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OTC PINK Symbol: QCCO

NEWS RELEASE

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QC Holdings, Inc. Reports Second Quarter 2016 Results, Store Swap Transaction and Election of Board Members

OVERLAND PARK, KS (August 30, 2016) – QC Holdings, Inc. (OTC PINK: QCCO) reported a net loss of \$4.3 million and revenues of \$29.2 million for the second quarter ended June 30, 2016. For the six months ended June 30, 2016, net loss totaled \$3.1 million and revenues were \$60.9 million. The three months and six months ended June 30, 2016 include a charge of \$2.7 million (approximately \$1.7 million net of income taxes) in connection with recording a loan loss reserve for a business-to-business receivable.

For the three months ended June 30, 2015, net loss totaled \$1.0 million and revenues were \$32.0 million. Net income totaled \$106,000 and revenues totaled \$66.5 million for the six months ended June 30, 2015.

The revenue decline during 2016 compared to 2015 reflects lower interest and fees from the company's consumer loan products, indicative of competitive pressures as customers explore alternative loan products and distribution channels. Loan loss rates were higher in 2016 versus 2015 as a result of the business-to-business loan reserve noted above. Exclusive of that reserve, loan losses were very similar when comparing to prior year's periods.

Store Swap Transaction

On June 30, 2016, QC entered into a store swap transaction with Community Choice Financial Inc. (CCFI). As part of the transaction, QC acquired all of CCFI's 33

branches operated in Illinois, Kansas, Missouri and Utah and CCFI acquired all of QC's 98 branches operated in Alabama, Arizona, California, Mississippi and Ohio.

Other than the transfer of the equity interests and assets, the transaction did not provide for the payment or receipt of any other consideration by QC or by CCFI, other than customary post-closing adjustments. In entering into the transaction, QC and CCFI each concluded that the net value of the equity interests and other assets received by CCFI are substantially equal to the net value of the equity interests and other assets received by QC.

The transaction was effective on July 1, 2016. The fair market value of the assets acquired or disposed of has not yet been determined.

Election of Directors

On July 27, 2016, the Company held its annual meeting of stockholders, where Don Early, Mary Lou Early, Richard B. Chalker and Jack L. Sutherland were elected as directors to serve for one year terms until the 2017 annual meeting of stockholders.

About QC Holdings, Inc.

Headquartered in Overland Park, Kansas, QC Holdings, Inc. is a leading provider of consumer loans in the United States and Canada. In the United States, QC offers various products, including single-pay, installment and title loans, check cashing, debit cards and money transfer services, through 310 branches in 17 states at July 31, 2016. In Canada, the company, through its subsidiary Direct Credit Holdings Inc., is engaged in short-term, consumer Internet lending in various provinces.

Forward Looking Statement Disclaimer: This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on the company's current expectations and are subject to a number of risks and uncertainties, which could cause actual results to differ materially from those forward-looking statements. These risks include (1) changes in laws or regulations or governmental interpretations of existing laws and regulations governing consumer protection or short-term lending practices, (2) uncertainties relating to the interpretation, application and promulgation of regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act, including the impact of proposed rulemaking by the Consumer Financial Protection Bureau (CFPB), (3) ballot referendum initiatives by industry opponents to cap the rates and fees that can be charged to customers, (4) uncertainties related to the examination process by the CFPB and indirect rulemaking through the examination process, (5) litigation or regulatory action directed towards us or the short-term consumer loan industry, (6) volatility in our earnings, primarily as a result of fluctuations in loan loss experience and closures of branches, (7) risks

associated with our dependence on cash management banking services and the Automated Clearing House for loan collections, (8) negative media reports and public perception of the short-term consumer loan industry and the impact on federal and state legislatures and federal and state regulators, (9) changes in our key management personnel, (10) risks associated with owning and managing non-U.S. businesses, and (11) other various risks. QC will not update any forward-looking statements made in this press release to reflect future events or developments.

(Financial and Statistical Information Follows)

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

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Revenues				
Consumer loan interest and fees	\$ 29,875	\$ 27,187	\$ 61,954	\$ 56,396
Other	<u>2,113</u>	<u>2,035</u>	<u>4,549</u>	<u>4,499</u>
Total revenues	31,988	29,222	66,503	60,895
Provision for losses	10,619	12,376	18,681	19,618
Operating expenses	<u>16,118</u>	<u>15,708</u>	<u>32,733</u>	<u>31,581</u>
Gross profit	5,251	1,138	15,089	9,696
Corporate and Regional expenses	6,314	7,264	13,434	13,794
Other expense, net	<u>316</u>	<u>475</u>	<u>1,271</u>	<u>588</u>
Income (loss) from continuing operations before income taxes	(1,379)	(6,601)	384	(4,686)
Provision (benefit) for income taxes	<u>(398)</u>	<u>(2,258)</u>	<u>278</u>	<u>(1,565)</u>
Net income (loss)	<u>\$ (981)</u>	<u>\$ (4,343)</u>	<u>\$ 106</u>	<u>\$ (3,121)</u>
Earnings (loss) per share:				
<i>Basic</i>				
Net income (loss)	<u>\$ (0.06)</u>	<u>\$ (0.25)</u>	<u>\$ 0.01</u>	<u>\$ (0.18)</u>
<i>Diluted</i>				
Net income (loss)	<u>\$ (0.06)</u>	<u>\$ (0.25)</u>	<u>\$ 0.01</u>	<u>\$ (0.18)</u>
Weighted average number of common shares outstanding:				
Basic	17,375	17,333	17,369	17,333
Diluted	17,375	17,333	17,369	17,333

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

	December 31, <u>2015</u>	June 30, <u>2016</u> <i>(Unaudited)</i>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,115	\$ 13,456
Restricted cash	950	950
Loans receivable, less allowance for losses of \$6,395 at December 31, 2015 and \$8,932 at June 30, 2016	50,555	42,337
Other current assets	<u>6,286</u>	<u>8,159</u>
Total current assets	73,906	64,902
Non-current loans receivable, less allowance for losses of \$1,556 at December 31, 2015 and \$872 at June 30, 2016	3,802	2,752
Property and equipment, net	4,797	5,266
Other assets, net	<u>11,486</u>	<u>9,784</u>
Total assets	<u>\$ 93,991</u>	<u>\$ 82,704</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 11,407	\$ 10,301
Revolving credit facility	6,250	1,750
Subordinated debt	<u>3,553</u>	<u>3,624</u>
Total current liabilities	21,210	15,675
Non-current liabilities	4,967	3,557
Subordinated debt	<u> </u>	<u> </u>
Total liabilities	26,177	19,232
Stockholders' equity	<u>67,814</u>	<u>63,472</u>
Total liabilities and stockholders' equity	<u>\$ 93,991</u>	<u>\$ 82,704</u>

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

	Six Months Ended <u>June 30, 2015</u>	Six Months Ended <u>June 30, 2016</u>
Operating activities:		
Net income (loss)	\$ 106	\$ (3,121)
Adjustments to reconcile net income (loss) to net cash	21,016	21,480
Changes in assets and liabilities	<u>(11,877)</u>	<u>(15,199)</u>
Net operating	<u>9,245</u>	<u>3,160</u>
Investing activities:		
Capital expenditures	(570)	(1,581)
Other	<u>1,186</u>	<u>32</u>
Net investing	<u>616</u>	<u>(1,549)</u>
Financing activities:		
Net repayment of borrowings	(11,250)	(4,500)
Other	<u>(1,485)</u>	<u> </u>
Net financing	<u>(12,735)</u>	<u>(4,500)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(157)</u>	<u>230</u>
Net decrease in cash and cash equivalents	(3,031)	(2,659)
Cash and cash equivalents at beginning of year	<u>14,220</u>	<u>16,115</u>
Cash and cash equivalents at end of period	<u>\$ 11,189</u>	<u>\$ 13,456</u>