at some time in the future the CFPB could propose and adopt rules making such lending or other products that we may offer materially less profitable or impractical. Further, the CFPB may target specific features of loans or loan practices, such as refinancings, by rulemaking that could cause us to cease offering certain products or engaging in certain practices. It is possible that the CFPB will adopt rules that specifically restrict refinancings of existing loans. Our refinancings of existing loans are divided into three categories: refinancings of loans in an amount greater than the original loan amount, renewals of existing loans that are current, and renewals of existing loans that are past due, which represented 15.0%, 32.4%, and 0.6%, respectively, of our loan originations in 2012. Any such rules could have a material adverse effect on our business, results of operation, and financial condition. The CFPB could also adopt rules imposing new and potentially burdensome requirements and limitations with respect to

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any of our current or future lines of business, which could have a material adverse effect on our operations and financial performance. The Dodd-Frank Act also gives the CFPB the authority to examine and regulate entities it classifies as a larger participant of a market for other consumer financial products or services. The rule will likely cover only the largest installment lenders. We do not yet know whether the definition of larger participant will cover us.

In addition to the Dodd-Frank Act's grant of regulatory powers to the CFPB, the Dodd-Frank Act gives the CFPB authority to pursue administrative proceedings or litigation for violations of federal consumer financial laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties ranging from a maximum of \$5,000 per day for minor violations of federal consumer financial laws (including the CFPB's own rules) to \$25,000 per day for reckless violations and \$1 million per day for knowing violations. If we are subject to such administrative proceedings, litigation, orders, or monetary penalties in the future, this could have a material adverse effect on our operations and financial performance. Also, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations under Title X, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions for the kind of cease and desist orders available to the CFPB (but not for civil penalties). If the CFPB or one or more state officials find that we have violated the foregoing laws, they could exercise their enforcement powers in ways that would have a material adverse effect on us.

In January 2012, President Obama appointed Richard Cordray as director of the CFPB, and in July 2013, he was confirmed by the United States Senate. On January 5, 2012, the CFPB launched a federal supervision program for nonbanks that offer or provide consumer financial products or services. Under the CFPB's nonbank supervision program, the CFPB will conduct individual examinations and may also require reports from businesses to determine what businesses require greater focus by the CFPB. The frequency and scope of any such examinations will depend on the CFPB's analysis of risks posed to consumers based on factors such as a particular nonbank's volume of business, types of products or services, and the extent of state oversight.

Rising health care costs and continuing uncertainties concerning the effect of implementation of the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010 and similar laws may have a material adverse effect on our business and financial performance.

Despite our efforts to control costs while still providing competitive health care benefits to our employees, significant increases in health care costs continue to occur, and we can provide no assurance that our cost containment efforts in this area will be effective. In March 2010, the federal Patient Protection and Affordable Care Act (the PPACA) and the Health Care and Education Affordability Reconciliation Act of 2010 became law. While we have performed an initial analysis regarding the anticipated impact of these laws on our cost structure, we may be unable to accurately predict the impact of this federal health care legislation on our health care benefit costs due to continued uncertainty with respect to implementation of such legislation. Significant increases in costs due either to the PPACA or general health care cost increases could adversely impact our operating results, as there is no assurance that we would be able to absorb and/or pass through the costs of such legislation.

Our stock price or results of operations could be adversely affected by media and public perception of installment loans and of legislative and regulatory developments affecting activities within the installment lending sector.

Consumer advocacy groups and various media sources continue to criticize alternative financial services providers (such as payday and title lenders, check advance companies, and pawnshops). These critics frequently characterize such alternative financial services providers as predatory or abusive toward consumers. If these persons were to criticize the products that we offer, it could result in further regulation of our business. Furthermore, our industry is highly regulated, and announcements regarding new or expected governmental and regulatory action in the alternative financial services sector may adversely impact our stock price and perceptions of our business even if such actions are not targeted at our operations and do not directly impact us.

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Risks Related to the Ownership of Our Common Stock

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our common stock, our stock price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us downgrades our common stock or publishes inaccurate or unfavorable research about our business, our common stock price may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our common stock price or trading volume to decline and our common stock to be less liquid.

The market price of shares of our common stock may continue to be volatile, which could cause the value of your investment to decline.

The market price of our common stock has been highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market, or political conditions, could reduce the market price of shares of our common stock in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly operating results, additions or departures of key management personnel, failure to meet analysts' earnings estimates, publication of research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures, or capital commitments, adverse publicity about the industries we participate in, or individual scandals, and in response the market price of shares of our common stock could decrease significantly.

In the past few years, stock markets have experienced extreme price and volume fluctuations. In the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

We have no current plans to pay cash dividends on our common stock for the foreseeable future.

We intend to retain future earnings, if any, for future operation, expansion, and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. The declaration, amount, and payment of any future dividends on shares of common stock will be at the sole discretion of our Board of Directors (the "Board"). Our Board may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our Board may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur, including our senior revolving credit facility. As a result, investors may need to rely on sales of their common stock after price appreciation, which may not occur, as the only way to realize future gains on their investment.

You may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions, or otherwise.

We have approximately 987.4 million shares of common stock authorized but unissued. Our amended and restated certificate of incorporation authorizes us to issue these shares of common stock and options, rights,

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warrants and appreciation rights relating to common stock for the consideration and on the terms and conditions established by our Board in its sole discretion, whether in connection with acquisitions or otherwise. We have reserved 950,000 shares for issuance under the Regional Management Corp. 2011 Stock Incentive Plan (the 2011 Stock Plan), and we have 552,500 shares available for issuance under the 2011 Stock Plan, as of August 1, 2013. Any common stock that we issue, including under our 2011 Stock Plan or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by our stockholders.

Concentration of ownership among our existing executive officers, directors, and their affiliates may prevent new investors from influencing significant corporate decisions.

Upon completion of our initial public offering, our executive officers, directors and their affiliates controlled approximately 65.9% of our common stock. Accordingly, these stockholders have substantial influence over election of the members of our Board, and thereby have substantial influence over our management and affairs. In addition, they have substantial influence over the outcome of all matters requiring stockholder approval, including mergers and other material transactions, and may be able to cause or prevent a change in the composition of our Board or a change in control of our company that could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock. We are a party to an amended and restated shareholders agreement with these stockholders. See Selling Stockholders Material Relationships with the Selling Stockholders Shareholders Agreement below.

We are an emerging growth company, and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act (the JOBS Act). For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act), reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements (including the omission of a compensation discussion and analysis), and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result of these exemptions, our stockholders may not have access to certain information that they may deem important.

We could be an emerging growth company for up to five years following the completion of our initial public offering, although circumstances could cause us to lose that status earlier, including if the market value of our common stock held by non-affiliates exceeds \$700 million as of any June 30 before that time, in which case we would no longer be an emerging growth company as of the following December 31. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

We are a controlled company within the meaning of the NYSE rules and qualify for and rely on exemptions from certain corporate governance requirements.

Certain of our stockholders control a majority of the combined voting power of all classes of our voting stock, and we are a controlled company within the meaning of the NYSE corporate governance standards. Under these rules, a company of which more than 50% of the voting power is held by an individual, a group, or another company is a controlled company and may elect not to comply with certain corporate governance requirements of the NYSE, including (1) the requirement that a majority of the Board consist of independent directors, (2) the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, and (3) the requirement that we have a compensation committee that is composed entirely of independent

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directors with a written charter addressing the committee's purpose and responsibilities. We rely on these exemptions. As a result, we do not have a majority of independent directors and our compensation and nominating and corporate governance committees do not consist entirely of independent directors. Accordingly, you do not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

Our amended and restated certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities identified by our affiliates.

Certain of our stockholders and their affiliates are in the business of providing buyout capital and growth capital to developing companies and may acquire interests in businesses that directly or indirectly compete with certain portions of our business. Our amended and restated certificate of incorporation provides for the allocation of certain corporate opportunities between us, on the one hand, and certain of our stockholders, on the other hand. As set forth in our amended and restated certificate of incorporation, neither such stockholders, nor any director, officer, stockholder, member, manager, or employee of such stockholders, will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Therefore, a director or officer of our company who also serves as a director, officer, member, manager, or employee of such stockholders may pursue certain acquisition opportunities that may be complementary to our business and, as a result, such acquisition opportunities may not be available to us. These potential conflicts of interest could have a material adverse effect on our business, financial condition, results of operations, or prospects if attractive corporate opportunities are allocated by such stockholders to themselves or their other affiliates instead of to us.

The requirements of being a public company may strain our resources and distract our management.

As a public company, we are subject to the reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act. These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly, and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures, we will need to commit significant resources, hire additional staff, and provide additional management oversight. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. In addition, sustaining our growth also will require us to commit additional management, operational, and financial resources to identify new professionals to join our firm and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows. We expect to incur significant additional annual expenses related to these steps and, among other things, additional directors and officers liability insurance, director fees, reporting requirements, transfer agent fees, hiring additional accounting, legal, and administrative personnel, increased auditing and legal fees, and similar expenses.

Anti-takeover provisions in our charter documents and applicable state law might discourage or delay acquisition attempts for us that you might consider favorable.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult without the approval of our Board. Among other things, these provisions:

authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;

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prohibit stockholder action by written consent from and after the date on which the parties to our Shareholders Agreement (as defined in Selling Stockholders Material Relationships with the Selling Stockholders Shareholders Agreement below) cease to beneficially own at least 40% of the total voting power of all then outstanding shares of our capital stock, which will require all stockholder actions to be taken at a meeting of our stockholders;

provide that the Board is expressly authorized to make, alter, or repeal our bylaws and that our stockholders may only amend our bylaws with the approval of 80% or more of all of the outstanding shares of our capital stock entitled to vote; and

establish advance notice requirements for nominations for elections to our Board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In addition, a Texas regulation requires the approval of the Texas Consumer Credit Commissioner for the acquisition, directly or indirectly, of 10% or more of the voting or common stock of a consumer finance company. The overall effect of this law, and similar laws in other states, is to make it more difficult to acquire a consumer finance company than it might be to acquire control of a nonregulated corporation.

Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay, or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

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USE OF PROCEEDS

All common stock pursuant to this prospectus will be offered and sold by the Selling Stockholders. We will not receive any of the proceeds from such sales.

DESCRIPTION OF COMMON STOCK

Our authorized capital stock consists of 1,000,000,000 shares of common stock, par value \$0.10 per share, and 100,000,000 shares of preferred stock, par value \$0.10 per share. As of August 1, 2013, we have 12,584,942 shares of common stock and no shares of preferred stock outstanding. Summarized below are material provisions of our amended and restated certificate of incorporation and amended and restated bylaws as currently in effect, as well as relevant sections of the Delaware General Corporation Law (the "DGCL"). The following summary is qualified in its entirety by reference to the entire text of our amended and restated certificate of incorporation and amended and restated bylaws, copies of which have been filed as exhibits to our SEC reports, which are incorporated herein by reference, and by the applicable provisions of the DGCL.

Common Stock

Holders of shares of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders.

Holders of shares of our common stock are entitled to receive dividends when and if declared by our Board out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our common stock will be entitled to receive pro rata our remaining assets available for distribution.

Holders of shares of our common stock do not have preemptive, subscription, redemption or conversion rights.

Authorized but Unissued Capital Stock

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of the NYSE require stockholder approval of certain issuances equal to or exceeding 20% of the then-outstanding voting power or the then-outstanding number of shares of common stock. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our Board to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the stockholders of opportunities to sell their shares at prices higher than prevailing market prices.

Forum Selection Clause

Unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf,

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(ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or (iv) any action asserting a claim governed by the internal affairs doctrine, in each such case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and consented to the forum selection clause.

Anti-Takeover Effects of Provisions of Delaware Law and Our Amended and Restated Certificate of Incorporation and Bylaws

Undesignated Preferred Stock

The authorized undesignated preferred stock makes it possible for our Board to issue preferred stock with super majority voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire us or otherwise effect a change in control of us. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our company.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

Our amended and restated bylaws provide that special meetings of the stockholders may be called only by or at the direction of our Board, the chairman of our Board or the chief executive officer or, for so long as the parties to our Shareholders Agreement continue to beneficially own at least 40% of the total voting power of all the then outstanding shares of our capital stock, by Palladium Equity Partners III, L.P. (*Palladium*) and Parallel 2005 Equity Fund, LP (*Parallel*, and referred to together with *Palladium* in this prospectus as our *sponsors*). Our amended and restated bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our company.

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our Board or a committee of our Board. In order for any matter to be properly brought before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information. Additionally, vacancies and newly created directorships may be filled only by a vote of a majority of the directors then in office, even though less than a quorum, and not by the stockholders. Our amended and restated bylaws allow the presiding officer at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

Our amended and restated certificate of incorporation provides that our Board is expressly authorized to make, alter, or repeal our bylaws and that our stockholders may only amend our bylaws with the approval of 80% or more of all of the outstanding shares of our capital stock entitled to vote from and after the date on which the parties to our Shareholders Agreement cease to beneficially own at least 40% of the total voting power of all the then outstanding shares of our capital stock or with the approval of a majority of the voting power of all the then outstanding shares of our capital stock prior to such date.

No Cumulative Voting

The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not expressly provide for cumulative voting.

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Stockholder Action by Written Consent

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless the company's amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation provides that from and after the date on which the parties to our Shareholders Agreement cease to beneficially own at least 40% of the total voting power of all the then outstanding shares of our capital stock, any action required or permitted to be taken by our stockholders may not be effected by consent in writing by such stockholders unless such action is recommended by all directors then in office.

Delaware Anti-Takeover Statute

We have opted out of Section 203 of the DGCL. Section 203 provides that, subject to certain exceptions specified in the law, a publicly-held Delaware corporation shall not engage in certain business combinations with any interested stockholder for a three-year period after the date of the transaction in which the person became an interested stockholder. These provisions generally prohibit or delay the accomplishment of mergers, assets or stock sales or other takeover or change-in-control attempts that are not approved by a company's board of directors.

However, our amended and restated certificate of incorporation and bylaws provide that in the event the parties to our Shareholders Agreement cease to beneficially own at least 5% of the total voting power of all the then outstanding shares of our capital stock, we will automatically become subject to Section 203 of the DGCL. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

on or subsequent to the date of the transaction, the business combination is approved by the board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 and $\frac{2}{3}$ % of the outstanding voting stock which is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock.

Under certain circumstances, Section 203 makes it more difficult for a person who would be an interested stockholder to effect various business combinations with a corporation for a three-year period. Accordingly, Section 203 could have an anti-takeover effect with respect to certain transactions our Board does not approve in advance. The provisions of Section 203 may encourage companies interested in acquiring our company to

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negotiate in advance with our Board because the stockholder approval requirement would be avoided if our Board approves either the business combination or the transaction that results in the stockholder becoming an interested stockholder. However, Section 203 also could discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders. These provisions also may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Corporate Opportunity

Our amended and restated certificate of incorporation provides that our non-employee directors and their affiliates have no obligation to offer us an opportunity to participate in business opportunities presented to them or their affiliates even if the opportunity is one that we might reasonably have pursued, and neither the sponsors nor their affiliates will be liable to us or our stockholders for breach of any duty by reason of any such activities. Stockholders will be deemed to have notice of and consented to this provision of our amended and restated certificate of incorporation.

Transfer Agent and Registrar

The transfer agent and registrar for shares of our common stock is American Stock Transfer & Trust Company, LLC.

Listing

Our common stock is listed on the NYSE under the symbol RM.

SELLING STOCKHOLDERS

This prospectus covers the offer and sale by the Selling Stockholders of up to an aggregate of 7,263,599 shares of our common stock. When we refer to the Selling Stockholders in this prospectus, we mean the persons listed in the table below. The table sets forth, to our knowledge, certain information regarding the Selling Stockholders as of August 1, 2013, based on information furnished to us by the Selling Stockholders. The Selling Stockholders may, at any time and from time to time, offer and sell pursuant to this prospectus any or all of the common stock set forth below in any type of transaction, as more fully described in Plan of Distribution.

The table below lists the Selling Stockholders and other information regarding the beneficial ownership of the shares of common stock held by each of the Selling Stockholders. The second column lists the number of shares of common stock beneficially owned by each Selling Stockholder as of August 1, 2013. The third column lists the shares of common stock being offered pursuant to this prospectus by the Selling Stockholders. The fourth column assumes the sale of all of the shares offered by the Selling Stockholders pursuant to this prospectus. The fifth column lists the percentage of common stock owned by the Selling Stockholders after completion of the offering, assuming the sale of all of the shares offered by the Selling Stockholders pursuant to this prospectus.

To our knowledge, except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. Since the date that each of the Selling Stockholders provided information regarding its ownership of the shares, it may have sold, transferred, or otherwise disposed of all or a portion of its shares of common stock in transactions exempt from the registration requirements of the Securities Act. Information concerning the Selling Stockholders may change from time to time and, when necessary, any changed information will be set forth in a prospectus supplement to this prospectus.

The Selling Stockholders may sell all, some, or none of their shares in this offering. See Plan of Distribution.

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Name of Selling Stockholder	Shares of Common Stock			As a Percent of Total Outstanding After the Sale of Shares Covered by this Prospectus (2)
	Beneficially Owned Prior to the Sale of All Shares Covered by this Prospectus (1)	Covered by this Prospectus	Beneficially Owned After the Sale of All Shares Covered by this Prospectus	
Palladium Equity Partners III, L.P. (3)	3,690,575	3,686,575	4,000	*
Parallel 2005 Equity Fund, LP (4)	2,107,515	2,103,515	4,000	*
Jerry L. Shirley (5)	426,095	426,095	0	0%
Tyler Godley 2011 Irrevocable Trust dated March 28, 2011 (6)	338,558	338,558	0	0%
Richard A. Godley, Sr. Revocable Trust dated August 29, 2005 (7)	327,220	327,220	0	0%
Tyler Godley Children 2012 Irrevocable Trust, dated December 17, 2012 (8)	180,000	180,000	0	0%
C. Glynn Quattlebaum and Sherri Quattlebaum (9)	379,975	80,131	299,844	2.38%
Pamela Denise Godley Revocable Trust dated November 3, 2011 (10)	61,505	61,505	0	0%
Haylei D. Tucker Family 2012 Irrevocable Trust, dated December 17, 2012 (11)	60,000	60,000	0	0%

* Represents beneficial ownership of less than one percent of the outstanding shares of our common stock.

- (1) The number of shares beneficially owned is determined in accordance with Rule 13d-3 of the Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any shares as to which the Selling Stockholder has sole or shared voting power or investment power and also any shares which the Selling Stockholder has the right to acquire within 60 days.
- (2) Based on 12,584,942 shares of our common stock outstanding on August 1, 2013 and assumes that all shares of our common stock covered by this prospectus will be sold in the offering.
- (3) Palladium Equity Partners III, L.L.C. ("Palladium General") is the general partner of Palladium Equity Partners III, L.P. ("Palladium"). Marcos A. Rodriguez is the managing member of Palladium General. Mr. Rodriguez disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein. Palladium is a party to the Shareholders Agreement described below. The amount stated includes 4,000 shares subject to options either currently exercisable or exercisable within 60 days of August 1, 2013, over which Palladium will not have voting or investment power until the options are exercised. The Company granted such options to David Perez and Erik A. Scott on March 27, 2012. Pursuant to arrangements between Palladium, Mr. Perez, and Mr. Scott, Messrs. Perez and Scott are not permitted to retain stock options granted by the Company to each of Messrs. Perez and Scott, and each of Messrs. Perez and Scott is required to hold such securities for the benefit of Palladium. Palladium is neither a broker-dealer nor an affiliate of a broker-dealer.
- (4) Parallel 2005 Equity Partners, LP is the general partner of Parallel 2005 Equity Fund, LP ("Parallel"). Parallel 2005 Equity Partners, LLC is the general partner of Parallel 2005 Equity Partners, LP. F. Barron Fletcher, III is the managing member of Parallel 2005 Equity Partners, LLC. Mr. Fletcher disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein. Parallel is a party to the Shareholders Agreement described below. The amount stated includes 4,000 shares subject to options either currently exercisable or exercisable within 60 days of August 1, 2013, over which Parallel will not have voting or investment power until the options are exercised. The Company granted such options to Jared L. Johnson and Richard T. Dell Aquila on March 27, 2012. Pursuant to arrangements between Parallel,

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- Mr. Johnson, and Mr. Dell Aquila, Messrs. Johnson and Dell Aquila are not permitted to retain stock options granted by the Company to each of Messrs. Johnson and Dell Aquila, and each of Messrs. Johnson and Dell Aquila is required to hold such securities for the benefit of Parallel. Parallel is neither a broker-dealer nor an affiliate of a broker-dealer.
- (5) Mr. Shirley is a party to the Shareholders Agreement described below.
 - (6) The Tyler Godley 2011 Irrevocable Trust dated March 28, 2011 (the March 2011 Trust) is a party to the Shareholders Agreement described below. U.S. Trust Company of Delaware is the trustee of the March 2011 Trust. Jerry L. Shirley is the investment advisor for the March 2011 Trust. Tyler Godley is the son of Richard A. Godley, a director of the Company. Richard A. Godley disclaims beneficial ownership of the shares held by the 2011 Trust.
 - (7) The Richard A. Godley, Sr. Revocable Trust dated August 29, 2005 (the 2005 Trust) is a party to the Shareholders Agreement described below. Richard A. Godley, a director of the Company, is the trustee of the 2005 Trust.
 - (8) Mrs. Godley is the trustee of the Tyler Godley Children 2012 Irrevocable Trust, dated December 17, 2012 (the 2012 Godley Trust). Mrs. Godley is the wife of Mr. Godley, a director of the Company. The 2012 Godley Trust is a party to the Shareholders Agreement described below. Mr. Godley disclaims beneficial ownership of the shares held by the 2012 Godley Trust.
 - (9) Mr. and Mrs. Quattlebaum are parties to the Shareholders Agreement described below. Mr. Quattlebaum is the President and Chief Operating Officer of the Company. The amount stated includes 299,844 shares subject to options held by Mr. Quattlebaum which are either currently exercisable or exercisable within 60 days of August 1, 2013, and over which Mr. Quattlebaum will not have voting or investment power until the options are exercised.
 - (10) The Pamela Denise Godley Revocable Trust dated November 3, 2011 (the November 2011 Trust) is a party to the Shareholders Agreement described below. Pamela Denise Godley is the trustee of the November 2011 Trust and the wife of Mr. Godley, a director of the Company.
 - (11) Pamela Denise Godley is the trustee of the Haylei D. Tucker Family 2012 Irrevocable Trust, dated December 17, 2012 (the 2012 Tucker Trust). Mrs. Godley is the wife of Mr. Godley, a director of the Company. The 2012 Tucker Trust is a party to the Shareholders Agreement described below. Mr. Godley disclaims beneficial ownership of the shares held by the 2012 Tucker Trust.

Material Relationships with the Selling Stockholders

Mezzanine Debt

On March 21, 2007, Palladium and Parallel (referred to in this prospectus together as our sponsors) acquired the majority of our outstanding common stock. In connection with the acquisition transaction, we issued \$25.0 million of mezzanine debt at an interest rate of 18.375%, plus related fees, which we refinanced in 2007 and again in 2010 with Palladium and certain of our individual owners.

At the beginning of fiscal 2012, we had \$25.8 million aggregate principal amount of our mezzanine debt outstanding, of which \$20.8 million was held by Palladium, \$2.0 million was held by Mr. Godley (a director and an individual owner under the Shareholders Agreement (as such term is defined below)), \$2.0 million was held by Mr. Shirley (an individual owner under the Shareholders Agreement), and \$1.0 million was held by Brenda F. Kinlaw (an individual owner under the Shareholders Agreement). We used the proceeds of our initial public offering to repay the mezzanine debt in full, and as of December 31, 2012, no amount of mezzanine debt was outstanding.

Advisory and Consulting Fees

We previously entered into an advisory agreement with each of the sponsors, pursuant to which they agreed to provide us with certain advisory and consulting services. In consideration for such services, we agreed to pay each of the sponsors an annual fee equal to \$337,500 and pay or reimburse each of them for all reasonable out-of-pocket expenses directly related to the services rendered by each of them, not to exceed \$50,000 in any year

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unless approved by our Board. This advisory agreement was terminated pursuant to its terms effective upon the closing of our initial public offering in April 2012 and upon the payment to each of the sponsors, in fiscal 2012, of a one-time termination fee of \$337,500.

In March 2007, we entered into consulting agreements with each of Mr. Godley and Mr. Shirley pursuant to which each agreed to provide us with certain consulting services. In consideration for such services, we agreed to pay each consultant a monthly fee equal to \$12,500, as well as pay or reimburse each consultant for all reasonable out-of-pocket expenses directly related to the performance each consultant's duties and responsibilities to us under each agreement. These agreements were terminated pursuant to their terms upon the closing of our initial public offering in April 2012 and upon the payment to each consultant of a one-time termination fee of \$150,000.

Relationship Between Thomas F. Fortin and F. Barron Fletcher, III

Thomas F. Fortin, our chief executive officer and a director, is the brother-in-law of F. Barron Fletcher, III, the managing member of Parallel.

Shareholders Agreement

In March 2007, we entered into a shareholders agreement, which was amended and restated on March 27, 2012, by that certain Amended and Restated Shareholders Agreement (the "Shareholders Agreement"), by and among the Company, the sponsors, and certain other stockholders party thereto (such other stockholders referred to in this "Selling Stockholders" section as the "individual owners"). Each of the sponsors are related persons due to their greater than five percent equity ownership in the Company and the other stockholders party to the Shareholders Agreement are related persons due to their participation in the Shareholders Agreement, which qualifies them as a "group" under Section 13(d) of the Exchange Act. The Shareholders Agreement includes the following voting agreement:

if the parties to the Shareholders Agreement hold more than 50% of our outstanding stock entitled to vote for the election of directors, then such parties will collectively have the right to designate the smallest whole number of directors that constitutes a majority of our Board;

if the parties to the Shareholders Agreement hold 50% or less, but more than 25%, of our outstanding stock entitled to vote for the election of directors, then such parties will collectively have the right to designate the number of directors that is one fewer than the smallest whole number of directors that constitutes a majority of our Board; and

if the parties to the Shareholders Agreement hold 25% or less of our outstanding stock entitled to vote for the election of directors, such parties will have no right to designate directors except that each of (1) Palladium, (2) Parallel, and (3) a representative of the individual owners party to the Shareholders Agreement will have the right to designate one director if such stockholder or group of stockholders holds at least 5% of the outstanding stock entitled to vote for the election of directors.

The director designation rights described in the first and second bullets above are allocated among the parties to the Shareholders Agreement as follows:

for so long as the individual owners under the Shareholders Agreement in the aggregate continue to hold at least 5% of the outstanding stock entitled to vote for the election of directors, one director will be designated by a representative of the individual owners; and

all of the remaining directors to be designated by the parties to the Shareholders Agreement will be divided between Parallel and Palladium in the ratio that most nearly matches the ratio of their ownership of shares of our common stock; provided that, unless and until the ratio of the number shares of common stock held by Parallel to the number of shares of common stock held by Palladium is less than such ratio immediately following our initial public offering, the number of directors to be designated by Parallel will not be fewer than one fewer than the number of directors to be designated by Palladium.

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The Shareholders Agreement also provides the sponsors with demand registration rights and provides incidental registration rights to the individual owners party to the Shareholders Agreement. In connection with such registration rights, the underwriters may limit, including entirely, the number of shares offered for marketing reasons. In such case, the shares to be included in the registration will be prioritized in accordance with the terms of the Shareholders Agreement. The Shareholders Agreement provides that expenses incurred in connection with such registration will be borne by the Company to the extent permitted by applicable law. The Shareholders Agreement further provides that, in certain circumstances, parties to the Shareholders Agreement that have designated a director who is then serving on our Board may not make a significant investment in one of our competitors unless such party has first presented the investment opportunity to us.

David Perez and Erik A. Scott are each directors of the Company and Managing Directors of Palladium. Jared L. Johnson and Richard T. Dell Aquila are each directors of the Company and Managing Directors of Parallel. Mr. Godley is the director representative of the individual owners party to the Shareholders Agreement. The 2005 Trust, the November 2011 Trust, the March 2011 Trust, the 2012 Tucker Trust, the 2012 Godley Trust, Mr. Shirley, Mr. Quattlebaum, and Mrs. Quattlebaum are individual owners party to the Shareholders Agreement.

In addition, we agreed to pay the commercially reasonable legal fees incurred by the individual owners in connection with our initial public offering.

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PLAN OF DISTRIBUTION

We are registering the common stock issued to the Selling Stockholders to permit the resale of the common stock by the holders of the common stock from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale of the common stock by the Selling Stockholders. Pursuant to the terms of the Shareholders Agreement, we will bear all expenses incident to our obligation to register the common stock.

The Selling Stockholders may sell all or a portion of the common stock beneficially owned by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the common stock is sold through underwriters or broker-dealers, the Selling Stockholders will be responsible for underwriting discounts or commissions or agent's commissions. The common stock may be sold on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale, in the over-the-counter market or in transactions otherwise than on these exchanges or systems or in the over-the-counter market and in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions. The Selling Stockholders may use any one or more of the following methods when selling the common stock:

ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

an exchange distribution in accordance with the rules of the applicable exchange;

privately negotiated transactions;

settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;

broker-dealers may agree with the Selling Stockholders to sell a specified number of such securities at a stipulated price per share;

through the writing or settlement of options or other hedging transactions, whether such options are listed on an options exchange or otherwise;

a combination of any such methods of sale; and

any other method permitted pursuant to applicable law.

The Selling Stockholders also may resell all or a portion of the common stock in open market transactions in reliance upon Rule 144 under the Securities Act, as permitted by that rule, or Section 4(1) under the Securities Act, if available, rather than under this prospectus, provided that they meet the criteria and conform to the requirements of those provisions.

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Broker-dealers engaged by the Selling Stockholders may arrange for other broker-dealers to participate in sales. If the Selling Stockholders effect such transactions by selling the common stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the Selling Stockholders or commissions from purchasers of the common stock for whom they may act as agent or to whom they may sell as principal. Such commissions will be in amounts to be negotiated, but, except as set forth in a supplement to this prospectus, in the case of an agency transaction will not be in excess of a customary brokerage commission in compliance with NASD Rule 2440 of the Financial Industry Regulatory Authority (FINRA); and in the case of a principal transaction a markup or markdown in compliance with FINRA s NASD IM-2440.

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In connection with sales of the common stock or otherwise, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of our common stock in the course of hedging in positions they assume. The Selling Stockholders may also sell the common stock short and if such short sale shall take place after the date that the registration statement of which this prospectus is a part is declared effective by the SEC, the Selling Stockholders may deliver the common stock covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The Selling Stockholders may also loan or pledge our common stock to broker-dealers that in turn may sell such shares, to the extent permitted by applicable law. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction). Notwithstanding the foregoing, the Selling Stockholders have been advised that they may not use shares registered on this registration statement to cover short sales of our common stock made prior to the date the registration statement, of which this prospectus forms a part, has been declared effective by the SEC.

The Selling Stockholders may, from time to time, pledge or grant a security interest in some or all of the common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the common stock from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act, amending, if necessary, the list of Selling Stockholders to include the pledgee, transferee or other successors in interest as Selling Stockholders under this prospectus. The Selling Stockholders also may transfer and donate the common stock in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The Selling Stockholders have not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of the shares of common stock covered by this prospectus. At any time a particular offer of the shares of common stock covered by this prospectus is made, a revised prospectus or prospectus supplement, if required, will set forth the aggregate amount of shares of common stock covered by this prospectus being offered and the terms of the offering, including the name or names of any underwriters, dealers, brokers or agents. In addition, to the extent required, any discounts, commissions, concessions and other items constituting underwriters or agents compensation, as well as any discounts, commissions or concessions allowed or reallocated or paid to dealers, will be set forth in such revised prospectus supplement. Any such required prospectus supplement, and, if necessary, a post-effective amendment to the registration statement of which this prospectus is a part, will be filed with the SEC to reflect the disclosure of additional information with respect to the distribution of the shares of common stock covered by this prospectus.

Under the securities laws of some states, the common stock may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that any Selling Stockholder will sell any or all of the common stock registered pursuant to the registration statement, of which this prospectus forms a part.

Each Selling Stockholder and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act, and the rules and regulations thereunder, including, without limitation, to the extent applicable, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the common stock by the Selling Stockholders and any other participating person. To the extent applicable, Regulation M may also restrict the ability of any person engaged in the distribution of the common stock to engage in market-making activities with respect to the common stock. All of the foregoing may affect the marketability of the common stock and the ability of any person or entity to engage in market-making activities with respect to the common stock.

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Pursuant to the terms of the Shareholders Agreement, we will pay all expenses incurred in effecting the registration of the common stock, provided, however, that the Selling Stockholders will pay all discounts, selling commissions applicable to the sale of the common stock, pro rata on the basis of the aggregate offering or sale price of the common stock so registered. We will indemnify the Selling Stockholders against certain liabilities, including some liabilities under the Securities Act, in accordance with the Shareholders Agreement, or the Selling Stockholders will be entitled to contribution. We may be indemnified by the Selling Stockholders against civil liabilities, including liabilities under the Securities Act, in accordance with the Shareholders Agreement.

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LEGAL MATTERS

The validity of the shares of common stock being offered by this prospectus will be passed upon by Womble Carlyle Sandridge & Rice, LLP, Greenville, South Carolina.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2012, have been audited by McGladrey LLP, an independent registered public accounting firm, as stated in its report incorporated by reference herein, and have been so incorporated in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

Table of Contents**PART II****INFORMATION NOT REQUIRED IN PROSPECTUS****Item 14. Other Expenses of Issuance and Distribution.**

The following table sets forth the various expenses to be incurred in connection with the sale and distribution of the common stock being registered hereby, all of which will be borne by us. All amounts shown are estimates, except the SEC registration filing fee.

SEC registration statement filing fee	\$ 29,599
Legal fees and expenses	\$ 60,000
Printing fees and expenses	\$ 5,000
Accounting fees and expenses	\$ 60,000
Miscellaneous expenses	\$ 5,000
 Total	 \$ 159,599

Item 15. Indemnification of Directors and Officers.

Section 102(b)(7) of the General Corporation Law of the State of Delaware (the "DGCL") allows a corporation to provide in its certificate of incorporation that a director of the corporation will not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except where the director breached the duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our amended and restated certificate of incorporation provides for this limitation of liability.

Section 145 of the DGCL (Section 145) provides that a Delaware corporation may indemnify any person who was, is or is threatened to be made, party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was illegal. A Delaware corporation may indemnify any persons who were or are a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person is or was a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests, provided that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses which such officer or director has actually and reasonably incurred.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his or her status as such, whether or not the corporation would otherwise have the power to indemnify him under Section 145.

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Our amended and restated bylaws provide that we must indemnify our directors and officers to the fullest extent authorized by the DGCL and must also pay expenses incurred in defending any such proceeding in advance of its final disposition upon delivery of an undertaking, by or on behalf of an indemnified person, to repay all amounts so advanced if it should be determined ultimately that such person is not entitled to be indemnified under this section or otherwise.

The indemnification rights set forth above shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, provision of our amended and restated certificate of incorporation, our amended and restated bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

We maintain standard policies of insurance that provide coverage (1) to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (2) to us with respect to indemnification payments that we may make to such directors and officers.

Item 16. Exhibits.

A list of exhibits filed with this registration statement is contained in the Exhibit Index, which is incorporated by reference.

Item 17. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended, or the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that Paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

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(4) That, for the purpose of determining liability under the Securities Act to any purchaser:

(i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supercede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(b) The undersigned hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Exchange Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Greenville, State of South Carolina, on this 14th day of August, 2013.

REGIONAL MANAGEMENT CORP.

By: /s/ Thomas F. Fortin
Name: Thomas F. Fortin
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on the 14th day of August, 2013.

/s/ Thomas F. Fortin
Name: Thomas F. Fortin
Title: Chief Executive Officer and Director
(principal executive officer)

/s/ Donald E. Thomas
Name: Donald E. Thomas
Title: Executive Vice President and Chief Financial Officer
(principal financial officer and principal accounting officer)

*
Name: David Perez
Title: Chairman of the Board of Directors

*
Name: Roel C. Campos
Title: Director

*
Name: Richard T. Dell Aquila
Title: Director

*
Name: Richard A. Godley
Title: Director

*
Name: Jared L. Johnson
Title: Director

*
Name: Alvaro G. de Molina
Title: Director

*
Name: Carlos Palomares
Title: Director

*
Name: Erik A. Scott
Title: Director

*By: /s/ Thomas F. Fortin
Thomas F. Fortin
Attorney-in-fact

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Exhibit No.	Name of Document	Method of Filing
4.1	Amended and Restated Certificate of Incorporation of Regional Management Corp.	Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on April 2, 2012
4.2	Amended and Restated Bylaws of Regional Management Corp.	Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed on April 2, 2012
4.3	Amended and Restated Shareholders Agreement, dated as of March 27, 2012, among Regional Management Corp., Parallel 2005 Equity Fund, LP, Palladium Equity Partners III, L.P., and the other stockholders party thereto	Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 2, 2012
5.1	Opinion of Womble Carlyle Sandridge & Rice, LLP	Previously filed
23.1	Consent of McGladrey LLP, Independent Registered Public Accounting Firm	Filed herewith
23.2	Consent of Womble Carlyle Sandridge & Rice, LLP	Previously included in Exhibit 5.1
24.1	Powers of Attorney	Previously filed

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="1%">

14.25% Senior Subordinated Note due 2017
\$2,771,616 11/30/10 2,724,558 2,827,048
Limited Liability Company Unit Class B-1 (B)
281,250 uts. 11/30/10 - 288,272
Limited Liability Company Unit Class B-2 (B)
25,504 uts. 11/30/10 - 26,141 2,724,558 3,141,461
NABCO, Inc.

A producer of explosive containment vessels in the United States.

14% Senior Subordinated Note due 2014 (D)
\$625,000 02/24/06 578,174 156,250
Limited Liability Company Unit (B)
825 uts. * 825,410 -
Warrant, exercisable until 2016, to purchase

common stock at \$.01 per share (B)
129 shs. 02/24/06 37,188 -
* 02/24/06 and 06/22/07.
1,440,772 156,250
NetShape Technologies, Inc.

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A manufacturer of powder metal and metal injection molded precision components used in industrial, consumer, and other applications.

14% Senior Subordinated Note due 2014
\$1,880,761 02/02/07 1,698,345 1,316,532
Limited Partnership Interest of

Saw Mill PCG Partners LLC (B)
2.73% int. 02/01/07 1,110,810 -
Limited Liability Company Unit Class D of

Saw Mill PCG Partners LLC (B)
17 uts. * 16,759 -
Limited Liability Company Unit Class D-1 of

Saw Mill PCG Partners LLC (B)
229 uts. 09/30/09 228,858 -
Limited Liability Company Unit Class D-2 of

Saw Mill PCG Partners LLC (B)
128 uts. 04/29/11 65,256 -
* 12/18/08 and 09/30/09.
3,120,028 1,316,532

Newark Group, Inc.

A major producer of paper products from recycled materials.

Common Stock (B)
134,520 shs. 09/02/10 796,863 273,479

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Babson Capital Corporate Investors

consolidated schedule of investments (continued)
December 31, 2011

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Nicoat Acquisitions LLC				
A manufacturer of water-based and ultraviolet coatings for high-performance graphic arts, packaging and other specialty coating applications.				
12.5% Senior Subordinated Note due 2016	\$ 1,448,276	11/05/10	\$ 1,328,291	\$ 1,466,131
Limited Liability Company Unit Series B (B)	51,724 uts.	11/05/10	51,724	55,609
Limited Liability Company Unit Series B (B)	104,792 uts.	11/05/10	104,792	112,664
Limited Liability Company Unit Series F (B)	156,516 uts.	11/05/10	-	160,430
			1,484,807	1,794,834
Northwest Mailing Services, Inc.				
A producer of promotional materials for companies that use direct mail as part of their customer retention and loyalty programs.				
12% Senior Subordinated Note due 2016	\$ 2,818,421	*	2,386,304	2,799,166
Limited Partnership Interest (B)	3,287 uts.	*	328,679	98,147
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	4,920 shs.	*	492,016	146,921
* 07/09/09 and 08/09/10.			3,206,999	3,044,234
NT Holding Company				
A leading developer, manufacturer and provider of medical products used primarily in interventional pain management.				
12% Senior Subordinated Note due 2019	\$ 2,649,351	02/02/11	2,451,728	2,691,068
Common Stock (B)	377 shs.	*	377,399	383,462
Warrant, exercisable until 2021, to purchase common stock at \$.01 per share (B)	176 shs.	02/02/11	158,961	179,091
*02/02/11 and 06/30/11.			2,988,088	3,253,621

Nyloncraft, Inc.

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A supplier of engineered plastic components for the automotive industry.

Convertible Preferred Stock A

(B)	1,000 shs.	01/28/02	961,637	1,693,510
Common Stock (B)	312,500 shs.	01/28/02	312,500	427,376
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	243,223 shs.	01/28/02	162,045 1,436,182	332,632 2,453,518

O E C Holding Corporation

A provider of elevator maintenance, repair and modernization services.

13% Senior Subordinated Note

due 2017	\$ 1,333,333	06/04/10	1,230,300	1,326,182
Preferred Stock Series A (B)	1,661 shs.	06/04/10	166,062	99,077
Preferred Stock Series B (B)	934 shs.	06/04/10	93,376	55,711
Common Stock (B)	1,032 shs.	06/04/10	1,032 1,490,770	- 1,480,970

consolidated schedule of investments (continued)
December 31, 2011

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
OakRiver Technology, Inc.				
Designs, engineers and assembles high precision automated process equipment for the medical device industry with a focus on defibrillators and stents.				
Common Stock (B)	322,307 shs.	01/03/06	\$ 322,307	\$ 500,287
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	75,378 shs.	01/03/06	62,824 385,131	117,002 617,289
Ontario Drive & Gear Ltd.				
A manufacturer of all-wheel drive, off-road amphibious vehicles and related accessories. Limited Liability Company				
Unit (B)	3,667 uts.	01/17/06	572,115	1,508,564
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	619 shs.	01/17/06	170,801 742,916	254,699 1,763,263
P K C Holding Corporation				
A manufacturer of plastic film and badges for the general industrial, medical, and food industries.				
14% Senior Subordinated Note due 2016	\$ 2,993,231	12/21/10	2,926,002	3,031,623
Preferred Stock Class A (B)	54 shs.	12/21/10	340,718	547,003
Common Stock (B)	54 shs.	12/21/10	25,500 3,292,220	- 3,578,626
P P T Holdings LLC				
A high-end packaging solutions provider that targets customers who have multiple packaging needs, require a high number of low volume SKUs, short lead times, technical expertise, and overall supply chain management.				
15% Senior Subordinated Note due 2017	\$ 2,763,262	12/20/10	2,715,079	2,780,626
Limited Liability Company Unit Class A (B)	99 uts.	12/20/10	318,215	239,220
Limited Liability Company Unit Class B (B)	99 uts.	12/20/10	3,214	239,220

3,036,508 3,259,066

Pacific Consolidated Holdings
LLC

A manufacturer of rugged, mobile liquid and gaseous oxygen and nitrogen generating systems used in the global defense, oil and gas, and medical sectors.

14% Senior Subordinated Note due 2012 (D)	\$ 1,393,591	04/27/07	1,359,161	836,155
5% Senior Subordinated Note due 2012	\$ 79,688	07/21/10	79,688	79,842
Preferred Shares Series E (B) Limited Liability Company Unit (B)	79,688 uts.	07/21/10	-	-
	1,754,707 uts.	04/27/07	63,233	-
			1,502,082	915,997

Paradigm Packaging, Inc.

A manufacturer of plastic bottles and closures for the nutritional, pharmaceutical, personal care, and food packaging markets.

12% Senior Subordinated Note due 2015	\$ 1,593,750	12/19/00	1,589,680	1,593,750
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	372 shs.	12/21/00	265,625	61,500
			1,855,305	1,655,250

Babson Capital Corporate Investors

consolidated schedule of investments (continued)
December 31, 2011

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Pearlman Enterprises, Inc. A developer and distributor of tools, equipment, and supplies to the natural and engineered stone industry.				
Preferred Stock Series A (B)	2,334 shs.	05/22/09	\$ 111,508	\$ -
Preferred Stock Series B (B)	13,334 shs.	05/22/09	547,872	-
Common Stock (B)	40,540 shs.	05/22/09	1,877,208 2,536,588	- -
Postle Aluminum Company LLC A manufacturer and distributor of aluminum extruded products.				
15% Senior Subordinated Note due 2013	\$ 1,603,888	06/03/10	1,585,750	1,619,926
3% Senior Subordinated PIK Note due 2014	\$ 2,283,699	10/02/06	2,048,838	2,283,699
Limited Liability Company Unit Class A (B)	1,384 uts.	10/02/06	510,000	155,842
Limited Liability Company Unit (B)	143 uts.	05/22/09	642	16,101
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	8,595 shs.	10/02/06	124,644 4,269,874	967,786 5,043,354
Power Services Holding Company A provider of industrial motor repair services, predictive and preventative maintenance, and performance improvement consulting serving the petrochemical, mining, power generation, metals, and paper industries.				
12% Senior Subordinated Note due 2016	\$ 2,372,093	02/11/08	2,233,029	2,372,093
Limited Partnership Interest (B)	23.70% int.	02/11/08	177,729	184,946
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	1,322 shs.	02/11/08	167,588 2,578,346	372,933 2,929,972

Precision Wire Holding
Company

A manufacturer of specialty medical wires that are used in non-elective minimally invasive surgical procedures.

14.25% Senior Subordinated

Note due 2016	\$ 2,632,986	11/12/09	2,423,752	2,685,645
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Warrant, exercisable until 2019,
to purchase

common stock at \$.01 per share

(B)	206 shs.	11/12/09	203,944	202,654
			2,627,696	2,888,299

Qualis Automotive LLC

A distributor of aftermarket automotive brake and chassis products.

Common Stock (B)	354,167 shs.	05/28/04	354,166	378,546
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Warrant, exercisable until 2014,
to purchase

common stock at \$.01 per share

(B)	377,719 shs.	05/28/04	377,719	403,719
			731,885	782,265

consolidated schedule of investments (continued)
December 31, 2011

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
R A J Manufacturing Holdings LLC				
A designer and manufacturer of women's swimwear sold under a variety of licensed brand names.				
12.5% Senior Subordinated Note due 2014	\$ 2,522,067	12/15/06	\$ 2,422,217	\$ 2,522,067
14.5% Senior Subordinated PIK Note due 2014	\$ 208,985	12/31/10	201,131	208,985
Limited Liability Company Unit (B)	2,828 uts.	12/15/06	282,810	117,614
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	3 shs.	12/15/06	131,483 3,037,641	55,465 2,904,131
R E I Delaware Holding, Inc.				
An engineer and manufacturer of highly complex, close tolerance components, assemblies, tooling and custom automation equipment primarily for aerospace, medical and defense/radar markets.				
12% Senior Subordinated Note due 2016	\$ 2,550,000	01/18/08	2,498,436	2,550,000
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	6 shs.	01/18/08	31,089 2,529,525	341,653 2,891,653
Royal Baths Manufacturing Company				
A manufacturer and distributor of acrylic and cultured marble bathroom products.				
12.5% Senior Subordinated Note due 2016	\$ 531,250	11/14/03	522,261	531,250
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	140 shs.	11/14/03	122,946 645,207	41,458 572,708

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Savage Sports Holding, Inc.
A manufacturer of sporting
firearms.

12% Senior Subordinated Note due 2012	\$ 1,538,793	09/10/04	1,518,106	1,538,793
Preferred Stock Series A (B)	66 shs.	05/28/10	66,185	90,997
Common Stock (B)	612 shs.	*	642,937	1,794,352
Warrant, exercisable until 2012, to purchase common stock at \$.01 per share (B)	134 shs.	09/10/04	113,578	391,767
* 09/10/04 and 10/05/07.			2,340,806	3,815,909

Sencore Holding Company

A designer, manufacturer, and marketer of decoders, receivers and modulators sold to broadcasters, satellite, cable
and telecom operators for encoding/decoding analog and digital transmission video signals.

12.5% Senior Subordinated Note due 2014 (D)	\$ 2,185,882	01/15/09	1,560,231	-
Common Stock (B)	131 shs.	01/15/09	130,769	-
Warrant, exercisable until 2019, to purchase common stock at \$.01 per share (B)	282 shs.	01/15/09	281,604	-
			1,972,604	-

Babson Capital Corporate Investors

consolidated schedule of investments (continued)
December 31, 2011

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Smart Source Holdings LLC				
A short-term computer rental company.				
12% Senior Subordinated Note due 2015	\$ 2,223,076	*	\$ 2,098,431	\$ 2,223,076
Limited Liability Company Unit (B)	619 uts.	*	631,592	541,342
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	157 shs.	*	164,769	137,140
* 08/31/07 and 03/06/08.			2,894,792	2,901,558
Snacks Parent Corporation				
The world's largest provider of trail mixes and a leading provider of snack nuts, dried fruits, and other healthy snack products.				
13% Senior Subordinated Note due 2017	\$ 2,635,351	11/12/10	2,498,759	2,610,885
Preferred Stock A (B)	3,395 shs.	11/12/10	322,495	202,000
Preferred Stock B (B)	1,575 shs.	11/12/10	149,650	93,736
Common Stock (B)	19,737 shs.	11/12/10	19,737	-
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	5,418 shs.	11/12/10	5,418	-
			2,996,059	2,906,621
SouthernCare Holdings, Inc.				
A hospice company providing palliative care services to terminally ill patients.				
14% Senior Subordinated Note due 2018	\$ 2,727,273	12/01/11	2,673,121	2,738,055
Common Stock (B)	2,727 shs.	12/01/11	272,727	259,065
			2,945,848	2,997,120
Spartan Foods Holding Company				
A manufacturer of branded pizza crusts and pancakes.				
	\$ 1,912,500	12/15/09	1,688,179	1,434,375

12.25% Senior Subordinated Note
due 2017

Warrant, exercisable until 2018, to
purchase
common stock at \$.01 per share

(B)	257 shs.	12/15/09	227,109	-
			1,915,288	1,434,375

Specialty Commodities, Inc
A distributor of specialty food
ingredients.

13.25% Senior Subordinated Note
due 2016

Common Stock (B)

Warrant, exercisable until 2018, to
purchase
common stock at \$.01 per share

	\$ 2,341,275	10/23/08	2,235,777	2,341,275
	30,000 shs.	10/23/08	300,000	356,006
(B)	11,054 shs.	10/23/08	100,650	131,176
			2,636,427	2,828,457

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consolidated schedule of investments (continued)
December 31, 2011

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Stanton Carpet Holding Company				
A designer and marketer of high and mid-priced decorative carpets and rugs.				
12.13% Senior Subordinated Note due 2015				
	\$ 1,492,683	08/01/06	\$ 1,449,288	\$ 1,492,683
Common Stock (B)	311 shs.	08/01/06	310,976	379,926
Warrant, exercisable until 2014, to purchase common stock at \$.02 per share (B)	104 shs.	08/01/06	93,293	126,532
			1,853,557	1,999,141
Strata/WLA Holding Corporation				
A leading independent anatomic pathology laboratory that conducts over 320,000 tests annually to customers in 40 U.S. states and in Canada and Venezuela.				
14.5% Senior Subordinated Note due 2018				
	\$ 2,806,620	07/01/11	2,753,746	2,794,980
Preferred Stock Series A (B)	228 shs.	07/01/11	228,137	146,103
			2,981,883	2,941,083
Sundance Investco LLC				
A provider of post-production services to producers of movies and television shows.				
Limited Liability Company				
Unit Class A (B)	6,429 shs.	03/31/10	-	-
Sunrise Windows Holding Company				
A manufacturer and marketer of premium vinyl windows exclusively selling to the residential remodeling and replacement market.				
14% Senior Subordinated Note due 2017				
	\$ 2,947,221	12/14/10	2,794,007	2,799,860
Common Stock (B)	115 shs.	12/14/10	114,504	14,980
Warrant, exercisable until 2020, to purchase common stock at \$.01 per share (B)	112 shs.	12/14/10	111,747	14,620

3,020,258 2,829,460

Synteract Holdings

Corporation

A provider of outsourced clinical trial management services to pharmaceutical and biotechnology companies.

14.5% Senior Subordinated

Note due 2017	\$ 2,659,127	09/02/08	2,529,279	2,659,127
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Redeemable Preferred Stock

Series A (B)	1,280 shs.	09/02/08	12,523	78,475
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Warrant, exercisable until 2018, to purchase

common stock at \$.01 per share (B)

12,803 shs.	09/02/08	112,693	-
		2,654,495	2,737,602

T H I Acquisition, Inc.

A machine servicing company providing value-added steel services to long steel products.

Warrant, exercisable until 2016, to purchase

common stock at \$.01 per share (B)

9 shs.	01/14/08	88,054	300,140
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Babson Capital Corporate Investors

consolidated schedule of investments (continued)
December 31, 2011

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Terra Renewal LLC				
A provider of wastewater residual management and required environmental reporting, permitting, nutrient management planning and record keeping to companies involved in poultry and food processing.				
12% Senior Subordinated Note due 2014 (D)	\$ 1,162,110	*	\$ 1,127,650	\$ -
6.9% Term Note due 2012 (C)	\$ 1,357,530	05/31/11	1,357,530	1,221,777
Common Stock Class B	55 shs.	*	6,254	-
Limited Partnership Interest of Saw Mill Capital Fund V, LLC (B)	3.97% int.	**	205,558	-
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	72 shs.	04/28/06	59,041	-
* 04/28/06 and 09/13/06.			2,756,033	1,221,777
** 03/01/05 and 10/10/08.				
Torrent Group Holdings, Inc.				
A contractor specializing in the sales and installation of engineered drywells for the retention and filtration of stormwater and nuisance water flow.				
12.5% Senior Subordinated Note due 2013 (D)	\$ 2,455,561	10/26/07	2,147,354	-
Series B Preferred Stock (B)	182 shs.	03/31/10	-	-
Common Stock (B)	515 shs.	03/31/10	414,051	-
			2,561,405	-
Transpac Holding Company				
A designer, importer and wholesaler of home décor and seasonal gift products.				
12% Senior Subordinated Note due 2015	\$ 1,773,006	10/31/07	1,664,982	1,790,736
Common Stock (B)	209 shs.	10/31/07	208,589	-
Warrant, exercisable until 2015, to purchase common stock at \$.01 per share (B)	94 shs.	10/31/07	87,607	-
			1,961,178	1,790,736
Tranzonic Companies (The)				

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A producer of commercial and industrial supplies, such as safety products, janitorial supplies, work apparel, washroom and restroom supplies and sanitary care products.

13% Senior Subordinated Note due 2013	\$ 2,712,000	02/05/98	2,696,090	2,712,000
Common Stock (B)	630 shs.	02/04/98	630,000	613,559
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	444 shs.	02/05/98	368,832 3,694,922	432,413 3,757,972

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Babson Capital Corporate Investors

consolidated schedule of investments (continued)
December 31, 2011

Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Truck Bodies & Equipment International				
A designer and manufacturer of accessories for heavy and medium duty trucks, primarily dump bodies, hoists, various forms of flat-bed bodies, landscape bodies and other accessories.				
12% Senior Subordinated Note due 2014				
	\$ 2,309,541	*	\$ 2,104,092	\$ 2,194,064
Preferred Stock Series B (B)	241 shs.	10/20/08	241,172	-
Common Stock (B)	742 shs.	*	800,860	-
Warrant, exercisable until 2013, to purchase common stock at \$.02 per share (B)	153 shs.	*	159,894	-
Warrant, exercisable until 2018, to purchase common stock at \$.01 per share (B)	1,054 shs.	10/20/08	-	-
* 07/19/05 and 12/22/05.			3,306,018	2,194,064
TruStile Doors, Inc.				
A manufacturer and distributor of interior doors.				
Limited Liability Company Unit	11,775 uts.	02/28/11	250,000	118,933
Warrant, exercisable until 2013, to purchase common stock at \$.01 per share (B)	5,781 shs.	04/11/03	68,059 318,059	- 118,933
U-Line Corporation				
A manufacturer of high-end, built-in, undercounter ice making, wine storage and refrigeration appliances.				
12.5% Senior Subordinated Note due 2016				
	\$ 893,998	04/30/04	879,516	893,997
Common Stock (B)	182 shs.	04/30/04	182,200	126,405
Warrant, exercisable until 2016, to purchase common stock at \$.01 per share (B)	230 shs.	04/30/04	211,736 1,273,452	159,858 1,180,260
U M A Enterprises, Inc.				

An importer and wholesaler of
home décor products.

15% Senior Subordinated Note due 2015	\$ 1,868,502	02/08/08	1,845,735	1,868,502
Convertible Preferred Stock (B)	887 shs.	02/08/08	886,956	573,840
			2,732,691	2,442,342

Visioneering, Inc.

A designer and manufacturer of
tooling and fixtures for the
aerospace industry.

10.5% Senior Secured Term Loan due 2013	\$ 765,882	05/17/07	763,332	736,705
13% Senior Subordinated Note due 2014	\$ 648,530	05/17/07	616,779	609,238
18% PIK Convertible Preferred Stock (B)	37,381 shs.	03/13/09	72,519	-
Common Stock (B)	123,529 shs.	05/17/07	123,529	-
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	35,006 shs.	05/17/07	55,055	-
			1,631,214	1,345,943

Babson Capital Corporate Investors

consolidated schedule of investments (continued)
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Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
Vitex Packaging Group, Inc. A manufacturer of specialty packaging, primarily envelopes and tags used on tea bags.				
10% Senior Subordinated PIK Note due 2012	\$ 191,541	10/29/09	\$ 190,555	\$ 183,398
5% Senior Subordinated PIK Note due 2012 (D)	\$ 850,000	06/30/07	741,532	836,083
Class B Unit (B)	767,881 uts.	10/29/09	348,058	-
Class C Unit (B)	850,000 uts.	10/29/09	780,572	527,760
Limited Liability Company Unit Class A (B)	723,465 uts.	*	433,222	-
Limited Liability Company Unit Class B (B)	182,935 uts.	07/19/04	182,935	-
* 07/19/04 and 10/29/09.			2,676,874	1,547,241
Wellborn Forest Holding Company A manufacturer of semi-custom kitchen and bath cabinetry.				
12.13% Senior Subordinated Note due 2014	\$ 1,721,250	11/30/06	1,638,669	1,549,125
Common Stock (B) 191 shs.		11/30/06	191,250	10,638
Warrant, exercisable until 2014, to purchase common stock at \$.01 per share (B)	95 shs.	11/30/06	86,493	5,311
			1,916,412	1,565,074
Wheaton Holding Corporation A distributor and manufacturer of laboratory supply products and packaging.				
13% Senior Subordinated Note due 2017	\$ 3,000,000	06/08/10	2,767,066	3,045,000
Preferred Stock Series B (B)	2,109 shs.	06/08/10	210,924	236,110
Common Stock (B)	1,058 shs.	06/08/10	1,058	118,399
			2,979,048	3,399,509

Whitcraft Holdings, Inc.

A leading independent manufacturer of precision formed, machined, and fabricated flight-critical aerospace components.

12% Senior Subordinated Note due 2018	\$ 2,383,562	12/16/10	2,203,105	2,431,233
Common Stock (B)	616 shs.	12/16/10	616,438	574,745
Warrant, exercisable until 2015, to purchase common stock at \$.02 per share (B)	166 shs.	12/16/10	148,003 2,967,546	154,436 3,160,414

Workplace Media Holding Company

A direct marketer specializing in providing advertisers with access to consumers in the workplace.

13% Senior Subordinated Note due 2015 (D)	\$ 1,235,800	05/14/07	1,136,081	308,950
Limited Partnership Interest (B)	23.16% int.	05/14/07	115,804	-
Warrant, exercisable until 2015, to purchase common stock at \$.02 per share (B)	88 shs.	05/14/07	83,462 1,335,347	- 308,950

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consolidated schedule of investments (continued)
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Corporate Restricted Securities: (A) (Continued)	Principal Amount, Shares, Units or Ownership Percentage	Acquisition Date	Cost	Fair Value
WP Supply Holding Corporation A distributor of fresh fruits and vegetables to grocery wholesalers and foodservice distributors in the upper Midwest.				
14.5% Senior Subordinated Note due 2018	\$ 2,560,271	11/03/11	\$ 2,509,918	\$ 2,550,414
Common Stock (B)	4,500 shs.	11/03/11	450,000	427,500
			2,959,918	2,977,914
Xaloy Superior Holdings, Inc. A provider of melt processing components and ancillary equipment for both plastic injection molding and extrusion applications.				
15% Senior Subordinated Note due 2015	\$ 2,358,615	09/08/08	2,293,279	2,358,615
Common Stock (B)	283 shs.	09/08/08	283,333	397,261
			2,576,612	2,755,876
Total Private Placement Investments (E)			\$ 254,260,292	\$ 237,305,760

Babson Capital Corporate Investors

consolidated schedule of investments (continued)
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Corporate Restricted Securities: (A) (Continued)	Interest Rate	Maturity Date	Shares or Principal Amount	Cost	Market Value
Rule 144A Securities - 4.21%:					
Bonds - 4.17%					
Arch Coal, Inc.	7.000	%06/15/19	\$ 150,000	\$ 150,000	\$ 153,000
Arch Coal, Inc.	7.250	06/15/21	105,000	105,000	107,888
Audatex North America, Inc.	6.750	06/15/18	250,000	250,000	252,500
Calpine Corporation	7.500	02/15/21	750,000	771,579	802,500
Calumet Specialty Products Partners L.P.	9.375	05/01/19	750,000	696,715	720,000
Coffeyville Resources LLC	9.000	04/01/15	54,000	53,815	57,240
Community Choice Financial, Inc.	1.000	05/01/19	505,000	515,610	499,950
First Data Corporation	7.375	06/15/19	850,000	853,318	799,000
FMG Resources	7.000	11/01/15	750,000	777,966	757,500
Georgia Gulf Corporation	9.000	01/15/17	190,000	194,118	200,925
Goodrich Petroleum Corporation	8.875	03/15/19	360,000	360,000	360,000
Hilcorp Energy Company	7.625	04/15/21	725,000	692,894	759,438
Huntington Ingalls Industries	7.125	03/15/21	750,000	781,000	735,000
International Automotive Component	9.125	06/01/18	375,000	375,000	335,625
Nexeo Solutions LLC	8.375	03/01/18	40,000	40,000	39,800
Northern Tier Energy LLC	1.000	12/01/17	675,000	704,530	722,250
Pittsburgh Glass Works, LLC	8.500	04/15/16	70,000	70,000	67,375
Reynolds Group Escrow, LLC	7.750	10/15/16	750,000	795,803	789,375
SandRidge Energy, Inc.	8.000	06/01/18	360,000	363,293	363,600
Seagate HDD Cayman	7.000	11/01/21	400,000	400,000	410,000
Valeant Pharmaceuticals International	6.750	10/01/17	70,000	69,682	69,913
Valeant Pharmaceuticals International	7.000	10/01/20	880,000	881,876	869,000
Visteon Corporation	6.750	04/15/19	200,000	200,000	199,500
Total Bonds				10,102,199	10,071,379
Convertible Preferred Stock - 0.00%					
ETEX Corporation (B)			777	-	-
Total Convertible Preferred Stock				-	-

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consolidated schedule of investments (continued)
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Corporate Restricted Securities: (A) (Continued)	Shares	Cost	Market Value
Preferred Stock - 0.04%			
Ally Financial	143	\$45,009	\$102,509
TherOX, Inc. (B)	103	-	-
Total Preferred Stock		45,009	102,509
Common Stock - 0.00%			
Touchstone Health Partnership (B)	1,168	-	-
Total Common Stock		-	-
Total Rule 144A Securities		10,147,208	10,173,888
Total Corporate Restricted Securities		\$264,407,500	\$247,479,648

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Babson Capital Corporate Investors

consolidated schedule of investments (continued)
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Corporate Public Securities - 8.81%: (A)	Interest Rate	Maturity Date	Principal Amount	Cost	Market Value
Bonds - 8.67%					
Affinia Group, Inc.	9.000	% 11/30/14	\$ 50,000	\$ 49,051	\$ 49,500
Alere, Inc.	9.000	05/15/16	700,000	743,680	707,000
American Axle & Manufacturing Holding, Inc.	7.875	03/01/17	750,000	636,967	742,500
Avis Budget Car Rental	9.750	03/15/20	750,000	750,000	770,625
B E Aerospace, Inc.	6.875	10/01/20	850,000	871,154	926,500
Berry Plastics Corporation (C)	5.039	02/15/15	500,000	479,233	493,750
CCO Holdings Capital Corporation	7.250	10/30/17	750,000	770,728	790,313
Chaparral Energy, Inc.	8.875	02/01/17	1,000,000	994,906	1,035,000
Chemtura Corporation	7.875	09/01/18	500,000	530,446	515,000
Clean Harbors, Inc.	7.625	08/15/16	60,000	62,366	63,750
Cooper-Standard Automotive	8.500	05/01/18	750,000	800,903	784,688
Crosstex Energy L.P.	8.875	02/15/18	225,000	221,108	245,813
Energy Future Holdings	10.000	01/15/20	400,000	403,111	420,000
Energy Transfer Equity LP	7.500	10/15/20	100,000	100,000	109,250
Evertex, Inc.	11.000	10/01/18	585,000	604,165	596,700
Fidelity National Information	7.625	07/15/17	100,000	100,000	108,250
Fidelity National Information	7.875	07/15/20	125,000	125,000	135,000
HCA Holdings, Inc.	7.750	05/15/21	1,000,000	1,048,359	1,017,500
Headwaters, Inc.	7.625	04/01/19	850,000	850,233	752,250
Health Management Association	6.125	04/15/16	750,000	774,333	776,250
Inergy, L.P.	7.000	10/01/18	200,000	200,000	203,000
Landry's Restaurants, Inc.	11.625	12/01/15	165,000	174,630	173,663
Libbey Glass, Inc.	10.000	02/15/15	113,000	116,945	120,910
Mediacom Broadband LLC	8.500	10/15/15	750,000	768,398	772,500
Michael Foods, Inc.	9.750	07/15/18	75,000	75,000	78,938
Nexstar Broadcasting Group, Inc.	8.875	04/15/17	175,000	174,091	179,375
NRG Energy, Inc.	8.500	06/15/19	750,000	774,928	761,250
Omnicare, Inc.	7.750	06/01/20	75,000	75,000	80,531
Pinnacle Foods Finance LLC	9.250	04/01/15	300,000	305,978	307,875
Precision Drilling Corporation	6.625	11/15/20	750,000	774,618	766,875
Pregis Corporation	12.375	10/15/13	1,000,000	994,341	955,000
Quebecor Media, Inc.	7.750	03/15/16	1,050,000	1,005,948	1,078,875
Quiksilver, Inc.	6.875	04/15/15	315,000	297,824	292,556
RailAmerica, Inc.	9.250	07/01/17	240,000	232,509	262,200
Spectrum Brands, Inc.	9.500	06/15/18	125,000	123,528	136,719
Sprint Nextel Corporation	6.000	12/01/16	1,000,000	1,028,496	830,000
Tekni-Plex, Inc.	8.750	11/15/13	579,000	580,957	493,598

2011 Annual Report

consolidated schedule of investments (continued)
December 31, 2011

Corporate Public Securities: (A) (Continued)	Interest Rate	Maturity Date	Share or Principal Amount	Cost	Market Value
Thermadyne Holdings Corporation	9.000	% 12/15/17	\$ 750,000	\$ 800,944	\$ 776,250
Tomkins, Inc.	9.250	10/01/18	297,000	297,000	329,299
Trimas Corporation	9.750	02/01/15	75,000	73,767	81,375
Tutor Perini Corporation	7.625	11/01/18	700,000	720,864	661,500
United Rentals, Inc.	10.875	06/15/16	125,000	122,330	138,750
Venoco, Inc.	8.875	02/15/19	500,000	509,768	450,000
Total Bonds				21,143,607	20,970,678
Common Stock - 0.14%					
Bally Total Fitness Holding Corporation (B) (F)			29	\$ 2	\$ 7
Chase Packaging Corporation (B)			9,541	-	572
Intrepid Potash, Inc. (B)			365	11,680	8,260
Nortek, Inc. (B)			175	1	4,578
Rue21, Inc. (B)			650	12,350	14,040
Supreme Industries, Inc. (B)			125,116	267,319	313,541
Total Common Stock				291,352	340,998
Total Corporate Public Securities				\$ 21,434,959	\$ 21,311,676
Short-Term Securities:	Interest Rate/Yield [^]	Maturity Date	Principal Amount	Cost	Fair Value
Commercial Paper - 1.76%					
Glencore Funding LLC	0.650	% 01/03/12	\$ 950,000	\$ 949,966	\$ 949,966
Ryder System, Inc.	0.400	01/03/12	3,307,000	3,306,926	3,306,926
Total Short-Term Securities				\$ 4,256,892	\$ 4,256,892
Total Investments	112.86	%		\$ 290,099,351	\$ 273,048,216
Other Assets	3.99				9,649,564
Liabilities	(16.85)			(40,754,246)
Total Net Assets	100.00	%			\$ 241,943,534

- (A) In each of the convertible note, warrant, convertible preferred and common stock investments, the issuer has agreed to provide certain registration rights.
- (B) Non-income producing security.
- (C) Variable rate security; rate indicated is as of December 31, 2011.
- (D) Defaulted security; interest not accrued.
- (E) Illiquid security. As of December 31, 2011, the value of these securities amounted to \$237,305,760 or 98.08% of net assets.
- (F)

Security valued at fair value using methods determined in good faith by or under the direction of the Board of Trustees.

^ Effective yield at purchase

PIK Payment-in-kind

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Babson Capital Corporate Investors

consolidated schedule of investments (continued)
December 31, 2011

Industry Classification:	Fair Value/ Market Value	Fair Value/ Market Value
AEROSPACE - 4.09%		
A E Company, Inc.	\$ 3,030,372	
B E Aerospace, Inc.	926,500	
Merex Holding Corporation	1,422,468	
Visioneering, Inc.	1,345,943	
Whitcraft Holdings, Inc.	3,160,414	
	9,885,697	
AUTOMOBILE - 7.03%		
American Axle & Manufacturing Holding, Inc.	742,500	
Audatex North America, Inc.	252,500	
Avis Budget Car Rental	770,625	
Cooper-Standard Automotive	784,688	
F H Equity LLC	3,211,893	
International Automotive Component	335,625	
J A C Holding Enterprises, Inc.	2,265,742	
Jason Partners Holdings LLC	48,185	
K & N Parent, Inc.	2,990,571	
Nyloncraft, Inc.	2,453,518	
Ontario Drive & Gear Ltd.	1,763,263	
Pittsburgh Glass Works, LLC	67,375	
Qualis Automotive LLC	782,265	
Tomkins, Inc.	329,299	
Visteon Corporation	199,500	
	16,997,549	
BEVERAGE, DRUG & FOOD - 6.81%		
Eatem Holding Company	3,160,794	
F F C Holding Corporation	3,330,914	
Golden County Foods Holding, Inc.	-	
Hospitality Mints Holding Company	2,562,367	
Landry's Restaurants, Inc.	173,663	
Michael Foods, Inc.	78,938	
Snacks Parent Corporation	2,906,621	
Spartan Foods Holding Company	1,434,375	
Specialty Commodities, Inc.	2,828,457	
BROADCASTING & ENTERTAINMENT - 0.2%		
HOP Entertainment LLC	\$ -	
Nexstar Broadcasting Group, Inc.	179,375	
Sundance Investco LLC	-	
Workplace Media Holding Company	308,950	
	488,325	
BUILDINGS & REAL ESTATE - 2.72%		
K W P I Holdings Corporation		2,965,103
Sunrise Windows Holding Company		2,829,460
TruStile Doors, Inc.		118,933
Tutor Perini Corporation		661,500
		6,574,996
CHEMICAL, PLASTICS & RUBBER - 1.23%		
Capital Specialty Plastics, Inc.		1,190,167
Nicoat Acquisitions LLC		1,794,834
		2,985,001
CONSUMER PRODUCTS - 10.59%		
Aero Holdings, Inc.		3,038,515
Bravo Sports Holding Corporation		1,140,796
Custom Engineered Wheels, Inc.		2,312,422
Handi Quilter Holding Company		1,504,666
K N B Holdings Corporation		4,459,043
Manhattan Beachwear Holding Company		3,521,173
R A J Manufacturing Holdings LLC		2,904,131
Tranzonic Companies (The)		3,757,972
WP Supply Holding Corporation		2,977,914
		25,616,632
CONTAINERS, PACKAGING & GLASS - 5.14%		
Berry Plastics Corporation		493,750
Chase Packaging Corporation		572
Flutes, Inc.		459,192
P K C Holding Corporation		3,578,626
P P T Holdings LLC		3,259,066
Paradigm Packaging, Inc.		1,655,250

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16,476,129	Pregis Corporation	955,000
	Tekni-Plex, Inc.	493,598
	Vitex Packaging Group, Inc.	1,547,241
		12,442,295

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2011 Annual Report

consolidated schedule of investments (continued)

December 31, 2011

Industry Classification: (Continued)	Fair Value/ Market Value	Fair Value/ Market Value
DISTRIBUTION - 1.74%		
Duncan Systems, Inc.	\$ 1,207,187	
F C X Holdings Corporation	3,007,577	
	4,214,764	
ELECTRONICS - 1.71%		
		\$ 2,635,888
		1,501,382
		4,137,270
DIVERSIFIED/CONGLOMERATE, MANUFACTURING - 16.22%		
A H C Holding Company, Inc.	2,982,684	
Arrow Tru-Line Holdings, Inc.	1,294,108	
C D N T, Inc.	1,334,263	
F G I Equity LLC	3,412,926	
G C Holdings	3,120,560	
Ideal Tridon Holdings, Inc.	3,003,173	
K P H I Holdings, Inc.	3,015,948	
K P I Holdings, Inc.	2,568,585	
LPC Holding Company	3,119,343	
MEGTEC Holdings, Inc.	709,633	
Milwaukee Gear Company	3,124,574	
Nortek, Inc.	4,578	
O E C Holding Corporation	1,480,970	
Postle Aluminum Company LLC	5,043,354	
Trimas Corporation	81,375	
Truck Bodies & Equipment International	2,194,064	
FINANCIAL SERVICES - 1.81%		
		102,509
		499,950
		2,998,961
		789,375
		4,390,795
HEALTHCARE, EDUCATION & CHILD CARE - 8.64%		
		707,000
		4,230,281
		2,365,802
		1,527,008
		2,997,120
		2,941,083
		2,737,602
		-
		3,399,509
		20,905,405
HOME & OFFICE FURNISHINGS, HOUSEWARES & DURABLE CONSUMER PRODUCTS - 5.52%		
	2,755,876	
	39,246,014	
		2,420,406
		342,550
		489,872
		120,910
		-
		292,556
		572,708
		136,719
		1,999,141
DIVERSIFIED/CONGLOMERATE, SERVICE - 8.01%		
A S C Group, Inc.	3,317,194	
A W X Holdings Corporation	661,500	
Advanced Technologies Holdings	1,185,133	
Affinia Group, Inc.	49,500	
Apex Analytix Holding Corporation	2,487,344	
Associated Diversified Services	1,807,894	
Clough, Harbour and Associates	2,729,906	

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Crane Rental Corporation	2,202,311	Transpac Holding Company	1,790,736
Insurance Claims Management, Inc.	420,257	U-Line Corporation	1,180,260
Mail Communications Group, Inc.	1,429,009	U M A Enterprises, Inc.	2,442,342
Nexeo Solutions LLC	39,800	Wellborn Forest Holding Company	1,565,074
Northwest Mailing Services, Inc.	3,044,234		13,353,274
Pearlman Enterprises, Inc.	-		
	19,374,082		

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Babson Capital Corporate Investors

consolidated schedule of investments (continued)
December 31, 2011

Industry Classification: (Continued)	Fair Value/ Market Value		Fair Value/ Market Value
LEISURE, AMUSEMENT & ENTERTAINMENT - 1.58%		NATURAL RESOURCES - 0.66%	
Bally Total Fitness Holding Corporation	\$ 7	Arch Coal, Inc.	\$ 260,888
Savage Sports Holding, Inc.	3,815,909	Georgia Gulf Corporation	200,925
	3,815,916	Headwaters, Inc.	752,250
MACHINERY - 8.72%		Intrepid Potash, Inc.	8,260
A S A P Industries LLC	1,781,589	SandRidge Energy, Inc.	363,600
Arch Global Precision LLC	2,970,286		1,585,923
E S P Holdco, Inc.	2,698,359	OIL & GAS - 4.97%	
M V I Holding, Inc.	1,366,806	Calumet Specialty Products Partners L.P.	720,000
Motion Controls Holdings	3,141,461	Chaparral Energy, Inc.	1,035,000
NetShape Technologies, Inc.	1,316,532	Coffeyville Resources LLC	57,240
Pacific Consolidated Holdings LLC	915,997	Energy Transfer Equity LP	109,250
Power Services Holding Company	2,929,972	Goodrich Petroleum Corporation	360,000
R E I Delaware Holding, Inc.	2,891,653	Hilcorp Energy Company	759,438
Supreme Industries, Inc.	313,541	International Offshore Services LLC	1,275,000
Thermadyne Holdings Corporation	776,250	MBWS Ultimate Holdco, Inc.	5,766,796
	21,102,446	Northern Tier Energy LLC	722,250
MEDICAL DEVICES/BIOTECH - 5.46%		Precision Drilling Corporation	766,875
Chemtura Corporation	515,000	Venoco, Inc.	450,000
Coeur, Inc.	1,298,823		12,021,849
E X C Acquisition Corporation	81,330	PHARMACEUTICALS - 1.7%	
ETEX Corporation	-	CorePharma LLC	3,186,011
Evertec, Inc.	596,700	Valeant Pharmaceuticals International	938,913
HCA Holdings, Inc.	1,017,500		4,124,924
Health Management Association	776,250	PUBLISHING/PRINTING - 0.56%	
MedSystems Holdings LLC	1,408,556	Newark Group, Inc.	273,479
MicroGroup, Inc.	671,403	Quebecor Media, Inc.	1,078,875
NT Holding Company	3,253,621		1,352,354
OakRiver Technology, Inc.	617,289	RETAIL STORES - 0.19%	
Omnicare, Inc.	80,531	Pinnacle Foods Finance LLC	307,875
Precision Wire Holding Company	2,888,299	Rue21, Inc.	14,040
TherOX, Inc.	-	United Rentals, Inc.	138,750
	13,205,302		460,665
MINING, STEEL, IRON & NON-PRECIOUS METALS - 0.83%			

FMG Resources	757,500
Glencore Funding LLC	949,966
T H I Acquisition, Inc.	300,140
	2,007,606

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2011 Annual Report

consolidated schedule of investments (continued)
December 31, 2011

Industry Classification: (Continued)	Fair Value/ Market Value	Fair Value/ Market Value	
TECHNOLOGY - 1.8%		UTILITIES - 1.01%	
Fidelity National Information	\$ 243,250	Calpine Corporation	\$ 802,500
First Data Corporation	799,000	Crosstex Energy L.P.	245,813
Seagate HDD Cayman	410,000	Energy Future Holdings	420,000
Sencore Holding Company	-	Inergy, L.P.	203,000
Smart Source Holdings LLC	2,901,558	NRG Energy, Inc.	761,250
	4,353,808		2,432,563
		WASTE	
TELECOMMUNICATIONS - 1.55%		MANAGEMENT/POLLUTION -	
All Current Holding Company	1,357,916	0.53%	
CCO Holdings Capital Corporation	790,313	Clean Harbors, Inc.	63,750
Mediacom Broadband LLC	772,500	Terra Renewal LLC	1,221,777
Sprint Nextel Corporation	830,000	Torrent Group Holdings, Inc.	-
	3,750,729		1,285,527
TRANSPORTATION - 1.84%		Total Investments - 112.86%	\$ 273,048,216
Huntington Ingalls Industries	735,000		
NABCO, Inc.	156,250		
RailAmerica, Inc.	262,200		
Ryder System, Inc.	3,306,926		
	4,460,376		

See Notes to Consolidated Financial Statements

Babson Capital Corporate Investors

notes to consolidated financial statements

1. History

Babson Capital Corporate Investors (the "Trust") commenced operations in 1971 as a Delaware corporation. Effective December 16, 2011, the Trust's name was changed to Babson Capital Corporate Investors. Prior to December 16, 2011, the Trust's name was MassMutual Corporate Investors. Pursuant to an Agreement and Plan of Reorganization dated November 14, 1985, approved by shareholders, the Trust was reorganized as a Massachusetts business trust under the laws of the Commonwealth of Massachusetts, effective November 28, 1985.

The Trust is a diversified closed-end management investment company. Babson Capital Management LLC ("Babson Capital"), a wholly-owned indirect subsidiary of Massachusetts Mutual Life Insurance Company ("MassMutual"), acts as its investment adviser. The Trust's investment objective is to maintain a portfolio of securities providing a fixed yield and at the same time offering an opportunity for capital gains. The Trust's principal investments are privately placed, below-investment grade, long-term debt obligations with equity features such as common stock, warrants, conversion rights, or other equity features and, occasionally, preferred stocks. The Trust typically purchases these investments, which are not publicly tradable, directly from their issuers in private placement transactions. These investments are typically mezzanine debt instruments with accompanying private equity securities made to small or middle market companies. In addition, the Trust may temporarily invest, subject to certain limitations, in marketable investment grade debt securities, other marketable debt securities (including high yield securities) and marketable common stocks. Below-investment grade or high yield securities have predominantly speculative characteristics with respect to the capacity of the issuer to pay interest and repay capital.

On January 27, 1998, the Board of Trustees authorized the formation of a wholly-owned

immediately if the market is adequate, restricted securities can be sold only in a public offering for which a registration statement is in effect under the Securities Act of 1933, as amended (the "1933 Act") or pursuant to a transaction that is exempt from registration under the 1933 Act. Restricted securities that are valued using public information, such as observable trades or market quotations, are reflected as restricted securities at market value. Valuation of securities in the Trust's portfolio is made on the basis of the market price whenever market quotations are readily available.

The value of restricted securities at fair value, and of any other assets for which there are no reliable market quotations, is the fair value as determined in good faith by the Trust's Board of Trustees (the "Trustees"). Each restricted security is valued by the Trustees at the time of its acquisition and at least quarterly thereafter. The Trustees have established guidelines to aid in the valuation of each security. Generally, restricted securities are initially valued at cost at the time of acquisition by the Trust. Values greater or less than cost are used thereafter for restricted securities in appropriate circumstances. Among the factors ordinarily considered in the valuation of debt and equity securities at fair value are the results of various valuation methods, which may include comparable company valuation analyses, discounted future cash flow models and recent private transactions. As part of the valuation process, we may take into account the following types of factors, if relevant, in determining the fair value of our investments: the enterprise value of a portfolio company (an estimate of the total fair value of the portfolio company's debt and equity), the portfolio company's earnings, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to publicly traded securities with similar characteristics, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made in the future and other relevant factors. Consideration is also given to corporate governance, marketability, company and industry results and outlooks, and general market conditions. The determination of fair value involves subjective judgments. As a result, using fair value to

subsidiary of the Trust ("CI Subsidiary Trust") for the purpose of holding certain investments. The results of CI Subsidiary Trust are consolidated in the accompanying financial statements. Footnote 2.D below discusses the Federal tax consequences of the CI Subsidiary Trust.

2. Significant Accounting Policies

The following is a summary of significant accounting policies followed consistently by the Trust in the preparation of its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

A. Valuation of Investments:

Nearly all securities which are acquired by the Trust directly from the issuers and shares into which such securities may be converted or which may be purchased on the exercise of warrants attached to such securities will be subject to legal or contractual delays in, or restrictions on, resale and will therefore be "restricted securities." Generally speaking, as contrasted with open-market sales of unrestricted securities (public securities), which may be effected

price a security may result in a price materially different from the price used by other investors or the price that may be realized upon the actual sale of the security. All of these factors are in accordance with the authoritative guidance on fair value measurements under U.S. GAAP. In making valuations, opinions of counsel may be relied upon as to whether or not securities are restricted securities and as to the legal requirements for public sale.

When market quotations are readily available for unrestricted securities of an issuer, restricted securities of the same class are generally valued at a discount from the market price of such unrestricted securities. The Trustees, however, consider all factors in fixing any discount, including the filing of a registration statement for such securities under the 1933 Act and any other developments which are likely to increase the probability that the securities may be publicly sold by the Trust without restriction.

2011 Annual Report

notes to consolidated financial statements (continued)

The Trustees meet at least once each quarter to approve the value of the Trust's portfolio securities as of the close of business on the last business day of the preceding quarter. This valuation requires the approval of a majority of the Trustees of the Trust, including a majority of the Trustees who are not interested persons of the Trust or of Babson Capital. In making valuations, the Trustees will consider reports by Babson Capital analyzing each portfolio security in accordance with the relevant factors referred to above. Babson Capital has agreed to provide such reports to the Trust at least quarterly. The consolidated financial statements include private placement restricted securities valued at \$237,305,760 (98.08% of net assets) as of December 31, 2011 whose values have been estimated by the Trustees in the absence of readily ascertainable market values. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

The values for Rule 144A restricted securities and corporate public securities are stated at the last reported sales price or at prices based upon quotations obtained from brokers and dealers as of December 31, 2011, subject to discount where appropriate, and are approved by the Trustees.

Short-term securities with more than sixty days to maturity are valued at fair value and short-term securities having a maturity of sixty days or less are valued at amortized cost, which approximates fair value.

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, the Trust discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 - quoted prices in active markets for identical securities

Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 - significant unobservable inputs (including the Trust's own assumptions in determining the fair value of investments)

The following is a summary of the inputs used to value the Trust's net assets of December 31, 2011:

Assets:	Total	Level 1	Level 2	Level 3
Restricted Securities				
Corporate Bonds	\$ 200,289,194	\$ -	\$ 10,071,379	\$ 190,217,815
Common Stock - U.S.	21,607,181	-	-	21,607,181
Preferred Stock	12,377,703	-	102,509	12,275,194
Partnerships and LLCs	13,205,570	-	-	13,205,570
Public Securities				
Corporate Bonds	20,970,678	-	20,970,678	-
Common Stock - U.S.	340,998	340,991	-	7
Short-term Securities	4,256,892	-	4,256,892	-
Total	\$ 273,048,216	\$ 340,991	\$ 35,401,458	\$ 237,305,767

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See information disaggregated by security type and industry classification in the Consolidated Schedule of Investments.

There were no transfers between Level 1 and Level 2 assets during the year.

Following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

Assets:	Beginning balance at 12/31/2010	Accrued discounts/premium	Total gains or (losses) realized/unrealized	Purchases	Sales	Transfers in and/or out of Level 3	Ending balance at 12/31/2011	Unrealized gains & (losses) in net income from assets still held
Restricted Securities								
Corporate Bonds	\$ 190,859,745	\$ 1,400,324	\$(11,441,891)	\$ 43,742,935	\$(34,343,298)	\$-	\$ 190,217,815	\$(9,194,443)
Common Stock - U.S.	14,856,116	-	7,438,000	2,620,092	(3,307,027)	-	21,607,181	6,420,578
Preferred Stock	9,311,982	-	1,741,680	1,241,174	(19,642)	-	12,275,194	1,722,038
Partnerships and LLCs	8,555,269	-	5,060,634	2,159,209	(2,569,542)	-	13,205,570	3,610,866
Public Securities								
Common Stock - U.S.	-	-	7	-	-	-	7	7
	\$ 223,583,112	\$ 1,400,324	\$ 2,798,430	\$ 49,763,410	\$(40,239,509)	\$-	\$ 237,305,767	\$ 2,559,046

Babson Capital Corporate Investors

notes to consolidated financial statements (continued)

The inputs and methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

B. Accounting for Investments:

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis, including the amortization of premiums and accretion of discounts on bonds held using the yield-to-maturity method. The Trust does not accrue income when payment is delinquent and when management believes payment is questionable. Realized gains and losses on investment transactions and unrealized appreciation and depreciation of investments are reported for financial statement and Federal income tax purposes on the identified cost method.

C. Use of Estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Federal Income Taxes:

The Trust has elected to be taxed as a “regulated investment company” under the Internal Revenue Code, and intends to maintain this qualification and to distribute substantially all of its net taxable income to its shareholders. In any year when net long-term capital gains are realized by the Trust, management, after

Net investment income and net realized gains or losses of the Trust as presented under U.S. GAAP may differ from distributable taxable earnings due to earnings from the CI Subsidiary Trust as well as certain permanent and temporary differences in the recognition of income and realized gains or losses on certain investments. Permanent differences will result in reclassifications to the capital accounts. In 2011, the Trust increased undistributed net investment income by \$491,072, decreased accumulated net realized gains by \$51,106, increased retained net realized gain on investments, prior years by \$119,135 and decreased additional paid in capital by a total of \$559,101 to more accurately display the Trust's capital financial position on a tax-basis in accordance with U.S. GAAP. These re-classifications had no impact on net asset value.

The CI Subsidiary Trust is not taxed as a regulated investment company. Accordingly, prior to the Trust receiving any distributions from the CI Subsidiary Trust, all of the CI Subsidiary Trust's taxable income and realized gains, including non-qualified income and realized gains, is subject to taxation at prevailing corporate tax rates.

The components of income taxes included in the consolidated statement of operations for the year end December 31,2011 were as follows:

Income tax expense (benefit)	
Current:	
Federal	\$ (56,296)
State	74,166
Total current	17,870
Deferred:	
Federal	346,989
State	176,829
Total deferred	523,818
Total income tax expense from continuing operations	\$ 541,688

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax basis.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31,2011 we as follows:

evaluating the prevailing economic conditions, will recommend that the Trustees either designate the net realized long-term gains as undistributed and pay the Federal capital gains taxes thereon or distribute all or a portion of such net gains. For the year ended December 31, 2011, the Trust had a net realized taxable long-term capital gain balance of \$1,046,590 which the Trustees voted to retain and pay the federal capital gain tax thereon. The Trust has incurred income tax expense of \$366,307 and \$3,341 respectively, on the Statement of Operations related to the 2011 and 2010 retained realized long-term capital gains.

The Trust is taxed as a regulated investment company and is therefore limited as to the amount of non-qualified income that it may receive as the result of operating a trade or business, e.g. the Trust's pro rata share of income allocable to the Trust by a partnership operating company. The Trust's violation of this limitation could result in the loss of its status as a regulated investment company, thereby subjecting all of its net income and capital gains to corporate taxes prior to distribution to its shareholders. The Trust, from time-to-time, identifies investment opportunities in the securities of entities that could cause such trade or business income to be allocable to the Trust. The CI Subsidiary Trust (described in Footnote 1 above) was formed in order to allow investment in such securities without adversely affecting the Trust's status as a regulated investment company.

Deferred tax assets:		
Net operating loss	\$	41,968
Total deferred tax assets		41,968
Less valuation allowance		(41,968)
Deferred tax asset		-
Deferred tax liabilities:		
Unrealized gain on investments		993,735

Total deferred tax liabilities		993,735
Net deferred tax liability	\$	(993,735)

2011 Annual Report

notes to consolidated financial statements (continued)

Beginning with the 2009 annual financial statements, the Trust recognizes a tax benefit from an uncertain position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. If this threshold is met, the Trust measures the tax benefit as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Trust has evaluated and determined that the tax positions did not have a material effect on the Trust's financial position and results of operations for the year ended December 31, 2011.

The tax character of distributions declared during the years ended December 31, 2011 and 2010 was as follows:

A reconciliation of the differences between the Subsidiary Trust's income tax expense and the amount computed by applying the prevailing U.S. federal tax rate to pretax income for the year ended December 31, 2011 is as follows:

Distributions paid from:	2011	2010
Ordinary Income	\$ 25,674,962	\$ 20,357,960
Long-term Capital Gains	\$ -	\$ -

3. Investment Services Contract

A. Services:

	Amount	Percentage	Under an Investment Services Contract (the "Contract") with the Trust, Babson Capital agrees to use its best efforts to present to the Trust a continuing and suitable investment program consistent with the investment objectives and policies of the Trust. Babson Capital represents the Trust in any negotiations with issuers, investment banking
Provision for income taxes at the U.S. federal rate	\$ 370,800	35.00%	
State tax, net of federal effect	37,875	3.58%	
Change in valuation allowance	41,968	3.96%	
Rate revaluation	73,175	6.90%	

Other		17,870	1.69%
Income tax expense	\$	541,688	51.13%

Each of the Trust's Federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

E. Distributions to Shareholders:

The Trust records distributions to shareholders from net investment income and net realized gains, if any, on the ex-dividend date. The Trust's net investment income dividend is declared four times per year, in April, July, October, and December. The Trust's net realized capital gain distribution, if any, is declared in December.

The components of capital shown in the following table represent the Trust's undistributed net investment income, undistributed net capital gain, losses the Trust may be able to offset against gains in future taxable years, as well as unrealized appreciation (depreciation) on securities and other Fund investments, if any, at December 31, 2011, each of which determined on a U.S. federal tax basis:

Undistributed (Overdistributed) Net Investment Income	Undistributed Net Capital Gain	Accumulated Loss Carryforward	Net Unrealized Appreciation (Depreciation) on Securities and Other Investments
--	--------------------------------------	-------------------------------------	---

firms, securities brokers or dealers and other institutions or investors relating to the Trust's investments. Under the Contract, Babson Capital also provides administration of the day-to-day operations of the Trust and provides the Trust with office space and office equipment, accounting and book keeping services, and necessary executive, clerical and secretarial personnel for the performance of the foregoing services.

B. Fee:

For its services under the Contract, Babson Capital is paid a quarterly investment advisory fee of 0.3125% of the net asset value of the Trust as of the last business day of each fiscal quarter, which is approximately equal to 1.25% annually. A majority of the Trustees, including a majority of the Trustees who are not interested persons of the Trust or of Babson Capital, approve the valuation of the Trust's net assets as of such day.

4. Senior Secured Indebtedness

MassMutual holds the Trust's \$30,000,000 Senior Fixed Rate Convertible Note (the "Note") issued by the Trust on November 15, 2007. The Note is due November 15, 2017 and accrues interest at 5.28% per annum. MassMutual, at its option, can convert the principal amount of the Note into common shares. The dollar amount of principal would be converted into an equivalent dollar amount of common shares based upon the average price of the common shares for ten business days prior to the notice of conversion. For the year ended December 31, 2011, the Trust incurred total interest expense on the Note of \$1,584,000.

The Trust may redeem the Note, in whole or in part, at the principal amount proposed to be redeemed together with the accrued and unpaid interest thereon through the redemption date plus a Make Whole Premium. The Make Whole Premium equals the excess of (i) the present value of the scheduled payments of principal and interest which the Trust would have paid but for the proposed redemption, discounted at the rate of interest of U.S.

Treasury obligations whose maturity approximates that of the Note plus 0.50% over (ii) the principal of the Note proposed to be redeemed.

\$ 2,423,757 \$ 625,836 \$ -0- \$ (16,205,005)

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Babson Capital Corporate Investors

notes to consolidated financial statements
December 31, 2011

5. Purchases and Sales of Investments

	For the year ended 12/31/2011	
	Cost of Investments Acquired	Proceeds from Sales or Maturities
Corporate restricted securities	\$ 62,979,600	\$ 46,477,674
Corporate public securities	9,761,750	9,483,683

The aggregate cost of investments is substantially the same for financial reporting and Federal income tax purposes as of December 31, 2011. The net unrealized depreciation of investments for financial reporting and Federal tax purposes as of December 31, 2011 is \$17,051,135 and consists of \$27,431,613 appreciation and \$44,482,748 depreciation.

Net unrealized depreciation of investments on the Statement of Assets and Liabilities reflects the balance net of a deferred tax accrual of \$993,735 on net unrealized gains on the CI Subsidiary Trust.

6. Quarterly Results of Investment Operations (Unaudited)

	March 31, 2011	
	Amount	Per Share
Investment income	\$ 7,749,271	
Net investment income	6,390,431	\$ 0.34
Net realized and unrealized gain on investments (net of taxes)	2,457,551	0.13

7. Aggregate Remuneration Paid to Officers, Trustees and Their Affiliated Persons

For the year ended December 31, 2011, the Trust paid its Trustees aggregate remuneration of \$354,000. During the year, the Trust did not pay any compensation to any of its Trustees who are "interested persons" (as defined by the 1940 Act) of the Trust. The Trust classifies Messrs. Noreen and Joyal as "interested persons" of the Trust.

All of the Trust's officers are employees of Babson Capital. Pursuant to the Contract, the Trust does not compensate its officers who are employees of Babson Capital (except for the Chief Compliance Officer of the Trust unless assumed by Babson Capital). For the year ended December 31, 2011, Babson Capital paid the compensation of the Chief Compliance Officer of the Trust.

Mr. Noreen, one of the Trust's Trustees, is an "affiliated person" (as defined by the 1940 Act) of MassMutual and Babson Capital.

The Trust did not make any payments to Babson Capital for the year ended December 31, 2011, other than amounts payable to Babson Capital pursuant to the Contract.

8. Certifications

As required under New York Stock Exchange ("NYSE") Corporate Governance Rules, the Trust's principal executive officer has certified to the NYSE that he was not aware, as of the certification date, of any violation by the Trust of the NYSE's Corporate Governance listing standards. In addition,

as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Trust's principal executive and principal financial officers have made quarterly certifications, included in filings with the Securities and Exchange Commission on Forms N-CSR and N-Q, relating to, among other things, the Trust's disclosure controls and procedures and internal control over financial reporting, as applicable.

9. Subsequent Events

The Trust has evaluated the possibility of subsequent events existing in this report through February 27, 2012. The Trust has determined that there are no material events that would require recognition or disclosure in this report through this date.

	June 30, 2011	
	Amount	Per Share
Investment income	\$ 8,497,911	
Net investment income	7,090,842	\$ 0.37
Net realized and unrealized gain on investments (net of taxes)	2,583,438	0.14
	September 30, 2011	
	Amount	Per Share
Investment income	\$ 7,469,197	
Net investment income	6,079,008	\$ 0.32
Net realized and unrealized gain on investments (net of taxes)	(975,066)	(0.05)
	December 31, 2011	
	Amount	Per Share
Investment income	\$ 6,284,763	
Net investment income	4,856,945	\$ 0.26
Net realized and unrealized gain on investments (net of taxes)	(876,135)	(0.05)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

The Shareholders and Board of Trustees of Babson Capital Corporate Investors

We have audited the accompanying consolidated statement of assets and liabilities of Babson Capital Corporate Investors (the "Trust"), including the consolidated schedule of investments, as of December 31, 2011, and the related consolidated statements of operations and cash flows for the year then ended, the consolidated statements of changes in net assets for each of the years in the two-year period then ended, and the consolidated financial highlights for each of the years in the five-year period then ended. These consolidated financial statements and consolidated financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these consolidated financial statements and consolidated financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2011 by correspondence with the custodian or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements and consolidated financial highlights referred to above present fairly, in all material respects, the financial position of Babson Capital Corporate Investors as of December 31, 2011, the results of their consolidated operations and cash flows for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the consolidated financial highlights for each of the years in the five-year period then ended, in conformity with accounting principles generally accepted in the United States of America.

Boston, Massachusetts
February 27, 2012

Babson Capital Corporate Investors

INTERESTED TRUSTEES

Name	Role	Term	Other Roles	Percentage	Other Roles
Clifford M. Noreen* (54)	Trustee (since 2009)	Term expires 2012	President (since 2008), Vice Chairman (2007-2008), Member of the Board of Managers (since 2006), Managing Director (since 2000), Babson Capital; President (2005-2009), Vice President (1993-2005) of the Trust.	2	President (since 2009), Senior Vice President (1996–2009), HYP Management LLC (LLC Manager); Director (since 2005), MassMutual Corporate Value Limited (investment company); Director (since 2005), MassMutual Corporate Value Partners Limited (investment company); Senior Vice President (1996-2008), MMHC Investment LLC (passive investor); Managing Director (2006-2009), MassMutual Capital Partners LLC (investment company); Director (since 2008), Jefferies Finance LLC (a finance company); Chairman and Chief Executive Officer (since 2009), Manager (since 2007), MMC Equipment Finance LLC; Chairman (since 2009), Trustee (since 2005); President (2005–2009), CI Subsidiary Trust and PI Subsidiary Trust; Chairman (since 2009), Trustee (since 2009), President (2005-2009), Vice President (1993--2005), Babson Capital Participation Investors (closed-end investment company advised by Babson Capital); and Member of Investment Committee (since 1999), Diocese of Springfield.
Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	/ Nominee Chairman (since 2009)				

*Mr. Noreen is classified as an "interested person" of each Trust and Babson Capital (as defined by the Investment Act of 1940, as amended) because of his position as an officer of each Trust and President of Babson Capital.

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INTERESTED TRUSTEES

<p>Robert E. Joyal* (67)</p> <p>Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	<p>Trustee (since 2003)</p>	<p>Term expires 2013</p>	<p>President (2001-2003) of Babson Capital.</p>	<p>67</p>	<p>President (1999-2003) and Trustee (since 2003), of the Trust; Director (since 2006), Jefferies Group, Inc. (financial services); Director (2003– 2010), Alabama Aircraft Industries, Inc. (aircraft maintenance and overhaul); Director (2007-2011), Scottish Re Group Ltd. (global life reinsurance specialist); Trustee (since 2003), MassMutual Select Funds, (an open-end investment company advised by MassMutual); Trustee (since 2003), MML Series Investment Fund (an open-end investment company advised by MassMutual); Trustee (1998– 2003), Senior Vice President (1998-2001) and President (2001-2003), CI Subsidiary Trust and PI Subsidiary Trust; and President (1999-2003), Trustee (since 2003), Babson Capital Participation Investors (closed-end investment company advised by Babson Capital).</p>
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*Mr. Joyal retired as President of Babson Capital in June 2003. In addition and as noted above, Mr. Joyal is a director of Jefferies Group, Inc., which has a wholly owned broker-dealer subsidiary that may execute portfolio transactions and/or engage in principal transactions with the Trust, other investment companies advised by Babson Capital or any other advisory accounts over which Babson Capital has brokerage placement discretion. Accordingly, the Trust has determined to classify Mr. Joyal as an "interested person" of the Trust and Babson Capital (as defined in the Investment Company Act of 1940, as amended).

Babson Capital Corporate Investors

INDEPENDENT TRUSTEES

<p>William J. Barrett (72)</p> <p>Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	<p>Trustee (since 2006)</p> <p>/</p> <p>Nominee</p>	<p>Term expires 2012</p>	<p>President (since 2010) WJ 2 Barrett Associates, Inc.; President (2002-2010), Barrett-Gardner Associates, Inc.</p>	<p>Trustee (since 2006), Babson Capital Participation Investors (a closed-end investment company advised by Babson Capital); Director (since 1979), TGC Industries, Inc. (geophysical services); Director and Secretary (since 2001 and from 1996-1997), Chase Packaging Corporation (agricultural services); Chairman and Director (since 2000), Rumson-Fair Haven Bank and Trust Company (commercial bank and trust company); and Director (since 1983), Executive Vice President, Secretary and Assistant Treasurer (since 2004), Supreme Industries, Inc. (specialized truck and body manufacturer).</p>
<p>Donald E. Benson (81)</p> <p>Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	<p>Trustee (since 1986)</p>	<p>Term expires 2013</p>	<p>Executive Vice President 2 and Director (since 1992), Marquette Financial Companies (financial services); Partner (since 1996), Benson Family Limited Partnership No. 1 and Benson Family Limited Partnership No. 2 (investment partnerships).</p>	<p>Director (1997-2008), MAIR Holdings, Inc. (commuter airline holding company); Director (since 1997), First California Financial Group, Inc. (bank holding company); and Trustee (since 1988), Babson Capital Participation Investors (closed-end investment company advised by Babson Capital).</p>

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INDEPENDENT TRUSTEES

Michael H. Brown (55)	Trustee (since 2005)	Term expires 2014	Private Investor; and Managing Director (1994-2005), Morgan Stanley.	2	Trustee (since 2005), Babson Capital Participation Investors (a closed-end investment company advised by Babson Capital); Independent Director (since 2006), Invicta Holdings LLC and its subsidiaries (a derivative trading company).
Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189					
Donald Glickman (78)	Trustee (since 1992)	Term expires 2013	Chairman (since 1992), Donald Glickman and Company, Inc. (private investments); and Partner (since 1992), J.F. Lehman & C o . (p r i v a t e investments).	2	Director (since 1984), Monro Muffler and Brake, Inc. (automobile repair service); Lead Director (1998 - 2009), M S C S o f t w a r e C o r p . (simulation software); and Trustee (since 1992), Babson Capital Participation Investors (closed-end investment company advised by Babson Capital).
Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189					

Babson Capital Corporate Investors

INDEPENDENT TRUSTEES

Martin T. Hart (76)	Trustee (since 1991)	Term expires 2012	Private Investor; and President and Director (since 1983), H Investment Company LLC (family partnership).	2	Director (since 2004), Texas Roadhouse, Inc. (operates restaurant chain); Director (since 1999), ValueClick Inc. (internet advertising company); Director (2002 - 2009), Spectranetics Corp. (medical device company); and Trustee (since 1991), Babson Capital Participation Investors (closed-end investment company advised by Babson Capital).
Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189	/	Nominee			
Maleyne M. Syracuse (55)	Trustee (since 2007)	Term expires 2014	Private Investor; Managing Director (2000-2007), JP Morgan Securities, Inc. (investments and banking)	2	Trustee (since 2007), Babson Capital Participation Investors (a closed-end investment company advised by Babson Capital); Managing Director (1984–2000), Deutsche Bank/Bankers Trust Company.
Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189					

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OFFICERS OF THE TRUST

<p>Michael L. Klofas (51)</p> <p>Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	<p>President</p>	<p>Since 2009</p>	<p>President (since 2009), Vice President (1998-2009) of the Trust; Managing Director (since 2000), Babson Capital; President (since 2009), Vice President (2005-2009), CI Subsidiary Trust and PI Subsidiary Trust; President (since 2009), Vice President (1998-2009), Babson Capital Participation Investors.</p>
<p>Christopher A. DeFrancis (45)</p> <p>Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	<p>Vice President and Secretary</p>	<p>Since 2010</p>	<p>Vice President and Secretary (since 2010) and Associate Secretary (2008-2010) of the Trust; Chief Compliance Officer (since 2011), Co-General Counsel, Secretary and Managing Director (since 2010), Senior Counsel, Assistant Secretary and Managing Director (2010) and Assistant Secretary and Counsel (2008-2009), Babson Capital; Counsel (2001-2009), Massachusetts Mutual Life Insurance Company; Vice President and Secretary (since 2010) and Assistant Secretary (2009-2010), CI Subsidiary Trust and PI Subsidiary Trust; and Vice President and Secretary (since 2010) and Associate Secretary (2008-2010), Babson Capital Participation Investors.</p>
<p>James M. Roy (49)</p> <p>Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	<p>Vice President and Chief Financial Officer</p>	<p>Since 2005</p>	<p>Vice President and Chief Financial Officer (since 2005), Treasurer (2003-2005), and Associate Treasurer (1999-2003) of the Trust; Managing Director (since 2005), and Director (2000-2005), Babson Capital; Trustee (since 2005), Treasurer (since 2005), and Controller (2003-2005), CI Subsidiary Trust and PI Subsidiary Trust; and Vice President and Chief Financial Officer (since 2005), Treasurer (2003-2005) and Associate Treasurer (1999-2003), Babson Capital Participation Investors.</p>
<p>John T. Davitt, Jr. (44)</p> <p>Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	<p>Comptroller</p>	<p>Since 2001</p>	<p>Comptroller (since 2001) of the Trust; Director (since 2000), Babson Capital; Controller (since 2005), CI Subsidiary Trust and PI Subsidiary Trust; and Comptroller (since 2001), Babson Capital Participation Investors.</p>

<p>Melissa M. LaGrant (38)</p> <p>Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	<p>Chief Compliance Officer</p>	<p>Since 2006</p>	<p>Chief Compliance Officer (since 2006) of the Trust; Managing Director (since 2005), Babson Capital; Vice President and Senior Compliance Trading Manager (2003-2005), Loomis, Sayles & Company, L.P.; Assistant Vice President-Business Risk Management Group (2002-2003), and Assistant Vice President-Investment Compliance (2001-2002), Zurich Scudder Investments/Deutsche Asset Management; and Chief Compliance Officer (since 2006), Babson Capital Participation Investors.</p>
<p>Daniel J. Florence (39)</p> <p>Babson Capital Corporate Investors 1500 Main Street P.O. Box 15189 Springfield, MA 01115-5189</p>	<p>Treasurer</p>	<p>Since 2008</p>	<p>Treasurer (since 2008), Associate Treasurer (2006-2008) of the Trust; Associate Director (since 2008), and Analyst (2000-2008), Babson Capital; and Treasurer (since 2008), Associate Treasurer (2006-2008), Babson Capital Participation Investors.</p>

Babson Capital Corporate Investors

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2011 Annual Report

[Members of the Board of Trustees](#)

Left to right:

Donald Glickman
Chairman,
Donald Glickman &
Company, Inc.

Robert E. Joyal
Retired President,
Babson Capital
Management LLC

William J. Barrett
President,
WJ Barrett Associates,
Inc.

Michael H. Brown*
Private Investor

Donald E. Benson*
Executive Vice
President
and Director,
Marquette Financial
Companies

Clifford M. Noreen
President,
B a b s o n C a p i t a l
Management LLC

Martin T. Hart
Private Investor

Maleyne M. Syracuse*
Private Investor

*Member of the Audit
Committee

[Officers](#)

Clifford M. Noreen
Chairman

Babson Capital Corporate Investors offers a Dividend Reinvestment and Share Purchase Plan. The Plan provides a simple way for shareholders to add to their holdings in the Trust through the receipt of dividend shares issued by the Trust or through the investment of cash dividends in Trust shares purchased in the open market. A shareholder may join the Plan by filling out and mailing an authorization card to DST Systems, Inc., the Transfer Agent.

Participating shareholders will continue to participate until they notify the Transfer Agent, in writing, of their desire to terminate participation. Unless a shareholder elects to participate in the Plan, he or she will, in effect, have elected to receive dividends and distributions in cash. Participating shareholders may also make additional contributions to the Plan from their own funds. Such contributions may be made by personal check or other means in an amount not less than \$10 nor more than \$5,000 per quarter. Cash contributions must be received by the Transfer Agent at least five days (but no more than 30 days) before the payment date of a dividend or distribution.

Whenever the Trust declares a dividend payable in cash or shares, the Transfer Agent, acting on behalf of each participating shareholder, will take the dividend in shares only if the net asset value is lower than the market price plus an estimated brokerage commission as of the close of business on the valuation day. The valuation day is the last day preceding the day of dividend payment.

When the dividend is to be taken in shares, the number of shares to be received is determined by dividing the cash dividend by the net asset value as of the close of business on the valuation date or, if greater than net asset value, 95% of the closing share price. If the net asset value of the shares is higher than the market value plus an estimated commission, the Transfer Agent, consistent with obtaining the best price and execution, will buy shares on the open market at current prices promptly after the dividend payment date.

The reinvestment of dividends does not, in any way, relieve participating shareholders of any federal, state or local tax. For federal income tax purposes, the amount reportable in respect of a dividend received in newly-issued shares of the Trust will be the fair market value of the shares received, which will be reportable as ordinary income and/or capital gains.

As compensation for its services, the Transfer Agent receives a fee of 5% of any dividend and cash contribution (in no event in excess of \$2.50 per distribution per

shareholder.)

Michael L. Klofas
President

James M. Roy
Vice President & Chief
Financial Officer

Christopher A.
DeFrancis
Vice President &
Secretary

Sean Feeley
Vice President

Michael P. Hermsen
Vice President

Mary Wilson Kibbe
Vice President

Richard E. Spencer, II
Vice President

Daniel J. Florence
Treasurer

John T. Davitt, Jr.
Comptroller

Melissa M. LaGrant
Chief Compliance
Officer

Any questions regarding the Plan should be addressed to DST Systems, Inc., Agent for Babson Capital Corporate Investors' Dividend Reinvestment and Share Purchase Plan, P.O. Box 219086, Kansas City, MO 64121-9086.

ITEM 2. CODE OF ETHICS.

The Registrant adopted a Code of Ethics for Senior Financial Officers (the "Code") on October 17, 2003, which is available on the Registrant's website at www.babsoncapital.com/mci. During the period covered by this Form N-CSR, there were no amendments to, or waivers from, the Code.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Registrant's Board of Trustees has determined that Mr. Donald E. Benson, a Trustee of the Registrant and a member of its Audit Committee, is an audit committee financial expert. Mr. Benson is "independent" for purposes of this Item 3 as required by applicable regulation.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Fees Billed to the Registrant

	KPMG LLP Year Ended December 31, 2011	KPMG LLP Year Ended December 31, 2010
Audit Fees	\$ 61,500	\$ 52,500
Audit-Related Fees	0	0
Tax Fees	44,100	44,100
All Other Fees	0	0
Total Fees	\$ 105,600	\$ 96,600

Non-Audit Fees Billed to Babson Capital and MassMutual

	KPMG LLP Year Ended December 31, 2011	KPMG LLP Year Ended December 31, 2010
Audit-Related Fees	\$ 928,575	\$ 1,040,600
Tax Fees	9,000	64,704
All Other Fees	0	0
Total Fees	\$ 937,575	\$ 1,105,304

The category "Audit-Related Fees" reflects fees billed by KPMG for various non-audit and non-tax services rendered to the Registrant, Babson Capital Management LLC ("Babson Capital"), and Massachusetts Mutual Life Insurance Company ("MassMutual"), such as SAS 70 review, IFRS consulting and agreed upon procedures reports. Preparation of Federal, state and local income tax returns and tax compliance work are representative of the fees reported in the "Tax Fees" category. The category "All Other Fees" represents fees billed by KPMG for consulting rendered to Babson Capital and MassMutual. The Sarbanes-Oxley Act of 2002 and its implementing regulations allows the Registrant's Audit Committee to establish a pre-approval policy for certain services rendered by the Registrant's independent accountants. During 2011, the Registrant's Audit Committee approved all of the services rendered to the Registrant by KPMG and did not rely on such a pre-approval policy for any such services.

The Audit Committee has also reviewed the aggregate fees billed for professional services rendered by KPMG for 2010 and 2011 for the Registrant and for the non-audit services provided to Babson Capital, and Babson Capital's parent, MassMutual. As part of this review, the Audit Committee considered whether the provision of such non-audit services was compatible with maintaining the principal accountant's independence.

The 2010 fees billed represent final 2010 amounts, which may differ from the preliminary figures available as of the filing date of the Registrant's 2011 Annual Form N-CSR and includes, among other things, fees for services that may not have been billed as of the filing date of the Registrant's 2011 Annual Form N-CSR, but are now properly included in the 2010 fees billed to the Registrant, Babson Capital and MassMutual.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The Registrant maintains an Audit Committee composed exclusively of Trustees of the Registrant who qualify as "independent" Trustees under the current listing standards of the New York Stock Exchange and the rules of the U.S. Securities and Exchange Commission. The Audit Committee operates pursuant to a written Audit Committee Charter, which is available (1) on the Registrant's website, www.babsoncapital.com/mci; and (2) without charge, upon request, by calling, toll-free 866-399-1516. The current members of the Audit Committee are Donald E. Benson, Michael H. Brown and Maleyne M. Syracuse.

ITEM 6. SCHEDULE OF INVESTMENTS

A schedule of investments for the Registrant is included as part of this report to shareholders under Item 1 of this Form N-CSR.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Registrant's Board of Trustees has delegated proxy voting responsibilities relating to voting securities held by the Registrant to its investment adviser, Babson Capital Management LLC ("Babson Capital"). A summary of Babson Capital's proxy voting policies and procedures is set forth below.

Summary of Babson Capital's Proxy Voting Policy

Babson Capital views the voting of proxies as an integral part of its investment management responsibility and believes, as a general principle, that proxies should be acted upon (voted or abstained) solely in the best interest of its clients (i.e. in a manner it believes is most likely to enhance the economic value of the underlying securities held in client accounts). To implement this general principle, Babson Capital has engaged a proxy service provider (the "Service Provider"). The Service Provider is responsible for processing and maintaining records of proxy votes. In addition, the Service Provider has retained the services of an independent third party research provider (the "Research Provider") to provide research and recommendations on proxy voting. It is Babson Capital's Proxy Voting Policy to generally vote proxies in accordance with the recommendations of the Research Provider, or, in cases where the Research Provider has not made any recommendations with respect to a proxy, in accordance with the Research Provider's proxy voting guidelines (the "Guidelines"). If a proxy involves an issue on which the Research Provider has not made a recommendation or has not addressed in the Guidelines, it will be analyzed on a case-by-case basis.

Babson Capital recognizes, however, that there may be times when Babson Capital determines that it may be in the best interest of clients holding the securities to (1) vote against the Research Provider's recommendations or (2) in cases where the Research Provider has not provided Babson Capital with any recommendations with respect to a proxy, vote against the Research Provider's Guidelines. Babson Capital may vote, in whole or in part, against the Research Provider's recommendations or the Research Provider's Guidelines, as applicable. The procedures set forth in the Proxy Voting Policy are designed to ensure that votes against the Research Provider's recommendations or Guidelines have been made in the best interest of clients and are not the result of any material conflict on interest (a "Material Conflict"). For purposes of the Proxy Voting Policy, a Material Conflict shall mean any position, relationship or interest, financial or otherwise, of Babson Capital (or any person authorized under the Proxy Voting Policy to vote proxies on behalf of Babson Capital) that would or could reasonably be expected to affect Babson Capital's (or such person's) independence or judgment concerning how to vote proxies.

Summary of Babson Capital's Proxy Voting Procedures

Babson Capital will vote all client proxies for which it has proxy voting discretion in accordance with the Research Provider's recommendations or Guidelines, unless (i) a person authorized by the Best Execution and Proxy Committee (each a "Proxy Analyst"), the Best Execution and Proxy Committee or a designated member of the Best Execution and Proxy Committee, as applicable, determines that it is in the client's best interest to vote against the Research Provider's recommendation or Guidelines or (ii) Babson Capital is unable or determines not to vote a proxy in accordance with the Proxy Voting Policy. In these cases: if (i) a Proxy Analyst recommends that a proxy should be voted against the Research Provider's recommendation or Guidelines, (ii) no other Proxy Analyst reviewing such proxy disagrees with such recommendation, and (iii) no known Material Conflict is identified by the Proxy Analyst(s) or by a person designated by Babson Capital's Executive Committee Chair (the "Proxy Administrator"), the Proxy Administrator will vote the proxy or post the proxy for voting in accordance with the Proxy Analyst's recommendation. Otherwise, the proxy is to be submitted to a member of the Best Execution and Proxy Committee, who shall determine how to vote the proxy unless (i) the Proxy Analyst or Proxy Administrator has identified a Babson Capital Material Conflict or (ii) said Best Execution and Proxy Committee member has identified a Material Conflict personal to him or herself or a Babson Capital Material Conflict. In such cases, the proxy shall be submitted to the Best Execution and Proxy Committee, which may authorize a vote against the Research Provider's recommendation or Guidelines only if the Best Execution and Proxy Committee determines that such vote is in the client's best interests.

Nothing herein shall preclude Babson Capital from splitting a vote among different advisory clients in those cases where Babson Capital deems it appropriate.

No associate, officer, director or board of managers member of Babson Capital or its affiliates (other than those assigned such responsibilities under the Proxy Voting Policy) may influence how Babson Capital votes client proxies, unless such person has been requested to provide such assistance by a Proxy Analyst or Best Execution and Proxy Committee member and has disclosed any known Material Conflict. Any pre-vote communications prohibited by the Proxy Voting Policy shall be reported to a Best Execution and Proxy Committee member prior to voting and to Babson Capital's Chief Compliance Officer or General Counsel.

Obtaining a Copy of the Proxy Voting Policy

Clients may obtain a copy of Babson Capital's Proxy Voting Policy and information about how Babson Capital voted proxies related to their securities, free of charge, by contacting the Chief Compliance Officer, Babson Capital Management LLC, Independence Wharf, 470 Atlantic Avenue, Boston, MA 02210, or calling toll-free, 1-877-766-0014.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The following disclosure item is made as of the date of this Form N-CSR unless otherwise indicated.

PORTFOLIO MANAGER. Michael L. Klofas serves as the President of the Registrant (since 2009) and as one of its Portfolio Managers. Mr. Klofas began his service to the Registrant in 1998 as a Vice President. With over 25 years of industry experience, Mr. Klofas is a Managing Director of the Mezzanine and Private Equity Group of Babson Capital Management LLC ("Babson Capital"). Mr. Klofas joined MassMutual in 1988. Prior to joining MassMutual, he spent two years at a small venture capital firm and two years at a national public accounting firm. At MassMutual and then Babson Capital, Mr. Klofas has analyzed and invested in traditional private placements and high yield public bonds. He also spent four years leading Babson Capital's workout and restructuring activities. Since 1993, he has focused on originating, analyzing, structuring and documenting mezzanine and private equity investments. Mr. Klofas holds a B.A. from Brandeis University and an M.B.A. from Babson College as well as a Certified Public Accountant designation. Mr. Klofas also presently serves as President of MassMutual Participation Investors, another closed-end management investment company advised by Babson Capital.

PORTFOLIO MANAGEMENT TEAM. Mr. Klofas has primary responsibility for overseeing the investment of the Registrant's portfolio, with the day-to-day investment management responsibility of the Registrant's portfolio being shared with the following Babson Capital investment professionals (together with the Portfolio Manager, the "Portfolio Team").

Michael P. Hermsen is a Vice President of the Registrant and a Managing Director of Babson Capital who oversees the Private Finance Group and manages Babson Capital's Mezzanine Investment and Private Equity Investments Team, which is responsible for finding, analyzing, negotiating and servicing mezzanine private placement securities for the Registrant.

Mr. Hermsen joined MassMutual in 1990 and has been an officer of the Registrant since 1998. Previously, he worked at Teachers Insurance and Annuity Association where he was a generalist private placement analyst. At MassMutual and then Babson Capital, Mr. Hermsen has analyzed and invested in traditional private placements, high yield public and private bonds, and leveraged bank loans. He has also been responsible for managing a small portfolio of distressed investments. Since 1993, he has focused on originating, analyzing, structuring and documenting mezzanine and private equity investments. He holds a B.A. from Bowdoin College and an M.B.A. from Columbia University.

Mr. Spencer is a Vice President of the Registrant and a Managing Director of Babson Capital who also manages Babson Capital's Mezzanine and Private Equity Investments Team. Mr. Spencer joined MassMutual in 1989 after three years as a corporate loan analyst at a major New England bank. He has been an officer of the Registrant since 2002. At MassMutual and then Babson Capital, Mr. Spencer has analyzed and invested in traditional private placements, high yield public and private bonds, leveraged bank loans, mezzanine debt and private equity. From 1993 to 1999, he was the lead restructuring professional at Babson Capital. Since 1999, Mr. Spencer has been focused on the origination, analysis, structuring and documentation of mezzanine and private equity investments. He holds a B.A. from Bucknell University and an M.B.A. from the State University of New York at Buffalo.

Sean Feeley is responsible for the day-to-day management of the Registrant's public high yield and investment grade fixed income portfolio. Mr. Feeley has been a Vice President of the Registrant since 2011. Mr. Feeley is a Managing Director of Babson Capital and head of the High Yield Research Team with over 22 years of industry experience in high yield bonds and loans in various investment strategies. Prior to joining Babson Capital in 2003, he was a Vice President at Cigna Investment Management in project finance and a Vice President at Credit Suisse in leveraged loan finance. Mr. Feeley holds a B.S. from Canisius College and an M.B.A. from Cornell University. Mr. Feeley is a Certified Public Accountant and a Chartered Financial Analyst.

OTHER ACCOUNTS MANAGED BY THE PORTFOLIO TEAM. The members of the Registrant's Portfolio Team also have primary responsibility for the day-to-day management of other Babson Capital advisory accounts, including, among others, closed-end and open-end investment companies, private investment funds, MassMutual-affiliated accounts, as well as separate accounts for institutional clients. These advisory accounts are identified below.

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PORTFOLIO TEAM	ACCOUNT CATEGORY	TOTAL NUMBER OF ACCOUNTS	NUMBER OF ACCOUNTS WITH APPROXIMATE TOTAL ASSET SIZE (A)	APPROXIMATE ASSET SIZE OF PERFORMANCE-BASED ADVISORY FEE	PERFORMANCE-BASED ADVISORY FEE ACCOUNTS (A)
Clifford M. Noreen (B)	Registered Investment Companies	1	\$120.3 million	0	N/A
	Other Pooled Investment Vehicles	7	\$223.3 million	7	\$223.3 million
	Other Accounts	0	N/A	0	N/A
Sean Feeley	Registered Investment Companies	3	\$419.9 million	0	N/A
	Other Pooled Investment Vehicles	2	\$1.7 billion	2	\$1.7 billion
	Other Accounts (C)	3	\$339.4 million	0	N/A
Michael P. Hermsen (D)	Registered Investment Companies	1	\$120.3 million	0	N/A
	Other Pooled Investment Vehicles (E)	6	\$1.2 billion	6	\$1.2 billion
	Other Accounts	0	N/A	0	N/A
	Registered	1	\$120.3 million	0	N/A

Michael L. Klofas	Investment Companies				
	Other Pooled Investment Vehicles (E)	0	N/A	0	N/A
	Other Accounts	0	N/A	0	N/A
Richard E. Spencer, II	Registered Investment Companies	1	\$120.3 million	0	N/A
	Other Pooled Investment Vehicles (E)	0	N/A	0	N/A
	Other Accounts	0	N/A	0	N/A

- (A) Account asset size has been calculated as of December 31, 2011.
- (B) Mr. Noreen, as head of Babson Capital's Fixed Income Group, has overall responsibility for investment grade publicly traded assets, including corporate debt securities, as well as structured credit products managed by Babson Capital. Except for the accounts noted in the table above, Mr. Noreen is not primarily responsible for the day-to-day management of the other accounts managed by Babson Capital's Fixed Income Group.
- (C) Mr. Feeley manages the high yield sector of the general investment account of Massachusetts Mutual Life Insurance Company and C.M. Life Insurance Company; however these assets are not represented in the table above.
- (D) Mr. Hermsen, as head of Babson Capital's Private Finance Group, has overall responsibility for public and private bonds, mezzanine and private equity investments.
- (E) Messrs. Hermsen, Klofas and Spencer manage private placement mezzanine debt securities for the general investment account of Massachusetts Mutual Life Insurance Company and C.M. Life Insurance Company; however these assets are not represented in the table above.

MATERIAL CONFLICTS OF INTEREST. The potential for material conflicts of interest may exist as the members of the Portfolio Management Team, have responsibilities for the day-to-day management of multiple advisory accounts. These conflicts may be heightened to the extent the individual, Babson Capital and/or an affiliate has an investment in one or more of such accounts. Babson Capital has identified (and summarized below) areas where material conflicts of interest are most likely to arise, and has adopted policies and procedures that it believes are reasonable designed to address such conflicts.

Transactions with Affiliates: Babson Capital or its affiliates, including MassMutual and its affiliates, may from time to time, acting as principal, buy securities or other investments for itself from or sell securities or other investments it owns to its advisory clients. Likewise, Babson Capital may either directly or on behalf of MassMutual, purchase and/or hold securities or other investments that are subsequently sold or transferred to advisory clients. Babson Capital has a conflict of interest in connection with a transaction where it or an affiliate is acting as principal since it may have an incentive to favor itself or its affiliates over its advisory clients in connection with the transaction. To address these conflicts of interest, Babson Capital has adopted a Transactions with Affiliates Policy, which ensures any such transaction is consistent with Babson Capital's fiduciary obligations to act in the best interests of its clients, including its ability to obtain best execution in connection with the transaction, and is in compliance with applicable legal and regulatory requirements.

Cross Trades: Babson Capital may effect cross-trades on behalf of its advisory clients whereby one advisory client buys securities or other investments from or sells securities or other investments to another advisory client. Babson Capital may also effect cross-transactions involving advisory accounts or funds in which it or its affiliates, including MassMutual, and their respective employees, have an ownership interest or for which Babson Capital is entitled to earn a performance or incentive fee. As a result, Babson Capital has a conflict of interest in connection with the cross-transaction since it may have an incentive to favor the advisory client or fund in which it or its affiliate has an ownership interest and/or is entitled to a performance or incentive fee. To address these conflicts of interest, Babson Capital has adopted a Transactions with Affiliates Policy, which ensures any such cross-transaction is consistent with Babson Capital's fiduciary obligations to act in the best interests of each of its advisory clients, including its ability to obtain best execution for each advisory client in connection with the cross-trade transaction, and is in compliance with applicable legal and regulatory requirements. Babson Capital will not receive a commission or any other remuneration (other than its advisory fee) for effecting cross-transactions between advisory clients.

Loan Origination Transactions: While Babson Capital or its affiliates generally do not act as an underwriter or member of a syndicate in connection with a securities offering, Babson Capital or its affiliates (or an unaffiliated entity in which Babson Capital or its affiliates has an ownership interest) may act as an underwriter, originator, agent, or member of a syndicate in connection with the origination of senior secured loans or other lending arrangements with borrowers, where such loans may be purchased by Babson Capital advisory clients during or after the original syndication. Babson Capital advisory clients may purchase such loans directly from Babson Capital or its affiliates (or an unaffiliated entity in which Babson Capital or its affiliates has an ownership interest) or from other members of the lending syndicate. Babson Capital or its affiliates may directly or indirectly receive underwriting, origination, or agent fees in connection with such loan originations. As a result, Babson Capital has a conflict of interest in connection with such loan origination transactions since it has an incentive to base its investment recommendation to its advisory clients on the amount of compensation, underwriting, origination or agent fees it would receive rather than on its advisory clients' best interests. To address this conflict of interest, Babson Capital has adopted a Transactions with Affiliates Policy, which ensures any such transaction is consistent with Babson Capital's fiduciary obligations to act in the best interests of its clients, including its ability to obtain best execution in connection with the transaction, and is in compliance with applicable legal and regulatory requirements.

MML Investors Services, LLC (“MMLISI”), an indirect wholly-owned subsidiary of MassMutual, is an SEC-registered broker-dealer that may act as an introducing broker for the purpose of effecting securities transactions for brokerage customers. While a Babson Capital advisory client could request that MMLISI effect securities transactions for it that would result in commissions to MMLISI, currently no Babson Capital advisory client directs Babson Capital to effect securities transactions for its account through MMLISI.

Investments by Advisory Clients: Babson Capital may invest client assets in securities or other investments that are also held by (i) Babson Capital or its affiliates, including MassMutual, (ii) other Babson Capital advisory accounts, (iii) funds or accounts in which Babson Capital or its affiliates or their respective employees have an ownership or economic interest or (iv) employees of Babson Capital or its affiliates. Babson Capital may also, on behalf of its advisory clients, invest in the same or different securities or instruments of issuers in which (i) Babson Capital or its affiliates, including MassMutual, (ii) other Babson Capital advisory accounts, (iii) funds or accounts in which Babson Capital, its affiliates, or their respective employees have an ownership or economic interest or (iv) employees of Babson Capital or its affiliates, have an ownership interest as a holder of the debt, equity or other instruments of the issuer. Babson Capital has a conflict of interest in connection with any such transaction since investments by its advisory clients may directly or indirectly benefit Babson Capital and/or its affiliates and employees by potentially increasing the value of the securities or instruments it holds in the issuer. Any investment by Babson Capital on behalf of its advisory clients will be consistent with its fiduciary obligations to act in the best interests of its advisory clients, and otherwise be consistent with such clients’ investment objectives and restrictions.

Babson Capital or its affiliates may also recommend that clients invest in registered or unregistered investment companies, including private investment funds such as hedge funds, private equity funds or structured funds (i) advised by Babson Capital or an affiliate, (ii) in which Babson Capital, an affiliate or their respective employees has an ownership or economic interest or (iii) with respect to which Babson Capital or an affiliate has an interest in the entity entitled to receive the fees paid by such funds. Babson Capital has a conflict of interest in connection with any such recommendation since it may have an incentive to base its recommendation to invest in such investment companies or private funds on the fees that Babson Capital or its affiliates would earn as a result of the investment by its advisory clients in the investment companies or private funds. Any recommendation to invest in a Babson Capital advised fund or other investment company will be consistent with Babson Capital’s fiduciary obligations to act in the best interests of its advisory clients, consistent with such clients’ investment objectives and restrictions. Babson Capital may, in certain limited circumstances, offer to clients that invest in private investment funds that it advises an equity interest in entities that receive advisory fees and carried profits interest from such funds.

Employee Co-Investment: Babson Capital may permit certain of its portfolio managers and other employees to invest in private investment funds advised by Babson Capital or its affiliates and/or share in the performance or incentive fees received by Babson Capital from such funds. If the portfolio manager or other employee was responsible for both the portfolio management of the private fund and other Babson Capital advisory accounts, such person would have a conflict of interest in connection with investment decisions since the person may have an incentive to direct the best investment ideas, or to allocate trades, in favor of the fund in which he or she is invested or otherwise entitled to share in the performance or incentive fees received from such fund. To address these conflicts of interest, Babson Capital has adopted a Side by Side Management of Private Investment Funds and Other Advisory Accounts Policy which requires, among others things, that Babson Capital treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits Babson Capital from favoring any particular advisory account as a result of the ownership or economic interests of Babson Capital, its affiliates or employees, in such advisory account. Any investment by a Babson Capital employee in one of its private funds is also governed by Babson Capital’s Employee Co-Investment Policy, which ensures that any co-investment by a Babson Capital employee is consistent with Babson Capital’s Code of Ethics.

Management of Multiple Accounts: As noted above, Babson Capital’s portfolio managers are often responsible for the day-to-day management of multiple accounts, including, among others, separate accounts for institutional clients,

closed-end and open-end registered investment companies, and/or private investment funds (such as hedge funds, private equity funds and structured funds), as well as for proprietary accounts of Babson Capital and its affiliates, including MassMutual and its affiliates. The potential for material conflicts of interest exist whenever a portfolio manager has responsibility for the day-to-day management of multiple advisory accounts. These conflicts may be heightened to the extent a portfolio manager is responsible for managing a proprietary account for Babson Capital or its affiliates or where the portfolio manager, Babson Capital and/or an affiliate has an investment in one or more of such accounts or an interest in the performance of one or more of such accounts (e.g., through the receipt of a performance or incentive fee).

Investment Allocation: Such potential conflicts include those relating to allocation of investment opportunities. For example, it is possible that an investment opportunity may be suitable for more than one account managed by Babson Capital, but may not be available in sufficient quantities for all accounts to participate fully. Similarly, there may be limited opportunity to sell an investment held by multiple accounts. A conflict arises where the portfolio manager has an incentive to treat an account preferentially because the account pays Babson Capital or its affiliates a performance-based fee or the portfolio manager, Babson Capital or an affiliate has an ownership or other economic interest in the account. As noted above, Babson Capital also acts as an investment manager for certain of its affiliates, including MassMutual. These affiliate accounts co-invest jointly and concurrently with Babson Capital's other advisory clients and therefore share in the allocation of such investment opportunities. To address these conflicts of interest associated with the allocation of trading and investment opportunities, Babson Capital has adopted an Investment Allocation Policy and trade allocation procedures that govern the allocation of portfolio transactions and investment opportunities across multiple advisory accounts, including affiliated accounts. In addition, as noted above, to address these conflicts of interest, Babson Capital has adopted a Side by Side Management of Private Investment Funds and Other Advisory Accounts Policy which requires, among others things, that Babson Capital treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits Babson Capital from favoring any particular advisory account as a result of the ownership or economic interests of Babson Capital, its affiliates or employees, in such advisory accounts. Any investment by a Babson Capital employee in one of its private funds is also governed by Babson Capital's Employee Co-Investment Policy, which ensures that any co-investment by a Babson Capital employee is consistent with Babson Capital's Code of Ethics.

Personal Securities Transactions; Short Sales: Potential material conflicts of interest may also arise related to the knowledge and timing of an account's trades, investment opportunities and broker selection. Babson Capital and its portfolio managers have information about the size, timing and possible market impact of the trades of each account they manage. It is possible that portfolio managers could use this information for their personal advantage and/or the advantage or disadvantage of various accounts which they manage. For example, a portfolio manager could, or cause a favored account to, "front run" an account's trade or sell short a security for an account immediately prior to another accounts sale of that security. To address these conflicts, Babson Capital has adopted policies and procedures, including a Short Sales Policy, which ensures that the use of short sales by Babson Capital is consistent with Babson Capital's fiduciary obligations to its clients, a Side by Side Management of Private Investment Funds and Other Advisory Accounts Policy, which requires, among other things, that Babson Capital treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits Babson Capital from favoring any particular account as a result of the ownership or economic interest of Babson Capital, its affiliates or employees and a Code of Ethics.

Trade Errors: Potential material conflicts of interest may also arise if a trade error occurs in a client account. A trade error is deemed to occur if there is a deviation by Babson Capital from the applicable standard of care in connection with the placement, execution or settlement of a trade for an advisory account that results in (1) Babson Capital purchasing securities not permitted or authorized by a client's investment advisory agreement or otherwise failing to follow a client's specific investment directives; (2) Babson Capital purchasing or selling the wrong security or the wrong amount of securities on behalf of a client's account; or (3) Babson Capital purchasing or selling securities for, or allocating securities to, the wrong client account. When correcting these errors, conflicts of interest between Babson Capital and its advisory accounts may arise as decisions are made on whether to cancel, reverse or reallocate the erroneous trades. In order to address these conflicts, Babson Capital has adopted an Errors Policy governing the resolution of trading errors, and will follow the Errors Policy in order to ensure that trade errors are handled promptly and appropriately and that any action taken to remedy an error places the interest of a client ahead of Babson Capital's interest.

Best Execution; Directed Brokerage: With respect to securities transactions for most of the accounts it manages, Babson Capital determines which broker to use to execute each order, consistent with its fiduciary duty to seek best execution of the transaction. Babson Capital manages certain accounts, however, for clients who limit its discretion

with respect to the selection of brokers or direct it to execute such client's transaction through a particular broker. In these cases, trades for such an account in a particular security may be placed separately from, rather than aggregated with, those in the same security for other accounts. Placing separate transaction orders for a security may temporarily affect the market price of the security or otherwise affect the execution of the transaction to the possible detriment of one or more of the other account(s) involved. In order to address these conflicts, Babson Capital has adopted a Best Execution Policy, which establishes the necessary controls to satisfy its obligations regarding best execution and ensures it places advisory client trades in such a manner that the advisory client's total costs or proceeds are the most favorable under the circumstances, and a Directed Brokerage Policy, which ensures all directed brokerage instructions are executed in accordance with written client instructions and applicable legal requirements.

Babson Capital and its portfolio managers or employees may have other actual or potential conflicts of interest in managing an advisory account, and the list above is not a complete description of every conflict of interest that could be deemed to exist.

COMPENSATION. The current Babson Capital compensation and incentive program for investment professionals is designed to attract, motivate and retain high-performing individuals.

To help Babson Capital make informed decisions, Babson Capital participates in annual compensation surveys of investment management firms using McLagan Partners, in addition to other industry specific resources. The firms selected for periodic peer-group comparisons typically have similar asset size or business mix. Annually, a review is conducted of total compensation versus market, to ensure that individual pay is competitive with the defined overall market.

The compensation package for the members of the Portfolio Team is comprised of a market-driven base salary, a performance-driven annual bonus, and discretionary long-term incentives. The performance-driven annual bonus is based on the overall performance of Babson Capital as well as the performance of the accounts managed by the members of the Portfolio Team relative to appropriate benchmarks, including with respect to the Registrant, to the Russell 2000 Index and Lehman Brothers U.S. Corporate High Yield Index. Performance of the Registrant, like other accounts Portfolio Team members manage, are evaluated on a pre-tax basis, and are reviewed over one and three-year periods, with greater emphasis given to the latter. There are other factors that affect bonus awards to a lesser extent, such as client satisfaction, teamwork, and the assets under management. Such factors are considered as a part of the overall annual bonus evaluation process by the management of Babson Capital.

Long-Term incentives are designed to share with participants the longer-term value created in Babson Capital. Long-term incentives may take the form of deferred cash awards (including deferred cash awards that provide a portfolio manager with the economic equivalent of a "shareholder" interest in Babson Capital by linking the value of the award to a formula which ties to the value of the business), and/or, in the case of a portfolio manager who manages a private investment fund with a performance fee, a deferred cash award or a direct profit sharing interest that results in the portfolio manager receiving amounts based on the amount of the performance fee paid by such fund. These long-term incentives vest over time and are granted annually, based upon the same criteria used to determine the performance-driven annual bonus detailed above. Because the Portfolio Team members are generally responsible for multiple accounts (including the Registrant), they are compensated on the overall performance of the accounts that they manage, rather than a specific account, except for the portion of compensation relating to any performance fee award.

BENEFICIAL OWNERSHIP. As of December 31, 2011, members of the Portfolio Team beneficially owned the following dollar range of equity securities in the Registrant:

	Dollar Range of Beneficially Owned* Equity Securities of the Registrant:
Portfolio Team:	
Clifford M. Noreen	Over \$1,000,000
Sean Feeley	None
Michael P. Hermsen	\$100,001-\$500,000
Michael L. Klofas	\$100,001-\$500,000
Richard E. Spencer II	\$10,001-\$50,000

*Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) under the Securities Exchange Act of 1934, as amended. (Shares "beneficially owned" include the number of shares of the Registrant represented by the value of a Registrant-related investment option under Babson Capital's non-qualified deferred compensation plan for certain officers of Babson Capital (the "Plan"). The Plan has an investment option that derives its value from the market value of the Registrant's shares. However, neither the Plan nor the participation in the Plan has an actual ownership interest in the Registrant's shares.)

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable for this filing.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable for this filing.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) The principal executive officer and principal financial officer of the Registrant evaluated the effectiveness of the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")) as of a date within 90 days of the filing date of this report and based on that evaluation have concluded that such disclosure controls and procedures are effective to provide reasonable assurance that material information required to be disclosed by the Registrant on Form N-CSR is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.
- (b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) during the Registrant's second fiscal half year that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

- (a)(1) ANY CODE OF ETHICS, OR AMENDMENTS THERETO, THAT IS THE SUBJECT OF DISCLOSURE REQUIRED BY ITEM 2, TO THE EXTENT THAT THE REGISTRANT INTENDS TO SATISFY THE ITEM 2 REQUIREMENTS THROUGH THE FILING OF AN EXHIBIT.

None.

- (a)(2) A SEPARATE CERTIFICATION FOR EACH PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER OF THE REGISTRANT AS REQUIRED BY RULE 30a-2 UNDER THE ACT.

Attached hereto as EX-99.31.1

Attached hereto as EX-99.31.2

- (a)(3) ANY WRITTEN SOLICITATION TO PURCHASE SECURITIES UNDER RULE 23c-1 UNDER THE ACT (17 CFR 270.23c-1) SENT OR GIVEN DURING THE PERIOD COVERED BY THE REPORT BY OR ON BEHALF OF THE REGISTRANT TO 10 OR MORE PERSONS.

Not applicable for this filing.

- (b) CERTIFICATIONS PURSUANT TO RULE 30a-2(b) UNDER THE ACT.

Attached hereto as EX-99.32

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant): Babson Capital Corporate Investors

By: /s/ Michael L. Klofas
Michael L. Klofas, President

Date: March 9, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Michael L. Klofas
Michael L. Klofas, President

Date: March 9, 2012

By: /s/ James M. Roy
James M. Roy, Vice President and
Chief Financial Officer

Date: March 9, 2012